

**Report of the
Comptroller and Auditor General of India
on State Finances for the year 2023-24**

**Government of Bihar
Report No. 01 of 2025**

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PREFACE

This Report on the finances of the Government of Bihar, has been prepared for submission to the Governor of Bihar, under Article 151 of the Constitution.

This Report intends to assess the financial performance of the State, during 2023-24 and to provide the State Legislature with inputs based on audit analysis of financial data. The Report also analyses the financial performance against the targets envisaged by the Bihar Fiscal Responsibility and Budget Management (Amendment) Act, 2022, the XVth Finance Commission (FC) Report, Rules and Codes, meant for management of Government functions and the Budget Estimates of 2023-24. This Report is structured in four Chapters.

Chapter I analyses changes in major fiscal aggregates based on the audit of the Finance Accounts and an assessment of the Bihar Government's fiscal position, as on 31 March 2024.

Chapter II provides an insight into deficit management of the Government, trends in revenue and capital expenditures, contingent issues, committed and obligatory expenditure, subsidies, debt, investment, and borrowing patterns. It provides an audit perspective of the finances of the Government of Bihar, for the year 2023-24 and analyses critical changes in major fiscal aggregates based on the details contained in the Finance Accounts of the State related to the previous years and an assessment of the fiscal position as on 31 March 2024.

Chapter III examines the budgetary controls, expenditure controls and their accounting thereon. It is based on the audit of the Appropriation Accounts and gives a grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter IV provides an overview of the quality of Accounts and compliance of the State Government in its financial reporting practices with prescribed financial rules, procedures and directives during the current year.

The Reports containing the findings of performance audit and audit of transactions in various Departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

The Audit has been conducted in conformity with the Auditing Standards, issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

About the Report

This Report of the CAG of India is on the State Finances for the year 2023-24. It provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to State Finances.

This executive summary highlights the contents of this report and through snapshots of the important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons for variations and their impact.

Gross State Domestic Product (GSDP) (at current prices) grew at an average growth rate of 10.32 *per cent* from ₹ 5,81,855 crore in 2019-20 to ₹ 8,54,429 crore in 2023-24. Expenditure of the State grew from ₹ 1,38,987 crore in 2019-20 to ₹ 2,29,103.05 crore in 2023-24.

There was 14.47 *per cent* growth in GSDP over 2022-23. The Revenue Receipts grew at 11.96 *per cent* over the previous year and the percentage of Revenue Receipts against GSDP fell from 23.14 *per cent* in 2022-23 to 22.63 *per cent* in 2023-24. The Tax Revenue increased by 16.08 *per cent* during the period and the State's Own Tax Revenue increased by 9.87 *per cent* over the year 2022-23. The total expenditure (Revenue Expenditure, Capital Expenditure and loans and advances) of the State increased from ₹ 2,17,552.81 crore in 2022-23 to ₹ 2,29,103.05 in 2023-24, *i.e.*, an increase of 5.31 *per cent*. Of this, Revenue Expenditure showed 3.55 *per cent* increase from 2022-23. The State has achieved revenue surplus of ₹ 2,833.06 crore from Revenue Deficit of ₹ 11,288.20 crore during the previous year. The Fiscal Deficit reduced from ₹ 44,823.30 crore in 2022-23 to ₹ 35,659.88 crore in 2023-24.

Receipt-Expenditure

The State has different sources of receipts such as State Own Tax Revenue, Non-tax Revenue, Devolution of States' share in taxes, Grants-in-aid transfers from the Union Government and non-debt Capital Receipts. The State Government's expenditure includes expenditure on revenue accounts as well as Capital Expenditure (assets creation, loans and advances, investments, *etc.*).

The Revenue Receipts of the State grew from ₹ 1,24,233 crore in 2019-20 to ₹ 1,93,347 crore in 2023-24, with an average annual growth rate of 8.41 *per cent*. State's share in Union Taxes and Duties increased by ₹ 50,198 (79.17 *per cent*) during 2019-20 (₹ 63,406 crore) to 2023-24 (₹ 1,13,604 crore). Capital Receipts also increased from ₹ 29,175 crore to ₹ 60,314 crore during this period. The share of Grants-in-aid in Revenue Receipts decreased from 21.71 *per cent* in 2019-20 to 13.51 *per cent* in 2023-24. The State Government received ₹ 17,961.52 crore as central share for the Centrally Sponsored Schemes (CSSs) in the year 2023-24.

Revenue Expenditure is incurred by States to maintain the current level of services and interest payment for past obligations. As such, it does not result in any addition to the State's infrastructure and services network. Between 2019-20 and 2023-24,

Revenue Expenditure increased from ₹ 1,26,017 crore (21.66 *per cent* of GSDP) to ₹ 1,90,514.17 crore (22.30 *per cent* of GSDP). It consistently made up a significant portion 90.67 to 83.16 *per cent* of the Total Expenditure during this period.

Result of expenditure beyond means

The excess of Revenue Receipts over Revenue Expenditure in 2023-24, led to the State realizing a Revenue Surplus of ₹ 2,833.06 crore.

The State Government spent ₹ 36,453 crore on Capital Expenditure, which was 15.91 *per cent* of the Total Expenditure and 22.40 *per cent* of the total borrowings during the year 2023-24. The rest of the borrowed funds were being used mainly for meeting current consumption and repayment of borrowings instead of capital creation/development activities.

The gap between the Total Expenditure and total non-debt receipt of the State resulted in Fiscal Deficit. The Fiscal Deficit of the State increased to ₹ 35,659.88 crore (4.17 *per cent* of GSDP) in 2023-24 from ₹ 14,723.93 crore (2.53 *per cent* of GSDP) in 2019-20.

Under the Revenue Expenditure, the quantum of Committed Expenditure constituted the largest share. Committed Expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and pensions. Committed Expenditure on interest payments, salaries and pensions constituted 34.30 to 38.66 *per cent* of the Revenue Expenditure during 2019-20 (38.47 *per cent*) and 2023-2024 (36.89 *per cent*). The Committed Expenditure increased from ₹ 48,477.72 crore in 2019-20 to ₹ 70,282.32 crore in 2023-24.

Subsidies as a major portion of the Non-Committed Expenditure

Within the Non-Committed Expenditure, there was an increasing trend of subsidies, which increased from ₹ 7,121.27 crore in 2019-2020 to ₹ 16,244.61 crore in 2023-24 *i.e.*, from 5.65 *per cent* of the total Revenue Expenditure in 2019-20 to 8.53 *per cent* in 2023-24. Power subsidies constituted a significant portion of this, ranging from 72.92 *per cent* to 82.77 *per cent* of the total subsidies during the period 2019-20 to 2023-24.

Off-budget borrowings

The State Government, through a Public Sector Undertaking (Bihar State Road Development Corporation Limited), raised ₹ 53.48 crore as Off-budget borrowing during 2023-24. This did not flow into the Consolidated Fund of the State but is required to be repaid and serviced through State budget.

Contingent Liabilities on account of Guarantees

Up to the financial year 2023-24, the Government provided guarantees against borrowings including interest of ₹ 28,040.96 crore. Contingent Liabilities ranged from 4.41 *per cent* to 15.79 *per cent* of the State's Revenue Receipts and from 0.94 *per cent* to 3.87 *per cent* of the GSDP, during the last five years.

Fiscal sustainability

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of Off-budget borrowings,

guarantees, subsidies, *etc.* As far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries, pension payments, interests, *etc.* and also other inflexible expenditure such as those arising out of commitment for Centrally Sponsored Schemes, transfer to reserve funds, transfer to local bodies, *etc.*

Bihar Fiscal Responsibility and Budget Management (BFRBM) requirements and compliance with fiscal parameters

The BFRBM Act prescribes certain limits within which Revenue Deficit, Fiscal Deficit, debt as a percentage of the GSDP should be. In 2023-24, the State achieved revenue surplus after 2018-19; Fiscal Deficit was 4.17 *per cent* as against the limit of maximum 3.50 *per cent* and total outstanding liabilities were 38.94 *per cent* as against limit of 40.40 *per cent*.

Further, if the quantum of the Off-budget borrowings is included as part of debt, the overall liability (including Public Debt and Public Account Liabilities) of the Government was 38.95 *per cent* of the GSDP.

As per the debt stabilization analysis, the public debt of the Government of Bihar has grown on an average at a rate of 17.30 *per cent* annually of the outstanding public debt between 2019-20 to 2023-24. The public debt-GSDP ratio of Bihar has increased from 25.47 *per cent* in 2019-20 to 32.78 *per cent* in 2023-24, which indicates entailing risk in debt stabilization.

Bihar has been a Primary Deficit State for the period 2019-20 to 2023-24. The Domar gap (g-r) remained positive during the period from 2021-22 to 2023-24 and was negative during 2019-20 and 2020-21. The Domar gap (g-r) has registered a positive trend in the last three years. Considering the debt sustainability conditions under the Domar model, the fiscal liabilities of the State Government satisfied the condition of debt sustainability ($g-r > 0$), except in 2019-20 and 2020-21.

During the years 2021-22 to 2023-24, though the Domar gap (expressed as g-r) was positive, and its value also increased from the preceding years, the Primary Deficit was not stable and increased by more than two times in 2022-23, over the previous year but corrected in 2023-24. Further, a substantial proportion of public debt receipts was being used for repayment for Borrowings, which ranged between 68.82 *per cent* and 75.77 *per cent* during the period 2019-2024.

Budget performance

Aggregate Budget outturn (Expenditure in relation to Budget Estimates)

Budget performance in terms of budgetary intent and budget implementation is examined to assess the extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and savings.

Deviation in outturn compared with Budget Estimates (BE) was (-) 4.65 *per cent* in the Revenue section, and (+) 15.73 *per cent* in the Capital section.

Expenditure composition outturn (Expenditure in relation to Revised Estimates)

Budget performance also looks at the extent to which the re-allocation between the Budget Estimates (BE) budget categories during the execution has contributed to

variance in expenditure composition. This measure indicate the extent of variation between the Revised Estimates (RE) and the actual expenditure.

Deviation in outturn compared with Revised Estimates (RE) was (-) 20.74 *per cent* in the Revenue section and (-) 3.68 *per cent* in the Capital Section.

Unnecessary/excess supplementary grants

Supplementary provisions of ₹ 11,042.66 crore during the year 2023-24 in 13 cases (more than ₹ 100 crore in each case) under 13 different grants proved unnecessary, as the expenditure did not come up even to the level of original provisions.

Excess expenditure

Excess expenditure of ₹ 39.47 crore was incurred over Budget Provision majorly in the Road Construction Department (₹ 39.43 crore). Excess expenditure is contrary to the budget provisions and needs to be regularised.

Inflated Budgeting / Large savings in Centrally Sponsored Scheme

Out of total saving amount of ₹ 65,512.05 crore in F.Y. 2023-24, Centrally Sponsored Schemes alone accounted for savings of ₹ 31,663.68 crore, which is 48.33 *per cent* of total savings. The total budget provisions for these schemes was 24 *per cent* of State's total budget.

Overall Budget reliability assessment indicates that though the deviations between the actual expenditure and original budget was only (-) 0.45 *per cent*, the deviation between the actual expenditure and the total budget was (-) 20.08 *per cent*. There were deviations up to 25 *per cent* and even above in different grants. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant.

Quality of Accounts and Financial Reporting

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non-discharging of liabilities and misclassification of transactions and data gaps.

Compliance with Indian Government Accounting Standards (IGAS)

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government did not comply with IGAS-1: Guarantees given by the Government, IGAS-2: Accounting and classification of Grants-in-aid (GIA), and IGAS-3: Loans and Advances, made by the Government.

Operation of Personal Deposit (PD) Accounts

The Government has not migrated four PD Accounts with a combined balance of ₹ 1.54 crore, to Comprehensive Financial Management System (CFMS).

Funds to Single Nodal Agency (SNA)

The Government of India and the State Government have introduced a system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS).

As per CFMS, in 2023-24, out of total transferred amount of ₹ 31,145.19 crore, the State Government received ₹ 18,231.24 crore as Central Share for Centrally Sponsored Schemes. However, as per the PFMS report, out of total receipt of ₹ 30,847.49 crore, the State Government transferred Central share of ₹ 18,173.89 crore and State share of ₹ 12,673.60 crore to the SNAs. As per CFMS, ₹ 22,470.94 crore was transferred through Grants-in-aid Bills. Detailed vouchers and supporting documents of actual expenditure were not received in the office of the AG (A&E) from the SNAs.

Utilisation Certificates (UCs)

Despite the requirement of submitting Utilisation Certificates (UCs) within a stipulated time period, 49,649 outstanding UCs of ₹ 70,877.61 crore were not received by the Accountant General (Accounts & Entitlements), Bihar, as on 31 March 2024.

In the absence of UCs, there is no assurance that funds disbursed have been used for the intended purpose. Moreover, high pendency of UCs is fraught with the risk of embezzlement, misappropriation, and diversion of funds.

Detailed Contingent (DC) bills against Abstract Contingent (AC) bills

Despite the requirement of submitting Detailed Contingent (DC) Bills against the advance money withdrawn through Abstract Contingent (AC) Bills, DC Bills against 22,130 AC bills of ₹ 9,205.76 crore were pending for submission as on 31 March 2024. Non-submission of DC bills within the prescribed period breaches financial discipline and enhances the risk of misappropriation of public money.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against grants; non-submission of DC bills against AC bills; and non-supply of details of expenditure from SNAs have impacted the quality of accounts adversely.

CHAPTER-I

OVERVIEW

This chapter analyses changes in major fiscal aggregates, based on the audit of the Finance Accounts and an assessment of the Bihar Government’s fiscal position as on 31 March 2024.

1.1 Profile of the State

Bihar is an entirely land–locked State. It lies between West Bengal in the East and Uttar Pradesh in the West. It is bounded by Nepal in the North and by Jharkhand in the South. It is the twelfth largest State of India in terms of geographical size (94,163 sq. km.) and the second largest by population (12.86 crore). The State of Bihar has 38 districts. The population density of the State is 1,366 per sq. km, higher than national average (426 per sq. km). The State’s literacy rate is 61.8 *per cent* (as per 2011 census). It has the highest poverty level, as compared to the All- India average (*Appendix 1.1*). The Per Capita Income of Bihar (₹ 66,828) is much lower than neighbouring States *viz.* Jharkhand (₹ 1,15,960), West Bengal (₹ 1,71,184) and Uttar Pradesh (₹ 1,07,468). The State is 13th largest by GSDP in 2023-24 at current prices (as per MoSPI).

1.1.1 Gross State Domestic Product of the State

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State’s economy, as it depicts the extent of changes in the level of economic development of the State over a period of time.

Changes in sectoral contribution to the GSDP are also important to understand the changing structure of the economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors.

Trends in annual growth of GSDP of the State and GDP of India, at current prices (Base Year: 2011-12), are shown in **Table 1.1**.

Table 1.1: Trends in GSDP compared to the GDP (at current prices)
(₹ in crore)

Year	2019-20	2020-21	2021-22	2022-23	2023-24
INDIA					
GDP (2011-12 Series)	2,01,03,593	1,98,54,096	2,35,97,399	2,69,49,646	2,95,35,667
GVA	1,83,81,117	1,82,10,997	2,16,35,584	2,46,59,041	2,67,62,147
Growth rate of GDP over the previous year (in <i>per cent</i>)	6.37	(-) 1.24	18.85	14.21	9.60
Growth rate of GVA over the previous year (in <i>per cent</i>)	7.02	(-) 0.93	18.81	13.97	8.53
Per capita GDP (in ₹)	1,32,341	1,27,244	1,50,906	1,69,496	1,84,205
BIHAR					
GSDP (2011-12 Series)	5,81,855	5,67,814	6,47,394	7,46,417	8,54,429
GSVA	5,59,805	5,52,327	6,41,107	7,42,817	8,49,750
Growth rate of GSDP over the previous year (in <i>per cent</i>)	10.20	(-) 2.41	14.02	15.30	14.47
Growth rate of GSVA over the previous year (in <i>per cent</i>)	9.69	(-) 1.34	16.07	15.86	14.40
Percentage of GSDP to GDP	2.89	2.86	2.74	2.77	2.89
Per capita GSDP (in ₹)	48,263	46,412	52,144	59,244	66,828

(Source: Ministry of Statistics and Programme Implementation, GoI)
GVA- Gross Value Added GSVA- Gross State Value Added

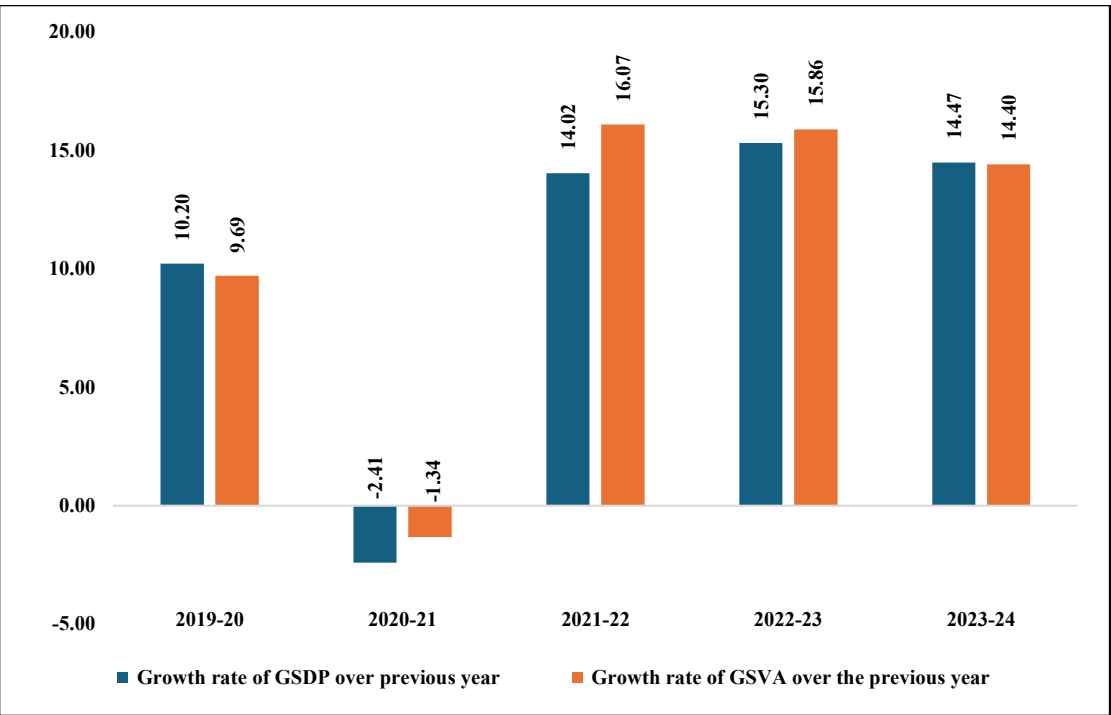
GDP and GSDP at current prices for the years 2020-21 to 2022-23 were revised on the basis of revisions in GVA/GSVA. Percentage ratios/buoyancies of various parameters with reference to GDP/GSDP for 2020-21 to 2022-23 have been revised accordingly.

During 2023-24, the per capita GSDP growth rate (12.80 *per cent*) was higher than the per capita GDP growth rate (8.68 *per cent*). During 2019-20 to 2023-24, the per capita GSDP increased by 38.47 *per cent* but was lower than the per capita GDP growth of 39.19 *per cent*.

Gross Value Added (GVA) is being used for economic analysis by GoI as GVA is considered a better indicator of economic growth compared to GDP as it ignores the impact of taxes and subsidies. GDP can also be the sum of the various expenditures incurred in the economy including private consumption spending, government consumption spending and gross fixed capital formation or investment spending, reflecting essentially on the demand conditions in the economy. As a result of these GDP may differ from the real output situation. From a policymaker’s perspective it is therefore vital to have a comparison of the GVA and GSVA data for better analysis and for making policy interventions.

The trends of GSDP and GSVA for the period from FY 2019-20 to FY 2023-24, are indicated in **Chart 1.1**.

Chart 1.1: Growth rate of GSDP vs GSVA (2019-20 to 2023-24)
(in per cent)



(Source: MoSPI, GoI)

As can be seen from **Chart 1.1**:

- i. the growth rate of both GSDP and GSVA was negative in 2020-21, due to the impact of COVID-19 pandemic.

- ii. during 2021-22, GSVA registered highest growth rate (due to higher growth rate in Secondary Sector and Tertiary Sector).
- iii. during 2022-23 the GSDP registered highest growth rate.
- iv. in 2023-24, growth rate of GSVA slowed by 1.46 percentage points (due to slower growth rate mainly in Secondary Sector). During this year, the GSDP growth rate registered, was slightly lowered by 0.83 percentage points (due to negative growth rate under Secondary and Tertiary Sector over the previous year), although, its growth rate was much higher than the growth rate of GDP during 2023-24.

1.1.2 Sectoral composition

The economic activities are generally divided into Primary, Secondary and Tertiary Sectors, which correspond to Agriculture, Industry and Service Sectors, respectively.

The Primary Sector includes mainly Agricultural activities along with other economic activities of primary nature viz., forestry, animal husbandry, fishing and mining. The Secondary Sector includes manufacturing, construction and infrastructure, supply of electricity, gas, etc. The Tertiary Sector includes all service-related activities. The sectoral contribution to GDP and GSDP during 2023-24, is given in **Charts 1.2** and **1.3**, respectively.

Chart 1.2: Sector-wise GDP
(in per cent)

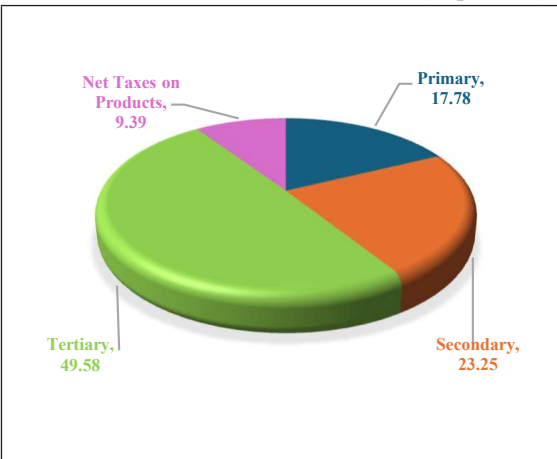
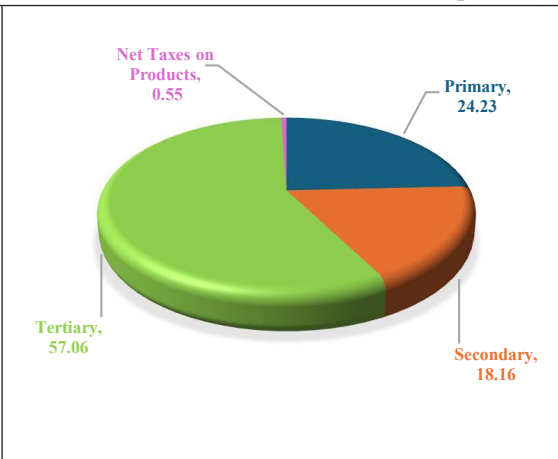


Chart 1.3: Sector-wise GSDP
(in per cent)



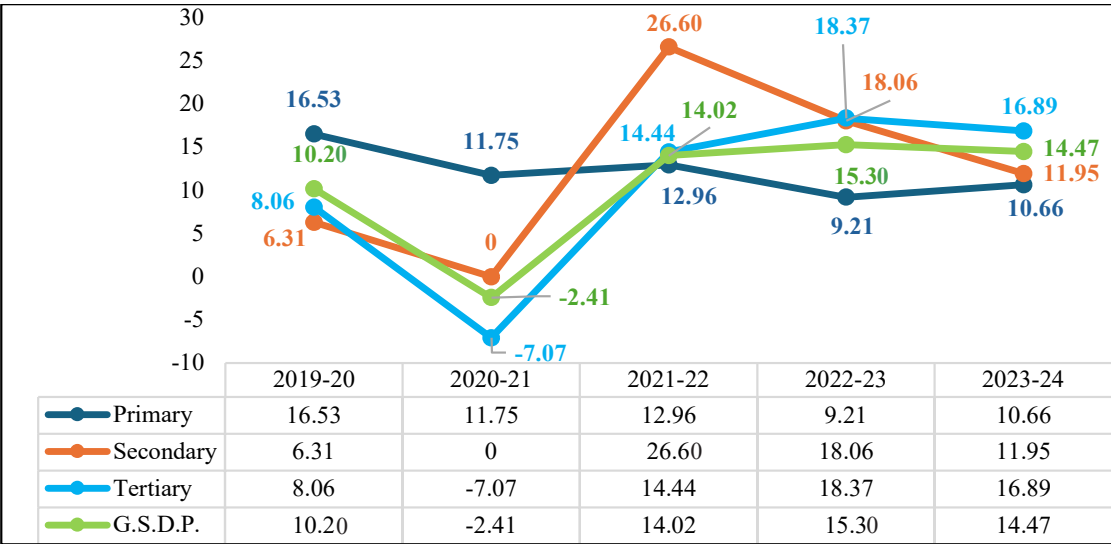
(Source: MoSPI, GoI data as on 01.08.2024 and Bihar Institute of Public Finance and Policy, GoB)
*Net taxes on product = Subsidies on product deducted from taxes on product

During 2023-24, contributions of Tertiary and Primary Sectors to GSDP were higher by 7.48 and 6.45 percentage points, respectively, as compared to their contribution in GDP. However, contribution of the Secondary Sector (Industries and Manufacturing) to the GSDP was lesser by 5.09 percentage points, compared to its contribution in GDP. Further, Net Taxes on products were much lower in Bihar, as compared to India.

Chart 1.4 captures the trend of sectoral growth rate in GSDP for the period from 2019-20 to 2023-24.

Chart 1.4: Trend analysis of Sectoral growth in GSDP

(in per cent)



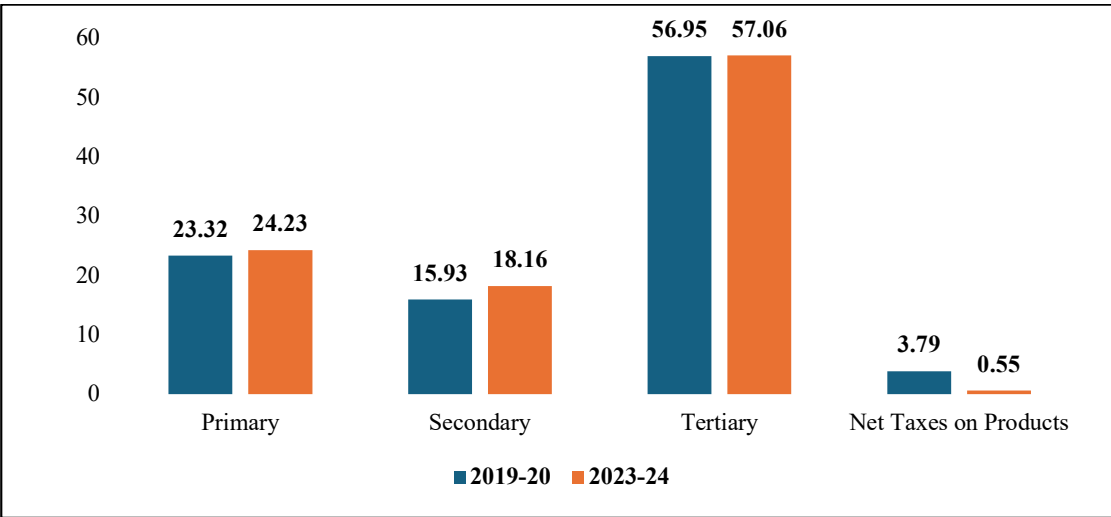
(Source: MoSPI, GoI)

Chart 1.4 shows a declining trend in all sectors in 2020-21 due to the Global pandemic. However, during 2021-22, the Secondary and Tertiary Sectors showed substantial recovery and registered their highest growth during the last five years. During 2023-24, only Primary Sector showed higher growth rate by 10.66 *per cent* due to increase in crops by 12.03 *per cent*, livestock by 9.28 *per cent* and forestry and logging by 10.29 *per cent* under Agriculture, Forestry and Fishing. Secondary and Tertiary Sectors, however, showed deceleration in growth in comparison to 2022-23.

Changes in the sectoral contribution to the GSDP, are important to understand the changing structure of the economy. Changes in the sectoral contribution to GSDP from 2019-20 and 2023-24 are shown in **Chart 1.5**.

Chart 1.5: Changes in the sectoral contribution to GSDP
(2019-20 and 2023-24)

(in per cent)



(Source: MoSPI, GoI)

In 2023-24 also, the Tertiary Sector continued to be the major contributor to the State’s economy.

1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG), relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151 (2) of the Constitution of India.

Accountant General (Accounts & Entitlements) prepares Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans, and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for the keeping of such accounts functioning under the control of the State Government, and the statements received from the Reserve Bank of India (RBI). These accounts are audited independently by the Pr. Accountant General (Audit).

Finance Accounts and Appropriation Accounts of the State constitute the core data for this report. Other sources include the following:

- i. Budget of the State: For assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- ii. Results of the Audit carried out by the office of the Pr. Accountant General (Audit);
- iii. Other data with Departments/ Authorities and Treasuries (accounting as well as MIS);
- iv. GSDP data and other State related statistics; and
- v. Various Audit Reports of the CAG of India.

Analysis is also carried out in the context of recommendations of the XIVth and XVth Finance Commissions (FC), Sixth State Finance Commission (SFC), Bihar Fiscal Responsibility and Budget Management (BFRBM) Act, 2006, best practices and guidelines of the Government of India. The scope, methodology, criteria and constraint were discussed with the Finance Department, Govt. of Bihar, during Entry Conference held on 07.08.2024.

1.3 Government Account Structure and Budgetary Processes

The Accounts of the State Government are kept in three parts:

1. Consolidated Fund of the State (Article 266(1) of the Constitution of India)

This Fund comprises of all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, *etc.*), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund, except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments, *etc.*), constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditures (Voted expenditure) are voted by the Legislature.

2. Contingency Fund of the State (Article 267(2) of the Constitution of India)

This Fund, established by the State Legislature by law, is in the nature of an imprest and is placed at the disposal of the Governor, to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional Major-Head relating to the Consolidated Fund of the State.

3. Public Accounts of the State (Article 266(2) of the Constitution of India)

Apart from the above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances, and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

Budget Document

There is a constitutional requirement in India (Article 202), to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the Government, in respect of every financial year. This ‘Annual Financial Statement’ constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

Revenue Receipts consist of Tax Revenue, Non-Tax Revenue, the share of Union Taxes/Duties and grants from the Government of India (GoI).

Revenue Expenditure consists of all those expenditures of the Government which do not result in the creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government Departments and various services, interest payments on debt incurred by the Government and grants given to various institutions (even though some of the grants may be meant for the creation of assets).

Capital Receipts consist of:

- **Debt receipts:** Market Loans, Bonds, Loans from financial institutions, the net transactions under Ways and Means Advances, Loans and Advances from Central Government, *etc.*
- **Non-debt receipts:** Proceeds from disinvestment, Recoveries of loans and advances.

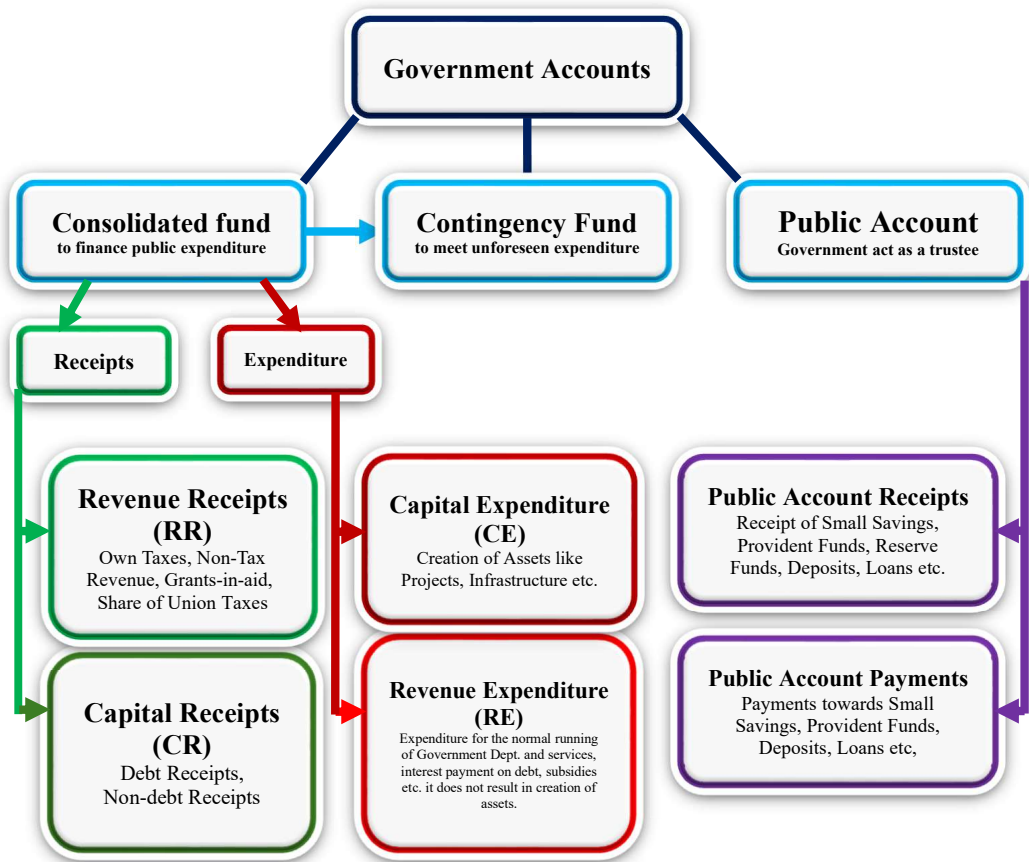
Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the Government to SPSEs and other parties.

At present, we have an accounting classification system in Government that is both functional and economic.

	Attribute of transaction	Classification
Standardised in List of Major and Minor-Heads by CGA	Function - Education, Health, <i>etc.</i> /Department	Major-Head under Grants (4-digit)
	Sub-Function	Sub Major-Head (2-digit)
	Programme	Minor-Head (3-digit)
Flexibility left for States	Schemes	Sub-Head (2-digit)
	Sub-schemes	Detailed-Head (2-digit)
	Economic nature/Activity	Object Head-salary, minor works, <i>etc.</i> (2-digit)

The functional classification lets us know the department, function, scheme or programme and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt, *etc.* Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major-Heads. For instance, 0 and 1 are for Revenue Receipts, 2 and 3 for Revenue Expenditure, *etc.* Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally “salary” object head is Revenue Expenditure, “construction” object head is Capital Expenditure. Object head is the primary unit of appropriation in the budget documents.

Structure of Government Accounts



Public Debt and Public Liability

In this Report, ‘Public Debt’ has been taken to comprise market borrowings, institutional loans, special securities issued to National Small Savings Fund (NSSF),

Loan given by Central Government *etc.* For this purpose, the Major-Heads 6003 and 6004 - Public Debt have been taken into consideration.

Further, the ‘Public Liability’ has been taken to include transactions under Major-Heads 8001 to 8554 relating to ‘Small Savings, Provident Fund, *etc.*’, ‘Reserve Funds’ and ‘Deposit and Advances’ under Public Account are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid. The transactions relating to ‘Remittances’ and ‘Suspense’ under Public Account, includes merely adjusting heads such as transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this report, ‘Public Liability’ has been taken to include the transactions under Major-Heads 8001 to 8554 relating to ‘Small Saving, Provident Fund, *etc.*’, ‘Reserve Funds’ and ‘Deposit and Advances’ along with the transactions under Major-Heads 6003 and 6004.

Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of the State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year, in the form of an Annual Financial Statement. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204, to provide for the appropriation of the required money, out of the Consolidated Fund.

The State Budget Manual details the budget formulation process and guides the State Government, in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of the budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter - III** of this Report.

1.3.1 Snapshot of Finances

Table 1.2 provides details of actual financial results of 2022-23 and 2023-24 as well as the Budget Estimates (BE) and GSDP for the year 2023-24.

Table 1.2: Snapshot of Finances

(₹ in crore)

Sl. No.	Components	2022-23 (Actuals)	2023-24		Percentage of Actual to B.E.	Percentage of Actuals to GSDP
			Budget Estimate	Actuals		
1	Tax Revenue	1,39,527.58	1,52,437.31	1,61,965.18	106.25	18.96
	(i) Own Tax Revenue	44,017.73	49,700.05	48,360.69	97.31	5.66
	(ii) Share of Union Taxes	95,509.85	1,02,737.26	1,13,604.49	110.58	13.30
2	Non-Tax Revenue	4,134.90	6,511.74	5,257.05	80.73	0.62
3	Grants-in-aid and Contributions	29,025.54	53,377.92	26,125.00	48.94	3.06
4	Revenue Receipts (1+2+3)	1,72,688.02	2,12,326.97	1,93,347.23	91.06	22.63
5	Recovery of Loans and Advances	41.49	431.91	95.94	22.21	0.01
6	Other Receipts	0.00	-	0.00	-	-
7	Net Borrowings and other Liabilities (a)	44,823.30	25,567.83	35,659.88	139.47	4.17

Sl. No.	Components	2022-23 (Actuals)	2023-24		Percentage of Actual to B.E.	Percentage of Actuals to GSDP
			Budget Estimate	Actuals		
8	Net Capital Receipts (5+6+7)	44,864.79	25,999.74	35,755.82	137.52	4.18
9	Total Receipts (4+8)	2,17,552.81	2,38,326.71	2,29,103.05	96.13	26.81
10	Revenue Expenditure (b)	1,83,976.22	2,07,848.00	1,90,514.17	91.66	22.30
11	Interest Payments	15,183.54	18,354.44	17,605.80	95.92	2.06
12	Capital Expenditure	31,519.82	29,257.31	36,453.02	124.59	4.27
13	Loan and Advances	2,056.77	1,221.40	2,135.86	174.87	0.25
14	Total Expenditure (10+12+13)	2,17,552.81	2,38,326.71	2,29,103.05	96.13	26.81
15	Revenue Surplus(+)/Deficit(-) (4-10)	(-) 11,288.20	4,478.97	2,833.06	63.25	0.33
16	Fiscal Deficit {14-(4+5+6)}	44,823.30	25,567.83	35,659.88	139.47	4.17
17	Primary Deficit (16-11)	29,639.76	7,213.39	18,054.08	250.29	2.11

(Source: Finance Accounts of the GoB for the year 2023-24 and Budget Summary 2023-24)

Difference of ₹ 1 crore, if anywhere, is due to rounding off.

(a) Borrowings and other Liabilities: Net (Receipts – Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursements) of Public Account + Net of Opening and Closing Cash Balance

(b) Revenue Expenditure includes interest payment.

It was observed that:

- Budget estimates of Revenue Receipts for 2023-24 were 22.95 per cent above the actuals of 2022-23. Meanwhile the GoB, in its revised estimates increased the amount of Revenue Receipts (₹ 2,14,494.26 crore) by 1.02 per cent of the original estimates. The actual receipts were 8.94 per cent less from the original estimates and 9.86 per cent less from the revised estimates. Share of Union Taxes (58.76 per cent) was the major contributor in Revenue Receipts.
- Revenue Receipts of the State increased by 11.96 per cent over the previous year. Increase in collection of Revenue Receipts was noticed in CGST (27.75 per cent), SGST (19.08 per cent), Corporation tax (6.49 per cent), Taxes on income other than Corporation Tax (25.97 per cent), Other taxes on income and expenditure (14.99 per cent), Union excise duties (27.89 per cent) under Share of Union Taxes. Also, there was increase in Land revenue (60.91 per cent) and Taxes on vehicle (14.39 per cent) under Own Tax Revenue. Further increase in other receipts (73.16 per cent) under Interest receipts, Public Service commission (353.08 per cent), ₹ 36.05 crore collection of Guarantee fee under Miscellaneous general service, Non-ferrous mining and Metallurgical industries (14.11 per cent) were the major components under Non-Tax revenue of the State resulting in increase in Revenue Receipts of the State by ₹ 20,659.21 crore over the previous year.
- During 2023-24, the Revenue Expenditure of the State increased by 3.55 per cent whereas its Revenue Receipts increased by 11.96 per cent over the previous year. This resulted in the State achieving Revenue Surplus of ₹ 2,833.06 crore after 2018-19. The trend of receipts and expenditure are shown in **Table 1.3**.

Table 1.3: Trend analysis of Receipts and Expenditure

(₹ in crore)

Year	Revenue		Per cent of RE to RR	Capital		Per cent of CE to CR
	Receipts	Expenditure		Receipts	Expenditure	
2019-20	1,24,233	1,26,017	101.44	29,175	12,304	42.17
2020-21	1,28,168	1,39,493	108.84	36,736	18,209	49.57
2021-22	1,58,798	1,59,220	100.27	40,473	23,678	58.50
2022-23	1,72,688	1,83,976	106.54	48,325	31,520	65.22
2023-24	1,93,347	1,90,514	98.53	60,314	36,453	60.44

(Source: Finance Accounts of the respective years)

It may be observed from **Table 1.3** that:

- For every ₹ 100 received as revenue, ₹ 98.53 was incurred as Revenue Expenditure.
- During the year 2023-24, Capital Expenditure increased by 15.65 *per cent*, whereas Revenue Expenditure increased by 3.55 *per cent* over the previous year. In 2023-24, 60.44 *per cent* of Capital Receipts were utilised for Capital Expenditure. Also, the ratio of Capital Expenditure to Capital Receipts, decreased from 65.22 *per cent* of 2022-23 to 60.44 *per cent* during the current year.
- The Capital Receipts increased by 24.81 *per cent*, whereas Capital Expenditure increased by 15.65 *per cent* over the previous year. A substantial part of the Capital Receipts were utilised to repay the earlier debt of the Government, which had increased from 29.72 *per cent* in 2022-23 to 38.16 *per cent* in 2023-24.
- Increase in Revenue Expenditure and Capital Expenditure at a pace slower than its Revenue Receipts during 2023-24, helped the State to be Revenue Surplus and eventually reduce the Fiscal Deficit to that extant.

1.3.2 Snapshot of Assets and liabilities of the Government

Government accounts capture the financial liabilities of the Government, and the assets created out of the expenditure incurred. **Appendix 1.2** gives an abstract of such liabilities and assets, as on 31 March 2024, compared with the corresponding position of previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from the public account and reserve funds. The assets comprise mainly of the capital outlay and loans and advances given by the State Government and cash balances. Summarised position of Assets and Liabilities of the Government is given in **Table 1.4**.

Table 1.4: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
		2022-23	2023-24	Per cent increase/decrease			2022-23	2023-24	Per cent increase/decrease
Consolidated Fund									
A	Internal Debt	2,08,098.10	2,36,205.16	13.51	A	Gross Capital Expenditure	2,90,886.03	3,27,339.05	12.53
B	Loans and Advances from GoI	34,747.63	43,878.73	26.28	B	Loans and Advances	25,209.64	27,249.57	8.09
Contingency Fund		350.00	350.00						
Public Account									
A	Small Savings, Provident Funds, etc.	9,396.88	9,141.12	-2.72	A	Advances	249.96	249.96	0.00
B	Deposits	38,437.96	39,666.57	3.20	B	Remittance	1,125.96	1,128.33	0.21
C	Reserve Funds	9,654.72	12,343.98	27.85	C	Suspense and Miscellaneous	14,416.78	5,611.89	-61.07
D	Suspense and Miscellaneous balances	171.31	206.63	20.62	Cash balance (including investment of Earmarked Funds)		22,903.95	36,982.18	61.47
E	Inter-State Settlement	74.01	74.01	0.00					
F	Surplus on Government Accounts	53,861.71	56,694.77	5.26					
Total		3,54,792.32	3,98,560.98	12.34	Total		3,54,792.32	3,98,560.98	12.34

(Source: Finance Accounts of the respective year)

During 2023-24, the Liabilities of the State increased by 12.34 *per cent*, over the previous year. Internal Debt contributed 59.26 *per cent* to the total outstanding liabilities during 2023-24. Net liabilities under Internal Debt increased by 13.51 *per cent* (₹ 28,107.06 crore), over the previous year.

1.4 Fiscal Balance: Achievement of deficit and total debt targets

When a Government spends more than it collects by way of revenue, it incurs a deficit. There are various measures that capture Government deficit.

Deficits are financed by borrowing giving rise to Government debt. The concepts of deficits and debt are closely related. Deficits can be thought of as a flow which add to the stock of debt. If the Government continues to borrow year after year, it leads to the accumulation of debt and the Government has to pay more and more by way of interest. These interest payments themselves contribute to the debt.

The Government of Bihar (GoB) enacted the BFRBM Act, 2006, with the objective of ensuring prudence in fiscal management by eliminating Revenue Deficit, reducing the Fiscal Deficit and bringing the overall/outstanding debt to an acceptable level, establishing improved debt management and improving transparency in a medium-term framework. In this context, the Act provides quantitative targets, to be adhered to by the State, with regard to deficit measures and debt level.

1.4.1 BFRBM targets on key Fiscal Parameters and Achievements

As per the XVth Finance Commission's recommendations, State had to maintain debt to GSDP ratio up to 40.40 *per cent* for 2023-24. The Finance Commission allowed additional 0.5 *per cent* borrowings, over and above three *per cent* of the GSDP (up to 3.5 *per cent*) during 2023-24, subject to the condition for Power Sector reforms.

The State Government, through the BFRBM (Amendment) Act, 2022, revised fiscal targets as recommended by the XVth Finance Commission. Through this amendment, the fiscal deficit target limit for the year 2023-24 was increased up to 3.5 *per cent* of the GSDP including an additional borrowing of 0.5 *per cent* of GSDP, subject to the condition set forth by GoI. The compliance of major fiscal parameters prescribed under BFRBM (Amendment) Act, 2022, are shown in **Table 1.5 (a)**.

Table 1.5 (a): Compliance with the provisions of the BFRBM (Amendment) Act, 2022

Fiscal Parameters	Fiscal targets set in the BFRBM	Achievement (₹ in crore)				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Revenue Surplus	-1,784.13	-11,325.11	-422.38	-11,288.20	2,833.06
		✗	✗	✗	✗	✓
Fiscal Deficit (as percentage of GSDP)	Within 3.50 <i>per cent</i> for 2019-20, 5.00 <i>per cent</i> for 2020-21, 4.50 [#] <i>per cent</i> for 2021-22, 4.00 [#] <i>per cent</i> for 2022-23 & 3.50 [#] <i>per cent</i> for 2023-24.	-14,723.93 (2.53)	-29,827.25 (5.25)	-25,551.26 (3.95)	-44,823.30 (6.01)	-35,659.88 (4.17)
		✓	✗	✓	✗	✗
The ratio of total outstanding liabilities to GSDP (in <i>per cent</i>)	Within 25.00 <i>per cent</i> for 2019-20, 41.20 <i>per cent</i> for 2020-21, 40.20 <i>per cent</i> for 2021-22, 40.80 <i>per cent</i> for 2022-23 & 40.40 <i>per cent</i> for 2023-24	33.24	40.01	39.78	39.30	38.94
		✗	✓	✓	✓	✓

(Source: Finance Accounts of the respective year and BFRBM)

0.5 *per cent* including additional borrowing space for Power Sector with certain criteria and condition set for by the GoI

The fiscal roadmap revised through the BFRBM (Amendment) Act was similar to the targets set by the XVth FC.

It can be seen from **Table 1.5 (a)** that:

- During the current year, the State witnessed Revenue Surplus of ₹ 2,833.06 crore. Low growth in Revenue Expenditure compared to growth observed in Revenue Receipts enabled the State to generate Revenue Surplus.
- Despite the reduction observed, Fiscal Deficit of the State remained above the BFRBM limits, and the indicative deficit path drawn by the XVth Finance Commission.
- Targets for outstanding liability to GSDP ratio were within the XVth Finance Commission's recommendations except for the year 2019-20.

Fiscal targets prescribed by the XVth FC and projected in the State Budget *vis-à-vis* their achievements in respect of major fiscal aggregates with reference to GSDP during 2023-24 are given in **Table 1.5 (b)**.

Table 1.5 (b): Targets vis-à-vis achievements in respect of major fiscal aggregates for the year 2023-24

(in per cent)

Fiscal Variables	Targets as prescribed by the XV th FC	Targets in the Budget	Actuals	Variation of actuals over	
				Targets of the XV th FC	Targets in Budget
Revenue Surplus/GSDP	1.20	0.52	0.33	0.87	0.19
Fiscal Deficit/GSDP	3.5 [#]	2.98	4.17	(-) 0.67	(-) 1.19
Total outstanding liability/GSDP	40.40	37.81	38.94	1.46	(-) 1.13

(Source: Recommendations of the XVth FC, Budget document and Finance Accounts for the year 2023-24)

Note: Deficit figures have been shown in minus; [#]including 0.5 per cent additional borrowing

Although a Revenue Surplus was realized in 2023-24, the State could not achieve fiscal targets as fixed by the XVth FC. Though the total outstanding liability-GSDP ratio remained within the levels fixed by the Finance Commission, it could not achieve the State’s budget target of 37.81 per cent.

The ratio of total outstanding liabilities to GSDP, as per the Finance Accounts is 38.94 per cent. However, the effective ratio (38.95 per cent) has been arrived at Audit after inclusion of Off-budget Borrowings of ₹ 53.48 crore (Table 1.8). This was still below the FC target of 40.40 per cent.

1.4.2 Medium Term Fiscal Plan

Comparison of targets for fiscal parameters, projected in Medium Term Fiscal Plan (MTFP), presented to the State Legislature, with actuals for the current year, is provided in Table 1.6.

Table 1.6: Actuals vis-à-vis projection in MTFP for 2023-24

(₹ in crore)

Sl. No.	Fiscal Variables	Projection as per MTFP	Actuals (2023-24)	Variation (in per cent)
1	Own Tax Revenue	49,700.05	48,360.69	(-) 2.69
2	Non-Tax Revenue	6,511.74	5,257.05	(-) 19.27
3	Share of Central Taxes	1,02,737.26	1,13,604.49	10.58
4	Grants-in-aid from GoI	53,377.92	26,125.00	(-) 51.06
5	Revenue Receipts (1+2+3+4)	2,12,326.97	1,93,347.23	(-) 8.94
6	Revenue Expenditure	2,07,848.00	1,90,514.17	(-) 8.34
7	Revenue Deficit (-)/Surplus (+) (5-6)	4,478.97	2,833.06	(-) 36.75
8	Fiscal Deficit (-)/Surplus (+)	(-) 25,567.83	(-) 35,659.88	39.47
9	Fiscal Deficit as a percentage of GSDP	2.98	4.17	(-) 1.19
10	Liability-GSDP ratio (per cent)	37.81	38.94	(-) 1.13
11	GSDP growth rate at current prices (per cent)	15.24	14.47	(-) 0.77

(Source: Finance Accounts for the year 2023-24 and BFRBM Act)

It can be seen from Table 1.6 that:

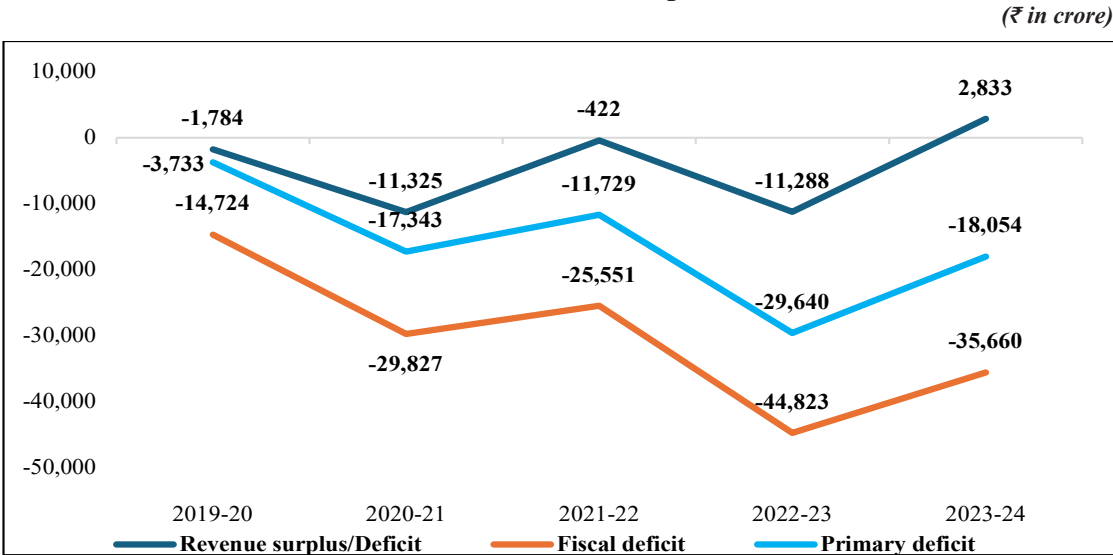
During the current year, the State witnessed Revenue Surplus of ₹ 2,833 crore. The MTFP targets could not be achieved, except ‘Share of Central Taxes’ which increased by 10.58 per cent from the projected figures. Main reasons of Revenue Surplus were increase of devolutions under Revenue Receipts from the GoI, as well as less growth of

Revenue Expenditure over the previous year. The State Government could not achieve its MTFP targets in most of the Fiscal Variables in previous years (2019-20, 2020-21, 2021-22 and 2022-23) also.

1.4.3 Trends of Surplus/Deficit

Three key fiscal parameters, viz. (i) Revenue Surplus/Deficit (ii) Fiscal Deficit and (iii) Primary Deficit help in assessing the fiscal situation of the Government. These deficits are formulated, to assist in assessing the fiscal health of the Government. Trends in fiscal parameters are shown in **Chart 1.6**.

Chart 1.6: Trends in deficit parameters

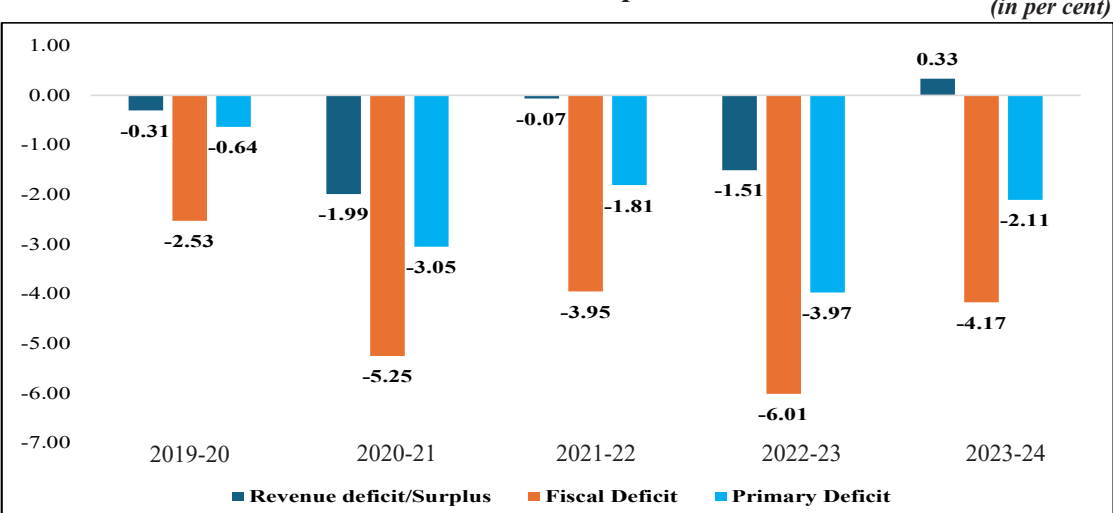


(Source: Finance Accounts of the respective years)

As can be seen from **Chart 1.6** all the fiscal indicators/parameters show a negative trend except Revenue Surplus. Further, despite having negative balance under Fiscal Deficit and Primary Deficit both of them have shown recovery path as compared to the previous year.

Trends in deficit parameters relative to GSDP can be seen in the **Chart 1.7**.

Chart 1.7: Trends in deficit/surplus relative to GSDP



(Source: Finance Accounts of the respective years and MoSPI)

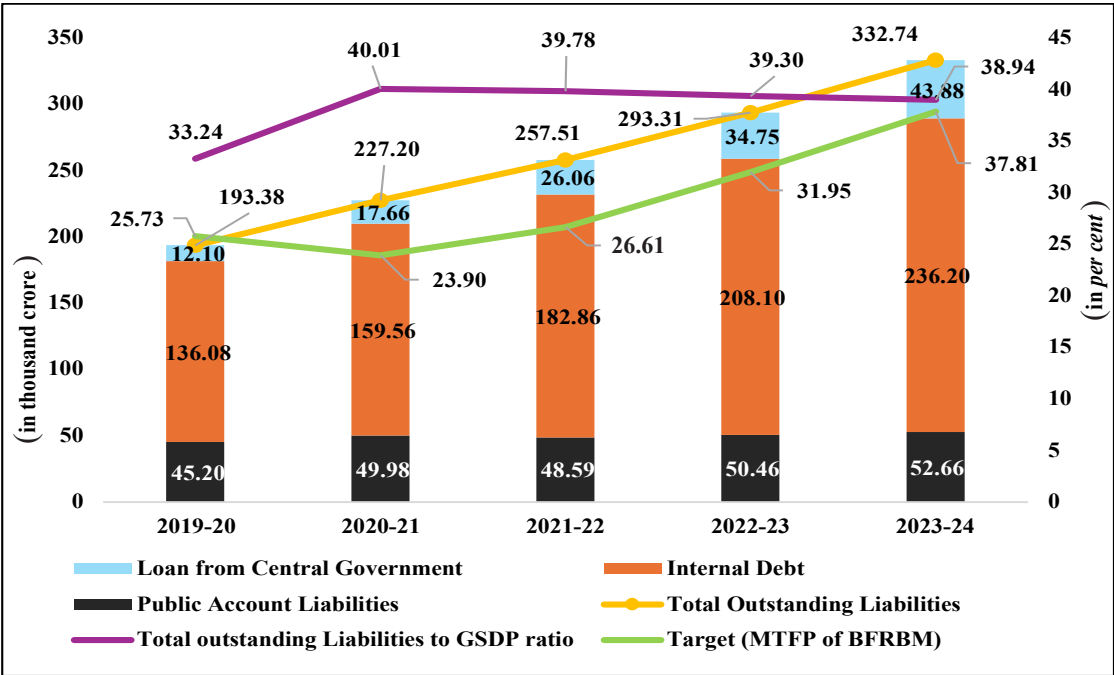
As can be seen from **Chart 1.7**, during the last five years, all the three parameters showed negative trends with respect to GSDP except Revenue Surplus in 2023-24.

1.4.4 Fiscal Liabilities and GSDP

Fiscal Deficit is usually financed by way of borrowings by the State giving rise to Government debt. If the Government continues to borrow year after year, it will lead to accumulation of debt. Government debt is mainly composed of Internal Borrowings (Market loans, Ways and Means Advances *etc.*), Loans and Advances from GoI and receipts on Public Account (Small Savings, Provident Fund, *etc.*).

Chart 1.8 depicts the trends in the component of fiscal liabilities and GSDP.

Chart 1.8: Trends in Fiscal Liabilities and GSDP



(Source: Finance Accounts of the respective years)

During 2023-24, Fiscal liabilities increased by 13.44 *per cent* (₹ 39,433.73 crore), over the previous year due to increase in Internal Debt by 13.51 *per cent* (₹ 28,107.05 crore), and Loans and Advances from GoI by 26.28 *per cent* (₹ 9,131.11 crore). Overall, the fiscal liability increased by 72.07 *per cent* from the year 2019-20. This situation of incurring liability may be overcome by exploring the sources/new sources of own revenue of the State.

1.4.5 Performance of the State Government with respect to borrowings according to the limits fixed by the Government of India

Article 293 (3) of the Constitution of India, *inter alia*, provides that a State cannot take any loan without the consent of Government of India (GoI) if any part of a loan either given to the State by the Union Government or guaranteed by the Union is still outstanding.

In Bihar, the total outstanding liabilities to GSDP ratio formulated in BFRBM (Amendment) Act, 2022, and as per the XVth Finance Commission was 40.40 *per cent*. The Net Borrowing Ceiling (NBC) of the State, for the financial year 2023-24 was

determined at three *per cent* of GSDP (on the basis of GSDP data published by MoSPI and the methodology prescribed by the XVth Finance Commission). Apart from NBC of three *per cent*, the State was also eligible for additional borrowing of 0.50 *per cent* of GSDP, linked to its performance in the Power Sector. Thus, the State’s borrowing ceiling, was to be within ₹ 30,062.48 crore (3.5 *per cent* of the projected GSDP of the State), which included the additional ceiling of ₹ 4,294.64 crore (0.5 *per cent* of the projected GSDP).

However, as per **Statement 6** of the Finance Accounts 2023-24 viz., Statement of borrowings and other liabilities, incremental borrowings and other liabilities of the State Government were ₹ 39,433.73 crore (4.62 *per cent* of GSDP) during the financial year 2023-24 which was over and above the borrowing ceiling of ₹ 30,062.48 crore (3.5 *per cent* of projected GSDP of ₹ 8,58,928 crore). The State achieved 38.94 *per cent* (Outstanding total liability 2023-24/GSDP 2023-24) which was within the XVth FC limit.

1.5 Deficits/ Outstanding Liabilities post examination by Audit

Certain financial transactions of Revenue section have been incorrectly booked under Capital section of expenditure or vice versa, resulting in misclassification of expenditure between revenue and capital heads of account. The following section describes such identified financial transactions.

1.5.1 Post audit - Deficits

Misclassification of Revenue Expenditure as Capital and *vice-versa* impacts deficit figures. Besides, deferment of committed liabilities viz., not depositing Cess/Royalty to the Consolidated Fund, short contribution to National Pension System, Sinking and Redemption Funds, *etc.*, also impact the revenue and fiscal deficit figures. The impact of such irregularities may be seen in **Table 1.7**.

Table 1.7: Revenue Surplus and Fiscal Deficit, post examination by Audit

Particulars	Impact on Revenue Surplus (Understated (+)/ Overstated (-)) (₹ in crore)	Impact on Fiscal Deficit (Understated (+)/ Overstated (-)) (₹ in crore)	Para Reference
Misclassification due to booking of expenditure under Capital Section instead of Revenue	22.53	-	2.5.3.5
Misclassification due to booking of expenditure under Revenue Section instead of Capital	(-) 0.21	-	2.5.3.5
Short payment of interest on State Compensatory Afforestation Fund	(-) 9.59	9.59	4.2
Short payment of interest on State Disaster Response Fund	(-) 99.45	99.45	4.2
Short payment of interest on State Disaster Mitigation Fund	(-) 46.76	46.76	4.2
Short contribution of Employers’ share in NPS	(-) 51.11	51.11	2.5.2.3

Particulars	Impact on Revenue Surplus (Understated (+)/ Overstated (-)) (₹ in crore)	Impact on Fiscal Deficit (Understated (+)/ Overstated (-)) (₹ in crore)	Para Reference
Non-transfer of Building and Other Construction Workers Welfare Cess	(-) 223.78	223.78	2.6.2.5
Non-transfer of other Cesses (Road Safety Cess)	(-) 164.35	164.35	2.6.2.5
Over payment on Defined Contribution Pension Scheme for Government Employees	11.51	(-) 11.51	4.2
Short transfer to NMET Fund	(-) 62.00	62.00	2.6.2.5
Non-transfer of Land Cess	(-) 1.49	1.49	2.6.2.5
Non-disclosure of the Off-Budget borrowings	(-) 53.48	53.48	4.1
Total	(-) 678.18	700.50	

(Source: Finance Accounts and audit analysis)

If the above transactions are taken into account the Revenue Surplus (₹ 2,833.06 crore) and Fiscal Deficit (₹ 35,659.88 crore) of the State, would be ₹ 2,154.88 crore and ₹ 36,360.38 crore, respectively. Thus, the post-audit Revenue Surplus and Fiscal Deficit were 0.25 *per cent* and 4.26 *per cent* of GSDP respectively, which were below the targets recommended by the XVth Finance Commission.

1.5.2 Post Audit-Total Outstanding Liabilities

Total outstanding liabilities include Internal Debt, Loans and Advances from GoI and Liabilities on Public Account.

During 2023-24, one entity viz., the Bihar State Road Development Corporation Ltd. under Road Construction Department had taken Off-budget borrowings (OBB) of ₹ 53.48 crore. The Government has provided guarantees for this loan.

Since these borrowings did not form part of the borrowings of the Government directly, these were not included in the Public Debt of the Finance Accounts and therefore, were not included in the calculation of Fiscal Deficit of the State. Due to OBB, the Public Debt, as well as Fiscal Deficit of the State stands understated to that extant for the year 2023-24. (OBB are detailed in **Paragraph 4.1** of this Report).

Component wise trend of liabilities is shown in **Table 1.8**.

Table 1.8: Comparison of Component wise trends of liabilities

(₹ in crore)

Borrowings and other liabilities as per Finance Accounts	Amount		Percentage Deviation
	2022-23	2023-24	
Internal Debt (A)	2,08,098.10	2,36,205.15	13.51
Market Loans	1,84,275.11	2,14,418.05	16.36
Bonds	1,962.07	1,728.88	(-) 11.88
Loans from Financial Institution	9,776.22	9,861.87	0.88
Special Securities issued to National Small Savings Fund of Central Government	12,077.26	10,188.90	(-) 15.64
Other Loans	7.45	7.45	0.00

Borrowings and other liabilities as per Finance Accounts	Amount		Percentage Deviation
	2022-23	2023-24	
Loans and Advances from Central Government (B)	34,747.63	43,878.74	26.28
Non-Plan Loans	0.58	0.58	0.00
Loans for State Plan Scheme	191.29	191.29	0.00
Loans for Central Plan Schemes	1.01	1.01	0.00
Loans for Centrally Sponsored Plan Scheme	0.53	0.53	0.00
WMA	42.96	42.96	0.00
Pre-1984-85 Loans	3.91	3.91	0.00
Loans for Centrally Sponsored Schemes	33.10	30.30	(-) 8.46
Other Loans for States/Union Territory with Legislature Schemes	34,474.25	43,608.16	26.49
Liabilities upon Public Account (C)	50,461.44	52,657.01	4.35
Small Savings, Provident Funds <i>etc.</i>	9,396.88	9,141.12	(-) 2.72
Reserve funds bearing interest	2,626.60	3,849.32	46.55
Deposits bearing interest	257.63	9.72	(-) 96.23
Deposits not bearing interest	38,180.33	39,656.85	3.87
Total (D) = (A+B+C)	2,93,307.17	3,32,740.90	13.44
Impact on Overall liability (understated) (E)	686.77	53.48	
Bihar State Road Development Corporation Ltd. (Road Construction Department)	686.77	53.48	
Total (E)	686.77	53.48	(-) 92.21
Grand Total (D) + (E)	2,93,993.94	3,32,794.38	

(Source: Finance account of the respective years)

OBB of ₹ 53.48 crore will also have an effect of bypassing the Net Borrowing Ceiling (NBC) of the State. Such borrowings would have impact on important fiscal indicators such as the Revenue Surplus and Fiscal Deficit.

Taking into account the OBB of the State, the total outstanding liabilities at the end of March 2024 worked out to be ₹ 3,32,794.38 crore against the ₹ 3,32,740.90 crore which was 38.95 *per cent* of the GSDP. Due to this, total outstanding liabilities as a *per cent* of GSDP were understated by 0.01 percentage point.

CHAPTER-II

FINANCES OF THE STATE

2.1 Introduction

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates related to the previous year, overall trends during the five-year period from 2019-20 to 2023-24, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State and the information provided by the State Government.

2.2 Major changes in key fiscal aggregates vis-à-vis 2022-23

Major changes in key fiscal aggregates of the State during the financial year 2023-24, compared to the previous year, are given in Table 2.1.

Table 2.1: Changes in key fiscal aggregates in 2023-24 compared to 2022-23

Revenue Receipts	<div>✓ Revenue Receipts of the State increased by 11.96 per cent.</div> <div>✓ Own Tax Receipts of the State increased by 9.87 per cent.</div> <div>✓ Own Non-Tax Receipts increased by 27.14 per cent.</div> <div>✓ State’s Share of Union Taxes and Duties increased by 18.95 per cent.</div> <div>✓ Grants-in-aid from the Government of India decreased by 9.99 per cent.</div>
Revenue Expenditure	<div>✓ Revenue Expenditure increased by 3.55 per cent.</div> <div>✓ Revenue Expenditure on General Services increased by 5.69 per cent.</div> <div>✓ Revenue Expenditure on Social Services decreased by 5.80 per cent.</div> <div>✓ Revenue Expenditure on Economic Services increased by 21.40 per cent.</div> <div>✓ Expenditure on Grants-in-aid decreased by 218.18 per cent.</div>
Capital Receipts	<div>✓ Debt Capital Receipts increased by 24.72 per cent.</div> <div>✓ Non-Debt Capital Receipts increased by 131.24 per cent.</div>
Capital Expenditure	<div>✓ Capital Expenditure increased by 15.65 per cent.</div> <div>✓ Capital Expenditure on General Services increased by 74.03 per cent.</div> <div>✓ Capital Expenditure on Social Services increased by 17.31 per cent.</div> <div>✓ Capital Expenditure on Economic Services increased by 6.68 per cent.</div>
Loans and Advances	<div>✓ Disbursement of Loans and Advances increased by 3.85 per cent.</div> <div>✓ Recoveries of Loans and Advances increased by 131.24 per cent.</div>
Public Debt	<div>✓ Public Debt Receipts increased by 24.72 per cent.</div> <div>✓ Repayment of Public Debt increased by 60.12 per cent.</div>
Public Account	<div>✓ Public Account Receipts increased by 7.01 per cent.</div> <div>✓ Disbursement of Public Account increased by 8.93 per cent.</div>
Cash Balance	<div>✓ Cash Balance decreased by ₹ 79.22 crore (9.83 per cent) during 2023-24 compared to the previous year.</div>

(Source: Finance Accounts of 2023-24)

2.3 Sources and Application of Funds

Comparison of components of the sources and application of funds of the State during the current year with those of the previous year is given in the **Table 2.2**.

Table 2.2: Sources and application of funds during 2022-23 and 2023-24
(₹ in crore)

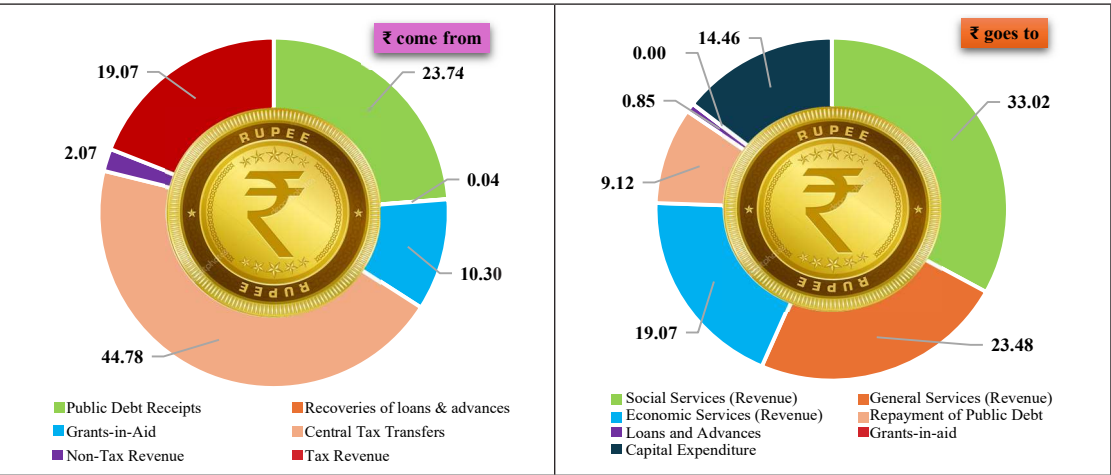
	Particulars	2022-23	2023-24	Increase/ Decrease	Percentage increase/decrease
Sources	Opening Cash Balance	29,479	22,904	(-) 6,575	(-) 22
	Revenue Receipts	1,72,688	1,93,347	20,659	12
	Recoveries of Loans and Advances	41	96	55	134
	Public Debt Receipts (Net)	33,932	37,238	3,306	10
	Public Account Receipts (Net)	4,316	12,500	8,184	190
	Total	2,40,456	2,66,085	25,629	11
Application	Revenue Expenditure	1,83,976	1,90,514	6,538	4
	Capital Expenditure	31,520	36,453	4,933	16
	Disbursement of Loans and Advances	2,056	2,136	80	4
	Closing Cash Balance	22,904	36,982	14,078	61
	Total	2,40,456	2,66,085	25,629	11

(Source: Finance Accounts of the year 2022-23 and 2023-24)

During the year 2023-24, Application¹ of funds (₹ 2,29,103 crore) was more than Sources of funds² (₹ 1,93,443 crore), which indicates that the Government was unable to meet its expenditure through the available funds. To bridge this gap, State had to increase its receipts through Public Debt during 2023-24 by 24.72 *per cent* from the previous year (₹ 48,283.52 crore to ₹ 60,217.54 crore). Details of receipts and disbursements and the overall fiscal position of the State, during the current, as well as previous year, is given in **Appendix 2.1**.

Chart 2.1 shows details of receipts and expenditure from the Consolidated Fund of the State during 2023-24.

Chart 2.1 Composition of Resources/Application
Composition of Resources Application of Resources
(in per cent)



(Source: Finance Accounts for the year 2023-24)

¹ Application of funds: Revenue Expenditure + Capital Expenditure + Disbursement of Loans and Advances.
² Sources of funds: Revenue Receipts + Recovery of Loans and Advances.

The share of repayment of Public Debt constituted 9.12 *per cent* of the application of resources and was higher than the previous year's share (6.19 *per cent*). On the other hand, the share of Public Debt in the composition of resources (23.74 *per cent*) was also higher than the previous year's share (21.85 *per cent*). The share of Tax Revenue (19.07 *per cent*) slightly decreased from the previous year's share (19.92 *per cent*) whereas Non-Tax Revenue (2.07 *per cent*) slightly increased in comparison to the previous year's share of 1.87 *per cent*. The share of Central Tax Transfers (44.78 *per cent*) has also increased in comparison to the previous year (43.21 *per cent*). The contribution share of Grants in aid (10.30 *per cent*) has decreased from the previous year (13.13 *per cent*). Higher share of Central Tax Transfer and higher share of Public Debt Receipts in the State's resources indicate that Own Revenue is to be increased to a sufficient level to decrease dependency on the Central transfers and debt.

Share of General, Social and Economic services in application of resources is decreased to 75.58 *per cent* from 79.34 *per cent* of the previous year. Further, the share of Capital Expenditure increased to 14.46 *per cent* against 13.59 *per cent* in the previous year in overall disbursements.

2.4 Resources of the State

The resources of the State are described below:

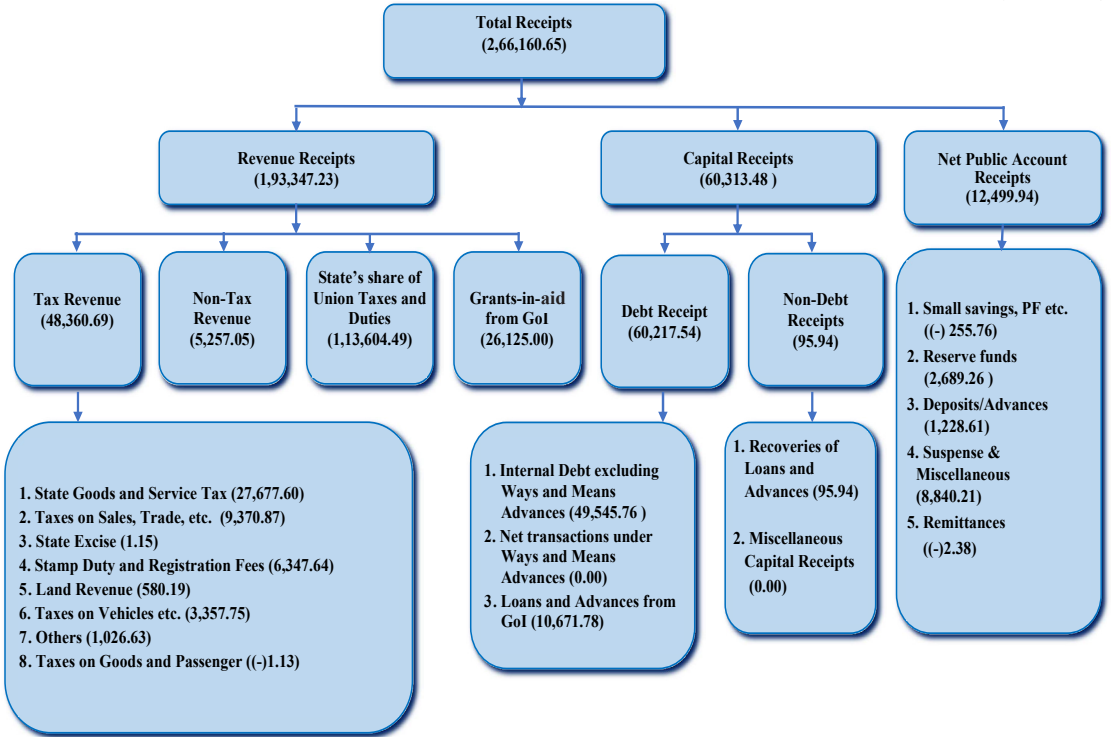
1. **Revenue Receipts** consist of Tax Revenue, Non-Tax Revenue, the State's share of Union Taxes and Duties and Grants-in-aid from the Government of India (GoI).
2. **Capital Receipts** (Debt and Non-Debt Capital Receipts) comprise miscellaneous Capital Receipts, such as proceeds from disinvestments, recoveries of Loans and Advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks), and Loans and Advances from GoI. Both, Revenue and Capital Receipts, form part of the Consolidated Fund of the State.
3. **Net Public Accounts Receipts:** There are receipts and disbursements in respect of certain transactions, such as Small savings, Provident funds, Reserve funds, Deposits, Suspense, Remittances, etc. which do not form part of the Consolidated Fund.

These are kept in the Public Account, set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.4.1 Receipts of the State

This Section provides the composition of overall receipts. Besides the Capital and Revenue Receipts, funds available in the Public Account (net of disbursements made from it) are also utilised by the Government to finance its deficit.

Chart 2.2: Composition of receipts of the State during 2023-24 (₹ in crore)



(Source: Finance Accounts for the year 2023-24)

During 2023-24, Revenue Receipts, Capital Receipts and Net Public Account Receipts, constituted 72.64 per cent, 22.66 per cent, and 4.70 per cent of the Total Receipts of the State, respectively. The contribution of Revenue Receipts, in Total Receipts declined to 72.64 per cent from 76.64 per cent in the previous year. Capital Receipts increased to 22.66 per cent from 21.45 per cent in the previous year. The share of Net Public Account Receipts showed a significant increase in the Total Receipts, over the previous year, i.e. increased to 4.70 per cent from 1.91 per cent in 2022-23.

2.4.2 Revenue Receipts

The trends in Revenue Receipts relative to GSDP and the composition of Revenue Receipts are given in Table 2.3.

Table 2.3: Trends in Revenue Receipts

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Receipts (RR)	1,24,233	1,28,168	1,58,798	1,72,688	1,93,347
Rate of growth of RR (per cent)	-5.74	3.17	23.90	8.75	11.96
Own Tax Revenue (OTR)	30,158	30,342	34,855	44,018	48,361
Non-Tax Revenue (NTR)	3,700	6,201	3,984	4,135	5,257
Total Own Revenue (OTR + NTR)	33,858	36,543	38,839	48,153	53,618
Grants-in-aid	26,969	31,764	28,606	29,025	26,125
State's share in Union Taxes and Duties	63,406	59,861	91,353	95,510	1,13,604
Rate of growth of Own Revenue (per cent)	0.95	7.93	6.28	23.98	11.35
Rate of growth of Grants-in-aid (per cent)	9.40	17.78	-9.94	1.46	-9.99

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Rate of growth of Own Tax Revenue (<i>per cent</i>)	2.55	0.61	14.87	26.29	9.87
Gross State Domestic Product Current Price (2011-12 Series)	5,81,855	5,67,814	6,47,394	7,46,417	8,54,429
Rate of growth of GSDP (<i>per cent</i>)	10.20	-2.41	14.02	15.30	14.47
RR/GSDP (<i>per cent</i>)	21.35	22.57	24.53	23.14	22.63
Buoyancy Ratios³					
Revenue Buoyancy ⁴ w.r.t GSDP	*	*	1.70	0.57	0.83
State's Own Revenue Buoyancy w.r.t GSDP	0.09	*	0.45	1.57	0.78
Own Tax Revenue Buoyancy w.r.t GSDP	0.25	*	1.06	1.72	0.68

(Source: Finance Accounts of the respective years and MoSPI)

*Buoyancy ratio could not be calculated due to negative growth in component

As can be seen from **Table 2.3**, the Revenue Buoyancy with reference to GSDP increased to 0.83 in 2023-24. State's Own Revenue Buoyancy with reference to GSDP also increased considerably from 0.09 in 2019-20 to 0.78 in 2023-24. Similarly, Own Tax Revenue Buoyancy with respect to GSDP also increased from 0.25 of 2019-20 to 0.68 in 2023-24, although, it decreased in comparison to the previous year.

Further:

- State's Revenue Buoyancy, was higher than that of the previous year due to devolution of Central Taxes more than the Budget Estimates (₹ 1,02,737.26 crore) by ₹ 10,867.23 crore, leading to increase in the Revenue Buoyancy to 0.83 from 0.57 in the previous year. Each component of the Revenue increased in comparison to previous year except Grants-in-aid which decreased by ₹ 2,900 crore. Despite decrease in GIA, the Revenue Buoyancy w.r.t GSDP increased over the previous year.
- State's Own Revenue Receipts (ORR) of ₹ 53,618 crore were more than the projection of the XVth Finance Commission (₹ 41,957 crore) by ₹ 11,661 crore. They also exceeded the projection of the VIth State Finance Commission (₹ 44,391 crore) by ₹ 9,227 crore. The ORR of the State was, however, ₹ 2,594 crore, less than the Budget Estimates of ₹ 56,211.79 crore.
- Net proceeds of Union Taxes together with GIA constituted about 72.27 *per cent* of the State's total Revenue Receipts, slightly higher than the previous year's (72.12 *per cent*). More than 70 *per cent* of the revenue of State comes from the Centre, indicating that the State is heavily dependent on Government of India for its Revenue Receipts.

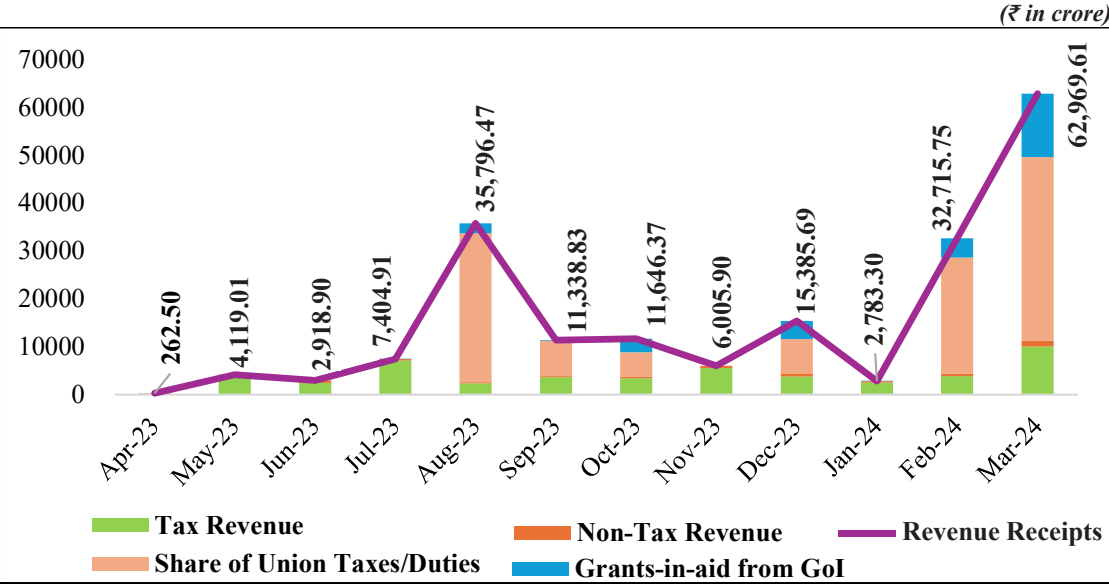
Grants-in-aid from GoI for the year 2023-24 decreased by 9.99 *per cent* from the previous year and was only 48.94 *per cent* of the Budget Estimates. Also, during the current year, GIA decreased by 3.13 *per cent* in comparison to 2019- 20.

³ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

⁴ Revenue Buoyancy refers to the growth rate of Revenue Receipts to growth rate of GSDP.

Monthly flow of Revenue Receipts (component-wise) is shown in **Chart 2.3**.

Chart 2.3: Monthly flow of Revenue Receipts (component-wise)

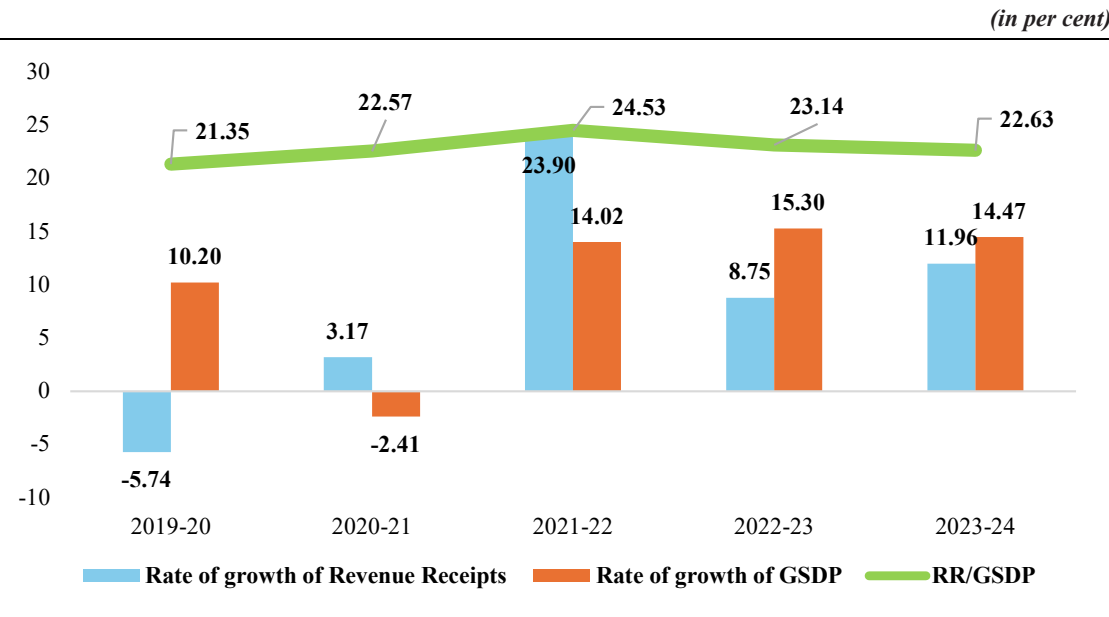


(Source: Monthly Civil Accounts of 2023-24)

During 2023-24, State’s total Revenue Receipts were ₹ 1,93,347 crore, with ‘Share of Union Taxes’ being the largest contributor. Net proceeds of Union Taxes were received mainly in the months of August 2023 (27.40 *per cent*) and March 2024 (33.84 *per cent*). The major chunk of GIA from the Central Government was received in March 2024 (50.77 *per cent*). As such, the State Government’s Revenue Receipts had substantial flow in these months and receipts were nominal during the rest of the year.

Trends of growth of Revenue Receipts, as well as their relative share with respect to the GSDP, are shown in **Chart 2.4**.

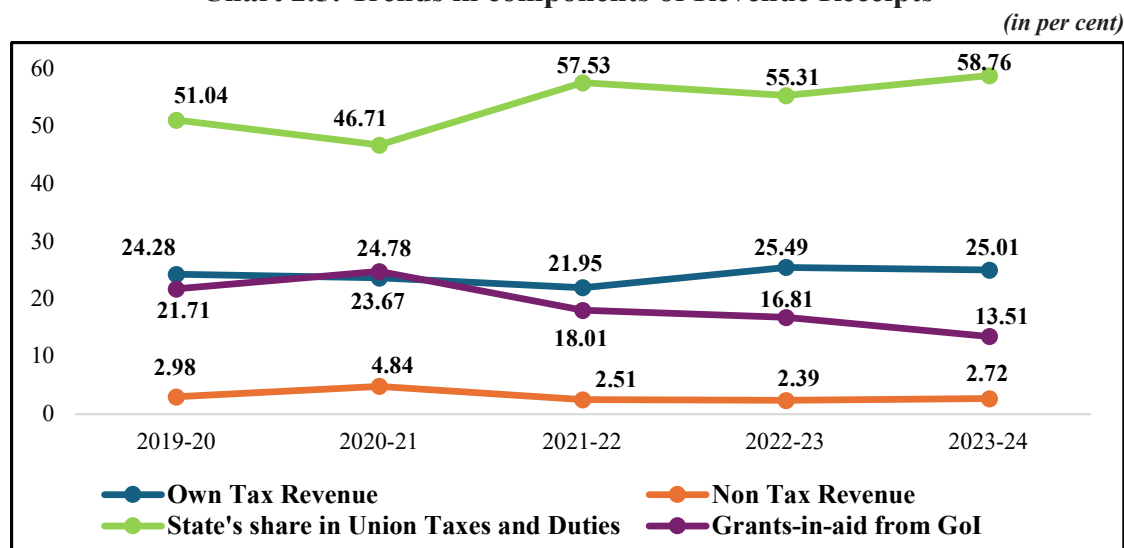
Chart 2.4: Trends of growth of Revenue Receipts, as well as its relative share w.r.t GSDP



(Source: Finance Accounts of the respective years and Economic Survey of GoB/MoSPI)

Trends in the components of Revenue Receipts are shown in **Chart 2.5**.

Chart 2.5: Trends in components of Revenue Receipts



(Source: Finance Accounts of the respective years)

General trends in Revenue Receipts of the State are as follows:

- i. Major components of Revenue Receipts were Share of Union Taxes and Duties (58.76 per cent) and Grants-in-aid from GoI (13.51 per cent). State's Own Revenue constituting 27.73 per cent of the Revenue Receipts, decreased marginally from the previous year's share (27.88 per cent).
- ii. Revenue Receipts increased by 11.96 per cent (₹ 20,659.21 crore), over the previous year. Contribution of State's share of Union Taxes and Duties, Own Tax Revenue and Non-Tax Revenue increased by 18.95 per cent (₹ 18,094.64 crore), 9.87 per cent (₹ 4,342.96 crore) and 27.14 per cent (₹ 11,22.15 crore), respectively, although Grants-in-aid from GoI, decreased by 9.99 per cent (₹ 2,900.54 crore).

2.4.2.1 State's own resources

State's performance in mobilisation of additional resources can be assessed in terms of its own resources comprising revenue from its Own Tax and Non-Tax sources. Components of Own Tax Revenue of the State are State GST(SGST), State Excise, Taxes on Vehicles, Stamps and Registration Fees, Land Revenue, Taxes and Duties on Electricity, Taxes on Goods and Passengers, etc. The sources of Non-Tax Revenue include receipts from fiscal services like interest receipts from outstanding Loans and Advances given by Government and investment of Cash Balance, dividends and profits from equity investments, royalty fees for allowing use of assets held as custodian like minerals, forests and wildlife, or other such services and user charges for various social and economic services provided through the apparatus of the Government. The details of collection of Own Tax/Non-Tax Revenue during the period 2019-24 are detailed in subsequent paragraphs.

The XVth Finance Commission projected State's Own Tax Revenue of ₹ 36,557 crore and Non-Tax Revenue of ₹ 5,400 crore for the year 2023-24. The VIth SFC projected ₹ 38,017 crore and ₹ 6,374 crore as Tax Revenue and Non-Tax Revenue, respectively, for this period.

Details of collection of Own Tax/Non-Tax Revenue during the period 2019-24 are detailed in the subsequent paragraphs.

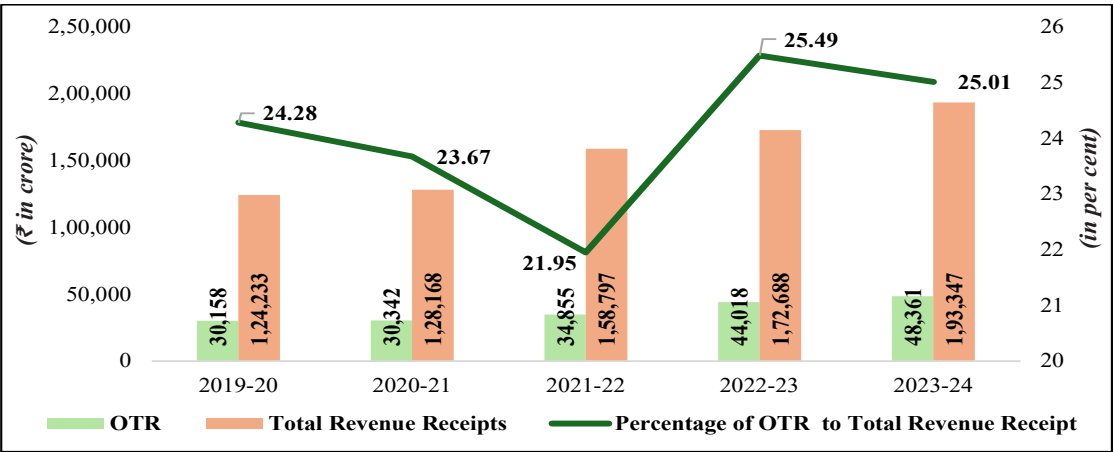
A. Own Tax Revenue

Components of State’s Own Tax Revenue (OTR) of the State are State GST(SGST), State Excise, Taxes on Vehicles, Stamps and Registration Fees, Land Revenue, Taxes and Duties on Electricity, Taxes on Goods and Passengers, etc.

During 2023-24, State’s OTR was ₹ 48,360.69 crore. During the period 2019-24, it increased by 60.36 per cent (₹ 18,203 crore) from ₹ 30,158 crore in 2019-20 to ₹ 48,360.69 crore in 2023-24.

Trends in percentage share of Own Tax Revenue w.r.t the Total Revenue of the State are shown in **Chart 2.6**.

Chart 2.6: Trends of Own Tax Revenue w.r.t the Total Revenue Receipts during 2019-24



(Source: Finance Accounts of the respective years)

The share of OTR in the Total Revenue Receipts ranged from 21.95 per cent to 25.49 per cent in the last five years. During the year 2019-20 to 2021-22 the share of OTR was on a decreasing trend. In 2022-23, the trend turned positive. However, during the current year the OTR has again declined by 0.48 percentage points in comparison to the previous year.

Component-wise details and trends of State’s OTR are shown in **Table 2.4**.

Table 2.4: Components of State’s Own Tax Revenue

(₹ in crore)							
Component	2019-20	2020-21	2021-22	2022-23	2023-24	Spark line	Trend
Taxes on Sales, Trade etc.	6,121	6,032	6,872	9,881	9,371		
SGST	15,801	16,050	19,264	23,243	27,678		
State excise	-4	-4	-1	1	1		
Stamp duty and Registration fees	4,661	4,206	5,224	6,451	6,348		
Taxes on vehicles	2,713	2,268	2,475	2,936	3,358		
Land revenue	275	302	284	361	580		
Taxes on goods and passengers	23	6	0	1	-1		
Other taxes *	568	1,482	737	1,144	1,027		
Total	30,158	30,342	34,855	44,018	48,361		

(Source: Finance Accounts of the respective years)

* Other taxes include Tax on profession, Trades, Calling and Employment, Taxes and Duties on electricity and other taxes and duties on commodities and services.

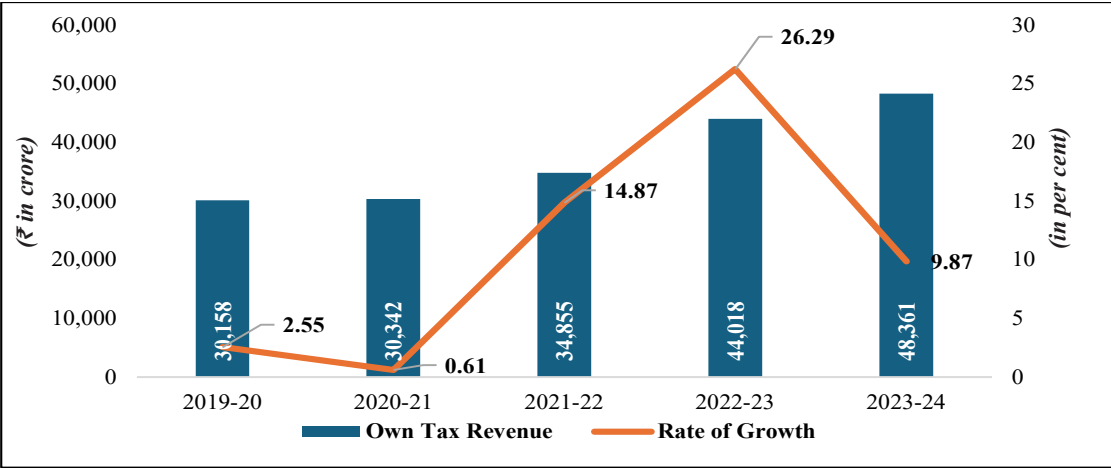
From **Table 2.4** it can be observed that:

- i. The taxes on Sales, Trade, *etc.* were in a decreasing trend till 2020-21. After that, they showed an increasing trend till 2022-23 but declined in the current year by 5.16 *per cent* due to decrease in the Receipts under ‘Central Sales Tax Act’ and ‘Receipts under State Sales Tax Act’ by ₹ 5.29 crore and ₹ 714.48 crore, respectively over the previous year. All the ‘Taxes on Goods and Passengers’ and part of taxes on sales, trade *etc.* were subsumed in GST from July 2017.
- ii. Collection of ‘SGST’ shows an increasing trend year by year and jumped by 75.17 *per cent* from 2019-20 to 2023-24. During the current year it increased by 19.08 *per cent* over the previous year due to more receipts under ‘Tax’ (Minor Head 101) by 13.48 *per cent*, ‘Apportionment of IGST-Transfer-in of Tax components to SGST’ by 129.17 *per cent* and ‘Input tax credit cross-utilisation of SGST and IGST’ by 9.56 *per cent* over the previous year.
- iii. Due to prohibition imposed on liquor in the State from April 2016 the revenue earned through State Excise is negligible. Only ₹ 1.15 crore was received during the current year which is 3.94 *per cent* less than the previous year.
- iv. There was decrease in Stamp duty and Registration fee by 1.60 *per cent*, over the previous year, mainly due to decrease in sale of stamps by ₹ 78.81 crore.
- v. Taxes on Vehicles increased by ₹ 422 crore mainly due to increase in receipts under the ‘State Motor Vehicles Taxation Acts’ by ₹ 347.06 crore. Further Taxes on Vehicle included ₹ 188.12 crore of ‘Road Safety Cess’.
- vi. Fund collection under ‘Land revenue’ increased by 60.66 *per cent* over the previous year, mainly due to increase in revenue under Sub Heads ‘Rates and Cesses on land’, Land Revenue/Tax, Receipts from Management of ex-Zamindari Estates and Receipts from Sale of Government Estates by ₹ 90 crore, ₹ 35.22 crore, ₹ 56.73 crore and 29.13 crore, respectively over the previous year.
- vii. Other Taxes decreased by ₹ 117 crore (10.23 *per cent*) mainly due to decrease in ‘Taxes on consumption and sale of electricity’ by ₹ 146.40 crore and decrease in ‘Share of net proceeds assigned to State’ by ₹ 17.96 crore over the previous year.

The overall share of the State’s OTR in the GSDP was 5.66 *per cent* during the current financial year. Although the OTR has increased by ₹ 4,343 crore over the previous year but it is still far behind by ₹ 1,339 crore from the budget target of ₹ 49,700 crore. However, OTR has achieved the target fixed under the XVth FC and the VIth SFC.

State’s OTR, during 2019-24 and growth rate therein are shown in **Chart 2.7**.

Chart 2.7: Growth of State’s Own Tax Revenue during 2019-20 to 2023-24



(Source: Finance Accounts of the respective years)

The rate of growth of OTR showed a significant decline over the previous year. This was due to decrease in collection of the components of OTR under ‘Taxes on sales, trade etc.’, ‘Stamp duty and registration fee’ and ‘other taxes’ by ₹ 510 crore, ₹ 103 crore and ₹ 117 crore, respectively. Overall growth rate of OTR increased by 60.36 *per cent* in 2023-24 in comparison to 2019-20.

Since the largest component of State’s OTR was State’s Goods and Services Tax during the last five years, a comparative trend of actual receipts in the components of SGST in 2023-24 against the Budget Estimates for 2023-24 and actuals of 2022-23 is shown in the **Table 2.5**.

Table 2.5: State Goods & Services Tax receipts of Bihar

(₹ in crore)

SGST	Actuals for 2022-23	B.E for 2023-24	Actuals for 2023-24	Deviation over 2022-23 (in per cent)	Variation of actuals of 2023-24 with BE (in per cent)
Tax	7,423.21	14,770.00	8,423.88	13.48	57.03
Interest	64.23	50.00	63.87	(-) 0.57	127.74
Penalty	27.89	50.00	17.05	(-) 38.87	34.10
Fees	27.88	21.00	30.11	8.00	143.38
Input tax credit cross utilisation of SGST and IGST	12,437.32	0.00	13,625.80	9.56	--
Apportionment of IGST-Transfer-in of Tax component of SGST	2,551.17	16,220.00	5,846.57	129.17	36.05
Apportionment of IGST-Transfer-in of interest component of SGST	4.08	0.00	4.63	13.62	--
Advance apportionment from IGST	707.07	0.00	(-) 334.80	(-) 147.35	--
Receipts awaiting transfer to other	(-) 1.10	0.00	0.01	100.69	--
Minor heads					
Other receipts	1.18	0.00	0.48	(-) 59.27	--
Total	23,242.93	31,111.00	27,677.60	19.08	88.96

(Source: Finance Accounts and Budget of GoB)

Although SGST increased by ₹ 4,434.67 crore over the previous year, it was below the Budget Estimates of ₹ 31,111 crore. For ‘Input tax credit cross utilisation of SGST and IGST’, the major component of SGST, no estimates were prepared in the BEs. Reason(s)

for non-preparation of these estimates is awaited from the Finance Department, GoB.

GST Receipts

During 2023-24, collection of State GST was ₹ 27,677.60 crore compared to ₹ 23,242.93 crore in 2022-23, registering an increase of ₹ 4,434.67 crore (19.08 per cent). In addition to this, the State received ₹ 34,477.56 crore as its share of net proceeds assigned to the State under Central Goods and Services Tax (CGST). The Total Receipts under GST were thus ₹ 62,155.16 crore in 2023-24. The State received Non-Debt compensation of ₹ 398.19 crore as Revenue Receipt on account of loss of revenue arising out of implementation of GST during 2023-24.

The Government of India's decision to provide access to Pan-India GSTN (Goods and Service Tax Network) data to Audit, was conveyed on 04 November 2020. In Bihar, the access to GST back-end system has been provided by the Commercial Taxes Department to the office of the Principal Accountant General (Audit). Certification of Actual Revenue collected by the State under Section 7(3)(b) of the GST (Compensation to States) Act, 2017, pertaining to the period from July 2017 to June 2022 has been completed.

Analysis of arrears of revenue and arrears of assessment

Arrears in revenue collection indicate delayed realisation of revenue due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment by the concerned department of GoB. Both deprive the State of potential Revenue Receipts and ultimately affect the Revenue Deficit. There were seven⁵ major tax collection departments in the State. Out of these seven departments, only four provided information related to the arrears of revenue and three provided information related to the arrears of assessment. Further, two departments viz. Mines and Geology and Energy Departments did not provide the data.

Details of arrears of revenue as per data, provided by four, out of seven major revenue earning departments, are mentioned in **Table 2.6**.

Table 2.6: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Name of Department	Total amount outstanding as on 31.03.2023	Total amount outstanding as on 31.03.2024	Amount outstanding for more than five years
1	VAT/Sales Trade/GST etc;	Commercial Taxes	2,624.05	3,135.79	NA*
2	Land and Revenue	Revenue and Land Reforms	302.47	311.86	
3	Registration	Stamp and Registration	266.42	284.66	
4	State Excise		58.92	58.59	
5.	Taxes on vehicle	Transport	183.39	192.95	
Total			3,435.25	3,983.85	

(Source: Information provided by the concerned departments of GoB)

NA*: Not available

The various reasons observed for the arrears of revenue were less certification of recoveries as arrears of land revenue, recoveries stayed by Courts/Appellate authorities, recoveries held up due to assessee/dealers becoming insolvent, etc.

⁵ Commercial Taxes Department, Transport Department, Prohibition Excise & Registration Department (Registration), Prohibition Excise & Registration Department (Excise), Mines & Geology Department, Energy Department and Department of Revenue and Land Reforms.

Arrears of Assessment

Cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Details of cases of arrears of assessment, as furnished by the State Tax Departments, are given in **Table 2.7**.

Table 2.7: Arrears of Assessment

(₹ in crore)

Sl. No.	Department	OB	New cases added during the year	Total no. of cases due for assessment	No. of cases disposed of during the year	Balance at the end of year	Percentage of disposal
1	Commercial Taxes	26,861	522	27,383	1,455	25,928	5.31
2	Transport	31,699	1,647	33,346	1,328	32,018	3.98
3	Registration	1,977	1,010	2,987	655	2,332	21.93

(Source: Information provided by the concerned departments of GoB)

Details of evasion of tax detected by the Departments

Details of cases tax evasion detected by Tax collecting Departments, are given in **Table 2.8**.

Table 2.8: Evasion of Tax detected

Sl. No.	Head of revenue	Cases pending as on 31.03.2023	Cases detected during 2023-24	Total	Cases wherein assessment / investigation completed and additional demand with penalty etc. raised		Cases pending for finalisation as on 31.03.2024
					No. of cases	Amount of demand (₹ in crore)	
1	0005 & 0006	128	3,479	3,607	3,529	413.48	76
2	0030	2,051	906	2,957	1,863	11	1,896
3	0039	193	0	193	110	4.28	155

(Source: Information provided by the concerned departments of the GoB)

Pendency of refund cases

Promptness in the disposal of refund cases is an important indicator of the performance of a department. Two, out of the seven tax collection departments provided data on the pendency of refund cases (including ‘nil’ data provided by the Revenue and Land Reforms Department).

Details of pendency of the refund cases, as reported by the Commercial Taxes Department, are given in **Table 2.9**.

Table 2.9: Pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	GST		Sales tax/VAT	
		No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	103	3.74	355	73.52
2	Claims received during the year	1,448	337.47	163	58.73
3	Refunds made during the year	471	133.60	120	41.56
4	Refunds rejected during the year	941	179.87	85	57.20
5	Balance outstanding at the end of year	139	27.74	313	33.49
Total		3,102	682.42	1,036	264.5

(Source: Information provided by the concerned departments of the GoB)

In absence of complete data, Audit could not assess the actual position of pendency of refund cases of the State.

B. Non-Tax Revenue

The sources of Non-Tax Revenue (NTR) include receipts from fiscal services like interest receipts from outstanding Loans and Advances given by Government and investment of Cash Balance, dividends and profits from equity investments, royalty fees for allowing use of assets held as custodian like minerals, forests and wildlife, or other such services and user charges for various social and economic services provided through the apparatus of the Government.

Trends in components of State's NTR during 2019-24 are shown in Table 2.10.

Table 2.10: Components of State's Non-Tax Revenue

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24	Spark line	Trend
Interest Receipts	1,416.48	3,241.97	722.47	642.03	897.00		
Dividends and Profits	1.62	603.01	6.54	1.49	9.51		
Other non-tax receipts	2,281.50	2,356.40	3,255.33	3,491.38	4,350.53		
(a) Major and medium irrigation	24.32	40.13	40.64	83.06	71.64		
(b) Road Transport	0.20	0.11	0.18	0.19	0.18		
(c) Urban Development	4.80	0.15	1.08	3.47	-		
(d) Education	17.13	11.50	509.13	5.83	3.94		
(e) Non-ferrous mining	1,572.07	1,708.93	1,766.14	2,729.73	3,114.79		
(f) Other or misc.	662.98	595.58	938.16	669.10	1,159.98		
Total	3,699.60	6,201.38	3,984.34	4,134.90	5,257.04		

(Source: Finance Accounts of the respective years)

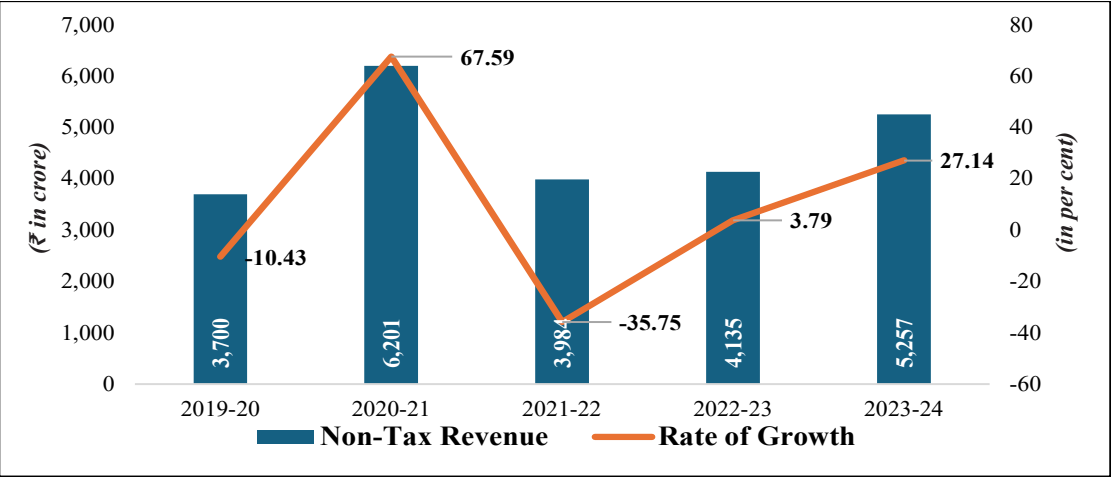
During audit it was observed that:

- NTR increased by 27.14 per cent in 2023-24 over the previous year and constituted 2.72 per cent of Revenue Receipts. Share of State's NTR in the GSDP was only 0.62 per cent in 2023-24. Further, targets fixed under the XVth FC and the VIth SFC for NTR were not achieved during the year 2023-24.
- During 2023-24, NTR increased by ₹ 1,122.14 crore over the previous year mainly due to increase in 'Interest Receipts', 'Dividends and Profits' and other Non-Tax Receipts viz; receipts from 'Non-ferrous mining' and 'Other or miscellaneous' components by ₹ 254.97 crore, ₹ 8.02 crore, ₹ 385.06 crore and ₹ 490.88 crore, respectively.
- Substantial increase was observed in 'Interest Receipts and Dividends and Profits' during 2020-21 due to redemption of accrued interest of Consolidated Sinking Fund amounting to ₹ 2,600 crore and release of dividend of ₹ 603.01 crore from the accumulated profit of the SPSEs, respectively.
- Revenue from Non-ferrous mining under Mining Department increased by ₹ 385.06 crore over the previous year and constituted the highest percentage share (59.25 per cent) in the State's NTR.

Although, the share of NTR is not much in Revenue Receipts and GSDP, these may be increased by exploring new sources and strengthening the existing resources by rationalising and increasing fees, user charges *etc.*

State’s NTR during 2019-20 to 2023-24 and its growth rate, is shown in **Chart 2.8**.

Chart 2.8: Non-Tax Revenue and its growth rate



(Source: Finance Accounts of the respective years)

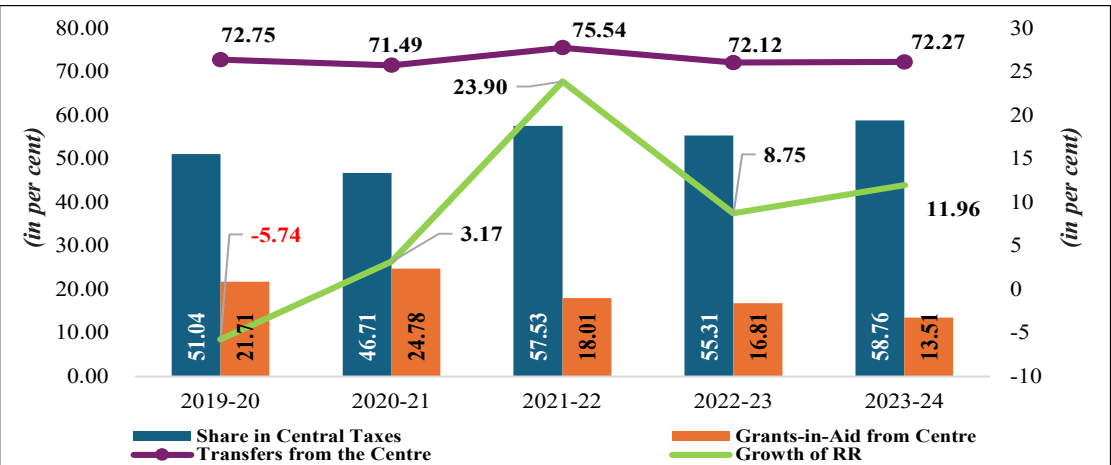
As can be seen from **Chart 2.8**, NTR registered positive growth rate during the current financial year registering an increase of 27.14 *per cent* over the previous year. Exponential growth in 2020-21, was due to redemption of accrued interest in Consolidated Sinking Fund and release of dividend from the accumulated profit of the SPSEs. Although State’s NTR increased by 42.08 *per cent* during 2019-20 to 2023-24, it contributed only 0.62 *per cent* to the GSDP, in the current year.

2.4.2.2 Transfers from the Centre

Fund transfers from the Centre mainly depend upon the recommendation of the Finance Commission. The Union Government transfers funds to the States in two ways (i) Devolution of Central Taxes and (ii) Grants-in-aid.

Trends in transfer of funds from the Central Government to the State *vis-à-vis* its Revenue Receipts are shown in **Chart 2.9**.

Chart 2.9: Trends in transfers from Centre



(Source: Finance Accounts of the respective years)

Transfers from the Central Government play a vital role in the Revenue Receipts of the State. As can be seen from **Chart 2.9**, total central transfers constituted more than 71 *per cent* of the State's Revenue Receipts during the last five years, out of which, share in Central Taxes has been the largest contributor in State's Revenue Receipt ranging from 46.71 *per cent* to 58.76 *per cent* during the years 2019-24. Although share of GIA in State's revenue showed a declining trend after 2020-21, the State has witnessed Revenue Surplus of ₹ 2,833.06 crore in the year 2023-24.

Central Taxes transfer

State's share of Union Taxes as recommended by the XIVth and the XVth Finance Commissions compared with actual devolutions made by the Central Government are summarised in **Table 2.11**.

Table 2.11: Actual devolutions *vis-à-vis* recommended by the Central Finance Commissions

(₹ in crore)

Year	Finance Commission Projections (Inter se Share)	Projected Tax Share	Amount to be Devolved as per FC	Actual Devolution	Difference	<i>per cent</i> Shortfall /Surplus
1	2	3	4	5	6(5-4)	7
2019-20	9.787 <i>per cent</i> of net proceeds of shareable taxes including service tax (XIV th FC)	10,34,745	1,01,270	63,406	37,864	(-) 37.39
2020-21	10.061 <i>per cent</i> of net proceeds of all sharable taxes (XV th FC)	8,55,176	86,039	59,861	26,178	(-) 30.43
2021-22	10.058 <i>per cent</i> of net proceeds of all sharable taxes (XV th FC)	6,58,591	66,241	91,353	25,112	37.91
2022-23		7,32,628	73,688	95,510	21,822	29.61
2023-24		8,24,385	82,917	1,13,604	30,687	37.01

(Source: Finance Commission Report and Finance Accounts of the respective years)

As can be seen from **Table 2.11**, the actual tax devolution was more by 37.01 *per cent* in comparison to the projections made by the Central Finance Commission for the year 2023-24. Actual devolutions have been more than those projected for the period of 2021-22 to 2023-24. In 2023-24, the State received 18.94 *per cent* more devolutions from the Central Government than the previous year. Devolutions from 2019-20 to 2023-24 increased by 79.17 *per cent*. During 2023-24, the State received more share in Central Taxes against the FC recommendation as well as its own Budget projection (₹ 1,02,737.26 crore) by ₹ 10,867.23 crore.

The State's share of Union Taxes, under different components, during 2019-20 to 2023-24, is shown in **Table 2.12**.

Table 2.12: Transfer of Central Taxes

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline	Trends
Central Goods and Service Tax (CGST)	17,992.97	17,788.67	25,442.20	26,989.02	34,477.56		
Integrated Goods and Service Tax (IGST)	0	0	0	0	0		
Corporation Tax	21,618.94	18,062.14	27,178.50	32,019.47	34,099.01		
Taxes on Income other than Corporation Tax	16,939.90	18,517.49	26,661.32	31,262.19	39,379.86		
Customs	4,019.07	3,179.93	6,775.97	3,754.66	3,981.12		
Union Excise Duties	2,794.34	2,012.03	3,868.86	1,178.03	1,506.54		
Service Tax	0.00	258.09	1,326.22	149.28	21.16		
Other Taxes #	41.11	43.06	99.55	157.20	139.24		
Central Tax Transfers	63,406.33	59,861.41	91,352.62	95,509.85	1,13,604.49		
Percentage of increase over previous year	-13.85	-5.59	52.61	4.55	18.95		
Percentage of Central Tax transfer to Revenue Receipt	51.04	46.71	57.53	55.31	58.76		

(Source: Finance Accounts of the respective years)

Other taxes include Taxes on wealth, other taxes on Income and Expenditure, Other taxes and duties of commodities and services.

During 2023-24, transfer of Central Taxes increased substantially by ₹ 18,094.64 crore over the previous year, the highest in the last five years and reflecting an increase of ₹ 50,198 crore from 2019-20. Taxes on ‘Income other than corporation tax’ constituted the highest share (34.66 per cent) of Central Tax Transfers followed by the ‘share of CGST’ for the year 2023-24. ‘CGST’, ‘Corporation Tax’ and ‘Taxes on income other than Corporation Tax’ were 95.03 per cent of the total Central Tax Transfer during 2023-24.

Grants-in-aid from GoI

The State Government receives Grants-in-aid (GIA) on the recommendations of the Finance Commission. Details of Grants-in-aid from GoI and their components during the last five years, are given in Table 2.13.

Table 2.13: Grants-in-aid from GoI

(₹ in crore)

Head	2019-20	2020-21	2021-22	2022-23	2023-24
Grants for State Plan Schemes	(-) 40.27	(-) 33.57	0.00	(-) 374.48	(-) 167.08
Grants for Centrally Sponsored Schemes (CSS)	15,302.04	16,609.56	17,832.91	22,237.18	17,961.52
Finance Commission Grants	7,343.61	8,850.00	7,077.56	6,732.65	7,662.52
Other transfers/Grants to States/Union Territories with Legislature	4,363.24	6,337.89	3,695.36	430.19	668.05
Total	26,968.62	31,763.88	28,605.83	29,025.54	26,125.00
Percentage of increase over the previous year	9.40	17.78	(-) 9.94	1.47	(-) 9.99
Percentage of GIA to Revenue Receipts	21.71	24.78	18.01	16.81	13.51

(Source: Finance Accounts of the respective years)

Grants-in-aid from GoI comprise those: (i) recommended by the FC for Local Bodies (ii) for Disaster Response Fund and (iii) for Central share of Central Sector and Centrally Sponsored Schemes.

It can be seen from **Table 2.13** that during 2023-24, GIA from GoI, decreased by ₹ 2,900.54 crore, mainly due to decrease in Grants for Centrally Sponsored Schemes (19.23 *per cent*). Also, the percentage of GIA received from GoI w.r.t Revenue Receipts, was lowest, during the last five years.

Further, during 2022-23 and 2023-24 GIA of ₹ 374.48 crore and ₹ 167.08 crore received from GoI under 1601-02-900 (HoA) were returned. The details are given in **Table 2.14**.

Table 2.14: Return of GIA to the Consolidated Fund of India

Sl. No.	Particulars of Minor Head (1601-02-900), Ministry related to	Amount (₹ in crore)	
		2022-23	2023-24
1	Agriculture Ministry, Animal Milk and Fisheries Resources Department	93.93	0.00
2	Ministry of Skill Development Entrepreneurship, Youth Affairs & Sport Department of youth Affairs	2.00	0.00
3	Ministry of Agriculture Department for Agriculture Co-operation & Farmers' Welfare	79.25	22.15
4	Ministry of Food Processing	0.00	0.10
5	Ministry of Social Justice and Empowerment	66.83	1.27
6	Ministry of Women and Child Development	2.09	143.38
7	Ministry of Environment, Forest and Climate Change	4.30	0.00
8	Ministry of Law and Justice	0.00	0.18
9	Urban Ministry	126.09	0.00
Total		374.48	167.08

(Source: Finance Accounts of the respective years)

As can be seen from **Table 2.14**, during 2023-24, 99 *per cent* of the GIA returned, pertained to the Ministry of Women and Child Development (₹ 143.38 crore) and Ministry of Agriculture & Farmers' Welfare (₹ 22.15 crore), to GoI. These GIA were received by the State during FY 2013-14 to 2020-21 and were released for various schemes under the Social Welfare Department and the Agriculture Department. Similarly, during 2022-23 also an amount of ₹ 374.48 crore was returned to GoI.

Grants for Centrally Sponsored Schemes

Details of major amount, out of Grants of ₹ 17,961.52 crore received for various Centrally Sponsored Schemes during 2023-24 are as under:

- ₹ 950.94 crore under 'Flexible pool for RCH and Health system to strengthen National Health Programme and urban health mission' (147.84 *per cent* increase over the previous year).
- ₹ 1,150.07 crore under 'Grant for Village Entrepreneurship "Start-up" programme' (31678.77 *per cent* increase over the previous year).
- ₹ 566.23 crore for Mission for 100 Smart Cities (PFMS code 9478) (188.90 *per cent* increased over the previous year).
- ₹ 145.71 crore Grant for Anganwadi service scheme (648.09 *per cent* increased over the previous year)
- ₹ 3,334.59 crore Grant for Samagra Shiksha (Elementary Education) (130.74 *per cent* increased over the previous year)

vi. ₹ 3,027.96 crore Grant for Special Component Plan for Schedule Caste (46.22 per cent decreased over the previous year)

No amount under Grant for Samagra Shiksha (Secondary education) was received, while ₹ 1,358.84 crore was received in the previous year.

Single Nodal Agency

Ministry of Finance, Government of India vide letter No. 1(13) PFMS/FCD/2020 dated 23 March 2021 notified the procedure for release of funds under Centrally Sponsored Schemes (CSS) and monitoring, as well as utilization of the funds released through SNA. For each CSS, SNA is set up with own bank account in a scheduled Commercial Bank authorised to conduct business by the State Government. As per the procedure, the State Government is to transfer the Central share received in its accounts to the concerned SNA's account along with corresponding State share. The State Government received ₹ 18,231.24 crore being Central share during the year, in its treasury account.

As per PFMS Report (as on 31 March 2024), the Government transferred ₹ 31,145.19 crore, including the Central share and corresponding State share of ₹ 10,865.60 crore, to the SNAs for CSS. Out of total transfer of ₹ 31,145.19 crore, only ₹ 29,130.11 crore was expended, and ₹ 14,738.14 crore remained unspent (including previous years' balances) in the bank accounts of SNAs as of August 2024. Detailed vouchers and supporting documents of actual expenditure were not received in the office of the AG (A&E) from the SNAs. Detailed analysis on SNAs is in **Para 4.19 of Chapter IV of this Report.**

XVth Finance Commission Grants

XVth Finance Commission grants were provided to the State for Local Bodies, State Disaster Response Fund, Sector Specific Grants, State Specific Grants and Revenue Deficit Grant.

Details of Grants provided by the GoI *vis-à-vis* actual release by the State thereagainst are given in **Table 2.15.**

Table 2.15: Grants-in-aid recommended and actually released (₹ in crore)

Grants extended to	Recommendation by XV th FC			Actual release by GoI			Released by the State		
	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
Local Bodies (PRIs)	3,709.00	3,842.00	3,884.00	3,709.00	3,842.00	3,852.41	3,709.00	3,842.00	3,852.41
Grants to ULB's	1,827.00	1,892.00	2,001.00	836.25	1,552.35	2,256.50	836.25	1,785.00	1,051.50
Grants for Health	1,133.10	1,133.10	1,189.59	1,116.31	0.00	0.00	1,116.31	0.00	0.00
State Disaster Response Fund*	1,416.00	1,487.00	1,561.00	1,416.00	1,338.30	1,553.60	1,416.00	1,487.00	1,561.00
Total	8,085.10	8,354.10	8,635.59	7,077.56	6,732.65	7,662.51	7,077.56	7,114.00	6,464.91

(Source: XVth FC Report and Finance Accounts)
* Includes State Disaster Mitigation Fund

The State could not get its complete share of the XVth FC grants, primarily due to non-achievement of the mandatory criteria. As per the information made available by the Finance Department, GoB, the State Government released grants amounting

to ₹ 6,464.91 crore, which was less by 25.14 *per cent* than that recommended by the XVth FC to GoI. Grants released to ULBs, and PRIs were respectively 47.45 *per cent* and 0.81 *per cent* lesser than the recommendation of the XVth FC. No grant was received for the Health Sector against the recommendation of the XVth FC for ₹ 1,189.59 crore. These grants under Health Sector were to be provided for ‘Support for diagnostic infrastructure to the primary health care facilities’, ‘Block level public health units’, ‘Urban health and wellness centres (HWCs)’, ‘Building-less Sub-Centres, PHCs, CHCs’, ‘Conversion of rural PHCs and Sub-Centres into health and wellness centre’.

Overall, the State released ₹ 6,464.91 crore against receipt of ₹ 7,662.51 crore from GoI, which was 15.63 *per cent* less than the actual released by GoI.

Apart from the above Grants, the XVth FC also recommended some State-Specific Grants *viz.*, Grants for improvement in Statistics, Judiciary and Maintenance of PMGSY, Incentives for Agriculture Reforms, Self-Reliance, Export and Sustainability for the State, but no such grants were received during the year.

Reason/reply for not receiving the grants was awaited (as on 31 December 2024) from the Finance Department, GoB.

2.4.3 Capital Receipts

Capital Receipts comprise of proceeds from disinvestments, recoveries of Loans and Advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks), and Loans and Advances from GoI.

Details of Capital Receipts and their composition, during 2019-20 to 2023-24, are given in **Table 2.16**.

Table 2.16: Trends in growth and composition of Capital Receipts

(₹ in crore)

Sources of Capital Receipts	2019-20	2020-21	2021-22	2022-23	2023-24
Capital Receipts	29,175	36,735	40,473	48,325	60,314
Recovery of Loans and Advances	30	820	28	41.41	96
Public Debt Receipts (a) + (b)	29,145	35,915	40,445	48,284	60,218
Internal Debt (a)	27,866	29,412	30,918	38,129	49,546
Growth rate	72.72	5.55	5.12	23.32	29.94
Loans and Advances from GoI (b)	1,279	6,503*	9,527*	10,155	10,672
Growth rate	(-) 50	408.44	46.50	6.59	5.10
Rate of growth of Debt Capital Receipts (Public Debt) (<i>per cent</i>)	56	23.23	12.61	19.38	24.72
Rate of growth of Non-Debt Capital Receipts (<i>per cent</i>)	(-) 98	2,633.33	(-) 96.59	48.18	131.38
State's GSDP at current prices (2011-12 Series)	5,81,855	5,67,814	6,47,394	7,46,417	8,54,429
Rate of growth of GSDP (<i>per cent</i>)	10.20	(-) 2.41	14.02	15.30	14.47
Rate of growth of Capital Receipts (<i>per cent</i>)	42	25.91	10.18	19.40	24.81

(Source: Finance Accounts of the respective years)

* Loans and Advances from GoI included back-to-back loan in the years 2020-21 and 2021-22 respectively in lieu of GST compensation shortfall, with no repayment liability to the State.

As can be seen from **Table 2.16** during 2023-24, Capital Receipts constituted 23.78 *per cent* of the Total Receipts (₹ 2,53,660.71 crore) and increased by 106.73 *per cent* from 2019-20. Capital Receipts increased at an average rate of 24.46 *per cent* during

the last five years. The State borrowed ₹ 49,546 crore from the open market and other financial institutions and took loans of ₹ 10,672 crore from GoI. In 2023-24, the quantum of borrowing from the open market and Loans from GoI increased by 77.80 *per cent* and 734.40 *per cent*, respectively, w.r.t. 2019-20.

Capital Receipts had increased mainly due to increase in Loans and Advances from GoI and Internal Debt. The share of Public Debt Receipts in Capital Receipts was 99.84 *per cent*. The rate of growth of Debt Capital Receipts grew at the rate of 19.38 *per cent* and 24.72 *per cent* for the year 2022-23 and 2023-24, respectively.

In the current year, Internal Debt (₹ 49,546 crore) contributed 82.15 *per cent* to Capital Receipts and Loans and Advances from GoI and increased by 29.94 *per cent* over the previous year. ₹ 8,814.80 crore under ‘Special Assistance’, and amount of ₹ 1,856.99 crore under ‘Block Loans (under the Major Head 6004 Sub Head 09)’ were the major components.

Non-Debt Capital Receipts, in the form of recoveries of Loans and Advances, increased to ₹ 96 crore. Out of this, 24.17 *per cent* (₹ 23.20 crore) was on account of recovery of loans from the Government Servants. Like previous year, ‘recovery against disbursement from Government servants’ constituted the highest percentage of Non-Debt Capital Receipts.

The rate of growth of Debt Capital Receipt is more than the rate of growth rate of GSDP in the year 2023-24. During 2019-20 to 2023-24, average annual growth rate of Debt Capital Receipts was 27.19 *per cent*, whereas average growth of GSDP was 10.32 *per cent*.

Further, during the current year Capital Receipts increased at the rate of 24.81 *per cent* whereas Capital Expenditure increased by 15.65 *per cent*.

2.4.4 State’s performance in mobilisation of resources

Mobilisation of resources allows governments to ensure sustainable funding for social programmes and for public investments to promote economic growth and development.

The State’s performance in mobilisation of resources is assessed in terms of its own resources, comprising of OTR and NTR, as shown in **Table 2.17**.

Table 2.17: Tax and Non-Tax Receipts *vis-à-vis* projections during 2023-24
(₹ in crore)

	Budget Estimates	XV th FC projection	State VI th FC projection	Actual	Percentage variation of actual over		
					Budget Estimates	XV th FC projection	State VI th FC projection
Own Tax Revenue	49,700.05	36,557	38,017	48,360.69	(-) 2.69	32.29	27.21
Own Non-Tax Revenue	6,511.74	5,400	6,374	5,257.05	(-) 19.27	(-) 2.65	(-) 17.52

(Source: Budget documents of GoB, XVth FC report, VIth SFC and Finance Accounts)

During the current year, State’s performance in mobilisation of OTR was better than projections of the XVth FC and the VIth SFC and close to the Budget Estimates. Actuals of Own NTR were below the projections of the XVth FC and the VIth SFC, as well as Budget Estimates during the year.

2.5 Application of resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards the development of capital infrastructure and social sector.

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with it. The expenditure is to be within the framework of fiscal responsibility legislations. Prudent fiscal management should aim at creating savings by raising Revenue Receipts in excess of Revenue Expenditure.

2.5.1 Growth and composition of expenditure

Revenue Expenditure: Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organisation, including establishment and administrative expenses shall be classified as Revenue Expenditure.

Capital Expenditure: All charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as Capital Expenditure.

Loans and Advances: Loans and Advances by the Government to Public Sector Undertakings (PSU) and other parties.

Trends of overall expenditure and its components along with their percentage of GSDP are shown in **Table 2.18**.

Table 2.18: Total Expenditure and its composition

(₹ in crore)

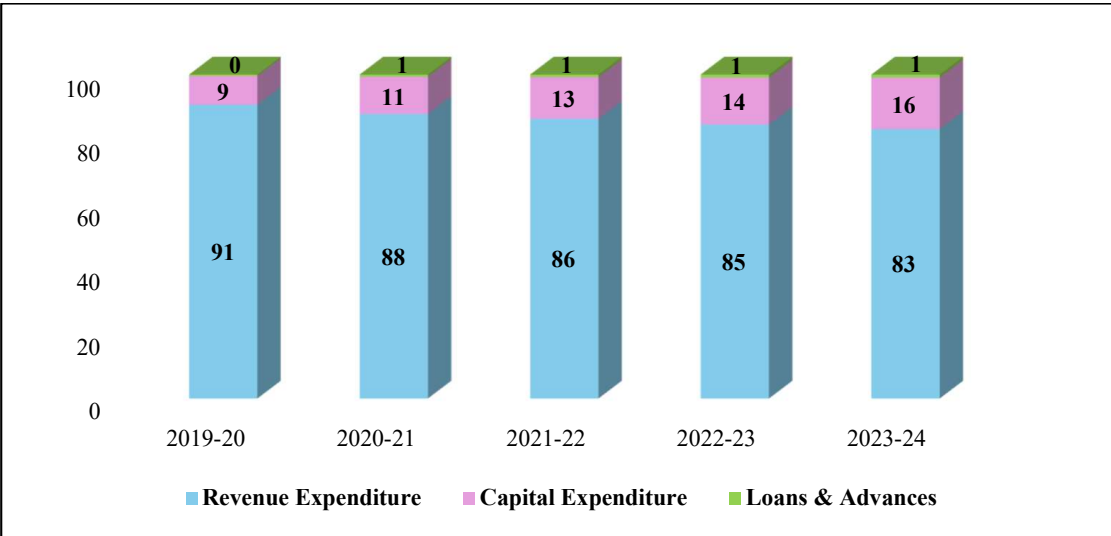
Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	1,38,987	1,58,816	1,84,377	2,17,552.81	2,29,103.05
Revenue Expenditure (RE)	1,26,017	1,39,493	1,59,220	1,83,976.22	1,90,514.17
Capital Expenditure (CE)	12,304	18,209	23,678	31,519.82	36,453.02
Loans and Advances	666	1,114	1,479	2,056.77	2,135.86
GSDP	5,81,855	5,67,814	6,74,394	7,46,417	8,54,429
As a percentage of GSDP					
TE/GSDP	23.89	27.97	28.48	29.15	26.81
RE/GSDP	21.66	24.57	24.59	24.65	22.30
CE/GSDP	2.11	3.21	3.66	4.22	4.27
Loans and Advances/ GSDP	0.11	0.20	0.23	0.28	0.25

(Source: Finance Accounts of the respective years)

As can be seen from **Table 2.18**, Total Expenditure of the State increased by 64.84 *per cent* (from ₹ 1,38,987 crore to ₹ 2,29,103.05 crore), in the last five years (2019-24). During the current year, it increased by 5.31 *per cent* over the previous year. As a percentage to GSDP, the Total Expenditure, Revenue Expenditure and Loans and Advances have decreased over the previous year whereas Capital Expenditure has increased marginally.

Chart 2.10 depicts the trend of the share of components in Total Expenditure.

Chart 2.10: Trend of share of components in Total Expenditure
(in per cent)



(Source: Finance Accounts of the respective years)

As can be seen from **Chart 2.10**, In the last five years, Capital Expenditure exhibited an increasing trend. It has increased from nine *per cent* (2019-20) to 16 *per cent* (2023-24) of the Total Expenditure of the State. Revenue Expenditure exhibited a decreasing trend from 91 *per cent* (2019-20) to 83 *per cent* (2023-24) of the Total Expenditure of the State.

In terms of activities, Total Expenditure comprises of expenditure on: (i) General Services including Interest Payments, (ii) Social Services, (iii) Economic Services and (iv) Others (includes Grants to Local Bodies, Loans and Advances and Interstate Settlement).

Changes in the composition of the expenditure in terms of economic classification and expenditure by activities are shown in **Table 2.19**.

Table 2.19: Relative share of various sectors of expenditure
(₹ in crore)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
General Services	44,016 (31.67)	47,626 (29.99)	52,447 (28.45)	59,284 (27.25)	64,882 (28.32)
Social Services	60,619 (43.61)	70,139 (44.16)	81,268 (44.08)	94,316 (43.35)	90,226 (39.38)
Economic Services	33,684 (24.24)	39,935 (25.15)	49,183 (26.68)	61,896 (28.45)	71,860 (31.37)
Others (Grants to Local Bodies and Loans and Advances)	668 (0.48)	1,116 (0.70)	1,479 (0.80)	2,057 (0.95)	2,136 (0.93)

(Source: Finance Accounts of the respective years)

(Figures in parentheses indicate the percentage of the expenditure on these Sectors, to the Total Expenditure)

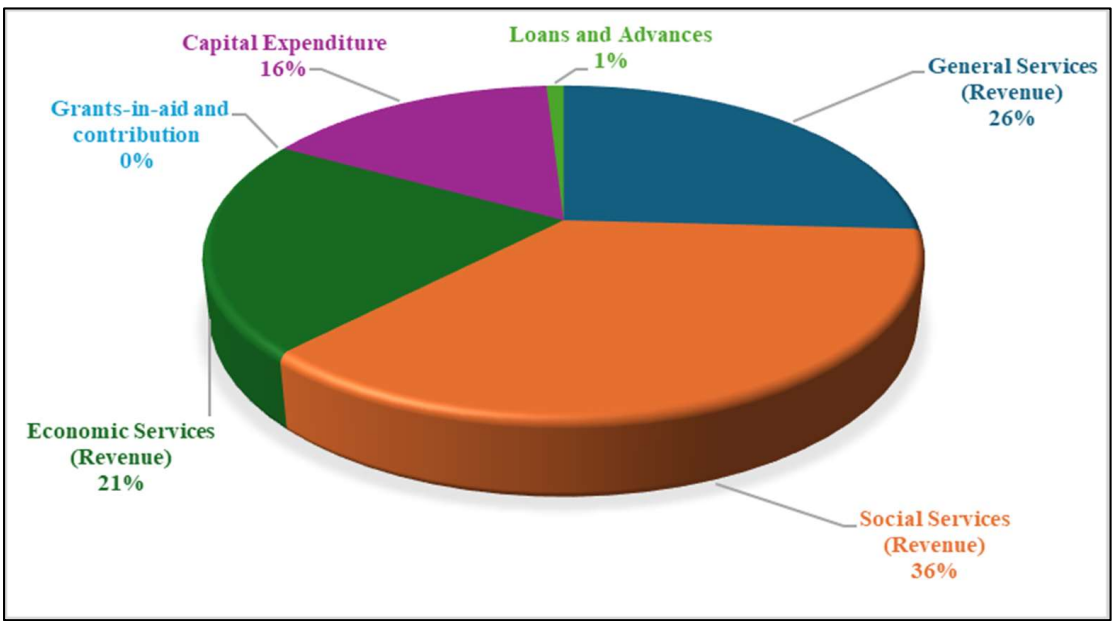
Table 2.19 shows that:

- In comparison to 2022-23, expenditure on Economic and General Services increased marginally (percentage-wise), whereas it decreased in case of Social Services and Others during 2023-24.

- ii. In General Services, the State reduced its expenditure on ‘Appropriation for reduction or avoidance of debt’, by freezing the contribution towards Consolidated Sinking Fund for the FY 2020-21 and 2021-22, under ‘Interest payments and servicing of debt’, which affected the Fiscal Deficit to that extent. During 2023-24, the State contributed ₹ 1,466.57 crore towards the Consolidated Sinking Fund which is higher by 13.86 per cent over the previous year. Further, increase in expenditure was also observed under ‘Administration of Justice’, ‘Land Revenue’, ‘Police’ and ‘Pension’ and ‘Other retirement benefits’ by 11.50 per cent, 29.63 per cent, 17.13 per cent and 5.12 per cent, respectively, over the previous year.
- iii. In Social Services, a substantial decrease of 94.05 per cent under ‘Housing’, 65.96 per cent under ‘Welfare of Schedule Castes, Scheduled Tribes and Other Backward Classless and Minorities’, and 24.07 per cent under ‘Social Security and Welfare’ was observed.
- iv. In Economic Services, substantial increase of 28.07 per cent under ‘Other rural development programme’, 28.05 per cent under ‘Flood control and drainage’, 35.48 per cent under ‘Roads and bridges’ and 102.16 per cent under ‘Rural employment’ was observed during 2023-24, over the previous year.

Details of composition of expenditure by function can be seen in the **Chart 2.11**.

Chart 2.11: Composition of expenditure by function during 2023-24
(in per cent)



(Source: Finance Accounts for the year 2023-24)

Expenditure on Social Services was the highest percentage of the Total Expenditure like in the previous year although it declined by five percentage points in comparison to 2022-23. Expenditure in General services was not changed as compared to the previous year. Further, expenditure on Economic Services was increased by three percentage points over 2022-23.

Component-wise budget and expenditure of the State

Details of component-wise expenditure incurred against the budgetary provisions made during the financial year 2023-24, are shown in **Table 2.20**.

Table 2.20: Component-wise budgetary provisions and expenditure incurred

(₹ in crore)

Component	Original Budget	Supplementary Budget	Total Budget	Total Expenditure	Percentage of Total Budget	Percentage of Total Expenditure	Percentage of expenditure against the Total Budget
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8=5/4*100)
Establishment & committed	1,61,855.67	19,017.35	1,80,873.02	1,54,360.50	55.44	59.21	85.34
State Schemes	37,941.34	25,674.70	63,616.04	57,439.07	19.50	22.03	90.29
Central Share for CSS	44,712.64	3,397.08	48,109.72	21,501.41	14.75	8.25	44.69
State Share for CSS	14,613.02	15,791.29	30,404.31	25,370.19	9.32	9.73	83.44
Central Area Schemes	29.73	64.30	94.03	88.67	0.03	0.03	94.30
EAP (Externally Aided Projects)	2,733.00	400.00	3,133.00	1,958.23	0.96	0.75	62.50
Total	2,61,885.40	64,344.72	3,26,230.12	2,60,718.07	100.00	100.00	79.92

(Source: Appropriation Accounts and Budget document of the Government of Bihar)

As can be seen from **Table 2.20**, Total Expenditure of the State did not reach up to its Original Budget and was 79.92 per cent of its Total Budget. Despite this, Supplementary Budget provisions of ₹ 64,344.72 crore were made. Out of the Total Expenditure of the State, 59.21 per cent was incurred on Establishment and Committed (comprising Interest payments, Salary, Pension and Repayment of Loans) component and 17.98 per cent was incurred on CSS.

Function-wise budget and expenditure of the State

Details of function-wise budgetary provisions and expenditure incurred have been shown in **Table 2.21**.

Table 2.21: Function-wise budgetary provisions and expenditure incurred

(₹ in crore)

Function	Budget Estimates	Actuals	Percentage of actuals	Percentage of actuals against Budget Estimates
General Services	74,331.84	64,882.21	25.74	87.29
Social Services	99,878.49	90,225.55	35.79	90.34
Economic Services	62,688.34	71,859.55	28.51	114.63
Public Debt	23,558.69	22,979.38	9.12	97.54
Loans and Advances	1,221.40	2,135.86	0.85	174.87
Grants-in-aid & Contributions	6.64	-0.13	0.00	-1.96
Total	2,61,685.40	2,52,082.42	100.00	

(Source: Finance Accounts and Budget document of the Government of Bihar)

Table 2.21 shows that the actual expenditure incurred on General Services, Social Services, Public Debt and GIA was less and expenditure on Economic Services and Loans and Advances was more than the Budget Estimates for the year 2023-24.

2.5.2 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. It comprises salaries, interest payments, pensions, expenditure on operations and maintenance of capital works, subsidies and transfers to local bodies, co-operatives, Non-Government Organisations (NGOs) and others. This expenditure is also classified into various functional categories such as General Services, Social Services and Economic Services. Expenditure on Social and Economic Services is incurred to create physical infrastructure and human resource development whereas expenditure on General Services is incurred on fiscal services, administrative services and organs of the State.

Trends of the Revenue Expenditure are shown in **Table 2.22**.

Table 2.22: Revenue Expenditure – Basic Parameters

(₹ in crore)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	1,38,987	1,58,816.02	1,84,376.51	2,17,552.81	2,29,103.05
Revenue Expenditure (RE)	1,26,017	1,39,493.45	1,59,219.71	1,83,976.22	1,90,514.17
GSDP	5,81,855	5,67,814	6,47,394	7,46,417	8,54,429
Rate of Growth of RE (<i>per cent</i>)	0.90	10.69	14.14	15.55	3.55
Rate of Growth of RR (<i>per cent</i>)	(-) 5.74	3.17	23.90	8.75	11.96
Rate of growth of GSDP (<i>per cent</i>)	10.20	(-) 2.41	14.02	15.30	14.47
RE as a percentage of TE	90.67	87.83	86.36	84.57	83.16
RE/GSDP (<i>per cent</i>)	21.66	24.57	24.59	24.65	22.30
RE as a percentage of RR	101.44	108.84	100.27	106.54	98.53
The buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.09	-	1.01	1.02	0.25
Revenue Receipts (ratio)	(-) 0.16	3.38	0.59	1.78	0.30

(Source: Finance Accounts of the respective years)

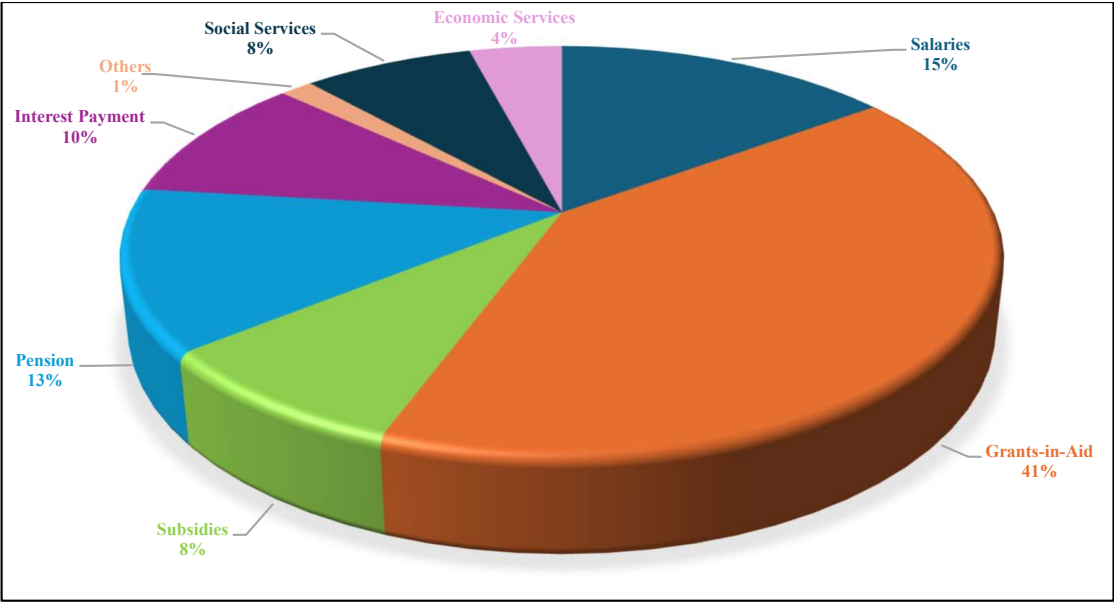
Buoyancy ratio is not calculated for 2020-21 as the GSDP growth was negative.

Table 2.22 shows that:

- Revenue Expenditure constituted 83.16 *per cent* of the Total Expenditure and only 16.84 *per cent* funds were left for Capital Expenditure. Revenue Expenditure increased by 3.55 *per cent* (₹ 6,537.95 crore) over the previous year.
- As per the Finance Accounts, some of the expenditure booked under Revenue Head was misclassified, resulting in overstatement of Revenue Expenditure to that extent (**Para 2.5.3.5**).
- During 2023-24, the buoyancy ratio of Revenue Expenditure with GSDP was lower by 1.48 percentage points over the previous year.
- Buoyancy of Revenue Expenditure with Revenue Receipts was less than 'one' during the year 2023-24 indicating growth of Revenue Receipts at a pace faster than the Revenue Expenditure.

Sector-wise distribution of Revenue Expenditure is shown in **Chart 2.12**.

Chart 2.12: Sector-wise distribution of Revenue Expenditure (in per cent)



(Source: Finance Accounts for the year 2023-24)

The major share of Revenue Expenditure was on GIA (41 per cent) and Committed Expenditure (38 per cent) viz., Salary, Pension and Interest Payments.

2.5.2.1 Major changes in Revenue Expenditure

Significant variations under various Head of Accounts, regarding Revenue Expenditure of the State, during the current year and the previous year, are given in Table 2.23.

Table 2.23: Variations in Revenue Expenditure during 2023-24 vis-à-vis 2022-23

(₹ in crore)

Major Heads of Account	2022-23	2023-24	Increase (+)/ Decrease (-)	Percentage Increase/ Decrease
2029-Land Revenue	867.83	1,124.98	257.15	29.63
2049-Interest Payments	15,183.54	17,605.80	2,422.26	15.95
2055-Police	9,235.61	10,817.90	1,582.29	17.13
2217-Urban Development	5000.80	8,788.40	3,787.60	75.74
2801-Power	12,701.36	13,940.41	1,239.06	9.76
2071-Pension and Other Retirement Benefits	23,107.87	24,290.92	1,183.05	5.12
2216-Housing	12,574.94	747.93	(-) 11,827.01	(-) 94.05
2235-Social Security and Welfare	9,840.79	7,472.04	(-) 2,368.75	(-) 24.07
2215-Water Supply and Sanitation	2,551.72	7,691.58	5,139.86	201.43
2505-Rural Employment	1,573.11	3,180.26	1,607.15	102.16
2225-Welfare of Schedule Caste, Schedule Tribe, Other Backward Classes & Minorities	2,864.94	975.10	(-) 1,889.84	(-) 65.96
2210-Medical and Public Health	8,422.46	9,846.24	1,423.78	16.90

(Source: Finance Accounts of the respective years)

Table 2.23 shows that:

- a. There was a decrease in expenditure under:
 - (i) 'Indira Awas Yojana', 'Special component plan for Scheduled Castes' and 'Tribal area sub-plan' by 95.74 *per cent*, 91.57 *per cent* and 84.80 *per cent*, respectively under 'Rural Housing' of Major Head 'Housing' (ii) 'Other rehabilitation Schemes' by 31.85 *per cent*, 'Welfare of aged, Infirm and destitute' by 34.99 *per cent*, 'National Old Age Pension Scheme' by 43.79 *per cent*, 'Special component plan for Scheduled Castes' by 53.10 *per cent* and 'Pension' by 49.03 *per cent* under Major Head 'Social Security and Welfare' (iii) 'Assistance to gram panchayats (Scheduled Castes)' by 53.73 *per cent* and 'Assistance to gram panchayats (Backward Classes)' by 35.14 *per cent* and 'Education' by 23.01 *per cent* under Major Head 'Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes & Minorities'.
- b. There was an increase in expenditure under:
 - (i) 'Sanitation services' by 413.03 *per cent*, 'Special component plan for Scheduled Castes' by 517.29 *per cent*, 'Rural Water Supply Programmes' by 81.46 *per cent*, 'Assistance to Local Bodies, Municipalities etc.' by 12517.08 *per cent* and 'Assistance to Municipalities/Municipal Councils' by 1713.56 *per cent* under Major Head 'Water Supply and Sanitation' (ii) 'National Rural Employment Guarantee Scheme' by 97.82 *per cent* under Major Head 'Rural Employment' (iii) 'Construction' by 109.91 *per cent*, 'Assistance to Local Bodies, Corporations, Urban Development Authorities, Town improvement Boards etc.' by 247.25 *per cent* and 'Special component plan for Scheduled Castes' by 8129.44 *per cent* under Major Head 'Urban Development'.

2.5.2.2 Committed Expenditure

The Committed Expenditure of the State Government on the revenue account consists of Interest Payments, expenditure on Salaries and Pensions. It has the first charge on Government resources. The upward trend in Committed Expenditure leaves the Government with lesser flexibility for the development sector.

Trends in Committed Expenditure and its components are shown in **Table 2.24**.

Table 2.24: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Salaries	20,375.92	21,802.11	23,524.52	24,816.02	28,385.60
Pensions	17,110.38	19,635.15	20,257.58	23,107.87	24,290.92
Interest Payments	10,991.42	12,484.04	13,821.93	15,183.54	17,605.80
Total	48,477.72	53,921.30	57,604.03	63,107.43	70,282.32
As a percentage of Revenue Receipts (RR)					
Salaries	16.40	17.01	14.81	14.37	14.68
Pensions	13.77	15.32	12.76	13.38	12.56
Interest Payments	8.85	9.74	8.70	8.79	9.11
Total	39.02	42.07	36.28	36.54	36.35

Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
As a percentage of Revenue Expenditure (RE)					
Salaries	16.17	15.63	14.77	13.49	14.90
Pensions	13.58	14.08	12.72	12.56	12.75
Interest Payments	8.72	8.95	8.68	8.25	9.24
Total	38.47	38.66	36.18	34.30	36.89

(Source: Finance Accounts of the respective years)

The share of Committed Expenditure in Total Revenue Expenditure ranged from 34.30 *per cent* in 2022-23 to 38.66 *per cent* in 2020-21. Ratio of Committed Expenditure with reference to Revenue Receipts decreased (marginally by 0.19 percentage points) to 36.35 *per cent* in 2023-24, over the previous year. The Committed Expenditure increased by 44.98 *per cent* between 2019-20 and 2023-24. During the period of 2019-24 ‘Salaries’ has been the major components of Committed Expenditure followed by ‘Pensions’. Further, all the three components *viz.* Salaries, Pensions and Interest payments increased by 39.31 *per cent*, 41.97 *per cent* and 60.18 *per cent*, respectively in 2023-24 over 2019-20.

Interest Payments provide for payment of interest on Public Debt and other interest-bearing liabilities of the Government, which includes Insurance and Pension Funds, Provident Funds, Reserve Funds, Deposits. It also includes expenditure on reduction or avoidance of debt.

During the year, the total Committed Expenditure increased by ₹ 7,174.89 crore (11.37 *per cent*) over the previous year. Interest payments (9.11 *per cent*) were above the target of 8.64 *per cent* of the Revenue Receipts set out in the BFRBM Act, 2022 but were below the projection of the XVth FC (₹ 16,724 crore). Expenditure on the components of Committed Expenditure together accounted for 8.33 *per cent* of GSDP in 2019-20 and decreased to 8.23 *per cent* in 2023-24. During 2020-21, Committed Expenditure w.r.t. GSDP was 9.50 *per cent*, which was highest during the last five years.

As per the Budget Document for 2023-24 of the State Government, “Repayment of Public Debt” is a Committed Expenditure of the State. The repayment of Public Debt is one of the components of expenditure under Capital Head. Therefore, in this report, Revenue Expenditure has been calculated excluding the repayment of Public Debt.

Implementation of the recommendations of Pay Commissions in the past have accounted for enhancement in pensions and salaries pay-outs of the State, thereby impacting its Revenue Expenditure.

During the year, the State has maintained the Committed Expenditure within the MTFP targets. Allocation of larger portion of the budget for Committed Expenditure items limits the State’s flexibility for other expenditure priorities such as Capital Expenditure.

2.5.2.3 Undischarged liabilities in the National Pension System

State Government employees, recruited on or after 01 September 2005, are covered under the National Pension System (NPS), a Defined Contributory Pension Scheme (DCPS). Under the Scheme, the employee contributes 10 *per cent* of his basic pay

and dearness allowance and the State Government contributes equal to 14 *per cent* of basic pay and dearness allowance of the employee. The entire amount (employees' contribution and employer's contribution) is to be transferred to the designated Fund Manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

During 2023-24, the total amount transferred towards the NPS was ₹ 3,402.09 crore (Employees' contribution ₹ 1,387.46 crore at the rate of 10 *per cent* and Government's contribution ₹ 1,984.79 crore at the rate of 14 *per cent* and interest paid by the Government of ₹ 29.84 crore). Detailed information on Government contribution is available in **Statement-15** of the Finance Accounts, Vol-II under Major Heads 2071 and 2049. The Government transferred ₹ 3,402.09 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension scheme. The Government's contribution to the NPS was exceeded by ₹ 42.35 crore (Government's actual contribution ₹ 1,984.79 crore *minus* Government's required contribution ₹ 1,942.44 crore). Opening Balance in the Fund was ₹ 258.15 crore. The Government has transferred ₹ 3,650.00 crore to NSDL, leaving a balance of ₹ 10.24 crore (₹ 3,660.24 crore *minus* ₹ 3,650.00 crore), as on 31 March 2024, which was yet to be transferred to NSDL. Prior to 2020-21, the employer's and employees contribution was credited to Major Head 8011-106. As on 31 March 2024, the closing balance under this head was ₹ 40.87 crore which is yet to be transferred to NSDL. Non-transfer of ₹ 51.11 crore (₹ 10.24 crore + ₹ 40.87 crore) has resulted in overstatement of Cash Balance and Revenue Surplus and understatement of Fiscal Deficit to that extent.

Details of the receipts from employees' share, Government's contribution, interest accrued and investment in pension fund are given in **Table 2.25**.

Table 2.25: Contribution and investment under DCPS

(₹ in crore)

Year	Employees share	Government contribution	Total	Transferred to Pension fund	Short (-)/excess(+) transfer
2015-16	314.72	309.44	624.16	609.72	(-) 14.44
2016-17	381.55	382.64	764.19	741.68	(-) 22.51
2017-18	462.64	472.36	935.00	937.33	2.33
2018-19	573.74	567.54	1,141.28	1,081.26	(-) 60.02
2019-20	688.65	816.58	1,505.23	1,302.58	(-) 202.65
2020-21	802.00	1,099.76	1,901.76	1,976.83	75.07
2021-22	934.55	1,311.04	2,245.59	2,302.76	57.17
2022-23	1,106.56	1,543.25	2,649.81	2,609.30	(-) 40.51
2023-24	1,387.46	1,984.79	3,372.25	3,650.00	277.75

(Source: Finance Accounts of respective years)

Short contribution/transfer of funds to NSDL would impact the pensionary yield of the employees. Besides, due to delay in release of Government's contributions and its transfer to the pension fund, the State Government had to suffer an avoidable interest at the rate applicable on General Provident Fund, creating a future liability and Fiscal Deficit to that extent.

2.5.2.4 Subsidies

Subsidies provided by the State Government can be indirect, in kind or take the shape of tax concessions.

Trends of expenditure on subsidies, are shown in **Table 2.26**.

Table 2.26: Department-wise subsidies during 2019-24

(₹ in crore)

Department	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline	Trend
Agriculture	518.17	164.30	219.58	496.76	497.77		
Energy	5,193.00	6,759.96	8,180.82	12,223.00	13,160.81		
Food and Consumer Protection	618.13	578.77	720.56	629.93	822.24		
Industry	316.78	234.47	787.07	1,040.42	1,267.08		
Transport	177.17	122.57	89.01	96.18	26.15		
Animal and Fisheries Resources	116.00	99.67	100.71	163.37	307.39		
Others	182.02	207.68	158.27	178.13	163.17		
Subsidies	7,121.27	8,167.42	10,256.02	14,827.79	16,244.61		
Subsidies as a percentage of Revenue Receipts	5.73	6.37	6.46	8.59	8.40		
Subsidies as a percentage of Revenue Expenditure	5.65	5.86	6.44	8.06	8.53		

(Source: Finance Accounts of the respective years)

As can be seen from **Table 2.26**, subsidies for the year 2023-24 constituted 8.40 *per cent* of State’s Total Revenue Receipts, 30.30 *per cent* of State’s Own Revenue and 1.90 *per cent* of GSDP. It is 9.70 *per cent* more than that of the previous year.

81.02 *per cent* of the subsidies were extended to the Energy Sector. Analysis of the last five years (2019-24) shows that the amount of subsidies extended during 2023-24 was the highest during this period. The amount of subsidies was on an increasing trend during the last five years. In view of the maximum subsidy being extended to the Energy Sector, **Table 2.27** shows the details of subsidies provided to this area.

Table 2.27: Subsidies provided to the Energy Sector during 2019-2024

(₹ in crore)

Name of the entity	Year				
	2019-20	2020-21	2021-22	2022-23	2023-24
North Bihar Power Distribution Company Ltd (NBPDCCL)	0.00	0.00	100.00	145.00	46.81
South Bihar Power Distribution Company Ltd (SBPDCL)	0.00	0.00	80.86	0.00	0.00
Bihar State Power Holding Company Ltd (BSPHCL)	5,193.00	6,759.96	7,999.96	12,078.00	13,114.00
Total	5,193.00	6,759.96	8,180.82	12,223.00	13,160.81

(Source: Finance Accounts of the respective years)

As per the certified accounts of both power distribution companies for the year 2022-23, the South Bihar Power Distribution Company (SBPDCL) registered a profit of ₹ 423.79 crore whereas the North Bihar Power Distribution Company (NBPDCCL) incurred a loss of ₹ 243.01 crore.

2.5.2.5 Financial assistance to Local Bodies and Other Institutions

Assistance provided by way of grants and loans, to Local Bodies and others, during the current year, compared to the previous years, is shown in **Table 2.28**.

Table 2.28: Financial Assistance to Local Bodies etc.*(₹ in crore)*

Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
(A) Local Bodies					
Municipal Corporations and Municipalities	1,533.24	4,785.08	5,386.53	4,990.73	6,952.16
Panchayati Raj Institutions	9,971.64	12,899.38	13,268.40	14,474.20	16,754.97
Total (A)	11,504.88	17,684.46	18,654.93	19,464.93	23,707.13
(B) Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	3,925.89	3,716.00	3,684.25	4,331.84	4,120.34
Development Authorities	5,839.49	999.15	1,693.64	1,388.63	1,267.63
Other Institutions	25,311.28	32,529.37	40,982.19	54,755.48	48,505.38
Total (B)	35,076.66	37,244.52	46,360.08	60,475.95	53,893.35
Total (A+B)	46,581.54	54,928.98	65,015.01	79,940.88	77,600.48
GIA on Salary	19,666.33	17,788.65	23,813.12	28,092.73	26,627.08
GIA for creation of Capital Assets	11,356.25	10,358.01	14,103.44	31,828.81	19,145.79
GIA for non-salary	25,678.83	29,577.30	33,307.40	2,009.34	31,827.60
GIA given in kind	Information not provided by the State Government				
Revenue Expenditure	1,26,016.66	1,39,493.45	1,59,219.71	1,83,976.22	1,90,514.17
Revenue Receipts	1,24,233	1,28,168	1,58,798	1,72,688	1,93,347
Assistance as percentage of Revenue Expenditure	36.96	39.38	40.83	43.45	40.73
Assistance as percentage of Revenue Receipts	37.50	42.86	41.57	46.29	40.14

(Source: Finance Accounts of the respective years)

Financial assistance of the State Government to Local Bodies (LBs) and Other Institutions decreased by 2.93 *per cent* in comparison to the previous year. As a percentage of the Revenue Expenditure, it decreased to 40.73 *per cent* from 43.45 *per cent* of the Revenue Expenditure in the previous year. This assistance was 40.14 *per cent* of State's Revenue Receipts and it decreased by 6.15 percentage points over the previous year's share of these receipts.

VIth State Finance Commission (SFC)

The State Government constituted (February 2019) the VIth SFC, for 2020-25. The Commission was to devise fiscal transfers from the State Government to the LBs of the State, in the light of the constitutional provisions. The SFC recommended a minimum threshold of Devolution of Taxes and Grants to the local bodies. Thus, if the calculated value of Devolution of Taxes and Grants fell below the minimum threshold, the State Government would have to transfer at least the minimum threshold amount to the LBs.

On the recommendation of the SFC, the State Government adopted a 65:35 formula for provisioning of funds for PRIs and ULBs, for the period from 2021-22 to 2024-25. During 2023-24, out of the total provisioned ₹ 5,520 crore (Devolution: ₹ 3,156 crore and Grants: ₹ 2,364 crore), ₹ 3,588 crore (65 *per cent*) was for PRIs and ₹ 1,932 crore (35 *per cent*) was for ULBs.

Devolution

The State Government was to appropriate the Devolution to the Local Bodies at the rate of 10 *per cent* of the Divisible Pool (State’s Own NTR of the previous year) for the period from 2021-22 to 2024-25 on the recommendation of the VIth SFC. Devolution of funds may be seen in **Table 2.29**.

Table 2.29: Divisible Pool of Taxes for 2023-24

(₹ in crore)

Particulars	Projected	Actual (t-1)
State Own Tax Revenue (A)	38,017	44,018
Cost of collection @ 2.52 <i>per cent</i> (B)	958	1,109
Net State Own Tax Revenue (A-B)	37,059	42,909
Devolution (10 <i>per cent</i> of SONTR)	3,706	4,291

(Source: SFC report and Finance Accounts of the year 2023-24)

The State, however, provided only ₹ 3,156 crore (Devolution) against the recommendation of ₹ 4,291 crore.

Grants

The VIth State Finance Commission recommended calculation of amount of annual Grant during the period 2021-25 at the rate of 2.50 *per cent* of the net revenue of the previous year (Consolidated Fund of the State). Only 50 *per cent* of the Grants was to be transferred directly to the Local Bodies and the remaining 50 *per cent* was to be expended by the different departments, on the schemes whose objective is to develop the Local Bodies. During 2023-24, Grants amounting to ₹ 5,439 crore (₹ 2,17,552.81 crore X 2.50 *per cent*), were to be provisioned, as mentioned in **Table 2.30**.

Table 2.30: Grants to Local Bodies during 2023-24

(₹ in crore)

Grant	Amount projected by SFC	Amount to be provisioned	Amount Provisioned
Direct to Local Bodies (50 <i>per cent</i>)	2,363.50	2,719.50	1,182.00
Expenditure by departments (50 <i>per cent</i>)	2,363.50	2,719.50	1,182.00
Total	4,727.00	5,439.00	2,364.00

(Source: SFC report and Finance Accounts of the year 2023-24)

The State Government provisioned only ₹ 2,364 crore (43.46 *per cent*), against the amount to be provisioned.

Delay in release of funds to LBs: During 2023-24, release orders for each item were to be issued in two instalments *i.e.*; 1st instalment of 50 *per cent* by 30th June 2023 and 2nd instalment of 50 *per cent* by 31st October 2023. During test check, audit noticed that the orders were issued with delays ranging between 37 days to 187 days, contrary to the commission guidelines.

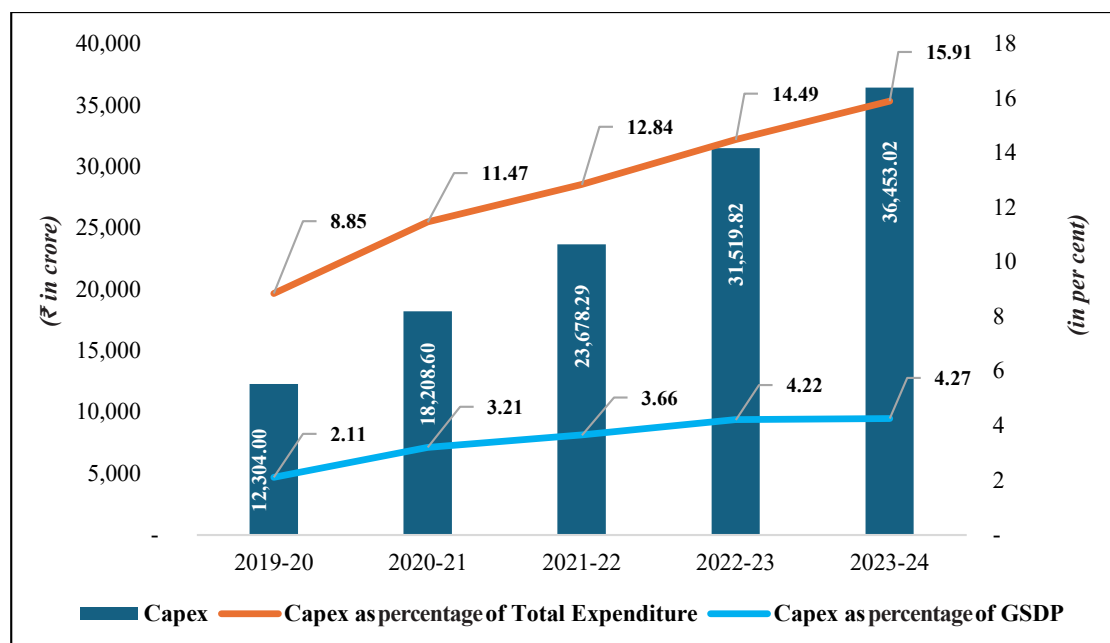
The Panchayati Raj Department while accepting the observation replied that delayed release of grants was due to time taken in following the procedure.

2.5.3 Capital Expenditure

Capital Expenditure (Capex) is primarily expenditure on creation of fixed infrastructure assets, such as roads, buildings, *etc.* Capex in the State was being met from budgetary

support and extra-budgetary resources/Off-budget. It also includes investments made by the State in Companies/Corporations. Trend of Capex in the State, over the last five years, is shown in **Chart 2.13**.

Chart 2.13: Capital Expenditure in the State



(Source: Finance Accounts of the respective years)

From **Chart 2.13**, it may be observed that:

- During 2023-24, Capex was 24.59 *per cent* higher than the Budget Estimates and the projection made in the Mid Term Fiscal Policy Statement, 2023 (₹ 29,257.31 crore) of the State Government.
- The Capex as a percentage of GSDP ranged from 2.11 *per cent* to 4.27 *per cent* during the last five years.
- As per Finance Accounts, some of the expenditure booked under Capital Head was misclassified, resulting in overstatement of Capex to that extent (**Para 2.5.3.5**).

During last five years (2019-24), a major chunk of the Capex has been parked in the Public Account of the State. During 2023-24, Capex amounting to ₹ 11,072 crore (30.37 *per cent* of the total Capex) was transferred to the Public Account. Detailed analysis is covered in **Para 4.4** of **Chapter IV** of this Report.

2.5.3.1 Major changes in Capital Expenditure

Significant variations under various Major Heads of Accounts with regard to Capex of the State, during the current year, as compared to the previous year, are shown in **Table 2.31**.

Table 2.31: Capital Expenditure during 2023-24, compared to 2022-23

(₹ in crore)

Major Heads of Accounts	2022-23	2023-24	Increase (+)/ Decrease (-)	Percentage Increase(+)/ Decrease(-)
4210- Capital Outlay on Medical and Public Health	2,426.48	2,175.00	(-) 251.48	(-) 10.36
4515- Capital Outlay on other Rural Development Programmes	6,218.08	7,083.98	865.90	13.93
4059- Capital Outlay on Public Works	1,596.44	3,270.68	1,674.23	104.87
4801- Capital Outlay on Power Projects	3,078.71	1,782.31	(-) 1,296.40	(-) 42.11
4851- Capital Outlay on Village and Small Industries	1,392.24	419.90	(-) 972.34	(-) 69.40
4700- Capital Outlay on Major Irrigation	1,207.61	2,852.38	1,644.77	136.20
4215- Capital Outlay on Water Supply and Sanitation	1,310.02	1,002.63	(-) 307.39	(-) 23.46
4202- Capital Outlay on Education, Sports, Art and Culture	1,315.54	2,987.77	1,672.23	127.11
4711- Capital Outlay on Flood Control Projects	983.93	2,202.41	1,218.48	123.84
4070- Capital Outlay on other Administrative Services	1,067.39	1442.51	375.11	35.14

(Source: Finance Accounts of the respective years)

As can be seen from the **Table 2.31**:

(a) There was an increase in expenditure under:

(i) Major Head ‘Education, Sports, Art and Culture’ due to increase in expenditure mainly on ‘Engineering College Buildings (Nishchaya) & Building Construction of Government and Government recognised Secondary Schools’ (ii) Major Head ‘Public Works’ due to increase in expenditure mainly on ‘Buildings of Blocks (Rural Development Department), Stadium and Sports Structure and Cultural Structure’ and (iii) Major Head ‘Major Irrigation’ due to increase in expenditure mainly on ‘Irrigation Creation Project (Works) (NABARD Aided and Flood Control Project (Works)’ and ‘Accelerated Irrigation Benefit and Flood Management Programme and Other Programme of Water Resources’ under Flood Control Projects.

(b) There was a decrease in expenditure under:

(i) Major Head ‘Power Projects’ due to decrease in expenditure mainly on ‘Project of Bihar State Power Transmission Company Limited and Irrigation Water to every Field-Saat Nishchaya-2’ (ii) Major Head ‘Medical and Public Health’ due to decrease in expenditure mainly on ‘Dental College and Hospital’ and ‘Pradhan Mantri Ayushman Bharat Health Infrastructure Mission’ and (iii) Major Head ‘Village and Small Industries’ due to decrease in expenditure mainly on ‘Development of Industrial Park’.

2.5.3.2 Quality of Capital Expenditure

If the State Government keeps on making investments in loss making government companies whose net worth is completely eroded, there are no chances of return on investment. Similarly, experience has shown the inevitability of write off of the loans given to loss making corporations and other bodies such as financial corporations *etc.* Requisite steps have to be taken to infuse transparency in such financial operations. This

section presents an analysis of investments and other Capital Expenditure undertaken by the Government during the current year.

Return on Investment (RoI):

Return on investment in share capital invested in SPSEs and history of repayment of loans given to various bodies is an important determinant of the quality of Capital Expenditure. Trend of return on investment, during 2019-20 to 2023-24, is given in Table 2.32.

Table 2.32: Return on Investment (ROI)

Investment/return/cost of borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Investment at the end of the year (₹ in crore)	31,667.39	32,870.61	35,436.02	39,024.62	41,512.97
Return on Investment (₹ in crore)	1.62	603.01	6.54	1.49	9.51
Return (per cent)	0.01	1.83	0.02	0.00	0.02
Average rate of interest on Government Borrowings (per cent)	6.07	5.94	5.70	5.51	5.62
Difference between rate of interest and rate of return (per cent)	6.06	4.11	5.68	5.51	5.60
Difference between interest on Government borrowings and return on investment (₹ in crore)[#]	1,919.04	1,350.98	2,012.77	2,150.26	2,324.72

(Source: Finance Accounts of the respective years)

[#] (Investment at the end of the year X Difference between rate of interest and rate of return)/100

It can be observed from the Table 2.32 that:

- As on 31 March 2024, the Government had invested ₹ 41,512.97 crore in 46 Government Companies (₹ 38,271.59 crore), three Statutory Corporations (₹ 105.63 crore), one Rural Bank (₹ 30.19 crore), 12 Joint-stock Companies (₹ 2,462.76 crore) and 17 Cooperative institutions/Societies (₹ 642.80 crore). Out of the 46 Government Companies, 22 Companies are working Companies where ₹ 38,100.21 crore was invested and 24 were non-working Companies wherein ₹ 171.38 crore was invested.
- During the current year, the GoB invested ₹ 2,488.35 crore in its five entities⁶, of which 73.07 per cent of investment was made in Energy sector Companies followed by Patna Metro Rail Corporation Ltd. (23.71 per cent of total investments made during the current year by the GoB).
- During 2023-24, RoI increased by ₹ 8.02 crore over the previous year, due to release of Dividend of ₹ 9.51 crore by four entities⁷.
- The State Government incurred a notional loss of ₹ 2,324.72 crore on Return on Investment (highest in the last five years) in various entities on account of the difference between the Government borrowing cost and the return on investment.
- From 2019-20 to 2023-24 investments in SPSEs increased by ₹ 9,845.58 crore and Dividend of ₹ 622.17 crore was received during this five-year period. This Dividend constituted only 6.32 per cent of the total investments made during the last five years.

⁶ Bihar State Minority Finance Corporation Ltd. (₹ 65.00 crore), Investment Venture Capital under Bihar Startup policy 2016 (₹ 10.00 crore), Patna Metro Rail Corp. (₹ 590.00 crore), Other Cooperatives (₹ 5.04 crore) and Bihar State Power (Holding) Comp. Ltd. (₹ 1,818.31 crore).

⁷ Bihar Rajya Pul Nirman Nigam Limited (₹ 2.10 crore); National Projects Construction Corporation Limited (₹ 0.01 crore); Dairy Co-operative (₹ 5.76 crore) and Other Co-operatives (₹ 1.64 crore).

State extended budgetary support of ₹ 37,791.46 crore, in the form of share/equity to two loss-making SPSEs till 2023-24, as shown in **Table 2.33**.

Table 2.33: Investment made in loss making Companies

(₹ in crore)

Sl. No.	Company	Accumulated Losses	Investment made during the year	Cumulative investment as on 31 March 2023	Cumulative investment as on 31 March 2024
1	Bihar State Minorities Finance Corporation Ltd.	15.32	65.00	634.59	699.59
2	Bihar State Power (Holding) Company Ltd.	20,015.68	1,818.31	35,273.56	37,091.87
Total		20,031.00	1,883.31	35,908.15	37,791.46

(Source: Finance Accounts for the year 2023-24)

The Government did not furnish any response on the audit observation (December 2024).

Loans and Advances by the State:

The Government has provided Loans and Advances to many co-operative societies, corporations and Companies. Details are given in **Table 2.34**.

Table 2.34: Loans disbursed and recovered during 2019-20 to 2023-24

(₹ in crore)

Quantum of loans disbursed and recovered	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Balance of loans outstanding	20,814.33	21,450.23	21,743.77	23,194.36	25,209.64
Amount advanced during the year	666.30	1,113.97	1,478.51	2,056.77	2,135.86
Amount recovered during the year	30.40	820.43	27.92	41.49	95.93
Closing Balance of the loans outstanding	21,450.23	21,743.77	23,194.36	25,209.64	27,249.57
Net addition	635.90	293.54	1,450.59	2,015.28	2,039.92
Interest received	0.88	3.90	5.68	8.65	269.41
Interest rate on loan and advances given by the government	Not ascertainable				
Rate of interest paid on the outstanding borrowings of the government	7.58	7.12	6.56	6.20	6.31
Difference between the rate of interest paid and interest received (<i>per cent</i>)	Not ascertainable				

(Source: Finance Accounts of the respective years)

It can be observed from **Table 2.34** that:

- During the last five years, Loans and Advances extended by the State Government exhibited an increasing trend and had increased from ₹ 666.30 crore in 2019-20 to ₹ 2,135.86 crore in 2023-24.
- Out of the loans extended by the State Government during 2023-24, ₹ 1,689.82 crore was given to the Government Companies which is 79.11 *per cent* of the total loans disbursed during this year.
- During the year, out of Loans and Advances of ₹ 2,135.86 crore extended to different loanee groups, ₹ 95.93 crore repayment of loans has been made.
- 56.22 *per cent* (₹ 53.94 crore) of the repayment of loans amounting to ₹ 95.93 crore was made by the Government Companies.

- v. During 2023-24, interest received by the State Government against loans extended by it was ₹ 269.41 crore, an increase of ₹ 260.76 crore over the previous year.

As per **Statement 18** of the Finance Accounts of the State Government, it charged interest from loanees at the rate ranging from 10.50 *per cent* to 11.36 *per cent* during 2023-24. The Government, however, had not disclosed the rate(s) of interest to be charged with the loanees in all cases.

Loanee group-wise total disbursements and repayment of loans during the last five years, are shown in **Table 2.35**.

Table 2.35: Loanee group-wise total disbursement and repayment of loans during the last five years (2019-20 to 2023-24)

(₹ in crore)

Loanee Group	Total	
	Disbursement	Repayment
Universities/Academic Institutions	0.00	0.00
Municipalities/Municipal Councils/ Municipal Corporations	0.00	0.00
Housing Boards	0.00	0.00
Government Companies	5,444.47	72.13
Co-operative Societies/ Co-operative Corporations/ Banks	328.71	831.59
Panchayati Raj Institutions	5.97	0.00
Statutory Corporations	615.85	6.05
Government Servant	116.98	100.79
Loans for Miscellaneous purposes	0.00	0.00
Others	939.43	5.61
Total	7,448.41	1,016.17

(Source: Finance Accounts of the respective years)

Table 2.35 shows that:

- Against the loans of ₹ 7,448.41 crore, disbursed during the period of 2019-20 to 2023-24, only ₹ 1,016.17 crore was repaid.
- Loans were advanced to the Government Companies, Co-operative Societies/ Co-operative Corporations Banks, Statutory Corporations and Government servants *etc.*
- During the last five years, the pace of repayment of loans was higher than the pace of their disbursements under Co-operative societies/Co-operative Corporations/ Banks and Statutory Corporations. However, in case of Government Companies, to which 73.07 *per cent* of the loans had been disbursed during the last five years, only 1.32 *per cent* of the loans disbursed to them was repaid during the last five years.
- Recovery from the Govt. Companies constitutes only 7.09 *per cent* of the total recovery from the loanee entities during the last five years.

Amount of interest arrears from different loanee groups is shown in **Table 2.36**.

Table 2.36: Loanee group-wise details of interest payment in arrears for the period 2019-24

(₹ in crore)

Loanee Group	2019-20	2020-21	2021-22	2022-23	2023-24
Universities/Academic Institutions	0.00	0.00	0.00	0.00	0.00
Municipalities/Municipal Councils/ Municipal Corporations	63.40	63.40	63.40	63.40	63.40
Housing Boards	6.40	6.40	6.40	6.40	6.40
Government Companies	4,186.71	5,118.51	6,054.40	6,996.90	7,944.64
Co-operative Societies/ Co-operative Corporations/ Banks	718.02	801.88	887.48	973.13	1,058.78
Panchayati Raj Institutions	26.77	30.00	33.23	36.46	39.69
Statutory Corporations	4,576.75	4,677.63	4,768.52	4,869.33	4,970.14
Government Servant	0.00	0.00	0.00	0.00	0.00
Loans for Miscellaneous purposes	0.00	0.00	0.00	0.00	0.00
Others	685.14	817.04	948.94	1,079.65	1,210.36
Total	10,263.19	11,514.86	12,762.37	14,025.27	15,293.41

(Source: Finance Accounts of the respective years)

As can be seen from **Table 2.36**:

- Total amount of Interest payment in arrears was on an increasing trend and increased by 49.01 *per cent* (₹ 5,030.22 crore) between 2019-20 to 2023-24.
- The amount of Interest payment in arrears from Municipalities/Municipal Councils/ Municipal Corporations and Housing Boards has remained constant during the last five years.
- Interest receivable from the Govt. Companies constituted 51.95 *per cent*, followed by the Statutory corporation (32.50 *per cent* of interest out of total realisable). These two constituted 84.45 *per cent* of total realisable interest from the loanee group.

Non-payment of interest would result not only in accumulation of interest but also deprive the State of its revenue on account of interest on loans provided to these loanees.

The State Government did not furnish any response on the audit observation (December 2024).

2.5.3.3 Inoperative Loan accounts

Under some Major Heads, outstanding balances of loans (₹ 50 crore and above), amounting to ₹ 1,915.99 crore, disbursed to various bodies/authorities during previous years, had remained inoperative *i.e.*, neither principal nor any interest was paid for the last nine years (FY 2014-15 to 2023-24). Inoperative loan accounts are shown in **Table 2.37**.

Table 2.37: Inoperative loan accounts

(₹ in crore)

Major Head	Head of Account	2015-24
6215	Loans for water supply and sanitation	70.04
6216	Loans for housing	136.73
6217	Loans for urban development	260.47
6408	Loans for food storage and warehousing	1,448.75
Total		1,915.99

(Source: Finance accounts of the respective years)

These outstanding loans may be reviewed at appropriate levels by the State Government and steps for recovery or write-off, if required, may be taken.

Apart from the above, some other outstanding loans under four Major Heads where only minor change in outstanding amounts had taken place and substantial amounts thereunder were still inoperative are as given in **Table 2.38**.

Table 2.38: Loans with minor changes in outstanding amount

(₹ in crore)

Major Head ⁸	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
6515	57.64	57.64	57.64	57.64	57.64	57.64	57.64	57.64	63.61
6801	15,445.86	15,520.91	15,745.26	15,571.40	15,622.97	15,865.97	15,943.10	16,034.13	16,118.02
6860	468.78	469.88	469.88	469.88	469.88	469.88	474.13	474.13	474.13
6885	314.08	314.08	314.07	314.06	314.05	314.05	334.05	334.05	334.04

(Source: Finance accounts of the respective years)

Table 2.38 shows that significant loan amounts remained intact during the last eight financial years. Substantial part of these amounts was related to loans given for power projects. During the year, ₹ 86.73 crore was given as loans for the power projects and only ₹ 2.85 crore was recovered. Out of ₹ 86.73 crore, ₹ 67.64 crore was provided to DISCOMs (NBPDC and SBPDCL) under Major Head 6801, for payment of principal and interest on loan amount.

Further, a sum of ₹ 610 crore was observed as minus balance under different Loan heads which requires reconciliation (**Appendix-2.2**). These balances were being carried forwarded from 2003-04 onwards. Negative balance of loans may be reviewed at appropriate level and steps for write-off/reconciliation of this balance, if required, may be taken by the State Government.

During the Entry Conference for SFAR, the Secretary (Resource), Finance Department, GoB, assured that reconciliation of these amounts, at the earliest would be done.

2.5.3.4 Capital blocked in incomplete projects

An assessment of capital blocked in incomplete capital projects would also indicate the quality of Capital Expenditure. Blocking of funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits of the projects for prolonged periods. Further, funds borrowed for implementation of these projects, during the respective years would lead to an extra

⁸ 6515- Loans for other Rural Development Programmes, 6801-Loans for Power Project, 6860- Loans for Consumer industries and 6885- Other loans to Industries & Minerals.

burden, in terms of servicing of debt and interest liabilities. Details of the incomplete projects are shown in **Table 2.39** (based on information provided by the State Government for *Appendix-IX* of the Finance Accounts for the year 2023-24).

Table 2.39: Capital blocked in incomplete projects

(₹ in crore)

Age profile of incomplete projects as on 31 March 2024			
Year	No. of incomplete projects	Estimated cost	Expenditure incurred
2013-14	1	2.37	-
2014-15	0	-	-
2015-16	0	-	-
2016-17	5	411.86	14.26
2017-18	3	12.71	-
2018-19	10	217.11	2.57
2019-20	23	637.64	45.96
2020-21	37	890.07	115.17
2021-22	32	1,215.09	334.40
2022-23	34	2,747.29	613.29
2023-24	209	3,519.84	886.83
Total	354	9,653.97	2,012.48

Department-wise profile of incomplete projects till 31 March 2024		
Department	No. of incomplete projects	Estimated. Cost (Expenditure incurred)
Water Resources	167	4,861.89
Public Health Engineering	52	241.40
Building Construction	70	2,901.94
Road Construction	46	1,611.74
Rural Works	15	28.64
Local Area Engineering Organisation (Planning and Development)	4	8.36
Total	354	9,653.97

(Source: Finance Accounts of the respective years)

Out of the estimated cost of ₹ 9,653.97 crore on these 354 ongoing projects, ₹ 2,012.48 crore was spent till 2023-24. Therefore, due to non-completion of these 354 projects, Capital Expenditure of ₹ 2,012.48 crore remained blocked.

Due to incomplete information in *Appendix-IX* (Commitments of the Government-List of Incomplete Capital Works) of the Finance Accounts for the year 2023-24 (provided by the State Government), Audit could not ascertain the actual progressive expenditure, physical progress of work, position of pending payment (future liability) and revised cost, if any, as on 31 March 2024.

2.5.3.5 Misclassification of Revenue Expenditure as Capital Expenditure and vice-versa

Capital Expenditure is broadly the expenditure incurred with the objective of creating/ acquiring/ increasing concrete assets of a material and permanent character or reducing permanent liabilities. All other expenditure incurred for the running of the entity including the establishment and administrative expenditure and for maintenance of its assets is classified as Revenue Expenditure.

During 2023-24, expenditure of ₹ 0.21 crore was booked under Revenue Section instead of Capital Section and ₹ 22.53 crore under Capital Section instead of Revenue Section.

Misclassification of the Revenue Expenditure as well as Capital Expenditure resulted in the overstatement of Capital Expenditure and understatement of Revenue Expenditure by ₹ 22.32 crore each. Further, it also impacted adversely the Revenue Surplus and Fiscal Deficit to that extent.

2.5.4 Expenditure priorities

Enhancing human development levels requires the State to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector if the allocation is below the respective national average. Higher the ratio of these components to Total Expenditure, the quality of expenditure is considered to be better. An analysis of the Expenditure priorities of the State, with regards to Health, Education and Capital Expenditure (CE), is shown in Table 2.40.

Table 2.40: Expenditure priority of the State with regards to Health, Education and Capital Expenditure during 2023-24

	AE* / GSDP	CE/AE	Education/ AE	Health/ AE
General Category States Average (2018-19)	16.38	14.04	14.76	5.07
State	27.92	14.28	19.31	4.96
General Category States Average (2023-24)	15.66	15.38	14.36	5.71
State	26.81	15.91	19.07	5.68

(Source: Economic Advisor of CAG and Finance Accounts)

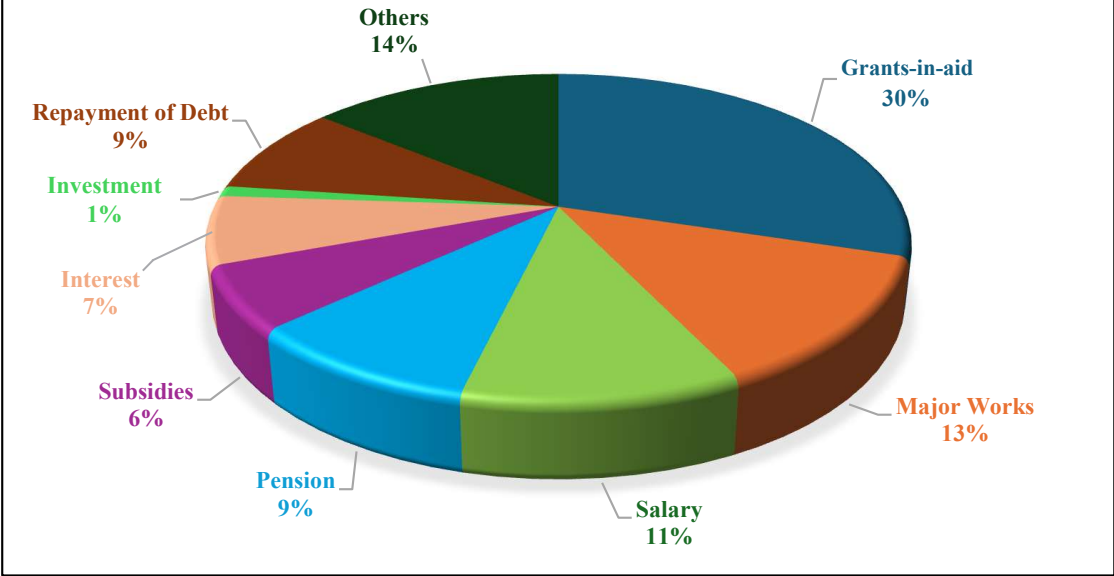
* AE-Aggregate expenditure

It may be seen from Table 2.40 that during 2023-24, the expenditure priorities of the State were above the General Category States Average except expenditure on Health.

2.5.5 Object head-wise expenditure

The Object head-wise expenditure for 2023-24 is shown in Chart 2.14.

Chart 2.14: Object head-wise expenditure



(Source: Finance Accounts for the year 2023-24)

2.6 Public Account

Receipts and Disbursements, in respect of certain transactions, such as Small savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, etc., which do not form part of the Consolidated Fund, are kept in the Public Account, set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The

Government acts like a banker in respect of these. The balance, after disbursements during the year, is the fund available with the Government, for use for various purposes.

2.6.1 Net Public Account Balances

Component-wise net balances in the Public Account of the State at the end of March of respective five years are given in Table 2.41.

Table 2.41: Component-wise net balances in Public Account of the respective years

(₹ in crore)						
Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
I. Small savings, Provident Funds, etc.	Small savings, Provident Funds, etc.	190.40	166.29	76.28	(-) 124.77	(-) 255.76
J. Reserve Funds	(a) Reserve Funds bearing Interest	522.95	378.12	140.42	1,585.11	1,222.72
	(b) Reserve Funds not bearing Interest	0.00	(-) 26.32	0.00	0.00	0.00
K. Deposits and Advances	(a) Deposits bearing Interest	202.65	(-) 75.05	(-) 57.17	40.52	(-) 247.91
	(b) Deposits not bearing Interest	1,509.34	4,336.01	(-) 1,543.24	363.64	1,476.52
	(c) Advances	0.00	0.00	0.00	0.00	0.00
L. Suspense and Miscellaneous	(a) Suspense (Civil)	(-) 5,773.58	(-) 4,879.88	(-) 238.38	1,199.82	8,804.89
	(b) Other Accounts	(-) 2,735.55	(-) 191.23	(-) 4,148.08	7,961.19	(-) 12,655.59
	(c) Accounts with Governments of Foreign Countries	(-) 0.01	(-) 0.01	(-) 0.01	0.00	0.00
M. Remittances	(a) Money Orders, and other Remittances	(-) 2.44	4.37	(-) 7.53	0.00	(-) 2.36
	(b) Inter- Governmental Adjustment Account	(-) 794.07	794.07	0.00	0.00	(-) 0.01
Total		(-) 6,880.31	506.37	(-) 5,777.71	11,025.51	(-) 1,657.51

(Source: Finance Accounts of the respective years)

During 2023-24, net Public Account receipts of ₹ (-) 1,657.51 crore had a negative contribution in the total resources of the State. The major deficit in net Public Account Payment was seen in other accounts ₹ (-) 12,655.59 crore under Suspense and Miscellaneous due to excess of disbursements over receipts by ₹ 12,692.26 crore under ‘Cash Balance investment account’.

The State Government did not furnish any response on the audit observation (December 2024).

2.6.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State.

The State Government had four Reserve Funds (three interest-bearing and one non-interest bearing) at the end of the financial year 2023-24. At the end of 31 March 2024,

total accumulated balance under these funds was ₹ 12,343.97 crore. Details of reserve funds are given in **Table 2.42**.

Table 2.42: Details of Reserve funds

(₹ in crore)

Sl. No.	Name of Reserve Fund	Balance as on 31 March 2024
A	Reserve Funds bearing interest	3,849.31
1	State Disaster Response Fund	2,800.04
2	State Compensatory Afforestation Fund	289.47
3	State Disaster Mitigation Fund	759.80
B	Reserve Funds not-bearing interest	8,494.66
1	Sinking Funds	8,494.66
Grand Total		12,343.97

(Source: Finance Accounts for the year 2023-24)

Against the Total Receipts of ₹ 3,863.26 crore under reserve funds, only ₹ 1,174.01 crore was disbursed leading to enhancement of reserve funds by ₹ 2,689.25 crore, over the previous year.

2.6.2.1 Consolidated Sinking Fund (CSF)

The Twelfth Finance Commission recommended that States should set up sinking funds for amortisation of all loans including loans from banks, liabilities on account on National Small Savings Fund, *etc.*, and that these funds should not be used for any other purpose, except for the redemption of loans. The Reserve Bank of India (RBI) guidelines for administering the fund, stipulate a minimum annual contribution of 0.5 *per cent* of Outstanding Liabilities at the beginning of the year towards this fund. The fund is invested by RBI and the details of investment are given in **Statement-22** of Finance Accounts.

The State Government set up a Consolidated Sinking Fund (CSF) in 2008-09, only for amortisation of market loans and from 2014-15 onwards, it was to be utilised for redemption of the Outstanding Liabilities of the Government. During 2023-24, the GoB contributed ₹ 1,466.54 crore (0.57 *per cent* of the Outstanding Liabilities at the beginning of the year) in CSF against required ₹ 1,292.80 crore (0.5 *per cent* of Internal Debt: ₹ 2,08,098.10 crore + Public Account: ₹ 50,461.44 crore of previous year).

There was a total amount of ₹ 10,486.99 crore (Principal: ₹ 8,494.66 crore + Interest: ₹ 1,992.33 crore) under the Fund as on 31 March 2024 which was an increase of 26.03 *per cent* over the previous year's accumulated balance of ₹ 8,320.73 crore.

2.6.2.2 State Disaster Response Fund

The GoI replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 1 April 2010. In terms of the guidelines of the Fund, the Centre and States are required to contribute to the Fund in 75:25 proportion. The contributions are to be transferred to Major Head – 8121 of Public Account and Expenditure is incurred by operating Major Head – 2245.

The State Governments are required to pay interest to the SDRF at the rate applicable to overdrafts under overdraft Regulation Guidelines of the RBI. The interest is to be credited on a half-yearly basis. The accretions to the SDRF together with the income

earned on the investment of SDRF are to be invested in Central Government dated Securities, auctioned Treasury Bills and other interest-earning deposits with Scheduled Commercial Banks.

The SDRF is to be used only for meeting the expenditure for providing immediate relief to the victims of a disaster and the provision for disaster preparedness, restoration, reconstruction and mitigation should not be a part of SDRF. Such expenditure has to be incurred from normal budgetary heads/ State Plan Funds, SDMF *etc.*

The GoI contributed ₹ 1,248.80 crore and State Government released its share of ₹ 416 crore to SDRF in 2023-24. The State Government transferred ₹ 1,698.57 crore (Central share ₹ 1,248.80 crore, State share ₹ 416 crore and interest received from invested amount of SDRF ₹ 33.77 crore) to the Fund under Major Head 8121-122 SDRF. Out of this ₹ 1,698.57 crore, an amount of ₹ 586.40 crore was spent from SDRF and amount of ₹ 1,000 crore was invested therefrom. The balance under SDRF as on 31 March 2024 stood at ₹ 2,800.04 crore.

The State Government has not received any Grants from the GoI towards National Disaster Response Fund (NDRF) during 2023-24.

2.6.2.3 State Disaster Mitigation Fund (SDMF)

The State Disaster Mitigation Fund (SDMF) was to be constituted under section 48 (1) (c) of the Disaster Management Act, 2005. This Fund is exclusively for the purpose of mitigation projects in respect of disaster covered under SDRF/ NDRF guidelines and the State specific local disaster notified by the State Government from time to time.

The State Government created the SDMF in July 2022, under the Major Head 8121-130-State Disaster Mitigation Fund. Central and State Governments are to contribute to the Fund in the ratio of 75:25. During 2023-24, ₹ 304.80 crore was received from the Central Government under SDMF and State Government's share was ₹ 101.60 crore.

The State Government transferred ₹ 611.30 crore (Central share: ₹ 453.50 crore including ₹ 148.70 crore previous year 2022-23; State share: ₹ 151.20 crore including ₹ 49.60 crore previous year 2022-23 and interest received from invested amount of SDMF ₹ 6.60 crore) to the Fund under Major Head 8121-130 SDMF. Amounts of ₹ 223.52 crore and ₹ 200 crore were spent and invested, respectively, from the Fund leaving a closing balance of ₹ 759.80 crore as on 31 March 2024 therein.

2.6.2.4 Guarantee Redemption Fund

As per the recommendations of the XIIth Finance Commission, the State Government was required to create a Guarantee Redemption Fund (GRF) and contribute an amount equivalent to at least 0.5 *per cent* of the outstanding guarantees at the end of the financial year preceding the current financial year, as reflected in the books of accounts, maintained by the Accountant General (A&E). The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government against the loans not paid by the institutions on whose behalf the guarantee was issued. The State can also avail special drawing facility at a discounted rate from RBI against incremental funds invested in GRF.

The State Government had neither created a GRF, nor it had framed any rules for fixing a ceiling on guarantees. As such, the State Government did not make a minimum annual contribution of ₹ 129.70 crore to the GRF (0.5 *per cent* of outstanding guarantees of ₹ 25,939.25 crore at the beginning of the year 2023-24). Non-contribution in GRF deprived the State from getting special drawing facility at a discounted rate from RBI as well as resulting in overstatement of Revenue Surplus of the State to that extent.

2.6.2.5 Funds outside the Consolidated Fund/Public Account of the State

Article 266 (1) of the Constitution of India, subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled “the Consolidated Fund of the State”. Article 266 (2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State, as the case may be.

The State Government imposed various Cess/Levies for meeting expenditure for specific purposes. Audit collected Information/data regarding cesses being levied by the Departments concerned which are discussed below:

Building and Other Construction Workers Welfare Cess

Keeping in view, the welfare of construction workers of unorganized sector, Central Government formulated Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and Building and other Construction Workers Cess Act, 1996, following which, Bihar Building and other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2005 and Rules (Amendment), 2016 have been formulated by the State Government. In the light of the provisions of the Act and Rules, Govt. of Bihar has constituted the Bihar Building and other Construction Worker Welfare Board in the month of February 2008 for the welfare of Construction Workers.

The main function of the Board is to provide funds under various welfare schemes to construction workers of the State. The Board collects funds at the rate of one *per cent* of the Total Expenditure incurred on ongoing construction works under the GoI, GoB, Semi-Government and Private Sector in the State.

The Departments booked the collection of the Cess under Major Head 8443- Civil Deposit-108-Public Works Deposits, which contains many other receipts apart from the Cess. Consequently, the amount of Labour Cess collected by various departments could not be ascertained. Therefore, a separate Sub Head (8443-00-108-0004) was opened by the Government in June 2019 for booking of the Cess collected by various departments, executing projects involving labour. The Sub Head opened was, however not functional as on 31 March 2024.

As per the Finance Accounts, amounts of collection of the Cess and its transfer to the BBOCWW Board during 2019-20 to 2023-24 are shown below in the **Table 2.43**.

Table 2.43: Collection and transfer of Labour Cess to the Bihar Building and Other Construction Workers Welfare Board

(₹ in crore)

Year	Collected	Transferred	Un-transferred amount
2019-20	89.90	0.14	89.76
2020-21	116.97	31.44	85.53
2021-22	122.23	51.41	70.82
2022-23	104.95	92.91	12.04
2023-24	119.61	153.98	(-) 34.37
Total	553.66	329.88	223.78

(Source: Finance Account of the respective years)

Table 2.43 shows that the GoB transferred ₹ 153.98 crore to the BBOCWW Board whereas ₹ 119.61 crore was collected during the current year, including un-transferred amounts of the earlier years also. Un-transferred balance of ₹ 223.78 crore as of March 2024, represents the liability of the State. Further, this un-transferred amount also led to the overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

Road Safety Cess

Under the provisions of Section 6A of the Bihar Motor Vehicles (MV) Taxation (Amendment) Act, 2016, Road Safety Cess is to be levied and collected as per the rate specified in the Act. Under the provisions of Section 6B of the Act, to manage and administer the Road Safety Cess, the State Government has established (March 2017) the “Bihar Road Safety Fund”.

The Transport Department, GoB, notified (03/2017), 0041-00-102-0002- ‘Receipts from levy of Road Safety Cess’ as HoA for the receipt of the Cess and 2041-00-101-0005- ‘Contribution of receipts from Road Safety Cess’ (RSC) as HoA for incurring expenditure under the designated Major Heads.

During 2019-2024, the State Government collected Road Safety Cess of ₹ 733.01 crore (0041-00-102-0002-Road Safety Cess). Out of this, expenditure of only ₹ 63.47 crore was incurred (2041-00-101-0005-Contribution of Receipts of Road Safety Cess) during this period resulting in parking of funds. Further un-transferred amount of ₹ 164.35 crore in 2023-24 also led to the overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

Other Cesses

During 2023-24, the Government collected Land Cess of ₹ 1.49 crore (2022-23: ₹ 1.26 crore and 2021-22: ₹ 1.28 crore). Although, the Government collected the Cess, it has not established a Fund for this till 31 March 2024.

Besides, the Revenue and Land Reforms Department, GoB, was levying and collecting four cesses viz., Health (50 per cent), Education (50 per cent), Road (25 per cent) and Agriculture (20 per cent) on *Lagaan* levied by it.

Although the above Cesses were being levied and collected by the Revenue and Land Reforms Department, GoB, no separate heads of account were being operated for these Cesses, in the absence of which, details of actual collection, as well as utilisation of these Cesses could not be ascertained.

Although requested, information related to the details of total number of Cesses being levied and collected in the State was not received from the Government.

National Mineral Exploration Trust (NMET)

National Mineral Exploration Trust (NMET) was established in August 2015 under section 9C (1) (inserted vide amendment in 2015) of the Mines and Mineral (Development and Regulation) – MMDR Act, 1957. Section 9C(4) of the Act states that the holder of a mining lease or a mineral concession shall pay to the Trust, a sum equivalent to two *per cent* of the royalty paid in terms of the Second Schedule, in such manner as may be prescribed by the Central Government.

Rule 7(6) of the NMET Rules, 2015 states, that the responsibility of collection and depositing the amount so collected in the Trust Fund and maintaining necessary accounts to be shared with the Central Government shall be that of the State Government. Further, Rule 7(7) states that the State Government shall provide information regarding amount paid pursuant to sub-section (4) of Section 9C of the Act and royalty payments to the India Bureau of Mines on a monthly basis.

As per the accounting procedure, the State Government on receipt of the royalty, classifies the entire receipt under Major Head 0853 – 102 – Mineral concessions, fees and royalties. Thereafter, required amount is transferred in the Public Account of the State under Major Head 8449 – 123 - NMET. The accretions are thereafter periodically transferred to the NMET under Public Account of India. The NMET Fund is non-lapsable and non-interest-bearing fund created under the Public Account of India.

During the year 2023-24, the State Government collected royalty of ₹ 3,117.85 crore (MH 0853-102) on account of mineral concessions, fees and royalties. Therefore, two *per cent* of this amount *viz.* ₹ 62.36 crore was to be deposited in the NMET. The Government, however, has deposited ₹ 0.36 crore under Major Head 8449-Other Deposits-123-National Mineral Exploration Trust Deposits.

Short transfer of ₹ 62 crore from the Consolidated of the State to the Public Account resulted in understatement of Revenue Expenditure and overstatement of Cash Balance, Revenue Surplus, as well as Fiscal Deficit each, by this extent.

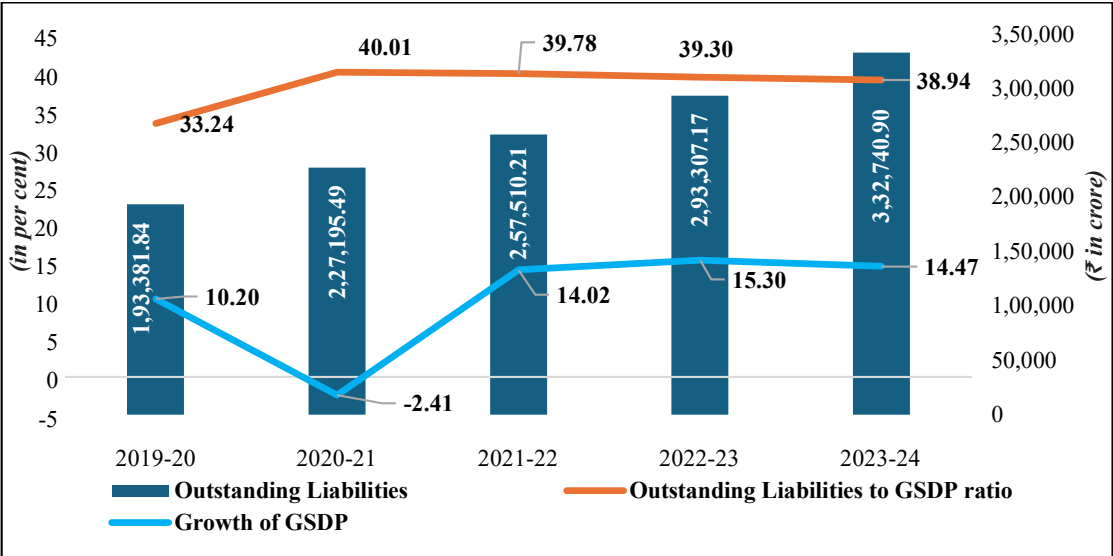
2.7 Public Liability Management

Public Liability management is the process of establishing and executing a strategy for managing the Government's liabilities in order to raise the required amount of funding, achieve its risks and cost objectives and meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

The State Government, as on 31 March 2024, has Outstanding Liabilities (Internal Liability, Loans and Advances from GoI and Public Account Liabilities) of ₹ 3,32,740.90 crore. Gross Fiscal Deficit (₹ 35,659.88 crore) increased by ₹ 10,092.05 crore against the Budget Estimates (₹ 25,567.83 crore) in 2023-24. The Primary Deficit (₹ 18,054.08 crore) increased over the Budget Estimates (₹ 7,213.39 crore) by ₹ 10,840.69 crore during the same period. The increased deficit was financed through borrowing. As a result, the Outstanding Liabilities increased from ₹ 2,93,307.17 crore to ₹ 3,32,740.90 crore, in 2023-24.

Outstanding Liabilities increased by 13.44 *per cent* over the previous year, but this growth was lower than the growth of GSDP (14.47 *per cent*). Trend analysis of Outstanding Liabilities of the State is shown in **Chart 2.15**.

Chart 2.15: Outstanding Liabilities of the State vis-à-vis GSDP



(Source: Finance Accounts and MoSPI of the respective years)

Chart 2.15 shows that the State’s Outstanding Liabilities increased by 72.06 *per cent* during 2019-20 to 2023-24. During the same period, GSDP of the State increased by 46.85 *per cent* i.e., the growth rate of State’s Outstanding Liabilities is higher to the growth rate of its GSDP, although during the current year, Debt as a percentage of GSDP decreased by 0.36 percentage points over the preceding year.

2.7.1 Liability profile: Components

Total liabilities of the State included Internal liability (Market Loans, Ways and Means advances from RBI, Special Securities issued to National Small savings Fund and loans from Financial Institutions, etc.), Loans and Advances from the Central Government, and the Public Account, as detailed in **Table 2.44**.

Table 2.44: Component-wise liability trends

		(₹ in crore)				
		2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding Overall Liabilities		1,93,381.85	2,27,195.51	2,57,510.21	2,93,307.17	3,32,740.90
Public Debt	Internal Debt	1,36,082.09	1,59,557.50	1,82,855.32	2,08,098.10	2,36,205.15
	Loans from GoI	12,098.16	17,657.35	26,057.96	34,747.63	43,878.74
Liabilities on Public Account		45,201.60	49,980.66	48,596.93	50,461.44	52,657.01
Small savings, Provident Funds etc.		9,279.09	9,445.38	9,521.65	9,396.88	9,141.12
Reserve funds bearing Interest		522.95	901.07	1,041.49	2,626.60	3,849.32
Reserve funds not bearing Interest		26.32	0.00	0.00	0.00	0.00
Deposit bearing Interest		349.33	274.29	217.11	257.63	9.72
Deposit not bearing Interest		35,023.91	39,359.92	37,816.68	38,180.33	39,656.85
Off-budget Borrowings ^s		-	-	1482.50	686.77	53.48
Rate of growth of outstanding Overall debt (percentage)		14.48	17.49	13.34	13.90	13.44

	2019-20	2020-21	2021-22	2022-23	2023-24
Gross State Domestic Product (GSDP)	5,81,855	5,67,814	6,47,394	7,46,417	8,54,429
Liabilities/GSDP (<i>per cent</i>) [#]	33.24	40.01	39.78	39.30	38.94
Total Debt Receipts	94,193.12	1,08,432.31	1,17,527.57	1,29,950.58	1,62,725.19
Total Debt Repayments	69,732.59	74,618.65	87,212.86	94,153.62	1,23,291.46
Total Debt Available	24,460.53	33,813.64	30,314.71	35,796.96	39,433.73
Debt Repayments/Debt Receipts (<i>percentage</i>)	74.03	68.82	74.21	72.45	75.77

(Source: Finance Accounts and data from MoSPI)

^s Off-budget borrowings are not included in the outstanding overall liabilities.

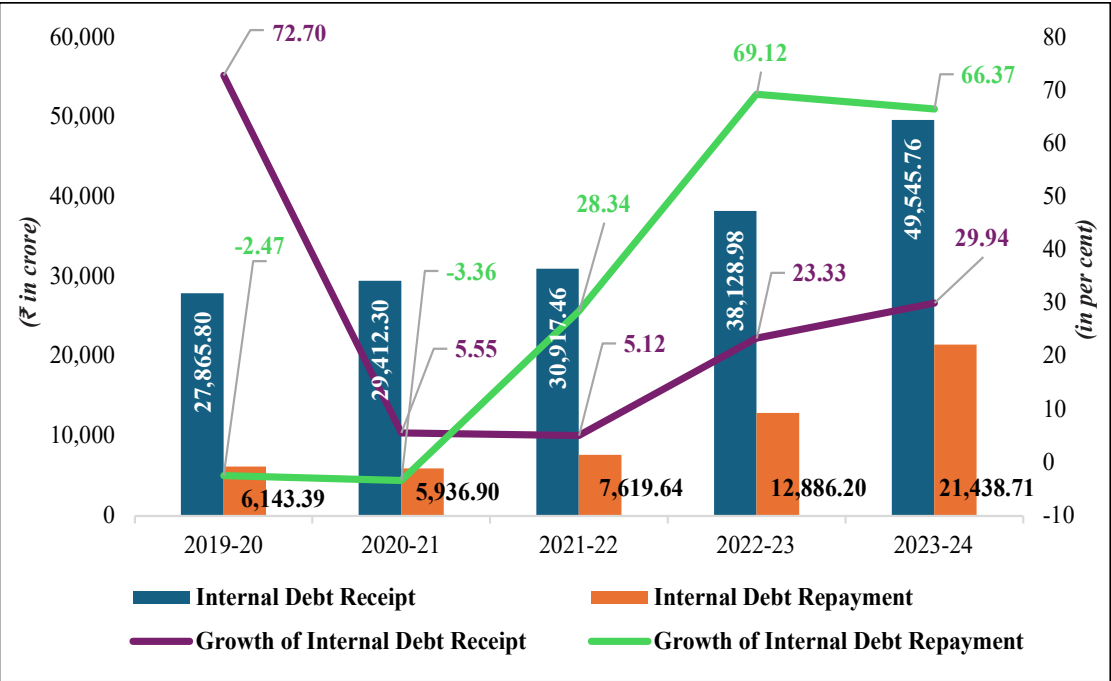
[#] The Liability to GSDP ratio is 38.94 per cent, is arrived at after exclusion of Off-budget borrowings.

From **Table 2.44** it can be seen that:

- The Outstanding Liabilities to GSDP ratio ranged from 33.24 *per cent* to 40.01 *per cent* during 2019-24. The State's overall liabilities have been increasing during the last five years. The major component of the overall liabilities was Internal Debt which constituted 70.99 *per cent*, during the current year. Further, market loans of ₹ 2,14,418.05 crore constituted substantial part of the Internal Debt (90.78 *per cent*) indicating that the Government is dependent mainly on market borrowings for financing its debts.
- Liabilities to GSDP ratio (38.94 *per cent*) of the State was within the XVth FC limit (40.40 *per cent*).
- Outstanding Liabilities of the Public Account have increased from the previous year by 4.35 *per cent*, which was 6.16 *per cent* of GSDP and 15.83 *per cent* of outstanding overall liabilities. Public Account liabilities have increased by 16.49 *per cent* from 2019-20 to 2023-24 and were highest in 2023-24 for the period of last five years. The major components of the Public Account liabilities were 'Small savings, Provident Funds *etc.*' and 'Deposits not bearing interest', as both constituted 92.67 *per cent* of total Public Account liabilities and 14.67 *per cent* of outstanding overall liabilities.
- Outstanding overall liabilities were growing at the rate of 13.44 *per cent*. As a result, outstanding overall liabilities increased from ₹ 2,93,307.17 crore in 2022-23 to ₹ 3,32,740.90 crore in 2023-24.
- During the current year, the GoB, has taken loans of ₹ 1,62,725.19 crore and repaid earlier loans of ₹ 1,23,291.46 crore *i.e.*, more than 75 *per cent* of current year's borrowings were used for repayment of earlier borrowings. On an average more than 73 *per cent* of the loans taken were used for repayment of earlier loans, during the last five years. Incurring expenditure on account of repayment of earlier liability by taking further loan, may become a burden in the long run as it creates repayment liability of principal and interest thereon.

Chart 2.16 depicts the quantum of Internal Debt taken *vis-à-vis* the quantum of internal debt repaid, during 2019-20 to 2023-24.

Chart 2.16: Internal Debt taken *vis-à-vis* Internal Debt repaid



(Source: Finance Accounts of the respective years)

Chart 2.16 shows steady growth of the Internal Debt during 2019-24. During 2023-24, although repayment of Internal Debt increased by 66.37 *per cent*, it was less than the previous year by 2.75 percentage points. The amount of Internal Debt taken was 29.94 *per cent* more than the previous year, and it increased over the previous year by 6.61 percentage points. Internal Debt receipts increased by 77.80 *per cent* from 2019-20 to 2023-24 and repayment of Internal Debt increased by 248.97 *per cent* during the same period.

Out of the current year’s borrowings, 43.27 *per cent* have been used for repayment of Internal Debt taken in earlier years. Higher repayment from Internal Debt led to contraction of productive expenditure.

2.7.1.1 Financing patterns of components of Fiscal Deficit

The deficit in the Government Accounts represents the gap between its receipts and expenditure. Fiscal Deficit is the excess of Revenue and Capital Expenditure including Loans and Advances, over revenue and Non-Debt Capital Receipts. Fiscal Deficit represents the net incremental liabilities of the Government or its additional borrowings. Break-up of Fiscal Deficit reveals the extent of various borrowings resorted to by the State to meet its requirement of funds over and above revenue and Non-Debt receipts.

The composition and financing of Fiscal Deficit for the period from 2019-20 to 2023-24 has been shown in **Table 2.45**.

Table 2.45: Components of Fiscal Deficit and its financing pattern

(₹ in crore)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Composition of Fiscal Deficit						
1	Revenue Surplus (+)/ Deficit (-)	(-) 1784.13	(-) 11,325.11	(-) 422.38	(-) 11,288.20	2,833.06
2	Net Capital Expenditure	12,303.90	18,208.60	23,678.29	31,519.82	36,453.02
3	Net Loans and Advances	635.9	293.54	1,450.59	2,015.28	2,039.93
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	22,572.54	24,684.91	24,517.46	27,700.00	30,142.94
2	Loans from GOI	312.79	5,559.19	8,400.61	8,689.67	9,131.11
3	Special Securities issued to NSSF	(-) 1,888.35	(-) 1,888.35	(-) 1,888.35	(-) 1,888.35	(-) 1,888.35
4	Loans from Financial Institutions	1,038.22	678.85	668.71	(-) 568.87	(-) 147.54
5	Small savings, PF, etc.	190.4	166.29	76.28	(-) 124.77	(-) 255.76
6	Deposits and Advances	1,711.99	4,260.96	(-) 1,600.41	404.16	1,228.61
7	Suspense and Miscellaneous	(-) 5,709.73	(-) 4,832.74	(-) 141.89	1,163.65	8,840.22
8	Remittances	(-) 796.5	798.44	(-) 7.53	-	(-) 2.38
9	Reserve Fund	1367.94	351.8	140.42	2,873.11	2,689.26
10	Overall Deficit	18,799.30	29,779.35	30,165.30	38,248.60	49,738.11
11	Increase/Decrease in cash balance with RBI	(-) 4,075.37	47.90	(-) 4,614.02	6,574.70	(-) 14,078.23
12	Fiscal Deficit	14,723.93	29,827.25	25,551.28	44,823.30	35,659.88

(Source: Finance Accounts of the respective years)

During the year 2023-24, the State registered Fiscal Deficit of ₹ 35,659.88 crore, which was mainly financed through market borrowing and loans from the GoI.

2.7.2 Debt Sustainability Analysis

Debt Sustainability analysis has been carried out on the basis of fiscal and debt parameters: Domar approach and compliance of macro-fiscal parameters to the respective FRBM targets. The results of analysis are given in the following paragraphs:

(A) Debt Sustainability Indicators

Debt Sustainability indicates the ability of the State to service its debts in the future. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to maintain balance between costs of additional borrowings with returns from such borrowings. Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability of the State.

Table 2.46 presents indicators of Debt Sustainability for the period 2019-24.

Table 2.46: Trends in Debt Sustainability Indicators

(₹ in crore)

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
1	Overall Liabilities or Overall Debt	1,93,381.85	2,27,189.51	2,57,510.23	2,93,307.16	3,32,740.90
1a	Non-Interest Bearing Debt (Reserve funds and deposits)	35,050.23	39,359.92	37,816.68	38,180.33	39,656.85
1b	Overall Liability or Overall Debt (excluding Non-Interest Bearing Debt)	1,58,331.62	1,87,829.59	2,19,693.55	2,55,126.83	2,93,084.05
2	Rate of Growth of Overall Debt (<i>per cent</i>)	14.48	17.48	13.35	13.90	13.44
3	GSDP (in nominal terms)	5,81,855	5,67,814	6,47,394	7,46,417	8,54,429
4	Nominal GSDP growth (<i>per cent</i>)	10.20	(-) 2.41	14.02	15.30	14.47
5	Overall Debt/GSDP (<i>per cent</i>)	33.24	40.01	39.78	39.30	38.94
6	Maturity profile of all kinds of borrowings (excluding liabilities under Public Accounts, if any)	1,48,130.14	1,73,097.61	1,98,259.56	2,32,204.75	2,69,450.10
6 a	0-2 years	15,455.99	22,132.78	36,011.24	43,536.45	43,394.54
6 b	2-5 years	36,502.65	63,975.81	63,928.72	64,344.71	64,346.68
6 c	5-10 years	86,138.74	76,311.33	87,803.98	1,05,820.84	1,07,359.39
6 d	Over 10 years	10,032.76	10,677.69	10,515.62	18,502.75	54,349.49
7	Gross Borrowings (corresponding to the items accounted for Overall Debt as at Sl. No. 1)	94,193.12	1,08,432.31	1,17,527.57	1,29,950.58	1,62,725.19
8	Repayments of borrowings (corresponding to the items accounted for Overall Debt including Principal and Interest Payments)	80,724.01	87,102.68	1,01,034.79	1,09,337.17	1,40,897.26
9	Repayments to Gross Borrowings (<i>per cent</i>) (8/7*100)	85.70	80.33	85.97	84.14	86.59
10	Net borrowings available as a percentage of Gross Borrowings	14.30	19.67	14.03	15.86	13.41
11	Interest payments on Overall Debt	10,991.42	12,484.03	13,821.93	15,183.54	17,605.80
12	Effective rate of interest on Overall Debt (<i>per cent</i>)	6.94	6.65	6.29	5.95	6.01
13	Revenue Receipts (RR)	1,24,233	1,28,168	1,58,797	1,72,688	1,93,347
14	Revenue Expenditure (RE)	1,26,017	1,39,493	1,59,220	1,83,976	1,90,514

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
15	Interest payment to Revenue Receipts (<i>per cent</i>)	8.85	9.74	8.70	8.79	9.11
16	Primary Revenue Balance (PRB) (13-14+11)	9,207.42	1,159.03	13,398.93	3,895.54	20,438.80
17	Fiscal Balance	(-) 14,723.93	(-) 29,827.25	(-) 25,551.26	(-) 44,823.30	(-) 35,659.88
18	Primary Balance (PB) (17+11)	(-) 3,732.51	(-) 17,343.22	(-) 11,729.33	(-) 29,639.76	(-) 18,054.08
19	PB/GSDP (<i>per cent</i>)	(-) 0.64	(-) 3.05	(-) 1.81	(-) 3.97	(-) 2.11
20	Outstanding Loan & Advances Disbursed	666.30	1,113.97	1,478.51	2,056.77	2,135.86
21	Interest Receipts on Outstanding Loan & Advances Disbursed	0.88	3.90	5.68	8.65	269.41
22	Return on Investment (RoI)	0.08	0.44	0.44	0.49	12.85
23	Difference between RoI and effective rate of interest on overall liability	(-) 6.86	(-) 6.21	(-) 5.85	(-) 5.46	6.84
24	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	NIL	NIL	NIL	NIL	NIL
25	Interest/Rate Spread (GSDP growth rate – interest rate)	3.26	(-) 9.06	7.73	9.35	8.46
26	Quantum Spread (Debt x Interest Spread)	5,161.61	(-) 17,017.36	16,982.31	23,854.36	24,794.91
27	Debt Stabilisation (Quantum spread + Primary Balance)	1,429.10	(-) 34,360.58	5,252.98	(-) 5,785.40	6,740.83

(Source: Finance Accounts of the respective years)

Return on Investment (RoI) based on Loans & Advances disbursed

It can be seen from **Table 2.46** that:

- i During last three years, growth rate of overall debt had been lower than the growth rate of GSDP. State's overall debt (liability) to GSDP ratio had fallen from 40.01 *per cent* in 2020-21 to 38.94 *per cent* in 2023-24, showing a decreasing trend during this period and was within the XVth Finance Commission recommendations. A decreasing debt to GSDP ratio may be considered as leading towards stability. The State has never resorted to Ways and Means Advances (WMA) and Overdraft (OD) facilities from RBI, indicating its sound financial liquidity management.
- ii Primary Balance (PB) was on a positive track over the previous year. During 2023-24, the Primary Revenue Balance was surplus and adequate enough to meet interest payments. Positive Primary Revenue Balance and decreasing

negative Primary Balance over the previous year indicated that debt is on a sustainable path.

- iii Interest payments with respect to Revenue Receipts ranged between 8.70 *per cent* to 9.74 *per cent* during 2019-20 to 2023-24. During the current year they increased by 0.32 percentage points over the previous year. Interest payments as a percentage of Revenue Receipts should be falling over the time so that more resources are left for other productive purposes. Cost effective financing patterns enable the State to mobilise more resources, thereby reducing interest payment burden for better financial management.

A necessary condition for debt stability states that if the rate of growth of the economy exceeds the interest rate or cost of borrowings, the debt-GSDP ratio is likely to be stable provided Primary Balances are either zero or positive or are moderately negative.

Debt sustainability condition states that: (i) if the Quantum Spread together with Primary Balance is zero, then the debt-GSDP ratio would be constant, or debt would stabilise eventually (ii) if the Quantum Spread together with Primary Balance is negative, the debt-GSDP ratio would be rising and (iii) if the Quantum Spread together with the Primary Balance is positive, the debt-GSDP ratio would eventually be falling.

As per **Table 2.46**, during 2023-24, Quantum Spread was positive while the Primary Balance was negative, although improved over the previous year. During the last five years, except for 2020-21, rate of growth of GSDP exceeded the rate of interest or cost of public borrowings resulting in positive Interest/Rate Spread. This has caused Quantum Spread to be positive, during this period (except 2020-21). The Primary Balance, however, remained negative during the last five years. Negative Primary Balance and negative Quantum Spread (during 2020-21) has resulted in non-fulfilment of the necessary condition of debt stabilisation during 2020-21 and 2022-23. For the remaining period, both these indicators, cumulatively, remained positive, thereby satisfying the conditions of debt stabilisation.

During the last five years, the State utilised more than 80 *per cent* of its debt for repayment of earlier debts. Higher proportion of debt being utilised for debt servicing rather than productivity is not suitable.

(B) Debt Sustainability analysis on Domar Model

An analysis on debt sustainability was carried out based on a study by E. D. Domar (The Domar theory was published in 1944). The Domar model states that the interest rate for government loans should not exceed the growth rate of GDP.

Fiscal liabilities are considered sustainable if the Government is able to service the stock of these liabilities over the foreseeable future and the debt-GSDP ratio does not grow to unmanageable proportions. The Domar model is one of the models for analysis of Public Debt, which lays down that the debt-GDP ratio is likely to be stable if the rate of growth of the economy exceeds the rate of interest on the debt. **Table 2.47** provides the Domar sustainability conditions.

Table 2.47: Debt Sustainability criteria under Domar model

$g-r$ (g : real economic growth rate; r : real interest rate), called Domar gap	$S < 0$ (Primary Deficit)	$S > 0$ (Primary Surplus)
$g-r > 0$ (strong economic growth)	Real economic growth exceeds real interest rate provided that the Primary Deficit registered is stable and consistent with debt/GSDP then the debt is sustainable.	Real economic growth exceeds real interest rate provided that the Primary Surplus then debt/GSDP ratio shall decrease, and debt tends towards stable level therefore sustainable.
$g-r < 0$ (slow economic growth)	Real economic growth is lower than real interest rate and records Primary Deficit. Then debt tends to increase without limitations and becomes unsustainable.	Real economic growth is lower than real interest rate and records Primary Surplus. Then debt is no longer sustainable provided that it is not decreased in the medium or long run.

The Fiscal Deficit of the State as a proportion of GSDP has increased during the last five years from 2.53 in 2019-20 to 4.17 in 2023-24 (**Table 1.5 (a)**). The State registered Revenue Surplus (₹ 2,833.06 crore) for the first time in the last five years. However, the Primary Deficit ranged from ₹ 3,733 crore to ₹ 29,640 crore during 2019-20 to 2023-24. After applying the Domar, the analysis showed that fiscal liabilities should converge to a stable level, as shown in the **Table 2.48**.

Table 2.48: Debt Sustainability value of the State as per the Domar Model

Sl. No.	Domar Criteria	2019-20	2020-21	2021-22	2022-23	2023-24
a	GSDP (in constant terms) (₹ in crore)	3,98,329	3,68,970	3,87,256	4,25,384	4,64,540
b	Real Growth (in constant terms)	4.44	(-) 7.37	4.96	9.85	9.20
c	Inflation based on CPI (<i>per cent</i>)	2.20	6.59	4.67	5.72	5.83
d	Effective Rate of interest*	6.94	6.65	6.29	5.95	6.01
e	Real effective rate of interest (Effective rate of interest-Inflation)	4.74	0.06	1.62	0.23	0.18
f	Growth Interest Differential (Real Growth-Real effective rate of interest) <i>i.e.</i> , Domar gap ($g-r$)	(-) 0.30	(-) 7.43	3.34	9.62	9.02
g	Primary Balance (₹ in crore)	(-) 3,733	(-) 17,343	(-) 11,729	(-) 29,640	(-) 18,054

(Source: MoSPI, Government of India)

* *Effective Rate of Interest: Interest Payments/Average Outstanding Debt of Previous and Current Financial Year (excluding the non-interest bearing reserve funds and deposits).*

Bihar has been a fluctuating Primary Deficit ((-) Primary Balance) State for the period 2019-20 to 2023-24. The Domar gap ($g-r$) remained positive during the last three years from 2021-22 to 2023-24 and was negative during 2019-21 period. Considering the debt sustainability conditions under the Domar model, the fiscal liabilities of the State Government satisfied the condition of debt sustainability ($g-r > 0$), except in 2019-20 and 2020-21. Domar gap ($g-r$) has registered a rising trend from 2020-21 to 2022-23, although during the current year it dipped to 9.02. Debt/GSDP has been on correcting trend during 2020-21 to 2023-24 but the Primary Deficit is neither stable nor it has been consistent with the Debt/GSDP.

This analysis of the available fiscal space is also subject to the impact of contingent liabilities owing to force majeure events, and any other un-inventoried losses of revenue. As these cannot be anticipated or determined statistically, they have not been factored in the analysis. The State Government would need to keep account of these contingent liabilities, while managing its debt and fresh borrowings.

The State should ensure the use of borrowing primarily meant for investment purposes and Revenue Expenditure on Social sectors such as health and education, which aid future growth and a fillip to GSDP growth. Simultaneously, the State should focus on containing its unproductive expenditure on revenue accounts especially the expenditure on subsidies, salary and pension in order to achieve a positive Primary Balance and for improving the long-term sustainability of the economy.

(C) Fiscal Deficit and Debt Sustainability

Details of the achievement *vis-à-vis* targets set in the Finance Commission Report (FCR) are shown in the **Table 2.49**.

Table 2.49: Achievement *vis-à-vis* target set in the FCR
(in per cent)

Fiscal Parameters		Achievement <i>vis-à-vis</i> target set in the FCR				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit (+)/ Surplus (-)	T	3.00	(-) 0.1	(-) 0.5	(-) 0.8	(-) 1.20
	A	0.31	1.99	0.07	1.51	(-) 0.33
Fiscal Deficit (+)/Surplus (-)	T	3.00 ^s	5.0*	4.5 [#]	4.0 [#]	3.5 [#]
	A	2.53	5.25	3.95	6.01	4.17
Ratio of total outstanding liability to GSDP	T	25	41.20	40.20	40.80	40.40
	A	33.24	40.01	39.78	39.30	38.94
Guarantee in terms of percentage of Revenue Receipts of the previous year	T	No target				
	A	4.16	13.21	19.56	16.33	16.24

(Source: XIVth and XVth Finance Commission Report and Finance Accounts of the respective years)
^s 0.25 per cent is conditional. * 2.0 per cent per cent is conditional. [#] 0.5 per cent is conditional.

Breaching the levels of the fiscal indicators continuously may lead to the risk of the fiscal situation becoming unmanageable especially when the State is yet to establish advisory reserve funds like Guarantee Redemption Fund and others.

(D) Debt maturity and repayment profile

Debt maturity and repayment profile indicates commitment on the part of the Government for Debt repayment or Debt servicing as shown in **Table 2.50**.

Table 2.50: Debt Maturity profile of repayment of Public Debt

Period of Repayment (Years)	Category of loan (₹ in crore)			Maturity profile of outstanding Public Debt (in per cent)		
	Market Loans	Loans from GoI	Total	Market Loans	Loans from GOI	Total
0 – 1	20,613.55	780.22	21,393.77	8.73	2.35	7.94
1 – 3	42,102.00	1,357.63	43,459.63	17.83	4.08	16.13
3 – 5	41,459.99	1,427.83	42,887.82	17.55	4.29	15.92
5 – 7	42,583.49	1,565.35	44,148.84	18.03	4.71	16.38
above 7	89,421.41	28,138.65	1,17,560.06	37.86	84.58	43.63
Total	2,36,180.44	33,269.68	2,69,450.12	100.00	100.00	100.00

(Source: Finance Accounts for the year 2023-24)

As can be seen from **Table 2.50**, 60.01 *per cent* of the Public Debt is due from five year onwards. The maturity profile of the States debt indicates a year-on-year increase in its repayment burden except for the repayment period of 3-5 years.

The debt maturity profile shows that an amount of ₹ 1,07,741.22 crore is getting due (₹ 1,04,175.54 crore: Market loans and ₹ 3,565.68 crore: Loans from GoI) during next five years and the Government has to make provisions for repayment of the same accordingly. Further, 37.86 *per cent* of Market loans and 84.58 *per cent* of Loans from the GoI are maturing after seven years.

Substantial amount (87.65 *per cent*) under total maturity amount is made up of Internal Debt of the State. 90.79 *per cent* of the Internal Debt is made up of Market loans which mainly include State Development Loans/Bihar Government Stock⁹.

2.7.3 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. Utilisation of borrowed funds during 2019-20 to 2023-24 is shown in **Table 2.51**.

Table 2.51: Utilisation of borrowed funds

(₹ in crore)

Sl. No.	Year	2019-20	2020-21	2021-22	2022-23	2023-24
1	Total Borrowings	94,193.12	1,08,432.31	1,17,527.57	1,29,950.58	1,62,725.19
2	Repayment of earlier borrowings (Principal)*	69,732.59	74,618.65	87,212.86	94,153.62	1,23,291.48
3	Net Capital Expenditure	12,303.90	18,208.60	23,678.29	31,519.82	36,453.02
4	Net Loans and Advances	635.90	293.54	1,450.59	2,015.28	2,039.93
5	Remaining borrowed funds (1-2-3-4)	11,520.73	15,311.52	5,185.83	2,261.86	940.76

(Source: Finance Accounts of the respective years)

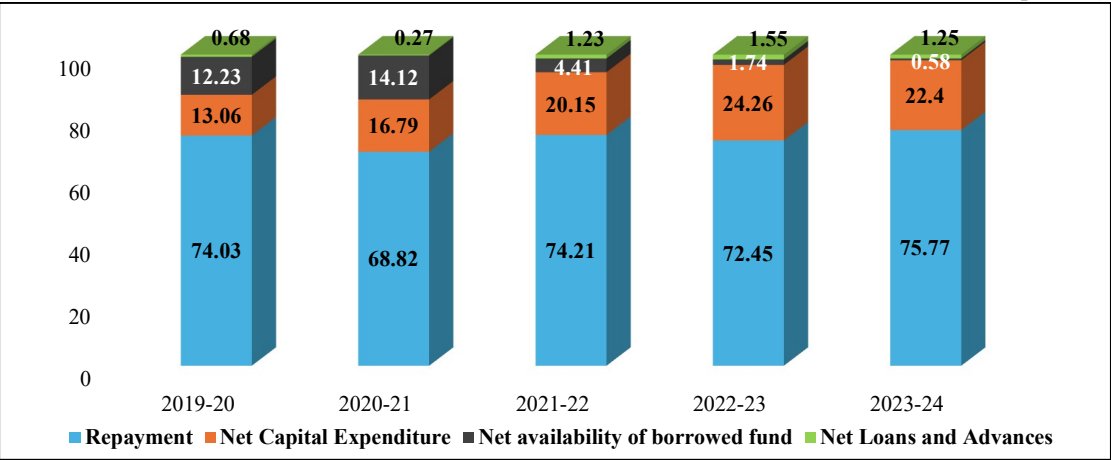
* Only Principal part of the borrowings has been taken. As the Interest part of the borrowings was being serviced through Revenue Receipts of the State.

Table 2.51 shows that State's major part of total borrowings (more than 98 *per cent*) has been spent for repayment of earlier borrowings and on Capital Expenditure during the year. An amount of ₹ 940.76 crore (0.58 *per cent* of total borrowings during the year) was not spent and enhanced the Cash Balance of the State to that extent. Trends of utilisation of borrowed funds are shown in **Chart 2.17**.

⁹ Refers to interest bearing market loans raised by the State Government.

Chart 2.17: Trends of utilisation of borrowed funds

(in per cent)



(Source: Finance Accounts of the respective years)

Chart 2.17 shows that during the last five years more than 68 *per cent* of the State borrowings are being spent for repayment of previous liabilities and during the current year it has increased over the previous year by 3.32 percentage points. Use of borrowings for repayment of previous liabilities, leaves little room for utilisation of borrowed funds for Capital Expenditure. Only 22.40 *per cent* of the borrowed funds have been utilised for creation of productive assets and 0.58 *per cent* of the borrowed funds were not utilised.

Audit observed that although borrowed funds amounting to ₹ 940.76 crore were available as a part of the Cash Balance of the State, ₹ 53.48 crore has been availed as Off-budget borrowing indicating poor financial management.

2.7.4 Status of Guarantees – Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund of the State, in case of default by the borrower for whom the guarantee has been extended. In order to enable SPSEs to obtain financial assistance from banks and financial institutions, the State Government gives a guarantee subject to the limits prescribed under Article 293 of the Constitution of India.

As per the recommendations of the XIIth Finance Commission, the State Government was required to create a Guarantee Redemption Fund and contribute an amount equivalent to at least 0.5 *per cent* of the outstanding guarantees at the end of the financial year preceding the current financial year.

The SPSEs are liable to pay a guarantee fee at 1/8 *per cent* annually on the guarantee amount of more than ₹ 10 lakh. Guarantees given by the GoB, during last five years, are shown in **Table 2.52**.

Table 2.52: Guarantees given by the State Government(*₹ in crore*)

Guarantees	2019-20	2020-21	2021-22	2022-23	2023-24
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	21,181.52	25,113.74	37,631.92	40,897.18	51,682.79
GSDP	5,81,855	5,67,814	6,47,394	7,46,417	8,54,429
Revenue Receipts	1,24,233	1,28,168	1,58,798	1,72,688	1,93,347
Percentage of Ceiling amount of Guarantee as of Revenue Receipts	17.05	19.59	23.70	23.68	26.73
Percentage of Ceiling amount of Guarantee as of GSDP	3.64	4.42	5.81	5.48	6.05
Outstanding amount of Guarantees including interest	5,484.56	16,407.71	25,069.78	25,939.25	28,040.96
Percentage of Outstanding amount of Guarantee as of Revenue Receipts	4.41	12.80	15.79	15.02	14.50
Percentage of Outstanding amount of Guarantee as of GSDP	0.94	2.89	3.87	3.48	3.28

(Source: Finance Accounts of the respective years)

Maximum amount to be guaranteed during 2023-24 was ₹ 51,682.79 crore (Principal: ₹ 50,424.66 crore and Interest: ₹ 1,258.13 crore). Further, the State, estimated Government guarantees of ₹ 21,501.95 crore, in its Budget Estimates, for the year 2023-24.

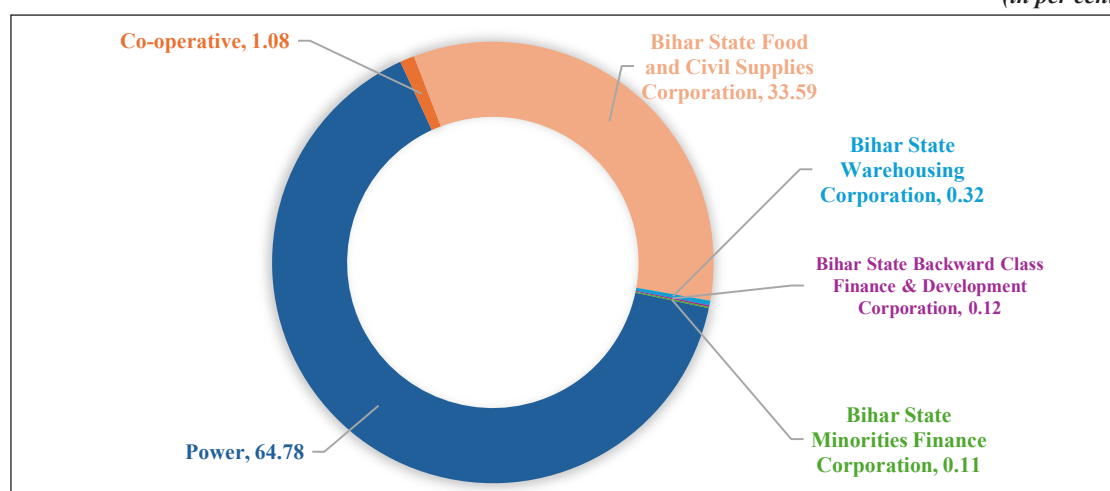
During 2023-24, State extended Guarantees amounting to ₹ 28,040.96 crore (Principal: ₹ 26,715.26 crore and Interest: ₹ 1,325.70 crore), which was over and above the Budget Estimates of ₹ 21,501.95 crore.

The Outstanding amount of Guarantee including interest in the year 2023-24 was ₹ 28,040.96 crore comprised of Power (₹ 18,164.73 crore), Co-operatives (₹ 303.89 crore), Bihar State Food and Civil Supplies Corporation (₹ 9,417.62 crore), Bihar State Warehousing Corporation (₹ 89.47 crore), Bihar State Backward Classes Finance and Development Corporation (₹ 34.42 crore) and Bihar State Minorities Finance Corporation (₹ 30.83 crore). Power Sector constituted 64.78 *per cent* of the total Outstanding Guarantees, as on 31 March 2024, and also constituted a large portion of Guarantees, during the period of last five years.

Chart 2.18 shows the percentage share of the Outstanding Guarantees for 2023-24.

Chart 2.18: Percentage shares of the outstanding amounts of guarantees

(in per cent)



(Source: Finance Accounts for the year 2023-24)

The State Government provided substantial guarantees for the borrowings of DISCOMs from financial institutions. Given that the State Government is the guarantor, these resultant contingent liabilities are a risk to the State finances, owing to the large outstanding debt and rising/continued losses of DISCOMs.

As per Clause 2 of IGAS-1 entities are required to pay guarantee commission or fee to the Government for the Guarantee given by it.

During last five years the Government has extended maximum guarantees for power sector. However, no fee/commission was received either from power sector SPSEs or from non-power sector SPSEs, except Bihar State Food and Civil Supplies Corporation. During the last five years the Government has received guarantee fee of ₹ 3.17 crore against receivable guarantee fee of ₹ 100.77 crore (@1/8 per cent). During 2023-24, guarantee fee of ₹ 7.75 crore was receivable from the Bihar Food and Civil Supplies Corporation.

2.8 Management of Cash Balances

As per the agreement, the State has to maintain a minimum daily Cash Balance of ₹ 1.73 crore with RBI. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking Ways and Means Advances (WMA)/Overdrafts (OD) from time to time. The limit for WMA to the State Government, is revised by the RBI, from time to time. From 1 April 2022, the limit is ₹ 2,272.00 crore.

The State Government invests its surplus Cash Balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the Major Head ‘0049-Interest Receipts’. The Cash Balances are invested in the Consolidated Sinking Fund and Guarantee Redemption Fund as well.

It is not desirable that the State Government take recourse to market loans, despite having large Cash Balances, leading to further accretion to the Cash Balances, without putting available cash to productive use. Details of Cash Balances and their investment in Cash Balance Investment Accounts are shown in Table 2.53 and Table 2.54, respectively.

Table 2.53: Cash Balances and their investment

(₹ in crore)

Particulars	Opening balance on	Closing balance on
	01 April 2023	31 March 2024
A. General Cash Balance		
Cash in treasuries	0	0
Deposits with Reserve Bank of India	805.90	726.68
Deposits with other Banks	0	0
Remittances in transit – Local	0	0
Investments held in Cash Balance investment account	14,069.82	26,762.09
Total (A)	14,875.72	27,488.77

Particulars	Opening balance on	Closing balance on
	01 April 2023	31 March 2024
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	234.65	233.22
Permanent advances for contingent expenditure with department officers	765.46	765.53
Investment in earmarked funds	7,028.12	8,494.66
Total (B)	8,028.23	9,493.41
Total (A + B)	22,903.95	36,982.18
Interest realised	276.23	264.34

(Source: Finance Accounts for the year 2023-24)

Balance under the head 'Deposits with RBI' has been arrived at after taking into account the Inter-Government monetary settlement pertaining to transactions of the financial year 2023-24 advised to the RBI till 11 April 2024.

Table 2.53 indicates that:

- The State had maintained a large Cash Balance on a regular basis, while being a Fiscal Deficit State at the same time.
- During 2023-24, the State earned interest of ₹ 264.34 crore against the investment of ₹ 26,762.09 crore made in the securities of GoI and other States.
- The Government maintained the required Cash Balance of ₹ 1.73 crore with RBI without taking any advances throughout the financial year 2023-24.
- Deposits with RBI decreased by ₹ 79.22 crore over the previous year.

Details of the Cash Balance Investment Account, during 2019-20 to 2023-24, are shown in **Table 2.54**.

Table 2.54: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

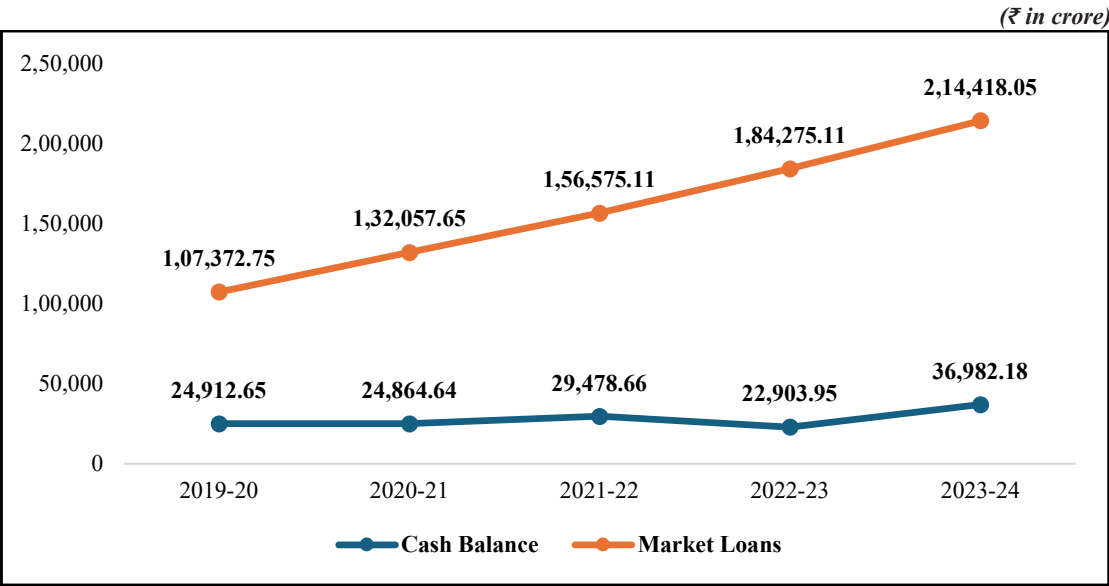
Year	Opening Balance	Closing Balance	Increase (+)/ decrease (-)	Interest earned
2019-20	14,791.80	17,588.74	2,796.94	938.84
2020-21	17,588.74	17,826.65	237.91	174.57
2021-22	17,826.65	22,070.25	4,243.60	189.70
2022-23	22,070.25	14,069.82	(-) 8,000.43	276.23
2023-24	14,069.82	26,762.09	12,692.27	264.34

(Source: Finance Accounts of the respective years)

During 2023-24, the balance in the Cash Balance Investment Account, increased significantly by ₹ 12,692.27 crore.

Year-wise Market loans raised, *vis-à-vis* the Cash Balances available in the Cash Balance Investment Account, for the years from 2019-20 to 2023-24, are compared in **Chart 2.19**.

Chart 2.19: Market loans vis-à-vis Cash Balances

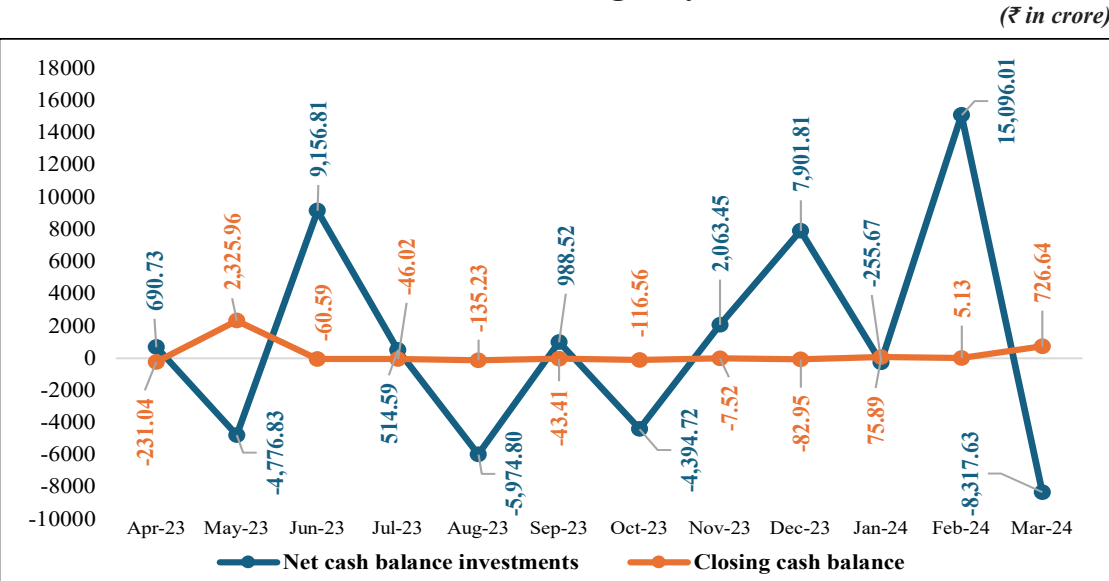


(Source: Finance Accounts of the respective years)

The State could have avoided market borrowings to the extent of the Cash Balance (₹ 36,982.18 crore). The Cash Balance of ₹ 36,982.18 crore included Cash Balance Investment of ₹ 26,762.09 crore. Interest of ₹ 264.34 crore was earned on these investments, during 2023-24.

Month-wise available Cash Balances, vis-à-vis Cash Balances invested in the Cash Balance Investment Account, are shown in **Chart 2.20**.

Chart 2.20: Month-wise movement of Cash Balances and net Cash Balance investments during the year



(Source: Monthly Civil Accounts for the year 2023-24)

A positive ‘net Cash Balance investment’ denotes investment in the Treasury Bills (TB) (MH 8673), while a negative ‘net Cash Balance investment’ indicates that the Government had credited back, into the Government Account, from the TB, by way of Maturity or Discount, during the month.

Chart 2.20 shows:

- i. substantial withdrawals in the Cash Balance investment account during the months of May 2023, August 2023, October 2023 and March 2024, resulting in negative balance in the account. During these months a total sum of ₹ 23,463.98 crore was credited back into the Government Account
- ii. receipt of major chunk (₹ 32,154.63 crore) of the funds in the form of Share of Union Taxes/duties and GIA from GoI, in the months of June 2023, December 2023 and February 2024. This resulted into a positive Cash Balance investment account in these months.

2.9 Conclusions

- i. Revenue Buoyancy with reference to GSDP increased from 0.57 in 2022-23 to 0.83 in 2023-24. State’s Own Revenue Buoyancy with reference to GSDP also increased considerably from 0.09 in 2019-20 to 0.78 in 2023-24. Performance of the State in mobilisation of OTR was better than projections of the XVth FC and the VIth SFC and close to the Budget Estimates.
- ii. The Revenue Receipts of the State had increased by ₹ 20,659 crore (11.96 *per cent*) over the previous year, whereas Revenue Expenditure grew by ₹ 6,537.95 crore (3.55 *per cent*). State’s Own Revenue registered a positive growth of 11.35 *per cent*, over the previous year.
- iii. The total Committed Expenditure increased by ₹ 7,174.89 crore (11.37 *per cent*) over the previous year. Interest payments (9.11 *per cent*) were above the target of 8.64 *per cent* of the Revenue Receipts set out in the BFRBM Act, 2022, but below the projections of the XVth FC (₹ 16,724 crore).
- iv. Subsidies constituted 8.40 *per cent* of the State’s Total Revenue Receipts, 30.30 *per cent* of the State’s Own Revenue and 1.90 *per cent* of GSDP. It was also 9.70 *per cent* more than that of the previous year.
- v. Capital Expenditure was 24.59 *per cent* (₹ 36,453.02 core) higher than the Budget Estimates (₹ 29,257.31 crore).
- vi. Outstanding overall liabilities were growing at the rate of 13.44 *per cent* and increased from ₹ 2,93,307.17 crore to ₹ 3,32,740.90 crore from 2022-23 to 2023-24. The Overall Outstanding Liabilities grew at an average rate of 14.53 *per cent* during the last five years.

The deficit indicators, revenue augmentation and expenditure management, which are major yardsticks for judging the fiscal performance of the Government are shown below:

Positive indicator	Negative indicators
Fiscal Deficit was within the limits of the XV th FC projection	Non-creation of Guarantee Redemption Fund
	Pendency in ‘Arrears of revenue’
	Short transfer of Cesses
	Creation of contingent liabilities beyond recommendation of FC

2.10 Recommendations

The Finance Department may:

- i. review the budget preparation exercise, so that the persisting gap between Budget Estimates and Actuals is bridged.
- ii. devise a mechanism to ensure collection of Arrears of Revenue expeditiously, so that the burden of the State, due to Fiscal Deficit, may be mitigated.
- iii. put in place a mechanism to ensure that complete information related to incomplete projects is made available to AG (A&E), Bihar, for presenting a comprehensive picture in this regard, via the Finance Accounts of the State.
- iv. restructure loans, so that interest payment falls within the budgeted Fiscal Deficit target.
- v. ensure complete transfer of Labour Cess to the Board so that the objectives of improving the quality of life of workers and providing adequate financial assistance to them are met.

CHAPTER-III

BUDGETARY MANAGEMENT

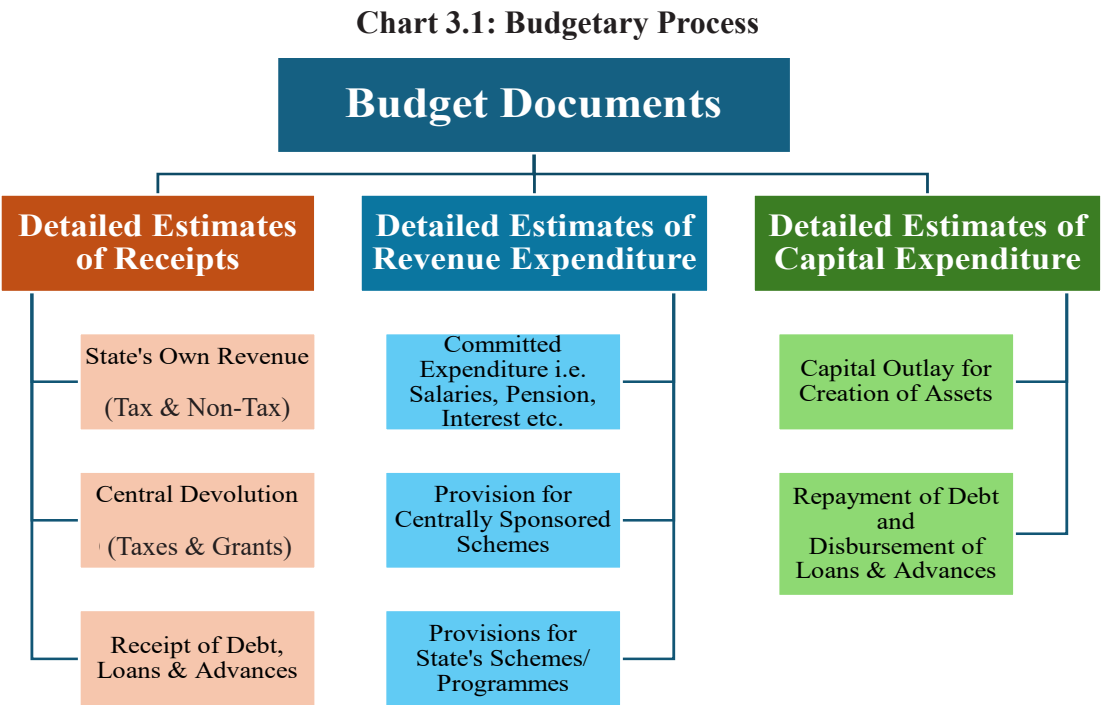
This Chapter reviews the integrity, transparency and effectiveness of the budgetary process and allocative priorities, including supplementary grants and the concomitant financial management, assessing whether decisions taken at the policy level are implemented at the administrative level without the diversion of funds. It is based on the audit of Appropriation Accounts and gives a grant-wise description of appropriations and the manner in which the allocated resources were managed by the service delivery Departments.

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The budget process commences with the issuance of the budget circular by the Finance Department containing instructions, to be followed by all Departments, in the preparation of revised estimates for the current year and the Budget Estimates for the next financial year. This takes place, normally in August-September each year as prescribed in the Bihar Budget Manual. Original Budget (BE) is enhanced with Supplementary budget. Financial activities of the State have been integrated in the Comprehensive Financial Management System (CFMS) since 01 April 2019.

Legislative authorisation is necessary for the incurring of any expenditure by the State Government. The State Government has framed financial rules and provided for delegation of financial powers for the incurrence of expenditure and also authorised levels to sanction such expenditure together with restrictions on appropriation and re-appropriations. Apart from supplementary grants, re-appropriation is also used to re-allocate funds within a Grant.

State budget comprises of the documents shown in Chart 3.1.



3.1.1 Summary of total provisions, actual disbursements, and savings during the financial year

A summary of the total budget provisions, disbursements, and savings, with their further bifurcation into ‘voted’ and ‘charged’ components, is given in Table 3.1.

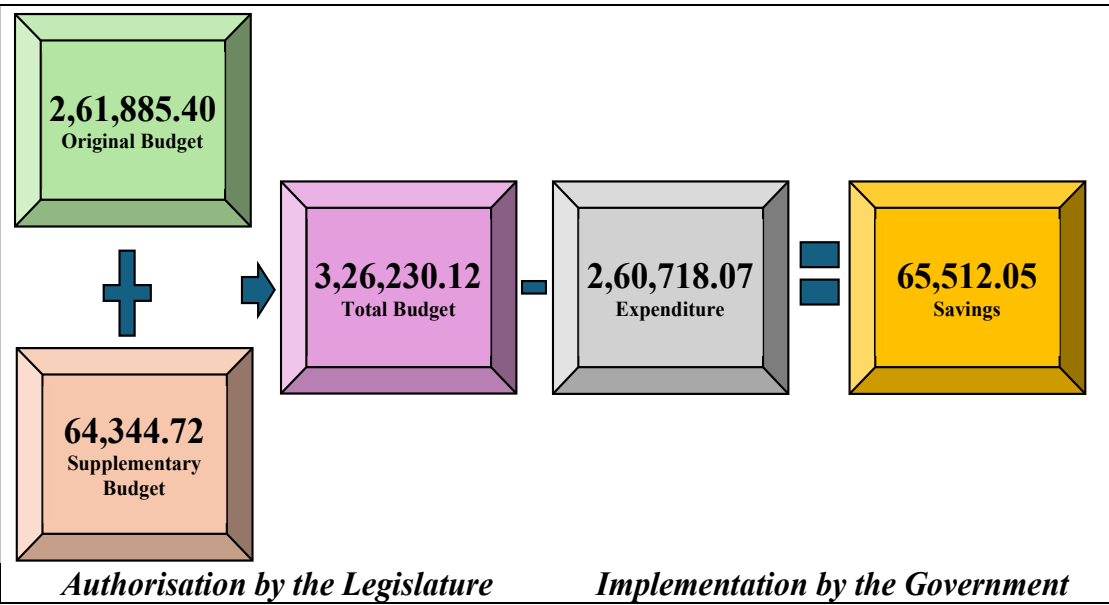
Table 3.1: Budget provisions, disbursements, and savings during 2023-24 (₹ in crore)

	Total Budget Provisions		Total Disbursements		Savings	
	Voted	Charged	Voted	Charged	Voted	Charged
Revenue	2,35,829.40	20,364.25	1,78,642.05	19,538.08	57,187.35	826.17
Capital	44,105.37	0.00	37,422.70	0.00	6,682.67	0.00
Public Debt	0.00	23,558.69	0.00	22,979.38	0.00	579.31
Loans and Advances	2,372.41	0.00	2,135.86	0.00	236.55	0.00
Total	2,82,307.18	43,922.94	2,18,200.61	42,517.46	64,106.57	1,405.48
	3,26,230.12		2,60,718.07		65,512.05	

(Source: Detailed Appropriation Accounts for the year 2023-24)

The various components of the budget are shown in the Chart 3.2.

Chart 3.2: Components of the budget (₹ in crore)



(Source: Detailed Appropriation Accounts for the year 2023-24)

Budget Estimates (BEs) of the State were prepared for ₹ 2,61,885.40 crore. Thereafter, Supplementary Budget (SB) of ₹ 64,344.72 crore¹ was also made. Thus, Total Budget (TB) of the State was ₹ 3,26,230.12 crore in the year 2023-24. However, against this, the State had not been able to spend even the entire amount of the Original Budget. The expenditure of the State was ₹ 2,60,718.07 crore (i.e., 99.55 per cent of Original Budget) leaving ₹ 65,512.05 crore as savings.

As can be seen from Chart 3.2, the State Government incurred expenditure of 79.92 per cent (1.97 percentage points more than FY 2022-23) against the total

¹ 1st Supplementary Budget: ₹34,124.76 crore, 2nd Supplementary Budget: ₹26,086.36 crore and 3rd Supplementary Budget: ₹4,133.60 crore.

budget made (Original + Supplementary) during 2023-24, resulting in savings of 20.08 *per cent*.

3.1.2 Charged and Voted Budget and Disbursements

A break-up of the total budget and their disbursements, into ‘charged²’ and ‘voted³’ during the last five years (from 2019-20 to 2023-24), is shown in **Table 3.2**.

**Table 3.2: Charged and Voted Budget and Disbursements
during 2019-20 to 2023-24**

(₹ in crore)

Year	Total Budget		Disbursements		Savings/Excess		Savings against Total Budget (Per cent)	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
2019-20	2,08,629.14	19,858.04	1,30,506.24	19,135.68	78,122.90	722.36	37.45	3.64
2020-21	2,24,274.43	21,248.16	1,48,348.42	19,566.98	75,926.04	1,681.18	33.85	7.91
2021-22	2,41,479.13	23,917.74	1,71,395.87	22,806.33	70,083.26	1,111.41	29.02	4.65
2022-23	2,69,053.83	32,632.63	2,04,037.83	31,139.01	65,016.00	1,493.62	24.16	4.58
2023-24	2,82,307.18	43,922.94	2,18,200.61	42,517.46	64,106.57	1,405.48	22.70	3.20

(Source: Appropriation Accounts for respective years)

3.1.3 Budget Marksmanship

3.1.3.1 Aggregate Budget Outturn

The Aggregate Budget Outturn measures the extent to which the aggregate budget expenditure outturn/ actual expenditure reflects the amount originally approved, both in terms of less than and in excess of approved. Summary of this break-up is given in **Table 3.3(A)**.

Table 3.3(A) : Aggregate Budget Outturn of Financial Year 2023-24

(₹ in crore)

Description	Original Budget (BE)	Actual Outturn	Difference between Actual and BE*(3) -(2)	Per cent Deviation
(1)	(2)	(3)	(4)	(5)
Revenue	2,07,848.00	1,98,180.13	(-) 9,667.87	(-) 4.65
Capital	54,037.40	62,537.94	8,500.54	15.73
Total	2,61,885.40	2,60,718.07	(-) 1,167.33	(-) 0.45

(Source: Detailed Appropriation Account for the year 2023-24)

* Excess of actuals over original budget is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure

Deviation of actual outturn (in *per cent*) in comparison with Budget Estimates (BE) under Revenue ((-) 4.65 *per cent*) and Capital sections ((+) 15.73 *per cent*) of all 52 grants are detailed in **Table 3.3(B)**.

² Certain categories of expenditure (e.g. salaries of Constitutional authorities, loan repayments, etc.) constitute a charge on the consolidated fund of the State and are not subject to Vote by the Legislature.

³ All other expenditure are voted by the Legislature.

Table 3.3(B) : Percentage deviation of Actual Outturn

Range of deviation (±) (in per cent)	No. of Grants (Revenue Section)	No. of Grants (Capital Section)	Total
Up to 25	29	8	37
>25 up to 50	18	7	25
>50 up to 100	2	13	15
100 and above	1	5	06
No deviation*	2	19	21
	52	52	104

(Source: Appropriation Accounts 2023-24)

* No deviation was recorded in 21 grants (two in Revenue Section and 19 in Capital Section) as no provision was made therein.

3.1.3.2 Expenditure Composition Outturn

The Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition, as described in Table 3.4 (A) .

Table 3.4 (A) : Expenditure Composition Outturn (FY 2023-24)

(₹ in crore)

Description	Original Budget (BE)	Revised Estimate (RE)	Actual Outturn	Difference between Actual outturn and RE*	Deviation (Per cent) of Column 5 in relation to R.E.
1	2	3	4	5 (4-3)	6
Revenue	2,07,848.00	2,50,023.84	1,98,180.13	(-) 51,843.71	(-) 20.74
Capital	54,037.40	64,926.70	62,537.94	(-) 2,388.77	(-) 3.68
Total	2,61,885.40	3,14,950.54	2,60,718.07	(-) 54,232.48	(-) 17.22

(Source: Appropriation Accounts 2023-24)

* Excess of actuals outturn over revised estimate is denoted as (+) figure and shortage of actuals outturn over revised provision is denoted as (-) figure

Deviation of actual outturn (in per cent) in comparison with Revised Estimates (RE) under Revenue ((-) 20.74 per cent) and Capital section ((-) 3.68 per cent) of all 52 grants are detailed in Table 3.4 (B) .

Table 3.4 (B) : Percentage Deviation of actual outturn w.r.t. RE

Range of deviation (±) (In per cent)	No. of Grants (Revenue Section)	No. of Grants (Capital Section)	Total
Up to 25	33	14	47
>25 up to 50	13	11	24
>50 up to 100	4	8	12
100 and above	0	1	1
No deviation*	2	18	20
	52	52	104

(Source: Appropriation Accounts 2023-24)

* No deviation was recorded in 20 grants (two in Revenue Section and 18 in Capital Section) as no provision was made therein.

3.2 Appropriation Accounts

The Appropriation Accounts depict the Original Budget, supplementary grants, surrenders, savings, and re-appropriations distinctly, and indicate the actual capital and revenue expenditure on various specified services vis-à-vis those authorised

by the Appropriation Act, in respect of both Charged and Voted items of the budget. Appropriation Accounts, thus, facilitate understanding the utilisation of funds, the management of finances and monitoring of budgetary provisions.

Audit of Appropriation Accounts by the CAG seeks to ascertain whether the expenditure actually incurred under 52 grants, is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations, and instructions.

3.3 Integrity of the Budgetary and accounting process

Integrity of the Budget means, “public funds are being spent properly and according to the interest of the public”. The budget must be credible, and the information contained in the fiscal and financial report must be reliable. Budget integrity and accountability would ultimately depend on the capacity of the Department to programme the expenditure realistically, implement their programmes and schemes timely and efficiently.

3.3.1 Transfers not mandated by the Appropriation Act (into Public Account)

It was observed that the provisions of funds in the budget were made and referred to the Administrative Departments, by the Finance Department, for incurring expenditure. The concerned Departments then drew the amount provisioned and deposited them (partly or fully) in the Public Account, for further payments, even if they were not required for immediate use.

Head-wise details of the funds transferred to the Public Account are shown in **Table 3.5**.

Table 3.5: Details of funds transferred to the Major Head 8443 and 8448

(₹ in crore)

Head	Transferred to MH-8448				Transferred to MH-8443			
	2020-21	2021-22	2022-23	2023-24	2020-21	2021-22	2022-23	2023-24
Receipts	276.69	325.57	438.83	338.92	0	0.05	0.59	2.64
Revenue Expenditure	11,876.36	12,454.01	8,780.60	12,295.37	538.88	435.82	228.14	320.86
Capital Expenditure	9,166.60	10,564.51	9,965.26	11,072.28	1,330.20	1,394.31	1,307.33	1,364.00
Loans & Advances	605.79	731.48	1,406.50	1,619.09	0	0	0	0
Total	21,925.44	24,075.57	20,591.19	25,325.66	1,869.08	1,830.18	1,536.06	1,687.50

(Source: SFAR of 2020-21, 2021-22 & 2022-23 and for 2023-24 data provided by office of the AG (A&E), Bihar)

It was observed that under 131 sub-heads/schemes of 21 grants, a sum of ₹ 6,777.10 crore, equal to total expenditure under these schemes for the year were transferred to the two heads of accounts under Public Account.

Out of these 131 sub-heads/schemes, five sub-heads/schemes wherein 100 per cent expenditure was incurred by transferring the funds into Public Account are shown in **Table 3.6**.

Table 3.6: 100 per cent transfer of funds to the Major Head 8443 and 8448

(₹ in crore)

Sl. No.	Grant No.	Head of Account- Scheme name	Budget	Expenditure	Amount transferred
1	48	5075-60-190-0101- Patna Metro Rail Corporation Limited	620.00	590.00	590.00
2	20	4210-03-789-0101- For Medical Colleges	538.14	538.12	538.12
3	10	4801-05-190-0107- Project of North Bihar Power Distribution Company Ltd. (NBPDC)	503.00	503.00	503.00
4	20	2210-05-105-0017- Indira Gandhi Institute of Medical Sciences, Patna	500.00	491.47	491.47
5	37	4515-00-103-0519- Chief Minister Village Connectivity Plan (NDB) (BRICS Bank Aided)	700.00	455.00	455.00
Total			2,861.14	2,577.59	2,577.59

(Source: Information received from office of the AG (A&E) , Bihar)

Details of some other schemes, wherein significant amounts (₹ 750 crore or more) were transferred/deposited in the Public Account, during 2023-24 are shown in Table 3.7.

Table 3.7: Fund transferred to MH-8443 & MH-8448

(₹ 750 crore and more)

(₹ in crore)

Sl. No.	Grant No.-Schemes	Total Budget	Total Expenditure	Transferred to Public Account
1	22-4055-00-051-0101 Construction and Maintenance of Police Buildings	865.63	913.96	798.76
2	35-4070-00-051-0107 Chief Minister Area Development Scheme	1,114.48	1,069.91	1,068.48
3	12-6202-01-190-0101-Bihar State Education Finance Corporation	1,600.00	1,603.09	1,600.00
4	37-4515-00-789-0104 Mukhya Mantri Gram Sampark Yojana	2,400.00	1,900.00	1,146.00
5	48-2215-02-105-0101 Solid and Liquid Waste Management-Seven Decision-2	4,121.00	4,049.01	4,000.00
6	37-3054-04-105-0001 Rural Road- Other Maintenance Expenditure	4,000.00	3,821.57	3,577.48
Total		14,101.11	13,357.54	12,190.72

(Source: Appropriation Accounts and information provided by O/o AG (A&E), Bihar)

3.3.2 Unnecessary/excessive supplementary grants

As per Article 205 of the Constitution of India, a Supplementary or Additional Grant or Appropriation, over the provision made by the Appropriation Act for the year, can be made during the current financial year.

When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the Grant to cover the excess expenditure by Re-Appropriation, the Secretary in the Department concerned, proposes a Supplementary or Additional Grant or Appropriation to the Finance Department, which is subsequently approved by the Legislature through a Supplementary Budget.

During 2023-24, in 13 cases of 13 different grants, supplementary budget amounting to ₹ 11,042.66 crore (₹ 100 crore or more in each case) proved unnecessary/excessive and remained fully unutilised, as the expenditure (₹ 50,659.58 crore) had not been recorded even up to the level of the original provision (₹ 68,728.26 crore) in these grants, as detailed in *Appendix 3.1*.

3.3.3 Unnecessary and Excess Re-Appropriation

‘Re-appropriation’ means the transfer of savings by a competent authority, from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation. The Government is thus allowed to re-appropriate provisions from one unit of appropriation to another within the same Grant, altering the destination of an original provision for one purpose to another, subject to the limits and restrictions laid down.

From the Detailed Appropriation Accounts for the year 2023-24, it was noticed that:

- i. Re-appropriation of ₹ 216.97 crore in 14 cases, under four grants, proved unnecessary, as the expenditure did not reach up to the level of Budget provided and there were final savings (five crore rupees or more in each case) of ₹ 566.65 crore (*Appendix 3.2*).
- ii. Although an amount of ₹ 877.71 crore was provided through re-appropriation, in seven cases under four grants, there were final savings (₹ 10 crore or more in each case) of ₹ 190.56 crore (*Appendix 3.3*).

Re-appropriation of funds proved unnecessary/excess because expenditure did not come up to the level of the original/total budget provisions. This indicated re-appropriation, without assessing actual requirements in these cases.

3.3.4 Unspent amounts, surrendered appropriations and/or Large Savings/ Surrender

During 2023-24, there were 42 cases (related to 32 Grants) where there was savings of ₹ 100 crore or more, in each case under voted and charged expenditure. This amounted to a total savings of ₹ 66,461.86 crore (23.97 *per cent* of total provision of ₹ 2,77,249.71 crore), as detailed in *Appendix 3.4*.

Further, during the year there were cases of significant savings of more than ₹ 500 crore and 30 *per cent* and above, in eight Grants, which resulted in substantial savings of ₹ 27,852.39 crore (40.17 *per cent* of total provision of ₹ 69,341.24 crore) (*Appendix 3.5*).

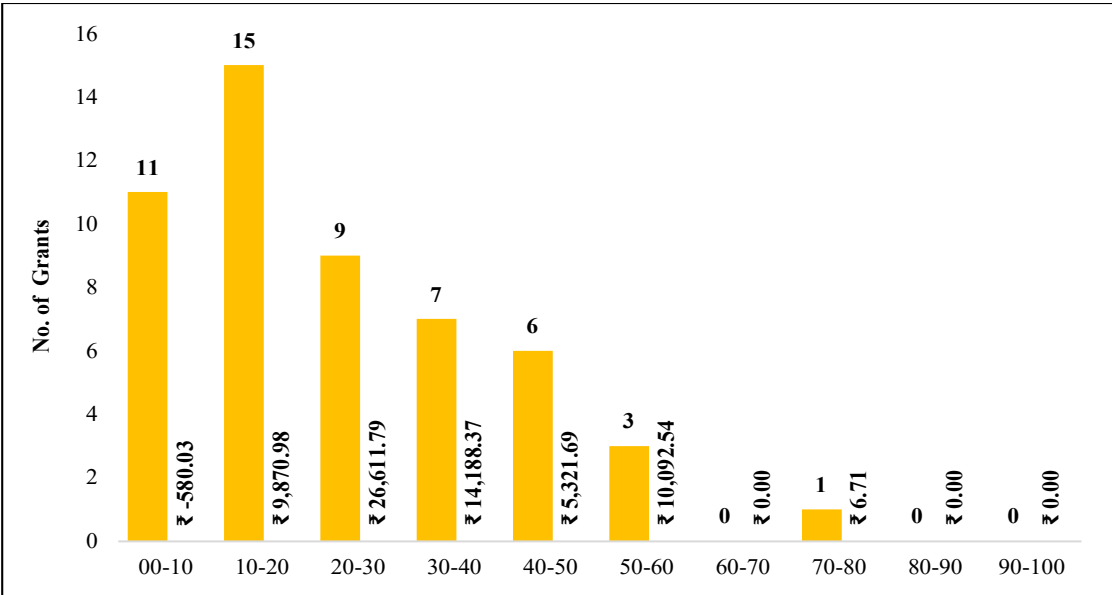
In 12 Grants, there were persistent savings of ₹ 500 crore or more in each grant/appropriation during the last five years, leading to a minimum saving of ₹ 51,187.57 crore during each year, as detailed in *Appendix 3.6*.

Persistent savings indicate that budget allocations had been made without considering the trends of expenditure in previous years.

Number of grants/appropriations, grouped by the percentage of savings, along with their total savings during the financial year is presented in **Chart 3.3**.

Chart 3.3: Number of Grants/Appropriations grouped by the percentage of Savings along with their total amount of savings

(₹ in crore)



(Source: Appropriation Accounts for the year 2023-24)

Chart 3.3 shows that 17 grants out of 52, had savings more than 30 per cent, that constitutes a significant amount of ₹ 29,609.31 crore. These savings of ₹ 29,609.31 crore were 45.20 per cent of the total savings of ₹ 65,512.05 crore.

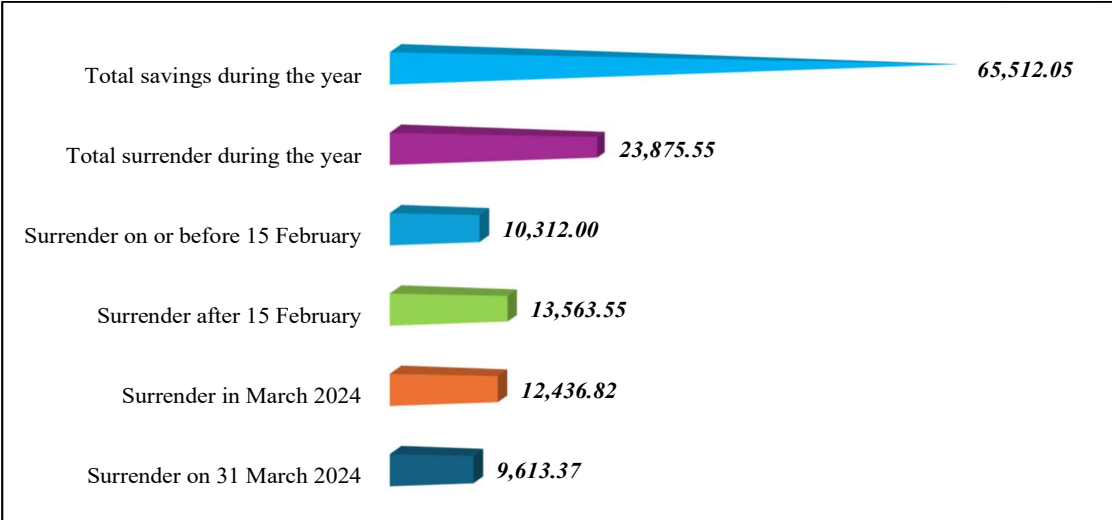
As per paragraph 104 of the Bihar Budget Manual, 2016, no amount out of the savings should be held in reserve for meeting additional expenditure not definitely foreseen or not already approved by the competent authority.

Further, surrender of savings is to be submitted by 15th of February of the concerned financial year to the Finance Department of the State. In exceptional cases, surrenders may be submitted up to 31st March of that financial year.

An overview of savings and surrenders during the financial year 2023 - 24, is shown in Chart 3.4.

Chart 3.4: Savings and surrenders before the close of FY 2023-24

(₹ in crore)



(Source: Appropriation Accounts for the year 2023-24)

As is evident from **Chart 3.4**, a balance of ₹ 13,563.55 crore (56.81 *per cent* of total amount surrendered) was surrendered after 15th February, in violation of the stipulated provisions under the Bihar Budget Manual. In addition to these surrenders, funds amounting to ₹ 12,436.82 crore were surrendered in the month of March. Out of this, ₹ 9,613.37 crore was surrendered on the last day of month of March. Details of significant cases of surrenders of ₹ 21,586.93 crore (₹ 500 crore or more in each case) under nine Grants are detailed in **Appendix 3.7**.

3.3.5 Excess expenditure and its regularization

Article 205(1) (b) of the Constitution provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative for the Financial Year services in which excess expenditure was incurred.

Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion on Appropriation Accounts by the Public Accounts Committee.

3.3.5.1 Excess expenditure

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative approval but also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose. Cases of excess expenditure over the provision of the financial year are to be carefully examined.

In this connection, Audit observed some cases of excess expenditure over budget provision. Details are given in **Table 3.8**.

Table 3.8: Details of Excess Expenditure over budgetary provisions
(₹ in lakh)

Revenue/ Capital	Voted/ Charged	Name of Department/Grant	
		Road Construction (Grant No. 41)	Rural Development (Grant No. 42)
Capital	Voted	3,942.96	1.40
Revenue	Voted	-	2.53
Total		3,942.96	3.93
Grand Total		3,946.89 (₹ 39.47 crore)	

(Source: Appropriation Accounts for the year 2023-24)

Table 3.8 shows expenditure of ₹ 39.47 crore over budgetary provisions in case of two grants (Grant No. 41 and 42). This excess expenditure is contrary to the budgetary provisions and needs to be regularised.

3.3.5.2 Regularisation of excess expenditure of previous financial years

Cases of excess expenditure relating to previous years requiring regularisation are detailed in **Table 3.9**.

Table 3.9 : Expenditure relating to previous years requiring regularisation
(₹ in crore)

Year	Excess expenditure	Year	Excess expenditure
Animal Husbandry Department			
1987-88	6.92	1992-93	87.77
1988-89	6.13	1993-94	125.03
1989-90	8.65	1994-95	170.61
1990-91	29.29	1995-96	146.49
1991-92	70.72	1996-97	6.37
Legislature			
2019-20	2.30		
Total	660.28		

(Source: Information furnished by PAC section of O/o Accountant General (Audit), Bihar

Out of total ₹ 660.28 crore of excess expenditure required to be regularised, ₹ 657.98 crore is *sub judice*.

3.4 Effectiveness of budgetary and accounting process

3.4.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure are the deciding factors for the achievement of various fiscal indicators.

A summarised position of the actual Expenditure *vis-à-vis* the budget (Original/ Supplementary) provisions, during the financial year 2023-24, is shown in Table 3.10.

Table 3.10: Summarised position of Actual Expenditure *vis-à-vis* Budgetary provisions, during 2023-24

(₹ in crore)

Nature of Expenditure		No. of Grants	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Grant/ Appropriation	Actual Expenditure	Savings	Surrenders	Amount surrendered in March 2024	Percentage of savings surrendered in March 2024 (Col. J/ Col. H*100)
A	B	C	D	E	F	G	H	I	J	K
Voted	i-Revenue	47	1,87,677.27	48,152.13	2,35,829.40	1,78,642.05	57,187.35	19,457.21	11,187.37	19.56
	ii-Capital	33	29,257.31	14,848.05	44,105.36	37,422.70	6,682.66	4,335.07	1,249.45	18.70
	iii-Loans and Advances	7	1,221.40	1,151.02	2,372.42	2,135.86	236.56	83.27	0	-
	Total Voted		2,18,155.98	64,151.20	2,82,307.18	2,18,200.61	64,106.57	23,875.55	12,436.82	19.41
Charged	iv-Revenue	8	20,170.73	193.52	20,364.25	19,538.08	826.17	-	0	-
	v-Capital		-	-	-	-	-	-	0	-
	vi-Public Debt-Repayment	1	23,558.69	-	23,558.69	22,979.38	579.31	-	0	-
	Total Charged		43,729.42	193.52	43,922.94	42,517.46	1,405.48	-	0	-
Grand Total			2,61,885.40	64,344.72	3,26,230.12	2,60,718.07	65,512.05	23,875.55	12,436.82	19.00

(Source: Appropriation Accounts for the year 2023-24)

Note: The expenditure includes recoveries/refund of revenue expenditure amounting to ₹ 7,301.87 crore and recoveries of capital expenditure amounting to ₹ 969.68 crore adjusted as reduction of expenditure.

As evident from Table 3.10, the expenditure incurred during the year was only ₹ 2,60,718.07 crore (79.92 per cent) against the total provisions of ₹ 3,26,230.12 crore. This indicated that the Supplementary Budget of ₹ 64,344.72 crore were avoidable

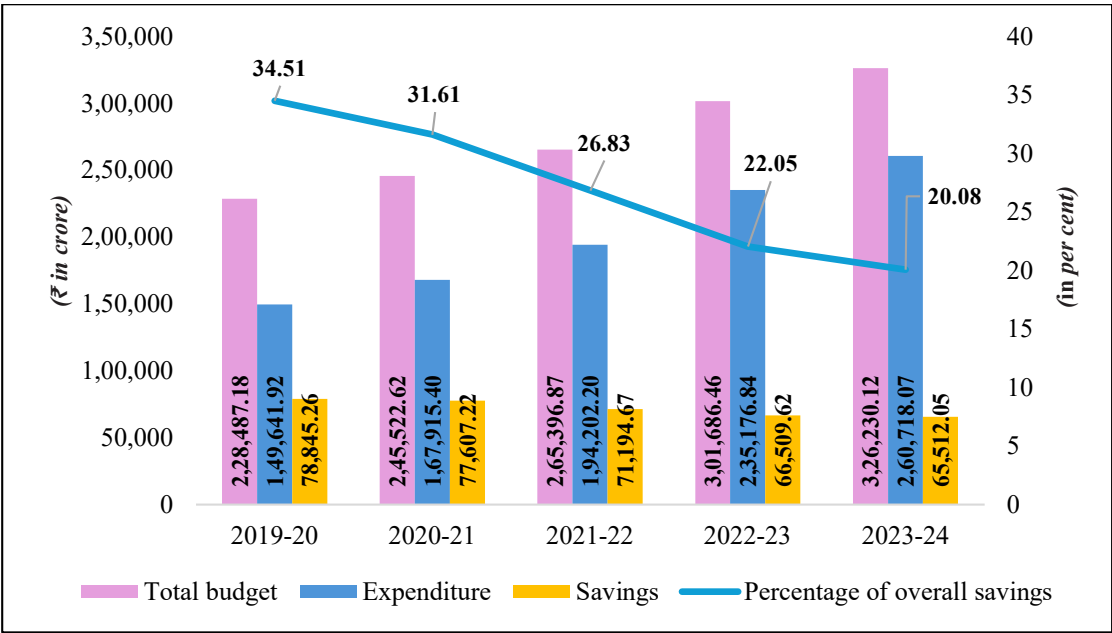
since the final expenditure did not even reach up to the level of the original provisions (₹ 2,61,885.40 crore).

Overall savings of ₹ 65,512.05 crore resulted from savings of ₹ 58,013.52 crore in 47 grants and eight Appropriations under the Revenue section and savings of ₹ 7,498.53 crore in 33 Grants and one Appropriation under the Capital section.

Out of the total savings of ₹ 65,512.05 crore, only 36.44 *per cent* were surrendered (₹ 23,875.55 crore) during the year. This resulted in non-surrender of savings aggregating ₹ 41,636.50 crore (63.56 *per cent*) of total savings. The total savings were more than the Supplementary Budget.

Trends in the percentage of overall savings, against the overall provisions in the budget, are shown in **Chart 3.5**.

Chart 3.5: Budget Utilisation during 2019-20 to 2023-24



(Source: Appropriation Accounts of respective years)

The trend analysis of savings shows that during the last five years, the overall savings ranged from 20.08 *per cent* to 34.51 *per cent*, with respect to the total budget. This indicates that budgetary allocations were based on unrealistic proposals as Budget Estimates of the State were inflated and the actual expenditure was less than the Budgetary Provisions.

Further, Audit analysed some major cases of non-utilisation of the entire budget provision (₹ 100 crore and above) amounting to ₹ 7,567.93 crore in 20 Scheme Head of Accounts under 11 grants/appropriations, as detailed in **Appendix 3.8**.

3.4.2 Trend analysis of Budgeting and its implementation

3.4.2.1 Trends in BE, RE and Expenditure

Trends in the Original Budget, Revised Estimate and Actual Expenditure, for the Financial Years 2019-20 to 2023-24, are given in **Table 3.11**.

Table 3.11: Original Budget, Revised Estimate and Actual Expenditure, during 2019-20 to 2023-24

(₹ in crore)

Sl. No.	Description	2019-20	2020-21	2021-22	2022-23	2023-24
1	Original Budget	2,00,501.01	2,11,761.50	2,18,302.70	2,37,691.21	2,61,885.40
2	Supplementary Budget	27,986.17	33,761.12	47,094.17	63,995.25	64,344.72
3	Total budget (TB) (1+2)	2,28,487.18	2,45,522.62	2,65,396.87	3,01,686.46	3,26,230.12
4	Revised Estimate (RE)	2,18,729.55	2,29,716.91	2,58,632.52	2,89,734.83	3,14,950.54
5	Actual Expenditure (AE)	1,49,641.92	1,67,915.40	1,94,202.20	2,35,176.84	2,60,718.07
6	Savings (3-5)	78,845.26	77,607.22	71,194.67	66,509.62	65,512.05
7	Percentage of supplementary to the original provision	13.96	15.94	21.57	26.92	24.57
8	Percentage of overall savings/ excess to the overall provisions	34.51	31.61	26.83	22.05	20.08
9	TB-RE	9,757.63	15,805.71	6,764.35	11,951.63	11,279.58
10	RE-AE	69,087.63	61,801.51	64,430.32	54,557.99	54,232.47
11	(TB-RE) as <i>per cent</i> of TB	4.27	6.44	2.55	3.96	3.46
12	(RE-AE) as <i>per cent</i> of TB	30.24	25.17	24.28	18.08	16.62

(Source: Annual Financial Statement and Appropriation Accounts of Respective Financial Years)

During each of the last five years, Original Budget (Budget Estimates) of the State was less than its Total Budget of immediate preceding year. These Original Budget had, however, been subsequently increased by making additional provisions through Supplementary Budget. These Supplementary Budget ranged from 13.96 *per cent* to 26.92 *per cent* of the Original Budget for a financial year. In the last three financial years, Supplementary Budget made were above 20 *per cent* of the Original Budget. However, in every year, the actual expenditure was less than the Original Budget for that year. It is thus clear that total budgetary provisions were inflated, leading to Actual Expenditure being less than the Original Budgetary Provisions.

3.4.2.2 Saving trends in different Scheme Categories

The budget of the State is broadly divided into six sections, which can be identified on the basis of the first two digits of the four-digit subhead of the bill code.

The budget of the financial year 2023-24, as per above categorisation is shown/presented in **Table 3.12**.

Table 3.12: Category wise budget provisions and expenditure thereagainst for FY 2023-24

(₹ in crore)

Sl. No.	Type of schemes	Original Budget	Supplementary	Total Budget	Expenditure	Total savings	Savings in <i>per cent</i>
1	Establishment & Committed	1,61,855.67	19,017.34	1,80,873.01	1,54,381.74	26,491.27	40.44
2	Central Share (CSS)	44,712.64	3,397.09	48,109.73	21,480.17	26,629.56	40.65
3	State Share (CSS)	14,613.02	15,791.29	30,404.31	25,370.19	5,034.12	7.68
4	State Schemes	37,941.34	25,674.70	63,616.04	57,439.07	6,176.97	9.43

Sl. No.	Type of schemes	Original Budget	Supplementary	Total Budget	Expenditure	Total savings	Savings in per cent
5	Central Area Scheme	29.73	64.30	94.03	88.67	5.36	0.01
6	Externally Aided Projects	2,733.00	400.00	3,133.00	1,958.23	1,174.77	1.79
	Total	2,61,885.40	64,344.72	3,26,230.12	2,60,718.07	65,512.05	100

(Source: Appropriation Accounts for the year 2023-24)

It is evident from **Table 3.12** that during 2023-24, there were total savings of ₹ 65,512.05 crore. Out of these total savings of ₹ 65,512.05 crore, ₹ 31,663.68 crore (48.33 per cent) pertained to Centrally Sponsored Schemes.

Funding under Centrally Sponsored Schemes is contributed by Centre and State in predetermined ratio mentioned under related scheme guidelines. In this context, ratio of Centre and state share should be constant in budgeting, expenditure and savings. In this connection, audit examined ratio of Central and State share in budgeting, expenditure and savings in last five years being presented in **Table 3.13**.

Table 3.13: Ratio of Central and State Share in different stages of Budgeting, expenditure and savings under CSS during 2019-24

(₹ in crore)

Sl. No.	Schemes & Components		2019-20	2020-21	2021-22	2022-23	2023-24
1	Original Budget	Central Share for CSS	37,407.69	39,236.09	42,026.28	46,019.44	44,712.64
2		Percentage of Central Share	67.05	70.22	74.28	76.94	75.37
3		State Share for CSS	18,380.03	16,638.17	14,551.68	13,789.55	14,613.02
4		Percentage of State Share	32.95	29.78	25.72	23.06	24.63
5		Total (1+3)	55,787.72	55,874.26	56,577.96	59,808.99	59,325.66
6	Supplementary Budget	Central Share for CSS	2,291.70	1,808.07	2,355.57	3,502.91	3,397.09
7		Percentage of Central Share	28.00	23.50	13.15	11.98	17.70
8		State Share for CSS	5,893.53	5,886.15	15,553.97	25,725.78	15,791.29
9		Percentage of State Share	72.00	76.50	86.85	88.02	82.30
10		Total (6+8)	8,185.23	7,694.22	17,909.54	29,228.69	19,188.38
11	Total Budget	Central Share for CSS	39,699.39	41,044.16	44,381.85	49,522.35	48,109.73
12		Percentage of Central Share	62.06	64.57	59.58	55.62	61.28
13		State Share for CSS	24,273.56	22,524.32	30,105.65	39,515.33	30,404.31
14		Percentage of State Share	37.94	35.43	40.42	44.38	38.72
15		Total (11+13)	63,972.95	63,568.48	74,487.50	89,037.68	78,514.04
16	Actual Expenditure	Central Share for CSS	14,988.13	16,766.59	19,683.43	25,985.02	21,480.17
17		Percentage of Central Share	45.13	48.25	46.13	45.06	45.85
18		State Share for CSS	18,221.28	17,981.57	22,989.93	31,685.20	25,370.19
19		Percentage of State Share	54.87	51.75	53.87	54.94	54.15
20		Total (16+18)	33,209.41	34,748.16	42,673.36	57,670.22	46,850.36

Sl. No.	Schemes & Components		2019-20	2020-21	2021-22	2022-23	2023-24
21	Savings	Central Share for CSS	24,711.26	24,277.57	24,698.42	23,533.38	26,629.56
22		Percentage of Central Share	80.33	84.24	77.63	75.03	84.10
23		State Share for CSS	6,052.28	4,542.75	7,115.72	7,830.13	5,034.12
24		Percentage of State Share	19.67	15.76	22.37	24.97	15.90
25		Total (21+23)	30,763.54	28,820.32	31,814.14	31,363.51	31,663.68

(Source: Appropriation Accounts for the year 2023-24)

As can be seen from **Table 3.13**:

- i. For CSS, ratios of Budget provisions, between Central and State Governments are fixed for Original Budget, Supplementary Budget and Total Budget. Accordingly, the State Government was to allocate its share at each stage of budgeting. However, during the last five years, ratio of State’s budgetary provisions for CSS was not as per the ratio fixed, as it had varied at each stage of budgeting, during every year. The State Government persistently kept relatively high percentage of budget provisions (i.e. more than the ratio fixed) on the part of Central share in the Original Budget for these schemes. Parallely, the Government kept the State share for these schemes relatively low as compared to the defined ratio of contribution, in the Original Budget. Subsequently, State’s share was increased through Supplementary Budget.
- ii. During the last five years, expenditure ratio of Central and State shares is not consistent with scheme guidelines. As per norms of CSS, Central share is usually more than the State share. However, during the last five years expenditure incurred in the State share component is more than the Central share.
- iii. Amount of savings in Central share was very large and contributed to between 75.03 per cent to 84.24 per cent of total savings in CSS budget.

Above indicates that budgeting and expenditure on the CSS have not been as per the ratio fixed for the Central and State Governments and has caused savings in Central share of these Schemes.

3.4.3 Missing/ Incomplete Explanations for Variation from Budget

Norms adopted for comments on the Appropriation Accounts (at Sub-head level) for Bihar State, are described in **Table 3.14**.

Table 3.14: Criteria for comments on the Appropriation Accounts

Sl. No.	Grant-wise Budget Provision	Savings (-) / Excess (+)	Sub-head wise norm
1	2	3	4
1	Up to ₹ 5.00 crore	₹ 5.00 lakh	At the Sub-head level in each case amount shown in Column No. 3 or 10 per cent of Sub-head wise provision, whichever is more
2	More than ₹ 5.00 crore but less than ₹ 50.00 crore	₹ 10.00 lakh	
3	More than ₹ 50.00 crore but less than ₹ 100.00 crore	₹ 15.00 lakh	
4	More than ₹ 100.00 crore but less than ₹ 500.00 crore	₹ 20.00 lakh	
5	More than ₹ 500.00 crore	₹ 25.00 lakh	

(Source: Appropriation Accounts for the year 2023-24)

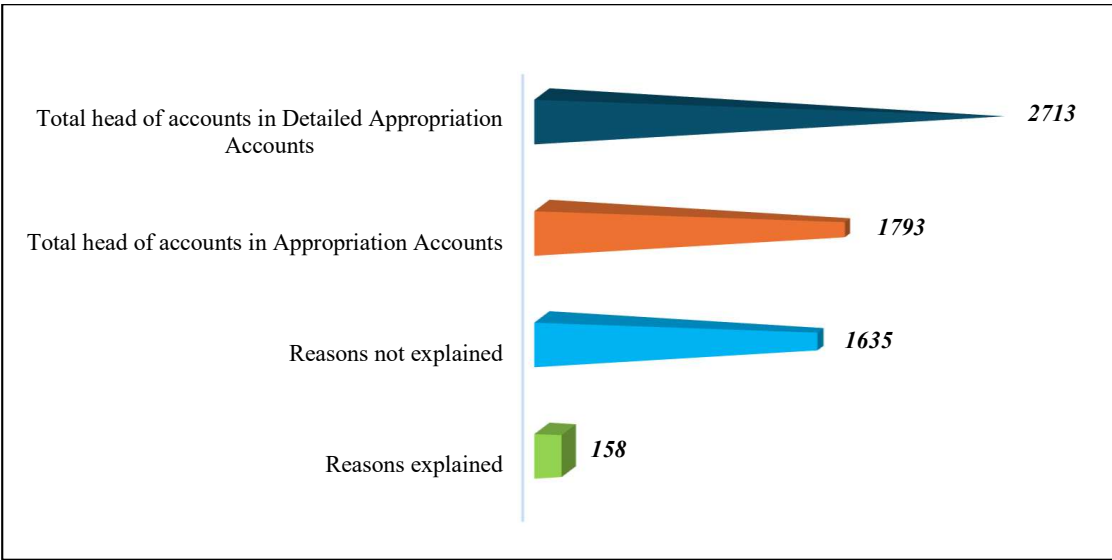
After compilation of the expenditure data for the year, all Grant Controlling Officers are required to provide reasons of Excess or Savings for inclusion in the final Appropriation

Accounts of the state of Bihar. For this, Accountant General (A&E) , Bihar, provided the draft Appropriation Accounts to the Controlling Officers of the Departments, seeking the reasons/ explanations for the variations in expenditure, with reference to approved budgetary allocation, in keeping with the limits set by the PAC.

For Appropriation Accounts for 2023-24, the Controlling Officers, however, provided explanations for variations in the expenditure *vis-à-vis* budgeted allocations in 8.81 *per cent* of total cases only. Reasons for variations were called for in respect of 1,793 cases under all 52 Grants/ Appropriations. However, reasons for variations, in respect of only 158 cases under 24 Grants/ Appropriations, were furnished by the Controlling Officers of Government Departments.

The status of explanations, received in case of variations in the Appropriation Accounts, requiring explanation, is shown in **Chart 3.6**.

Chart 3.6: Summary of Explanation for Variations in the Appropriation Accounts



(Source: Appropriation Accounts for the year 2023-24)

There are 1,635 Head of Accounts wherein savings and excess of ₹ 39,770.24 crore were not explained.

In the absence of explanation for variations between the budgeted allocations and their utilisation limits, the informational utility of the , for enabling the financial accountability of the Government and legislative control over budget, remained void.

3.4.4 Rush of Expenditure

Rule 125 of the Bihar Budget Manual (BBM), 2016, stipulates that late allotments should be avoided unless they are inevitable. Uniform flow of expenditure is essential for ensuring budgetary control.

During 2023-24, out of the total expenditure of ₹ 1,20,104.48 crore, in nine⁴ departments, expenditure of ₹ 50,470.05 crore (42.02 *per cent*) was incurred during the last quarter. Also, in the month of March 2024, expenditure of ₹ 28,321.95 crore (23.58 *per cent*) was incurred (*Appendix 3.9*).

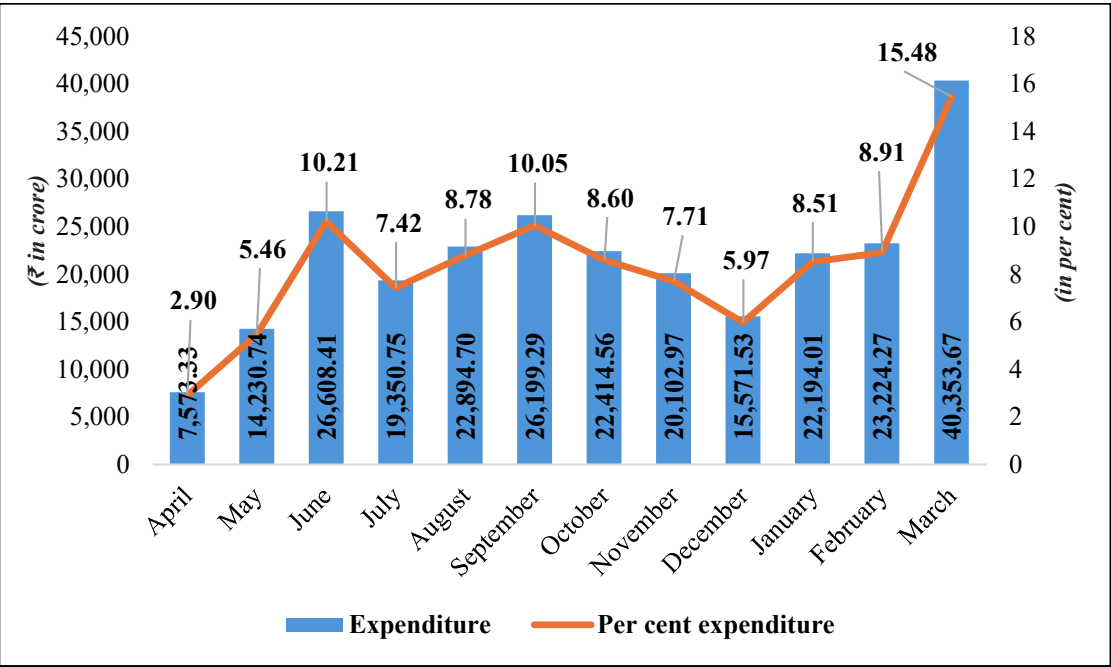
⁴ Excluding Grant no. 13 (Interest payment) and 14 (Repayment of loans).

It can also be seen from **Appendix 3.9** that, during March 2024, percentage wise (83.09 *per cent*) highest expenditure (₹ 2,494.51 crore) , was incurred in Grant No. 39 – Disaster Management Department, but overall maximum expenditure of ₹ 7,434.09 crore was incurred under Grant No. 21 – Education Department.

Hundred *per cent* expenditure, amounting to ₹ 5,475.30 crore (₹ 10 crore and above in each case), was incurred in the month of March 2024, under 30 sub-heads (scheme) of 16 Grants, as detailed in **Appendix 3.10**.

Further, for the overall appropriation of ₹3,26,230.12 crore, the expenditure in March 2024 (₹40,353.67 crore) was 15.48 *per cent* of the total expenditure (₹ 2,60,718.07 crore). Month-wise expenditure for the financial year, is shown in **Chart 3.7**.

Chart 3.7: Monthly Expenditure during the FY 2023-24



(Source: Monthly Expenditure Report 2023-24)

Substantial expenditure incurred by the departments, at the fag end/ last month of the year, indicated inefficient financial management and inadequate expenditure control. Rush of expenditure towards the end of the financial year indicated inadequate control over expenditure monitoring.

3.5 Review of selected grants

A review of the budgetary procedure and control over expenditure was conducted in respect of Grant No.- 03 “Building Construction Department” and Grant No.- 21 “Education Department, on the basis of the savings/excess and magnitude of the Grants and Supplementary demands, made during the period 2023-24. The results of the review are detailed in subsequent paragraphs.

3.5.1 Grant No.-03 “Building Construction Department”

Building Construction Department (BCD) is responsible for construction, renovation, up-gradation and maintenance of the residential and non-residential government buildings in Bihar. The Department, headed by its Secretary, functions through its

divisions and one corporation namely “Bihar State Building Construction Corporation Limited” (BSBCCL) and its Project Implementing Units (PIUs) .

Total 18 major heads, viz. 2052, 2059, 2216, 2235, 3053, 3055, 4047, 4055, 4059, 4202, 4210, 4216, 4225, 4235, 4250, 4406, 4408, and 5452 were operated under the Grant during the financial year 2023-24.

3.5.1.1 Budget and Expenditure

The overall position of budget provisions, actual disbursements, and savings/excess under the grant, for the last three financial years (2021-22 to 2023-24), is given in Table 3.15.

Table 3.15: Budget and Expenditure during the period 2021-24

(₹ in crore)

Year	Revenue (Voted) / Capital (Voted)	Original Budget	Supplementary budget	Total Budget	Expenditure as per Department's record	Unutilized Provisions (percentage with total budget)
2021-22	Revenue (Voted)	835.02	3.01	838.03	700.54	137.49 (16.41)
	Capital (Voted)	4,486.38	927.91	5,414.29	2,939.12	2,475.17 (45.72)
2022-23	Revenue (Voted)	859.13	46.63	905.76	753.11	152.65 (16.85)
	Capital (Voted)	4,101.99	1,518.89	5,620.88	3,589.30	2,031.58 (36.14)
2023-24	Revenue (Voted)	965.28	35.13	1,000.41	851.12	149.29 (14.92)
	Capital (Voted)	3,756.20	1,810.18	5,566.38	3,548.14	2,018.24 (36.26)

(Source: Appropriation Accounts for the respective years & Records of BCD)

Figures in parenthesis indicate percentage to the total budget provisions.

Table 3.15 shows that unutilised budget provisions under the Revenue (Voted) and Capital (Voted) ranged between 14.92 per cent and 45.72 per cent during 2021-24. In Capital section there was persistent non-utilization (more than 36 per cent) during 2021-24.

3.5.1.2 Non-Surrender of savings

During 2023-24, the Department made original budget provision of ₹ 4,721.48 crore and supplementary budget provision of ₹ 1,845.31 crore, making it a total budget provision of ₹ 6,566.79 crore. Out of this, the Department expended an amount of ₹ 4399.26 crore and there were savings of ₹ 2,167.53 crore during the year ending 31 March 2024. The Department did not surrender 100 per cent of savings in the Revenue section and 92.67 per cent of savings under the Capital section during this year. Details of non-surrendered amount of savings, are noted in Table 3.16.

Table 3.16: Non-surrender of savings

(₹ in crore)

Year	Revenue			Capital			Overall percentage of non-surrender
	Savings	Surrender	Per cent of non-surrender	Savings	Surrender	Per cent of non-surrender	
2021-22	137.49	-	100	2,475.17	35.00	98.59	98.66
2022-23	152.65	8.00	94.76	2,031.58	224.29	88.96	89.37
2023-24	149.29	-	100	2,018.24	148.00	92.67	93.17
Total	439.43	8.00	98.18	6,524.99	407.29	93.76	94.06

(Source: Detailed Appropriation Accounts & Department's report)

As can be seen from **Table 3.16**, substantial savings and comparatively less surrenders have been made by the Department during 2021-24.

3.5.1.3 Persistent savings

Audit observed persistent savings in the last three years in some schemes of the BCD. Details of eight cases wherein savings of ₹ 50 crore and above were made in 2023-24, are presented in **Table 3.17**.

Table 3.17: Persistent savings above ₹ 50 crore
(₹ in crore & per cent in parenthesis)

Sl. No.	Head of Account - Name of the Scheme	2021-22	2022-23	2023-24
1	4059-80-051-0220 - Development of Infrastructure Facilities for Judiciary including Gram Courts	81.25 (82.93)	79.00 (79.00)	105.91 (75.65)
2	4216-01-700-0206 - Development of Infrastructure Facilities for Judiciary including Gram Courts	52.97 (88.28)	31.04 (52.57)	183.48 (84.62)
3	4059-60-051-0112 - Construction/Re-construction/ Upgradation of Industrial Training Institute (ITI) Buildings	1.34 (0.88)	38.96 (12.93)	128.41 (57.84)
4	4059-80-051-0123 - Dr. A. P. J. Abdul Kalam Science City	60.81 (40.54)	35.67 (44.59)	101.60 (50.80)
5	4059-60-051-0121 - Extension of Patna High Court	40.46 (80.92)	107.19 (89.33)	100.68 (88.32)
6	4059-01-789-0101 - Building for Scheduled Castes	55.35 (27.68)	43.10 (18.74)	174.18 (58.06)
7	4055-00-051-0105 - Construction of Police and Other Buildings- Home Department	3.97 (35.04)	5.37 (59.67)	219.86 (99.94)
8	4216-01-700-0306 - Development of Infrastructure Facilities for Judiciary including Village Courts	13.99 (77.72)	0.60 (3.07)	122.32 (84.62)

(Source: Data furnished by Department)
Figures in parenthesis indicate percentage to total budget provision.

Persistent savings over the years indicated improper estimation under these schemes or non-achievement of the projected financial outlays in the respective years.

3.5.1.4 Entire provisions remained unutilised

It was observed that entire budgetary provisions amounting to ₹ 63.98 crore had remained unutilised under 48 head of accounts in the BCD during the year 2023-24. Cases, wherein budgetary provisions equal to and above ₹ 5.00 crore were made and were unutilized, have been detailed in **Table 3.18**.

Table 3.18: Entire Budget Provisions remaining completely unutilised during 2023-24 (₹ 5.00 crore and above)
(₹ in crore)

Sl. No.	Head of Accounts – Schemes	2021-22	2022-23	2023-24
1	4055-00-051-0103 - Construction of new Police Headquarter Building- Home Department	18.00	-	5.00
2	4059-80-051-0324 - Multi-sectoral Development Programme for Minorities, Special State Share (Pradhanmantri Jan Vikas Karyakram)	5.00	5.00	5.00
3	4059-01-796-0106 - Construction of Joint Labour Building	-	-	6.28
4	4059-01-051-0130 - Nagar Vikas Bhawan	-	20.00	10.00

Sl. No.	Head of Accounts – Schemes	2021-22	2022-23	2023-24
5	4059-60-051-0144 - Bihar Bhawan, New Delhi	-	-	10.00
6	4059-80-051-0125 - Consolidated Check post	-	-	10.00
Total		23.00	25.00	46.28

(Source: Detail Appropriation Accounts & Data furnished by Department)

As can be seen from **Table 3.18**, in Head of Account “03-4059-80-051-0324”, the Department made budget provisions consistently despite nil utilization over the years.

3.5.1.5 Unnecessary Supplementary Budget

Scrutiny of the Budget Document and Appropriation Accounts, for the year 2023-24, revealed that the Department made Supplementary Budget of ₹ 1,845.31 crore across the grant. Out of this, under five scheme heads, against the Original Budget provisions of ₹ 335.81 crore, the Department could spend only ₹ 201.54 crore (60.01 *per cent*), and Supplementary Budget of ₹ 467.74 crore proved unnecessary as the expenditure could not reach to the level of Original Budget provision. The details are given in **Table 3.19**.

Table 3.19: Cases where Supplementary Budget proved un-necessary

(₹ in crore)

Sl. No.	Head of Accounts	Name of Scheme	Original Budget	Supplementary Budget	Expenditure (as per CFMS)
1	2059-80-001-0004	Establishment and Committed (Execution)	234.81	0.90	154.00
2	4216-01-700-0206	Development of infrastructure facilities for judiciary including Gram courts	60.00	156.84	33.36
3	4055-00-051-0105	Construction of police and other buildings – Home department	20.00	200.00	0.14
4	4059-80-051-0109	Construction of hostel for Bihar state judicial service, training institute (Law department)	7.00	10.00	0.72
5	4059-60-051-0121	Extension of Patna high court	14.00	100.00	13.32
Total			335.81	467.74	201.54

(Source: DAA & CFMS report provided by Department)

Further in five heads of accounts⁵, only supplementary provision of ₹ 23.46 crore was made. However, against these provisions, no expenditure was incurred and therefore, Supplementary Budget of ₹ 23.46 crore proved unnecessary.

3.5.1.6 Unnecessary re-appropriation of funds

It was observed that though re-appropriation provisions of ₹ 97.49 crore were made in 14 Heads of Accounts (HoA), in three HoA re-appropriations proved unnecessary, as the expenditure did not come up to the level of the Original Budget provisions, as shown in **Table 3.20**.

⁵ 4059-60-051-0144; 4059-80-051-0125; 4059-60-051-0420; 2059-80-053-0019 and 4059-60-051-0425.

Table 3.20: Unnecessary re-appropriation of funds

(₹ in crore)

Sl. No.	Head of Accounts	Name of scheme	Original Budget	Supplementary Budget	Re-appropriation	Expenditure
1	2052-00-090-0020	Building Construction	3.84	0.00	0.11	3.32
2	2059-80-001-0001	Direction	25.78	0.00	0.34	22.94
3	2059-80-001-0004	Execution	234.81	0.90	0.81	154.00
Total			264.43	0.90	1.26	180.26

(Source: DAA & CFMS report provided by the department)

Unnecessary re-appropriation indicates that the Department used the provision of re-appropriation without assessing the actual requirement of funds in these cases.

3.5.1.7 Other issues

It was also observed that:

- i. During the year 2023-24, out of total expenditure of ₹ 4,399.26 crore, an amount of ₹ 941.48 crore (21.40 per cent) has been spent in the month of March 2024 by the BCD. In seven Capital Heads of Accounts⁶, expenditure incurred in the month of March 2024 (₹ 214.79 crore) was more than 63 per cent of the total expenditure (₹ 273.69 crore).
- ii. Adjustment of outstanding 77 AC bills of ₹ 26.73 crore was pending (as of November 2023) . These bills were pending from F.Y. 2002-03 to 2022-23.
- iii. The Building Construction Division-II, Patna, had transferred ₹ 11.58 crore to other Departments for shifting of pipelines, construction of approach road and electrification works but Utilisation Certificates against this amount were yet to be received.

3.5.2 Grant No. 21 – “Education Department”

The Education Department (Grant No. 21) is concerned with providing education and setting up related infrastructure across the state.

Grant No. 21 –Education includes only voted grants under Major Heads 2202- General Education, 2205- Art and Culture, 2251- Secretariat- Social Services, 2204- Sports and Youth Services, 4202-Capital Expenditure on Education, Sports, Art, and Culture, 2059-Public works and 4059-Capital outlay on Public Works.

3.5.2.1 Budget and Expenditure

The overall position of budget, expenditure, and savings under the Grants, for the last three financial years (2021-24), is given in Table 3.21.

Table 3.21: Budget and Expenditure during the period 2021-22 to 2023-24

(₹ in crore)

Financial Year	Head	Original Budget	Supplementary Budget	Total Budget	Expenditure	Savings	Percentage of Savings
2021-22	Revenue	36,971.29	8,943.67	45,914.96	33,279.81	12,635.15	27.52
2021-22	Capital	1,064.64	-	1,064.64	704.88	359.76	33.79

⁶ 4059-01-051-0105; 4059-01-051-0110; 4059-01-789-0104; 4059-01-796-0107; 4202-02-104-0111; 4202-02-789-0102 and 4210-01-110-0116.

Financial Year	Head	Original Budget	Supplementary Budget	Total Budget	Expenditure	Savings	Percentage of Savings
2022-23	Revenue	38,482.26	16,398.54	54,880.80	40,904.52	13,976.28	25.47
2022-23	Capital	709.61	301.96	1,011.57	515.27	496.30	49.06
2023-24	Revenue	39,929.24	15,061.82	54,991.06	42,157.67	12,833.39	23.34
2023-24	Capital	521.67	959.17	1,480.84	1,360.82	120.02	8.10

(Source: Education department and Copy of Demand of Grants)

It is evident from the **Table 3.21** that the unutilised budget provisions under the Revenue and Capital section ranged between 23.34 to 27.52 *per cent* and 8.10 to 49.06 *per cent*, respectively during F.Y. 2021-24.

3.5.2.2 Surrenders of savings

The Department had not surrendered 54.84 *per cent* to 99.92 *per cent* of the savings, made during 2021-22 to 2023-24, as shown in **Table 3.22**.

Table 3.22: Surrender of savings

(₹ in crore)

Financial Year	Revenue			Capital			Overall percent age of surrender
	Savings	Surrender	Per cent of surrender	Savings	Surrender	Per cent of surrender	
2021-22	12,635.15	52.77	0.42	359.76	-	-	0.41
2022-23	13,976.28	6,376.74	45.63	496.30	159.30	32.10	45.16
2023-24	12,833.39	10.00	0.08	120.02	-	-	0.08
Total	39,444.82	6,439.51	16.33	976.08	159.30	16.32	16.33

(Source: Education Department and Appropriation Accounts)

3.5.2.3 Persistent savings

A substantial portion of the budgetary provisions had remained unutilised (above ₹ 50 crore in each case), under five Heads of Accounts, during 2021-22 to 2023-24, as shown in **Table 3.23**.

Table 3.23: Persistent savings above ₹ 50 crore

(₹ in crore)

Sl. No.	Head of Accounts	Name of Scheme	2021-22	2022-23	2023-24
1	2202-01-101-0001	Government primary and middle school	408.99 (9.14)	514.69 (11.33)	896.37 (14.45)
2	2202-01-789-0203	Sarva Shiksha Abhiyan (Samagra Shiksha)	517.54 (43.13)	1193.91 (57.79)	1054.77 (57.08)
3	2202-01-789-0308	Sarva Shiksha Abhiyan (Holistic Education)	345.02 (43.13)	146.46 (24.51)	118.59 (18.32)
4	2202-02-001-0002	District Education officer and sub-divisional education officer	77.92 (27.06)	84.39 (28.8)	77.54 (25.29)
5	2202-02-109-0001	Other schools	87.93 (10.31)	85.71 (9.65)	214.91 (11.44)
6	2202-02-109-0207	Rashtriya Madhyamik Shiksha Abhiyan (Samagra Shiksha)	330.35 (86.63)	166.52 (51.12)	249.77 (44.08)

Sl. No.	Head of Accounts	Name of Scheme	2021-22	2022-23	2023-24
7	2202-02-109-0307	Rashtriya Madhyamik Shiksha Abhiyan (Samagra Shiksha)	62.19 (64.67)	220.65 (67.52)	240.39 (53.22)
8	2202-03-102-0011	Lalit Narayan Mithila University	112.37 (16.01)	91.29 (14.28)	141.46 (19.79)

(Source: Appropriation Accounts of the respective years)
Figures in parenthesis indicate percentage to total budget provision.

Persistent savings over the years indicated improper estimation under these schemes or non-achievement of the projected financial outlays in the respective years.

3.5.2.4 Entire provisions remaining unutilised

It was observed that the entire budgetary provision had remained unutilised under seven schemes (three Centrally Sponsored Schemes (CSS) and four State Plan Schemes), during 2023-24 as shown in Table 3.24.

Table 3.24: Entire Budget Provision remained unutilised during 2023-24
(₹ in crore)

Sl. No.	Head of Accounts- Schemes	2021-2022	2022-2023	2023-2024
1	2202-02-110-0007 Assistance to Non-Government Schools	616.61	-	342.00
2	2202-03-102-0323 National Higher Education Expedition	-	63.20	18.00
3	2202-04-200-0205 New India Literacy Programme (NILP)	-	8.99	18.83
4	2202-04-200-0305 New India Literacy Programme (NILP)	-	5.99	12.27
5	4202-01-203-0207 National Higher Education Abhiyan	-	158.00	15.20
6	2202-01-001-0105 Educational Seminar workshop and organisation of different Educational Festivals.	-	-	20.00
7	2202-03-104-0003 Financial Aided College	-	-	507.84
	Total	616.61	236.18	934.14

(Source: Appropriation Accounts 2021-22 to 2023-24)

It can be observed from Table 3.24 that the entire Budget Provisions of ₹ 616.61 crore (2021-22) and ₹ 342.00 crore (2023-24) under 2202-02-110-0007: ‘Assistance to Non-Government Schools’, remained unutilised.

3.5.2.5 Unnecessary Supplementary Budget

During 2023-24, under five scheme heads, against the Original Budget provisions of ₹ 7,599.46 crore, the Department could spend only ₹ 6,696.41 crore (88.12 per cent). Supplementary Budget of ₹ 1,777.54 crore under these schemes proved unnecessary as detailed in Table 3.25.

Table 3.25: Unnecessary Supplementary budget
(₹ in crore)

Sl. No.	Head of Accounts - Scheme	Original Budget	Supplementary Budget	Total budget provision	Expenditure	Percentage expenditure against Original Budget
1	2202-01-197-0002- Consolidated Payment to Block Teachers and Physical Teachers	2,829.22	2.00	2,831.22	2,457.29	86.85

Sl. No.	Head of Accounts - Scheme	Original Budget	Supplementary Budget	Total budget provision	Expenditure	Percentage expenditure against Original Budget
2	2202-01-111-0301- Sarva Shiksha Abhiyan (SSA) (Holistic Education)	2,233.38	423.61	2,656.99	2,003.23	89.69
3	2202-02-196-0001- Consolidated Grant to Zila Parishad Secondary Teachers	1,782.63	2.00	1,784.63	1,658.50	93.04
4	2202-05-103-0003- Non-Government Sanskrit School	200.00	869.93	1,069.93	161.14	80.57
5	2202-03-102-0002- Magadh University	554.23	480.00	1,034.23	416.25	75.10
Total		7,599.46	1,777.54	9,377.00	6,696.41	88.12

(Source: Appropriation Accounts 2023-24)

Further, under eight scheme heads, against the Original Budget provisions of ₹ 47.00 crore, Supplementary Budget provision of ₹ 13.90 crore was made. However, no expenditure was incurred against any of these provisions and the Supplementary Budget proved unnecessary. These eight schemes are detailed in Table 3.26.

Table 3.26: Unnecessary Supplementary Budget against NIL expenditure schemes

(₹ in crore)

Sl. No.	Heads of Accounts - Scheme	Original Budget	Supplementary Budget	Expenditure
1	2202-01-001-0105-Educational Seminar workshop and organisation of different Educational Festivals.	10.00	10.00	0.00
2	2202-04-200-0205-New India Literacy Programme (NILP)	17.61	1.22	0.00
3	2202-04-200-0305-New India Literacy Programme (NILP)	11.99	0.28	0.00
4	2202-04-789-0204-New India Literacy Programme (NILP)	2.04	0.28	0.00
5	2202-04-789-0303-New India Literacy Programme (NILP)	1.78	0.06	0.00
6	2202-04-796-0205-New India Literacy Programme (NILP)	0.35	0.05	0.00
7	2202-04-796-0303-New India Literacy Programme (NILP)	0.23	0.01	0.00
8	4202-01-202-0115-Jal Jeevan Hariyali	3.00	2.00	0.00
Total		47.00	13.90	0.00

(Source: Appropriation Account 2023-24)

3.5.2.6 Unnecessary re-appropriation of funds

It was observed that in eight scheme heads provisions through re-appropriation proved unnecessary, as the expenditure did not come up to the level of the Original Budget. Some examples are shown in Table 3.27.

Table 3.27: Unnecessary re-appropriation of funds (2023-24)

(₹ in crore)

Sl. No.	Heads of Accounts - Schemes	Original Budget	Supplementary Budget	Re-appropriation	Expenditure incurred
1	21-2202-01-001-0001-Directorate of Primary Education	11.13	2.95	0.72	9.20
2	21-2202-02-001-0003-Regional Deputy Director and Other Officer	17.21	2.00	0.20	13.93
3	21-2202-03-102-0008- B. N. Mandal University Madhepura	318.00	2.00	22.20	290.46
4	21-2202-03-102-0011-Lalit Narayan Mithila University	621.31	14.00	79.60	573.46
5	21-2202-03-102-0027-Munger University, Munger.	88.12	6.00	8.00	81.14
6	21-2202-80-001-0001-Headquarter Establishment	11.13	1.50	0.40	8.26
7	21-2202-80-001-0002-State Education Research and Training Institute Directorate	2.06	0.48	0.10	1.87
8.	21-2251-00-090-0002-Education Department	14.14	1.77	0.50	9.42
	Total	1,083.10	30.70	111.72	987.74

(Source: Appropriation Accounts 2023-24)

3.5.2.7 Substantial savings under Centrally Sponsored Schemes

Details of utilisation of Budget Provisions for two CSS viz., Sarva (Samagra) Shiksha Abhiyan and Pradhan Mantri Poshan Yojna/ Midday meal in the Department during last three years are given in **Table 3.28**.

Table 3.28: Budget Proposal and non-utilization (savings)

(₹ in crore)

Head	2021-22		2022-23		2023-24	
	Total Budget	Savings (in per cent)	Total Budget	Savings (in per cent)	Total Budget	Savings (in per cent)
Sarva Shiksha Abhiyan (SSA)						
21-2202-01-111-0201	6,638.63	3,897.39 (58.71)	6,515.76	3,870.98 (59.41)	6,858.79	3,859.74 (56.27)
21-2202-01-111-0301	1,883.21	55.72 (2.96)	2,304.70	541.50 (23.50)	2,656.99	653.76 (24.61)
21-2202-01-789-0203	1,200.00	517.54 (43.13)	2,065.94	1,389.29 (67.25)	1,848.16	1,055.03 (57.09)
21-2202-01-789-0308	800.00	345.02 (43.13)	597.56	146.46 (24.51)	673.88	145.13 (21.54)
21-2202-01-796-0309	48.00	3.36 (7.00)	51.71	22.62 (43.74)	96.50	62.41 (64.67)
Total	10,569.84	4,819.03 (45.59)	11,535.67	5,970.85 (51.76)	12,134.32	5,776.07 (47.60)
Mid-Day Meal (MDM)						
21-2202-01-112-0002	1.56	1.22 (78.21)	1.70	1.47 (86.47)	9.35	8.96 (95.83)
21-2202-01-112-0104	460.00	216.43 (47.05)	506.00	142.81 (28.22)	535.00	500.00 (93.46)

Head	2021-22		2022-23		2023-24	
	Total Budget	Savings (in per cent)	Total Budget	Savings (in per cent)	Total Budget	Savings (in per cent)
21-2202-01-112-0203	1,155.78	466.59 (40.37)	1,975.00	1,224.75 (62.01)	2,002.00	1,278.09 (63.84)
21-2202-01-789-0209	245.67	71.99 (29.30)	450.00	299.04 (66.45)	450.00	267.57 (59.46)
21-2202-01-796-0210	32.63	16.55 (50.72)	75.00	63.02 (84.03)	48.00	31.10 (64.79)
21-2202-01-796-0310	21.76	6.18 (28.40)	18.00	4.68 (26.00)	24.43	8.43 (34.51)
Total	1,917.40	778.96 (40.63)	3,025.70	1,735.77 (57.37)	3,068.78	2,094.15 (68.24)

(Source: Appropriation Accounts)

As can be seen from the **Table 3.28**, 2.96 per cent to 95.83 per cent of the Budget Provisions have not been utilised under these two schemes by the Department in the last three years.

3.6 Review of Specific Budget

Certain aspects of budget & expenditure like Government spending on women, children, environment, forest, and climate change require special attention and a more transparent and logical approach. Bihar prepared a Gender Budget, Child Welfare Budget, and Green Budget, during 2023-24.

3.6.1 Review of Gender Budget

Performance of the Gender Budget is analysed on the basis of expenditure incurred on various categories of schemes across the various department the Gender Budget.

3.6.1.1 Budgetary Provisions and expenditure incurred

During the last three years the State government dedicated 14.50 to 15.80 per cent of Budgetary resources for Gender Budget. An overview of planning and execution of the Gender budget with respect to the State budget, for the last three years (2021-22 to 2023-24), is detailed in **Table 3.29**.

Table 3.29: Budget Resources dedicated to the Gender Budget in different phases of Budget and its implementation

Details		(₹ in crore)		
Budget Estimates*		2021-22	2022-23	2023-24
	Original Budget (BE)	2,18,302.70	2,37,691.21	2,61,885.40
	Provisions for Women (BE)	34,490.56	36,657.03	37,948.71
	Share (per cent) for women in the State budget (BE) of Bihar	15.80	15.42	14.50
Total Budget	Total Size of State Budget	2,65,396.87	3,01,686.46	3,26,230.12
	Total Budget in Gender Budget Scheme	95,103.97	1,04,543.15	94,394.65
	Share (per cent) for women in the State budget of Bihar	35.83	34.65	28.93
Expenditure	Total expenditure of State	1,94,202.20	2,35,176.84	2,60,718.07
	Total expenditure in Gender Budget schemes	64,648.33	78,041.75	64,316.15
	Share (per cent) in State's expenditure	33.29	33.18	24.67

(Source: Gender Budget (Budget Estimates) , and Appropriation Accounts of F.Y. 2021-22 to 2023-24)

*Note: Budget Estimates amount is taken from Gender Budget and some schemes are excluded due to duplicity of data and non-clear provision of budget against each head of scheme.

As can be seen from **Table 3.29**:

- i. during each of the last three years, the total budget amount and total expenditure incurred under Gender Budget has increased significantly from its Budget Estimates (original budget) .
- ii. in last two financial years, percentage share of Budget Estimates, Total Budget and total expenditure incurred under the Gender Budget have declined against the Budget Estimates, Total Budget and total expenditure of the State.

Gender Budget schemes are divided in two categories viz. Category ‘A’ (Scheme with 100 *per cent* Budget dedicated for women only) and ‘B’ (at least 30 *per cent* of budget is dedicated for women). There are 94 schemes in Category ‘A’ and 491 schemes in Category ‘B’ run by the concerned departments of the State Government.

An overview of Budget provisions and expenditure in these two categories of schemes with respect to the Gender Budget is detailed in **Table 3.30**.

Table 3.30: Budget allocation in the categories of schemes under Gender Budget

		(₹ in crore)		
Details		2021-22	2022-23	2023-24
Budget Estimates	Budgetary provision in Gender Budget	34,490.56	36,657.03	37,948.71
	Scheme ‘A’	12,084.29	13,069.64	10,536.37
	Per cent provision of Scheme ‘A’	35.04	35.65	27.76
	Scheme ‘B’	22,406.27	23,587.39	27,412.34
	Per cent provision of Scheme ‘B’	64.96	64.35	72.24
Total Budget	Total Budget for Women	95,103.97	1,04,543.15	94,394.65
	Scheme ‘A’	18,457.03	20,788.68	13,016.77
	Per cent provision of Scheme ‘A’	19.41	19.89	13.79
	Scheme ‘B’	76,646.94	83,754.47	81,377.87
	Per cent provision of Scheme ‘B’	80.59	80.11	86.21
Expenditure	Total expenditure in Gender Budget schemes	64,648.33	78,041.75	64,316.15
	Expenditure under Category ‘A’ schemes	11,240.74	18,261.32	4,985.01
	Percentage of Expenditure under Category ‘A’ schemes	17.39	23.40	7.75
	Expenditure under Category ‘B’ schemes	53,407.59	59,780.43	59,331.14
	Percentage of Expenditure Category under ‘B’ schemes	82.61	76.60	92.25

(Source: Gender Budget and Appropriation Account of F.Y. 2021-22 to 2023-24,

As can be seen from the **Table 3.30** that during the current year:

- i. Budget Estimates for Category ‘A’ schemes declined by 7.28 *percentage point* in 2023-24, in comparison to the Gender Budget estimates of 2021-22.
- ii. Although Original Budget was enhanced significantly through Supplementary Budget, most of the Budgetary Provisions are allocated to Category ‘B’ schemes and share of Category ‘A’ schemes was reduced to nearly half (14 *per cent*) of the initial share in terms of percentage.
- iii. In terms of execution, expenditure incurred under Category ‘A’ schemes was low (eight *per cent*) as against standard share planned in Original Budget.

- iv. Share of Category ‘A’ schemes in Budget Estimates, Total Budget and Expenditure under Gender Budget had declined in comparison to last year and the percentage expenditure incurred on Category ‘A’ Schemes was the lowest (7.75 *per cent*) in the last three years.

3.6.2 Review of the Child Welfare Budget

National Policy for Child (NPC) - 2013 guided the State Government to prepare Child Welfare Budget. Following the NPC, State Government issued Standard Operating Procedure, and Child Budget Manual for preparation of the Child Welfare Budget. Accordingly, the Government started preparing Child Welfare Budget since 2013-14 in the State.

There are total 234 schemes under the Child Welfare Budget of the State. Major schemes, in terms of budgetary provisions and expenditure, under this budget included Samagra Siksha Abhiyan, Mid Day Meal, Integrated Child Development Services and PM Poshan Shakti Nirman *etc.*

3.6.2.1 Budgetary Provisions and expenditure incurred

An overview of the Child Welfare Budget planning and execution with respect to the State budget, for last three years (2021-22 to 2023-24), is presented in **Table 3.31**.

Table 3.31: Overview of Child Welfare Budget for 2021-22 to 2023-24

(₹ in crore)

Details		2021-22	2022-23	2023-24
Original Budget (BEs)	Budget of the State	2,18,302.70	2,37,691.21	2,61,885.40
	Budgetary provision for Child Welfare Budget	38,863.99	44,917.07	46,066.29
	Percentage share of Child Welfare Budget	17.80	18.90	17.59
Total Budget (Original Budget + Supplementary Budget)	Total Budgetary provision of the State	2,65,396.87	3,01,686.46	3,26,230.12
	Total Budget for Child Welfare Budget	52,016.72	73,414.14	74,604.90
	Percentage share of Child Welfare Budget	19.59	24.33	22.87
Expenditure	Total expenditure of the State	1,94,202.20	2,35,176.84	2,60,718.07
	Total expenditure for Child Welfare Budget	39,296.12	54,069.87	56,496.61
	Percentage share of expenditure for Child Welfare Budget	20.23	22.99	21.67

(Source: Child Welfare Budget and Appropriation Accounts of F.Y. 2021-22 to 2023-24)

Original Budget (Budget Estimate) of CWB was ₹ 46,066.29 crore. Total Budget under CWB was increased to ₹ 74,604.90 crore by providing Supplementary Budget. Total Expenditure under CWB was ₹ 56,496.61 crore, indicating savings of ₹ 18,108.29 crore, which was 24 *per cent* of the total budget provisions.

Audit analysed trend of Budget and expenditure in four major schemes of the Child Welfare Budget. These schemes have been considered for analysis on account of budgetary provisions and expenditure incurred therein. Details are shown in **Table 3.32**.

Table 3.32: Overview of Budget Management in four major schemes (HoA)

(₹ in crore)

Head of Account and Scheme Name	Budget, Expenditure and Savings	Financial Year			Total
		2021-22	2022-23	2023-24	
21-2202-01-111-0201- Sarva Shiksha Abhiyan	CWB BE	6,638.63	6,515.76	6,858.79	20,013.18
	Total Budget	6,638.63	6,515.76	6,858.79	20,013.18
	Expenditure	2,741.23	2,644.79	2,999.05	8,385.07
	Saving (per cent savings)	3,897.40	3,870.97	3,859.74	11,628.11 (58.10)
21-2202-01-112-0104- Mid-day Meal	CWB BE	460.00	300.00	300.00	1,060.00
	Total Budget	460.00	506.00	535.00	1,501.00
	Expenditure	243.57	363.19	535.00	1,141.76
	Saving (per cent savings)	216.43	142.81	0.00	359.24 (23.93)
51-2236-02-101-0203 - Integrated Child Development Services (Saksham Anganwadi Poshan 2.0)	CWB BE	819.48	1,020.98	989.89	2,830.35
	Total Budget	854.49	1,020.98	989.89	2,865.36
	Expenditure	701.77	754.87	761.14	2,217.78
	Saving (per cent savings)	152.72	266.11	228.75	647.58 (22.60)
21-2202-01-112-0203 - Pradhan Mantri Poshan Shakti Nirman	CWB BE	1,155.78	1,975.00	2,002.00	5,132.78
	Total Budget	1,155.78	1,975.00	2,002.00	5,132.78
	Expenditure	689.19	750.25	723.91	2,163.35
	Saving (per cent savings)	466.59	1,224.75	1,278.09	2,969.43 (57.85)

(Source: Child Welfare Budget for Budget estimates and Detailed Appropriation Account for Total Budget and expenditure of F.Y. 2021-22 to 2023-24)

From **Table 3.32**, significant savings against the total budget provided can be observed in two schemes (Samagra Siksha Abhiyan and PM Poshan Shakti Nirman) during the period of last three years. During the last three years, total savings under PM Poshan Shakti Nirman were ₹ 2,969.43 crore, which was 57.85 per cent of its total budget provisions of ₹ 5,132.78 crore. Similarly, total savings during the last three years under Samagra Siksha Abhiyan was ₹11,628.11 crore, which was 58.10 per cent of its total budget provisions of ₹ 20,013.18 crore.

3.6.3 Review of the Green Budget

Since Financial Year 2020-21, the State government has been preparing a Green Budget and has dedicated at least three per cent of its original budgetary resources for the Green Budget during the last three years.

An overview of BEs, Total Budget and expenditure in the Green Budget *vis-à-vis* State budget, for last three years (2021-22 to 2023-24), is presented in **Table 3.33**.

Table 3.33: Green Budget *vis-à-vis* State Budget

(₹ in crore)

Details		2021-22	2022-23	2023-24
Budget Estimate	Budget of the State	2,18,302.70	2,37,691.21	2,61,885.40
	Budgetary provisions for Green Budget	7,682.91	7,710.25	9,920.77
	Percentage share of Green Budget	3.52	3.24	3.79

Details		2021-22	2022-23	2023-24
Total Budget (Original Budget + Supplementary Budget)	Total Budgetary provisions of the State	2,65,396.87	3,01,686.46	3,26,230.12
	Total Budgetary provisions for Green Budget	36,368.58	28,366.70	44,331.56
	Percentage share of Green Budget	13.70	9.40	13.59
Expenditure	Total expenditure of the State	1,94,202.20	2,35,176.84	2,60,718.07
	Total expenditure for Green Budget	22,000.07	17,936.63	37,048.61
	Percentage share of Green Budget	11.33	7.63	14.21

(Source: Green Budget for Budget estimates and Detailed Appropriation Account for Total Budget and expenditure of F.Y. 2021-22 to 2023-24)

As can be seen from **Table 3.33**, during 2023-24 percentage share of expenditure on Green Budget has increased from 11.33 *per cent* in 2021-22 to 14.21 *per cent* in 2023-24.

Schemes included under Green Budget are divided in six categories⁷ based on their percentage share dedicated for green budget component under the scheme.

An overview of Budget and expenditure under the Green Budget schemes across six categories is presented in **Table 3.34**.

Table 3.34: Category wise Budget and Expenditure under Green Budget

(₹ in crore)

Financial year	Category	Green Budget Estimates	Per cent of total BE	Total Budget	Per cent of Total Budget	Expenditure incurred	Per cent of Total Exp.
2021-22	A	2,274.08	29.60	2,283.87	6.28	797.10	3.62
	B	342.55	4.46	441.04	1.21	85.47	0.39
	C	3,360.15	43.74	5,747.21	15.80	3,784.67	17.20
	D	604.18	7.86	2,996.69	8.24	1,650.93	7.50
	E	619.38	8.06	8,567.95	23.56	6,036.68	27.44
	F	482.57	6.28	16,331.82	44.91	9,645.22	43.84
	Total	7,682.91	100.00	36,368.58	100.00	22,000.07	100.00
2022-23	A	3,344.44	43.38	3,868.32	13.64	2,443.74	13.62
	B	283.93	3.68	504.16	1.78	112.55	0.63
	C	2,009.92	26.07	3,517.62	12.40	1,988.58	11.09
	D	663.37	8.60	3,956.93	13.95	2,116.83	11.80
	E	920.71	11.94	7,203.39	25.39	3,172.82	17.69
	F	487.88	6.33	9,316.28	32.84	8,102.11	45.17
	Total	7,710.25	100.00	28,366.70	100.00	17,936.63	100.00
2023-24	A	4,306.85	43.41	8,555.31	19.30	6,898.08	18.62
	B	190.02	1.92	306.71	0.69	66.92	0.18
	C	3,587.16	36.16	5,246.24	11.83	3,336.99	9.01
	D	530.33	5.35	2,095.94	4.73	1,662.10	4.49
	E	872.28	8.79	7,640.75	17.24	8,077.03	21.80
	F	434.13	4.38	20,486.61	46.21	17,007.49	45.91
	Total	9,920.77	100.00	44,331.56	100.00	37,048.61	100.00

(Source: Green Budget and Detailed Appropriation Account of F.Y. 2021-22 to 2023-24)

Note: During process of data of Green Budget, some schemes are excluded due to duplicity and non-specific budget amount against scheme heads. Therefore, amount of Budget estimates may slightly vary in comparison with aggregate Budget estimates of Green Budget.

⁷ (A) Fully dedicated (>90-100 per cent), (B) Very high significance (>75-90 per cent), (C) High significance (>50-75 per cent), (D) Medium significance (>25-50 per cent), (E) Low significance (>05-25 per cent) and (F) Marginal significance (05 per cent or less).

As can be seen from **Table 3.34:**

- i. During the Financial Year 2023-24, total percentage share of amount provisioned for Category ‘A’, ‘B’ and ‘C’ schemes was 81.49 *per cent* (₹ 8,084.03 crore) of the Original Green Budget (₹ 9,920.77 crore) which was significant. However, percentage share of expenditure under these categories of schemes was only 27.81 *per cent* (₹10,301.99 crore) of the total expenditure (₹ 37,048.61 crore) under the Green Budget.
- ii. BEs under ‘D’, ‘E’ and ‘F’ Categories of the schemes were significantly low as compared to their total budget during the period 2021-24.
- iii. Majority of expenditure has been incurred on less important schemes (Category E and F).

3.7 Conclusions

The following are some conclusions arrived at, as a result of the analysis of the Budget and Appropriation Accounts:

Sl. No.	Para No.	Conclusions
1	3.4.2	Budgetary provisions for the State for the year 2023-24 increased by 24 <i>per cent</i> with three Supplementary Budget being incorporated. However, the actual expenditure did not come up to the level of the Original Budget.
2	3.3.1	Approximately 10 <i>per cent</i> of the total expenditure (₹ 2,60,718.07 crore) was transferred to the Public Account.
3	3.3.2 and 3.3.3	Supplementary Budget as well as re-appropriations were made without proper assessment of requirement as these remained either unutilised or were found to be in excess of actual requirements.
4	3.3.4	There were significant as well as persistent savings of ₹ 500 crore or more. These included savings of ₹ 27,852.39 crore under eight grants during the year and persistent savings of ₹ 51,187.57 crore under 12 grants during the last five years.
5	3.3.5.1	An excess expenditure of ₹ 39.47 crore was observed under two grants which requires regularisation.
6	3.4.3	Explanations in respect to variations from the budget were required in 1,793 cases but were explained in only 158 cases (8.81 <i>per cent</i>) .
7	3.4.4	15 <i>per cent</i> of State’s expenditure was incurred in the month of March 2024 including 30 schemes (₹ 10 crore and above) , wherein 100 <i>per cent</i> expenditure was incurred during this month.

3.8 Recommendations

The Government may:

- i. evolve a system so that cases of excess expenditure may not reoccur and take steps to regularise excess expenditure already incurred.

- ii. ensure that all anticipated savings are surrendered on time, so that the funds can be utilised for other purposes.
- iii. ensure that budget are prepared in a realistic manner so as to minimise savings/surrenders.
- iv. review the reasons for persistent savings and take necessary steps to avoid such situations, to ensure optimal utilisation of the amounts allocated.
- v. monitor and control rush of expenditure during the fag end of the financial year.

CHAPTER-IV
QUALITY OF ACCOUNTS AND
FINANCIAL REPORTING PRACTICES

This Chapter provides an overview of the quality of Accounts and compliance of the State Government in its financial reporting practices with prescribed financial rules, procedures, and directives with regard to completeness, transparency, measurement, and disclosure.

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance. Compliance with financial rules, procedures, and directives as well as timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities including strategic planning and decision-making.

Issues related to Completeness of Accounts

4.1 Loans of State Government not being credited to the Consolidated Fund (Off-budget Borrowings)

As per Article 293 (1) of the Constitution of India, the State Government can borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may be from time to time fixed by the Legislature of the such State by law and to the giving of guarantees within such limits, if any, as may be so fixed.

The State Government should take suitable measures to ensure greater transparency in its fiscal operations in public interest by disclosing the contingent liabilities created by way of guarantees, the actual liability arising out of borrowings by SPSEs and SPVs and other equivalent instruments where liability for repayment is on the State Government allocations.

The State resorted to extra budget borrowings through SPSEs. These borrowings were not being credited to the Consolidated Fund of the State, having implications on debt parameters of the State. Audit observed that during 2023-24, the State Government routed loan outside the budget through one State Public Sector Enterprises (SPSE). Details have been mentioned in **Table 4.1**.

Table 4.1: Details of Off-budget borrowings during 2023-24

(₹ in crore)		
Sl. No.	Institution/Entity	Amount
1.	Bihar State Road Development Corporation Ltd. (BSRDCL) (Road Construction Department.)	53.48
Total		53.48

(Source: Finance Accounts for the year 2023-24)

The above indicted that the Debt-Stock would be higher by ₹ 53.48 crore in 2023-24, after taking into account the Off-budget borrowings. Accordingly, the total outstanding liabilities to GSDP ratio would also increase to 38.95 per cent.

As per the Finance Accounts of the State Government for the year, 2023-24, it had provided ₹ 268.61 crore (under Major Head 2425-00-190-0011) as Assistance/Grants on account of Off-budget borrowings (i.e., to service the Off-budget borrowings).

The State did not disclose its off-budget liabilities in its budget documents/annual financial statements in the concerned financial year. Non-disclosure of such liabilities in the budget documents renders the financial position of the State Government opaque. If the State Government increasingly resorts to the OBBs, without legislative approval, to finance its expenditure, the liabilities of the State may increase substantially over a period of time and limit the State Government’s capacity for allocation of funds for capital assets/infrastructure development programmes in the State.

4.2 Non-discharge of liability in respect of interest towards interest-bearing deposits

The Government has a liability to provide and pay interest on the Interest-bearing Deposits/Reserve Funds. Details of non-discharge of liabilities in respect of interest-bearing reserve funds/deposits is detailed in Table 4.2.

Table 4.2: Non-discharge of liability in respect of interest towards interest-bearing Deposits/Reserve Funds

(₹ in crore)

Sl. No.	Name of the Interest-bearing deposit	Balance as on 01 April 2023	Interest due		Interest paid	Interest Short Paid
			Rate (per cent)	Due		
1.	Defined Contribution Pension Scheme for Government Employees	258.16	7.10	18.33	29.84	(-) 11.51
2.	State Compensatory Afforestation Fund (SCAF)	566.71	3.35	16.66	7.07	9.59
3.	State Disaster Response Funds	1,687.87	8.50	133.22	33.77	99.45
4.	State Disaster Mitigation Fund	372.02	8.50	53.36	6.60	46.76
Total				221.57	77.28	144.29

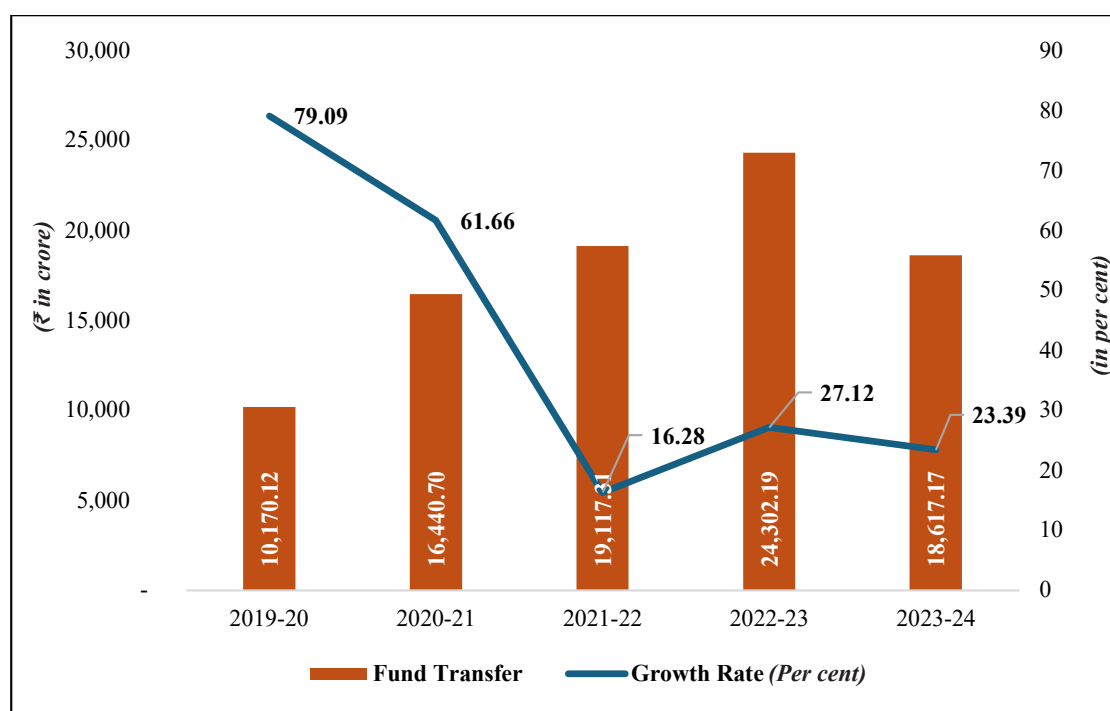
(Source: Finance Accounts of the Government of Bihar for FY 2023-24)

The Government had not earmarked funds to the tune of ₹ 144.29 crore, for interest liability towards Interest-bearing Deposits. Non-payment of interest liability had resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit, to that extent.

4.3 Funds transferred directly to State Implementing Agencies

The Union Government (GoI) has been transferring substantial funds directly to the State Implementing Agencies/Non-Government Organisations for implementation of various Schemes and Programmes. Since these funds are not routed through the State budget, these are not reflected in the Accounts of the State Government. These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts of the respective year.

During 2023-24, GoI had directly transferred ₹ 18,617.17 crore to the State Implementing Agencies which was 23.39 per cent less than the previous year (₹ 24,302.19 crore). Trends of such transfers directly to Implementing Agencies during the last five years are given in Chart 4.1.

Chart 4.1: Transfer of funds directly to implementing agencies by GoI

(Source: Finance Accounts for the respective years)

Some of the major Centrally Sponsored Schemes, wherein maximum amount of funds were transferred directly to the State Implementing Agencies during 2023-24, were ‘Food Subsidy for Decentralized procurement of food grains under ‘National Food Security Act (₹ 6,557.64 crore), ‘Pradhan Mantri Kishan Samman Nidhi’ (₹ 4,907.05 crore) and ‘Mahatma Gandhi National Rural Guarantee Programme- Central Component’ (₹ 4,322.10 crore).

During 2023-24, central share of ₹ 18,617.17 crore under CSS was transferred directly to the Implementing Agencies, bypassing the Consolidated Fund of the State. Besides, contracting the budget and expenditure of the State Government to the extent of ₹ 18,617.17 crore, transfer of funds directly to the implementing agencies has rendered the State Accounts incomplete by not reflecting a composite picture of funds available and assets created in the State.

4.4 Deposit of Local Funds

State Panchayati Raj Act provides that Zila Parishad (ZP), Panchayat Samiti (PS) and Gram Panchayat (GP) would maintain their funds (under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds). These funds would include all the moneys realised or realisable under the Act and all moneys otherwise received by the Panchayati Raj Institutions (PRIs), such as from the Central and State Finance Commissions award and their own revenue, including tax and non-tax receipts of a Panchayat. The Municipal Act also envisages that the Municipal Funds are to be held by the Municipality. All moneys realised or realisable under this Act and all moneys otherwise received by the Municipalities are kept in the Municipal Funds under the Major Head 8448-Deposits of Local Funds-102-Municipal Funds.

Deposits of Local Funds under Municipal Funds and Panchayat Bodies Funds are detailed in **Table 4.3**.

Table 4.3: Deposits of Local Funds

(₹ in crore)

Year				2019-20	2020-21	2021-22	2022-23	2023-24
Municipal Fund	(8448-102)	Opening Balance	1	3,307.66	3,743.56	5,033.79	6,225.03	6,019.66
		Receipt	2	2,469.66	3,913.13	4,066.75	2,600.45	4,545.47
		Expenditure	3	2,033.77	2,622.90	2,875.51	2,805.82	4,522.02
		Closing Balance	4	3,743.56	5,033.79	6,225.03	6,019.66	6,043.11
Panchayat Bodies Fund*	(8448-109)	Opening Balance	5	650.49	754.98	852.58	756.29	710.29
		Receipt	6	374.78	556.49	228.82	143.34	20.43
		Expenditure	7	270.29	458.89	325.11	189.34	264.97
		Closing Balance	8	754.98	852.58	756.29	710.29	465.75

(Source: Finance Accounts of the respective years) *Zila Parishad and Panchayat Samiti funds included)

As can be observed from **Table 4.3**, over the last five years the GoB has been transferring funds from the Consolidated Fund to the Major Head 8448 (Deposit of Local Funds) under the Public Account, by debiting Revenue and Capital major head of accounts. The amount is booked as Revenue and Capital Expenditure during the year, but is parked in the ‘Deposit of Local Funds’ mainly in Personal Ledger Account¹, under the Public Account of the State.

Over the years, the balance that has accumulated in the deposit account (MH 8448) stood at ₹ 30,017.64 crore (shown in **Table 4.4**), by the end of FY 2023-24. This amount has been shown as Revenue or Capital Expenditure in the respective years but is lying unspent in the deposit head.

Table 4.4: Trends of transfer of funds to Deposit of Local Funds

(₹ in crore)

Year	Revenue			Capital			Total	Closing Balance of 8448
	Revenue Expenditure as per Finance Accounts	Amount transferred to MH 8448 but booked as expenditure	Percentage of Revenue Expenditure (Column 2)	Capital Expenditure as per Finance Accounts	Amount transferred to 8448 but booked as expenditure	Percentage of Capital Expenditure (Column 5)		
1	2	3	4	5	6	7	8 (3+6)	9
2019-20	1,26,017	14,531	11.53	12,304	11,314	91.95	25,845	24,942.26
2020-21	1,39,493	11,876	8.51	18,209	9,167	50.34	21,043	28,573.60
2021-22	1,59,220	12,454	7.82	23,678	10,565	44.62	23,019	26,561.64
2022-23	1,83,976	8,781	4.77	31,520	9,965	31.61	18,746	26,927.43
2023-24	1,90,514	12,295	6.45	36,453	11,072	30.37	23,367	30,017.64

(Source: Finance Accounts for the respective years and VLC Data)

As can be seen from **Table 4.4**, during the period from 2019-20 to 2023-24, funds were booked as Revenue and Capital Expenditure but transferred to MH 8448 of Public Account. Thereafter, funds were kept parked under this Head of Account. Transferring and parking of funds in Public Account indicated overstatement of actual expenditure incurred.

In absence of details of PL accounts along with amount of funds kept therein, Audit could not ascertain their management and utilisation. Reason (s) for transfer of funds for parking in Deposit of Local Fund Head of Account were awaited.

¹ Personal Ledger Account is opened for Special Purpose Vehicles, Boards, Authorities, Agencies and Societies etc., constituted by the State Government to receive money in any form (for eg. Grant loan, work to be done on centage basis etc.). These accounts are opened in the treasury and operated by authorised officer. Unutilised funds in this account are lapsed at the end of consecutive five years.

Issues related to Transparency

4.5 Delay in the submission of Utilisation Certificates (UCs)

Rule 341 (2) of the Bihar Financial Rules (BFR), 2005, stipulates that only that amount of the grants should be paid during a financial year as is likely to be expended during the year. There should be no occasion for rush for payment of these grants in the month of March. Further, Rule 271 (e) of Bihar Treasury Code, 2011 stipulates that UCs shall be submitted within 18 months from the date of release of GIA. In case of pendency of UCs against the GIA bill drawn 18 months earlier, the next GIA shall not be passed by the treasuries without the special order of the Finance Department.

Status of outstanding UCs, as on 31 March 2024, is shown in **Table 4.5**.

Table 4.5: Year-wise break up of outstanding UCs as on 31.03.2024

(₹ in crore)

Year*	Number of UCs	Amount
Up to 2016-17	2,647	14,452.38
2017-18	525	3,746.64
2018-19	542	5,870.67
2019-20 and 2020-21	27,041	17,980.24
2021-22	15,348	16,014.34
2022-23	3,546	12,813.34
Total	49,649	70,877.61

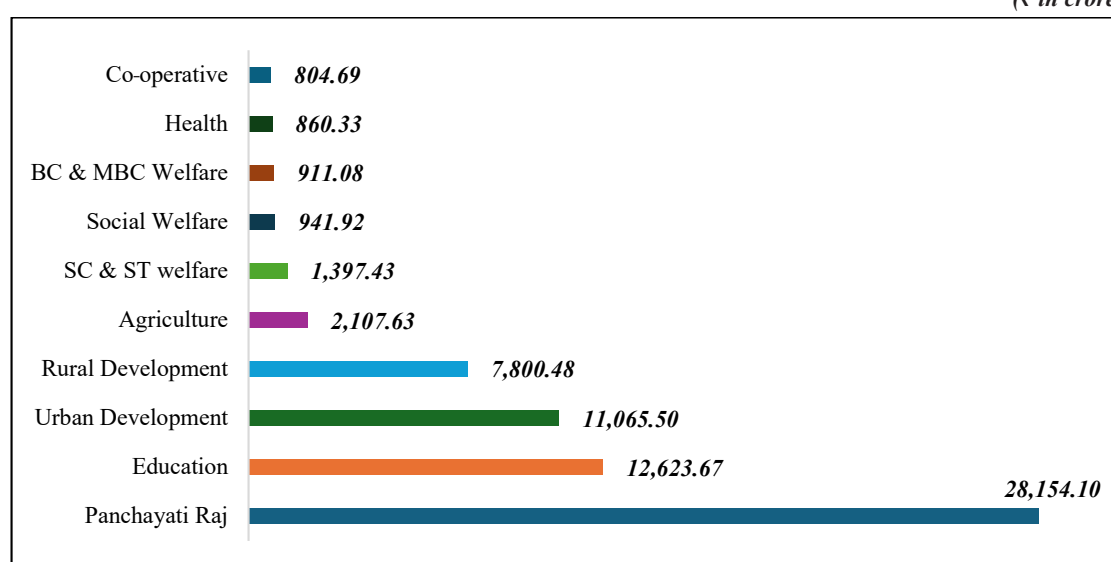
(Source: Finance Accounts, 2023-24)

* The year mentioned above relates to "Due year" i.e. after 18 months of actual drawal

Out of ₹ 70,877.61 crore, ₹ 14,452.38 crore pertained to the period up to 2016-17. Top five defaulting Departments included the Panchayati Raj Department (₹ 28,154.10 crore), Education Department (₹ 12,623.67 crore), Urban Development Department (₹ 11,065.50 crore), Rural Development Department (₹ 7,800.48 crore) and Agriculture Department (₹ 2,107.63 crore). Top 10 defaulting departments are shown in **Chart 4.2**.

Chart 4.2: Department-wise UCs not received by AG (A&E) up to 2023-24

(₹ in crore)



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

Further, UCs outstanding category-wise against GIAs during 2020-21 to 2022-23 are shown in **Table 4.6**.

Table 4.6: UCs not received by AG (A&E) for category-wise GIA for 2020-21 to 2022-23

(₹ in crore)

Year	Salary			Asset Creation			Other than salary and Asset*		
	Drawn	Adjusted	Balance	Drawn	Adjusted	Balance	Drawn	Adjusted	Balance
2020-21	17,788.65	17,261.86	526.79	10,358.02	8,251.49	2,106.53	29,577.33	22,487.19	7,090.14
2021-22	23,813.12	22,325.48	1,487.64	14,103.45	8,673.33	5,430.12	33,307.41	24,210.90	9,096.51
2022-23 (Due up to 09/2022)	11,309.42	10,399.84	909.58	7,771.53	290.29	7,481.24	10,701.65	6,279.10	4,422.55
Total	52,911.19	49,987.18	2,924.01	32,233.00	17,215.11	15,017.89	73,586.39	52,977.19	20,609.20

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

*Includes scholarships/stipends

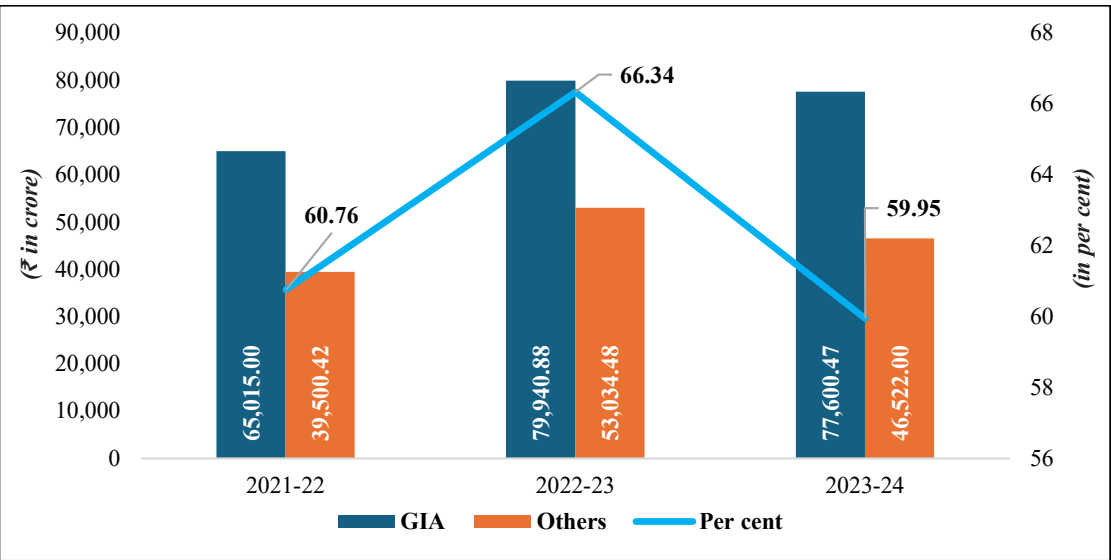
In the absence of UCs, there is no assurance that funds disbursed have been used for the intended purpose. Moreover, high pendency of UCs is fraught with the risk of embezzlement, misappropriation, and diversion of funds.

4.5.1 Recording of grantee institution as “Others”

As GIA constitute a significant portion of the total expenditure of the State, it is essential that the Government provides the details and nature of the Grantee institution to which it is providing funds, in the interest of transparency of its Annual Accounts. There is a mechanism for assigning institute codes to various bodies and authorities receiving GIA from the State Government where the State Government has not assigned institutional codes to all institutes, these grants have been recorded as “Others”.

During 2023-24, out of total GIA of ₹ 77,600.47 crore, only ₹ 46,522.00 crore (59.95 per cent), have been recorded as ‘Others’ (*Appendix-III of the Finance Accounts*). The trend of percentage of GIA shown under type “Others” to total GIA, for the last three years, is shown in **Chart 4.3**.

Chart 4.3: Recording of grantee institutions as “Others”



(Source: Finance Accounts for the respective years)

In the absence of proper codes having been assigned, by the State government to the institutions/ bodies/ authorities receiving GIA from the government, the amounts outstanding against all institutions could not be worked out, which affected the transparency of Accounts.

4.6 Abstract Contingent (AC) Bills

Rule 177 of BTC, 2011, provides that a certificate shall be furnished by the Drawing and Disbursing Officer (DDO) to the effect that money withdrawn on the contingent bill shall be spent within the same financial year and that unspent amount shall be remitted to the Treasury before 31 March of the year. Further, as per Rule 194 of the BTC, 2011, in no case should the submission of the detailed bill be delayed beyond the end of the sixth month following that in which the abstract bill was drawn from the Treasury. No abstract bill shall be cashed after the end of this period unless detailed bill has been submitted in accordance with these rules. In case of pendency of DC bills against the AC bills drawn six months earlier, the next AC bill shall not be passed by the treasuries without the special order of the Finance Department.

Year-wise progress in the submission of DC bills against the AC bills drawn is shown in **Table 4.7**.

Table 4.7: Year-wise progress in the submission of DC bills against the AC bills

(₹ in crore)

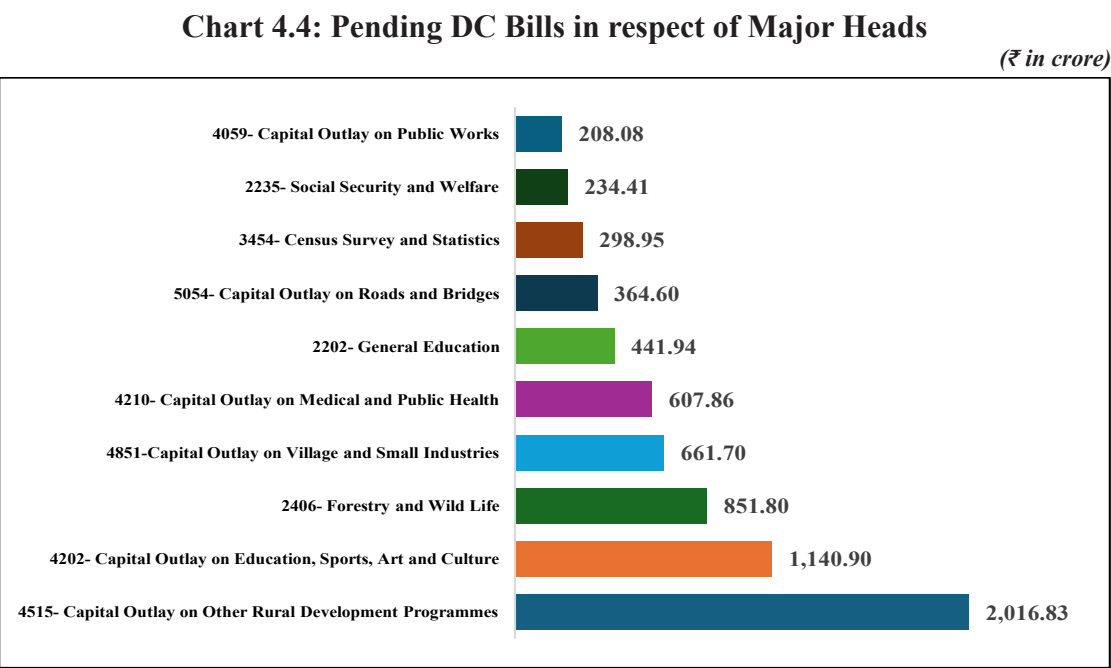
Year	Opening Balance		Addition during the year		Adjustment made during the year		Closing Balance	
	No. of AC Bills pending for adjustment	Amount	No. of AC Bills drawn	Amount	No. of DC Bills submitted	Amount	No. of AC Bills pending for adjustment	Amount
Up to 2021-22	17,882	3,905.78	3,607	2,480.88	1,903	1,848.50	19,586	4,538.16
2022-23	19,586	4,538.16	4,382	6,149.30	2,322	3,567.44	21,646	7,120.02
2023-24 [#]	21,646	7,120.02	844	2,296.33	360	210.59	22,130	9,205.76

(Source: Data Provided by the O/o AG (A&E), Bihar & Finance Accounts, 2023-24)

[#]AC bills drawn up to September 2023 have been taken into account.

As can be seen from **Table 4.7**, during last three years total 8,833 AC Bills for ₹ 10,926.51 crore were drawn and 4,585 DC Bills amounting to ₹ 5,626.53 crore were submitted. As on 31 March 2024, DC Bills against 22,130 AC bills of ₹ 9,205.76 crore were pending for submission. Out of ₹ 9,205.76 crore, ₹ 5,577.91 crore (60.59 per cent of total outstanding) pertains to creation of Capital Assets.

During the month of March 2024, 1,648 AC Bills amounting to ₹ 1,041.12 crore (22.06 per cent of the total amount of ₹ 4,718.24 crore drawn during the year 2023-24 through the total 5,088 AC Bills) were drawn. Top 10 Major Head-wise pending DC bills are shown in **Chart 4.4**.



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

As shown in **Chart 4.4**, the pending DC bills were related to Capital Expenditure under different Major Heads viz., 4059, 4202, 4210, 4515, 4851 and 5054.

Expenditure against AC bills, at the end of the year and for the creation of capital assets, indicates poor public expenditure management. It also indicates that withdrawals were being made primarily to exhaust the budgetary provisions. Non-adjustment of advances for long periods shows that the expenditure stands inflated to that extent and is fraught with the risk of misappropriation. Non-submission of DC bills within the prescribed period breaches financial discipline and enhances the risk of misappropriation of public money.

4.7 Personal Deposit (PD) Accounts

Rule 339 of BTC, 2011, describes that no Personal Deposit Accounts shall be opened at the Treasury without the written authorisation of the Finance Department under intimation to the Accountant General (A&E). Further, Rule 340 (b) stipulates that the PD Account shall only be used for special cases where public interest requires speed of expenditure 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. Transfer of funds to PD Accounts is booked as final expenditure from the Consolidated Fund of the State under the concerned Major Head. PD administrators are required to review all PD Accounts at the end of a financial year and transfer the amount lying unspent after five consecutive financial years (including the financial year in which the money was withdrawn)² back to the Consolidated Fund of the State by reduction of expenditure to the service head.

² GoB Notification no. 6679, dt: 23.08.2016.

As per the notification³ issued by the Finance Department, GoB, “all PD/PL Accounts opened prior to the date 01.04.2019, will be treated to be opened on 01.04.2019, as a default under CFMS and the unutilised amount lying in PD/PL Accounts shall lapse at the end of five subsequent financial years.” The concept of inoperative PD Accounts would, therefore, be nullified.

At the end of March 2024, ₹ 2,180.46 crore were lying with 252 Administrators, as shown in **Table 4.8**.

Table 4.8: Details of PD Accounts as per CFMS during 2023-24

(₹ in crore)

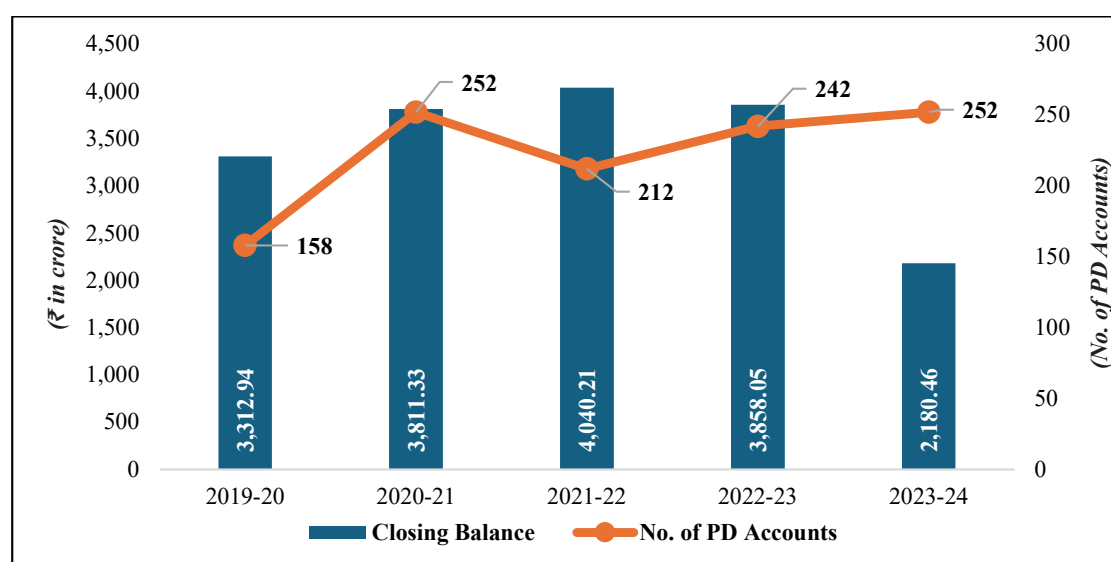
Opening Balance as on 01.04.2023		Addition during the year		Closing/Withdrawal during the year		Closing Balance as on 31.03.2024	
No. of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount
242	3,858.07	12	1,160.67	02	2,838.28	252	2,180.46

(Source: Finance Accounts, 2023-24)

Note- Four PD Accounts with a total balance of ₹ 1.54 crore are yet to be migrated in CFMS.

Trends of closing balance in PD Accounts at the end of the last five years are detailed in **Chart 4.5**.

Chart 4.5: Closing Balance in PD Accounts during 2019-20 to 2023-24



(Source: Finance Accounts of the respective years)

Administrators of PD Accounts were required to reconcile and verify their balances with the treasury figures. Further, Administrators were also required to furnish verification certificates to the Accountant General (A&E), in this regard. However, during the period 2023- 24, out of 252 Administrators of PD Accounts, only 44 Administrators have reconciled and verified their balances with the treasury figures. Also, transfer of ₹ 230.75 crore to the PD accounts in the month of March 2024 enhanced the amount of funds parked in these accounts, to that extent.

³ Notification no. M-4-02/2020-2916/F Dt: 03.06.2020.

Blocking of funds under PD accounts needs to be discouraged as it limits legislative scrutiny.

4.8 Indiscriminate use of “Minor Head 800”

Minor Head 800, relating to Other Receipts and Other Expenditure, is intended to be operated only when the appropriate minor head is not available in the Accounts. Routine operation of Minor Head 800 is to be discouraged since it renders the Accounts opaque, as these heads do not disclose the concerned schemes, programmes *etc.*

During 2023-24, out of the total Revenue and Capital Expenditure of ₹ 2,26,967.19 crore, an expenditure of ₹ 148.77 crore (0.07 *per cent*) was incurred through Minor Head ‘800’. Further, out of the total Revenue Receipts of ₹ 1,93,347.23 crore, receipts of ₹ 1,051.31 crore (0.54 *per cent*) were booked under Minor Head ‘800’.

Significant Expenditure and Receipts (50 *per cent* and above of the concerned MH) under Minor Head ‘800’ are mentioned in **Tables 4.9** and **4.10**, respectively.

Table 4.9: Significant expenditure booked under MIH-800- “Other Expenditure” during the financial year 2023-24
(50 *per cent* and above or substantial amount booked)

(₹ in crore)

Sl. No.	Major Head	Nomenclature	Total Expenditure	Expenditure under Minor Head 800	Percentage of Expenditure under Minor Head 800 to Total Expenditure
1	2070	Other Administrative Services	1,315.26	12.37	0.94
2	2250	Other Social Services	46.14	43.98	95.31
3	5475	Capital Outlay on Other General Economic Services	109.32	84.87	77.63

(Source: Data provided by o/of the AG (A&E))

Table 4.10: Significant receipts booked under MIH-800 – “Other Receipts” during the financial year 2023-24
(50 *per cent* and above or substantial amount booked)

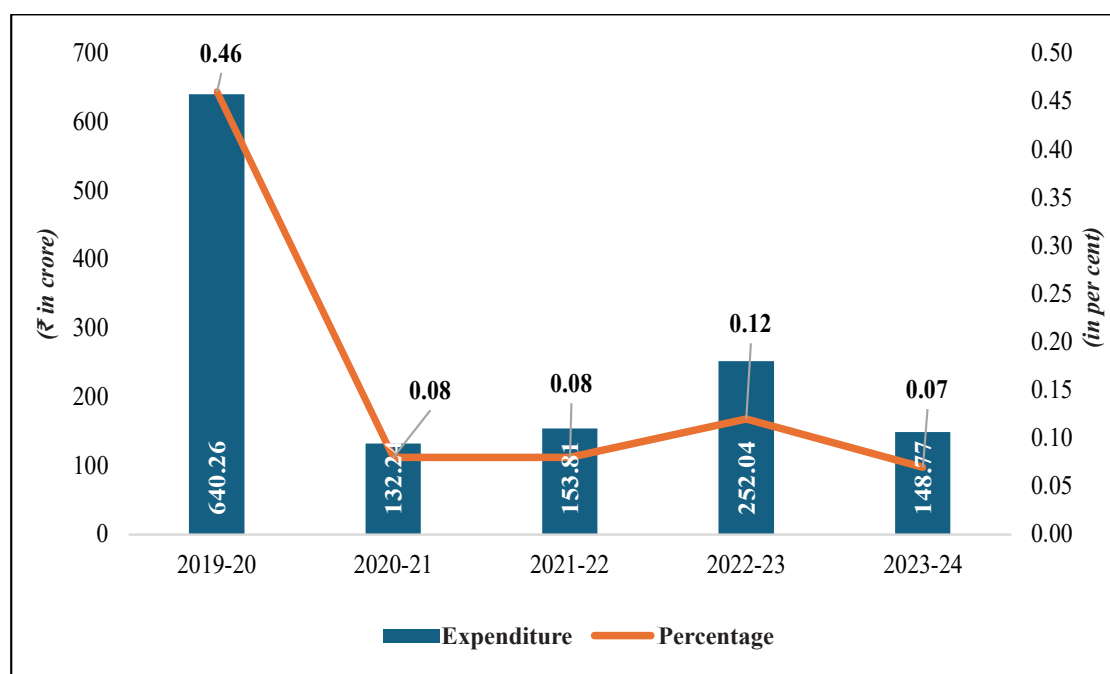
(₹ in crore)

Sl. No.	Major Head	Nomenclature	Total Receipts	Receipts under Minor Head 800	Percentage of receipts under Minor Head 800 to Total Receipts
1	0029	Land Revenue	580.19	118.35	20.40
2	0049	Interest Receipts	897.00	630.26	70.26
3	0055	Police	217.10	108.80	50.12
4	0070	Other Administrative Services	196.03	91.91	46.89
5	0071	Contribution of Recoveries towards Pension and Other Retirement Benefits	8.42	5.43	64.49
6	0230	Labour and Employment	9.50	5.95	62.63
7	0235	Social Security and Welfare	0.19	0.19	100.00
8	0401	Crop Husbandry	4.59	3.33	72.55
9	0851	Village and Small Industries	0.02	0.02	100.00
10	1053	Civil Aviation	0.33	0.33	100.00
11	1056	Inland water Transport	0.01	0.01	100.00
12	1456	Civil Supplies	0.03	0.03	100.00

(Source: Finance Accounts, 2023-24 and Data provided by O/o the AG (A & E), Bihar)

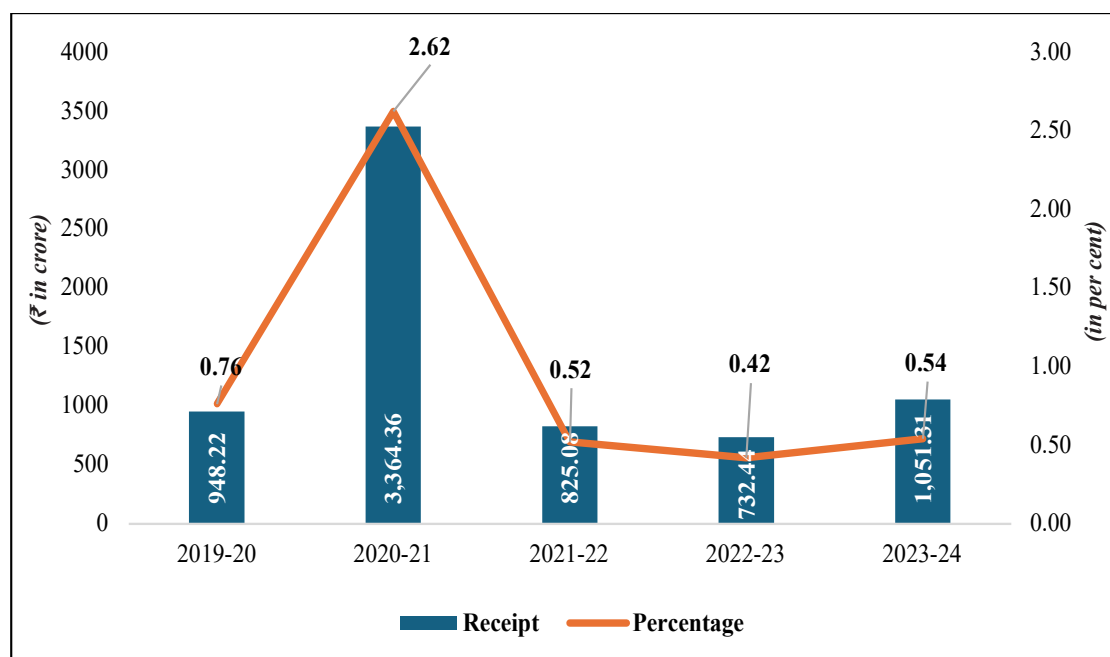
Further, expenditure under Minor Head ‘800’ has decreased from ₹ 640.26 crore to ₹ 148.77 crore and receipts have increased from ₹ 948.22 crore to ₹ 1,051.31 crore, during 2019-20 to 2023-24, as shown in **Chart 4.6** and **Chart 4.7**, respectively.

Chart 4.6: Operation of Minor Head 800 - Other Expenditure during 2019-20 to 2023-24



(Source: Finance Accounts, 2019-20 to 2023-24)

Chart 4.7: Operation of Minor Head 800 - Other Receipts during 2019-20 to 2023-24



(Source: Finance Accounts, 2019-20 to 2023-24)

During 2023-24, significant expenditure was booked under Minor Head ‘800’ from Major head 5475-Capital Outlay on Other General Economic Services (₹ 84.87 crore) and 2250- Other Social Services (₹ 43.98 crore) and significant receipts were booked under the Major Head 0049-Interest Receipts (₹ 630.26 crore).

As per fiscal prudence, Minor Head 800 is to be utilised only for those receipts and expenditure which are non-recurring in nature and the immediate Head of Account under which it could be booked is not readily available.

Time series data wherein significant receipts booked under Minor Head 800-“Other Receipts” and “Other Expenditure” are shown in Table 4.11 and 4.12 respectively.

Table 4.11: Time series data on significant receipts booked under Minor Head 800 – “Other Receipts”

(₹ in crore)

Sl. No.	Major Head	Nomenclature	2019-20	2020-21	2021-22	2022-23	2023-24
1.	0049	Interest Receipts	478.10	3,063.65	531.27	363.98	630.26
2.	0230	Labour and Employment	7.76	7.98	10.14	6.75	5.95
3.	0401	Crop Husbandry	5.97	4.71	4.42	3.93	3.33
4.	1053	Civil Aviation	1.58	3.13	2.24	1.42	0.33

(Source: Finance Accounts of the respective years)

Table 4.12: Time series data on significant expenditure booked under Minor Head 800-“Other Expenditure”

(₹ in crore)

Sl. No.	Major Head	Nomenclature	2019-20	2020-21	2021-22	2022-23	2023-24
1.	2250	Other Social Services	21.25	17.01	49.26	23.84	43.98

(Source: Finance Accounts of the respective years)

Issues related to measurement

4.9 Outstanding balance under Major Suspense and Debt, Deposit and Remittance (DDR) Heads

Certain intermediary/adjusting Head of Account known as 8658-Suspense Heads are operated in Government Accounts to reflect transactions of receipts and payments which cannot be booked to a final Head of Account due to lack of information as to their nature or for other reasons.

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Details of gross figures under some of the major Suspense and Remittance heads at the end of the last three years are indicated in Table 4.13.

Table 4.13: Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2021-22		2022-23		2023-24	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Major Head 8658 – Suspense						
101 - PAO suspense	365.08	0.00	641.14	280.41	345.49	35.42
Net	Dr. 365.08		Dr. 360.73		Dr. 310.07	
102 - Suspense Account-Civil	16,195.57	1,409.66	14,109.96	277.76	4,943.34	71.22
Net	Dr. 14,785.91		Dr. 13,832.20		Dr. 4,872.12	
107 - Cash Settlement Suspense Account	0	32.29	0	32.29	0	32.29
Net	Cr. 32.29		Cr. 32.29		Cr. 32.29	
109 - Reserve Bank Suspense – Headquarters	261.71	(-) 0.01	257.16	(-) 0.24	67.19	63.86
Net	Dr. 261.72		Dr. 257.40		Dr. 3.33	
110 - Reserve Bank Suspense – Central Accounts Office	1,249.60	894.62	358.24	(-) 0.02	1,254.37	898.86
Net	Dr. 354.98		Dr. 358.26		Dr. 355.51	
112 - Tax Deducted at Source (TDS) Suspense	1,572.73	1,857.17	1,279.66	1,805.05	0	62.88
Net	Cr. 284.44		Cr. 525.39		Cr. 62.88	
123 - A.I.S Officers’ Group Insurance Scheme	0.44	6.04	0.32	5.66	0	5.19
Net	Cr. 5.60		Cr. 5.34		Cr. 5.19	
Major Head 8782-Cash Remittances						
102 - P.W. Remittances	16,754.96	15,835.85	919.11	0	16,754.96	15,833.47
Net	Dr. 919.11		Dr. 919.11		Dr. 921.49	
103 - Forest Remittances	3,147.44	2,943.90	203.54	0	203.54	0
Net	Dr. 203.54		Dr. 203.54		Dr. 203.54	

(Source: Finance Accounts 2021-22 to 2023-24)

Pay and Accounts Office Suspense- This Head is intended for settlement of transactions between the AG (A&E) and the various separate PAO Offices of Government of India. Outstanding Debit balances under this Head mean that payments made by the AG on behalf of a PAO, were yet to be recovered. Outstanding Credit balances mean that payments received by the AG on behalf of a PAO, were yet to be paid. The transactions mainly related to National Highways, and claims with Central Pension Accounting Office, New Delhi. This Head had a debit balance of ₹ 310.07 crore at the end of FY 2023-24. On clearance/settlement of this, the cash balance of State Government will increase.

Suspense Account-Civil- Transactions where full particulars of the classification are not available, or where the relevant vouchers/ schedules in support thereof are not available or where there is some discrepancy between the figures reported in the treasury schedule of payments/cash accounts and those appearing in the supporting vouchers, schedules *etc.*, constitute the major portion of outstanding figures under this Head. Transactions taking place on behalf of Railways, Defence, Postal, and Telecommunication Departments are also initially classified under the head, pending settlement of claims by these authorities. During the year 2023-24, expenditure for an amount of ₹ 771.07 crore (Revenue ₹ 448.88 crore and Capital ₹ 322.19 crore) and receipts of ₹ 0.18 crore have been

placed under Suspense Accounts by the Office of Accountant General (A&E) for want of documents like Sub-vouchers/Challans/Sanction letters *etc.* The total expenditure/receipt of the Government is understated to that extent.

Outstanding debit balance under this Head means that payments were made which could not be debited to the final expenditure Head for want of details. Outstanding credit balance means that amounts were received which could not be credited to the final receipt head for want of details.

There was a debit balance of ₹ 4,872.12 crore in this head as on 31 March 2024.

Cash Settlement Suspense Accounts- The minor Head is used for settlement of transactions between public works divisions rendering accounts to the same Pay and Accounts Officer and will be operated by the PAO receiving compiled accounts from the public works divisions. The Head is credited when one division accepts some receipts/revenues on behalf of another division. The Head is debited/credited on receipt of cheque/bank draft or issue of cheque/bank draft to/from another division, as the case may be. A Credit balance of ₹ 32.29 crore was lying in this head as on 31 March 2024, since long.

Reserve Bank Suspense, Central Accounts Office- This Head is operated for recording inter-Governmental transactions where monetary settlement between the cash balances of two Governments is done by sending advice to the Central Accounts Section of the Reserve Bank of India (RBI). This Head is cleared by transferring the amount to the final Head of Account on receipt of intimation of the monetary settlement having been carried out by the RBI. Through this Head grants/loans, received from GoI and their repayments, discharge of securities and interest paid thereon by the Public Debt Offices of RBI and payments made by the Director General of Supplies and Disposals for materials supplied to Government Departments, are settled.

At the end of FY 2023-24, the debit balance under the Head was ₹ 355.51 crore. This debit balance has decreased by ₹ 2.75 crore from ₹ 358.26 crore of the previous year.

Public Works Remittances- This Head is operated to watch whether the treasury acknowledges amount remitted by the Divisional Officers of public works. The debit balance of ₹ 921.49 crore at the end of year 2023-24 was due to non-reconciliation between the Division Offices and the Treasuries.

Forest Remittances- Collection for Forest Revenues by the divisions and their remittance to the Government Account initially takes place under this Head. The debit balance under this head is cleared by credits appearing in the treasury accounts when the remittances are acknowledged and accounted for by the treasury officers. Due to time lag between actual realisation of revenue and its remittance into the treasury, the debits appearing in the division accounts under this head would continue to appear till remittance made is finally accounted in the treasury accounts. As on 31 March 2024, a debit balance ₹ 203.54 crore appeared under this head.

Clearance of suspense and remittance items depends on the details furnished by the State Treasuries (including Works and Forest Divisions, *etc.*). If these amounts remain

unsettled, the balances under the Suspense Heads would accumulate and it would not reflect a true and fair picture of the Government expenditure.

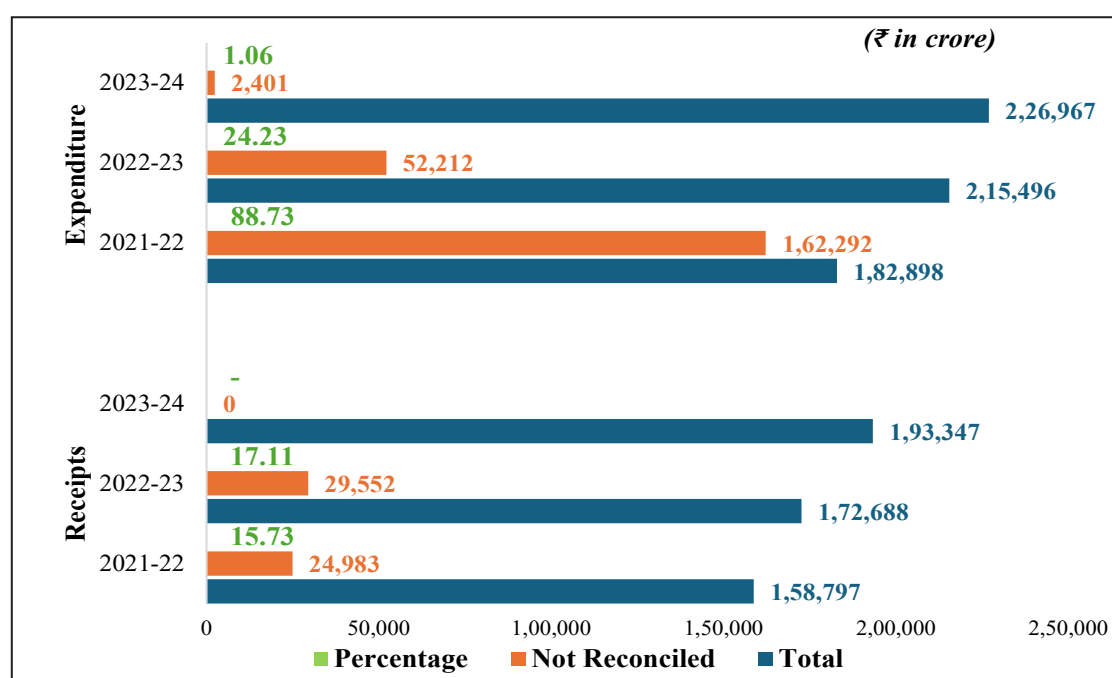
4.10 Non-reconciliation of Departmental transactions

As per para 96 of the Bihar Budget Manual, 2016, the controlling officers are required to reconcile their monthly/quarterly figures with those recorded in the books of the Accountant General.

An online reconciliation module has not been developed in CFMS. Therefore, to reconcile the transactions accounted by the office of the AG (A&E) with the transactions accounted by the Grant Controlling authorities of the State Government, office of the AG (A&E) uploads the data dump file of the transactions included in the monthly accounts in the CFMS main server, using Secure File Transfer Protocol (SFTP⁴) utility. Here the transactional data of AG is compared with CFMS data and department-wise reconciliation report is prepared (in CFMS). This Report is available to all Department Admin User, as well as AG (A&E) Admin User. The Departmental Admin User generates the reconciliation Report and forwards it to AG (A&E).

Status of non-reconciliation of the departmental transactions, during the last three years is shown in **Chart 4.8**.

Chart 4.8: Status of non-reconciliation of the departmental transactions during last three years



(Source: Finance Accounts for the respective years and data provided by O/o AG (A&E), Bihar)

As can be seen from **Chart 4.8**, 100 per cent of the receipts and 98.94 per cent of the expenditure of the State was reconciled during 2023-24.

⁴ SFTP- It is a Secure File Transfer Protocol that uses secure shell encryption to provide a high level of security for sending and receiving file transfers.

4.11 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State as per the books of Accounts of the Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India (RBI).

However, the Cash balance, as on 31 March 2024, as per the records of the AG (A&E) was ₹ 726.68 crore (Debit) and that reported by the RBI, was ₹ 19.94 crore (Debit). As such, there was a net difference of ₹ 746.62 crore, mainly due to pending reconciliation between the treasury/RBI/Agency Bank and AG (A&E) Office. The difference was required to be reconciled.

4.12 Adverse Balances under Public Account

Adverse balances (credit balances in debit heads and debit balances in credit heads) are negative balances appearing under those heads of accounts, where there should not be a negative balance. For example, against the accounting head of any loan or advance, a negative balance will indicate more repayment than the original amount advanced.

Adverse balances arise when transactions are erroneously credited instead of being debited and vice versa. Cumulative adverse balances of ₹ (-) 1,212.41 crore appeared under different 15 Head of Accounts as per the Finance Accounts of 2023-24 (*Appendix-4.1*). In 2023-24, there was a new adverse balance of ₹ 0.26 crore under Major Head 7610.

These adverse balances were under reconciliation between the office of the Accountant General (A&E), Bihar and State Government.

Issues related to disclosure

4.13 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General (CAG) of India, prescribe the form of Accounts of the Union and of the States. The CAG of India had set up (2002) a Government Accounting Standards Advisory Board (GASAB), for formulating standards for Government accounting and financial reporting and to enhance accountability mechanisms. On the advice of the CAG, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance with Accounting Standards is shown in **Table 4.14**.

Table 4.14: Compliance with Accounting Standards

Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
IGAS-1:			
Guarantees Given by the Government – Disclosure requirements	To ensure uniform and complete disclosure of such Guarantees. Class-wise and Sector-wise disclosures	Statements 9 and 20 of Finance Accounts have been prepared. However, disclosure is incomplete since the State Government doesn't disclose complete details in class-wise & sector-wise. Some information like "invoked during the year", interest, Guarantee, commission fee <i>etc.</i> were incomplete due to non-production of information by the State Government in Finance Accounts.	All Guarantors, Departments of State Government and guarantees made, amount of commission, fee received during the year could not be ascertained.
IGAS-2:			
Accounting and Classification of Grants-in-aid	For Accounting and classification of Grants-in-aid both as a grantor as well as a grantee.	Statement 10 of Finance Accounts has been prepared. However, detailed information in respect of Grants-in-aid given in kind has not been furnished by the State Government.	Amount of GIA received under grants given in kind could not be ascertained. Misclassification led to understatement of Revenue Deficit and overstatement of Capital Expenditure to that extent.
IGAS-3:			
Loans and Advances made by Government	For recognition, measurement, valuation and reporting in respect of Loans and Advances To ensure complete, accurate and uniform accounting practices, To ensure adequate disclosure on Loans and Advances	Statement 7 and 18 of Finance Accounts have been prepared. However, disclosure regarding 'Repayment in arrears from other Loanee Entities', 'Cases of a Loan having been sanctioned as Loan in Perpetuity', 'Fresh loans and advances made during the year to the loanee entities from whom repayments of earlier loans are in arrears' is incomplete.	Disclosure regarding 'Repayment in arrears from other Loanee Entities', 'Cases of a Loan having been sanctioned as Loan in Perpetuity', 'Fresh loans and advances made during the year to the loanee entities from whom repayments of earlier loans are in arrears' is incomplete due to which actual status of loan and advances could not be ascertained.

(Source: Finance Accounts 2023-24)

Non-Compliance with the Accounting Standards would impact the objective of financial statements presenting a true and fair view of the financial position and cash flows of the State, besides hindering fiscal transparency.

4.14 Budgetary Support to SPSEs whose accounts are not finalised

Sections 394 and 395 of the Companies Act, 2013, stipulate that Annual Report on the working and affairs of a government company is to be prepared within three months of its Annual General Meeting. The Annual Report should be laid before the State Legislature together with a copy of the Audit Report and CAG's comments, if any, on this Audit Report. Almost similar provisions exist in the respective acts regulating Statutory Corporations. The above mechanism provides the necessary legislative

control over the utilisation of public funds invested in the companies and corporations from the consolidated fund of the state.

The State Government provided budgetary support (equity, loans, guarantee, capital grants, and others) of ₹ 58,896.62 crore up to 2023-24 to 19 functional SPSEs, one Working Statutory Corporation and 15 non-functional SPSEs. Out of these SPSEs, most of the SPSEs had not finalised their accounts up to 31 March 2024 (as on 30 September 2024). The arrear of accounts ranged between one to 47 years, in violation of provisions of the Companies Act/Acts of the respective Statutory Corporations/ SPSEs (*Appendix-4.2*).

Due to non-finalisation of accounts, the CAG was unable to perform the supplementary audit of companies, as stipulated in relevant Acts. In the absence of timely finalisation of accounts, results of the investment made by the Government in these companies remained outside the purview of the State Legislature and escaped scrutiny by Audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency could not be taken in time. The risk of fraud and misutilisation of public money could not be ruled out.

4.15 Submission of Accounts/Separate Audit Reports of Autonomous Bodies (ABs)

As per Section 19 (3) of the CAG’s DPC Act, the Governor/ Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the accounts of any body, or authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority (Section 20 of the DPC Act).

Out of 63 Bodies/Authorities in the State, 53 Bodies/Authorities (*Appendix- 4.3*) had not provided their financial statements for audit. Details of arrears of accounts of the remaining nine ABs (except Bihar State Human Rights Commission) are shown in **Table 4.15**.

Table 4.15: Arrears of Accounts of Bodies or Authorities

Sl. No.	Name of Body or Authority	Accounts pending for the year	No. of Accounts pending up to FY 2023-24
1.	Bihar Agriculture University, Sabour, Bhagalpur	2022-23 to 2023-24	02
2.	Bihar State Khadi and Village Industries Board, Patna	2010-11 to 2023-24	14
3.	Bihar State Housing Board, Patna	2016-17 to 2023-24	08
4.	Bihar Electricity Regulatory Commission	2023-24	01
5.	Bihar State Legal Service Authority (BSLSA)	2023-24	01
6.	Bihar Animal Sciences University, Patna	2020-21 to 2023-24	04
7.	Bihar Real Estate Regulatory Authority	2019-20 to 2023-24	05
8.	Bihar State Bio-diversity Board Patna	2017-18 to 2023-24	07
9.	Bihar Building and Other Construction Workers' Welfare Board	2022-23 to 2023-24	02

(Source: Data compiled by Audit Office)

Due to non-finalisation of accounts, the stakeholders were not able to assess the financial status of these bodies. Besides, delay in finalisation of accounts carries the risk of financial irregularities remaining undetected apart from violation of the provision of the respective legislations under which these bodies were constituted. Audit has been taking up the matter of non-submission of accounts of the defaulting bodies with the authorities concerned from time to time, but without any perceivable improvement.

Other Issues

4.16 Follow-up action on State Finances Audit Report

The Public Account Committee (PAC) requires the concerned Departments to provide a *suo motu* Explanatory Note on the paragraphs featuring in the Audit Reports after the Reports have been placed in the Legislature. The concerned Departments are also required to provide Action Taken Notes (ATNs) to the Accountant General, Audit (for vetting and onward transmission to the PAC).

During 2023-24, the PAC didn't hold any sittings to discuss SFARs. Out of 388 paragraphs pertaining to the years from 2008-09 to 2021-22, only three paras were discussed, and 385 paras were pending for discussion till March 2024. Sittings of PAC held on SFARs as detailed in Table 4.16.

Table 4.16: Status of sittings held by PAC

Sl. No.	Financial year	No. of PAC sittings held
1.	2018-19	03
2.	2019-20	01
3.	2020-21	02
4.	2021-22, 2022-23 and 2023-24	Nil

(Source: Data provided by the Audit Office)

Further, after placement of the Report before the Legislature, the Finance Department should have issued instructions to all the Departments to initiate *suo motu* action on all the paragraphs featuring in the State Finances Audit Reports irrespective of whether the cases had been taken up for examination by the PAC or not.

4.17 Unadjusted Temporary Advance/Imprest

As per Rule 177 of the Bihar Treasury Code (BTC), 2011, no money shall be drawn from the treasury in anticipation of demands or to prevent lapse of budget grants. If under special circumstances, money is drawn in advance under the orders of a competent authority, the unspent balance of the amount thus drawn should be refunded to the treasury by short drawal in the next bill or with a challan at the earliest possible opportunity and in any case before the end of the financial year in which the amount is drawn.

As on 31 March 2024, there were unadjusted temporary advances of ₹ 184.52 crore and unadjusted imprest of ₹ 25.46 crore. These unadjusted amounts were required to be adjusted and deposited to the treasury concerned.

Details of unadjusted temporary advances and unadjusted imprest amount are shown in Table 4.17.

Table 4.17: Unadjusted Temporary Advance/Imprest as on 31 March 2024

(₹ in crore)				
Sl. No.	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	Public Health Engineering	8.15	0.48	8.63
4	Road Construction (National Highway)	0.78	0.09	0.87
5	Rural Works	5.96	10.31	16.27
6	Minor Irrigation	12.02	0.23	12.25
7	Local Area Engineering Organisation	59.48	5.33	64.81
8	Road Construction	67.43	0.29	67.72
Total		184.52	25.46	209.98

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

4.18 Cheques and Bills

This head is an intermediary accounting device for initial record of transactions, which are eventually to be cleared/withdrawn. Under the scheme of departmentalisation of accounts, payment of claims against the government is made by Pay and Accounts offices of different Ministries/departments by cheques drawn on branches of RBI or Public Sector Banks accredited to the Ministry/Department. When claims are preferred in the appropriate bill form to the PAO/Departmental Officer, the payment is authorised through issue of cheques, after exercising the prescribed checks and recording of pay order by the PAO/Departmental Officer. The Head “Cheque and bills” depicts the difference between the payment instructions (through cheques *etc.*)

issued by Government Ministries/ Departments to Public Sector Banks and the extent to which such payments had actually been made and correctly booked. Continued existence of unreconciled balances under this Head can distort the cash balances shown in Government's books.

In the Finance Accounts for the year ended March 2024, Credit balance under MH 8670 "Cheques and Bills" indicated cheques issued but remaining un-encashed. The opening balance as on 01 April 2023 was ₹ 171.31 crore (Credit). During 2023-24, cheques worth ₹ 1,94,189.97 crore were issued, against which ₹ 1,94,154.66 crore were encashed, leaving a closing balance of ₹ 206.62 crore (Credit) as on 31 March 2024.

Furthermore, in case of digital payments, orders through electronic mode are treated as expenditure as and when the transaction is completed. However, in case of failure referred to as 'e-Kuber (e-payment) failed' transactions, the treatment of the transaction is accounted for as Suspense in 8658. During the year 2023-24, an amount of ₹ 31.63 crore was accounted for as Suspense due to e-Kuber (e-payment) failed transactions. The closing balance represents expenditure originally booked in various financial years under different functional Major Heads, which has not resulted in any cash outflow to the Government of Bihar till 31 March 2024.

To the extent of the amount outstanding under the Cheque and Bills, the Government cash balance stands overstated.

4.19 Single Nodal Accounting (SNA)

To bring about more efficiency in cash management at both Centre and States level, GoI, decided (July 2023) to introduce fund flow mechanism named SNA-SPARSH (Real time System of Integrated Quick Transfers) for CSS funds through an integrated framework of PFMS, State IFMIS and *e-kuber* platform of RBI. Under this, the State Government was to designate a Single Nodal Agency (SNA) for implementing each State Linked Scheme (SLS) corresponding to CSS.

With regard to the PFMS data (as on 26.08.2024), the following were observed:

- i. Six schemes were being implemented in Bihar through SNA-SPARSH model, as of March 2024 and 142 agencies registered as SNA were mapped with 1,75,494 child agencies in PFMS.
- ii. The State Government was to transfer the Central share as well as the commensurate State share to the SNA within 30 days of receipt of Central share but there were delays of 172 days in transferring Central and State shares from Treasury to SNA.
- iii. Interest at the rate of seven *per cent* per annum payable for delayed transfer of funds (w.e.f. 01.04.2023) had not been deposited to the Consolidated Fund of India. This amount of interest was not deposited as the amount could not be calculated due to improper accounting of funds.

- iv. As on 31 March 2024, interest of ₹ 389.20 crore (earned on funds received) was yet to be bifurcated and deposited in the concerned Consolidated Funds. Further, unspent balances of ₹ 14,738.13 crore lying in the bank account of SNA, were to be refunded to the concerned Government Account. These substantial balances may impact release of funds in 2024-25 adversely.
- v. During 2023-24, total amount released by treasury to SNA was ₹ 31,145.19 crore for CSS. Out of this only ₹ 29,130.11 crore was accounted for as expenditure and ₹ 3,355.09 crore as advance.
- vi. As per CFMS, in 2023-24, out of total transferred amount of ₹ 31,145.19 crore, the State Government received ₹ 18,231.24 crore as Central share. However, as per PFMS Report, out of total receipt of ₹ 30,847.49 crore, the Government transferred Central share of ₹ 18,173.89 crore and State share of ₹ 12,673.60 crore to the SNAs. As per CFMS, ₹ 22,470.94 crore was transferred through GIA bills and ₹ 8,674.25 crore through Fully Vouched Contingent Bills. Detailed vouchers and supporting documents of actual expenditure were not received in the office of the AG (A&E), from the SNAs.

More than 50 *per cent* of the funds were released in the month of March 2024 leading to accumulation of unspent balance with the State.

4.20 Conclusions

- i. 49,649 UCs, amounting to ₹ 70,877.61 crore, and DC Bills against 22,130 AC Bills amounting to ₹ 9,205.76 crore, were outstanding. This indicates lack of internal controls in the administrative departments.
- ii. The State Government did not discharge its liability of ₹ 144.29 crore, to provide and to pay interest towards interest-bearing deposits, during 2023-24.
- iii. The State Government had provided budgetary support (equity, loans, guarantee, capital grants, and others) of ₹ 58,896.62 crore, to 19 functional SPSEs, one working Statutory Corporation, and 15 non-functional SPSEs, whose accounts had not been finalised up to 31 March 2024 (as of 30 September 2024).
- iv. The State Government had not disclosed its Off-budget liabilities amounting to ₹ 53.48 crore in the budget documents/annual financial statements.


Positive Indicators	Negative Indicators
Improvement in submission of UCs	Increasing non-discharge of liability in respect of interest on deposits.
Reconciliation under departmental transactions	Non-reconciliation of PD Accounts with Annual Accounts.
	Arrear of Accounts of Bodies/Authorities

4.21 Recommendations

The Finance Department may:

- i. conduct a comprehensive review of all items presently appearing under the Minor Head '800 Receipts' or '800 Expenditure' and ensure that such Receipts and Expenditures are booked under the appropriate Head of Accounts, in consultation with the Office of the Accountant General (A&E), Bihar.
- ii. ensure that: (a) all controlling officers adjust Abstract Contingent (AC) bills pending beyond the prescribed period, (b) AC bills are not drawn merely to avoid lapse of budget.
- iii. impress upon the managements of State Public Sector Enterprises (SPSEs) to ensure timely submission of their Financial Statements.


Patna
The 28 March 2025



(Dr. Sandip Roy)
Principal Accountant General (Audit), Bihar

COUNTERSIGNED

New Delhi
The 02 April 2025



(K. Sanjay Murthy)
Comptroller and Auditor General of India

APPENDICES

APPENDICES

Appendix- 1.1		
(Reference: Paragraph 1.1)		
Profile of the State		
A. General Data		
Sl. No.	Particulars	Figures
1	Area	94,163 Sq. KM.
2	Population (as per 2023)	12.86 crore
3	Density of population (as per 2011 Census) (All India density = 426 persons per Sq. Km.)	1,365.63
4	Population Below Poverty Line (BPL) (All India average = 21.92 <i>per cent</i>)	33.74
5	Literacy (as per 2011 Census) (All India Average 73.00 <i>per cent</i>)	61.80
6	Infant mortality (per 1,000 live births) (All India average = 28 per 1000 live births)	27
7	Life Expectancy at birth (All India average =70 years)	69.5
8	Gross State Domestic Product (GSDP) 2023-24 at current prices (₹ in crore)	8,54,429
9	Per capita GSDP ¹ CAGR ² (2023-24)	Bihar General Category States
		8.85 9.56
10	GSDP CAGR (2023-2024)	Bihar General Category States
		10.67 10.76
11	Population Decadal growth	Bihar General Category States
		16.75 10.33

B. Financial data					
(in per cent)					
Sl. No.	Particulars	2014-15 to 2017-18		2022-23 to 2023-24	
	CAGR of	General Category States	Bihar	General Category States	Bihar
a.	Revenue Receipts	12.61	14.41	8.19	11.96
b.	Own Tax Revenue	7.17	3.69	10.58	9.87
c.	Non-Tax Revenue	6.52	31.06	14.62	27.14
d.	Total Expenditure	12.05	13.09	10.56	5.31
e.	Capital Expenditure	12.53	16.78	26.16	15.65
f.	Revenue Expenditure on Education	9.33	12.77	5.11	(-) 1.94
g.	Revenue Expenditure on Health	14.09	19.54	10.34	16.90
h.	Salaries	9.86	6.94	7.52	14.38
i.	Pension	14.24	8.00	6.27	5.12

(Source: MoSPI and Economic advisor of C&AG)

¹ GSDP = Gross State Domestic Product.

² CAGR= Compounded Annual Growth Rate.

Appendix 1.2		
(Reference: Paragraph 1.3.2)		
Summarised financial position of the Government of Bihar		
(₹ in crore)		
Particulars	As on	
	31.03.2023	31.03.2024
LIABILITIES		
Internal Debt	2,08,098.10	2,36,205.16
Market Loans bearing interest	1,84,275.00	21,4418.00
Market Loans not bearing interest	0.11	0.05
Bonds	1,962.07	1,728.89
Loans from Financial Institutions	9,776.22	9,861.86
Special securities issued to National Small Savings Fund	12,077.25	10,188.91
Other Loans	7.45	7.45
Ways and Means Advances from Reserve Bank of India	0.00	0.00
Loans and Advances from Central Government	34,747.63	43,878.73
Non-Plan Loans	0.58	0.58
Loans for State Plan Schemes	191.29	191.29
Pre 1984-85 Loans	3.91	3.91
Other loans for State	34,551.85	43,682.95
Contingency Fund	350.00	350.00
Small Savings, Provident Funds, etc.	9,396.88	9,141.12
Deposits	38,437.96	39,666.57
Reserve Funds	9,654.72	12,343.98
Suspense and Miscellaneous Balances	171.31	206.63
Remittance Balances	0.00	0.00
Inter State Settlement	74.01	74.01
Cumulative excess of Receipts over expenditure (Surplus on Government Accounts)	53,861.71	56,694.77
TOTAL	3,54,792.32	3,98,560.98
ASSETS		
Gross Capital Outlay on Fixed Assets	2,90,886.03	3,27,339.05
Investments in shares of Companies, Corporations, etc.	39,024.62	41,512.97
Other Capital Expenditure	2,51,861.41	2,85,826.08
Loans and Advances	25,209.64	27,249.57
Loans for Power Projects	16,034.13	16,118.02
Other Development Loans	9,060.25	11,026.06
Loans to Government servants and miscellaneous loans	115.26	105.49
Civil Advances	249.96	249.96
Remittance Balances	1,125.96	1,128.33
Cash	22,903.95	36,982.18
Cash in Treasuries and local remittances	0.00	0.00
Departmental Balance	234.65	233.22
Permanent Imprest	765.46	765.53
Cash Balance Investments	14,069.82	26,762.09
Deposits with Reserve Bank of India	805.90	726.68
Investments from Earmarked Funds	7,028.12	8,494.66
Suspense and Miscellaneous Balances	14,416.78	5,611.89
TOTAL	3,54,792.32	3,98,560.98

(Source: Finance Accounts of respective years)

Appendix- 2.1

(Reference: Paragraph 2.3)

Time series data on State Government's finances

(` in crore)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Part A-Receipts						
1	Revenue Receipts	1,24,233	1,28,168	1,58,798	1,72,688	1,93,347
	(i) Own Tax Revenue	30,158 (24)	30,342 (24)	34,855 (22)	44,018 (25)	48,361 (25)
	Taxes on Sales, Trade, etc.	6,121 (20)	6,032 (20)	6,872 (20)	9,881 (22)	9,371 (19)
	State Excise	(-) 4 (0)	(-)4 (0)	(-) 1 (0)	1 (0)	1 (0)
	Taxes on Vehicles	2,713 (9)	2,268 (7)	2,475 (7)	2,936 (7)	3,358 (7)
	Stamps and Registration fees	4,661 (16)	4,206 (14)	5,224 (15)	6,451 (15)	6,348 (13)
	Land Revenue	275 (1)	302 (1)	284 (1)	361 (1)	580 (1)
	Taxes on Goods and Passengers	23 (0)	6 (0)	0 (0)	1 (0)	(-) 1 (0)
	SGST	15,800 (52)	16,050 (53)	19,264 (55)	23,243 (53)	27,678 (57)
	Other Taxes	568 (2)	1,482 (5)	737 (2)	1,144 (3)	1,026 (2)
	(ii) Non-Tax Revenue	3,700 (3)	6,201 (5)	3,984 (2)	4,135 (2)	5,257 (3)
	(iii) State's share of Union taxes and duties	63,406 (51)	59,861 (47)	91,353 (58)	95,510 (55)	1,13,604 (59)
	(iv) Grants from Government of India	26,969 (22)	31,764 (25)	28,606 (18)	29,025 (17)	26,125 (14)
2	Miscellaneous Capital Receipts	0	0	0	0	0
3	Recoveries of Loans and Advances	30	820	28	41	96
4	Total Revenue and Non-debt capital receipts (1+2+3)	1,24,263	1,28,988	1,58,826	1,72,729	1,93,443
5	Public Debt Receipts	29,145	35,915	40,445	48,284	60,218
	(i) Internal Debt (excluding Ways and Means Advances and Overdrafts)	27,866	29,412	30,918	38,129	49,546
	(ii) Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-
	(iii) Loans and Advances from Government of India	1,279	6,503	9,527	10,155	10,672
6	Inter- State Settlement	-	-	-	-	-
7	Total Receipts in the Consolidated Fund (4+5+6)	1,53,408	1,64,903	1,99,271	2,21,013	2,53,661

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
8	Contingency Fund Receipts	-	-	-	-	-
9	Public Account Receipts	1,94,512	2,17,837	2,46,840	2,72,287	2,99,113
10	Total Receipts of the State (7+8+9)	3,47,920	3,82,740	4,46,111	4,93,300	5,52,774
Part B-Expenditure/Disbursement						
11	Revenue Expenditure	1,26,017	1,39,493	1,59,220	1,83,976	1,90,514
	(i) Schemes	44,576 (35)	44,201 (32)	58,487 (37)	71,730 (39)	63,466 (33)
	(ii) Establishment and committed	81,441 (65)	95,292 (68)	1,00,733 (63)	1,12,246 (61)	1,27,048 (67)
	(a) General Services (including interest payments)	41,628 (33)	46,239 (33)	48,939 (31)	56,029 (30)	59,218 (31)
	(b) Social Services	57,816 (46)	63,807 (46)	76,115 (48)	88,349 (48)	83,225 (44)
	(c) Economic Services	26,571 (21)	29,445 (21)	34,165 (21)	39,598 (22)	48,071 (25)
	(d) Grants-in-aid and contributions	2	2	1	0	0
12	Capital expenditure	12,304	18,209	23,678	31,520	36,453
	(i) Schemes	12,253 (100)	18,194 (100)	23,650 (100)	31,496 (100)	36,320 (100)
	(ii) Establishment and committed	51 (0)	15 (0)	28 (0)	24 (0)	133 (0)
	(a) General Services	2,388 (19)	1,387 (8)	3,507 (15)	3,255 (10)	5,664 (16)
	(b) Social Services	2,803 (23)	6,331 (35)	5,154 (22)	5,967 (19)	7,001 (19)
	(c) Economic Services	7,113 (58)	10,491 (57)	15,017 (63)	22,298 (71)	23,788 (65)
13	Disbursement of Loans and Advances	666	1,114	1,479	2,057	2,136
14	Total (11+12+13)	1,38,987	1,58,816	1,84,377	2,17,553	2,29,103
15	Repayments of Public Debt	7,110	6,880	8,746	14,351	22,979
	(i) Internal Debt (excluding Ways and Means Advances and Overdrafts)	6,143	5,937	7,619	12,886	21,439
	(ii) Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
	(iii) Loan and Advances from Government of India	967	943	1,127	1,465	1,540
16	Appropriation to Contingency Fund	-	-	-	-	-
17	Inter State settlement	-	-	-	-	-
18	Total disbursement out of Consolidated Fund (14+15+16+17)	1,46,097	1,65,696	1,93,123	2,31,904	2,52,082
19	Contingency Fund disbursements	-	-	-	-	-

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
20	Public Account disbursements	1,97,747	2,17,092	2,48,373	2,67,970	2,86,613
21	Total disbursement by the State (18+19+20)	3,43,844	3,82,788	4,41,496	4,99,874	5,38,695
Part C-Deficits						
22	Revenue Deficit (-)/ Revenue Surplus (+) (1-11)	(-) 1,784	(-) 11,325	(-) 422	(-) 11,288	2,833
23	Fiscal Deficit (-)/ Fiscal Surplus (+) (4-14)	(-) 14,724	(-) 29,827	(-) 25,551	(-) 44,824	(-) 35,660
24	Primary Deficit (-)/ Primary Surplus (+) (23+25)	(-) 3,733	(-) 17,343	(-) 11,729	(-) 29,640	(-) 18,054
Part D-Other data						
25	Interest Payments (included in revenue expenditure)	10,991	12,484	13,822	15,184	17,606
26	Financial Assistance to local bodies etc.	46,582	54,929	65,015	79,941	77,600
27	Gross State Domestic Product (GSDP) [@]	5,81,855	5,67,814	6,47,394	7,46,417	8,54,429
28	Outstanding Fiscal liabilities (yearend)	1,93,382	2,27,195	2,57,510*	2,93,307	3,32,741
29	Maximum amount guaranteed (yearend)	20,834	24,972	37,632	40,897	51,683
30	Outstanding guarantees (yearend)	5,380	16,080	25,070	25,939	28,041
31	Number of incomplete projects	143	157	146	252	354
32	Capital blocked in incomplete projects	1,001	1,654	890	1,047	9,654
Part E-Fiscal Health Indicators						
I	Resource Mobilization (in per cent)					
	Own Tax Revenue/GSDP	5.18	5.34	5.38	5.90	5.66
	Non-Tax Revenue/GSDP	0.64	1.09	0.62	0.55	0.62
	Central Transfers/GSDP	15.53	16.14	18.53	16.68	16.35
II	Expenditure Management (in per cent)					
	Total Expenditure/GSDP	23.89	27.97	28.48	29.15	26.81
	Total Expenditure/Revenue Receipts	111.88	123.91	116.11	125.98	118.49
	Revenue Expenditure/Total Expenditure	90.67	87.83	86.36	84.57	83.16
	Revenue Expenditure on Social Services/ Total Expenditure	41.60	40.18	41.28	40.61	36.33
	Revenue Expenditure on Economic Services/ Total Expenditure	19.12	18.54	18.53	18.20	20.98
	Capital Expenditure/Total Expenditure	8.85	11.47	12.84	14.49	15.91
	Capital Expenditure on Social and Economic Services/Total Expenditure	7.13	10.59	10.94	12.99	13.44

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
III	Management of Fiscal Imbalances (in per cent)					
	Revenue Surplus/GSDP	(-) 0.31	(-) 1.99	(-) 0.07	(-) 1.51	0.33
	Fiscal Deficit/GSDP	2.53	5.25	3.95	6.01	4.17
	Primary Deficit /GSDP	0.64	3.05	1.81	3.97	2.11
	Revenue Surplus/Fiscal Deficit	12.12	37.97	1.65	25.18	7.94
IV	Management of Fiscal Liabilities (in per cent)					
	Fiscal Liabilities/GSDP	33.24	40.01	39.78 [#]	39.30	38.94
	Fiscal Liabilities/Revenue Receipts	153.66	177.26	162.16	169.85	172.10
	Fiscal Liabilities/States own resources	563.82	621.72	663.02	609.11	620.58

(Source: Finance Accounts of the respective years)
Figure in brackets represent percentage (rounded) to total of each sub-heading.
@ GSDP: MoSPI
* The effective outstanding fiscal liabilities would be ₹ 2,50,398.57 crore as GST compensation of ₹ 7,111.43 crore given to the State as back-to-back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.
Arrived at after exclusion of GST compensation of ₹ 7,111.43 crore received as back-to-back loan under debt receipts from the total outstanding liabilities.

Appendix- 2.2**(Reference: Paragraph 2.5.3.3)****Negative balances of loans**

Sl. No.	Details of Head	Purpose of Loans	Repaid Amount in F.Y. 23-24 (₹ in Lakh)	Provisional Adverse Balances up to F.Y. 2023-2024 (in Lakh)	Financial Years from which carried forwarded
1	6215-01-190-0001	Loans for Water Supply and Sanitation- Public Sector and other undertakings	-	(-) 7.9	2006-07
2	6216-02-201-0012 (other schemes)	Loans for Housing-Other Schemes - balances under each being ₹25 lakh and less	-	(-) 8.8	2006-07
3	6216-02-800-0001	Loans for Housing-Other Loans	-	(-) 4.25	2004-05
4	6216-80-190-0001	Loans for Housing-Public Sector and other undertakings	-	(-) 0.44	2006-07
5	6245-02-101-0001	Loans for Relief on account of Natural Calamities-Gratuitous Relief	-	(-) 244.14	2003-04
6	6245-02-117-0001	Loans for Relief on account of Natural Calamities- Loans to Farmers for purchase of live stock	-	(-) 0.01	2003-04
7	6245-02-800-0011	Loans for Relief on account of Natural Calamities- Loans to District Board Authorities on account of Natural Calamities	-	(-) 39.22	2003-04
8	6401-00-911-0002	Loans for Crop Husbandry-Recovery of Excess Payment	-	(-) 0.74	2010-11
9	6425-00-106-0003	Loans for Co-operation- Loans to Agriculture Co-operative Societies	-	(-) 55.89	2004-05
10	6425-00-107-0001	Loans for Co-operation-Loans to Bihar State Co-operative Land Development Bank for payment of arrear dues of NABARD	-	(-) 45,945.86	2006-07
11	6425-00-108-0005	Loans for Co-operation-other Co-operative Societies	66.51	(-) 12,817.25	2007-08
12	6425-00-108-0013	Loans for Co-operation- Loans to Bihar State Co-operative Federation Limited	-	(-) 1.5	2019-20
13	6851-00-101-0001	Loans for Village and Small Industries-Industries and Companies under Bihar State Industrial Assistance Act, 1956	-	(-) 136.77	2003-04

Sl. No.	Details of Head	Purpose of Loans	Repaid Amount in F.Y. 23-24 (₹ in Lakh)	Provisional Adverse Balances up to F.Y. 2023-2024 (in Lakh)	Financial Years from which carried forwarded
14	6851-00-102-0001A	Loans for Village and Small Industries-Entrepreneurs under Bihar Aid to Industries Act	-	(-) 0.2	2004-05
15	6851-00-200-0002	Loans for Village and Small Industries-Loans to Individual and Companies under Rural Industry Project	0.56	(-) 0.56	2023-24
16	6885-01-190-0004	Other Loans to Industries and Minerals-Other Loans	0.03	(-) 0.83	2019-20
17	6885-02-800-0001	Other Loans to Industries and Minerals-Development of Backward Areas-Other Loans	-	(-) 2.5	2004-05
18	7610-00-202-0001	Loans to Government Servants, etc.-Advances to Government Servants for purchase of Motor Conveyances	88.71	(-) 433.41	2021-22
19	7610-00-202-0002	Loans to Government Servants, etc.-Advances to Government Servants for purchase of Motorcycle	0.97	(-) 0.97	2023-24
20	7610-00-202-0003	Loans to Government Servants, etc.-Advances for purchase of Motor-Car to Ministers etc.	182.05	(-) 25.15	2023-24
21	7610-00-203-0001	Loans to Government Servants, etc.-Advances to Non-Gazetted Employees for purchase of Cycles	-	(-) 82.51	2003-04
22	7610-00-204-0001	Loans to Government Servants, etc.-Advances to officers for purchase of Computers	13.5	(-) 31.02	2003-04
23	7610-00-800-0001	Loans to Government Servants, etc.-Advance for Marriage to Government Servant	-	(-) 0.11	2020-21
24	7610-00-800-0004	Loans to Government Servants, etc.-Government Servants Passage, Advances for study abroad and study in India, Marriage and Other Advances	-	(-) 1159.99	2009-10
Total				(-) 61,000.02	

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

Appendix- 3.1

(Reference: Paragraph 3.3.2)

**Cases where supplementary budget proved unnecessary
(₹ 100 crore or more in each case)**

(₹ in crore)

Sl. No.	Grant no. and Name of Department	Original Budget	Supplementary Budget	Expenditure	Savings (Original Budget - Expenditure)
1	2	3	4	4	5
Revenue-Voted					
1	01-Agriculture	3,414.56	600.66	2,175.66	1,238.90
2	02-Animal and Fisheries Resources	1,509.02	155.41	1,330.79	178.23
3	04- Cabinet Secretariat	311.74	211.52	223.67	88.07
4	09-Co-Operative	1,165.62	145.60	1,103.19	62.43
5	20-Health	15,137.05	2,016.49	11,250.79	3,886.26
6	22-Home	13,684.15	892.85	12,701.92	982.23
7	39-Disaster Management	5,125.53	395.88	2,936.57	2,188.96
8	40-Revenue and Land Reforms	1,528.51	263.39	1,157.11	371.40
9	42-Rural Development	15,401.18	2,601.72	8,568.50	6,832.68
10	43-Science and Technology	488.38	104.37	481.32	7.06
11	44-SC & ST Welfare	1,805.60	104.77	1,536.92	268.68
Total Revenue		59,571.34	7,492.66	43,466.44	16,104.90
Capital - Voted					
1	36-Public Health Engineering	1,486.65	150.00	1,012.92	473.73
2	37-Rural Works	7,670.27	3,400.00	6,180.22	1,490.05
Total capital		9,156.92	3,550.00	7,193.14	1,963.78
Grant total		68,728.26	11,042.66	50,659.58	18,068.68

(Source: Appropriation Accounts for the year 2023-24)

Appendix- 3.2

(Reference: Paragraph 3.3.3)

Unnecessary re-appropriation of funds

(₹ in crore)

Sl. No.	Head of Accounts - Scheme	Total Budget	Re-appropriation (+)	Expenditure	Final saving
1	03-4059-01-051-0104-Construction of Collectorate and Other Office Buildings for General Administration Department	138.01	6.00	111.09	32.92
2	20-2202-03-102-0029-Bihar University of Health Sciences	21.00	8.53	15.68	13.85
3	20-2210-01-200-0005-Other Dispensary Local Dispensary	72.19	10.46	58.83	23.82
4	20-2210-03-101-0003-Health Sub-centre	147.46	8.62	50.26	105.82
5	20-2210-05-105-0003-Darbhang Medical College	118.76	6.69	116.92	8.53
6	20-2210-05-105-0028-Jannayak Karpuri Thakur Medical College, Madhepura	42.86	5.00	28.42	19.45
7	20-2210-05-105-0029-Nursing College	13.59	8.00	8.98	12.61
8	20-2210-06-101-0003-National Malaria Eradication Programme	37.27	7.23	29.94	14.56
9	21-2202-03-001-0001-Direction and Administration	6.50	5.10	5.46	6.14
10	21-2202-03-102-0003-Baba Saheb Bhimrao Ambedkar (Bihar University)	622.77	26.00	549.61	99.15
11	21-2202-03-102-0008-B.N.Mandal University Madhepura	320.00	22.20	290.46	51.74
12	21-2202-03-102-0011-Lalit Narayan Mithila University	635.31	79.60	573.46	141.46
13	21-2202-03-102-0027-Munger University, Munger.	94.12	8.00	81.14	20.97
14	48-2215-02-191-0102-Grants-in-aid to Urban Local Bodies for Construction of Drainage and Sewerage	2.00	15.53	1.90	15.64
Total		2,271.85	216.97	1,922.16	566.65

(Source: Detailed Appropriation Accounts including Grants Audit Register, 2023-24)

Appendix-3.3

(Reference: Paragraph 3.3.3)

Excess re-appropriation of funds

(₹ in crore)

Sl. No	Grant No.	Head of Account and Description	Total Budget	Reapp (+)	Expenditure	Saving (-)/ Excesses(+)
1	13	2049-03-117-0001-Interest on Contributory pension plan for Government employees	10.00	30.00	29.84	(-) 10.16
2		2049-04-112-0001-Interest on External sustainable scheme of debts	578.00	400.00	963.68	(-) 14.32
3	15	2071-01-115-0002-Leave encashment equivalent to un-availed earned leave payable to officers and employees retired/died after15/11/2000	1,187.99	100.00	1,245.51	(-) 42.49
4	21	2202-01-053-0001-Renovation of Primary and Middle School Buildings.	145.15	170.00	290.61	(-) 24.54
5		2202-02-053-0001-Renovation of Secondary Schools Buildings	23.84	95.51	86.15	(-) 33.20
6		2202-03-102-0005-Veer Kunwar Singh University, Ara	299.64	57.20	309.24	(-) 47.60
7	22	2055-00-001-0003-Purchase of Materials at Central Level	623.00	25.00	629.75	(-) 18.25
Total			2,867.62	877.71	3,554.78	190.56

(Source: Detailed Appropriation Accounts including Grants Audit Register, 2023-24)

Appendix-3.4							
(Reference: Paragraph 3.3.4)							
Grants/Appropriations with large savings (₹100 crore and above)							
(₹ in crore)							
Sl. No.	Grant no. & Name of Grant/ Appropriation	Original Budget	Supple-mentary Budget	Total Budget	Expenditure	Savings	Percen-tage of Savings
(A) Revenue-Voted							
1	01-Agriculture	3,414.56	600.66	4,015.22	2,175.66	1,839.56	45.81
2	02-Animal and Fisheries resource	1,509.02	155.41	1,664.43	1,330.79	333.64	20.05
3	04-Cabinet Secretariat	311.74	211.52	523.26	223.67	299.59	57.25
4	08-Art, Culture and Youth	331.05	39.08	370.13	171.17	198.96	53.75
5	09-Co-operative	1,165.62	145.60	1,311.22	1,103.19	208.03	15.87
6	11-BC and MBC Welfare	1,769.60	0.36	1,769.96	1,220.49	549.47	31.04
7	15-Pension	29,418.67	-	29,418.67	24,308.75	5,109.92	17.37
8	16-Panchayati Raj	10,079.20	4,825.43	14,904.63	11,546.33	3,358.30	22.53
9	18-Food and Consumer Protection	1,078.38	959.75	2,038.13	1,423.32	614.81	30.17
10	19-Environment, Forest and Climate Change	741.75	139.35	881.10	743.77	137.33	15.59
11	20-Health	15,137.05	2,016.49	17,153.54	11,250.79	5,902.75	34.41
12	21-Education	39,929.24	15,061.82	54,991.06	40,923.02	14,068.04	25.58
13	22-Home	13,684.15	892.85	14,577.00	12,701.92	1,875.08	12.86
14	23-Industries	1,118.70	645.17	1,763.87	1,632.24	131.63	7.46
15	26-Labour Resource	834.69	20.38	855.07	642.49	212.58	24.86
16	30-Minorities Welfare	288.90	63.08	351.98	205.38	146.60	41.65
17	33-General Administration	874.77	63.39	938.16	743.03	195.13	20.80
18	35-Planning and Development	868.47	2.45	870.92	645.51	225.41	25.88
19	39-Disaster Management	5,125.53	395.88	5,521.41	2,936.57	2,584.84	46.81
20	40-Revenue and Land Reforms	1,528.51	263.39	1,791.90	1,157.11	634.79	35.43
21	37-Rural Works	3,898.64	500.07	4,398.71	4,126.54	272.17	6.19
22	38-Prohibition, Excise and Registration	582.61	91.67	674.28	426.64	247.64	36.73
23	42-Rural Development	15,401.18	2,601.72	18,002.90	8,568.50	9,434.40	52.40

Sl. No.	Grant no. & Name of Grant/ Appropriation	Original Budget	Supple-mentary Budget	Total Budget	Expenditure	Savings	Percent- age of Savings
24	43-Science and Technology	488.38	104.37	592.75	481.32	111.43	18.80
25	44-SC & ST Welfare	1,805.60	104.77	1,910.37	1,536.92	373.45	19.55
26	47-Transport	414.60	39.08	453.68	258.76	194.92	42.96
27	48-Urban Development and Housing	9,594.15	10,119.93	19,714.08	14,123.88	5,590.20	28.36
28	51-Social Welfare	8,204.20	2,978.18	11,182.38	8,847.89	2,334.49	20.88
Total Revenue-Voted		1,69,598.96	43,041.85	2,12,640.81	1,55,455.65	57,185.16	26.89
(B) Revenue-Charged							
29	13-Interest Payment	18,354.44	-	18,354.44	17,605.80	748.64	4.08
Total Revenue-Charged		18,354.44	-	18,354.44	17,605.80	748.64	4.08
Total Revenue (A+B)		1,87,953.40	43,041.85	2,30,995.25	1,73,061.45	57,933.80	25.08
(C) Capital-Voted							
30	01-Agriculture	225.22	-	225.22	113.62	111.60	49.55
31	04-Cabinet Secretariat	190.50	161.00	351.50	220.38	131.12	37.30
32	16-Panchayati raj	340.00	665.97	1,005.97	880.35	125.62	12.49
33	18-Food and Consumer Protection	163.66	-	163.66	35.19	128.47	78.50
34	20-Health	1,829.37	1,132.50	2,961.87	2,232.77	729.10	24.62
35	22-Home	582.37	618.53	1,200.90	973.67	227.23	18.92
36	23-Industries	530.12	727.10	1,257.22	950.00	307.22	24.44
37	30-Minorities Welfare	347.00	-	347.00	83.28	263.72	76.00
38	35-Planning and Development	1,348.51	318.00	1,666.51	1,444.62	221.89	13.31
39	36-Public Health Engineering	1,486.65	150.00	1,636.65	1,012.92	623.73	38.11
40	37-Rural Works	7,670.27	3,400.00	11,070.27	6,180.22	4,890.05	44.17
41	48-Urban Development and Housing	115.00	694.00	809.00	620.00	189.00	23.36
Total Capital-Voted		14,828.67	7,867.10	22,695.77	14,747.02	7,948.75	35.02
(D) Capital-Charged							
42	14-Repayment of Loans	23,558.69	-	23,558.69	22,979.38	579.31	2.46
Total Capital-Charged		23,558.69	-	23,558.69	22,979.38	579.31	2.46
Total Capital (C + D)		38,387.36	7,867.10	46,254.46	37,726.40	8,528.06	18.44
Grand Total (A+B+C+D)		2,26,340.76	50,908.95	2,77,249.71	2,10,787.85	66,461.86	23.97

(Source: Appropriation Accounts for the year 2023-24)

Appendix-3.5

(Reference: Paragraph 3.3.4)

Grants/Appropriations with savings more than ₹ 500 crore and 30 *per cent* of total provision

(₹ in crore)

Sl. No.	Grant No. (Name of Department)	Original Budget	Supplementary Budget	Total Budget	Expenditure	Savings	Percentage of savings to total budget
1	01-Agriculture	3,639.78	600.66	4,240.44	2,289.28	1,951.16	46.01
2	11-BC and MBC Welfare	1,787.05	0.36	1,787.41	1,220.49	566.92	31.72
3	18-Food And Consumer Protection	1,242.04	959.75	2,201.79	1,458.51	743.28	33.76
4	20-Health	16,966.42	3,148.99	20,115.41	13,483.56	6,631.85	32.97
5	37-Rural Works	11,568.91	3,900.07	15,468.98	10,306.76	5,162.22	33.37
6	39-Disaster Management	5,265.53	395.88	5,661.41	3,002.16	2,659.25	46.97
7	40-Revenue And Land Reforms	1,548.51	263.39	1,811.90	1,157.45	654.45	36.12
8	42-Rural Development	15,452.18	2,601.72	18,053.90	8,570.64	9,483.26	52.53
Total		57,470.42	11,870.82	69,341.24	41,488.85	27,852.39	40.17

(Source: Appropriation Accounts for the year 2023-24)

Appendix-3.6

(Reference: Paragraph 3.3.4)

Grants indicating persistent savings during 2019-20 to 2023-24
(₹500 crore and above)

(₹ in crore)

Sl. No.	Grant No.	Total savings (per cent)				
		2019-20	2020-21	2021-22	2022-23	2023-24
1	01- Agriculture	1,466.35 (40.52)	1,936.48 (56.37)	2,148.45 (52.70)	1,808.18 (41.29)	1,951.16 (46.01)
2	15- Pension	1,414.68 (7.63)	796.52 (3.89)	1,527.51 (7.00)	2,324.24 (9.13)	5,116.34 (17.38)
3	16- Panchayati Raj	4,891.61 (35.90)	4,675.44 (35.75)	5,367.03 (39.62)	4,910.47 (36.18)	3,483.92 (21.90)
4	18- Food & Consumer Protection	699.17 (49.75)	1,523.83 (67.67)	629.19 (40.75)	1,041.05 (42.92)	743.28 (33.76)
5	20- Health	3,582.55 (31.44)	4,056.44 (30.68)	6,085.46 (34.19)	8,543.32 (41.56)	6,631.85 (32.97)
6	21- Education	12,140.68 (31.76)	11,784.91 (30.53)	12,877.72 (27.41)	13,796.59 (24.68)	14,140.24 (25.04)
7	22- Home	2,133.09 (18.32)	2,643.70 (21.57)	4,192.63 (27.96)	3,258.08 (21.62)	2,102.32 (13.32)
8	37- Rural Works	8,518.95 (70.59)	6,439.24 (55.33)	4,841.88 (44.70)	4,463 (32.01)	5,162.22 (33.37)
9	39- Disaster Management	3,736.49 (50.78)	2,622.83 (28.01)	1,900.32 (32.79)	1,734.33 (35.73)	2,659.25 (46.97)
10	42- Rural Development	8,900.63 (47.87)	8,531.88 (47.81)	9,206.77 (39.65)	3,318.65 (15.27)	9,483.26 (52.53)
11	48- Urban Development & Housing	3,250.51 (50.83)	3,952.81 (41.20)	4,640.19 (40.07)	4,394.35 (40.17)	5,779.20 (28.16)
12	51- Social Welfare	2,339.23 (24.08)	2,223.49 (20.18)	2,244.40 (19.97)	2,295.38 (17.02)	2,355.08 (21.00)
Total		5,3073.94 (34.79)	51,187.57 (31.45)	55,661.55 (30.54)	51,887.64 (25.65)	59,608.12 (27.71)

(Source: Appropriation Account for the year 2019-20 to 2023-24)

Appendix-3.7

(Reference: Paragraph 3.3.4)

Details of surrender of funds in excess of ₹ 500 crore and above in 2023-24

(₹ in crore)

Sl. No.	Grant No. and Department	Original Budget	Supple-mentary Budget	Total Budget	Expendi-ture	Savings	Surrender
1	01-Agriculture	3,639.78	600.66	4,240.44	2,289.28	1,951.16	779.90
2	11-BC and MBC Welfare	1,787.05	0.36	1,787.41	1,220.49	566.92	538.44
3	20-Health	16,966.42	3,148.99	20,115.41	13,483.56	6,631.85	1,444.94
4	37-Rural Works	11,568.91	3,900.07	15,468.98	10,306.76	5,162.22	2,330.29
5	39-Disaster Management	5,265.53	395.88	5,661.41	3,002.16	2,659.25	2,556.50
6	41-Road Construction	5,918.87	2,850.00	8,768.87	9,308.02	(-) 539.15	616.22
7	42-Rural Development	15,452.18	2,601.72	18,053.90	8,570.64	9,483.26	9,965.98
8	48-Urban Development & Housing	9,709.15	10,813.93	20,523.08	14,743.88	5,779.20	1,260.84
9	51-Social Welfare	8,210.86	3,002.32	11,213.18	8,858.11	2,355.07	2,093.82
Total		78,518.75	27,313.93	1,05,832.68	71,782.90	34,049.78	21,586.93

(Source: Appropriation Accounts for the year 2023-24)

Appendix-3.8

(Reference: Paragraph 3.4.1)

**Hundred per cent non-utilisation of Grants/Appropriation
(₹ 100 crore and above)**

(₹ in crore)

Sl. No.	Grant No.- Head of Accounts -Description	Total unutilised Budget
1	16-2515-00-196-0008-Grants-in-aid for health-related works in light of the recommendation of the Finance Commission	949.52
2	18-2408-01-101-0202-Prime Minister's Garib Kalyan Anna Yojana and Self-reliant India Scheme	226.64
3	20-4210-02-051-0101-Construction of buildings of Health Sub-centres (NABARD Sponsored Scheme)	200.00
4	20-2210-01-200-0211-Infrastructure Maintenance (NHM) (Central share)	132.00
5	20-2210-03-103-0103-Renovation of Health Centres-Saat Nishchaya-2	106.00
6	21-2202-03-104-0003-Financial Aided College	507.84
7	21-2202-02-110-0007-Assistance to Non-Government Schools	342.00
8	30-4250-00-051-0207-Multi-sectoral Development Programme for Minorities	120.00
9	36-4215-01-102-0230-National Rural Drinking Water Programme	336.00
10	37-4515-00-789-0201-Pradhan Mantri Gram Sadak Yojana	600.00
11	37-4515-00-103-0121-Chief Minister Rural Road Upgradation Scheme	500.00
12	39-2245-01-101-0006-Other works (Agricultural input grant for Agricultural Department)	100.00
13	41-5054-03-337-0211-Special Assistance (BRG Path)	195.73
14	42-2216-03-789-0202-Indira Awaas Yojana (IAY)	1,500.00
15	48-2217-03-051-0311-State Share to Swachcha Bharat Mission 2.0 (Management of Used Water)	533.20
16	48-2217-03-051-0201-Clean India Campaign	481.98
17	48-2217-03-051-0310-State Share to Swachcha Bharat Mission 2.0 (Solid Waste Management)	272.88
18	48-2217-03-051-0214-Central Share to Swachcha Bharat Mission 2.0(Management of Used Water)	213.60
19	48-2217-03-051-0213-Central Share to Swachcha Bharat Mission 2.0 (Solid Waste Management)	126.54
20	48-7075-60-190-0101-Patna Metro Rail Corporation Ltd	124.00
Total		7,567.93

(Source: Detailed Appropriation Accounts, 2023-24)

Appendix-3.9

(Reference: Paragraph 3.4.4)

Rush of Expenditure in the month of March 2024

(₹ in crore)

Grant No. (Department)	Expenditure incurred in						Per cent of Total Expenditure	
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total expenditure during 2023-24	Expenditure incurred in March 2024	January-March 2024	March 2024
21-Education	6,845.48	9,561.28	10,584.01	15,340.89	42,331.66	7,434.09	36.24	17.56
48-Urban Development & Housing	2,115.77	6,031.19	2,799.68	3,797.25	14,743.89	3,257.28	25.75	22.09
37-Rural Works	1,326.16	3,817.01	621.70	4,541.89	10,306.76	2,782.10	44.07	26.99
16-Panchayati Raj	96.05	2,313.38	1,651.53	8,365.73	12,426.69	2,547.64	67.32	20.50
42-Rural Development	1,964.41	892.45	1,492.07	4,221.72	8,570.65	2,508.26	49.26	29.27
39-Disaster Management	310.30	279.06	188.96	2,223.84	3,002.16	2,494.51	74.07	83.09
49-Water Resources	1,159.97	838.85	952.60	3,429.56	6,380.98	2,481.68	53.75	38.89
51-Social Welfare	662.55	1,907.23	2,724.84	3,563.51	8,858.13	2,448.28	40.23	27.64
20-Health	2,412.85	2,346.89	3,738.16	4,985.66	13,483.56	2,368.11	36.98	17.56
Total Expenditure	16,893.54	27,987.34	24,753.55	50,470.05	1,20,104.48	28,321.95	42.02	23.58
Per cent of Total Expenditure	14.07	23.30	20.61	42.02	100	23.58		

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

Appendix - 3.10

(Reference: Paragraph 3.4.4)

Hundred per cent Expenditure incurred in March 2024
(₹ 10 crore and above in each case)

(₹ in crore)

Sl. No.	Grant No. - Head of Accounts	Description	Total expenditure
1	02-2403-00-101-0109	Development of Animal Resources (NABARD Supported Scheme)	40.09
2	02-4403-00-051-0102	Construction of Building for Animal and Fisheries Resources (NABARD Sustained plan)	84.91
3	03-4406-01-051-0101	Forestry College- Munger	12.74
4	09-2425-00-108-0116	Vegetable based Co-operative Committees Incentive	15.12
5	09-2425-00-108-0419	Establishment of Agricultural Plant Bank under Primary Agriculture Credit Societies (PACS)	10.73
6	10-4810-00-190-0102	Bihar State Power Generation Company Limited	36.00
7	13-2049-03-104-0001	Interest on General Provident Funds	612.32
8	13-2049-03-104-0002	Interest on All India Administrative Service Provident Funds	20.74
9	13-2049-03-108-0001	Interest on Insurance and Pension Fund	430.00
10	14-6003-00-101-M0145	5.28% Bihar State Development Loan, 2023	2,000.00
11	14-6003-00-101-M0154	5.43%Bihar State Development Loan,2024	969.00
12	16-2515-00-198-0215	Rashtriya Gram Swaraj Abhiyan (RGSA)	21.00
13	16-2515-00-198-0315	Rashtriya Gram Swaraj Abhiyan (RGSA)	13.89
14	19-2406-01-003-0006	Forestry College	18.50
15	19-2406-04-103-0101	Compensatory afforestation	18.41
16	20-2210-02-200-0202	Medicinal Plant related mission including National AYUSH Mission	11.61
17	20-4210-01-051-0104	Construction of Government Dispensary in Urban Area	22.00
18	20-4210-03-105-0119	B.S.C. Nursing College (Nishchaya)	10.00
19	22-4070-00-051-0101	Bihar Fire-brigade Service for Building Construction	19.50
20	23-2851-00-102-0110	Bihar Small Enterprise Scheme	182.50
21	23-2851-00-789-0111	Small Enterprise Scheme	62.50
22	35-2235-01-202-0505	Emergency Koshi Flood Rehabilitation Project (World Bank Aided)	158.49
23	35-2235-01-789-0501	Emergency Koshi Flood Rehabilitation Project (World Bank Aided)	66.51
24	39-2245-01-282-0002	Repair of wells etc. for supply of water	11.54
25	39-2245-05-101-0002	Transfer of interest from invested amount of state disaster response fund	33.77
26	41-3054-80-797-0101	Transfer to Central Road Fund	258.43
27	42-2501-06-102-0202	Rural Self Employment Training Institute	15.00
28	48-2215-02-106-0302	National River Conservation Plan (NRCP)	40.00
29	48-2217-80-191-0003	Grants-in-aid to Municipal Corporations for payment of arrear Electricity bills	250.00
30	48-5054-05-337-0101	The Underground path between Bihar Secretariat and Patna Secretariat	30.00
Total			5,475.30

(Source: Appropriation Accounts 2023-24)

Appendix-4.1				
(Reference: Paragraph 4.12)				
Details of Adverse Balances				
(₹ in crore)				
Sl. No.	Major Head	Major Head Description	No. of Items	Balance
1.	6003	Internal Debt of State Government	5	(-) 2.95
2.	6215	Loan for Water Supply and Sanitation	1	(-) 0.08
3.	6216	Loans for Housing	3	(-) 0.13
4.	6245	Loans for Relief on account of Natural Calamities	3	(-) 2.83
5.	6401	Loans for Crop Husbandry	1	(-) 0.01
6.	6425	Loans for Co-operation	4	(-) 588.21
7.	6851	Loans for Village and Small Industries	3	(-) 1.38
8.	6885	Other Loans to Industries and Minerals	2	(-) 0.03
9.	7610	Loans to Government Servants	7	(-) 17.33
10.	8009	State Provident Fund	3	(-) 593.95
11.	8336	Civil Deposits (Bearing Interest)	1	(-) 0.55
12.	8443	Civil Deposits (Not bearing Interest)	3	(-) 0.54
13.	8448	Deposit of Local Fund	1	(-) 1.00
14.	8550	Civil Advances	1	(-) 3.41
15.	8793	Inter-state suspense account	1	(-) 0.01
Total			39	(-) 1,212.41

(Source: Finance Accounts, 2023-24)

Appendix- 4.2

(Reference: Paragraph 4.14)

Budgetary support to SPSEs whose accounts were in arrears, as of March 2024

(₹ in crore)

Sl. No.	Name of SPSE	Equity, Loan and Guarantee by the State Government up to March 2024 whose accounts were in arrears							Whether Loss making (as per latest accounts)	
		Equity	Loans	Guarantee	Capital Grant	Others	Total	Years from which accounts are in arrears		No of accounts in arrear
A. WORKING GOVERNMENT COMPANIES										
1	Biharsharif Smart City Limited	0.00	0.00	0.00	212.75	0.00	212.75	2021-22	3	No
2	Muzaffarpur Smart City Limited	0.00	0.00	0.00	159.25	0.00	159.25	2023-24	1	Yes
3	Patna Smart City Limited	0.00	0.00	0.00	100.00	0.00	100.00	2023-24	1	No
4	Bhagalpur Smart City Limited	0.00	0.00	0.00	139.50	0.00	139.50	2023-24	1	No
5	Bihar State Film Development and Finance Corporation Limited	0.00	0.00	0.00	8.28	0.00	8.28	2020-21	4	Yes
6	Bihar State Tourism Development Corporation Limited	0.00	0.00	0.00	8.85	0.00	8.85	2018-19	6	No
7	Bihar State Minorities Finance Corporation Limited	40.00	0.00	0.00	0.00	0.00	40.00	2017-18	7	Yes
8	Bihar State Backward Classes Finance and Development Corporation Limited	6.00	0.00	0.00	0.00	0.00	6.00	2011-12	13	No
9	Bihar Rajya Beej Nigam Limited	0.00	0.00	0.00	40.42	1,545.60	1,586.02	2017-18	7	Yes
10	Bihar State Food and Civil Supplies Corporation Limited	0.00	0.00	10,000.00	0.00	6,222.93	16,222.93	2015-16	9	Yes
11	Bihar State Hydroelectric Power Corporation Limited	0.00	72.44	0.00	0.00	0.00	72.44	2018-19	6	Yes
12	Bihar State Electronics Development Corporation Limited	19.34	0.00	0.00	0.00	0.00	19.34	2019-20	5	No

Sl. No.	Name of SPSE	Equity, Loan and Guarantee by the State Government up to March 2024 whose accounts were in arrears							Whether Loss making (as per latest accounts)	
		Equity	Loans	Guarantee	Capital Grant	Others	Total	Years from which accounts are in arrears		No of accounts in arrear
13	Bihar State Road Development Corporation Ltd	0.00	0.00	53.48	0.00	0.00	53.48	2023-24	1	No
14	Bihar State Power (Holding) Company Limited	10,246.75	0.00	0.00	0.00	2,272.89	12,519.64	2021-22*	3	No
15	North Bihar Power Distribution Company Limited	0.00	39.26	3,729.18	0.00	6,288.23	10,056.67	2023-24	1	Yes
16	South Bihar Power Distribution Company Limited	0.00	27.50	2,167.06	0.00	7,013.00	9,207.56	2023-24	1	No
17	Bihar State Power Transmission Company Limited	0.00	0.00	6,271.23	0.00	0.00	6,271.23	2023-24	1	No
18	Bihar State Education Finance Corporation Limited	0.00	0.00	0.00	8.50	0.00	8.50	2023-24	1	No
19	Patna Metro Rail Corporation Limited	1000.00	0.00	0.00	0.00	0.00	1000.00	2023-24	1	No
Total (A)		11,312.09	139.20	22,220.95	677.55	23,342.65	57,692.44			
B. WORKING STATUTORY CORPORATION										
1	Bihar State Road Transport Corporation	0.00	0.00	0.00	79.45	48.59	128.04	2021-22	3	No
Total (B)		0.00	0.00	0.00	79.45	48.59	128.04			
C. NON-FUNCTIONAL GOVERNMENT COMPANIES										
1	Bihar State Fruits and Vegetables Development Corporation Limited	0.00	1.00	0.00	0.00	0.00	1.00	2015-16	9	Yes
2	Bihar State Industrial Development Corporation Limited	0.00	2.00	0.00	0.00	0.00	2.00	2011-12	13	-
3	Bihar State Construction Corporation Limited	0.00	2.28	0.00	0.00	0.00	2.28	2003-04	21	-
4	Bihar state Forest Development Corporation Limited	0.00	3.12	0.00	38.05	0.00	41.17	2007-08	17	Yes
5	Bihar Rajya Matasya Vikas Nigam Limited	1.25	6.52	0.00	0.26	0.00	8.03	1993-94	31	Yes
6	Bihar State Export Corporation Limited	0.00	2.21	0.00	0.00	0.08	2.29	1992-93	32	Yes
7	Bihar State Small Industries Corporation Limited	0.00	1.66	0.00	0.00	2.47	4.13	1991-92	33	Yes
8	Bihar State Textile Corporation Limited	5.79	6.99	0.00	0.00	0.00	12.78	1988-89	36	Yes

Sl. No.	Name of SPSE	Equity, Loan and Guarantee by the State Government up to March 2024 whose accounts were in arrears								Whether Loss making (as per latest accounts)
		Equity	Loans	Guarantee	Capital Grant	Others	Total	Years from which accounts are in arrears	No of accounts in arrear	
9	Bihar State Pharmaceuticals and Chemical Development Corporation Limited.	12.92	52.95	0.00	0.00	0.00	65.87	1986-87	38	Yes
10	Bihar State Sugar Corporation Limited	11.21	365.32	0.00	1.40	197.93	575.86	1985-86	39	Yes
11	Bihar State Handloom and Handicrafts Corporation Limited.	3.72	56.26	0.00	0.00	0.48	60.46	1984-85	40	Yes
12	Bihar Hill Area Lift Irrigation Corporation Limited	5.22	18.78	0.00	0.00	55.41	79.41	1983-84	41	Yes
13	Bihar State Leather Industries Development Corporation Limited	12.26	43.18	0.00	0.00	0.00	55.44	1983-84	41	Yes
14	Bihar State Water Development Corporation Limited	5.00	154.33	0.00	0.00	0.00	159.33	1979-80	45	No
15	Bihar Scooter Limited	0.00	6.09	0.00	0.00	0.00	6.09	1977-78	47	-
Total (C)		57.37	722.69	0.00	39.71	256.37	1,076.14	-	-	-
Total (A+B+C)		11,369.46	861.89	22,220.95	796.71	23,647.61	58,896.62	-	-	-

(Source: Data compiled by Audit Office)

* Bihar State Power (Holding) Company Limited has prepared standalone Financial Statement up to 2020-21.

30 September 2024 has been taken as Cut-off date

Note: Non-Working Companies at Sl. No. 1,3,6 and 7 are under liquidation since 02.05.2023, 04.10.2014 and 04.10.2012, respectively.

Appendix-4.3			
(Reference: Paragraph 4.15)			
List of Bodies/Authorities, whose financial statements were not made available			
Sl. No.	Name of Department	Name of the Bodies/Authorities	District
1	BC & EBC Welfare	Bihar State BC Commission	Patna
2	Disaster Management	Bihar State Disaster Management Authority (BSDMA)	Patna
3	Education	T.M. University	Bhagalpur
4		Vir Kunwar Singh Vishwavidhyalay	Bhojpur
5		L.N. Mithila University	Darbhangha
6		Kameshwar Singh Darbhanga Sanskrit University	Darbhangha
7		Magadh University, Bodh Gaya	Gaya
8		Simultalla Education Society	Jamui
9		Bhupendra Narayan Mandal University	Madhepura
10		Munger University	Munger
11		Bihar University, Muzaffarpur	Muzaffarpur
12		BSBA Bihar Education Project council	Patna
13		LN Mishra Institute of Economic Development & Social change	
14		A.N. Sinha Institute of Social Studies	
15		Bihar School Examination Board (SS)	
16		Bihar School Examination Board	
17		Patna University	
18		Aryabhatta knowledge University	
19		Bihar Rajya Madarsa Siksha Board	
20		Bihar Rajya Sanskrit Shiksha Board	
21		Bihar Mukht Vidhyalayi Shikshan and Parikshan Board	
22		Patliputra University	
23		Maulana Majrul Haq Arabic & Persian University	
24		Nalanda Open University	
25		Water and Land Management Institute (WALMI), Patna	
26		Bihar Engineering University	
27		Purnia University	Purnia
28		Jai Prakash University	Saran
29	Energy	Bihar Renewable Energy Department Agency (BREDa)	Patna
30	General Administration	Sri Krishna Smarak Vikash Samiti	Patna
31	Health	IGIMS	Patna
32		Bihar State Aids Control Society	
33		Bihar State Ayurvedic & Unani Medical Board	
34		Bihar Nurses Registration Council, Patna	
35		Bihar State Homeopathic Medical Board	
36	Industries	Bihar Industrial Area Development Authority (BIADA)	Patna
37		Infrastructure Development Authority	

Sl. No.	Name of Department	Name of the Bodies/Authorities	District
38	Minorities Welfare	Bihar Waqf Tribunal	Patna
39		Bihar State Haj Committee	
40		Bihar State Sunni Wakf Board	
41		Bihar State Shia Wakf Board	
42		Syed Shaheed Shafder Peer	
43	SC & ST Welfare	Bihar Mahadalit Development Mission	Patna
44		State Mahadalit Commission	
45		State SC Commission	
46		State ST Commission	
47	Science & Technology	Bihar Council on Science & Technology	Patna
48	Social Welfare	Women Development Corporation	Patna
49		State Women Commission	
50		Bihar State Social Welfare Board	
51		Bihar Child Right Protection Commission	
52	Urban Development and Housing	Bihar Project Management Unit Society	Patna
53	Agriculture	Bihar State Seed and Organic Certification Agency	Patna

(Source: Data compiled by Audit Office)

GLOSSARY OF ABBREVIATIONS

GLOSSARY OF ABBREVIATIONS

Sl. No.	Abbreviation	Full Form
1	A&E	Accounts and Entitlements
2	AC	Abstract Contingent
3	AE	Aggregate Expenditure
4	AG	Accountant General
5	AS	Accounting Standards
6	BBM	Bihar Budget Manual
7	BE	Budget Estimates
8	BFR	Bihar Financial Rules
9	BFRBM	Bihar Fiscal Responsibility and Budget Management
10	BOCW	Building and Other Construction Workers
11	BTC	Bihar Treasury Code
12	C&AG	Comptroller and Auditor General of India
13	CAGR	Compounded Annual Growth Rate
14	CE	Capital Expenditure
15	DC	Detailed Contingent
16	DDO	Drawing and Disbursing Officer
17	DE	Development Expenditure
18	DISCOMs	Distribution Companies
19	ES	Economic Services
20	FC	Finance Commission
21	GDP	Gross Domestic Product
22	GIA	Grants-in-Aid
23	GOB	Government of Bihar
24	GOI	Government of India
25	GS	General Services
26	GSDP	Gross State Domestic Product
27	GST	Goods and Service Tax
28	NPS	New Pension System
29	NSDL	National Securities Depository Limited
30	NSSF	National Small Savings Fund
31	NTR	Non-Tax Revenue
32	PAC	Public Accounts Committee
33	PD	Personal Deposit
34	PF	Provident Fund

Sl. No.	Abbreviation	Full Form
35	RBI	Reserve Bank of India
36	RE	Revenue Expenditure
37	ROI	Return on Investment
38	RR	Revenue Receipts
39	SB	Supplementary Budget
40	S&W	Salary and Wages
41	SDRF	State Disaster Response Fund
42	SS	Social Services
43	SPSEs	State Public Sector Enterprises
44	UC	Utilisation Certificate
45	UDAY	Ujwal Discom Assurance Yojana
46	VAT	Value Added Tax
47	VLC	Voucher Level Computerisation
48	XVFC	Fifteenth Finance Commission