



Government of  
**Bihar**

**ACCOUNTS AT A GLANCE**  
**2010 - 11**



**ACCOUNTANT GENERAL**  
**(Accounts and Entitlements)**  
**BIHAR, PATNA**



**ACCOUNTS AT A GLANCE  
2010 - 2011**

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(Accounts and Entitlements)  
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**BIHAR LEGISLATIVE ASSEMBLY**

P  
**REFACE**

I am happy to present our annual publication, the ‘**Accounts at a Glance**’ of the Government of Bihar. The purpose of this publication is to distil and make more accessible the voluminous information that is available in the annual Finance and Appropriation Accounts prepared by my office under the directions of the Comptroller and Auditor General of India and placed before the Legislature in accordance with Article 149 of the Constitution of India.

We have celebrated the 150<sup>th</sup> anniversary of the Indian Audit and Accounts Department (IA&AD). The years have seen major changes in the scope and presentation of the various reports through which the IA&AD keeps the stakeholders – the Legislators, the Executive and the Public – informed. The format of the Finance Accounts has undergone significant changes, with additional statements incorporated to bring out the financial position of the Government more clearly. Consequently, the Finance Accounts, are in two volumes highlighting the salient features of accounts in ‘Notes to Accounts’. In keeping with these changes, the Accounts at a Glance has also been completely remodelled and made more comprehensive. A combined reading of the Finance Accounts and Appropriation Accounts, the Report on State Finances and the Accounts at a Glance, will help the stakeholders to more effectively comprehend the various facets of the finances of the Government of Bihar.

We look forward to comments and suggestions for improving this publication.

Place : Patna  
Date :

***I.D.S. Dhariwal***  
Accountant General (A&E)  
Bihar, Patna

## Our Vision, Mission and Core Values

The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become

We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognised for independent, credible, balanced and timely reporting on public finance and governance.

Our mission enunciates our current role and describes what we are doing today

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders – the Legislature, the Executive and the Public – that public funds are being used efficiently and for the intended purposes.

Our core values are the guiding beacons for all that we do and give us the benchmarks for assessing our performance

- Independence
- Objectivity
- Integrity
- Reliability
- Professional Excellence
- Transparency
- Positive Approach



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# C **HAPTER 1**

## **OVERVIEW**

### **1.1. Introduction**

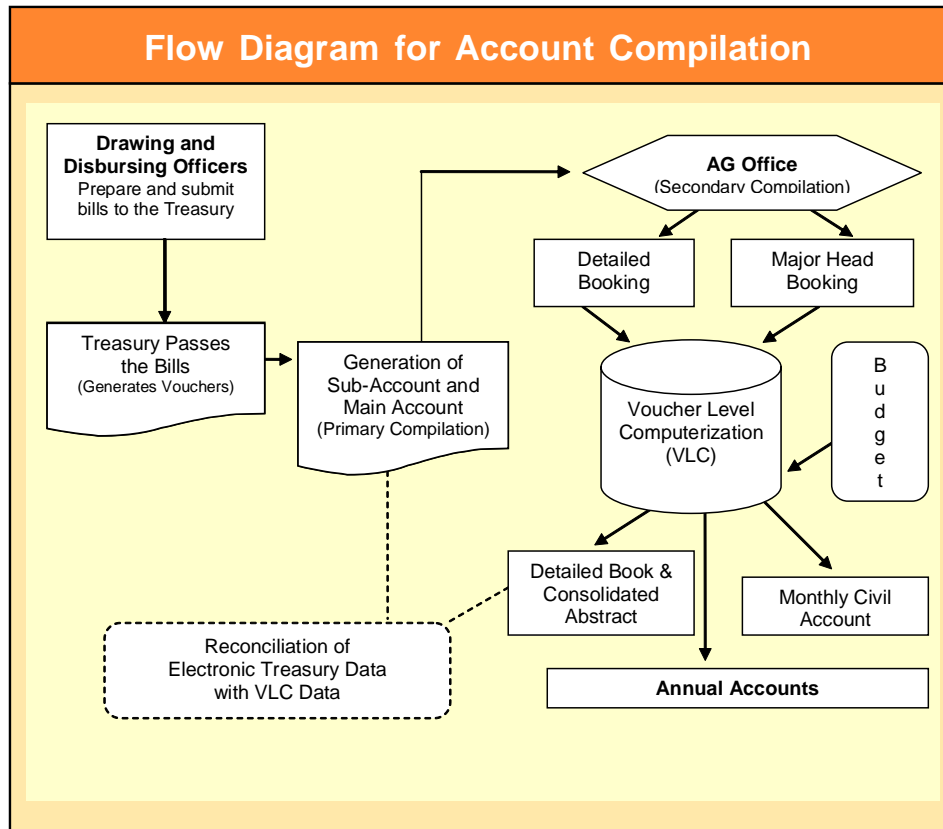
The Accountant General (Accounts and Entitlements), Bihar compiles the accounts of receipts and expenditure of the Government of Bihar. This compilation is based on the initial accounts rendered by the District Treasuries, Public Works and Forest Divisions and advices of the Reserve Bank of India. Following such compilation, the Accountant General (A&E) prepares, annually the Finance Accounts and the Appropriation Accounts, which are placed before the State Legislature after audit by the Principal Accountant General (Audit), Bihar and certification by the Comptroller and Auditor General of India.

### **1.2. Structure of Accounts**

#### **1.2.1. Government Accounts are Kept in three parts :**

<b>Part 1 CONSOLIDATED FUND</b>	Receipts and Expenditure on Revenue and Capital Account, Public Debt and Loans and Advances.
<b>Part 2 CONTINGENCY FUND</b>	Intended to meet unforeseen expenditure not provided for in the budget. Expenditure from this Fund is recouped subsequently from the Consolidated Fund.
<b>Part 3 PUBLIC ACCOUNT</b>	Comprises of Debt, Deposits, Advances, Remittances and Suspense transactions. Debt and Deposits represent repayable liabilities of the Government. Advances are receivables of the Government. Remittances and Suspense transactions are adjusting entries that are to be cleared eventually by booking to the final heads of account.

1.2.2. *Compilation of Accounts*



### 1.3. Finance Accounts and Appropriation Accounts

#### 1.3.1. Finance Accounts

The Finance Accounts depict the receipt and disbursements of the Government for the year, together with the financial results disclosed by the revenue and capital accounts, public debt and public account balances recorded in the accounts. Finance Accounts have been prepared in two volumes to make them more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, summarised statements of overall receipts and disbursements and 'Notes to Accounts' containing summary of significant accounting policies, quality of accounts and other items; Volume II contains other summarised statements (Part-I), detailed statements (Part-II) and appendices (Part-III).

Receipts and disbursements of the Government of Bihar as depicted in the Finance Accounts 2010-11 are given below :

(` in Crore)			
<b>Receipts</b>  <b>(Total : 48,514)</b>	<b>Revenue</b>  <b>(Total : 44,532)</b>	Tax Revenue	33,848
		Non Tax Revenue	985
		Grants-in-aid	9,699
	<b>Capital</b>  <b>(Total : 3,982)</b>	Recovery of Loans and Advances	12
		Borrowings and other Liabilities	3,970
<b>Disbursements</b>  <b>(Total : 48,514)</b>	Revenue	38,216	
	Capital	9,196	
	Loans and Advances	1,102	

\* 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



The Union Government transfers substantial funds directly to State Implementing Agencies / NGOs for implementation of various schemes and programmes. This year, the Government of India directly released ` 10,309 crore (` 3,415 crore last year). Since these funds are not routed through the State Budget, they are not reflected in the accounts of the State Government. These transfers are now exhibited in Appendix VII of Volume-II of the Finance Accounts.

### *1.3.2. Appropriation Accounts*

The Appropriation Accounts supplement the Finance Accounts. They depict the expenditure of the State Government against amounts ‘charged’ on the Consolidated Fund or ‘voted’ by the State Legislature. These comprise accounts of 51 Grants/Appropriation.

The Appropriation Act, 2010-11, had provided for gross expenditure of ` 66,292 crore and reduction of expenditure (recoveries) of ` 0.20 lakh. Against this, the actual gross expenditure was ` 51,818 crore and reduction of expenditure was ` 1,113 crore, resulting in net savings of ` 14,474 crore (21.83%) and an under-estimation of ` 1,113 crore on reduction of expenditure. Reduction of expenditure, both revenue and capital, was far more than estimates, due to lapsing of unspent balance of deposits in March 2011, as detailed at Para 1.6 of this publication. The gross expenditure includes ` 7,015 crore drawn on Abstract Contingent (AC) Bills, out of which ` 7,000 crore is still outstanding at the end of the year for want of supporting Detailed Contingent (DC) bills.

During 2010-11, ` 0.30 crore was transferred from the Consolidated Fund to Personal Deposit (PD) Accounts under the Public Account, which are maintained by designated Administrators for specific purposes. Normally, unspent balances under PD accounts are to be transferred back to the Government at the end of the financial year. However, details of such transfers, if any, and outstanding balances in individual PD accounts are available only with the treasuries, since they are responsible for maintaining such records.

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Note :- The figure of direct transfer of funds are taken from the ‘Central Plan Scheme Monitoring System (CPSMS)’ portal of the Controller General of Accounts.

## 1.4. Sources and Application of Funds

### 1.4.1. Ways and Means Advances

The Reserve Bank of India (RBI) extends the facility of Ways and Means Advances (WMA) to enable State Governments to maintain their liquidity. Overdraft (OD) facilities are provided when there is a shortfall in the agreed minimum cash balance (₹ 1.73 crore) maintained with the RBI. The larger the amount and greater the number of times such Ways and Means Advances are taken or drawals are made, the more it reflects the adverse position of the cash balance of the State Government. During the Financial Year 2010-11, the Government of Bihar had maintained the minimum balance without taking any advance.

### 1.4.2. Funds flow statement

The State had a Revenue Surplus of ₹ 6,316 crore and a Fiscal Deficit of ₹ 3,970 crore representing 3% and 2% of the Gross State Domestic Product (GSDP). The Fiscal Deficit constituted 8% of total expenditure. This deficit was met from Public Debt (₹ 3,842 crore), decrease in Public Account (₹ 2,238 crore) and net of opening and closing cash balance (-₹ 2,110 crore). Around 47% of the revenue receipts (₹ 44,532 crore) of the State Government was spent on committed expenditure like salaries (₹ 10,550 crore), interest payments (₹ 4,319 crore) and pensions (₹ 6,144 crore).

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Except where indicated otherwise, GSDP figures used in this publication are adopted from the Economic Survey of the Planning and Development Department, Government of Bihar.

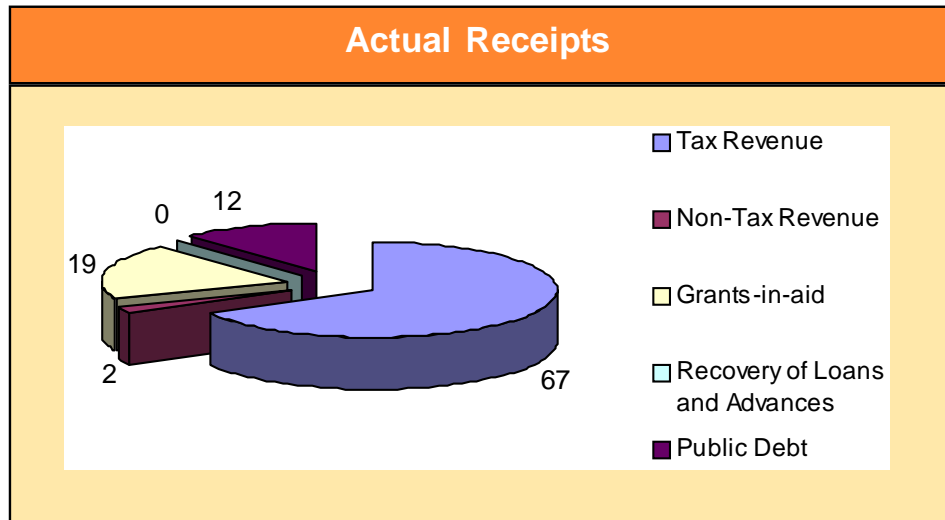
## Sources and Application of Funds

( ` in Crore)

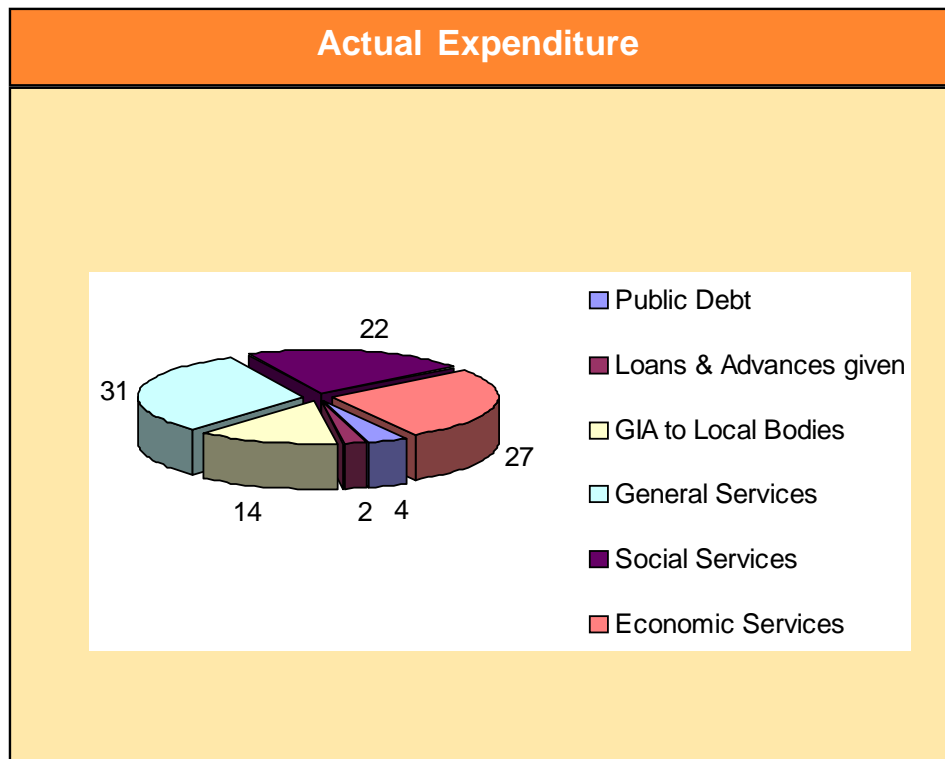
	PARTICULARS	AMOUNT
	Opening Cash Balance as on 01.04.2010	-2,536
	Revenue Receipts	44,532
	Recovery of Loans & Advances	12
	Public Debt	6,032
	Small Savings, Provident Funds & Others	839
<b>SOURCES</b>	Reserves & Sinking Funds	244
	Deposits Received	6,575
	Civil Advance Repaid	49
	Suspense Account	1,23,825
	Remittances	9,280
	Contingency Fund	-
	<b>TOTAL</b>	<b>1,88,852</b>

	Revenue Expenditure	38,216
	Capital Expenditure	9,196
	Loans Given	1,102
	Repayment of Public Debt	2,190
	Small Savings, Provident Fund and Others	586
<b>APPLICATION</b>	Reserves & Sinking Funds	220
	Deposits Spent	6,526
	Civil Advances Given	47
	Suspense Account	1,21,995
	Remittances	9,200
	Closing Cash Balance as on 31.03.2011	-426
	<b>TOTAL</b>	<b>1,88,852</b>

1.4.3. Where the Rupee came from



1.4.4. Where the Rupee went



## 1.5. Highlights of Accounts

	B.E. 2010-11	Actuals	Percentage of actuals to B.E.	Percentage of actuals to GSDP (\$)
1. Tax Revenue (@)	34,244	33,848	99	16
2. Non-Tax Revenue	1,207	985	82	--
3. Grant-in-aid & Contributions	11,784	9,699	82	5
4. Revenue Receipts (1+2+3)	47,235	44,532	94	21
5. Recovery of Loans and Advances	14	12	86	--
6. Borrowings & other Liabilities (A)	4,593	3,970	86	2
7. Capital Receipts (5+6)	4,607	3,982	86	2
8. Total Receipts (4+7)	51,842	48,514	94	23
9. Non-Plan Expenditure (*)	27,767	27,604	99	13
10. NPE on Revenue Account	27,480	27,316	99	13
11. NPE on Interest Payments out of 10	4,513	4,319	96	2
12. NPE on Capital Account	287	288	100	--
13. Plan Expenditure (*)	24,075	20,910	87	10
14. PE on Revenue Account	13,198	10,900	83	5
15. PE on Capital Account	10,877	10,010	92	5
16. Total Expenditure (9+13)	51,842	48,514	94	23
17. Revenue Expenditure (10+14)	40,678	38,216	94	18
18. Capital Expenditure (12+15) (#)	11,164	10,298	92	5
19. Revenue Surplus (4-17)	6,557	6,316	96	3
20. Fiscal Deficit (4+5-16)	4,593	3,970	86	2

(@) Includes State's share of Union Taxes of ` 23,978 crore.

(\$) GSDP figure of ` 2,13,073 crore adopted from the Economic Survey published by Planning Department, Government of Bihar.

(#) Expenditure on Capital Account includes Capital Expenditure (` 9,196 crore) and Loans and Advances disbursed (` 1,102 crore).

(\*) Expenditure includes ` 242 crore under Non-Plan and ` 860 crore under Plan which pertains to Loans and Advances.

(A) Borrowings and other Liabilities : Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts-Disbursements) of Public Accounts+Net of Opening and Closing Cash Balance.

## 1.6. What do the Deficits and Surpluses indicate ?

<b>Deficit</b>	Refers to the gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in Financial Management.
<b>Revenue Deficit / Surplus</b>	Refers to the gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipt.
<b>Fiscal Deficit / Surplus</b>	Refers to the gap between Total Receipts (excluding borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. Ideally, the Borrowings should be invested in capital projects.

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The 13<sup>th</sup> Finance Commission had recommended that the States achieve revenue balance by 2009-10 and reduce Gross Fiscal Deficit to 3% of GSDP by 2010-11. In view of the economic slow-down, Government of India further relaxed the acceptable ceiling for the Fiscal Deficit-GSDP ratio to 3.5% in 2010-11 and to 3% in 2011-12. To encourage the State Governments to achieve these goals, Government of India extended Debt Consolidation and Relief Facility (DCRF) to States, under which, successful State Government would receive relief on repayment of principal and / or interest. Consequently, the Government of Bihar escalated the Bihar Fiscal Responsibility and Budget Management (Amendment) Act 2010, Committing the State Government to reduce the Fiscal Deficit by 3.5% in 2010-11 and 3% in 2011-12 of GSDP and to maintain the same upto year 2014-15.

The State Government has been successful in achieving the Revenue Surplus target as early as in 2006-07 and maintaining it thereafter<sup>2</sup>. There is however, a difference of opinion between the State Government and the Government of India on the calculation of the percentage of Fiscal Deficit to GSDP. While, according to the State Government estimation, the ratio of Fiscal Deficit<sup>3</sup> to GSDP ranged between 2.38% (advance figures) and 5.57% (provisional figures) in 2009-10 and 2.73% (budget estimates) in 2010-11.

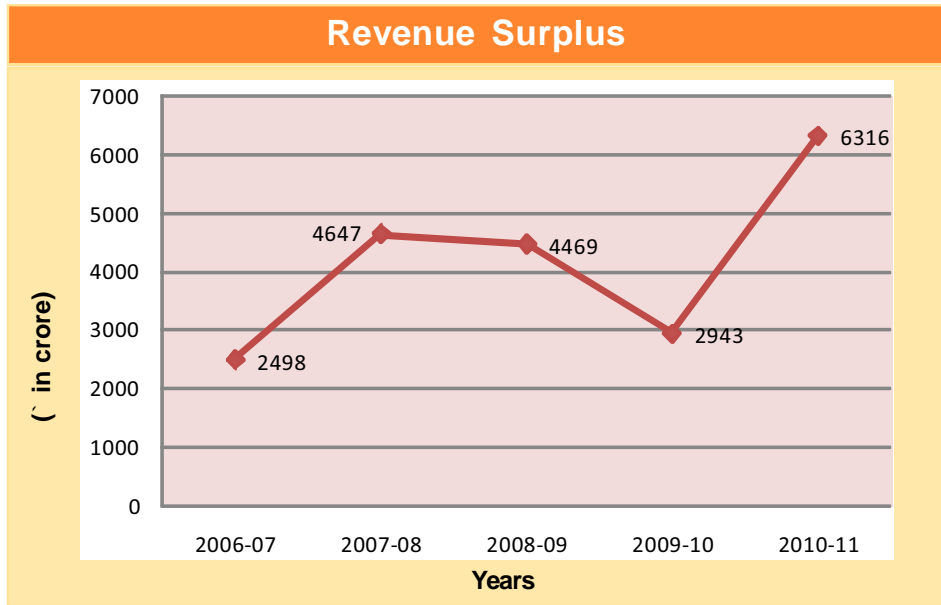
**Note :** According to the Planning Department, Government of Bihar, the GSDP ranged between ` 1,55,051 crore (advance figures) and ` 1,75,245 crore (provisional figures) for 2009-10 and ` 2,13,073 crore (quick figures) for 2010-11, whereas, according to the projections of the 13<sup>th</sup> Finance Commission, as adopted by the Government of India, the GSDP was ` 1,12,268 crore for 2010-11.

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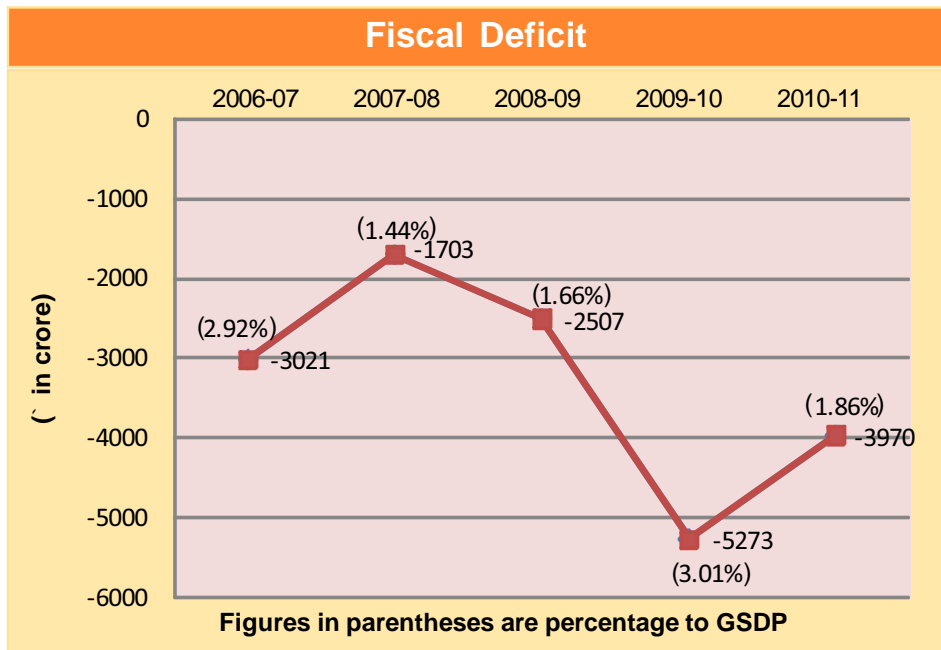
<sup>2</sup> The Revenue Surplus was ` 2,943 crore in 2009-10 and ` 6,316 crore in 2010-11.

<sup>3</sup> The Fiscal Deficit was ` 5,273 crore in 2009-10 and ` 3,970 crore in 2010-11.

*1.6.1. Trend of Revenue Deficit / Surplus*

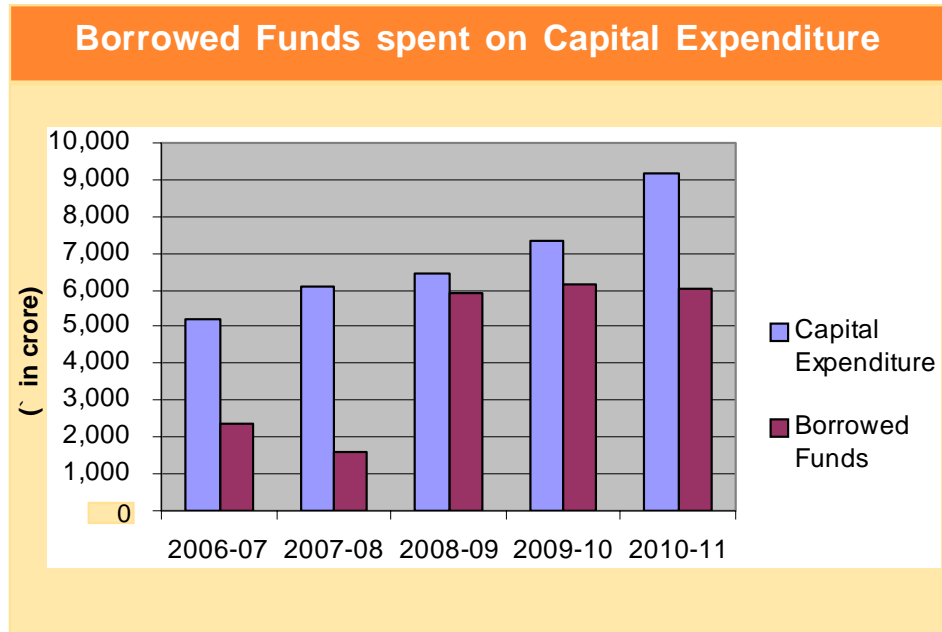


*1.6.2. Trend of Fiscal Deficit*





*1.6.3. Proportion of borrowed funds spent on Capital expenditure.*



It is desirable to full utilise borrowed funds for the creation of capital assets, and to use revenue receipts for the repayment of principal and interest. The State Government has financed its Capital Expenditure (₹ 9,196 crore) from borrowings of the current year (₹ 6,032 crore) and revenue surplus (₹ 6,316 crore) on Capital Expenditure during the year 2010-11.

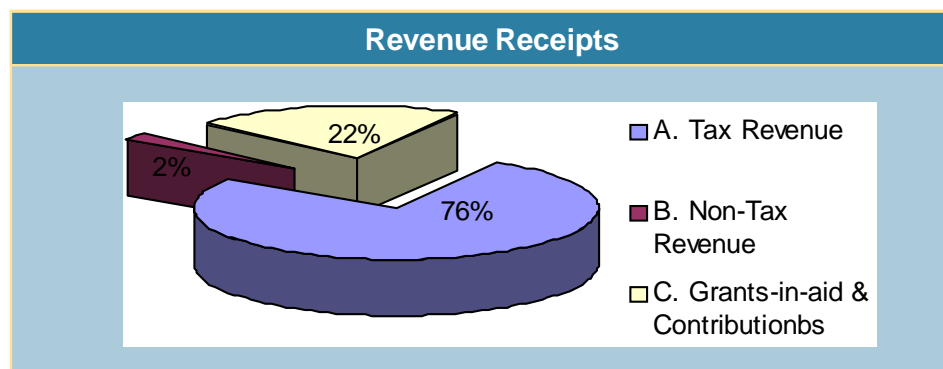
## RECEIPTS

## 2.1. Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2010-11 were ₹ 48,514 crore.

## 2.2. Revenue Receipts

<b>Tax Revenue</b>	Comprises taxes collected and retained by the State and State's share of Union taxes under Article 280(3) of the Constitution.
<b>Non-Tax Revenue</b>	Includes interest receipts, dividends, profits etc.
<b>Grants-in-Aid</b>	Essentially, a form of Central Assistance to the State Government from the Union Government. Includes 'External Grant Assistance' and 'Aid, Material & Equipment' received from Foreign Governments and channelised through the Union Government. In turn, the State Governments also give Grants-in-aid to institutions like Panchayati Raj Institutions, Autonomous bodies etc.



Revenue Receipt Components (2010-11).

(` in crore)

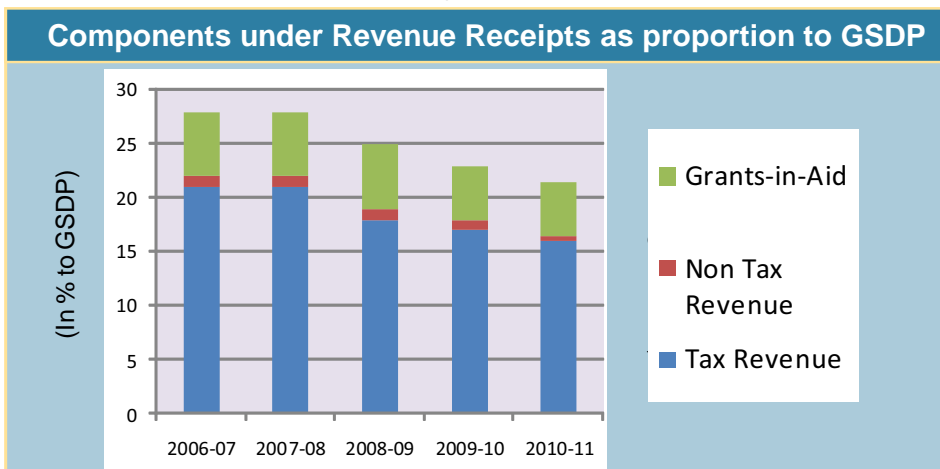
Components	Actuals
<b>A. Tax Revenue</b>	<b>33,848</b>
Taxes on Income & Expenditure	14,325
Taxes on Property & Capital Transactions	1,257
Taxes on Commodities & Services	18,266
<b>B. Non-Tax Revenue</b>	<b>985</b>
Interest Receipts, Dividends and Profits	240
General Services	47
Social Services	70
Economic Services	628
<b>C. Grants-in-aid &amp; Contributions</b>	<b>9,699</b>
<b>Total - Revenue Receipts</b>	<b>44,532</b>

### 2.3. Trend of Receipts

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Tax Revenue</b>	17,325 (16.77)	21,852 (18.41)	23,865 (15.84)	26,292 (15)	33,848 (16)
<b>Non-Tax Revenue</b>	511 (0.50)	526 (0.44)	1,153 (0.77)	1,671 (1)	985 (0.5)
<b>Grants-in-Aid</b>	5,247 (5)	5,832 (5)	7,962 (5)	7,564 (4)	9,699 (5)
<b>Total Revenue</b>	23,083	28,210	32,981	35,527	44,532
<b>Receipts</b>	(22)	(24)	(22)	(20)	(21)
<b>GSDP</b>	1,03,317	1,18,687	1,50,709	1,75,245	2,13,073

Note : Figures in parentheses represent percentage to GSDP.

Though the GSDP increased by 22% between 2009-10 and 2010-11, growth in revenue collection was 25%. Tax revenue increased by 29% whereas non-tax revenues declined by 41% despite significant collections under ‘Non-ferrous Mining and Metallurgical Industries’ ( ` 406 crore), ‘Industries’ ( ` 88 crore) and ‘Education, Sports, Art and Culture’ ( ` 34.00 crore). Further collection under ‘Interest Receipts’ and ‘Miscellaneous General Services’ were only ` 238 crore and ` 0.34 crore respectively in 2010-11 against ` 353 crore and ` 770 crore in 2009-10. The State’s own revenue under certain tax components, like taxes on sales, trade etc. ( ` 4,557 crore), state excise ( ` 1,523 crore) and taxes on vehicles ( ` 455 crore) showed a higher trend.



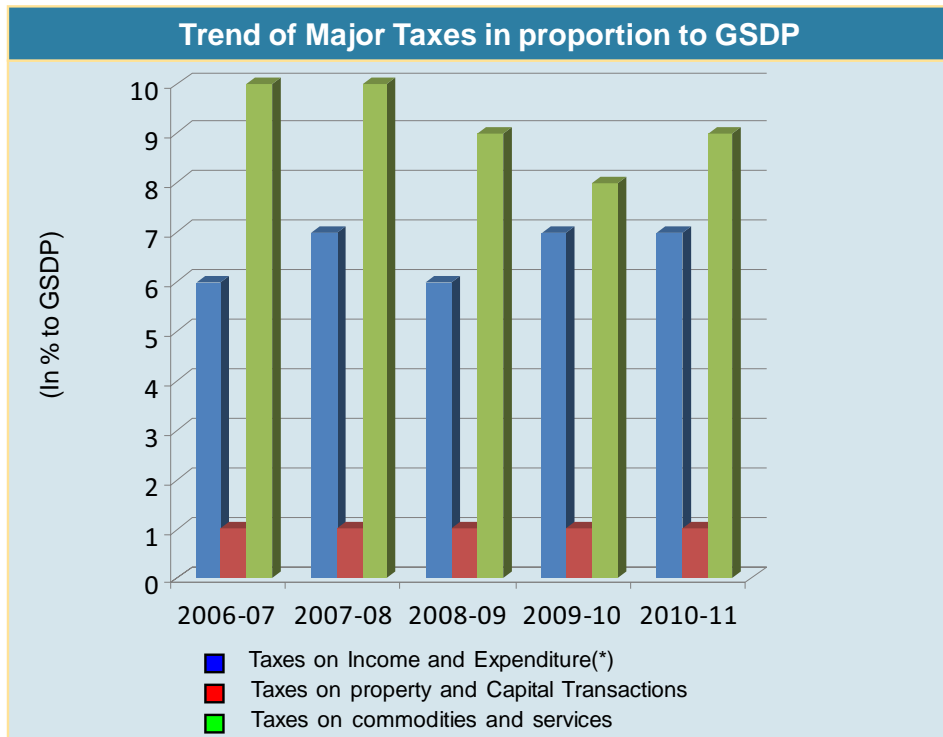
2006-07 2007-08 2008-09 2009-10 2010-11

## Sector-wise Tax Revenue

(` in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Taxes on Income and Expenditure	6,667	8,892	9,445	11,664	14,325
Taxes on Property and Capital Transactions	535	742	823	1,139	1,257
Taxes on Commodities and Services	10,123	12,218	13,597	13,489	18,266
Total Tax Revenue	17,325	21,852	23,865	26,292	33,848

The increase in Tax Revenue was mainly due to huge receipts in sub-sector 'Taxes on Income and Expenditure' under MH-0020-Corporation tax, huge collection under MH-0030-Stamps and Registration Fees in sub-sector Taxes on Property and huge receipts under MH-0037-Customs and MH-0038-'Union Excise Duties' in sub-sector 'Taxes on Commodities and Services.



(\*) Primarily net proceeds of Central share to the State

## 2.4. Performance of State's own tax revenue collection

(` in Crore)

Year	Tax Revenue	State share of Union Taxes	State's Own Tax Revenue	
			Rupees	Percentage to GSDP
2006 - 07	17,325	13,292	4,033	3.90%
2007 - 08	21,852	16,766	5,086	4.29%
2008 - 09	23,865	17,692	6,173	4.10%
2009 - 10	26,292	18,203	8,089	4.62%
2010 - 11	33,848	23,978	9,870	4.63%

The proportion of the State's Own Tax Revenue to GSDP is perceptibly lower than the target of 6.26% recommended by the 13th Finance Commission.

## 2.5. Efficiency of Tax Collection

### A. Taxes on Property and Capital Transactions

(` in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Revenue Collection</b>	535	742	823	1,139	1,257
<b>Expenditure on Collection</b>	194	231	232	358	356
<b>Efficiency of Tax Collection</b>	36%	31%	28%	31%	28%

### B. Taxes on Commodities and Services

(` in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Revenue Collection</b>	10,123	12,218	13,597	13,489	18,266
<b>Expenditure on Collection</b>	52	71	78	103	112
<b>Efficiency of Tax Collection</b>	1%	1%	1%	1%	1%

Taxes on commodities and services form a major chunk of tax revenue. Tax collection efficiency is excellent. However, the collection efficiency of taxes on property and capital transactions can be improved.

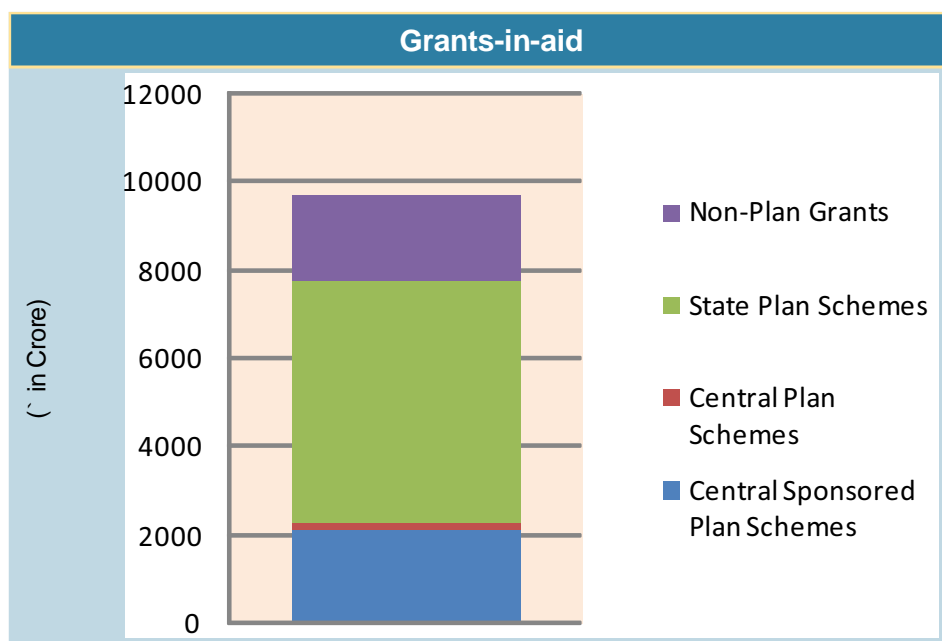
## 2.6. Trend in State's Share of Union Taxes over the past five years

(` in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Corporation Tax	4,148	5,321	5,802	7,491	9,372
Taxes on Income other than Corporation Tax	2,519	3,572	3,643	4,173	4,953
Taxes on Wealth	5	6	5	17	19
Customs	2,593	3,169	3,382	2,548	4,193
Union Excise Duties	2,753	3,025	2,950	2,052	3,050
Service Tax	1,275	1,674	1,911	1,922	2,391
Other Taxes and Duties on Commodities and Services	-1	-1	-1	--	--
<b>State Share of Union Taxes</b>	<b>13,292</b>	<b>16,766</b>	<b>17,692</b>	<b>18,203</b>	<b>23,978</b>
<b>Total Tax Revenue</b>	<b>17,325</b>	<b>21,852</b>	<b>23,865</b>	<b>26,292</b>	<b>33,848</b>
<b>% of Union Taxes to Total Tax Revenue</b>	<b>77</b>	<b>77</b>	<b>74</b>	<b>69</b>	<b>70</b>

## 2.7 Grants-in-aid

Grants-in-aid represent assistance from the Government of India, and comprise, Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and State Non-plan Grants recommended by the Finance Commission. Total receipts during 2010-11 under Grants-in-aid were ` 9,699 crore as shown below :-



The share of non-plan grants in total grants-in-aid decreased from 30% during 2009-10 to 20% in 2010-11, while, the share of grants for plan schemes inclined from 70% in 2009-10 to 80% in 2010-11. As against a budget estimate of ` 11,784 crore of Union share in Plan schemes, the State Government has actually received ` 9,699 crore of Grants-in-aid (82% of BE).



## 2.8 Public Debt

### Trend of Public Debt over the past five years

(` in Crore)

Description	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Internal Debt</b>	1,674	(-) 60	4,524	4,201	3,526
<b>Central Loans</b>	(-) 314	40	(-) 279	(-) 50	316
<b>Total Public Debt</b>	1,333	(-) 20	4,245	4,151	3,842

Note : Negative figures indicate that repayment is in excess of receipts.

In 2010-11, three loans totalling ` 2,600 crore at interest rates varying from 8.38% to 8.55% and redeemable in the years 2020-2021 were raised at par.

Against the total internal debt of ` 5,251 crore of the State Government in 2010-11 plus the central loan component of ` 781 crore received during this period, capital expenditure was ` 9,196 crore (152%), indicating that the expenditure was incurred from revenue receipts also.

# C

## CHAPTER III

### EXPENDITURE

#### 3.1. Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue expenditure is used to meet the day-to-day running of the organisation. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities. Expenditure is further classified under Plan and Non-Plan.

<b>General Services</b>	Includes Justice, Police, Jail, PWD, Pension etc.
<b>Social Services</b>	Includes Education, Health & Family Welfare, Water Supply, Welfare of SC-ST etc.
<b>Economic Services</b>	Includes Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.

#### 3.2. Revenue Expenditure

Revenue Expenditure were 18 percent of the GSDP. Revenue Expenditure of ` 38,216 crore for 2010-11 fell short of budget estimates by ` 2,462 crore due to less disbursement of ` 2,298 crore under Plan Expenditure and ` 164 crore under Non-Plan Expenditure. This shortfall is to be viewed in the light of the ` 2,703 crore (6%) shortfall in Revenue Receipts and the need of the State to maintain a revenue surplus in terms of the Bihar FRBM Act, 2006.

The shortfall of expenditure against budget estimates under Revenue section during the past five years is given below:

(` in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Budget Estimates</b>	21,780	23,958	28,938	35,715	40,678
<b>Actuals</b>	20,585	23,563	28,512	32,584	38,216
<b>Gap</b>	1,195	395	426	3,131	2,462
<b>% of gap over BE</b>	5	2	1	9	6

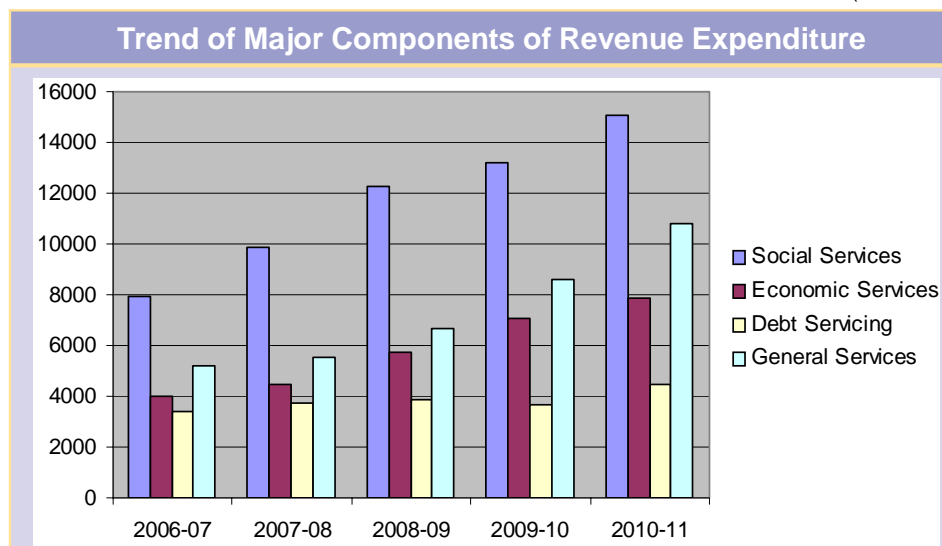
### 3.2.1 Sectoral distribution of Revenue Expenditure (2010-11)

(` in crore)

Components	Amount	Percentage
A. Fiscal Services	471	1
(i) Collection of Taxes on Property and Capital transactions	356	-
(ii) Collection of Taxes on Commodities and Services	112	-
(iii) Other Fiscal Services	3	-
B. Organs of State	780	2
C. Interest Payments and Servicing of debt	4,479	12
D. Administrative Services	3,413	9
E. Pension and Miscellaneous General Services	6,144	16
F. Social Services	15,090	39
G. Economic Services	7,836	21
H. Grants-in-aid and Contributions	3	-
<b>Total - Expenditure (Revenue Account)</b>	<b>38,216</b>	<b>100</b>

### 3.2.2 Major components of Revenue Expenditure (2006-11)

(` in crore)



\* General Services excludes MH 2048 (Appropriation for reduction or avoidance of debt), MH 2049 (Interest payment) and includes MH 3604 (Compensation and assignment to Local Bodies and Panchayati Raj Institutions).

### 3.3. Capital Expenditure

Capital disbursements for 2010-11 were ₹ 10,298 crore which was 5% of GSDP. It was less than Budget Estimates by ₹ 866 crore (less disbursement of ₹ 867 crore under Plan Expenditure).

#### 3.3.1 Sectoral distribution of Capital Expenditure

During 2010-11, the Government spent ₹ 664 crore on various Projects (₹ 565 crore on Major Irrigation, ₹ 42 crore on Medium Irrigation, and ₹ 57 crore on Minor Irrigation), ₹ 703 crore on Flood Control Project and ₹ 1,007 crore on Power Projects. Apart from above, the Government invested ₹ 49 crore in various Corporations / Companies / Societies.

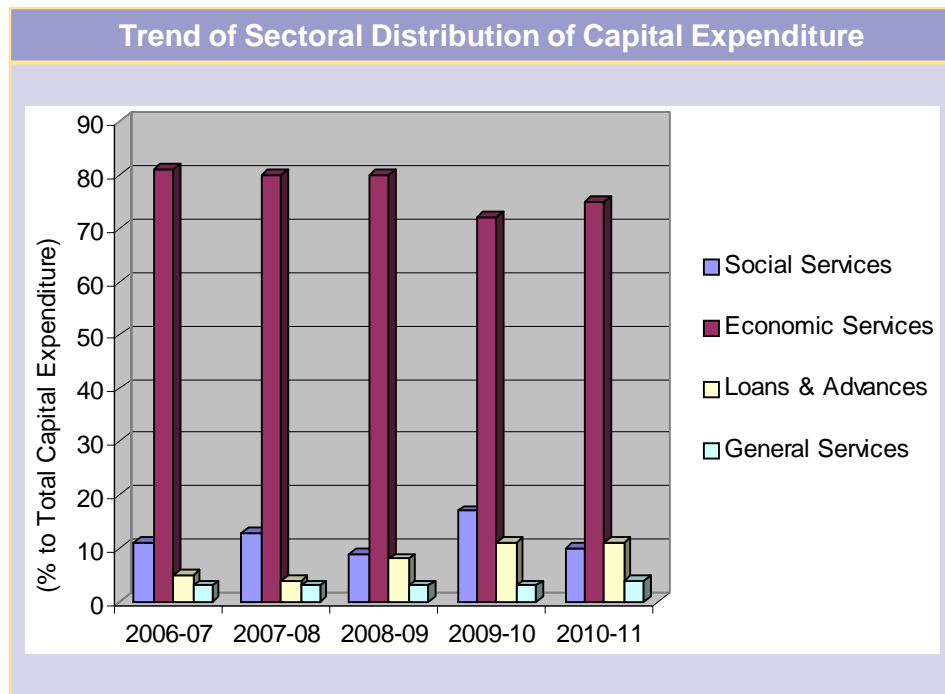
(₹ in crore)

Sl. No.	Sector	Amount	Percentage
1.	General Services - Police, Land Revenue etc.	396	4
2.	Social Services - Education, Health & Family Welfare Water Supply, Welfare of SC/ST etc.	1,072	10
3.	Economic Services - Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.	7,728	75
4.	Loans and Advances Disbursed	1,102	11
<b>Total</b>		<b>10,298</b>	<b>100</b>

### 3.3.2 Sectoral distribution of capital expenditure over the past 5 years

(` in crore)

Sl. No.	Sector	2006-07	2007-08	2008-09	2009-10	2010-11
1.	General Services	155	223	206	274	396
2.	Social Services	596	799	640	1,123	1,072
3.	Economic Services	4,460	5,082	5,590	5,935	7,728
4.	Loans and Advances	315	273	551	897	1,102
	<b>Total</b>	<b>5,526</b>	<b>6,377</b>	<b>6,987</b>	<b>8,229</b>	<b>10,298</b>

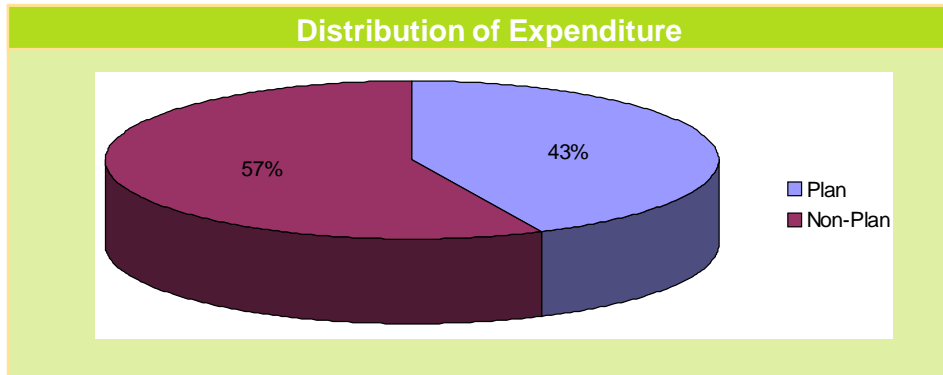




## CHAPTER IV

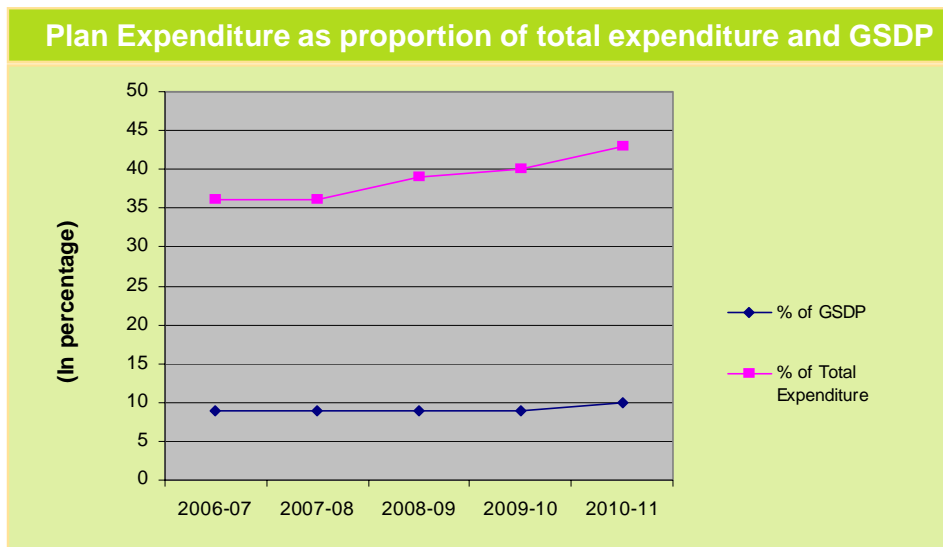
### PLAN & NON PLAN EXPENDITURE

#### 4.1. Distribution of expenditure (2010-11)



#### 4.2. Plan Expenditure

During 2010-11, Plan Expenditure, representing 43 percent of total disbursements, was ₹ 20,910 crore (₹ 17,597 crore under State Plan, ₹ 2,453 crore under Centrally Sponsored Plan Schemes including Central Plan Schemes and ₹ 860 crore under Loans and Advances).



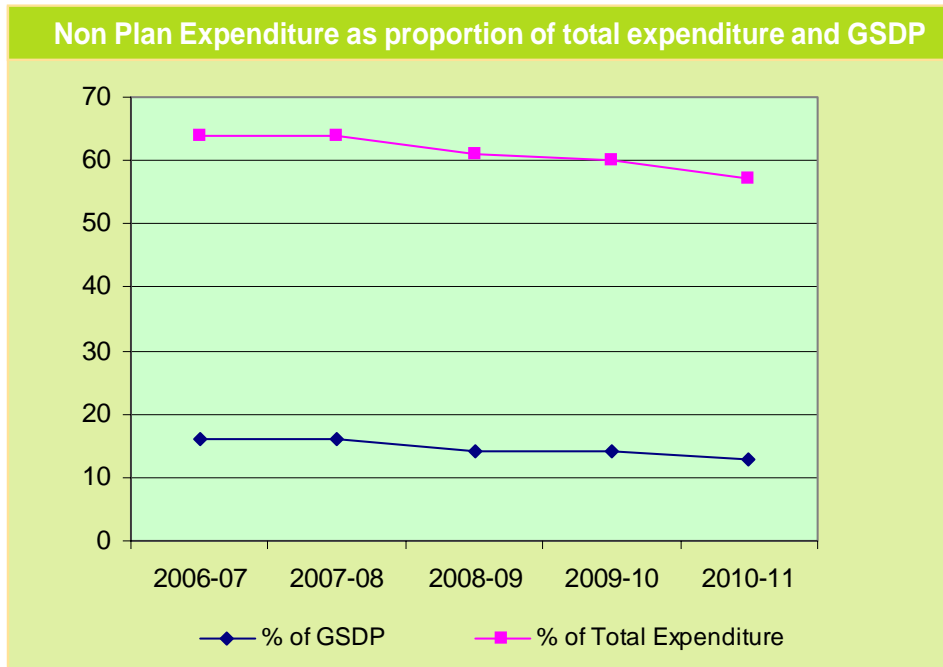
#### 4.2.1. Plan expenditure under Capital Account

(` in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Total Capital Expenditure	5,526	6,376	6,987	8,229	10,298
Capital Expenditure (Plan)	5,332	6,185	6,533	7,755	10,010
% of Capital Expenditure (Plan) to Total Capital Expenditure	96	97	94	94	97

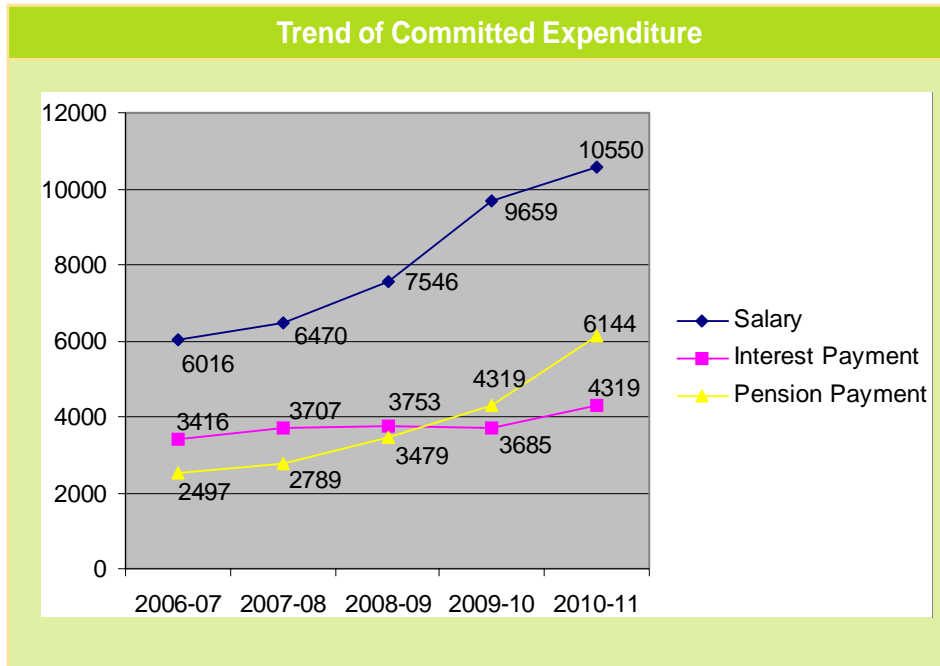
#### 4.3. Non-Plan Expenditure

Non-Plan Expenditure during 2010-11, representing 57 per cent of total disbursements, was ` 27,604 crore (` 27,316 crore under Revenue and ` 288 crore under Capital).





#### 4.4. Committed Expenditure



Component	2006-07	2007-08	2008-09	2009-10	2010-11
Committed Expenditure	11,929	12,966	14,778	17,663	21,013
Revenue Expenditure	20,585	23,563	28,512	32,584	38,216
% of committed expenditure to Revenue Receipts	52	46	45	50	47
% of committed expenditure to Revenue expenditure	58	55	52	54	55

The step upward trend on committed expenditure leaves the Government with lesser flexibility for developmental spending.



## CHAPTER V

### APPROPRIATION ACCOUNTS

#### 5.1. Summary of Appropriation Accounts for 2010-11

Sl. No.	Nature of expenditure	Original Grant	Supplementary Grant	Re-appropriation	Total	Actual expenditure	Saving (-) Excesses (+)
1	Revenue Voted Charged	36,244 4,602	7,980 2	6,807 38	44,224 4,604	34,842 4,402	- 9,382 - 202
2	Capital Voted Charged	11,584	2,400	3,530	13,984	9,281	- 4,703
3	Public Debt Charged	1,916	362	36	2,278	2,190	- 88
4	Loans and Advances Voted	731	471	81	1,202	1,103	- 99
	<b>Total -</b>	<b>55,077</b>	<b>11,215</b>	<b>10,492</b>	<b>66,292</b>	<b>51,818</b>	<b>-14,474</b>

#### 5.2. Trend of Savings / Excess during the past five years

(` in Crore)

Year	Savings (-) / Excess (+)				Total
	Revenue	Capital	Public Debt.	Loans & Advances	
2006-07	(-) 4,159	(-) 1,354	(-) 1,175	(-) 216	(-) 6,904
2007-08	(-) 7,041	(-) 3,211	(-) 1,001	(-) 137	(-) 11,390
2008-09	(-) 7,228	(-) 3,795	(-) 1	(-) 289	(-) 11,313
2009-10	(-) 7,216	(-) 3,327	(+) 98	(-) 101	(-) 10,546
2010-11	(-) 9,584	4,703	(-) 88	(-) 99	(-) 14,474

### 5.3. Significant Savings

Substantial savings under a grant indicates either non-implementation or slow implementation of certain schemes / programmes.

Some grants with persistent and significant savings are given below :

( ` in Crore)

Grant	Nomenclature	2006-07	2007-08	2008-09	2009-10	2010-11
1	Agriculture	14%	18%	29%	18%	20%
20	Health	26%	19%	27%	16%	23%
23	Industries	5%	38%	26%	8%	60%
48	Urban Development & Housing	48%	52%	35%	37%	72%
49	Water Resource	36%	35%	47%	45%	49%

During 2010-11, supplementary grants totalling ` 11,215 crore (22% of total expenditure) proved to be unnecessary in some cases, where there were significant savings at the end of the year even against original allocations. A few instances are given below.

(` in Crore)

Grant	Nomenclature	Section	Original	Supple- Mentary	Actual Expenditure
4	Cabinet Secretariat	Revenue	86	7	73
8	Art ,Culture & Youth	Revenue	60	2	47
20	Health	Revenue	1,907	98	1,525
21	Human Resource Development	Revenue	9,348	547	8,666
26	Labour Resource	Revenue	158	18	131
30	Minorities Welfare	Revenue	336	88	247
32	Legislature	Revenue	71	8	71
33	General Administration	Revenue	281	49	264
38	Registration, Excise & Prohibition	Revenue	91	17	85
41	Road Construction	Revenue	587	4	392
42	Rural Development	Revenue	1,367	22	1,271
51	Social Welfare	Revenue	2,349	341	2,083



## CHAPTER VI

### ASSETS AND LIABILITIES

#### 6.1. Assets

The existing form of accounts do not easily depict valuation of Government assets like land, buildings etc., except in the year of acquisition / purchase. Similarly while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations except to the limited extent shown by the rate of interest and period of existing loans.

Total investments as share capital in non-financial public sector undertakings (PSUs) stood at ` 905 crore at the end of 2010-11. However, dividends received during the year were ` 3 crore (i.e., 0.33%) on investment. During 2010-11, investments increased by ` 49 crore, while dividend income increased by ` 0.47 crore.

Cash Balance with RBI stood at ` 1,811 crore on 31<sup>st</sup> March 2010 and increased to ` 1,868 crore at the end of March, 2011.

#### 6.2. Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be from time to time fixed by the State Legislature.

Details of the Public Debt and total liabilities of the State Government are as under :

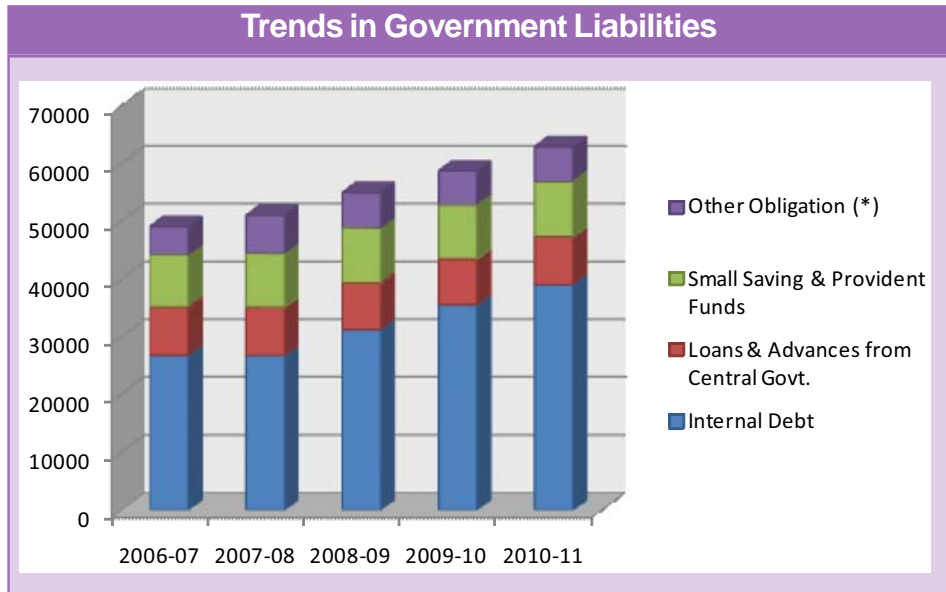
(` in Crore)

Year	Public Debt	% to GSDP	Public Accounts (*)	% to GSDP	Total Liabilities	% to GSDP
2006-07	35,065	43	14,023	17	49,088	60
2007-08	35,045	33	15,944	15	50,989	49
2008-09	39,291	30	15,686	12	54,977	42
2009-10	43,443	28	15,247	10	58,690	38
2010-11	47,285	22	15,573	7	62,858	30

(\*) Excludes suspense and remittance balances.

Note : Figures are progressive balances to end of the year.

There is a net increase of ` 4,169 crore (7%) in Public Debt and Other liabilities as compared to 2009-10.



(\*) Non-interest bearing obligations such as deposits of Local Funds, other earmarked funds, etc.

### 6.3. Guarantees

The position of guarantees by the State Government for the payment of loans and capital and payment of interest thereon raised by Statutory Corporations, Government Companies, Corporations, Co-operative Societies, etc., is given below.

(` in Crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31st March 2011	
		Principal	Interest
2006-07	1,538	608	80
2007-08	1,538	516	80
2008-09	1,548	704	80
2009-10	1,548	899	80
2010-11	1,549	588	44



## CHAPTER VII

### OTHER ITEMS

#### 7.1. Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the constitution of India. In addition to directly raising loans, State Governments also guarantee loans raised by Government Companies and Corporations from the market and financial institutions for implementation of various Plan schemes and programmes which are projected outside the State Budget. These loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. The balances under Internal Debt is ₹ 39,020 crore as on 31<sup>st</sup> March 2011 comprising of an adverse balance of ₹ 8.86 crore under minor head '110-Ways and Means Advances from the Reserve Bank of India.

#### 7.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2010-11 was ₹ 16,642 crore. Of this, Loans and Advances to Government Corporations / Companies, Non-Government Institutes and Local Bodies amounted to ₹ 16,577 crore. Total Recovery of Principal and Interest amounting to ₹ 1,195 crore in arrears at the end of 31<sup>st</sup> March 2011.

#### 7.3 Financial assistance to local bodies and others

During the past five years, Grants-in-Aid to local bodies etc., increased from ₹ 450 crore in 2006-07 to ₹ 8,424 crore in 2010-11. Grants to Zilla Parishads, Municipalities/Corporation and Panchayat Samitees including Gram Panchayat (₹ 1,665 crore) represented 20 per cent of total grants given during the year.

Details of Grants-in-aid for the past 5 years are as under :

(₹ in Crore)

Year	Zilla Parishads	Municipalities/ Corporation	Panchayat Samitees incl. Gram Panchayat	Others	Total
2006-07	7	77	318	48	450
2007-08	30	156	830	114	1,130
2008-09	62	460	614	4,906	6,042
2009-10	951	267	331	5,360	6,909
2010-11	231	150	1,284	6,759	8,424

#### 7.4. Cash Balance and investment of Cash Balance

(` in Crore)

Component	As on 1st April 2010	As on 31st March 2011	Net increase (+) / decrease (-)
Cash Balances	(-) 2,536	(-) 426	2,110
Investments from cash balance (GOI Treasury Bills)	4,347	2,295	(-) 2,052
Investment from earmarked fund balances	280	440	160
(a) Sinking Fund	280	440	160
(b) Guarantee Redemption Fund	-	-	-
(c) Other Funds	-	-	-
* Interest realised	327	222	(-) 105

(\*) This reflects only interest realised on investment of Cash Balances.

State Government had a positive closing cash balance at the end of 2010-11, despite utilising its cash balances and earmarked fund balances towards investments. Interest receipt on these investments was decreased by 32%.

#### 7.5. Reconciliation of accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the departments and the figures appearing in the accounts compiled by the Accountant General (A&E). This exercise is to be conducted by respective controlling officers of the Departments. The reconciliation has been completed, only for an amount of ` 3,920 crore of expenditure against the total expenditure of ` 48,514 crore i.e., only 8% of the total expenditure and for ` 260 crore of receipt against the total receipt of ` 44,532 crore i.e. nearly 1% (0.58%) of total receipts during the year 2010-11.



Following are the list of some of the Major Departments that did not carry out the reconciliation of both receipt and expenditure figure at all or carried out reconciliation to very insignificant amount.

Sl. No.	Receipt Head	Expenditure Head	Department
1.	0051	2051	Public Service Commission
2.	0217	2217	Urban Development Department
3.	0403	2403	Animal Husbandry Department
4.	0406	2406	Forest Department
5.	0055	2055	Police (Home Department)
6.	0059	2059	Building Construction Department
7.	0202	2202	Human Resources Development Department
8.	0210	2210	Health & Family Welfare Department
9.	0211	2211	Health & Family Welfare Department
10.	0215	2215	Public Health & Engineering Department
11.	0401	2401	Agriculture Department
12.	0515	2515	Rural Development Department
13.	0801	2801	Energy Department
14.	1054	3054	Road Construction Department

\* Sl.No. 1 to 4 indicates Nil reconciliation of receipt as well as expenditure.

### 7.6. Submission of accounts by Treasuries

The accounts of the State Government compiled in Accountant General's office are mainly based on the initial accounts rendered by Treasuries / Sub-treasuries, Public Works and Forest Divisions. The prescribed due date of its submission are 5<sup>th</sup> of the following month in the case of Treasury /Sub-treasuries Accounts and 10<sup>th</sup> of the following month in case of Forest and Public Works Accounts. The average delay in submission of monthly accounts by Forest, Treasury / Sub-treasury and Works are 20 days, 7 days and 19 days respectively. The non-submission of accounts in time leads to exclusion of the treasury in monthly accounts submitted to the

State Government. As a result, the accounts figures do not reflect the actual expenditure or receipt of the month which may adversely affect the decisions, if taken on the basis of incomplete accounts.

### 7.7. Abstract Contingent (AC) Bills and Detailed Contingent (DC) Bills

The Drawing and Disbursing Officers are authorized to draw sums of money through AC bills by debiting Service major heads (booking final expenditure) against which they are required to present Detailed Contingent Bills (vouchers in support of final expenditure) in all these cases within a specified period. After making amendment in note of 322 (2) of Bihar Treasury Code vide Notification no. 6633 dated 13.10.2006 of Finance Department, it has been ruled that DC Bill should be presented to the Accountant General (A&E) Bihar, Patna latest by 25<sup>th</sup> of sixth month from the drawl of the AC Bill.

As on 14.9.2011, 74,742 number of DC Bills amounting to ` 22,575.38 crore were not received in this office.

(` in crore)

Year	AC Bills Drawn		DC Bills Received		Outstanding DC Bills	
	Number	Amount	Number	Amount	Number	Amount
2002-03	6988	332.22	677	86.63	6311	245.59
2003-04	12570	548.41	845	81.95	11725	466.47
2004-05	10701	957.72	1197	264.99	9504	692.73
2005-06	6064	2376.31	1289	430.17	4775	1,946.14
2006-07	6980	3849.31	1546	723.45	5434	3125.85
2007-08	7081	3860.47	1909	862.82	5172	2997.66
2008-09	8039	2348.04	1195	184.28	6844	2163.76
2009-10	12706	4043.20	658	105.59	12048	3937.60
2010-11	12413	7015.37	109	15.80	12304	6999.58
<b>Total</b>	<b>83542</b>	<b>25331.05</b>	<b>9425</b>	<b>184.38</b>	<b>74742</b>	<b>22575.38</b>

` 4,033.72 crore out of ` 7,015.37 crore was drawn on account of Grants-in-aid. Moreover, a sum of ` 2,749.82 crore has been drawn in the accounting month of March 2011, which is 39% of the total drawal, whereas a sum of ` 937.75 crore has been drawn during last four days i.e. 28.3.11 to 31.3.11.

## 7.8. Rush of Expenditure

The financial rules stipulated that rush of expenditure, particularly in the closing month of the financial year, shall be regarded as a breach of financial regularity and should be avoided. It is observed however, that certain departments indulged in this practice to the tune of 45% and 100% of total expenditure incurred in March, as follows :

(` in crore)

Head of Accounts	Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	During March 2011	% of 3/2011 w.r.t. total expenditure of the department for 2010-11
2015	Elections	4.85	2.21	102.07	143.10	252.23	122.42	48.54
2059	Public Works	24.02	29.57	39.43	130.39	223.41	102.97	46.09
2205	Art and Culture	1.64	1.45	2.55	13.07	18.72	9.99	53.36
2217	Urban Development	54.91	13.92	108.72	327.60	505.15	257.96	51.07
2401	Crop Husbandry	12.72	2.68	508.91	869.99	1394.30	703.43	50.45
2404	Dairy Development	1.21	1.11	4.65	40.37	47.34	27.78	58.68
2435	Other Agriculture Programmes	0.57	0.60	1.51	31.51	34.19	30.56	89.38
2505	Rural Employment	17.12	16.43	48.83	186.53	268.92	167.20	62.17
2701	Major and Medium Irrigation	8.24	12.98	12.56	52.09	85.87	40.99	47.73
2702	Minor Irrigation	37.72	71.61	146.56	319.36	575.25	285.27	49.59
2852	Industries	3.30	2.83	87.76	185.73	279.62	170.54	60.99
3054	Roads and Bridges	44.93	55.19	114.19	418.13	632.44	320.82	50.93
3454	Census Surveys and Statistics	3.52	2.91	6.38	130.70	143.51	87.58	61.03
3456	Civil Supplies	6.79	14.78	38.80	77.73	138.10	70.85	51.30
3604	Compensation and Assignments to local Bodies and Panchayati Raj Institutions	0	0	0	3.25	3.25	3.25	100
4055	Capital Outlay on Police	2.36	2.61	22.62	169.73	197.32	139.86	70.88
4059	Capital Outlay on Public Works	3.21	4.39	18.96	92.42	118.98	79.18	66.54
4070	Capital outlay on Other Administrative Services	0.72	0	3.08	47.92	51.72	27.41	52.99
4250	Capital Outlay on other Social Services	0	0	0	14.31	14.31	13.75	96.08
4425	Capital Outlay on Co-operation	0	0	0.50	16.33	16.83	16.33	97.03
4859	Capital Outlay on Telecommunication & Electronic Industries	0	0	0	9.00	9.00	9.00	100
6701	Loans for Medium Irrigation	0	0	0	0.17	0.17	0.17	100
6801	Loans for Power Project	8.61	292.34	27.66	549.87	878.48	519.87	59.18
6860	Loans for Consumer Industries	0	0	0	38.69	38.69	37.39	96.64