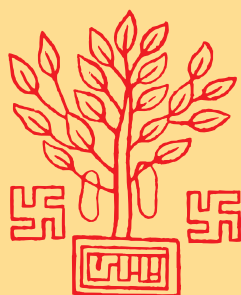




सत्यमेव जयते

# ACCOUNTS AT A GLANCE 2014 - 15



**Government of Bihar**

# **ACCOUNTS AT A GLANCE**

**for the year 2014-15**

**Government of Bihar**

## *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.

The annual accounts of the State consist of (a) Finance Accounts and (b) Appropriation Accounts. Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the grant-wise expenditure against provisions approved by State Legislature and offer explanations for variations between the actual expenditure and the funds provided.

‘Accounts at a Glance’ provides a broad overview of Governmental activities, as reflected in Finance Accounts and Appropriation Accounts. The information is presented through brief explanations, Statements, Graphs and time series analysis for providing accounting information to the stakeholders-the Legislature, the Executives and the Public. 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. In case of difference, the figures depicted in the Finance Accounts and the Appropriation Accounts may be treated as correct.

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



**Sanjay Kumar**

Accountant General (A&E)

Bihar, Patna

Place : Patna

Date : 2 March 2016

## 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 | ■ Professional Excellence |
| ■ Objectivity  | ■ Transparency            |
| ■ Integrity    | ■ Positive Approach       |
| ■ Reliability  |                           |



# *T*ABLE OF CONTENTS

<b>Chapter I</b>	<b>Overview</b>	<b>Page</b>
1.1	Introduction	5
1.2	Structure of Accounts	5
1.3	Finance Accounts and Appropriation Accounts	7
1.4	Sources and Application of Funds	9
1.5	Highlights of Accounts	12
1.6	What the Deficits and Surpluses indicate	13
<b>Chapter II</b>	<b>Receipts</b>	
2.1	Introduction	15
2.2	Revenue Receipts	15
2.3	Trend of Receipts	17
2.4	Performance of State's own Tax Revenue Collection	19
2.5	Efficiency of Tax Collection	19
2.6	Trend in State's share of Union taxes over the past five years	20
2.7	Grants-in-aid	21
2.8	Public Debt	22
<b>Chapter III</b>	<b>Expenditure</b>	
3.1	Introduction	23
3.2	Revenue Expenditure	23
3.3	Capital Expenditure	25
<b>Chapter IV</b>	<b>Plan and Non-Plan expenditure</b>	
4.1	Distribution of Expenditure (2014-15)	27
4.2	Plan Expenditure	27
4.3	Non-Plan Expenditure	28
4.4	Committed Expenditure	29
<b>Chapter V</b>	<b>Appropriation Accounts</b>	
5.1	Summary of Appropriation Accounts for 2014-15	30
5.2	Trend of Savings/Excess during the past five years	30
5.3	Significant Savings	31
<b>Chapter VI</b>	<b>Assets and Liabilities</b>	
6.1	Assets	33
6.2	Debt and Liabilities	33
6.3	Guarantees	34
<b>Chapter VII</b>	<b>Other Items</b>	
7.1	Balances under Internal Debt	35
7.2	Loans and Advances by the State Government	35
7.3	Financial Assistance to Local Bodies and Others	35
7.4	Cash Balance and investment of Cash Balance	36
7.5	Reconciliation of Accounts	36
7.6	Submission of Accounts by Treasuries	37
7.7	Unadjusted Abstract Contingent (AC) Bills	38
7.8	Rush of Expenditure	39

# C

## CHAPTER I

### OVERVIEW

#### 1.1. Introduction

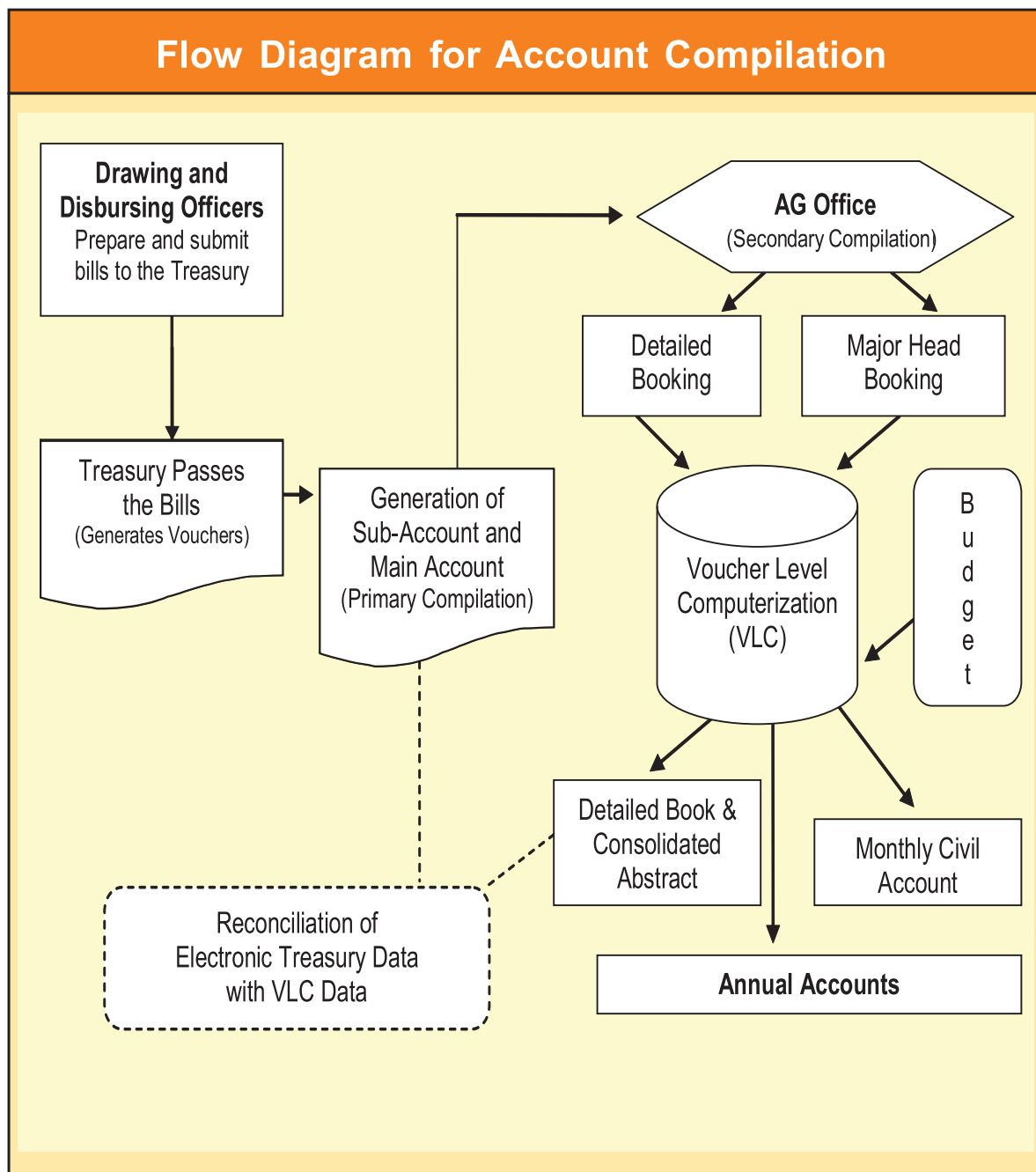
The Accountant General (Accounts and Entitlements), Bihar compiles the accounts of receipts and expenditure of the Government of Bihar. This compilation is based on the initial accounts rendered by the District Treasuries, Public Works and Forest Divisions and advices of the Reserve Bank of India. Following 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 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 detailed statements (Part-I) and appendices (Part-II).

Receipts and disbursements of the Government of Bihar as depicted in the Finance Accounts 2014-15 are given below :

(₹ in crore)			
<b>Receipts</b> (Total : 91,089)	<b>Revenue</b> (Total : 78,417)	Tax Revenue	57,713
		Non Tax Revenue	1,558
		Grants-in-aid	19,146
	<b>Capital</b> (Total : 12,672)	Recovery of Loans and Advances	1,493
		Borrowings and other Liabilities*	11,179
<b>Disbursements</b> (Total : 91,089)	Revenue		72,570
	Capital		18,150
	Loans and Advances		369

\* 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

Apart from revenue and capital receipts by the State, 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 ₹ 652 crore (₹ 9,465 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 VI of Volume II of the Finance Accounts.

### *1.3.2. Appropriation Accounts*

Under the Constitution, no expenditure can be incurred by the Government except with the authorisation of the Legislature. Barring certain expenditure specified in the Constitution as “charged” on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be “voted”. The budget of the Bihar Government has 51 Grants/Appropriations. The purpose of the Appropriation Accounts is to indicate the extent to which the actual expenditure complied with the appropriations authorised by the Legislature through the Appropriation Act of each year.

The Appropriation Act, 2014-15, had provided for gross expenditure of ₹ 1,40,023 crore and reduction of expenditure (recoveries) of ₹ 0.20 lakh. Against this, the actual gross expenditure was ₹ 96,097 crore and reduction of expenditure was ₹ 1,399 crore, resulting in net savings of ₹ 43,926 crore (31.37 *per cent*) and an under-estimation of ₹ 1,399 crore on reduction of expenditure. The gross expenditure includes ₹ 2,040 crore drawn on Abstract Contingent (AC) Bills, out of which ₹ 2,034 crore is still outstanding at the end of the year for want of supporting Detailed Contingent (DC) Bills.

Government is authorised to open Personal Deposit (P.D.) Accounts in order to deposit money by transferring funds from the consolidated fund for discharging liabilities of the Government arising out of special enactments. Rule 344 of Bihar Treasury Code 2011 read with Finance Department notification memo no. M-4-12/2013(part-I)-6487/F dated 21/07/2014 envisages that the deposit administrator shall review all Personal Deposit Accounts at the end of the each financial year. Money lying unspent after three consecutive financial years (including the financial year in which the money was withdrawn) should not be spent any further and balance should be transferred as reduction of expenditure to the concerned service head.

---

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.

During 2014-15, 69 treasuries have furnished information regarding PD Accounts in which 52 treasuries maintain PD Accounts and the remaining 17 treasuries have intimated that there are no PD Accounts with them. No departmental officers had verified or reconciled the balances with the accounts maintained by the Accountant General. Of the total 165 PD Accounts, 48 are inoperative with no balance. No PD Account was closed during the year. Further, during the year, no treasury/administrator of PD Accounts had furnished information regarding refund to the Consolidated Fund.

**Details of Personal Deposit accounts received from the 52 State treasuries are as under:**

(₹ in crore)

Particulars	No. of PD Accounts	Amount
As on 1 April 2014	115	2,442.43
Receipt during the year	31	803.17
Opened during the year	50	0.00
Closed during the year	0	0.00
Payment during the year	35	647.54
As on 31 March 2015	165	2,598.06

#### 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 more 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 2014-15, 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 ₹ 5,848 crore and a Fiscal Deficit of ₹ 11,179 crore representing 1.45 per cent and 2.78 per cent of the

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.

Gross State Domestic Product (GSDP). The Fiscal Deficit constituted 12 *per cent* of total expenditure. This deficit was met from Public Debt (₹ 10,309 crore), increase in Public Account (₹ 551 crore) and net of opening and closing cash balance [(-)₹ 319 crore]. A sum of ₹ 32,081 crore which was 41 *per cent* of the revenue receipts (₹ 78,417 crore) of the State Government was spent on committed expenditure like salaries (₹ 14,607 crore), interest payments (₹ 6,129 crore) and pensions (₹ 11,345 crore).

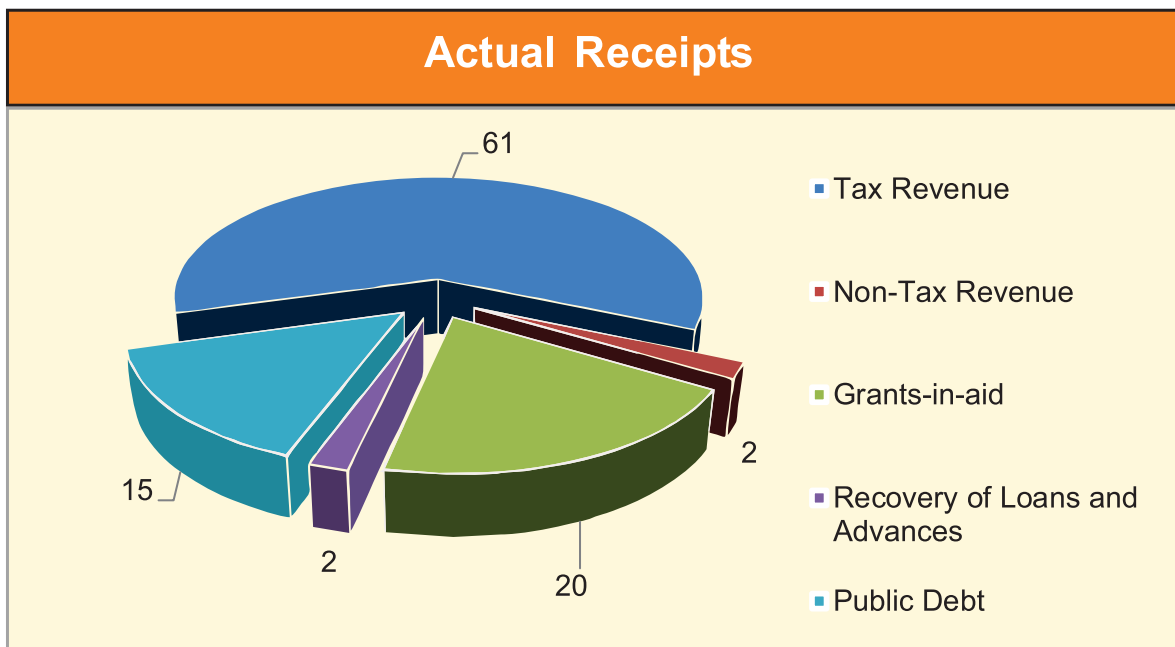
### Sources and Application of Funds

(₹ in crore)

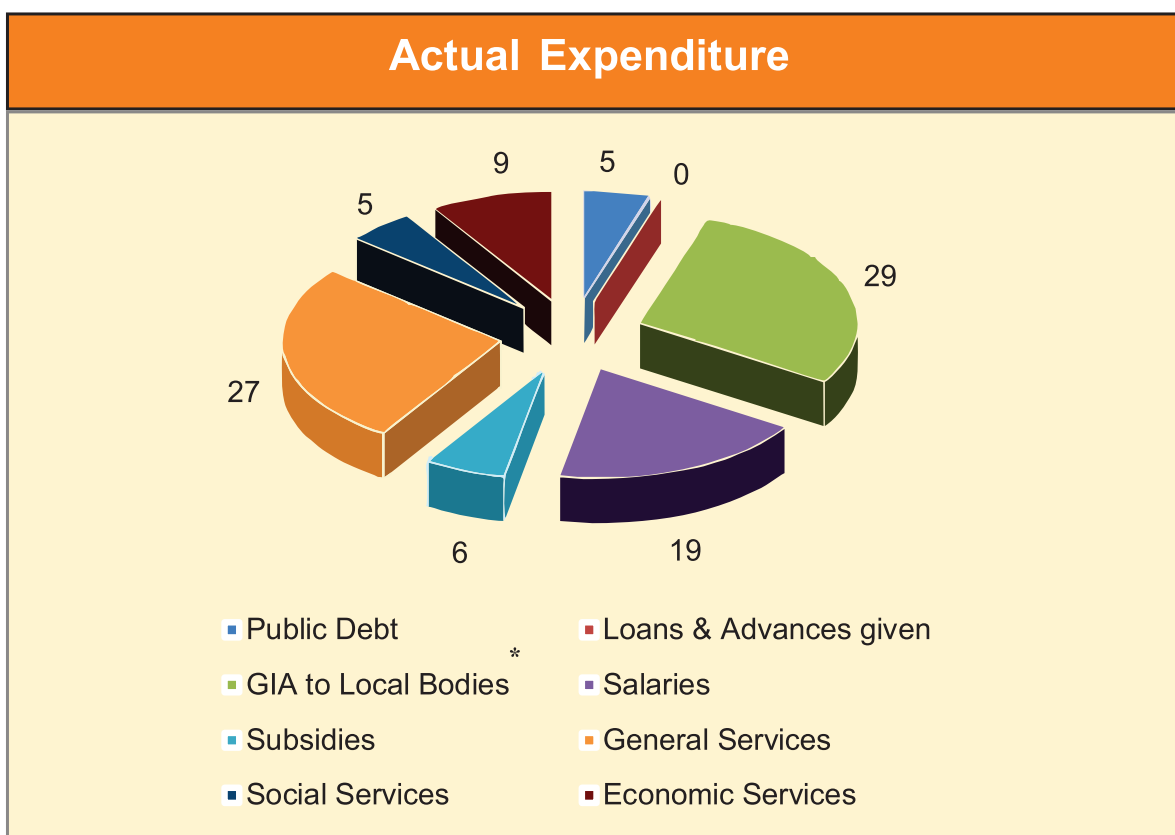
	PARTICULARS	AMOUNT
<b>SOURCES</b>	Opening Reserve Bank Cash Balance as on 1 April 2014	230
	Revenue Receipts	78,417
	Recovery of Loans & Advances	1,493
	Public Debt	13,917
	Small Savings, Provident Fund & Others	1,104
	Reserves & Sinking Funds	1,404
	Deposits Received	24,763
	Civil Advances Repaid	208
	Suspense Account	1,66,624
	Remittances	12,222
	Contingency Fund	0.00
	<b>Total</b>	<b>3,00,382</b>

<b>APPLICATION</b>	Revenue Expenditure	72,570
	Capital Expenditure	18,150
	Loans Given	369
	Repayment of Public Debt	3,609
	Small Savings, Provident Fund and Others	1,286
	Reserves & Sinking Funds	1,649
	Deposits Spent	22,527
	Civil Advances Given	222
	Suspense Account	1,67,856
	Remittances	12,233
	Closing Reserve Bank Cash Balance as on 31 March 2015	(-)89
	<b>Total</b>	<b>3,00,382</b>

### 1.4.3. Where the Rupee came from



### 1.4.4. Where the Rupee went



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



## 1.5. Highlights of Accounts

	Budget Estimate (B.E.) 2014-15	Actuals	Percentage of actuals to B.E.	Percentage of actuals to GSDP (\$)
	₹ in Crore)			
1. Tax Revenue (@)	67,438	57,713	86	14
2. Non-Tax Revenue	3,082	1,558	51	--
3. Grant-in-aid and Contributions	31,420	19,146	61	5
4. Revenue Receipts (1+2+3)	1,01,940	78,417	77	19
5. Other Receipts	--	--	--	--
6. Recovery of Loans and Advances	16	1,493	9331	--
7. Borrowings and other Liabilities (A)	11,368	11,179	98	3
8. Capital Receipts (5+6+7)	11,384	12,672	111	3
9. Total Receipts (4+8)	1,13,324	91,089	80	23
10. Non-Plan Expenditure (*)	55,668	47,150	85	12
11. NPE on Revenue Account	55,426	47,059	85	12
12. NPE on Interest Payments out of 11	6,581	7,104	108	2
13. NPE on Capital Account	242	91	38	--
14. Plan Expenditure (*)	57,655	43,939	76	11
15. PE on Revenue Account	36,339	25,511	70	6
16. PE on Capital Account	21,316	18,428	86	5
17. Total Expenditure (10+14)	1,13,324	91,089	80	23
18. Revenue Expenditure (11+15)	91,765	72,570	79	18
19. Capital Expenditure (13+16) (#)	21,558	18,519	86	5
20. Revenue Surplus (4-18)	10,174	5,848	57	1
21. Fiscal Deficit (4+5+6-17)	11,368	11,179	98	3

(@) Includes State's share of Union Taxes of ₹ 36,963 crore.

(\$) Gross State Domestic Product (GSDP) figure of ₹ 4,02,283 crore adopted from the Economic Survey published by Planning Department, Government of Bihar.

(#) Expenditure on Capital Account includes Capital Expenditure (₹ 18,150 crore), Loans and Advances disbursed (₹ 369 crore).

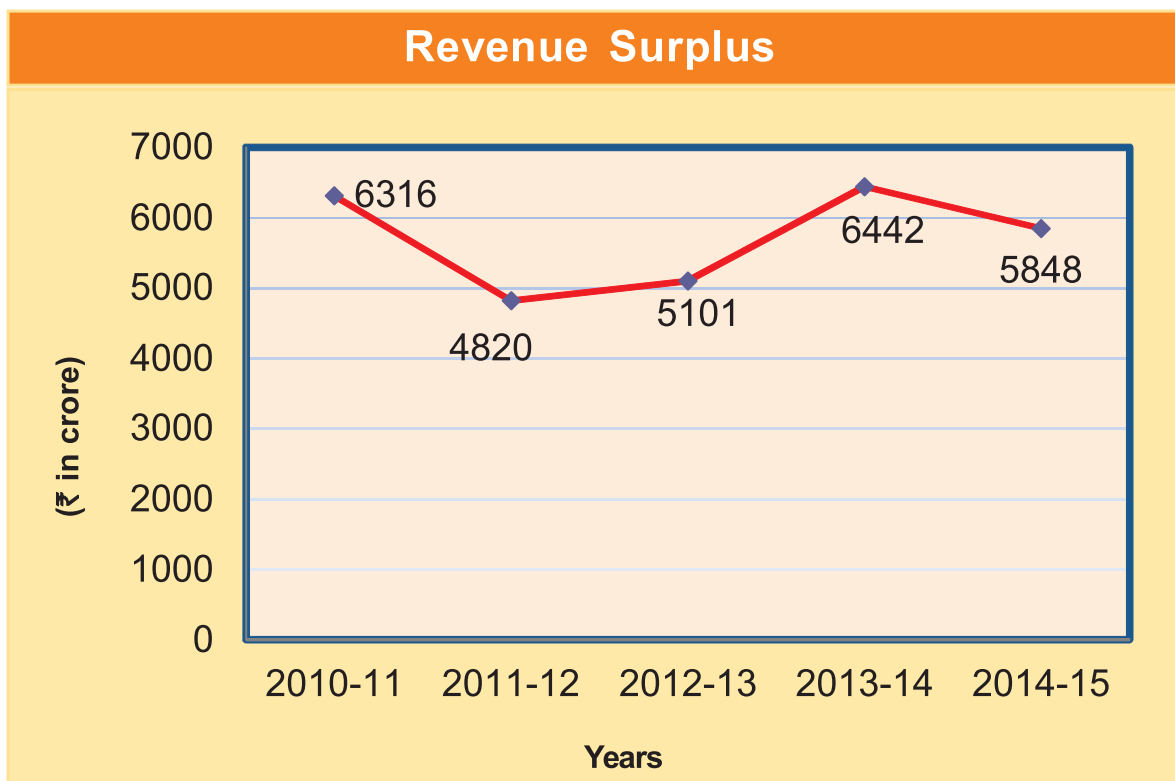
(\*) Expenditure includes ₹ 33 crore under Non-Plan and ₹ 336 crore under Plan which pertains to Loans and Advances.

(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.

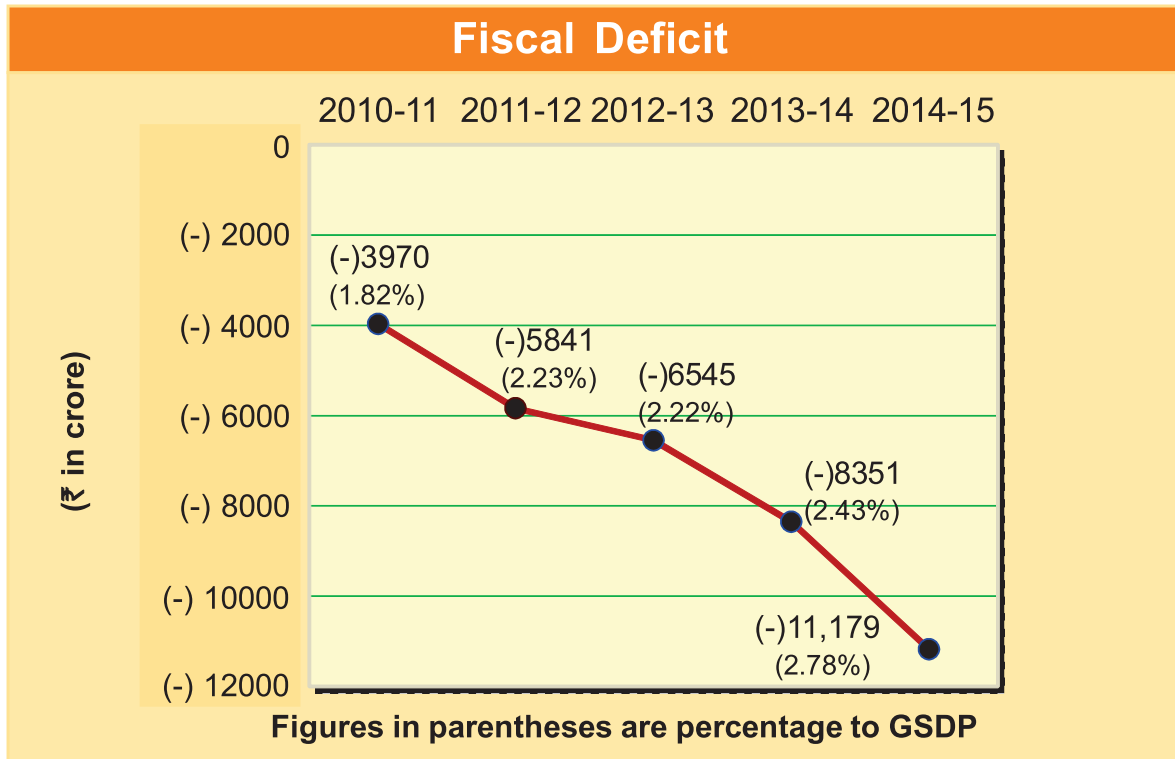
## 1.6. What do the Deficits and Surpluses indicate

<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.

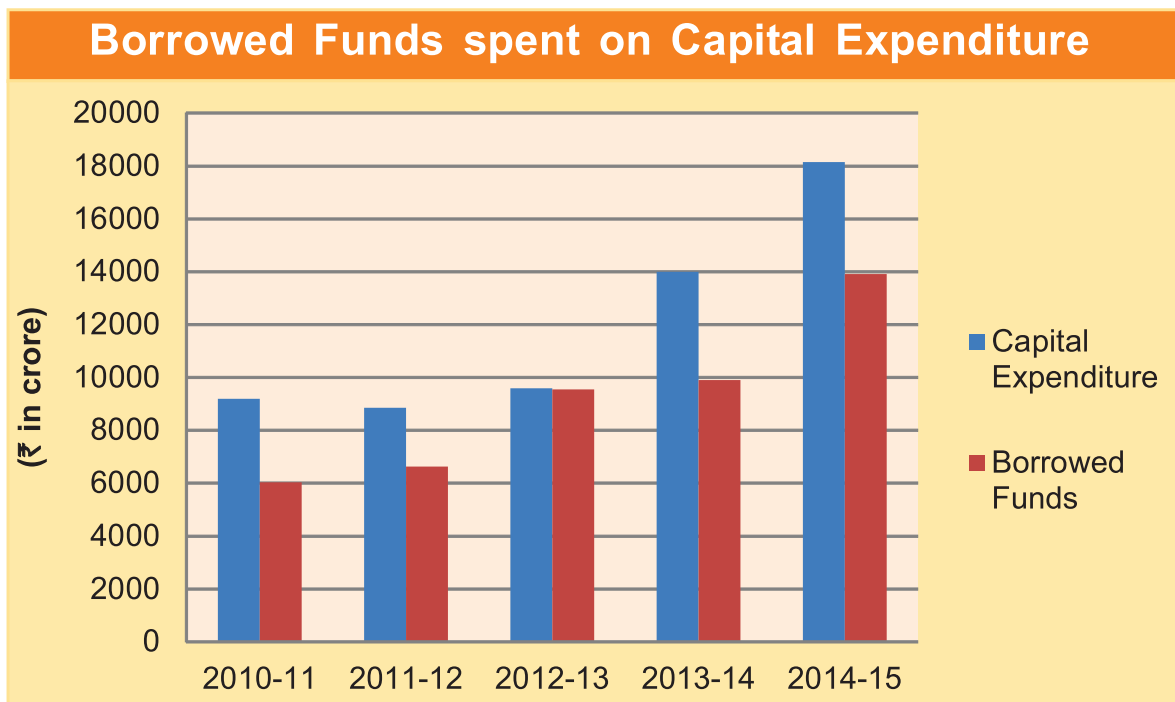
### 1.6.1. Trend of Revenue Deficit / Surplus



### 1.6.2. Trend of Fiscal Deficit



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



It is desirable to utilise borrowed funds fully 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 (₹ 18,150 crore) from borrowings of the current year (₹ 13,917 crore) and revenue surplus (₹ 5,848 crore) on Capital Expenditure during the year 2014-15.

## C *HAPTER II*

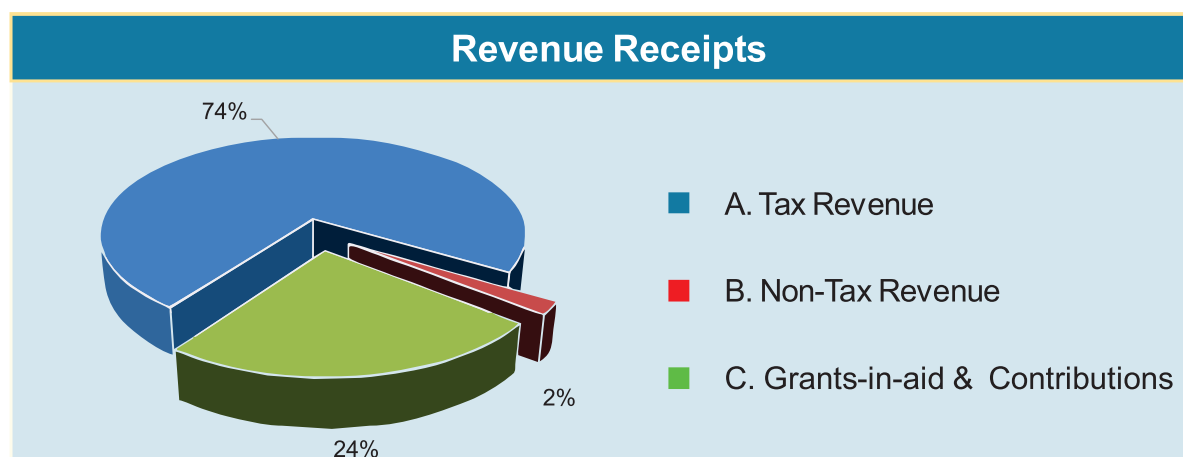
### RECEIPTS

#### 2.1. Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2014-15 were ₹ 91,089 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 (2014-15)

(₹ in crore)

Components	Actuals
<b>A. Tax Revenue</b>	<b>57,713</b>
Taxes on Income and Expenditure	22,180
Taxes on Property and Capital Transactions	3,011
Taxes on Commodities and Services	32,522
<b>B. Non-Tax Revenue</b>	<b>1,558</b>
Interest Receipts, Dividends and Profits	347
General Services	89
Social Services	57
Economic Services	1,065
<b>C. Grants-in-aid and Contributions</b>	<b>19,146</b>
<b>Total - Revenue Receipts</b>	<b>78,417</b>

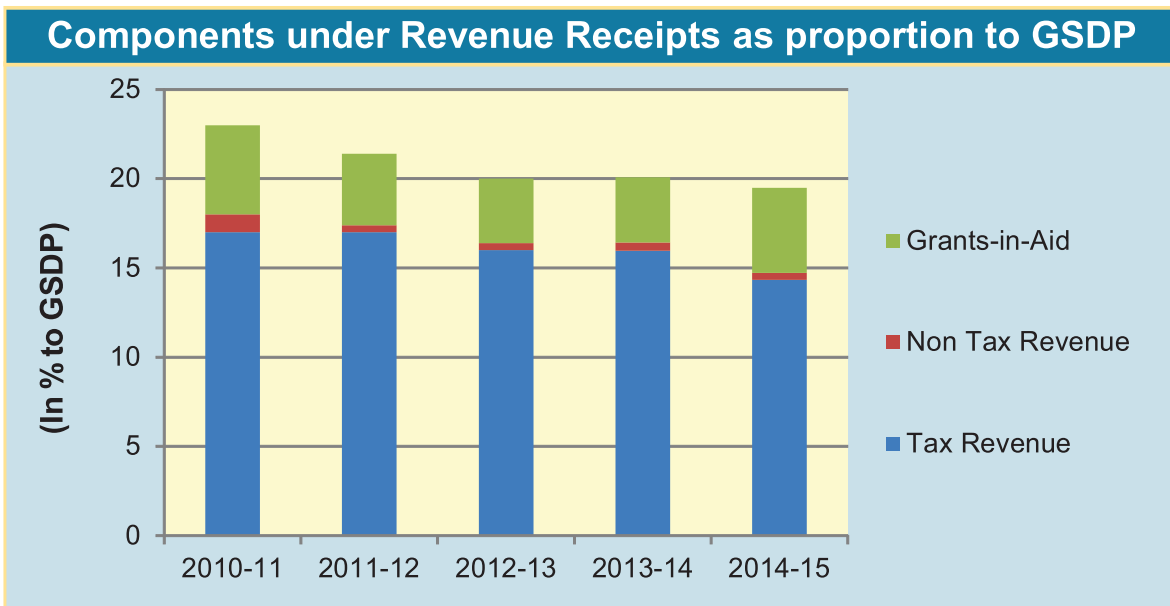
### 2.3. Trend of Receipts

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Tax Revenue</b>	33,848 (17)	40,547 (17)	48,154 (16)	54,790 (16)	57,713 (14)
<b>Non-Tax Revenue</b>	985 (0.48)	890 (0.36)	1,135 (0.39)	1,545 (0.45)	1,558 (0.39)
<b>Grants-in-aid</b>	9,699 (5)	9,883 (4)	10,278 (4)	12,584 (4)	19,146 (5)
<b>Total Revenue Receipts</b>	44,532 (22)	51,320 (21)	59,567 (20)	68,919 (20)	78,417 (19)
<b>GSDP</b>	2,03,555	2,43,269	2,93,616	3,43,663	4,02,283

Note : Figures in parentheses represent percentage to GSDP.

Though the GSDP increased by 17% between 2013-14 and 2014-15, growth in revenue collection was 14%. Tax revenue and Non-tax revenue increased by 5% and 1% respectively in 2014-15 with comparison to 2013-14. The increase in Non-tax revenues was mainly on account of significant collections under 'Non-ferrous Mining and Metallurgical Industries' (₹ 880 crore), 'Interest Receipts' (₹ 345 crore), 'Roads and Bridges' (₹ 55 crore), 'Forestry and Wildlife' (₹ 25 crore), 'Other Administrative Services' (₹ 22 crore), 'Crop Husbandry' (₹ 19 crore) and 'Public Service Commission' (₹ 18 crore). Further Collection under Contributions and Recoveries Towards Other Retirement Benefits and Co-operation were ₹ 2 crore and ₹ 7 crore respectively in 2014-15 against ₹ 400 crore and ₹ 36 crore in 2013-14. The State's own revenue under certain tax components, like 'State Excise' (₹ 3,216 crore), 'Taxes on Goods and Passengers' (₹ 4,451 crore) and 'Taxes on Sales Trade etc.' (₹ 8,607 crore) showed a increasing growth.

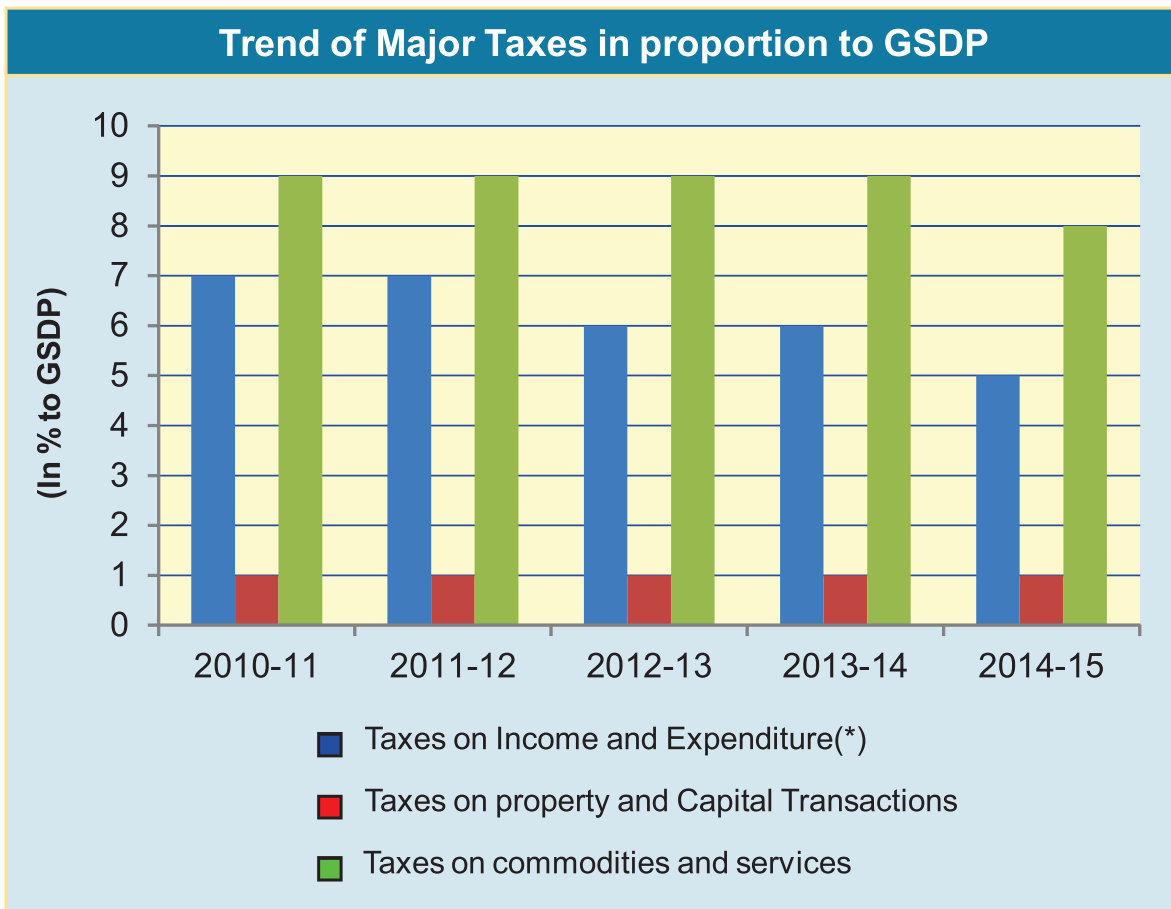


## Sector-wise Tax Revenue

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
Taxes on Income and Expenditure	14,325	16,610	18,356	19,474	22,180
Taxes on Property and Capital Transactions	1,257	1,690	2,398	2,946	3,011
Taxes on Commodities and Services	18,266	22,247	27,400	32,370	32,522
Total Tax Revenue	33,848	40,547	48,154	54,790	57,713

The increase in total tax revenue is mainly attributed to higher collection under 'Taxes on Income other than Corporation Tax' (₹ 9,217 crore), 'Customs' (₹ 5,978 crore), 'State Excise' (₹ 3,217 crore), 'Taxes on Vehicles etc.' (₹ 964 crore), 'Taxes on Goods and Passengers' (₹ 4,451 crore) and 'Corporation Tax' (₹ 12,908 crore).



(\*) 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	
			Amount	Percentage to GSDP
2010 - 11	33,848	23,978	9,870	4.85%
2011 - 12	40,547	27,935	12,612	5.18%
2012 - 13	48,154	31,901	16,253	5.54%
2013 - 14	54,790	34,829	19,961	5.81%
2014 - 15	57,713	36,963	20,750	5.16%

The proportion of the State's Own Tax Revenue to GSDP is perceptibly lower than the target of 6.26 *per cent* recommended by the 13<sup>th</sup> Finance Commission.

## 2.5. Efficiency of Tax Collection

### A. Taxes on Property and Capital Transactions

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue Collection	1,257	1,690	2,398	2,946	3,011
Expenditure on Collection	356	417	440	526	511
Efficiency of Tax Collection	28%	25%	18%	18%	17%

### B. Taxes on Commodities and Services

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue Collection	18,266	22,247	27,400	32,370	32,522
Expenditure on Collection	112	130	147	146	185
Efficiency of Tax Collection	1%	1%	1%	0.45%	0.57

Taxes on Commodities and Services form a major chunk of tax revenue. Tax collection efficiency of taxes on Commodities and Services is satisfactory. However, the collection efficiency of Taxes on Property and Capital Transactions can be improved.



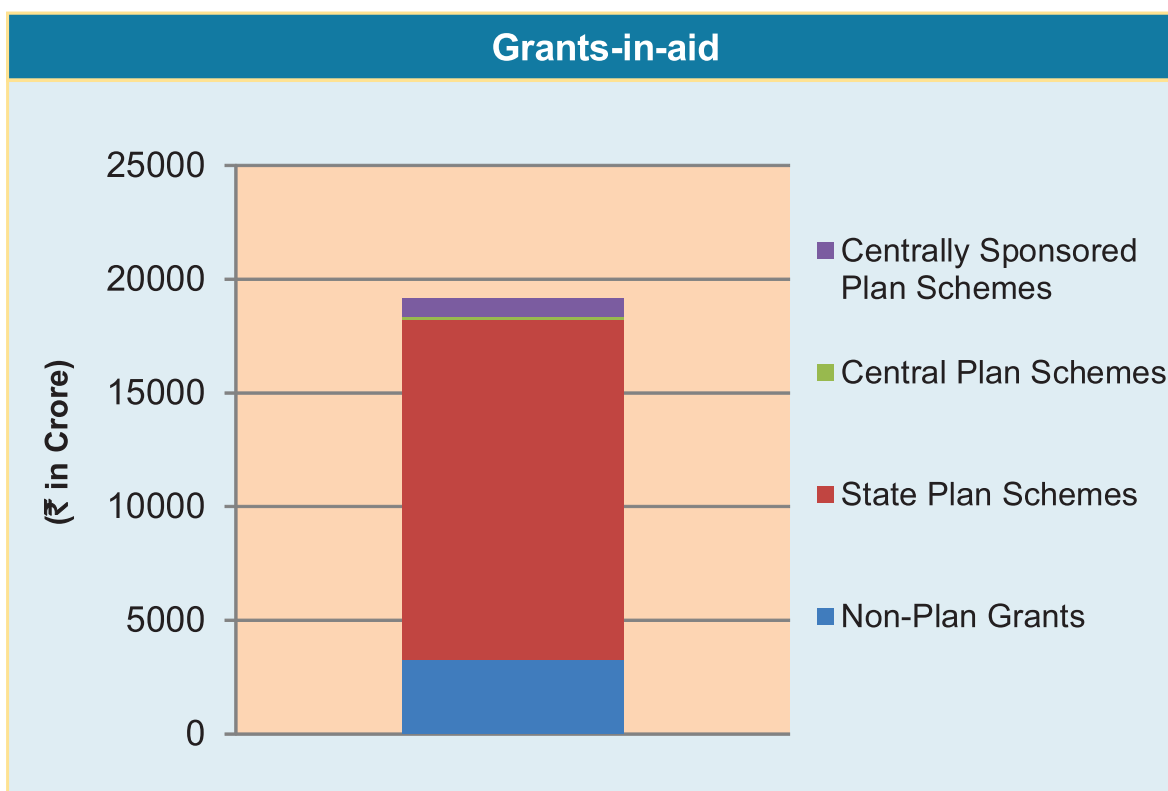
## 2.6. Trend in State's Share of Union Taxes over the past five years

(₹ in crore)

Major Head Discription	2010-11	2011-12	2012-13	2013-14	2014-15
Corporation Tax	9,372	10,996	11,459	11,713	12,908
Taxes on Income other than Corporation Tax	4,953	5,585	6,860	7,713	9,217
Taxes on Wealth	19	42	20	32	35
Customs	4,193	4,844	5,301	5,683	5,978
Union Excise Duties	3,050	3,134	3,603	4,014	3,376
Service Tax	2,391	3,334	4,658	5,674	5,449
Other Taxes and Duties on Commodities and Services	--	--	--	--	--
<b>State Share of Union Taxes</b>	<b>23,978</b>	<b>27,935</b>	<b>31,901</b>	<b>34,829</b>	<b>36,963</b>
<b>Total Tax Revenue</b>	<b>33,848</b>	<b>40,547</b>	<b>48,154</b>	<b>54,790</b>	<b>57,713</b>
<b>% of Union Taxes to Total Tax Revenue</b>	<b>71</b>	<b>69</b>	<b>66</b>	<b>64</b>	<b>64</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 2014-15 under Grants-in-aid were ₹ 19,146 crore as shown below :-



The share of non-plan grants in total grants-in-aid decreased from 26 *per cent* during 2013-14 to 17 *per cent* in 2014-15, while, the share of grants for plan schemes increased from 74 *per cent* in 2013-14 to 83 *per cent* in 2014-15. As against a Budget Estimate (BE) of ₹ 29,105 crore of Union Share in Plan Schemes, the State Government has actually received ₹ 15,875 crore of Grants-in-aid (55 *per cent* of BE).

## 2.8 Public Debt

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

(₹ in crore)

Description	2010-11	2011-12	2012-13	2013-14	2014-15
Internal Debt	3,526	3,344	6,461	6,799	10,224
Central Loans	316	361	23	(-)11	85
Total Public Debt	3,842	3,705	6,484	6,788	10,309

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

In 2014-15, seven loans totalling ₹ 8,100 crore at interest rates varying from 8.06 *per cent* to 8.73 *per cent* and redeemable in the years 2024-25 were raised at par.

Against the total internal debt of ₹ 13,199 crore of the State Government in 2014-15 plus the central loan component of ₹ 718 crore received during this period, capital expenditure was ₹ 18,150 crore , indicating that the total of the public debt was used for creation of capital assets and developmental purposes.

# 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 *per cent* of the GSDP during 2014-15. Revenue Expenditure of ₹ 72,570 crore for 2014-15 fell short of budget estimates by ₹ 19,195 crore due to less disbursement of ₹ 10,828 crore under Plan Expenditure and ₹ 8,367 crore under Non-Plan Expenditure. This shortfall is to be viewed in the light of the ₹ 23,522 crore (23 *per cent*) shortfall compared to BE in Revenue Receipts and the need of the State to maintain a revenue surplus in terms of the Bihar Fiscal Responsibility and Budget Management (FRBM) Act, 2006.

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

(₹ in crore)

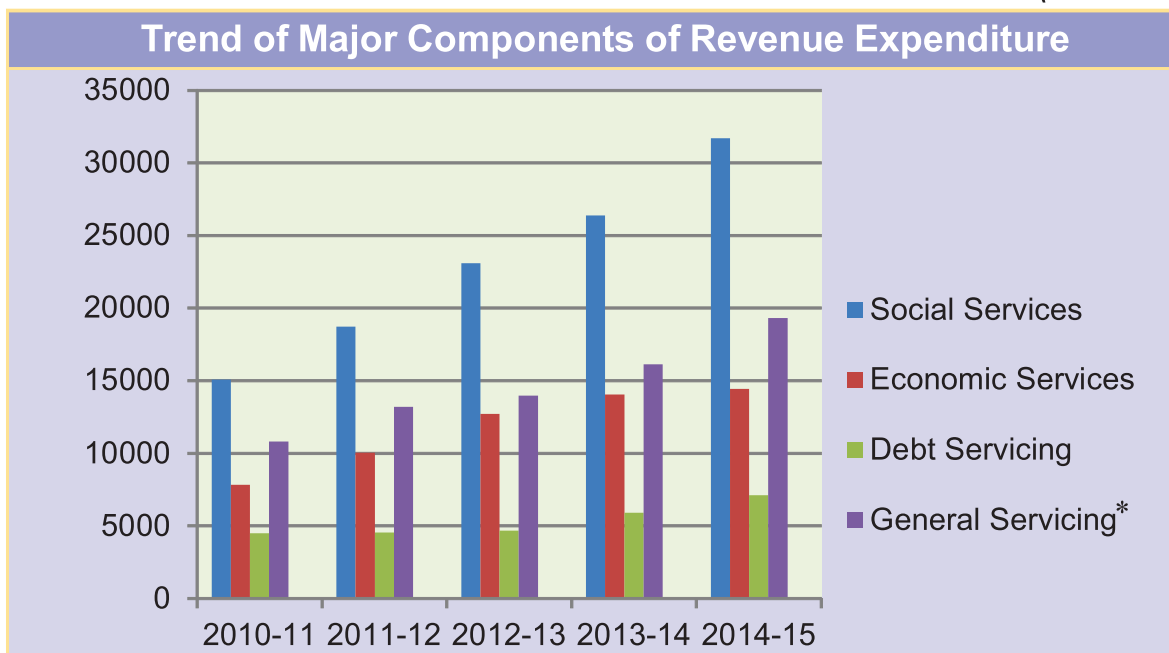
	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Budget Estimates</b>	40,678	49,934	60,959	73,258	91,765
<b>Actuals</b>	38,216	46,500	54,466	62,477	72,570
<b>Gap</b>	2,462	3,434	6,493	10,781	19,195
<b>% of gap over BE</b>	6	7	11	15	21

### 3.2.1 Sectoral distribution of Revenue Expenditure (2014-15)

<b>Components</b>	<b>Amount (₹ in crore)</b>	<b>Percentage</b>
A. Fiscal Services	699	1
(i) Collection of Taxes on Property and Capital transactions	511	1
(ii) Collection of Taxes on Commodities and Services	185	-
(iii) Other Fiscal Services	3	-
B. Organs of State	1,013	1
C. Interest Payments and Servicing of debt	7,104	10
D. Administrative Services	6,248	8
E. Pension and Miscellaneous General Services	11,345	15
F. Social Services	31,713	44
G. Economic Services	14,445	20
H. Grants-in-aid and Contributions	4	-
<b>Total - Expenditure (Revenue Account)</b>	<b>72,570</b>	<b>100</b>

### 3.2.2 Major components of Revenue Expenditure (2010-15)

(₹ in crore)



### 3.3. Capital Expenditure

Capital disbursements for 2014-15 were ₹ 18,519 crore which was 5 per cent of GSDP. It was less than Budget Estimates by ₹ 3,039 crore (less disbursement of ₹ 2,888 crore under Plan Expenditure and ₹ 151 crore under Non Plan Expenditure).

#### 3.3.1 Sectoral distribution of Capital Expenditure

During 2014-15, the Government spent ₹ 974 crore on various Projects (₹ 742 crore on Major Irrigation, ₹ 51 crore on Medium Irrigation and ₹ 181 crore on Minor Irrigation), ₹ 450 crore on Flood Control Projects and ₹ 4,175 crore on Power Projects. Apart from above, the Government invested ₹ 4,202 crore in various Corporations / Companies / Societies.

(₹ in crore)

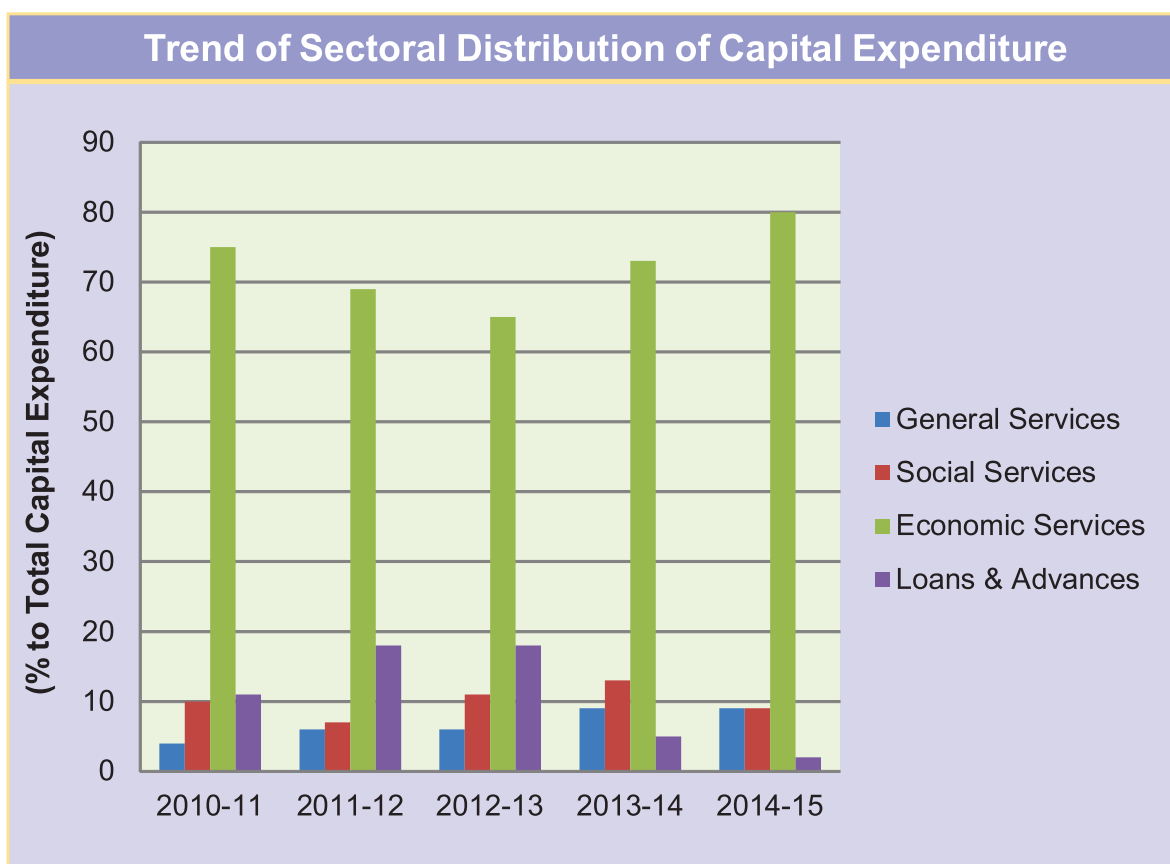
Sl. No.	Sector	Amount	Percentage
1.	<b>General Services</b> - Police, Land Revenue etc.	1,749	9
2.	<b>Social Services</b> - Education, Health & Family Welfare Water Supply, Welfare of SC/ST etc.	1,673	9
3.	<b>Economic Services</b> - Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.	14,728	80
4.	Loans and Advances Disbursed	369	2
	<b>Total</b>	<b>18,519</b>	<b>100</b>

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

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

(₹ in crore)

Sl. No.	Sector	2010-11	2011-12	2012-13	2013-14	2014-15
1.	General Services	396	608	717	1,332	1,749
2.	Social Services	1,072	807	1,331	1,858	1,673
3.	Economic Services	7,728	7,437	7,537	10,811	14,728
4.	Loans and Advances	1,102	1,906	2,086	807	369
	<b>Total</b>	<b>10,298</b>	<b>10,759</b>	<b>11,671</b>	<b>14,808</b>	<b>18,519</b>

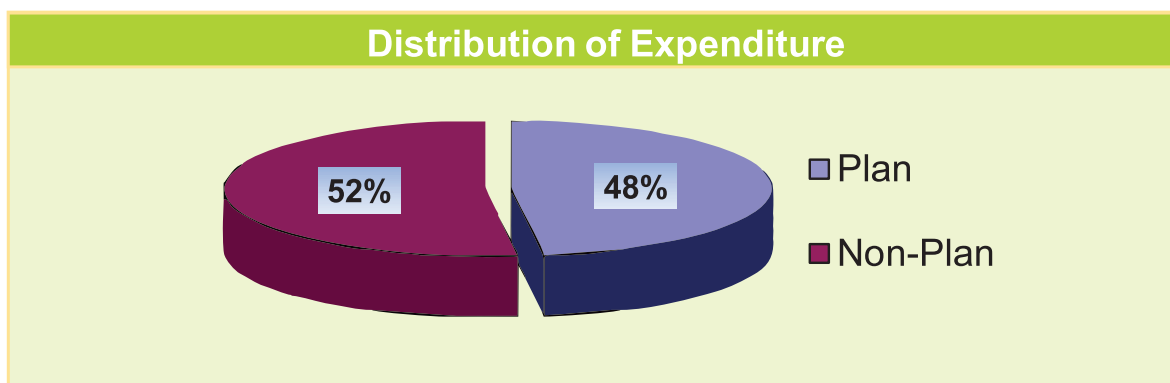


# C

## CHAPTER IV

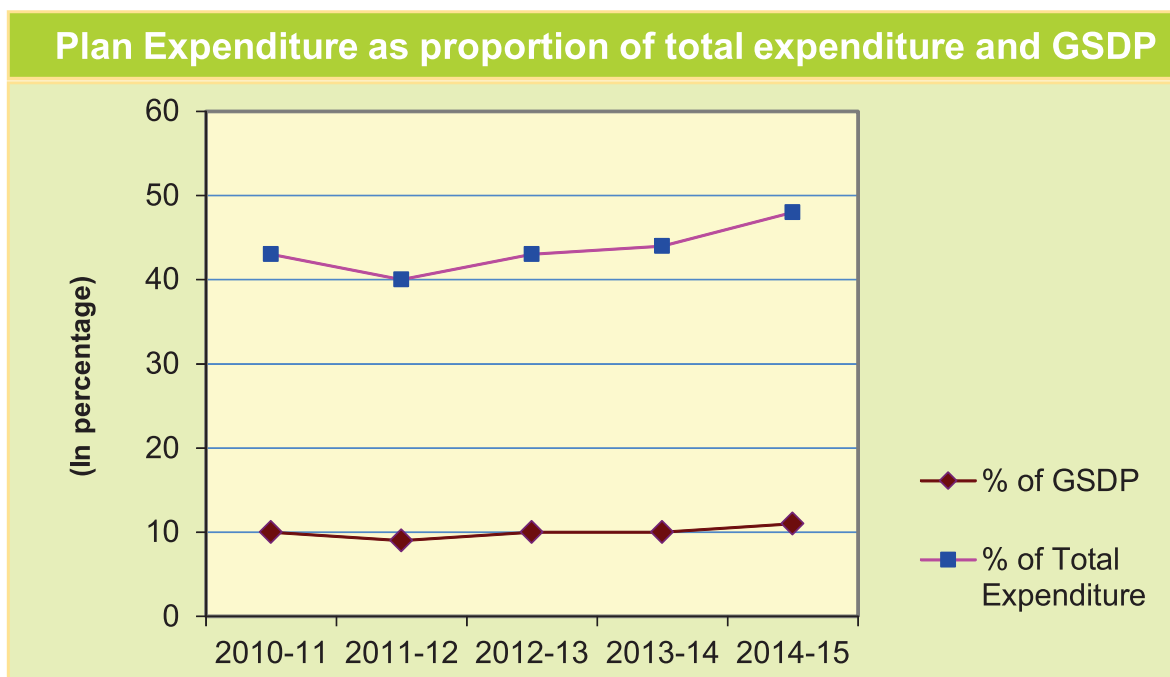
### PLAN AND NON-PLAN EXPENDITURE

#### 4.1. Distribution of Expenditure (2014-15)



#### 4.2. Plan Expenditure

Plan expenditure (both revenue and capital) during 2014-15 was ₹ 43,939 crore, constituting 48 *per cent* of total disbursements of ₹ 91,089 crore. This comprised, ₹ 43,596 crore under State Plans, ₹ 7 crore under Centrally Sponsored/Central Plan Schemes and ₹ 336 crore under Loans and Advances.





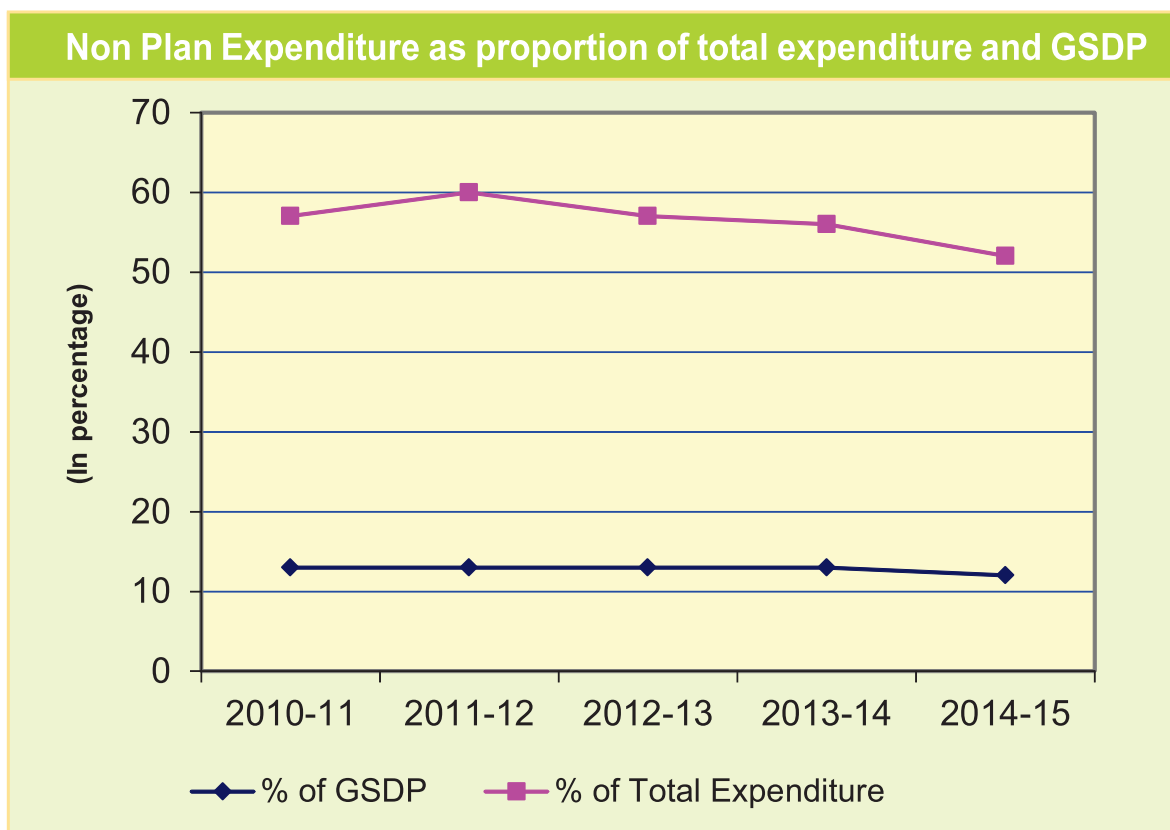
#### 4.2.1. Plan expenditure under Capital Account

(₹ in crore)

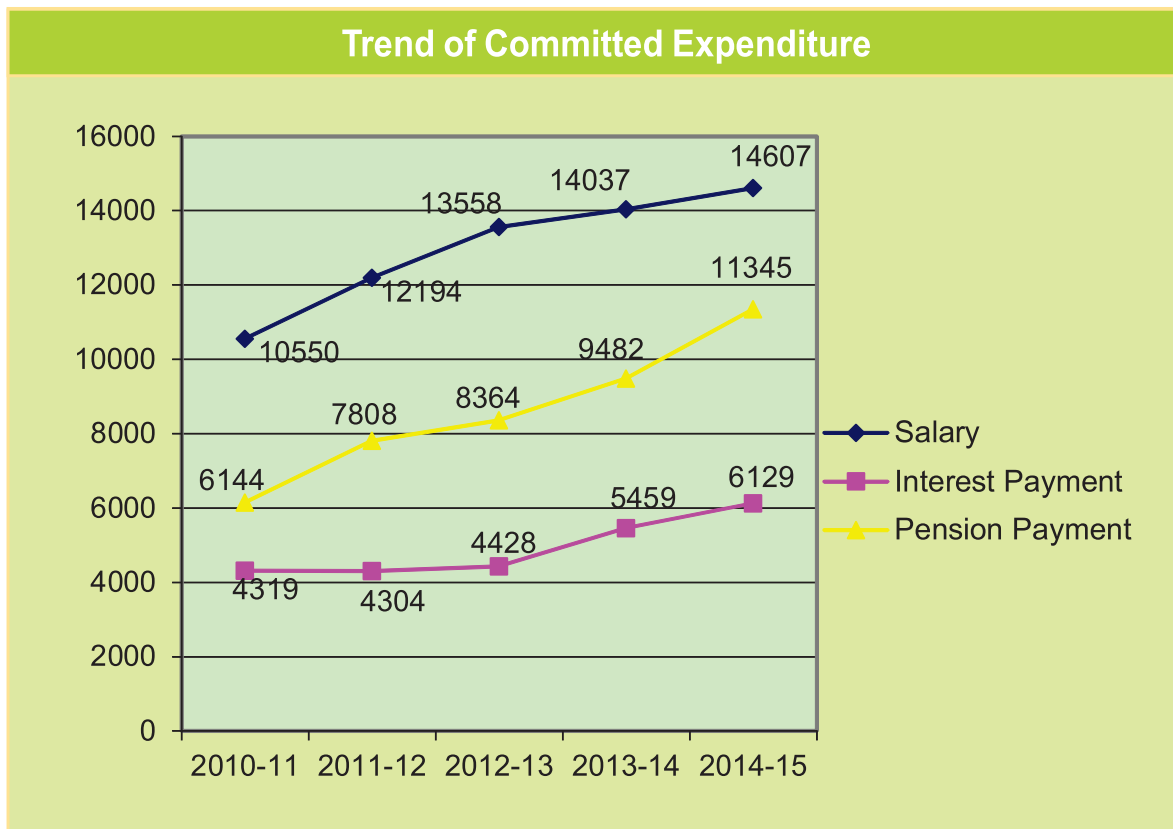
	2010-11	2011-12	2012-13	2013-14	2014-15
Total Capital Expenditure	10,298	10,759	11,671	14,808	18,519
Capital Expenditure (Plan)	10,010	10,521	11,489	14,602	18,428
Per cent of Capital Expenditure (Plan) to Total Capital Expenditure	97	98	98	99	99

#### 4.3. Non-Plan Expenditure

Non-Plan Expenditure during 2014-15, representing 52 *per cent* of total disbursements, was ₹ 47,150 crore (₹ 47,059 crore under Revenue and ₹ 91 crore under Capital).



#### 4.4. Committed Expenditure



(₹ in crore)

Component	2010-11	2011-12	2012-13	2013-14	2014-15
Committed expenditure	21,013	24,306	26,350	28,978	32,081
Revenue expenditure	38,216	46,500	54,466	62,477	72,570
Revenue receipts	44,532	51,320	59,567	68,919	78,417
Per cent of committed expenditure to Revenue Receipts	47	47	44	42	41
Per cent of committed expenditure to Revenue expenditure	55	52	48	46	46

Disbursement of larger amount on committed expenditure leaves the Government with lesser flexibility for developmental spending.

# C

## CHAPTER V

### APPROPRIATION ACCOUNTS

#### 5.1. Summary of Appropriation Accounts for 2014-15

(₹ in crore)

Sl. No.	Nature of expenditure	Original Grant	Supplementary Grant	Re-appropriation	Total	Actual expenditure	Saving (-) Excesses (+)
1	Revenue						
	Voted	84,992	11,399	18,156	96,391	65,985	(-) 30,406
	Charged	7,180	987	511	8,167	7,219	(-) 948
2	Capital						
	Voted	21,105	8,368	7,940	29,473	18,915	(-) 10,558
	Charged	.....	.....	.....	.....	.....	.....
3	Public Debt						
	Charged	3,563	43	0	3,606	3,609	(+) 3
4	Loans and Advances						
	Voted	406	1,980	366	2,386	369	(-) 2,017
	<b>Total</b>	<b>1,17,246</b>	<b>22,777</b>	<b>26,973</b>	<b>1,40,023</b>	<b>96,097</b>	<b>(-) 43,926</b>

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

(₹ in crore)

Year	Savings (-) / Excess (+)				Total
	Revenue	Capital	Public Debt.	Loans & Advances	
2010-11	(-) 9,584	4,703	(-) 88	(-) 99	(-) 14,474
2011-12	(-) 10,835	(-) 3,834	(-) 5	(-) 922	(-) 15,596
2012-13	(-) 13,315	(-) 6,511	(-) 13	(-) 3,306	(-) 23,145
2013-14	(-) 20,781	(-) 8,223	(-) 135	(-) 2,341	(-) 31,480
2014-15	(-) 31,354	(-) 10,558	(+) 3	(-) 2,017	(-) 43,926

### 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 :

*(Percentage of savings to total allocation)*

Grant	Nomenclature	2010-11	2011-12	2012-13	2013-14	2014-15
12	Finance Department	77%	69%	83%	84%	92%
45	Sugar Industries Department	46%	43%	35%	18%	80%
41	Road Construction Department	7%	4%	24%	34%	62%
03	Building Construction Department	34%	48%	59%	42%	56%
50	Minor Water Resource Department	31%	48%	34%	59%	55%
42	Rural Development Department	11%	7%	23%	13%	54%
16	Panchayati Raj Department	38%	33%	27%	26%	51%

During 2014-15, supplementary grants totalling ₹ 22,777 crore (24 per cent 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	Name of Department	Section	Original	Supple- mentary	Actual Expenditure
3	Building Construction	Revenue	474.00	12.00	394.00
		Capital	2,192.00	650.00	1,123.00
8	Art, Culture & Youth	Revenue	94.00	6.00	65.00
16	Panchayati Raj	Revenue	4,225.00	484.00	2,375.00
18	Food and Consumer Protection	Revenue	797.00	353.00	647.00
20	Health	Revenue	4,101.00	132.00	3,318.00
		Capital	705.00	359.00	324.00
21	Education	Revenue	23,704.00	1,166.00	16,335.00
		Capital	1,012.00	52.00	241.00
22	Home	Revenue	5,821.00	378.00	5,196.00
		Capital	541.00	94.00	491.00
35	Planning and Development	Revenue	1,130.00	27.00	616.00
		Capital	1,656.00	900.00	1,203.00
36	Public Health Engineering	Revenue	418.00	3.00	320.00
		Capital	1,377.00	110.00	885.00
37	Rural Works	Capital	4,171.00	434.00	4,002.00
39	Disaster Management	Revenue	911.00	205.00	454.00
40	Revenue and Land Reforms	Revenue	702.00	5.00	482.00
		Capital	31.00	1.00	17.00
44	Scheduled Castes and Scheduled Tribes Welfare	Revenue	1,159.00	11.00	942.00
45	Sugar Industries	Revenue	118.00	137.00	85.00
		Capital	1.00	167.00	1.00
48	Urban Development & Housing	Revenue	2,420.00	881.00	1,778.00
49	Water Resources	Revenue	826.00	129.00	765.00
		Capital	1,679.00	833.00	1,249.00

## C

## 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 ₹ 7,069 crore at the end of 2014-15. However, dividends received during the year were ₹ 2.58 crore (i.e., 0.04 *per cent*) on investment. During 2014-15, investments increased by ₹ 4,202 crore, and dividend income increased by ₹ 0.05 crore.

Cash Balance with RBI stood at ₹ 4,269 crore on 31 March 2014 and decreased by ₹ 829 crore at the end of March, 2015.

## 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 :

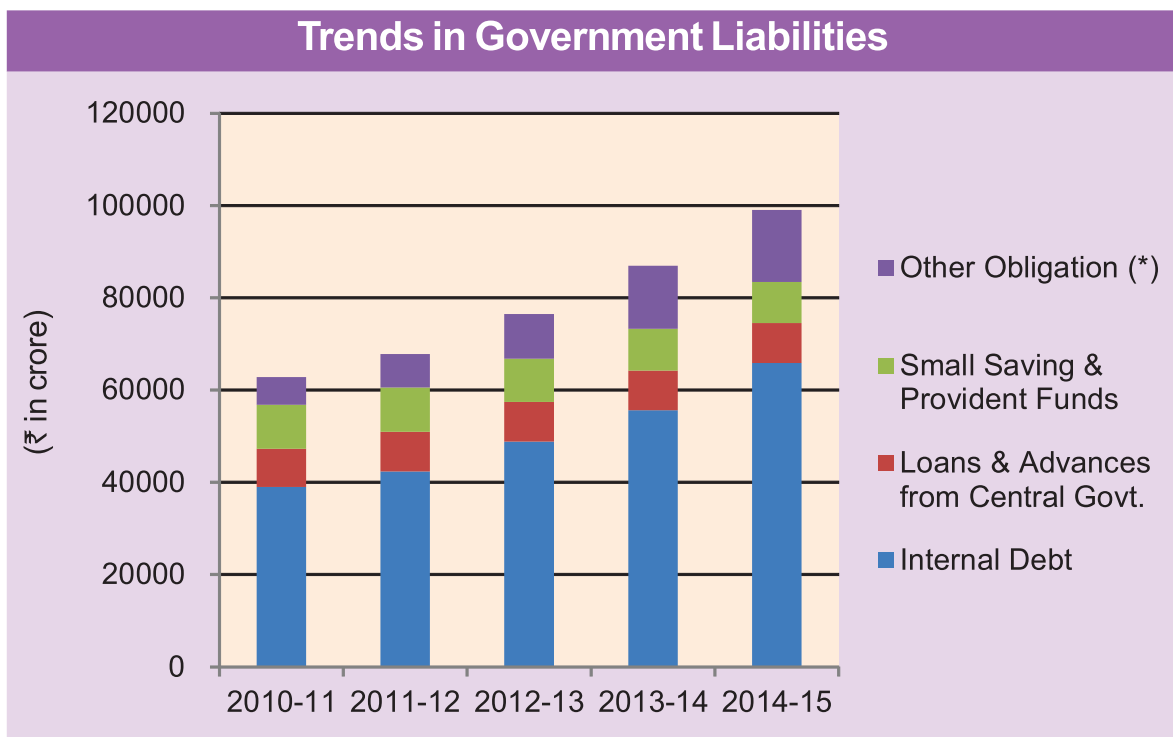
(₹ in crore)

Year	Public Debt	Percentage to GSDP	Public Accounts (*)	Percentage to GSDP	Total Liabilities	Percentage to GSDP
2010-11	47,285	24	15,573	8	62,858	31
2011-12	50,990	21	16,822	7	67,812	28
2012-13	57,474	20	19,029	6	76,503	26
2013-14	64,262	20	22,677	6	86,939	25
2014-15	74,571	19	24,485	6	99,056	25

(\*) Excludes suspense and remittance balances.

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

There is a net increase of ₹ 12,117 crore (14 *per cent*) in Public Debt and Other liabilities as compared to 2013-14.



(\*) 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., are given below:

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding at the end of the year	
		Principal	Interest
2010-11	1,549	588	44
2011-12	2,049	1,092	103
2012-13	2,046	1,089	112
2013-14	2,587	1,090	112
2014-15	5,315	2,001	148

## C

## 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 ₹ 65,848 crore as on 31 March 2015.

## 7.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2014-15 was ₹ 21,748 crore. Of this, Loans and Advances to Government Corporations/ Companies, Non-Government Institutes and Local Bodies amounted to ₹ 19,568 crore. Recovery ₹ 4,902 crore of Principal and ₹ 4,379 crore of Interest is in arrears at the end of 31 March 2015. During 2014-15 only ₹ 1,493 crore has been received towards repayment of Loans and Advances, out of which, ₹ 15 crore relates to repayment of loans from Government Servants. Effective steps to recover the outstanding loans would help the Government's fiscal position.

## 7.3 Financial assistance to Local Bodies and Others

During the past five years, Grants-in-aid to local bodies etc., increased from ₹ 8,424 crore in 2010-11 to ₹ 22,359 crore in 2014-15. Grants to Zila Parishads, Municipalities/Corporation and Panchayat Samitees including Gram Panchayat (₹ 3,085 crore) represented 14 *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	Corporation/ Municipalities/ Councils	Panchayat Samitees incl. Gram Panchayat	Others	Total
2010-11	231	150	1,284	6,759	8,424
2011-12	677	557	1,858	11,352*	14,444
2012-13	441	540	2,154	14,319*	17,454
2013-14	905	540	2,602	14,888	18,935
2014-15	1,173	659	1,253	19,274	22,359

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



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

(₹ in crore)

Component	As on 1 April 2014	As on 31 March 2015	Net increase (+) / decrease (-)
Cash Balances	230	(-)89	(-)319
Investments from cash balance (GOI Treasury Bills)	4,039	3,529	(-)510
Other Cash Balances			
i) Departmental Balance	178	211	33
ii) Permanent Cash Imprest	341	344	3
Investment from earmarked fund balances	1,368	2,343	975
(a) Sinking Fund	1,368	2,343	975
(b) Guarantee Redemption Fund	--	--	--
(c) Other Funds	--	--	--
* Interest realised	233	312	79

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

State Government had a negative closing cash balance at the end of 2014-15. Interest receipt on these investments was increased by 34 *per cent*.

#### 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 ₹ 35,943 crore of expenditure against the total expenditure of ₹ 90,720 crore (Revenue and Capital) i.e., 40 *per cent* of the total expenditure and for ₹ 58,379 crore of receipt against the total receipt of ₹ 78,417 crore (Revenue and Capital) i.e. 74 *per cent* of the total receipts during the year 2014-15.

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

Sl. No.	Receipt Head	Expenditure Head	Department
1.	0029	2029	Revenue and Land Reforms Department
2.	0039	2039	Registration, Excise and Prohibition Department
3.	0055	2055	Home Department
4.	0071	2071	Finance Department
5.	0202	2202	Education Department
6.	0210	2210	Health Department
7.	0235	2235	Social Welfare Department
8.	0406	2406	Environment and Forest Department
9.	0408	2408	Food and Consumer Protection Department
10.	0425	2425	Co-operative Department
11.	0506	2506	Rural Development
12.	0515	2515	Panchayati Raj Department
13.	1054	3054	Road Construction Department
14.	1055	3055	Transport Department

### 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, 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 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 Treasuries, Public Works and Forest Divisions are 06 days, 10 days and 24 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. Unadjusted Abstract Contingent (AC) Bills

In terms of the Bihar Treasury Code 2011, the Drawing and Disbursing Officers are authorised to draw sums of money through AC bills, to meet unforeseen expenditure, by debiting service Major Heads against which, they are required to present Detailed Contingent (DC) bills along with vouchers in support of final expenditure, to the Accountant General within six months of the drawal of the AC bill. Delayed submission or prolonged non-submission of DC bills renders the expenditure under AC bills opaque. Details of outstanding AC bills as on 31 March 2015 are given below:

(₹ in crore)

Year	AC Bills Drawn		AC Bills Adjusted		Outstanding AC Bills	
	Number	Amount	Number	Amount	Number	Amount
Upto						
2012-13	94,017	31,946.11	77,325	29,292.92	16,692	2,653.19
2013-14	1,294	728.61	155	33.96	1,139	694.65
2014-15(*)	2,097	2,040.06	40	6.48	2,057	2,033.58
<b>Total</b>	<b>97,408</b>	<b>34,714.78</b>	<b>77,520</b>	<b>29,333.36</b>	<b>19,888</b>	<b>5,381.42</b>

(\*) 959 AC bills amounting to ₹ 1,845.68 crore out of 2,097 AC bills will be due after 31 March 2015.

AC bills amounting to ₹ 726.65 crore (35.62 *per cent* of the total amount drawn against AC bills in 2014-15), were drawn in March 2015 alone. Substantial expenditure against AC bills in March indicates that the drawal was primarily to exhaust the budget provisions and reveals inadequate budgetary control.

## 7.8. Rush of Expenditure

Rule 113 of the Bihar Budget Manual stipulate 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 was, however, noticed that in six cases the expenditure incurred during March 2015 ranged between 50 *per cent* to 100 *per cent* of the total expenditure during the year indicating the tendency to utilise the budget provision at the end of the financial year :-

(₹ in crore)

Head of Account	Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	During March 2015	Percentage of 3/2015 w.r.t. total expenditure for 2014-15
2075	Miscellaneous General Services	0.00	0.00	0.00	0.0015	0.0015	0.0015	100.00
5475	Capital Outlay on other and Small Industries	0.00	0.00	0.49	3.05	3.54	2.62	74.01
3604	Compensation and Assignments to Local Bodies and Pancyayati Raj	0.00	0.00	0.00	4.04	4.04	2.82	69.80
3454	Census Survey and Statistics	5.99	8.94	8.16	36.28	59.37	30.52	51.41
4216	Capital Outlay on Housing	0.00	0.99	3.28	13.46	17.73	9.07	51.16
4801	Capital Outlay on Power Project	0.00	1,287.99	602.68	2,262.33	4,153.00	2,119.26	51.03

**© COMPTROLLER AND  
AUDITOR GENERAL OF INDIA  
2015**

**[www.cag.gov.in](http://www.cag.gov.in)**

**[ag.bih.nic.in](http://ag.bih.nic.in)**