Executive Summary

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Snapshot of the finances

Bihar's economy recorded a robust growth (13.09 *per cent*) in FY 2024-25 compared to the previous year. The Gross State Domestic Product (at current prices) grew at a Compounded Annual Growth Rate (CAGR) of 14.97 *per cent* from ₹ 5.68 lakh crore in 2020-21 to ₹ 9.92 lakh crore in 2024-25.

During the year 2024-25, the State recorded a Revenue deficit of ₹ 357.38 crore (0.04 *per cent* of GSDP). The Fiscal Deficit of the State was ₹ 41,222.50 crore (4.16 *per cent* of GSDP), which exceeded the prescribed target of 3.50 *per cent* of GSDP. Total Outstanding liabilities stood at 37.72 *per cent* of GSDP in 2024-25, well below the stipulated ceiling of 39.90 *per cent*.

Overall, the State's fiscal position during 2024-25 remained manageable, supported by strong economic growth, moderate revenue imbalance and liabilities within the prescribed ceiling. Although the Revenue Account recorded only a marginal deficit, the Fiscal Deficit exceeded the Bihar Financial Responsibility and Budget Management (BFRBM) target aligned with the XVth Finance Commission, indicating pressure on fiscal space despite robust GSDP expansion. The level of total liabilities, while still within the permissible limit, reflected a continued upward trajectory in absolute terms.

Revenue Receipts

Revenue Receipts (₹ 2,18,658 crore) grew by 13.09 *per cent* in 2024-25, with revenue buoyancy and State's own revenue buoyancy improving to 1.00 and 0.82 respectively, due to higher Union Tax devolution and robust GSDP growth. The State generated higher Own Tax Revenue and Non-Tax Revenue (₹ 59,360 crore) in absolute terms, compared to previous year (₹ 53,618 crore). State's Own Revenue grew at a year-on-year growth of 10.71 *per cent* but did not keep pace with the GSDP growth of 13.09 *per cent*. State's own revenue performance improved, yet dependence on Union Tax devolution (59.20 *per cent*) and Grants-in-aid from Government of India (13.66 *per cent*) remained substantial.

Revenue Expenditure

Revenue Expenditure as a percentage to the Total Expenditure remained above 83 *per cent* during 2020-25, reflecting a high proportion of receipts being used for routine spending and limited fiscal space for capital investment. The Committed Expenditure increased at a rate of 19.84 *per cent* during 2024-25, which was the highest increase in a financial year during the last five years. The percentage of Committed Expenditure with respect to Revenue Expenditure also increased from 37.77 *per cent* in 2023-24 to 39.37 *per cent* in 2024-25.

The total Subsidy expenditure in Bihar increased by ₹ 2,065.68 crore during 2024-25 in comparison to the previous year but its percentage with respect to Revenue expenditure and Total expenditure decreased as compared to the previous year. The subsidies were mainly being extended under power, food, agriculture and industry relief measures.

Overall, during 2024-25, 48 *per cent* of the Revenue Receipts were being utilised for Committed Expenditure and Subsidies, leaving only 52 *per cent* fiscal space for developmental and capital spending.

Capital Expenditure

During 2020-25, Capital Expenditure increased by 111 *per cent* and grew consistently at a CAGR of 20.61 *per cent*. As a percentage of GSDP, it showed a consistent upward growth (up to 2023-24) before declining slightly during 2024-25. This indicated that the Capital Expenditure was being prioritised for creation of long-term assets. However, during 2024-25, the State Government misclassified, ₹ 33.11 crore of expenditure of Revenue nature as Capital Expenditure, which inflated the Capital Expenditure to this extent.

Investment in State Public Sector Enterprises (SPSEs)

The Government's investment in State Public Sector Enterprises increased from ₹ 32,871 crore in 2020-21 to ₹ 45,665 crore in 2024-25, while dividend pay outs from the State Public Sector Undertakings (PSUs), declined from ₹ 6.54 crore in 2021-22 to ₹ 3.34 crore in 2024-25. This was due to lack of a dividend declaration policy in the State. During 2024-25, the State extended budgetary support of ₹ 4,152.24 crore in the form of share/equity to different SPSUs. Of which, investment of ₹ 3,991.60 crore was made in three loss-making SPSUs during 2024-25.

Liabilities

As of March 2025, overall liabilities of the State stood at ₹ 3,74,134 crore. There was a decline in the Debt to GSDP ratio from 40.01 *per cent* in 2020-21 to 37.04 *per cent* in 2023-24. Thereafter, it marginally increased to 37.72 in 2024-25 primarily due to increase in Internal Debt and Loans from GoI. The State's Total Outstanding liabilities remained within the BFRBM targets during 2020-25. Besides, the State also carried forward undischarged liabilities of ₹ 2,139.82 crore in respect of National Mineral Exploration Trust (NMET), interest liabilities, short transfer to National Pension System (NPS), Road Safety Cess and Building and Other Construction Workers' Welfare Cess (Labour Cess) to designated accounts which was 0.21 *per cent* of the GSDP and 5.19 *per cent* of the Fiscal Deficit of the State during 2024-25.

Maturing of a substantial amount (₹ 1,57,322 crore) of liabilities (50.18 *per cent* of the outstanding debt) in the short to medium term (0-7 years) further heightens the risk of creating potential refinancing and liquidity pressures.

Budgetary Management

The Total Budget (TB) of Bihar increased by 48.47 *per cent* from ₹ 2,45,522.62 crore in 2020-21 to ₹ 3,64,518.87 crore in 2024-25. The savings during the same period remained between 31.61 *per cent* (2020-21) and 20.08 *per cent* (2023-24) of the Total Budget. During 2024-25, against the total budget provision of ₹ 3,64,518.87 crore, the State incurred an expenditure of only ₹ 2,87,178.49 crore, resulting in savings of ₹ 77,340.38 crore (21.22 *per cent*). Substantial savings out of the Total Budget indicated deficient assessments of requirements and unrealistic budgeting.

Supplementary provisions of ₹ 6,225.58 crore during 2024-25 in 35 cases (₹ 50 crore or more in each case) under 12 different grants proved unnecessary, as the expenditure did not come up even to the level of original provisions. In 15 heads of account under eight departments, re-appropriation of ₹ 147.26 crore (₹ five crore or more in each case) proved unnecessary as the expenditure was either equal to or less than the original/ total budget provisions. Out of total savings of ₹ 77,340.38 crore, substantial savings amounting ₹ 66,952.02 crore (86.57 *per cent* of total savings) were not surrendered.

Single Nodal Agency (SNA)

In 2024-25, the State transferred ₹ 441.29 crore less than the required Central share of Centrally Sponsored Schemes (CSS). At the end of 2024-25, there was a difference of ₹ 1,478.41 crore between the closing balances of the SNA as per PFMS dashboard and that reported by the SNA themselves, which needs to be reconciled.

During 2024-25, there were delays up to 167 days and 246 days in transferring the Central and State share respectively, from the State treasury to the concerned SNA, creating extra fiscal burden on the State's exchequer.

Utilisation Certificates

At the beginning of the year (April 2024), 49,649 UCs amounting to ₹ 70,877.61 crore were outstanding. During 2024-25, total 9,336 outstanding UCs amounting to ₹ 39,228.57 crore were cleared. As of March 2025, 62,632 Utilisation Certificates (UCs) amounting to ₹ 92,132.75 crore were outstanding. During 2024-25, outstanding UCs increased by 26.15 *per cent* over the previous year. Of this, 3,505 outstanding UCs amounting to ₹ 21,515.36 crore were became due prior to 2019-20, indicating poor monitoring and risk of misutilisation.

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

At the beginning of the year (April 2024), 17,573 AC bills amounting ₹ 9,390.28 crore were pending. During 2024-25, total 2,038 AC bills amounting to ₹ 1,016.94 crore were drawn including 1,366 AC bills amounting to ₹ 679.36 crore (66.80 *per cent*) in March 2025, indicating end-of-year rushes to exhaust budgetary provisions. Against the 2,038 AC bills, only 124 AC bills amounting to ₹ 45.48 crore were adjusted during the year 2024-25. As on 31.03.2025, total 19,487 AC bills amounting to ₹ 10,361.74 crore (including ₹ 5,513.69 crore for Capital Expenditure) were pending for adjustment. During 2024-25, pending AC bills increased by 10.89 *per cent* over the previous year. Pendency of the AC bills poses risk of misuse, misappropriation and loss to the State exchequer.

Operation of Personal Deposit (PD) Account

There was a balance of ₹ 2,659.57 crore in the Personal Deposit Account of 252 Administrators as of March 2025. During the year 2024-25, an amount of ₹ 1,686.66 crore was transferred from the Consolidated Fund of the State to the Personal Deposit (PD) including transfer of ₹ 644.07 crore in March 2025, leading to year-end parking of funds and undermining the objective of realistic budgeting. Out of 252 PD Account Administrators, only 16 reconciled and verified their balances with the treasury records during 2024-25, indicating weak internal controls.

Further, non-compliance with Rule 344 of the Bihar Treasury Code (BTC), 2011, resulted in the lapse of ₹ 141.13 crore, causing overstatement of the Revenue Expenditure in the year of withdrawal. 109 inoperative PD Accounts contained idle balances of ₹ 13.85 crore, reflecting inadequate oversight and lack of periodic review.

Operation of Personal Ledger (PL) Account

There was a balance of ₹ 31,830.36 crore in the Personal Ledger (PL) Accounts of 398 Administrators as of March 2025. During the year 2024-25, ₹ 21,300 crore was transferred from the Consolidated Fund of the State to the PL Accounts, leading to circumvention of legislative oversight and undermining transparency. Out of 398 PL Account Administrators, only 33 reconciled and verified their balances with treasury records during 2024-25. Non-reconciliation of balances not only affected the accuracy and reliability of financial reporting but also increased the risk of misstatement, misuse or diversion of funds retained outside the Consolidated Fund.