



**State Finances Audit Report of the
Comptroller and Auditor General of India
For the year ended 31 March 2023**



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Bihar
Report No. 01 of the year 2024

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PREFACE

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

This Report intends to assess the financial performance of the State, during 2022-23 and to provide the State Legislature with inputs based on audit analysis of financial data. The Report also analyses the financial performance against the targets envisaged by the Bihar Fiscal Responsibility and Budget Management (Amendment) Act, 2016, the XVth Finance Commission (FC) Report, Rules, and Codes, meant for management of Government functions and the Budget Estimates of 2022-23. This Report is structured in five Chapters.

Chapter I analyses changes in major fiscal aggregates based on the audit of the Finance Accounts and an assessment of the Bihar Government's fiscal position, as on 31 March 2023.

Chapter II provides an insight into the deficit management of Government, trends in revenue and capital expenditure, contingent issues, committed and obligatory expenditure, subsidies, debt, investment, and borrowing patterns. It provides an audit perspective of the finances of the Government of Bihar, for the year 2022-23 and analyses critical changes in major fiscal aggregates based on the details contained in the Finance Accounts of the State related to the previous years and an assessment of the fiscal position as on 31 March 2023.

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

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

Chapter V provides a 'Summary of the Financial Performance of State Public Sector Enterprises'.

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

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

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

About the Report

This Report of the CAG of India is on the State Finances for the year 2022-23. It provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to State Finances.

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

Gross State Domestic Product (GSDP) (at current prices) grew at an average growth rate of 10.10 *per cent* from ₹ 5,27,976 crore in 2018-19 to ₹ 7,51,396 crore in 2022-23. Budget Outlay (Expenditure) of the State grew from ₹ 1,60,317.66 crore in 2018-19 to ₹ 2,35,176.84 crore in 2022-23.

There was 15.55 *per cent* growth in GSDP over 2021-22. The revenue receipts grew at 08.75 *per cent* and the percentage of revenue receipts over GSDP fell from 24.42 *per cent* in 2021-22 to 22.98 *per cent* in 2022-23. The tax revenue increased by 10.55 *per cent* during the period and the State's own tax revenue increased by 26.29 *per cent* over the year 2021-22. The total expenditure (revenue expenditure, capital expenditure and loans and advances) of the State of Bihar increased from ₹ 1,84,377 crore in 2021-22 to ₹ 2,17,553 crore in 2022-23, increasing by 17.99 *per cent*. Of this, revenue expenditure showed 15.55 *per cent* increase from 2021-22. Revenue deficit increased from ₹ 422.38 crore to ₹ 11,288.20 crore registering 2,572.52 *per cent* increase over 2021-22, while fiscal deficit increased from ₹ 25,551.26 crore in 2021-22 to ₹ 44,823.30 crore in 2022-23 increasing by 75.43 *per cent*.

Receipt-Expenditure Mismatch

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

From 2018-19 to 2022-23, revenue receipts grew from ₹ 1,31,794 crore to ₹ 1,72,688 crore, with an average annual growth rate of 8.46 *per cent*. Capital receipts also increased from ₹ 20,493 crore to ₹ 48,325 crore during this period. The share of Grants-in-aid in revenue receipts decreased from 18.70 *per cent* in 2018-19 to 16.81 *per cent* in 2022-23. The State Government received ₹ 22,237.18 crore as Central share for the Centrally Sponsored Schemes (CSSs) in the year.

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure

and service network. Between 2018-19 and 2022-23, revenue expenditure increased from ₹ 1,24,897 crore (23.66 *per cent* of GSDP) to ₹ 1,83,976 crore (24.48 *per cent* of GSDP). It consistently made up a significant portion (84.57 *per cent* to 90.67 *per cent*) of the total expenditure during this period, growing at an average annual rate of 12.60 *per cent*.

Result of expenditure beyond means

The gap between the revenue receipt and revenue expenditure results in revenue deficit. The revenue surplus State of Bihar has gradually decreased to revenue deficit of ₹ 11,288 crore ((-)1.50 *per cent* of GSDP) in the current year from ₹ 6,896.64 crore (1.31 *per cent* of GSDP) in the year 2018-19.

The State Government spent ₹ 31,520 crore on capital accounts. This was 14.49 *per cent* of the total expenditure in the year 2022-23. Capital expenditure was 24.26 *per cent* of the total borrowings. Thus, the rest of the borrowed funds were being used mainly for meeting current consumption and repayment of borrowings instead of capital creation/development activities.

The gap between the total expenditure and total non-debt receipt of the State results in fiscal deficit. The fiscal deficit of the State increased to ₹ 44,823.30 crore (5.97 *per cent* of GSDP) in 2022-23 from ₹ 13,806.76 crore (2.62 *per cent* of GSDP) in 2018-19.

Under the revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 34.30 *per cent* to 38.66 *per cent* of revenue expenditure during 2018-19 (36.85 *per cent*) and 2022-2023 (34.30 *per cent*). The Committed expenditure increased at an average rate of 9.0 *per cent* *i.e.*, from ₹ 46,021.46 crore in 2018-19 to ₹ 63,107.43 crore in 2022-23 {an increase of 9.55 *per cent* over 2021-22 (₹ 57,604.03 crore)} but has declined during the last two years.

Subsidies constitute major portion of the non-committed expenditure

Within the non-committed expenditure, there is an increasing trend of subsidies, which increased from ₹ 8,323.97 crore in 2018-2019 to ₹ 14,827.79 crore in 2022-23 *i.e.*, from 6.66 *per cent* of the total revenue expenditure in 2018-19 to 8.06 *per cent* in 2022-23. Power subsidies constituted a significant portion, ranging from 68.92 *per cent* to 82.43 *per cent* of the total subsidies during this period.

Off-Budget borrowings

The State Government, through a Public Sector Undertaking, raised ₹ 686.77 crore as Off-Budget borrowings, which did not flow into the Consolidated Fund of the State but is required to be repaid and serviced through budget.

Contingent Liabilities on account of Guarantees

Up to the financial year 2022-23, the Government provided guarantees against borrowings including interest of ₹ 25,939.25 crore. They ranged from 4.17 *per cent* to 15.79 *per cent* of the State's revenue receipts and from 0.94 *per cent* to 3.86 *per cent* of GSDP, during the last five years.

Keeping in view the Central Finance Commission Report and, the Fiscal Responsibility and Budget Management (FRBM) Review Committee Report recommendations, Bihar has exceeded the limit and recorded more than the limit of 0.5 *per cent* of its GSDP during the period of last five years. In the year 2022-23, outstanding guarantees were 3.45 *per cent* of GSDP. GoB provided guarantees to its entities, but no fees was paid by the beneficiaries. This resulted not only in short collection of revenue, but also violation of Indian Government Accounting Standard-1 (IGAS-1).

Fiscal sustainability

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of Off-Budget borrowings, guarantees, subsidies, *etc.* So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests, *etc.* and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes, transfer to reserve funds, transfer to local bodies, *etc.*

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

The BFRBM Act prescribes certain limits within which revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be. In 2022-23, the State has incurred revenue deficit against the target of revenue surplus; fiscal deficit was 5.97 *per cent* as against the limit of four *per cent* and debt was 39.03 *per cent* as against limit of 40.80 *per cent*.

Further, if the quantum of the Off-Budget borrowings is included as part of debt, the overall liability (includes Public Debt and Public Account Liabilities) of the Government was 39.13 *per cent* of the GSDP.

As per the debt stabilization analysis, the public debt of the Government of Bihar has grown on an average at a rate of 16.23 *per cent* annually of the outstanding public debt between 2018-19 to 2022-23. The public debt-GSDP ratio of Bihar has increased from 23.89 *per cent* in 2018-19 to 32.32 *per cent* in 2022-23, which indicates entailing risk in debt stabilization.

Bihar has been a primary deficit State for the period 2018-19 to 2022-23. The Domar gap (g-r) was positive during the entire period from 2018-19 to 2022-23 except 2020-21. Considering the debt sustainability conditions under the Domar model, the fiscal liabilities of the State Government satisfied the condition of debt sustainability ($g-r > 0$), except in 2020-21. The Domar gap (g-r) has registered a rising trend in last two years, after the Covid-19 period, where the Domar gap was negative (in 2020-21).

During the years 2021-22 and 2022-23, though the Domar gap (expressed as g-r) was positive, and its value also increased from the preceding years, the primary deficit was not stable and increased by more than twice in 2022-23, over the previous year. Further, a substantial proportion of public debt receipts was being used for repayment for borrowings, which ranged between 68.82 *per cent* and 83.55 *per cent* during the period 2018-2023.

Budget performance

Aggregate expenditure outturn (Expenditure in relation to Budget Estimate)

Budget performance in terms of budgetary intent and budget implementation is examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and savings. In the Revenue section, deviation in outturn compared with Budget Estimates (BE) was (-) 2.46 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 32 grants, between more than $(\pm)25$ *per cent* and $(\pm)50$ *per cent* in 15 grants; and between more than $(\pm)50$ *per cent* and $(\pm)100$ *per cent* in three grants. In the Capital section, deviation in outturn compared with BE was (+) 4.84 *per cent*. This was due to deviation between 0 and $(\pm)25$ *per cent* in seven grants, between more than $(\pm)25$ *per cent* and $(\pm)50$ *per cent* in eight grants; and between more than $(\pm)50$ *per cent* and $(\pm)100$ *per cent* in nine grants and equal to or more than 100 *per cent* in five grants. No provisions were made in respect of 19 grants of the Capital section.

Expenditure composition outturn (Expenditure in relation to Revised Estimate)

Budget performance also looks at the extent to which the re-allocation between the Budget estimate (BE) budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the Revised Estimate (RE) and the actual expenditure. In the Revenue section, deviation in outturn compared with Revised Estimates (RE) was (-) 19.85 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 31 grants, between more than ± 25 *per cent* and ± 50 *per cent* in 15 grants and between more than ± 50 *per cent* and ± 100 *per cent* in four grants. In the Capital section, deviation in outturn compared with RE was (-) 14.58 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 11 grants, between more than $(\pm) 25$ *per cent* and $(\pm)50$ *per cent* in eight grants, between more than $(\pm)50$ *per cent* and $(\pm)100$ *per cent* in nine grants and equal to or more than 100 *per cent* in one grant.

The Outturn against the Total Budget measures the extent to which the original budget categories supplemented during execution have contributed to variance in expenditure composition.

In the Revenue section, the deviation in outturn, compared with the Total Budget, was (-) 21.65 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 30 grants, between more than ± 25 *per cent* and ± 50 *per cent* in 16 grants, between more than ± 50 *per cent* and ± 100 *per cent* in four grants.

In the Capital section, deviation in outturn, compared with the Total Budget was (-)23.57 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 12 grants, between more than ± 25 *per cent* and ± 50 *per cent* in nine grants, between more than ± 50 *per cent* and ± 100 *per cent* in eight grants.

It was noticed that supplementary provisions of ₹ 18,491.79 crore during the year 2022-23 in 22 cases (more than ₹ 100 crore in each case) proved unnecessary, as the expenditure did not come up even to the level of original provisions.

Overall Budget reliability assessment indicates that though the deviations between the actual expenditure and original budget, as well as between the actual expenditure and the total budget were more than 22 per cent, there were deviations up to 25 per cent and even above in different grants. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice needs to deal with such deviations.

Quality of Accounts and Financial Reporting

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

Reconciliation

As per Para 96 of the Bihar Budget Manual, 2016, the controlling officers are required to reconcile their monthly/quarterly figures with those recorded in the books of the Accountant General. The State Government did not reconcile 17.11 per cent of total receipts and 24.23 per cent of the total expenditure.

Compliance with Indian Government Accounting Standards (IGAS)

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

Operation of Personal Deposit (PD) Accounts

The Government has not migrated 05 PD Accounts with a combined balance of ₹ 1.54 crore, to Comprehensive Financial Management System (CFMS).

Funds to Single Nodal Agency (SNA)

The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the State Government is transferred to the Bank Account of the SNA lying outside the Government Account.

As per the Finance Accounts 2022-23, the State Government had received ₹ 22,481.46 crore during 2022-23, in its Treasury Accounts. As on 31 March 2023, the Govt. had transferred Central share of ₹ 22,231.91 crore, received in the Treasury Accounts and State Share of ₹ 14,190.40 crore, to the SNAs. However, as per Public Financial Management System (PFMS), GoI had released ₹ 24,398.36 crore for CSS under Single Nodal Account. Out of the total transfer of ₹ 36,422.31 crore, ₹ 745.69 crore had been transferred through Abstract Contingent (AC) Bills,

₹ 52.99 crore through Bills for Scholarships and Stipends, ₹ 5,996.11 crore through Fully Vouched Contingent Bills and ₹ 29,627.52 crore through GIA bills, which was against the directions of GoI.

Utilisation Certificates (UCs)

Despite the requirement of submitting Utilisation Certificates (UCs) within a stipulated time period, 41755 outstanding UCs of ₹ 87,947.88 crore were not received by Accountant General (Accounts & Entitlements), Bihar, as on 31st March 2023.

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

Despite requirement of submitting Detailed Contingent (DC) Bills against the advance money withdrawn through Abstract Contingent (AC) Bills, 27392 AC bills of ₹ 7,489.05 crore were pending for submission of DC bills as on 31st March 2023, out of which 26574 AC Bills amounting to ₹ 6,450.17 crore pertained to the period upto 2021-22.

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

Working of State Public Sector Enterprises (SPSEs)

As on 31 March 2023, there were 76 State Public Sector Enterprises (SPSEs) in Bihar, including three Statutory Corporations and 69 Government Companies (including 39 inactive Government Companies) and four Government Controlled Other Companies under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Audit noticed that the prescribed timelines regarding submission of Financial Statements were not adhered to by 59 SPSEs whose 1133 accounts were in arrears. Out of the total profit of ₹ 317.65 crore earned by 16 working SPSEs, 57.84 per cent was contributed by three SPSEs only. Out of total loss of ₹ 2,847.74 crore incurred by 15 working SPSEs, loss of ₹ 2,798.28 crore was incurred by five SPSEs. The financial impact of CAG's comments issued during August 2022 to July 2023 on financial statements of SPSEs was ₹ 568.65 crore on profitability and ₹ 4,154.13 crore on the financial position.

The State Government may impress upon the managements of SPSEs to ensure timely submission of their financial statements. In the absence of finalised accounts, Government investments in such SPSEs remain outside the oversight of the State Legislature. The State Government may also analyse the reasons of losses in loss making SPSEs and initiate steps to make their operations efficient and profitable.

CHAPTER I

OVERVIEW

This chapter analyses changes in major fiscal aggregates, based on the audit of the Finance Accounts and an assessment of the Bihar Government’s fiscal position as on 31 March 2023.

1.1 Profile of the State

Bihar is a landlocked State, bounded by West Bengal in the east, Uttar Pradesh in the west, Jharkhand in the south, and an international border with Nepal, in the north. The economy of the State is primarily agrarian. It spreads over a geographical area of 94,163 sq. km. and is the twelfth largest State in India in term of area. The State of Bihar has been organised into 38 districts.

It is the third largest state in term of population (12.68 crore). The population density of the State is 1,346 persons per sq. km, higher than national average. State’s literacy rate is 61.8 *per cent* (as per 2011 census). The State has a higher poverty level, as compared to the All-India average (*Appendix 1.1*).

1.1.1 Gross State Domestic Product of the State

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

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

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

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

(₹ in crore)

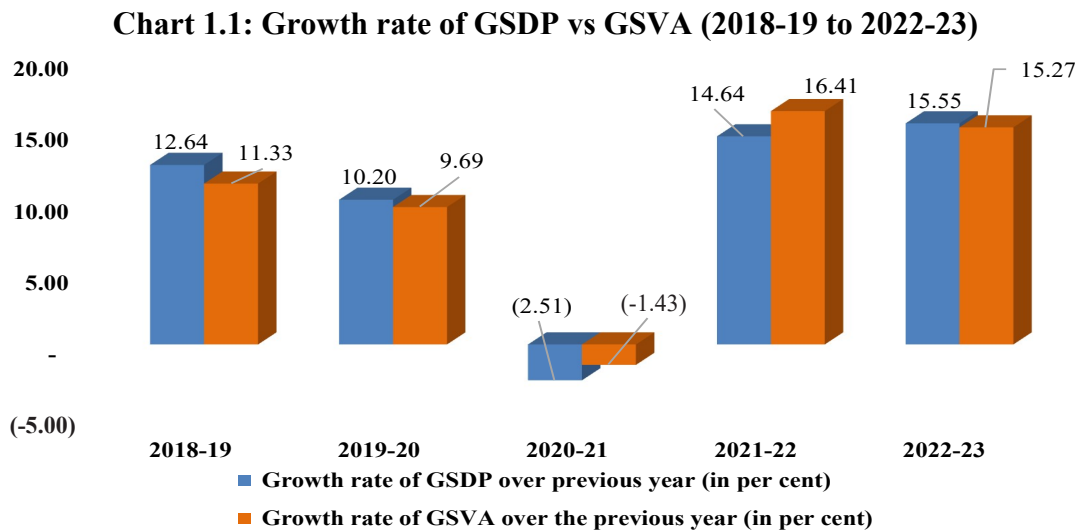
Year	2018-19	2019-20	2020-21	2021-22	2022-23
INDIA					
GDP (2011-12 Series)	1,88,99,668	2,01,03,593	1,98,29,927	2,34,71,012	2,72,40,712
GVA	1,71,75,128	1,83,81,117	1,81,88,780	2,14,38,883	2,47,42,871
Growth rate of GDP over the previous year (in <i>per cent</i>)	10.59	6.37	(-)1.36	18.36	16.06
Growth rate of GVA over the previous year (in <i>per cent</i>)	10.77	7.02	(-)1.05	17.87	15.41
Per capita GDP (in ₹)	1,42,424	1,49,915	1,46,301	1,71,498	1,96,983
BIHAR					
GSDP (2011-12 Series)	5,27,976	5,81,855	5,67,263	6,50,302	7,51,396
GSVA	5,10,351	5,59,805	5,51,776	6,42,330	7,40,440
Growth rate of GSDP over the previous year (in <i>per cent</i>)	12.64	10.20	(-)2.51	14.64	15.55
Growth rate of GSVA over the previous year (in <i>per cent</i>)	11.33	9.69	(-)1.43	16.41	15.27
Percentage of GSDP to GDP	2.79	2.89	2.86	2.77	2.76
Per capita GSDP (in ₹)	44,451	48,263	46,367	52,379	59,637

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

During the period of FYs 2020-21 to 2022-23, the growth rate of GSDP was lower than the All-India growth rate. At the end of the financial year 2022-23, the growth rate of per capita GSDP was 13.86 *per cent*, which was lower than per capita GDP growth rate of 14.86 *per cent*.

Gross Value Added (GVA) is being used for economic analysis by GoI as GVA is considered better indicator of economic growth compared to GDP, as it ignores the impact of taxes and subsidies. While GDP can be and also is the sum of the various expenditures incurred in the economy including private consumption spending, government consumption spending and gross fixed capital formation or investment spending, reflecting essentially on the demand conditions in the economy. Both have difference in treatment of net taxes as a result of which the inclusion of taxes in GDP may differ from the real output situation.

The trends of GSDP and GSVA for the period from FY 2018-19 to FY 2022-23, are indicated in **Chart 1.1**.



(Source: MoSPI, GoI)

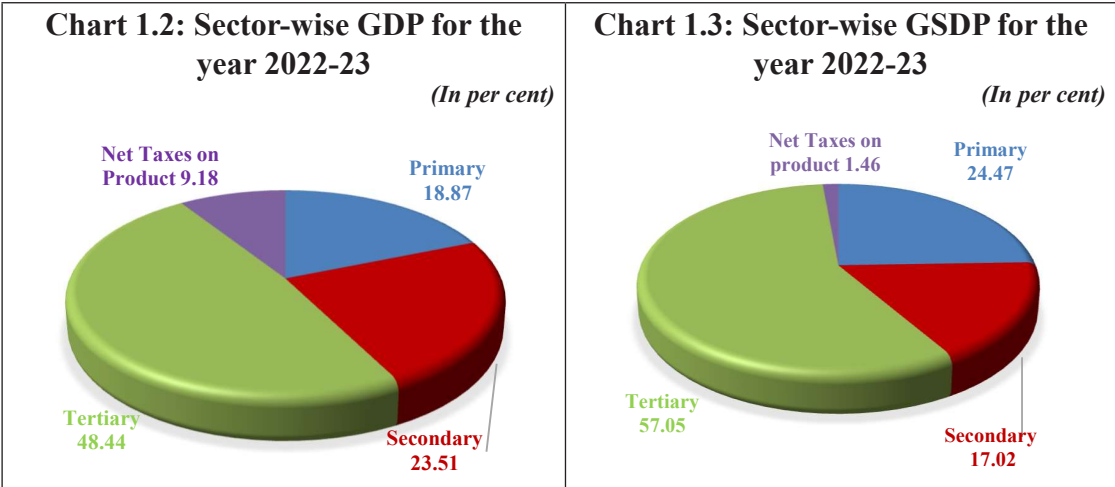
During the year 2020-21 the growth rate of both GSDP and GSVA were negative. GSVA registered the highest growth rate in the year 2021-22, during the last five years, due to higher growth rate in the secondary and tertiary sectors. During the year 2022-23, the GSDP growth rate registered the highest growth rate in the last five years, but the GSVA growth rate dipped to 15.27 *per cent*, from 16.41 *per cent* of the previous year, due to slower growth in the secondary sector.

1.1.2 Sectoral composition

Economic activities are generally divided into Primary, Secondary and Tertiary sectors, which correspond to Agriculture, Industry and Service sectors, respectively.

The GSDP generated from economic activities, is generally classified into Primary, Secondary and Tertiary Sectors, broadly corresponding to Agriculture, Industry and Services respectively. The primary sector includes mainly agricultural activities along with other economic activities of primary nature *viz.*, forestry, animal husbandry, fishing and mining. The secondary sector includes manufacturing, construction and

infrastructure, supply of electricity, gas, *etc.* The tertiary sector includes all service-related activities. The sectoral contribution to GDP and GSDP during 2022-23, is given in **Charts 1.2** and **1.3**, respectively.

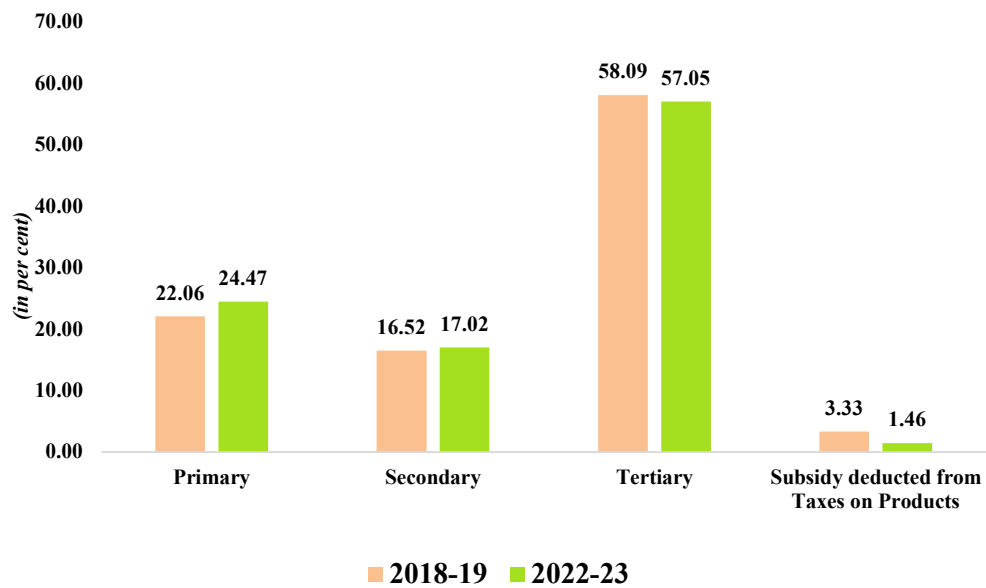


(Source: Bihar Institute of Public Finance and Policy, GoB)
*Net taxes on product = Subsidies on product deducted from taxes on product

GSDP, had a higher percentage of contributions from Service sector (higher by 8.61 *per cent*) and Agriculture and allied sectors (higher by 5.6 *per cent*) than their contributions to the GDP of the country. The contribution from the secondary sector, *i.e.*, Industries and Manufacturing, to the GSDP, was less by 6.49 *per cent* when compared to GDP.

Changes in the sectoral contribution to the GSDP, are important to understand the changing structure of the economy. Changes in the sectoral contribution to GSDP, from 2018-19 and 2022- 23, are shown in **Chart 1.4**.

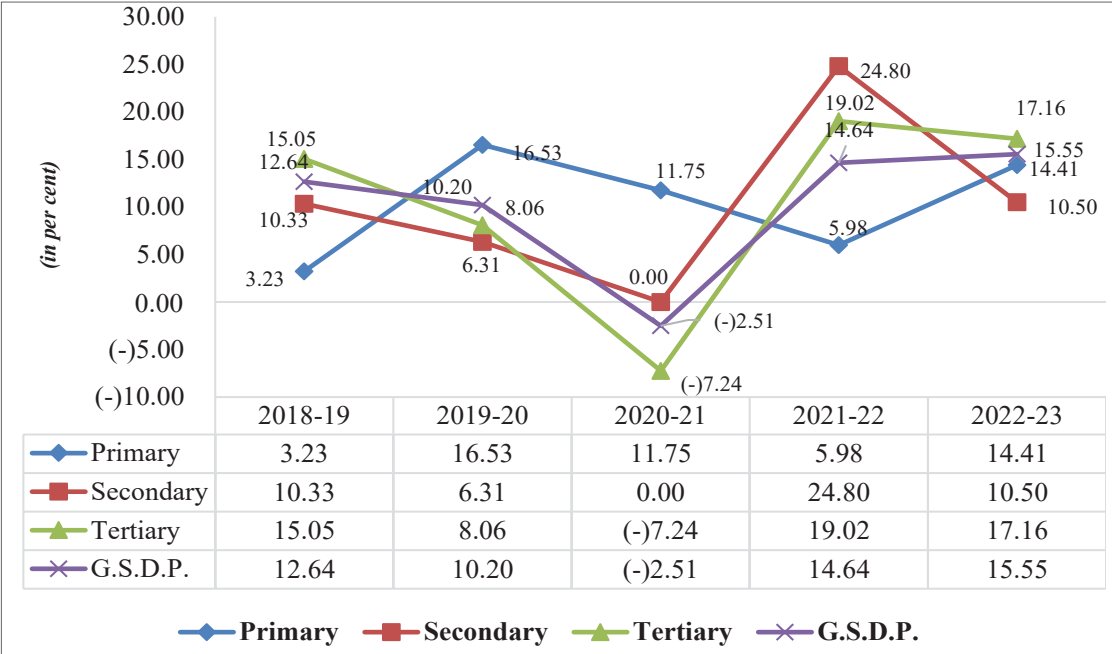
Chart 1.4: Changes in the sectoral contribution to GSDP (2018-19 and 2022-23)



(Source: MoSPI, GoI)

The share of the primary and secondary sectors in GSDP, increased, but the share of tertiary sector slightly decreased, in 2022-23, as compared to 2018-19. **Chart 1.5** captures the trend of sectoral growth rate in GSDP for the period from 2018-19 to 2022-23.

Chart 1.5: Trend analysis of Sectoral growth in GSDP



(Source: MoSPI, GoI)

The sectoral growth rate of Primary sector during 2022-23, showed an increasing trend, as compared to the previous year, but the secondary and tertiary sectors showed declining growth rate in comparison to 2021-22.

Chart 1.5 shows a declining trend in all sectors in 2020-21 due to the Global pandemic. However, during the 2021-22, the secondary and tertiary sectors showed great recovery and registered the highest growth during last five years whereas the primary sector has declined. Further during the year 2022-23 primary sector recovered substantially by 14.41 *per cent* due to increase in agriculture, forestry and fishing by 14.34 *per cent* and in crops output by 14.87 *per cent* and became the second largest contributor in the economy of Bihar after Tertiary sector.

1.2 Basis and Approach to State Finances Audit Report

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

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

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

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

The analysis is also carried out in the context of recommendations of the XIVth and XVth Central Finance Commissions (FC), Sixth State Finance Commission (SFC), Bihar Fiscal Responsibility and Budget Management (BFRBM) Act, 2006, best practices and guidelines of the Government of India.

Audit analysis/ findings were discussed with the Finance Department, GoB, during ‘Exit Conference’ held on 30.01.2024. Replies received from the Department, have been incorporated suitably in this Report.

1.3 Government Account Structure and Budgetary Processes

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

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

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

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

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

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

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

Budget Document

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

Revenue receipts consists of tax revenue, non-tax revenue, the share of Union Taxes/ Duties and grants from the Government of India (GoI).

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

The **Capital Receipts** consists of:

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

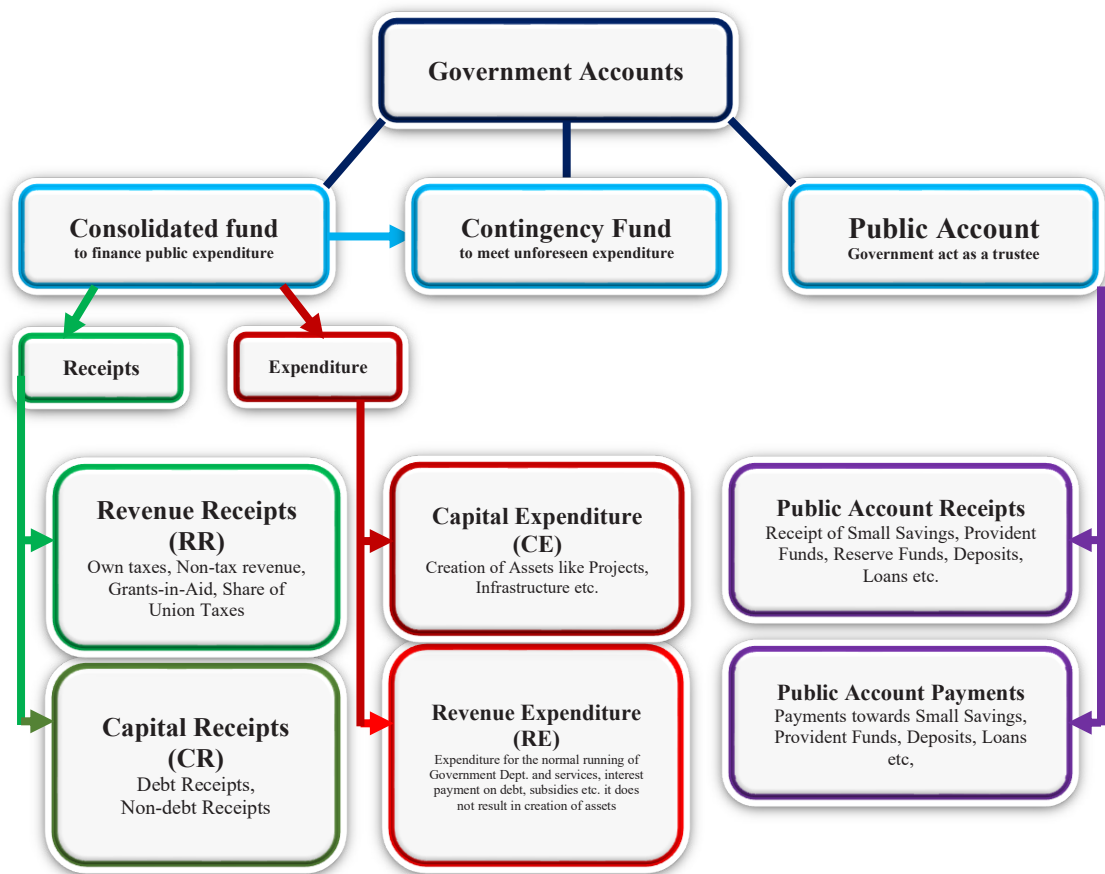
Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the government to SPSEs and other parties.

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

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

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

Structure of Government Accounts



Public Debt and Public Liability

In this Report, ‘Public Debt’ has been taken to comprise market borrowings, institutional loans, special securities issued to National Small Savings Fund (NSSF), Loan given by Central Government etc. For this purpose, the major heads 6003 and 6004 - Public Debt have been taken into consideration.

Further, the ‘Public Liability’ has been taken to include transactions under major heads 8001 to 8554 relating to ‘Small Savings, Provident Fund, *etc.*; ‘Reserve Funds’ and ‘Deposit and Advances’ under Public Account are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid. The transactions relating to ‘Remittances’ and ‘Suspense’ under Public Account, includes

merely adjusting heads such as transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this report, ‘Public Liability’ has been taken to include the transactions under major heads 8001 to 8554 relating to ‘small saving, Provident Fund, *etc.*’, ‘Reserve Funds’ and ‘Deposit and Advances’ along with the transactions under major heads 6003 and 6004.

Budgetary Processes

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

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

1.3.1 Snapshot of Finances

Table 1.2 shows the details of actuals financial results for the year 2021-22 *vis-a-vis* Budget Estimates (BEs) for the year 2022-23.

Table 1.2: Snapshot of Finances

(₹ in crore)

Sl. No.	Components	2021-22 (Actuals)	2022-23		Percentage of Actuals to B.E.	Percentage of Actuals to GSDP
			(Budget Estimate)	2022-23 (Actuals)		
1	Tax Revenue	1,26,207.16	1,32,567.60	1,39,527.58	105.25	18.56
	(i) Own Tax Revenue	34,854.54	41,387.00	44,017.73	106.36	5.86
	(ii) Share of Union Taxes	91,352.62	91,180.60	95,509.85	104.75	12.71
2	Non-Tax Revenue	3,984.34	6,135.62	4,134.90	67.39	0.55
3	Grants-in-aid and Contributions	28,605.83	58,001.29	29,025.54	50.04	3.86
4	Revenue Receipts (1+2+3)	1,58,797.33	1,96,704.51	1,72,688.02	87.79	22.98
5	Recovery of Loans and Advances	27.92	431.55	41.49	9.61	0.01
6	Other Receipts	0.00	0.00	-	-	-
7	Borrowings and other Liabilities (a)	25,551.26	25,885.10	44,823.30	173.16	5.97
8	Capital Receipts (5+6+7)	25,579.18	26,316.65	44,864.79	170.48	5.97
9	Total Receipts (4+8)	1,84,376.51	2,23,021.16	2,17,552.81	97.55	28.95

Sl. No.	Components	2021-22 (Actuals)	2022-23		Percentage of Actuals to B.E.	Percentage of Actuals to GSDP
			(Budget Estimate)	2022-23 (Actuals)		
10	Revenue Expenditure (b)	1,59,219.71	1,91,956.67	1,83,976.22	95.84	24.48
11	Interest Payments	13,821.93	16,305.03	15,183.54	93.12	2.02
12	Capital Expenditure	23,678.29	29,749.64	31,519.82	105.95	4.19
13	Loan and Advances	1,478.51	1,314.85	2,056.77	156.43	0.27
14	Total Expenditure (10+12+13)	1,84,376.51	2,23,021.16	2,17,552.81	97.55	28.95
15	Revenue Surplus / Deficit (4-10)	(-)422.38	4,747.84	(-)11,288.20	237.75	(-)1.50
16	Fiscal Deficit {14-(4+5+6)}	25,551.26	25,885.10	44,823.30	173.16	5.97
17	Primary Deficit (16-11)	11,729.33	9,580.07	29,639.76	309.39	3.94

(Source: Finance Accounts of the year 2021-22 and 2022-23 and Budget Summary 2022-23)

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

- (a) *Borrowings and other Liabilities: Net (Receipts – Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts – Disbursements) of Public Account + Net of Opening and Closing Cash Balance*
- (b) *Expenditure on Revenue Expenditure includes interest payment.*

It was observed that:

- ✦ Budget estimates of Revenue Receipts for 2022-23 were 23.87 *per cent* above from the actuals of 2021-22. Meanwhile, the GoB, in its revised estimate increased the amount of revenue receipts by 2.20 *per cent* of the original estimates. However, the actual receipts were 12.21 *per cent* less from original estimation and 14.10 *per cent* less from revised estimate, which shows inflated estimation of the revenue receipts. Overall decreasing rate of growth was seen in revenue receipts during the current year i.e., only 8.75 *per cent* growth was registered over the previous year.
- ✦ Short collection of revenue receipts, over the previous year's collection was noticed in Service tax (88.74 *per cent*), Union excise duties (69.55 *per cent*), Customs (44.59 *per cent*) under 'Tax Revenue'. Further Interest receipts (11.13 *per cent*), Roads and Bridges (100.67 *per cent*), Other administrative services (47.88 *per cent*), Education, sports, art and culture (98.86 *per cent*), Public works (21.89 *per cent*) and Labour employment and skill development (13.95 *per cent*), under 'Non-Tax Revenue' over the previous year.
- ✦ However, increase in collection of revenue receipts was noticed in CGST (6.08 *per cent*), Corporation tax (17.81 *per cent*), Taxes on income other than Corporation Tax (17.26 *per cent*), Taxes on sales, trades etc. (43.80 *per cent*), Non-ferrous mining and Metallurgical industries (54.56 *per cent*), resulted in increase in Revenue Receipts of the state by ₹ 13,890.69 crore over the previous year.
- ✦ During 2022-23, the Revenue expenditure of the State increased by 15.55 *per cent* over the previous year and showed positive growth as compared to the growth (14.14 *per cent*) registered in 2021-22 over the previous year, whereas the Revenue

receipts increased by 8.75 *per cent* over the previous year. However, to meet out State’s Revenue expenditure for the year 2022-23, the State Government had to borrow more funds (19.38 *per cent* increase) than the previous year. **Table 1.3** indicates the trends of receipts and expenditure.

Table 1.3: Trend analysis of Receipts and Expenditure

(₹ in crore)

Year	Revenue		Per cent of RE to RR	Capital		Per cent of CE to CR
	Receipts	Expenditure		Receipts	Expenditure	
2018-19	1,31,794	1,24,897	94.77	20,493	21,058	102.76
2019-20	1,24,233	1,26,017	101.44	29,175	12,304	42.17
2020-21	1,28,168	1,39,493	108.84	36,736	18,209	49.57
2021-22	1,58,798	1,59,220	100.27	40,473	23,678	58.50
2022-23	1,72,688	1,83,976	106.54	48,325	31,520	65.23

(Source: Finance Accounts of the respective years)

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

- ✦ For every ₹ 100 received as revenue, an extra ₹ 6.54 has to be borrowed to cover its revenue expenditure.
- ✦ During the year 2022-23, Capital expenditure increased by 33.12 *per cent*, whereas Revenue expenditure increased by 15.55 *per cent* over the previous year. Further, more than 50 *per cent* of the Capital receipts during the year 2022-23 were utilised for creation of capital assets, highest during the last four years but less than the year 2018-19. For every ₹ 100 of Capital Receipts, Capital Expenditure fell from ₹ 102.76 in 2018-19 to ₹ 65.23 in 2022-23. However, it increased by ₹ 7,842 crore over the previous year.
- ✦ The Capital Receipts increased by 19.40 *per cent*, whereas Capital Expenditure increased by 33.12 *per cent* over the previous year. Thus, the Revenue deficit and Fiscal deficit of the State increased by 25.72 times and 75.43 *per cent* over the previous year, respectively.

1.3.2 Snapshot of Assets and liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.2** gives an abstract of such liabilities and assets, as on 31 March 2023, compared with the corresponding position of previous year. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from the public account and reserve funds. The assets comprise mainly of the capital outlay and loans and advances given by the State Government and cash balances. Summarised position of Assets and Liabilities of the Government is given in **Table 1.4**.

Table 1.4: Summarised position of Assets and Liabilities*(₹ in crore)*

Liabilities					Assets				
		2021-22	2022-23	Per cent increase			2021-22	2022-23	Per cent increase
Consolidated Fund									
A	Internal Debt	1,82,855.32	2,08,098.10	13.80	A	Gross Capital Expenditure	2,59,366.21	2,90,886.03	12.15
B	Loans and Advances from GoI	26,057.96	34,747.63	33.35	B	Loans and Advances	23,194.36	25,209.64	8.69
Contingency Fund		350.00	350.00						
Public Account									
A	Small Savings, Provident Funds, etc.	9,521.65	9,396.88	(-)1.31	A	Advances	249.96	249.96	0.00
B	Deposits	38,033.80	38,437.96	1.06	B	Remittance	1,125.96	1,125.96	0.00
C	Reserve Funds	6,781.61	9,654.72	42.37	C	Suspense and Miscellaneous	15,616.59	14,416.78	(-)7.68
D	Suspense and Miscellaneous balances	207.48	171.31	(-) 17.43	Cash balance (including investment of Earmarked Fund)		29,478.66	22,903.95	(-) 22.30
E	Inter-State Settlement	74.01	74.01	0.00					
F	Surplus on Government Accounts	65,149.91	53,861.71	(-)17.33					
Total		3,29,031.74	3,54,792.32	7.83	Total		3,29,031.74	3,54,792.32	7.83

(Source: Finance Accounts of the respective years)

During 2022-23, the Liabilities of the State increased by 7.83 *per cent*, as compared to 10.03 *per cent* in the previous year. Internal debt contributed 58.65 *per cent* of the total outstanding liabilities during 2022-23. Net increase in liabilities under Internal Debt by 13.80 *per cent* (₹ 25,242.78 crore), as compared to 14.60 *per cent* (₹ 23,297.82 crore) in the previous year, in which the Market Loan was the main contributing factor.

1.4 Fiscal Balance: Achievement of deficit and total debt targets

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

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

The Government of Bihar (GoB) enacted the BFRBM Act, 2006, and Amendment Act, 2022, with the objective of ensuring prudence in fiscal management by eliminating revenue deficit, reducing the fiscal deficit and bringing the overall/outstanding debt to an acceptable level, establishing improved debt management and improving transparency in a medium-term framework. In this context, the Act provides quantitative targets, to be adhered to by the State, with regard to deficit measures and debt level.

1.4.1 BFRBM targets on key Fiscal Parameters and Achievements

As per XVth Finance Commission's recommendations, State had to maintain debt to GSDP ratio up to 40.80 *per cent* for 2022-23. The Finance Commission allowed additional one *per cent* borrowings, over and above three *per cent* of the GSDP (up to 4 *per cent*) during 2022-23, including additional borrowing of 0.5 *per cent* was allowed, subject to the condition for power sector reforms. The fiscal deficit target and annual borrowing limit for the year 2022-23 had decreased by 0.5 *per cent* over the previous year.

The State Government, through BFRBM (Amendment) Act, 2022, revised fiscal targets as recommended by XVth Finance Commission. Through this amendment, the fiscal deficit target limit for the year 2022-23 was increased up to 3.5 *per cent* of the GSDP and additional borrowing of 0.5 *per cent* of GSDP was allowed, subject to the condition set forth by GoI. The compliance of major fiscal parameters prescribed under respective BFRBM (Amendment) Act, are shown in **Table 1.5 (a)**.

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

Fiscal Parameters	Fiscal targets set in the BFRBM (Amendment) Act	Achievement (₹ in crore)				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Revenue Surplus	6,896.64	(-) 1,784.13	(-) 11,325.11	(-) 422.38	(-) 11,288.20
		✓	✗	✗	✗	✗
Fiscal Deficit (-) / Surplus (+) (as percentage of GSDP)	Within 5.00 <i>per cent</i> for 2020-21, 4.5 [#] <i>per cent</i> , 2021-22 and 4.00 [#] <i>per cent</i> for 2022-23	(-) 13,806.76 (2.62)	(-) 14,723.93 (2.53)	(-) 29,827.25 (5.26)	(-) 25,551.26 (3.93)	(-) 44,823.30 (5.97)
		✓	✓	✗	✓	✗
The ratio of total outstanding liability to GSDP (in <i>per cent</i>)	Within 41.20 <i>per cent</i> up to 2020-21. 40.20 <i>per cent</i> for 2021-22. 40.80 <i>per cent</i> for 2022-23	31.99	33.24	40.05	39.60	39.03
		✗	✗	✓	✓	✓

(Source: Finance Accounts of the respective years and BFRBM Act)

[#]0.5 *per cent* including additional borrowing space for power sector with certain criteria and condition set forth by GoI

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

- ✦ Revenue deficit stood at ₹ 11,288.20 crore, against the projections of a revenue surplus. Shortfall in revenue receipts than budget estimates and relatively less control over expenditure were the reasons for the revenue deficit.
- ✦ Targets for outstanding liability to GSDP ratio was within the XVth Finance Commission's recommendations.

The fiscal roadmap revised through BFRBM (Amendment) Act was similar to the targets set by the XVth FC. Fiscal targets projected in the State Budget *vis-à-vis* their achievements in respect of major fiscal aggregates with reference to GSDP during 2022-23 are given in **Table 1.5 (b)**.

Table 1.5 (b): Targets vis-à-vis achievements in respect of major fiscal aggregates for the year 2022-23

Fiscal Variables	Targets as prescribed by XV th FC	Targets in the Budget	Actuals	Variation of actuals over	
				Targets of XV th FC	Targets in Budget
Revenue Surplus/GSDP (<i>per cent</i>)	0.8	0.64	(-) 1.50	(-) 2.3	(-) 2.14
Fiscal Deficit/GSDP (<i>per cent</i>)	4.0 [#]	3.47	5.97	(-) 1.97	(-) 2.5
Total outstanding liability/ GSDP (<i>per cent</i>)	40.8	31.95	39.03	1.77	(-) 7.08

(Source: Recommendations of XVth and Budget document)

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

During 2022-23, the Government had not achieved the ratios of revenue surplus and fiscal deficit to GSDP, fixed by XVth FC and those set out in the budget estimates. Although, total outstanding liability to GSDP ratio remained within the target fixed by XVth Finance Commission and BFRBM (Amendment) Act, 2022.

The ratio of total outstanding liability to GSDP, as per the Finance Accounts is 39.03 *per cent*. However, the effective ratio (39.13 *per cent*) has been arrived at after inclusion of Off-Budget Borrowings of ₹ 686.77 crore.

1.4.2 Medium Term Fiscal Plan

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

Table 1.6: Actuals vis-à-vis projection in MTFP for 2022-23

(₹ in crore)

Sl. No.	Fiscal Variables	Projection as per MTFP	Actuals (2022-23)	Variation (in <i>per cent</i>)
1	Own Tax Revenue	41,387.00	44,017.73	6.36
2	Non-Tax Revenue	6,135.62	4,134.90	(-) 32.61
3	Share of Central Taxes	91,180.60	95,509.85	4.75
4	Grants-in-aid from GoI	58,001.29	29,025.54	(-) 49.96
5	Revenue Receipts (1+2+3+4)	1,96,704.51	1,72,688.02	(-) 12.21
6	Revenue Expenditure	1,91,956.67	1,83,976.22	(-) 4.16
7	Revenue Deficit (-)/ Surplus (+) (5-6)	4,747.84	(-) 11,288.20	137.75
8	Fiscal Deficit (-)/Surplus (+)	(-) 25,885.10	(-) 44,823.30	73.16
9	Fiscal Deficit as a percentage of GSDP	3.47	5.97	72.04
10	Liability GSDP ratio (<i>per cent</i>)	38.66	39.03	0.37
11	GSDP growth rate at current prices (<i>per cent</i>)	9.70	15.55	5.85

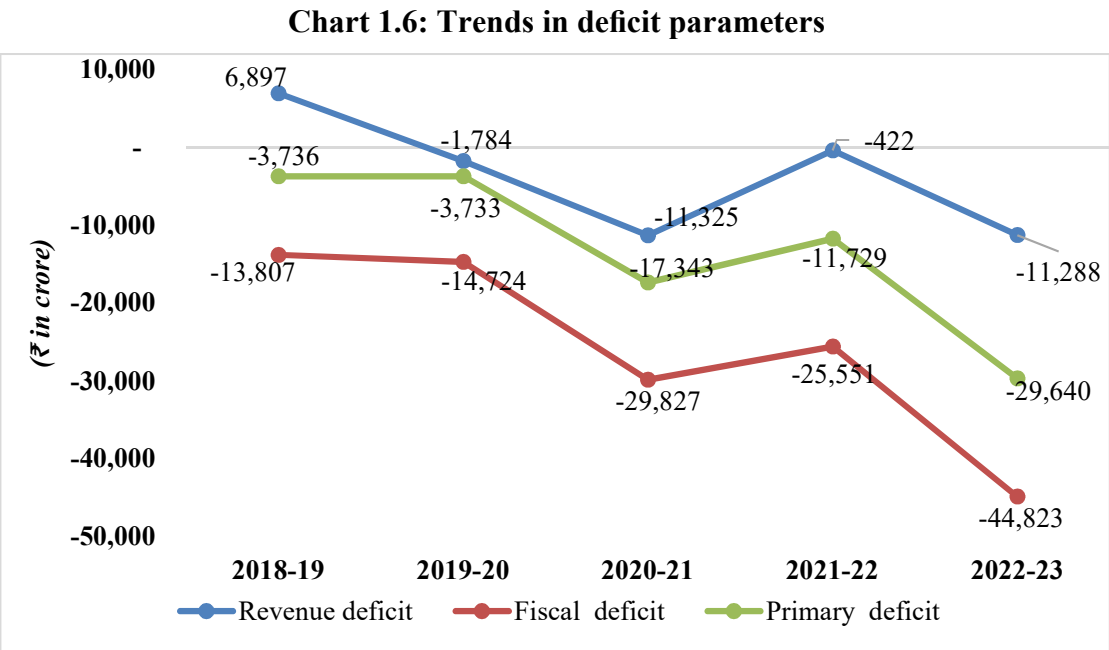
(Source: Finance Accounts for the year 2022-23 and BFRBM Act)

It can be seen from **Table 1.6** that:

- ★ During 2022-23, MTFP targets could not be achieved, except Own tax revenue and ‘Share of Central Taxes’ increased by 6.36 *per cent* and 4.75 *per cent* respectively than projected. The State Government could not achieve its MTFP targets in previous years (2019-20, 2020-21 and 2021-22) also. GoB has registered ₹ 11,288.20 crore revenue deficit which is not in line with the MTFP targets. It has increased by 25.72 times over the previous year. Revenue Surplus of ₹ 6,897 crore in 2018-19, had decreased to (-) ₹ 11,288.20 crore (163.67 *per cent*) in 2022-23, as shown in **Chart-1.6**. The main reasons for revenue deficit were less receipt of Grants-in-aid from GoI (49.96 *per cent*) and short collection of Non-Tax Revenue (32.61 *per cent*) than projected.

1.4.3 Trends of Surplus/Deficit

Three key fiscal parameters, viz. (i) Revenue Surplus/Deficit¹ (ii) Fiscal Deficit² and (iii) Primary Deficit³ help in assessing the fiscal situation of the Government. These deficits are formulated, to assist in assessing the fiscal health of the Government. Trends in fiscal parameters are shown in **Chart 1.6**.



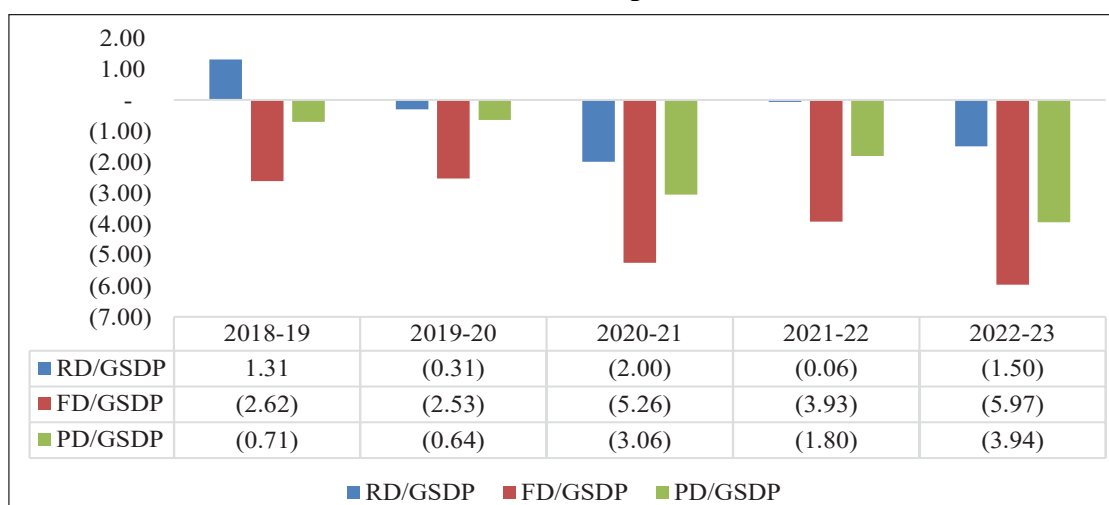
(Source: Finance Accounts of the respective years)

As can be seen from **Chart 1.6**, all the fiscal indicators/parameters are in negative trend overall and have shown further negative trend in compared to the previous year.

¹ Indicates excess of Revenue Expenditure over Revenue Receipts.
² Represents total borrowings of the State i.e., its total resource gap.
³ Indicates the excess of Primary Expenditure (total expenditure net of interest payments).

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

Chart 1.7: Trends in deficit/surplus relative to GSDP



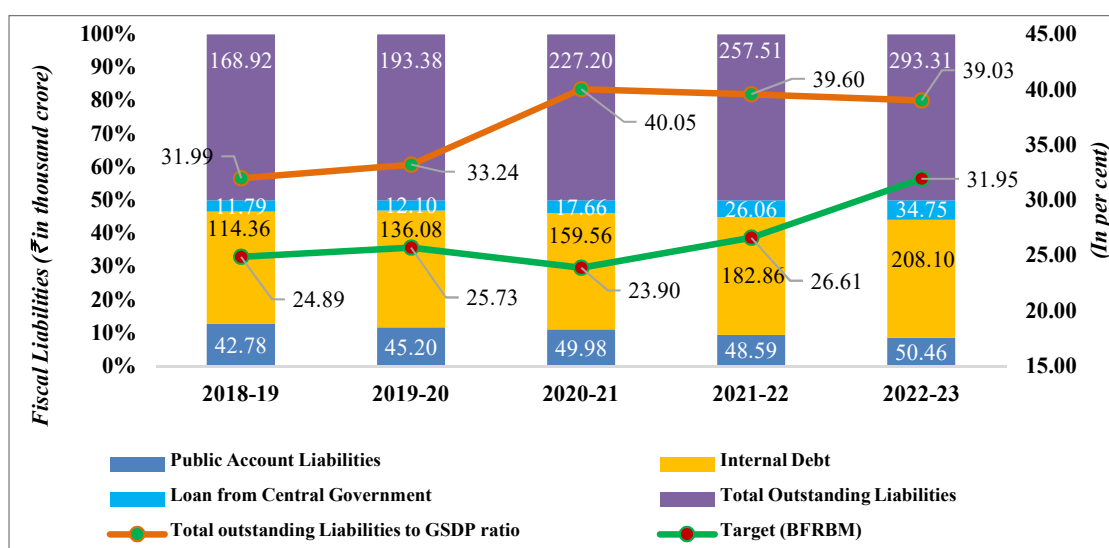
(Source: Finance accounts of the respective years and MoSPI)

As can be seen from **Chart 1.7**, all three deficit/surplus parameters are showing negative trend except Revenue surplus for the year 2018-19. All three parameters for the year 2022-23 registered highest negative percentage with respect to GSDP during last five years.

1.4.4 Fiscal Liabilities and GSDP

The trends in Fiscal Liabilities and its components, during the past five financial years are shown in **Chart 1.8**.

Chart 1.8: Trends in Fiscal Liabilities and GSDP



(Source: Finance Accounts of the respective years)

During 2022-23, Fiscal liabilities increased by 13.90 *per cent* (₹ 35.80 thousand crore), over the previous year due to increase in Internal Debt by 13.80 *per cent* (₹ 25.24 thousand crore), and Loans and Advances from GoI by 33.35 *per cent* (₹ 8.69 thousand crore). Although growth was seen in the Internal Debt and Loans and advances from GoI, negative growth was registered over the growth rate of 2021-22. Overall, the fiscal liability increased by 73.64 *per cent* from the year 2018-19. Increasing

revenue deficit pressurise the State for further borrowing resulting in increase in liability year by year. This situation may be overcome by exploring the sources/new sources of own revenue of the State.

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

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

However, in Bihar, the debt to GSDP ratio formulated in BFRBM (Amendment) Act, 2022, was 38.66 *per cent*, whereas the indicative debt path of the State with respect to GSDP had been given as 40.80 *per cent* in XVth Finance Commission Report. The Net Borrowing Ceiling (NBC) of the State, for the financial year 2022-23 was determined at 3.5 *per cent* of GSDP (on the basis of data published by NSO and the methodology prescribed by XVth Finance Commission). Apart from NBC of 3.5 *per cent*, the State was also eligible for additional borrowing of 0.50 *per cent* of GSDP, linked to its performance in the Power Sector. Thus, State's borrowing ceiling, was to be within ₹ 30,056 crore (four *per cent* of the projected GSDP of the State), which included the additional ceiling of ₹ 3,757 crore (0.5 *per cent* of the projected GSDP).

However, as per Statement 6 of the Finance Accounts 2022-23 *viz.*, statement of borrowings and other liabilities, incremental borrowings and other liabilities of the State Government were ₹ 35,796.96 crore (4.76 *per cent* of GSDP) during the financial year 2022-23 which was over and above the borrowing ceiling of ₹ 30,056 crore (four *per cent* of GSDP of ₹ 7,51,396 crore). The State achieved 39.03 *per cent* (Outstanding total liability 2022-23/ GSDP 2022-23) which was within the FC limit but far behind the BFRBM limit.

1.5 Deficits/ Outstanding Liabilities post examination by Audit

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

1.5.1 Post audit - Deficits

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

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

Particulars	Impact on Revenue Deficit	Impact on Fiscal Deficit	Para Reference
	(Understated (+))	(Understated (+))	
	(₹ in crore)	(₹ in crore)	
Misclassification booked under Capital Section instead of Revenue	0.42	-	2.5.3.6
Non-payment of interest on State Compensatory Afforestation Deposit	18.98	18.98	4.2
Employers' short contribution in NPS	46.44	46.44	2.5.2.3
Non-transfer of Building and Other Construction Workers Welfare Cess	12.04	12.04	2.6.2.5
Non-transfer of other Cess (Road Safety Cess)	159.13	159.13	2.6.2.5
Non-transfer of grants NDRF into Public Account	148.70	148.70	2.6.2.3
Non-discharge of Interest liabilities	19.48	19.48	4.2
Disclosure of the Off-Budget borrowings	-	686.77	4.1
Total	405.19	1,091.54	

(Source: Finance Accounts and audit analysis)

During 2022-23, the Revenue deficit and Fiscal deficit of the State, shown as ₹ 11,288.20 crore and ₹ 44,823.30 crore, respectively, would be ₹ 11,693.39 crore and ₹ 45,914.84 crore, respectively, if the above transactions were taken into account. The post-audit Revenue deficit and Fiscal deficit were 1.56 *per cent* and 6.11 *per cent* of GSDP respectively, which was over and above the limit fixed by the XVth FC.

1.5.2 Post Audit-Total Outstanding Liabilities

Government entities (one⁴) have obtained loan, amounting to ₹ 686.77 crore, on behalf of the State Government (as on 31 March 2023). This loan comprises instance of Off-Budget Borrowings (OBB) by the State Government. The Government has provided guarantee for this loan. Since this borrowing did not form part of the borrowings of the Government directly, it was not included in the Public Debt of the Finance Accounts; and therefore, did not figure in the calculation of Fiscal Deficit of the State. The Public Debt, as well as Fiscal Deficit of the State stands understated to that extent, for the year 2022-23. **(The Off-Budget borrowings are detailed in Paragraph 4.1 of this report).**

This information on Off-Budget borrowings, has been provided by the concerned entity (SPSE). The reply of the State Government, in this regard, was however, awaited (December 2023).

⁴ Bihar State Road Development Corporation Limited.

Table 1.8: Component-wise outstanding debt/liabilities, post examination by Audit for 2021-22 and 2022-23

(₹ in crore)

Borrowing and other liabilities as per Finance Account	Amount		Deviation (in per cent)
	2021-22	2022-23	
Internal Debt (A)	1,82,855.32	2,08,098.10	13.80
Market Loans	1,56,575.11	1,84,275.11	17.69
Bonds	2,195.25	1,962.07	(-) 10.62
Loans from Financial Institution	10,111.91	9,776.22	(-) 3.32
Special Securities issued to National Small Savings Fund of Central Government	13,965.60	12,077.25	(-) 13.52
Other Loans	7.45	7.45	0.00
Loans and Advances from Central Government (B)	26,057.96	34,747.63	33.35
Non-Plan Loans	0.58	0.58	0.00
Loans for State Plan Scheme	191.29	191.29	0.00
Loans for Central Plan Schemes	1.01	1.01	0.00
Loans for Centrally Sponsored Plan Scheme	0.53	0.53	0.00
WMA (Ways and Means Advances)	42.96	42.96	0.00
Pre-1984-85 Loans	3.91	3.91	0.00
Loans for Centrally Sponsored Scheme	36.42	33.10	(-) 9.12
Other Loans for States/Union Territory with Legislature Schemes	25,781.26	34,474.25	33.72
Liabilities upon Public Account (C)	48,596.93	50,461.44	3.84
Small savings, Provident Funds etc.	9,521.65	9,396.88	(-) 1.31
Reserve funds bearing interest	1,041.49	2,626.60	152.20
Deposits bearing interest	217.11	257.63	18.66
Deposits not bearing interest	37,816.68	38,180.33	0.96
Total (D) = (A+B+C)	2,57,510.21	2,93,307.17	13.90
Impact on Overall liability (understated) (E)	1,482.50	686.77	(-) 53.67
Bihar State Road Development Corporation Ltd. (Road Construction Department)	520.00	686.77	32.07
Bihar Rural Road Development Agency (Rural Works Department)	962.50	0	
Grand Total (D) + (E)	2,58,992.71	2,93,993.94	13.51

(Source: Finance Accounts of the respective years)

Considering the Off-Budget borrowing of the State, total outstanding debt at the end of March 2023 worked out to be ₹ 2,93,993.94 crore against ₹ 2,93,307.17 crore (39.13 per cent and 39.03 per cent of GSDP, respectively). The overall debt as a percentage of GSDP at the end of the year was understated by 0.10 per cent but was well within the target set by XVth Finance Commission recommendation.

CHAPTER II

FINANCES OF THE STATE

2.1 Introduction

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates related to the previous year, overall trends during the last five-year period from 2018-19 to 2022-23, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State and the information provided by the State Government.

2.2 Major changes in key fiscal aggregates vis-à-vis 2021-22

Major changes in key fiscal aggregates of the State during the financial year 2022-23, compared to the previous year, are given in Table 2.1.

Table 2.1: Changes in key fiscal aggregates in 2022-23 compared to 2021-22

Revenue Receipts	<div>✓ Revenue receipts of the State increased by 8.75 per cent.</div> <div>✓ Own Tax receipts of the State increased by 26.29 per cent.</div> <div>✓ Own non-tax receipts increased by 3.78 per cent.</div> <div>✓ State’s Share of Union Taxes and Duties increased by 4.55 per cent.</div> <div>✓ Grants-in-Aid from the Government of India increased by 1.47 per cent.</div>
Revenue Expenditure	<div>✓ Revenue expenditure increased by 15.55 per cent.</div> <div>✓ Revenue expenditure on General Services increased by 14.49 per cent.</div> <div>✓ Revenue expenditure on Social Services increased by 16.07 per cent.</div> <div>✓ Revenue expenditure on Economic Services increased by 15.90 per cent.</div> <div>✓ Expenditure on Grants-in-Aid decreased by 65.63 per cent.</div>
Capital Receipts	<div>✓ Debt Capital Receipts increased by 19.38 per cent.</div> <div>✓ Non-debt Capital Receipts increased by 48.60 per cent.</div>
Capital Expenditure	<div>✓ Capital expenditure increased by 33.12 per cent.</div> <div>✓ Capital expenditure on General Services decreased by 7.20 per cent.</div> <div>✓ Capital expenditure on Social Services increased by 15.79 per cent.</div> <div>✓ Capital expenditure on Economic Services increased by 48.48 per cent.</div>
Loans and Advances	<div>✓ Disbursement of Loans and Advances increased by 39.11 per cent.</div> <div>✓ Recoveries of Loans and Advances increased by 48.60 per cent.</div>
Public Debt	<div>✓ Public Debt Receipts increased by 19.38 per cent.</div> <div>✓ Repayment of Public Debt increased by 64.08 per cent.</div>
Public Account	<div>✓ Public Account Receipts increased by 12.26 per cent.</div> <div>✓ Disbursement of Public Account increased by 9.51 per cent.</div>
Cash Balance	<div>✓ Cash balance increased by ₹ 134.66 crore (20.06 per cent) during 2022-23 compared to the previous year.</div>

(Source: Finance Accounts for the year 2022-23)

2.3 Sources and Application of Funds

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

Table 2.2: Sources and application of funds during 2021-22 and 2022-23

(₹ in crore)

	Particulars	2021-22	2022-23	Increase/ Decrease	Percentage increase/ decrease
Sources	Opening Cash Balance	24,865	29,479	4,614	18.56
	Revenue Receipts	1,58,798	1,72,688	13,890	8.75
	Recoveries of Loans and Advances	28	41	13	46.43
	Public Debt Receipts (Net)	31,698	33,932	2,234	7.05
	Public Account Receipts (Net)	(-)1,533	4,316	5,849	(-) 381.54
	Total	2,13,856	2,40,456	26,600	12.44
Application	Revenue Expenditure	1,59,220	1,83,976	24,756	15.55
	Capital Expenditure	23,678	31,520	7,842	33.12
	Disbursement of Loans and Advances	1,479	2,056	577	39.01
	Closing Cash Balance	29,479	22,904	(-) 6,575	(-) 22.30
	Total	2,13,856	2,40,456	26,600	12.44

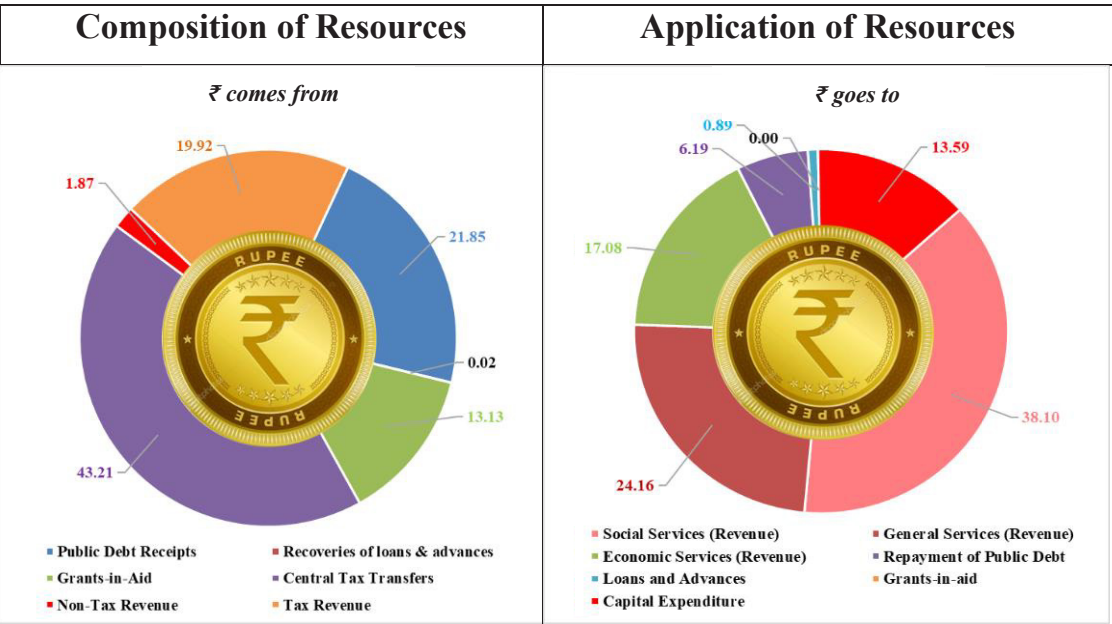
(Source: Finance Accounts for the year 2022-23)

During the year 2022-23, Application of funds¹ (₹ 2,17,552 crore) was more than Sources of funds² (₹ 1,72,729 crore), which indicates that the Government is unable to meet out its expenditure through the available funds. To bridge this gap, State had to increase its receipts through public debt during 2022-23 by 19.38 *per cent* from the previous year (₹ 40,444.90 crore to ₹ 48,283.52 crore). Details of receipts and disbursements and the overall fiscal position of the State, during the current as well as previous year, is given in *Appendix 2.1*.

Chart 2.1 gives the details of receipts and expenditure from the Consolidated Fund during 2022-23, in terms of percentages.

Chart 2.1: Composition/ Application of Resources

(in per cent)



(Source: Finance Accounts for the year 2022-23)

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

2.4 Resources of the State

The resources of the State are described below:

- Revenue receipts** consist of tax revenue, non-tax revenue, the State’s share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
- Capital receipts (debt and non-debt capital receipts)** comprise miscellaneous capital receipts, such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks), and loans and advances from GoI.

Both, revenue and capital receipts, form part of the Consolidated Fund of the State.

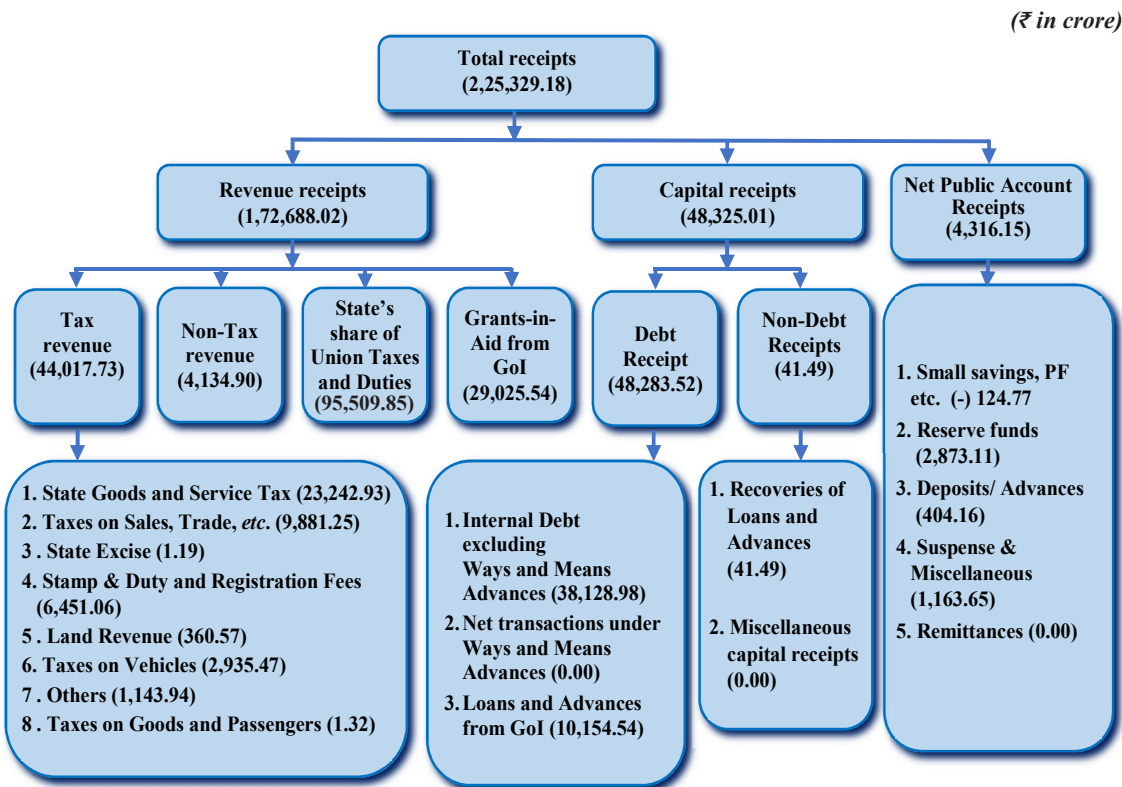
- Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions, such as small savings, provident funds, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund.

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

2.4.1 Receipts of the State

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

Chart 2.2: Composition of receipts of the State during 2022-23



(Source: Finance Accounts for the year 2022-23)

During 2022-23, the contribution from Revenue Receipts, Capital Receipts and Net Public Account Receipts, was 76.64 *per cent*, 21.45 *per cent* and 1.91 *per cent*, respectively, of total receipts. The contribution of Revenue Receipts, in total receipts declined to 76.64 *per cent*, as compared to the previous year, when they had 80.31 *per cent* contribution in the total receipts of 2021-22. Contribution of Net Public Account Receipts showed a positive trend in the total receipts, over the previous year, as it had negative contribution (-) 0.78 *per cent* in the year 2021-22.

2.4.2 Revenue Receipts

State's Revenue receipts give the trends in total revenue receipts and their components. These are followed by the trends in the receipts, bifurcated into receipts from the Central Government and State's own receipts. The trends in revenue receipts relative to GSDP and the composition of revenue receipts are given in **Table 2.3**.

Table 2.3: Trends in Revenue Receipts

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Receipts (RR) (₹ in crore)	1,31,794	1,24,233	1,28,168	1,58,797	1,72,688
Rate of growth of RR (<i>per cent</i>)	12.22	(-)5.74	3.17	23.90	8.75
Own Tax Revenue (₹ in crore)	29,408	30,158	30,342	34,855	44,018
Non-Tax Revenue (₹ in crore)	4,131	3,700	6,201	3,984	4,135
Grants-in-aid from GoI (₹ in crore)	24,652	26,969	31,764	28,606	29,025
Rate of growth of Own Revenue (<i>per cent</i>)	25.88	0.95	7.93	6.28	23.98
Rate of growth of Grants-in-aid (<i>per cent</i>)	6.55	9.40	17.78	(-) 9.94	1.46
Gross State Domestic Product at Current Price (₹ in crore) (2011-12 Series)	5,27,976	5,81,855	5,67,263	6,50,302	7,51,396
Rate of growth of GSDP (<i>per cent</i>)	12.64	10.20	(-) 2.51	14.64	15.55
RR/GSDP (<i>per cent</i>)	24.96	21.35	22.59	24.42	22.98
Buoyancy³ Ratios⁴					
Revenue Buoyancy w.r.t GSDP	0.97	(-) 0.56	*	1.63	0.56
State's Own Revenue Buoyancy w.r.t GSDP	2.05	0.09	*	0.43	1.54

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

* Buoyancy ratio was not calculated as GSDP growth was negative

- ✦ As can be seen from **Table 2.3**, during the year 2022-23, the State's Revenue Buoyancy, was lower than that of the previous year. However, decrease in the collection of non-tax revenue comparison, with the projected figure in the Budget Estimates, by ₹ 2,001 crore, led to decrease in the revenue buoyancy to 0.56, during 2022-23.

Although increase in revenue receipts in each component of revenue was seen and like previous year, the revenue buoyancy w.r.t GSDP was also positive during

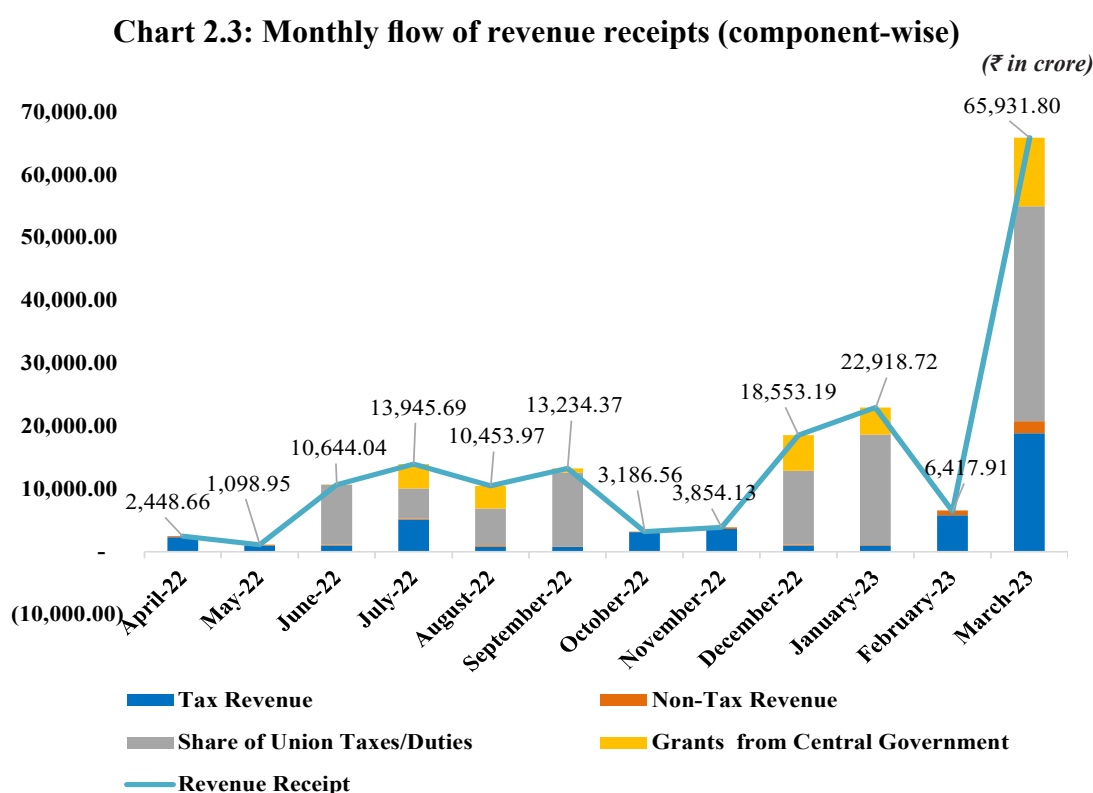
³ Buoyancy ratio indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

⁴ Revenue buoyancy refers to the growth rate of revenue receipts to growth rate of GSDP.

the current year, but it dipped to 0.56 *per cent* from 1.63 *per cent* over the previous year.

- ✦ The collection of State's Own Revenue Receipt (ORR) was ₹ 48,152.63 crore, and it was more than the projection (₹ 37,980 crore) of XVth Finance Commission by ₹ 10,172.63 crore, and also more than the projection (₹ 37,807 crore) of VIth State Finance Commission by ₹ 10,345.63 crore. Further, the ORR of the State was ₹ 630.01 crore, more than the Budget Estimates of ₹ 47,522.62 crore.
- ✦ The net proceeds of Union Taxes and GIA together, constitute about 72.12 *per cent* of the State's total revenue receipts, indicating that the State is dependent on the Central Government for revenue receipts.
- ✦ Grants-in-aid from GoI increased by 17.74 *per cent*, during the period 2018-19 to 2022-23.

Monthly flow of revenue receipts (component-wise) is depicted in **Chart 2.3**.



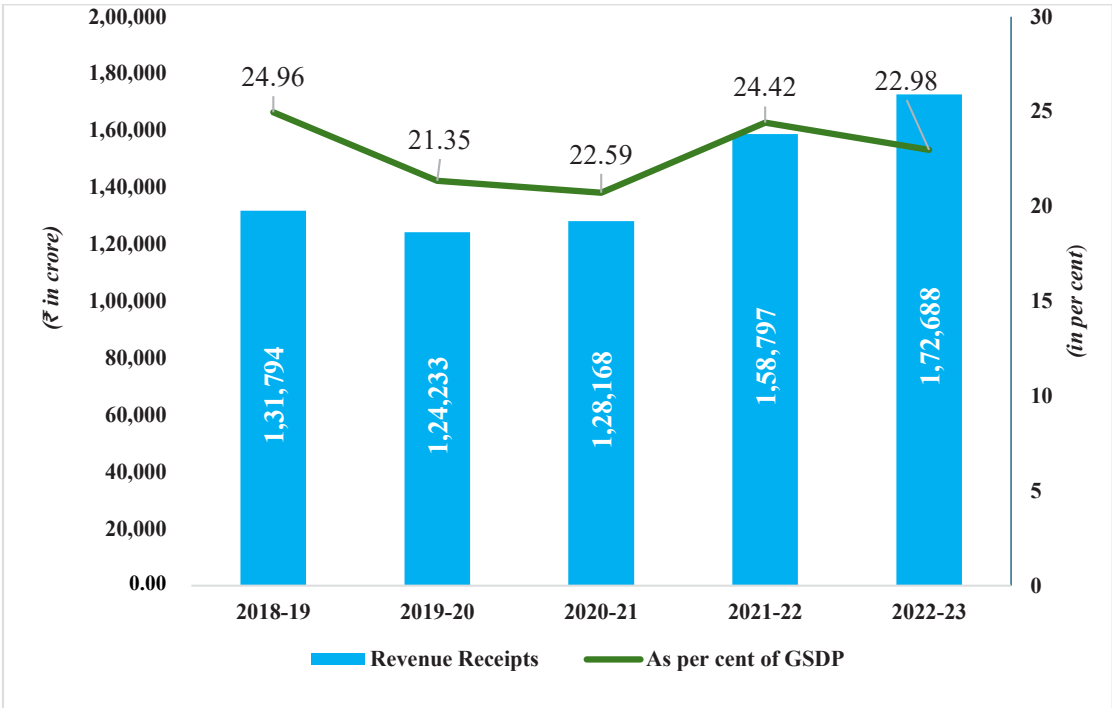
(Source: Monthly Civil Accounts of Govt. of Bihar for 2022-23)

The State Government received net proceeds of union taxes mainly in the months of January 2023 (18.43 *per cent*) and March 2023 (35.82 *per cent*). The major chunk of Grants-in-aid (GIA) from the Central Government was received in March 2023 (37.74 *per cent*).

As such, the State Government's revenue receipts had more fund flow in the above said months and fund receipts were nominal during rest of the months.

The trend of Revenue Receipts, as well as relative share with respect to GSDP, are depicted in **Chart 2.4**.

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

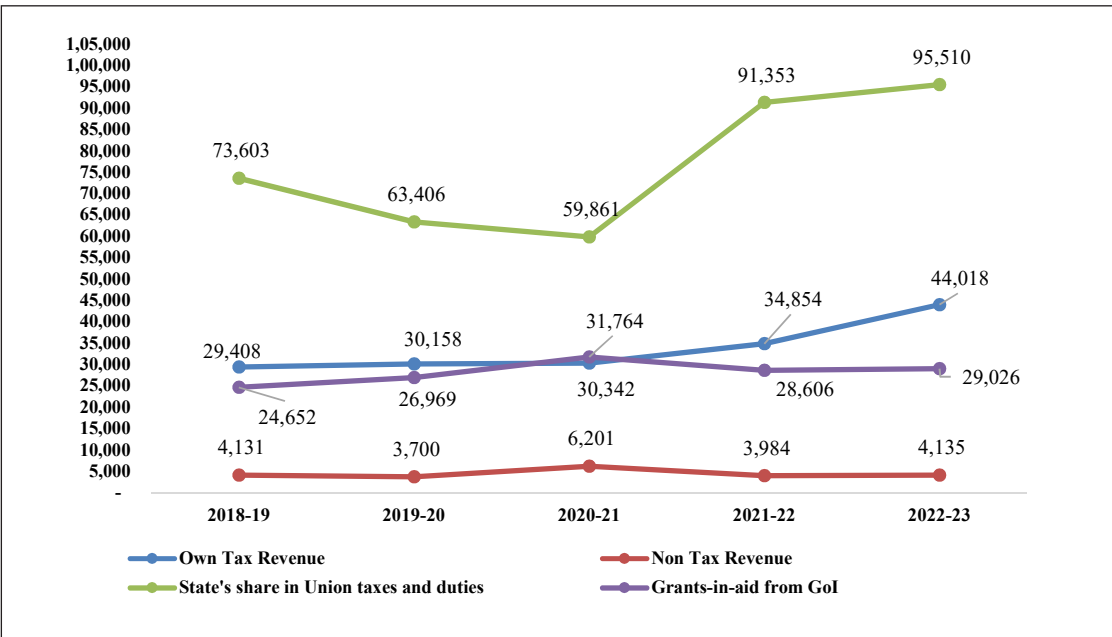


(Source: Finance Accounts of the respective years and Economic Survey of GoB/MoSPI)

Revenue Receipts, as *per cent* of GSDP for the year 2022-23, decreased due to negative increase by ₹ 4,157.23 crore of State share of Union Taxes as compared to the previous year (where GoB received ₹ 31,492 crore more over the year 2020-21). The trends of the components of revenue receipts are depicted in **Chart 2.5**.

Chart 2.5: Trend of components of Revenue Receipts

(₹ in crore)



(Source: Finance Accounts of the respective years)

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

- ✦ The major components of revenue receipts were Share of union taxes and duties (55.31 *per cent*) and Grants-in-aid from GoI (16.81 *per cent*). State's own tax revenue constituted only 27.88 *per cent* of the revenue receipts of the State.
- ✦ Revenue Receipts increased by ₹ 13,890.69 crore (8.75 *per cent*) during 2022-23, over the previous year. The contribution of State's share of Union Taxes and Duties and Tax Revenue increased by 4.55 *per cent* (₹ 4,157.23 crore) and 26.29 *per cent* (₹ 9,163.19 crore), respectively. Further Non-Tax Revenue and Grants-in-aid from GoI, also increased marginally by 3.78 *per cent* (₹ 150.56 crore) and 1.47 *per cent* (₹ 419.71 crore), respectively.

2.4.2.1 State's own resources

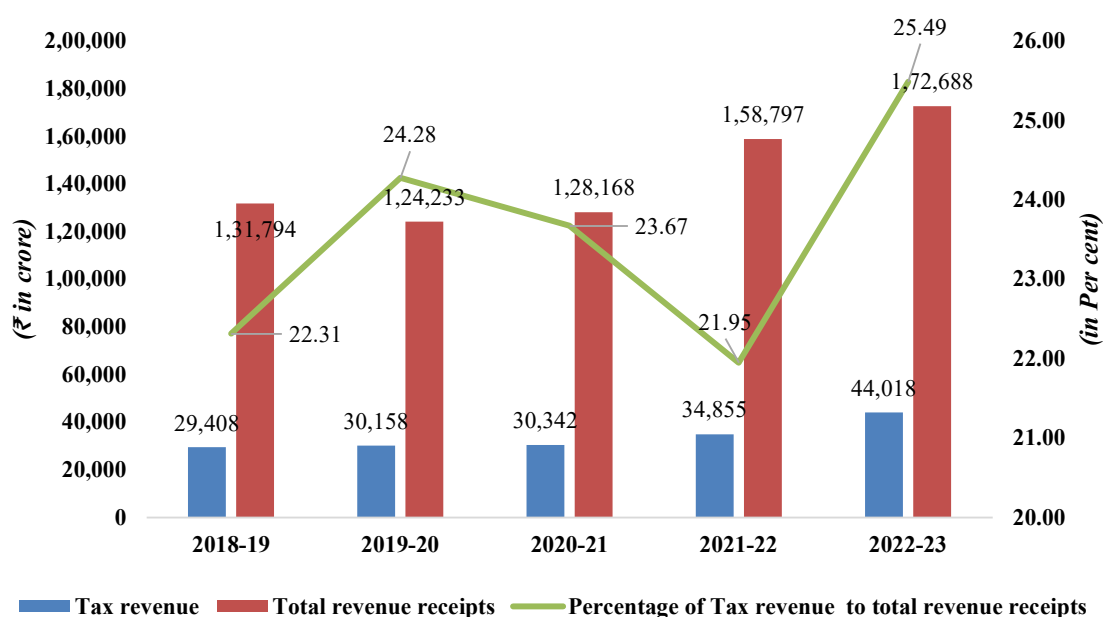
State's performance in mobilisation of additional resources can be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. XVth Finance Commission, projected State's Own Tax Revenue of ₹ 33,067 crore and Non-tax Revenue of ₹ 4,913 crore for the year 2022-23.

A. Own Tax revenue

Own tax revenues of the State consist of State GST, Stamp duty and Registration fees, taxes on vehicles, taxes on Sales, land revenue, taxes on goods and passengers, *etc.*

Trends in percentage share of own tax revenue to the total revenue of the State are shown in **Chart 2.6**.

Chart 2.6: Trend of own tax to total revenue receipt during 2018-23



(Source: Finance Accounts of the respective years)

Component-wise details and trends of State's own tax revenue are as shown in **Table 2.4**.

Table 2.4: Components of State's own tax revenue

(₹ in crore)

Component	2018-19	2019-20	2020-21	2021-22	2022-23	Spark line
Taxes on Sales, Trade etc.	6,584	6,121	6,032	6,872	9,881	
SGST	15,288	15,801	16,050	19,264	23,243	
State excise	(-) 10	(-) 4	(-) 4	(-) 1	1	
Stamp duty and Registration fees	4,189	4,661	4,206	5,224	6,451	
Taxes on vehicles	2,086	2,713	2,268	2,475	2,936	
Land revenue	477	275	302	284	361	
Taxes on goods and passengers	399	23	6	0	1	
Other taxes *	395	568	1,482	737	1,144	
Total	29,408	30,158	30,342	34,855	44,018	

(Source: Finance Accounts of the respective years)

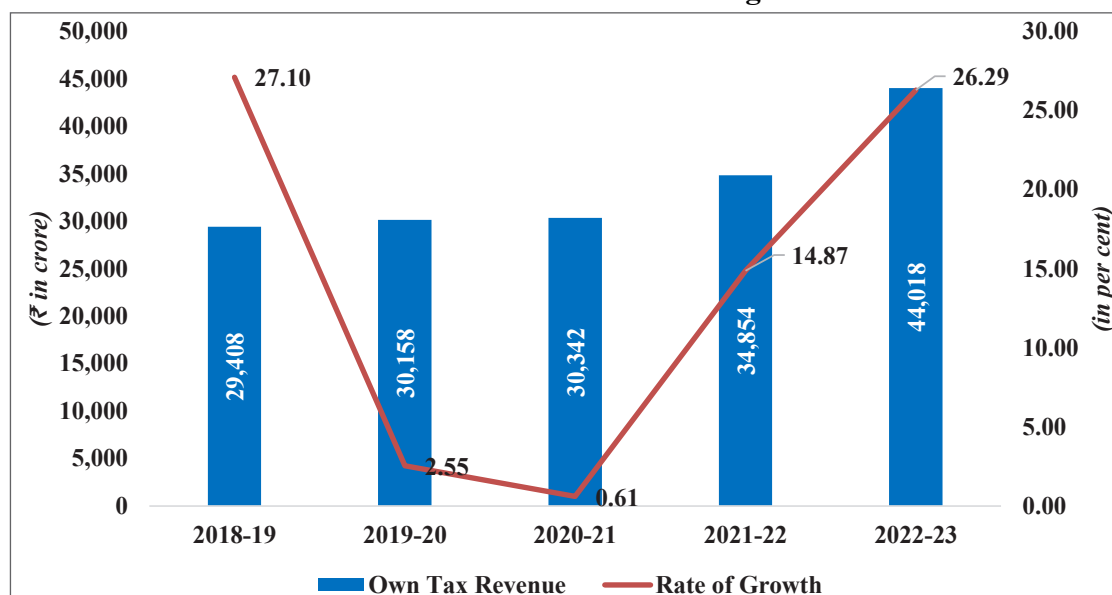
* Other taxes include Tax on profession, Trades, Calling and Employment, Taxes and duties on electricity and other taxes and duties on commodities and services.

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

- ✦ The taxes on Sales, Trade, etc. were in a decreasing trend till 2020-21. However, they showed an increasing trend thereafter and registered 43.79 per cent growth during the year 2022-23, over the previous year, due to increase in the collection of VAT receipts by ₹ 2,305.75 crore and Receipts under State Sales Tax Act by ₹ 713.88 crore, more than previous year. All the Taxes on Goods and Passengers and part of taxes on sales, trade etc. were subsumed in GST from July 2017.
- ✦ Increase in 'SGST' was mainly due to more receipts under 'Tax and input tax credit cross-utilisation of 'SGST' and 'IGST' and 'apportionment of IGST'.
- ✦ Due to prohibition imposed on the liquor in the State from April 2016 the revenue earned through State Excise is negligible.
- ✦ There was increase in Stamp duty and Registration fee by 23.49 per cent, over the previous year, mainly due to increase in collection of duty on impressing of documents and fee for registering the documents and sale of stamps. Taxes on vehicles increased by ₹ 461 crore mainly due to receipts under the 'State Motor Vehicles Taxation Acts' which includes ₹ 159.13 crore as 'Road Safety Cess'.
- ✦ Collection under 'Land revenue' increased by 27.11 per cent over the previous year, during 2022-23. It registered positive growth during the current year mainly due to increase in revenue under sub-heads 'Rates and Cess on land' by 62.90 per cent and 'Receipts on account of Survey and Settlement Operations' by ₹ 45.68 crore more than previous year.
- ✦ Other taxes have seen significant increase by ₹ 407 crore (55.22 per cent) mainly due to increase in 'Taxes on consumption and sale of electricity' by ₹ 376.10 crore and increase in 'Fees under the Indian Electricity Rules' by ₹ 16.84 crore over the previous year.
- ✦ The overall share of the State's Own tax revenue in the GSDP was 5.86 per cent during the current financial year.

State's Own Tax revenue, during the years from 2018-19 to 2022-23 and growth rate therein are depicted in **Chart 2.7**.

Chart 2.7: Growth of Own Tax Revenue during 2018-19 to 2022-23



(Source: Finance Accounts of the respective years)

Audit of GST Receipts

The Government of India's decision to provide access to Pan-India data at GSTN (Goods and Service Tax Network) was conveyed on 04 November 2020. In case of Bihar, the access to GST back-end system has been provided by the Commercial Taxes Department to the office of the Principal Accountant General (Audit). Certification of Actual Revenue collected by the State under Section 7(3) (b) of the GST (Compensation to States) Act, 2017, pertaining to the period from financial year 2017-18 to 2021-22 has been completed.

Against the estimated collection of ₹ 24,721 crore under SGST, the State Government has collected ₹ 23,243 crore (94.02 per cent of the estimates). In SGST collection Input Tax Credit cross utilisation of SGST and IGST (₹12,437.32 crore) and Tax (₹ 7,423.21 crore) were the major components.

Analysis of arrears of revenue and arrears of assessment

The arrears of revenue indicate delayed realisation of revenue due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment. Both deprive the State of potential revenue receipts and ultimately affect the revenue deficit. There were seven⁵ major tax collection departments in the State. Out of these seven departments, only three departments had provided information related to the arrears of revenue and two had provided information related to the arrears of assessment.

Details of arrears of revenue as per data, provided by three, out of seven revenue earning departments, are mentioned in **Table 2.5**.

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

Table 2.5: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Name of Department	Total amount outstanding as on 31 March 2022	Total amount outstanding as on 31 March 2023	Amount outstanding for more than five years
1	Taxes on vehicles	Transport	172.85	183.39	NA*
2	Land Revenue	Revenue and Land Reforms	282.11	302.47	NA*
3	VAT/Sales Trade/ GST etc;	Commercial Taxes	2,392.46	2,624.05	NA*
Total			2,847.42	3,109.91	

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

NA*: Not available

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

Arrears of Assessment

Details of cases of arrears of assessment, as furnished by the State Tax Departments, are given below in **Table 2.6**.

Table 2.6: Arrears of Assessment

Sl. No.	Department	OB	New cases during the year	Total due for assessment	Cases disposed of during the year	Balance at the end of year	Percentage of disposal
1	Transport	30,762	1,960	32,722	1,023	31,699	3.13
2	Commercial Taxes	26,406	3,008	29,414	2,553	26,861	8.68

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

Details of evasion of tax detected by the Departments

Cases of evasion of tax detected by the Departments, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in the disposal of refund cases is an important indicator of the performance of the department. Details of evasion of tax, as detected by the department, are given in **Table 2.7**.

Table 2.7: Evasion of Tax Detected

Sl. No.	Head of revenue	Cases pending as on 31.03.2022	Cases detected during 2022-23	Total	No. of cases in which assessment / investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalisation as on 31 March 2023
					No. of cases	Amount of demand (₹ in crore)	
1	GST	279	1,862	2,141	2,034	418.14	107

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

Pendency of refund cases

Four⁶, out of seven tax collection departments had not provided data on the arrears of revenue, arrears of assessment, evasion of tax and refund cases. Further, Land and Revenue Reforms Department has provided 'nil' information. Details of pendency of the refund cases, as reported by the Commercial Taxes Department, are given in **Table 2.8**.

Table 2.8: Pendency of refund cases

Sl. No.	Particulars	GST		Sales Tax/VAT	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1.	Claims outstanding at the beginning of the year	80	5.58	556	45.74
2.	Claims received during the year	1,864	301.00	329	159.24
3.	Refunds made during the year	1,077	211.15	295	123.37
4.	Refunds rejected during the year	764	91.69	235	8.09
5.	Balance outstanding at the end of year	103	3.74	355	73.52

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

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

B. Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc.

Trends in components of State's non-tax revenue during 2018-23 are depicted in **Table 2.9**.

Table 2.9: Components of State's Non-Tax Revenue

(₹ in crore)

Head	2018-19	2019-20	2020-21	2021-22	2022-23	Spark line
Interest Receipts	1,371.94	1,416.48	3,241.97	722.47	642.03	
Dividends and Profits	13.67	1.62	603.01	6.54	1.49	
Other non-tax receipts	2,744.95	2,281.50	2,356.40	3,255.33	3,491.38	
(a) Major and medium irrigation	52.77	24.32	40.13	40.64	83.06	
(b) Road Transport	0.19	0.20	0.11	0.18	0.19	
(c) Urban Development	0.94	4.80	0.15	1.08	3.47	
(d) Education	18.85	17.13	11.50	509.13	5.83	
(e) Non-ferrous mining	1,560.65	1,572.07	1,708.93	1,766.14	2,729.73	
(f) Other or misc.	1,111.55	662.98	595.58	938.16	669.10	
Total	4,130.56	3,699.60	6,201.38	3,984.34	4,134.90	

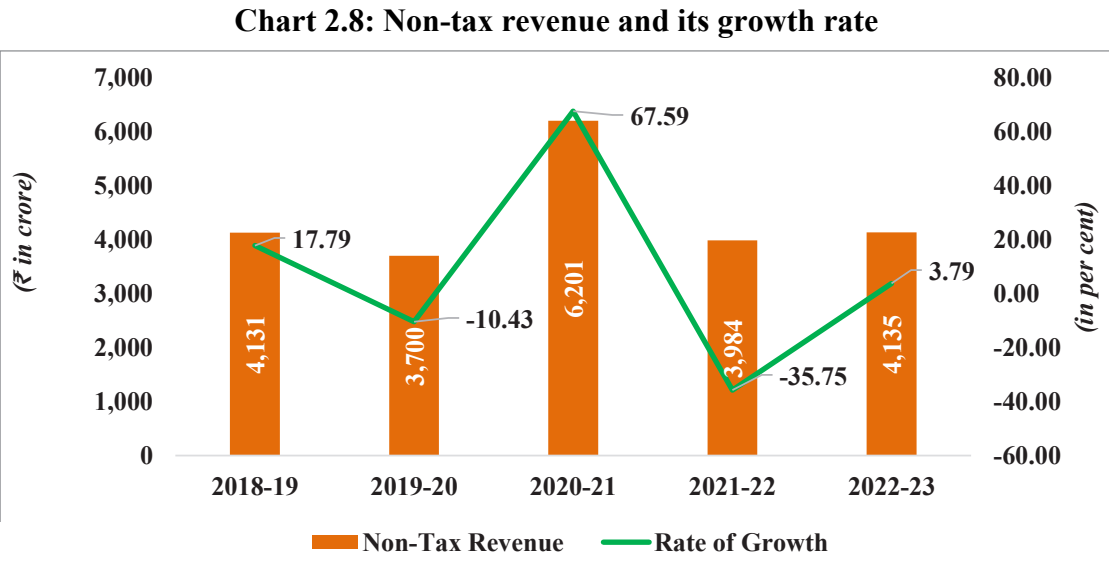
(Source: Finance Accounts of the respective years)

⁶ Prohibition Excise & Registration Department (Registration), Prohibition Excise & Registration Department (Excise), Mines & Geology Department and Energy Department.

The following was observed during audit:

- ✦ Non-Tax Revenue (NTR) increased by 3.78 per cent in 2022-23 over the previous year and constituted 2.39 per cent of Revenue Receipts. The share of State's Non-tax revenue in the GSDP was only 0.55 per cent during the current financial year.
- ✦ Although NTR increased, but there was only a marginal increase of ₹ 150.56 crore which was due to decrease in interest receipts and dividends and profits by 11.13 per cent and 77.22 per cent, respectively.
- ✦ The significant increase shown in Interest Receipts and Dividends and Profits during 2020-21 was due to redemption of accrued interest of Consolidated Sinking Fund amounting to ₹ 2,600 crore and release of dividend of ₹ 603.01 crore from the accumulated profit of the SPSEs, respectively.
- ✦ Revenue from Non-ferrous mining under Mining Department increased by ₹ 963.59 crore over the previous year and constituted highest percentage share (66.02 per cent) in the State's Non-tax revenue.

Non-Tax revenue of the State during 2018-19 to 2022-23 and the growth rate thereof, is depicted in **Chart 2.8**.



(Source: Finance Accounts of the respective years)

As can be seen from **Chart 2.8**, positive growth was registered during the current financial year over the previous year. Further, during 2021-22, the growth rate of Non-Tax Revenue was negative and registered highest negative growth during the last five years. This was mainly due to less receipts under Interest receipts and Dividends and Profits from SPSEs. Overcoming the negative trend, the State recovered itself by marginal increase of ₹ 151 crore over the year 2021-22.

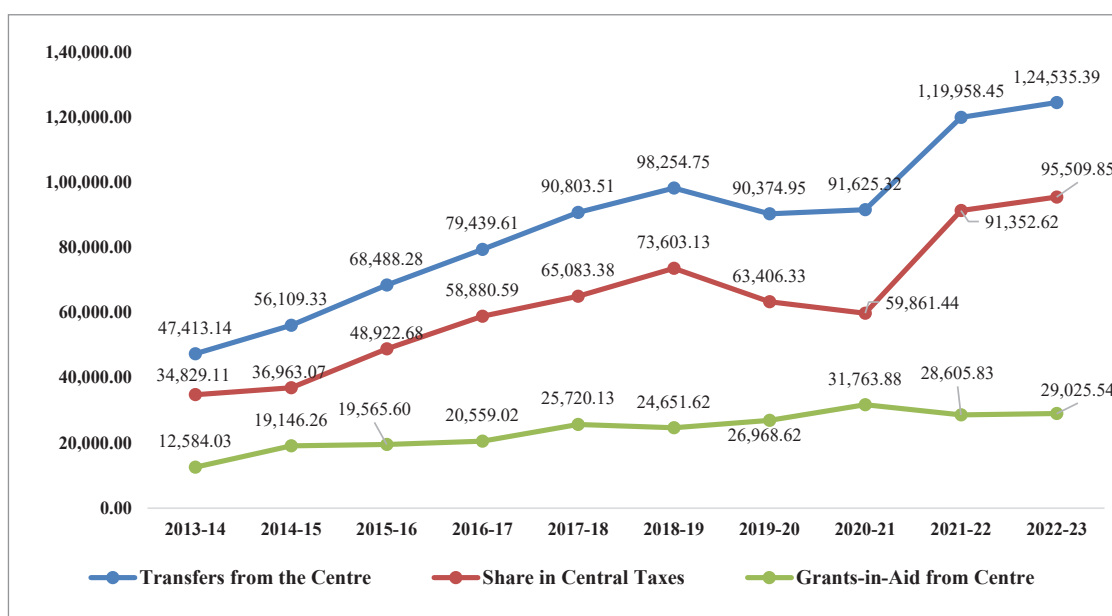
2.4.2.2 Transfers from the Centre

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

Details of transfer of funds from the Central Government to the State are given in **Chart 2.9**:

Chart 2.9: Trends in transfers from Centre

(₹ in crore)



(Source: Finance Accounts of the respective years)

It can be seen from **Chart 2.9** that transfer of funds from the Union Government increased from ₹ 47,413.14 crore in 2013-14 to ₹ 1,24,535.39 crore in 2022-23 i.e., transfers from centre increased by 162.66 per cent during the period of last 10 years.

Central taxes transfer

State's share of Union taxes as recommended by XIVth and XVth Finance Commissions compared with actual devolution made by Centre are summarised in **Table 2.10**.

Table 2.10: Actual devolution vis-à-vis recommended by the Finance Commissions

(₹ in crore)

Financial Year	Finance Commission Recommendation	Projected tax share to states	Amount to be devolved to Bihar as per FCR	Actual devolution	Difference	Per cent shortfall
1	2	3	4	5	6(5-4)	7
2018-19	9.787 per cent of net proceeds of shareable service taxes (As per recommendations of XIV th FC)	8,93,430	87,440	73,603	13,837	15.82
2019-20		10,34,745	1,01,270	63,406	37,864	37.39
2020-21	10.061 per cent of net proceeds of all shareable taxes (As per recommendations of XV th FC)	8,55,176	86,039	59,861	26,178	30.43
2021-22	10.058 per cent of net proceeds of all shareable taxes (As per recommendations of XV th FC)	6,58,591	66,241	91,353	25,112	(+) 37.91
2022-23		7,32,628	73,688	95,510	21,822	(+) 29.61

(Source: Finance Commission Report and Finance Accounts)

Thus, the actual tax devolution was more by 29.61 per cent, in comparison to the projection made by the Finance Commission for the year 2022-23. The State's share

of Union taxes, under different components, during 2018-19 to 2022-23, is shown in **Table 2.11**.

Table 2.11: Transfer of Central Taxes

(₹ in crore)

Head	2018-19	2019-20	2020-21	2021-22	2022-23	Sparkline
Central Goods and Service Tax (CGST)	18,166.79	17,992.97	17,788.67	25,442.20	26,989.02	
Integrated Goods and Service Tax (IGST)	1,449.80	0.00	0.00	0.00	0.00	
Corporation Tax	25,596.84	21,618.94	18,062.14	27,178.50	32,019.47	
Taxes on Income other than Corporation Tax	18,850.99	16,939.90	18,517.49	26,661.32	31,262.19	
Customs	5,217.40	4,019.07	3,179.93	6,775.97	3,754.66	
Union excise Duties	3,467.28	2,794.34	2,012.03	3,868.86	1,178.03	
Service Tax	673.31	0.00	258.09	1,326.22	149.28	
Other Taxes #	180.72	41.11	43.06	99.55	157.20	
Central Tax Transfers	73,603.13	63,406.33	59,861.41	91,352.62	95,509.85	
Percentage of increase over previous year	13.09	(13.85)	(5.59)	52.61	4.55	
Percentage of Central Tax transfer to Revenue receipt	55.85	51.04	46.71	57.53	55.31	

(Source: Finance Accounts of the respective years)

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

Transfer of Central taxes increased marginally by ₹ 4,157.23 crore (4.55 per cent) over the previous year. During 2022-23 the tax transfer from centre was the highest in last five years and increased by ₹ 21,906.72 crore from 2018-19. Corporation tax constituted highest share (33.52 per cent) of central tax transfer for the year 2022-23.

Grants-in-Aid from GoI

The State Government receives Grants-in-aid (GIA) on the recommendations of the Finance Commission. Details of Grants-in-aid from GoI and its components during the last five years, are given in **Table 2.12**.

Table 2.12: Grants-in-aid from GoI

(₹ in crore)

Head	2018-19	2019-20	2020-21	2021-22	2022-23
Non-Plan Grants	-	-	-	-	-
Grants for State Plan Schemes	(-) 2.82	(-) 40.27	(-) 33.57	0.00	(-) 374.48
Grants for Central Plan Schemes*	-	-	-	-	-
Grants for Centrally Sponsored Schemes (CSS)	16,322.72	15,302.04	16,609.56	17,832.91	22,237.18
Grants for Centrally Sponsored Plan Schemes	-	-	-	-	-
Central Finance Commission Grants	4,775.20	7,343.61	8,850.00	7,077.56	6,732.65
Other transfers/Grants to States/Union Territories with Legislature	3,556.52	4,363.24	6,337.89	3,695.36	430.19
Total	24,651.62	26,968.62	31,763.88	28,605.83	29,025.54
Percentage of increase over the previous year	(-) 4.15	9.40	17.78	(-) 9.94	1.47
Percentage of GIA to Revenue Receipts	18.70	21.71	24.78	18.01	16.81

(Source: Finance Accounts of the respective years)

*There are no figures since the nomenclature of plan and non-plan grants has been removed with effect from the financial year 2017-18 and replaced by Grants for CSS, Finance Commission Grants, and Other Grants to States.

With the removal of the Plan and Non-Plan distinction (2017-18), Grants-in-Aid from Centre comprises of: (i) Grants recommended by Finance Commission for Local Bodies (ii) Grants for Disaster Response Fund and (iii) Grants for Central share of Central Sector and Centrally Sponsored Schemes.

It can be seen from the above that: (i) GIA from GoI, increased marginally by ₹ 419.71 crore, mainly due to increase in Grant for centrally sponsored schemes (24.70 *per cent*). Other components of Grants showed decreasing trend over the previous year and (ii) total grants from GoI, as a percentage of revenue receipts, ranged between 16.81 *per cent* to 24.78 *per cent*, during 2018-19 to 2022-23. The percentage of GIA received from GoI, during 2022-23, to Revenue Receipts, was lowest, during the last five years. Overall, the GIA from GoI increased at annual average rate of 2.91 *per cent*, during the last five years.

Grants for Centrally Sponsored Schemes

Details of major amount, out of the Grants of ₹ 22,237.18 crore extended, under Centrally Sponsored Schemes extended during 2022-23, are as under:

- ✦ ₹ 4,192.59 crore were given for Pradhan Mantari Awas Yojana (100.91 *per cent* increase over previous year).
- ✦ ₹ 1,386.18 crore were given for Pradhan Mantari Gram Sadak Yojana (692.11 *per cent* increase over the previous year).
- ✦ ₹ 1,358.84 crore were given for Samagra Shiksha for Secondary Education (2,566.23 *per cent* increase over the previous year).
- ✦ ₹ 1,377.40 crore were given for Mahatma Gandhi National Rural Employment Guarantee Scheme (27.51 *per cent* decrease over the previous year).
- ✦ ₹ 1,445.14 crore were given for Samagra Shiksha (Elementary Education).

Single Nodal Agency

Ministry of Finance, Government of India vide letter No. 1(13) PFMS/FCD/2020 dated 23.03.2021 had notified procedure for release of funds under Centrally Sponsored Scheme (CSS) and monitoring, as well as utilization of the funds released through SNA. For each CSS, SNA is set up with own Bank Account in scheduled Commercial Bank authorised to conduct business by the State Government. As per the procedure, the State Government is to transfer the Central share received in its accounts to the concerned SNA's account along with corresponding State Share. The State Government received ₹ 22,481.46 crore, being Central share during the year.

As per PFMS Report (as on 31 March 2023), the Government transferred ₹ 22,231.91 crore, being the Central share and corresponding State share of ₹ 14,190.40 crore, to the SNAs. Out of total transfer of ₹ 36,422.31 crore, ₹ 745.69 crore was transferred through AC Bills, ₹ 29,627.52 crore through GIA bills, ₹ 5,996.11 crore through Fully Vouched Contingent Bills and ₹ 52.99 crore through Bills for Scholarships and Stipends. As informed by the State Government/SNAs, ₹ 15,732.06 crore are lying unspent in the bank accounts of SNAs, as on 31 March 2023. *Detailed analysis on SNA is in Para 4.21 of Chapter IV of this Report.*

XVth Finance Commission Grants

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

Details of Grants provided by the GoI *vis-à-vis* actual receipts are given in **Table 2.13**.

Table 2.13: Grants-in-aid recommended and actually released
(₹ in crore)

	Recommendation by XV th FC			Actual release by GoI			Release by State		
	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23
Local Bodies (PRI)	5,018.00	3,709.00	3,842.00	5,018.00	3,709.00	3,842.00	5,018.00	3,709.00	3,842.00
Grants to ULB's	2,416.00	1,827.00	1,892.00	2,416.00	836.25	1,552.35	2,416.00	836.25	1,552.35
Grants for Health	0	1,133.10	1,133.10	0	1,116.31	0	0	1,116.31	0
State Disaster Response Fund [#]	1,416.00	1,416.00	1,487.00	1,416.00	1,416.00	1,338.30	1,416.00	1,416.00	1,338.30
Total	8,850.00	8,085.10	8,354.10	8,850.00	7,077.56	6,732.65	8,850.00	7,077.56	6,732.65

(Source: XVth FC Report and Finance Accounts)

[#] Includes State Disaster Mitigation Fund

The State could not get its complete share of XVth FC grant, primarily due to non-achievement of mandatory criteria for getting full grant⁷ in ULBs.

As per the Finance Accounts 2022-23, ₹ 6,732.65 crore were released by GoI, which was 19.41 *per cent* shorter than the recommendation. The grants to ULBs and State Disaster Response Fund were 17.95 *per cent* and 10.00 *per cent* less than the recommendation, respectively. No grant was received for Health against the recommendation of ₹ 1,133.10 crore. Further, Grants received during the year 2022-23 was also shorter by 4.87 *per cent* over the previous year's grants. However, GoB received hundred *per cent* recommended grants for Local Bodies (PRI) from the starting year to till 2022-23 of XVth FC recommendations.

Apart from the above Grants, XVth FC also recommended State-Specific Grants, Grants for improvement in Statistics, Judiciary and Maintenance of PMGSY, Incentives for Agriculture Reforms, Self-Reliance, Export and Sustainability for the State, but no such grants were received. Finance Department, GoB, confirmed (18.08.2023) that no fund was released by GoI but reason for non-receiving of grant was not furnished.

2.4.3 Capital Receipts

Capital receipts comprise of proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks), and loans and advances from GoI. Details of Capital Receipts and their composition, during 2018-19 to 2022-23, are given in **Table 2.14**.

⁷ State needs to ensure that at least 25 *per cent* of the ULBs have both their provisional accounts for the previous year and audited accounts for the year before the previous, available online in the public domain to get the full grants in the year.

Table 2.14: Trends in growth and composition of capital receipts(*₹ in crore*)

Sources of State's Receipts	2018-19	2019-20	2020-21	2021-22	2022-23
Capital Receipts	20,493	29,175	36,735	40,473	48,325
Recovery of Loans and Advances	1,825	30	820	28	41
Public Debt Receipts	18,668	29,145	35,915	40,445	48,284
<i>Internal Debt</i>	16,134	27,866	29,412	30,918	38,129
<i>Growth rate</i>	37.07	72.72	5.55	5.12	23.32
<i>Loans and advances from GoI</i>	2,534	1,279	6,503	9,527	10,155
<i>Growth rate</i>	81	(-) 50	408.44	46.50	6.59
Rate of growth of non-debt capital receipts	8,195	(-) 98	2,633.33	(-) 96.59	48.18
Rate of growth of GSDP	12.64	10.20	(-) 2.51	14.64	15.55
Rate of growth of Public Debt Receipts	41.75	56.12	23.23	12.61	19.38
Rate of growth of Capital Receipts (<i>per cent</i>)	55	42	25.91	10.18	19.40

(Source: Finance Accounts of the respective years)

During 2022-23, Capital Receipts constituted 21.87 *per cent* of the total receipts (₹ 2,21,013.03 crore) of the State and it increased by 135.81 *per cent* from 2018-19. During the period of last five-year Capital receipts increased at an average rate of 30.50 *per cent*. The State Government borrowed ₹ 38,129 crore from the open market and other financial institutions and took loans of ₹ 10,155 crore from GoI. The quantum of borrowing from the open market and Loans from GoI increased by 136.33 *per cent* and 300.75 *per cent*, respectively, over the year 2018-19.

Capital receipts increased mainly due to an increase in loans and advances from GoI and internal debt. The share of public debt receipts in capital receipts was 99.92 *per cent*. The rate of growth of debt capital receipts had shown a decreasing trend from the year 2020-21 to 2021-22 but registered a positive growth rate of 19.38 *per cent* during the current year.

In the current year, ₹ 38,129 crore was taken as internal debt and its contribution in capital receipts was 78.90 *per cent*. Loans and advances from GoI increased by 6.59 *per cent* over the growth registered in 2021-22. Special assistance to States for Capital Expenditure (₹ 8,455.85 crore), under 'Special Assistance', and amount received as Block debt since 1989-90, (₹ 1,698.69 crore) under Block Loan, were the major components.

Non-debt capital receipts, in the form of recoveries of loans and advances, increased to ₹ 41.49 crore. Out of this, 52.88 *per cent* (₹ 21.94 crore) was related to recovery of loans from Government Servants. This year also 'recovery from Government servants' constituted the highest percentage share of the state's non-debt capital receipts, wherein, against disbursement of ₹ 26.92 crore, the recovery registered from Government servants, was ₹ 21.94 crore.

Although Capital Receipts increased by 19.40 *per cent* over the previous year, Capital Expenditure increased by 33.12 *per cent* during the same period.

2.4.4 State's performance in mobilisation of resources

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

The State’s performance in mobilisation of resources is assessed in terms of its own resources, comprising of own-tax and non-tax revenue, as depicted in **Table 2.15**.

Table 2.15: Tax and non-tax receipts vis-à-vis projections during 2022-23

(₹ in crore)

	Budget estimates	XV th FC projection	State VI th FC projection	Actuals	Percentage variation of actual over		
					Budget estimates	XV th FC projection	State VI th FC projection
Own Tax revenue	41,387	33,067	32,373	44,018	6.36	33.12	35.97
Non-tax revenue	6,136	4,913	5,434	4,135	(-) 32.61	(-) 15.84	(-) 23.91

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

The State fell short of achieving the targets of non-tax revenue set in the Budget Estimates, XVth FC projection and VIth SFC projection by ₹ 2,001 crore, ₹ 778 crore, and ₹ 1,299 crore, respectively. However, the projections of own tax revenue set in the Budget Estimates, XVth FC and VIth State FC were achieved and were more than the projection by ₹ 2,631 crore, ₹ 10,951 crore, and ₹ 11,645 crore, respectively.

2.5 Application of resources

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

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

2.5.1 Growth and composition of expenditure

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

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

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

Trend analysis of overall expenditure and its components along with their percentage of GSDP is depicted in **Table 2.16**.

Table 2.16: Total expenditure and its composition

(₹ in crore)

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE)	1,47,425	1,38,987	1,58,816	1,84,377	2,17,552.81
Revenue Expenditure (RE)	1,24,897	1,26,017	1,39,493	1,59,220	1,83,976.22
Capital Expenditure (CE)	21,058	12,304	18,209	23,678	31,519.82
Loans and Advances	1,470	666	1,114	1,479	2,056.77
As a percentage of GSDP					
TE/GSDP	27.92	23.89	28.00	28.35	28.95
RE/GSDP	23.66	21.66	24.59	24.48	24.48
CE/GSDP	3.99	2.11	3.21	3.64	4.19
Loans and Advances/ GSDP	0.28	0.11	0.20	0.23	0.27

(Source: Finance Accounts of the respective years)

Changes in the composition of the expenditure in terms of economic classification and expenditure by activities are depicted in **Table 2.17**.

Table 2.17: Relative share of various sectors of expenditure

(₹ in crore)

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
General Services	42,002 (28.49)	44,016 (31.67)	47,626 (29.99)	52,447.00 (28.45)	59,284 (27.25)
Social Services	62,345 (42.29)	60,619 (43.61)	70,139 (44.16)	81,268.00 (44.08)	94,316 (43.35)
Economic Services	41,604 (28.22)	33,684 (24.24)	39,935 (25.15)	49,183.00 (26.68)	61,896 (28.45)
Others (Grants to Local Bodies and Loans and Advances)	1,474 (1.00)	668 (0.48)	1,116 (0.70)	1,479.00 (0.80)	2,057 (0.95)

(Source: Finance Accounts of the respective years)

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

Table 2.17 shows that:

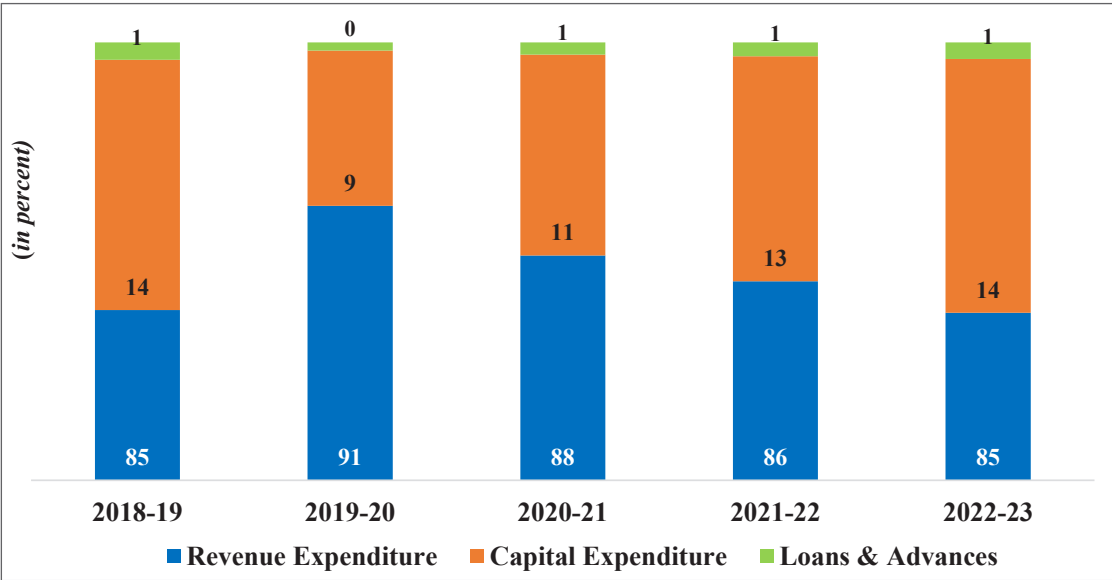
- ✦ The State increased expenditure (percentage-wise) in Economic Services, whereas there were marginal variations, with decrease in expenditure, in General Services and Social Services, with reference to the activity components of total expenditure, during 2022-23.
- ✦ In General Services, the State reduced its expenditure on ‘Appropriation for reduction or avoidance of debt’, by deciding to freeze the contribution towards Consolidated Sinking Fund for the FY 2020-21 and 2021-22, under Interest payment and servicing of debt, which affect the fiscal deficit to that extent. During the year 2022-23, the State contributed ₹ 1,288 crore towards the Consolidated Sinking Fund.
- ✦ In Social services, a major decrease in expenditure was seen in ‘Assistance to Non-Government Colleges and Institutes’ by 54.68 *per cent* and ‘Other Adult Education Programmes’ by 98.34 *per cent* under ‘General Education’, decrease in assistance

to Research by 65.84 *per cent* under ‘Technical Education’, decrease in assistance to Special component plan for Scheduled Castes by 66.98 *per cent*, Tribal area sub plan by 90.34 *per cent* and Prevention and control of diseases by 79.50 *per cent* under ‘Medical and Public Health’ and less expenditure was seen in ‘Assistance to Local bodies, Municipalities’ by 88.57 *per cent* and Assistance to Nagar panchayats/ Notified Area Committees or equivalent thereof by 73.06 *per cent* under ‘Water supply and Sanitation’ etc.

- ★ In Economic Services, the major increase was seen in “Training” by 305.01 *per cent* under ‘Other Rural Development Programmes’, Direction and Administration by 1,359.81 *per cent* under ‘Irrigation and flood control’, Direction and Administration by 298.17 *per cent* and Promotion and publicity by 636.72 *per cent*, under ‘Tourism’, and Direction and Administration by ₹ 384 crore more over the previous year, under ‘Census Surveys and Statistics’ etc.

Chart 2.10 presents the trends in the share of components of total expenditure during 2018-19 to 2022-23.

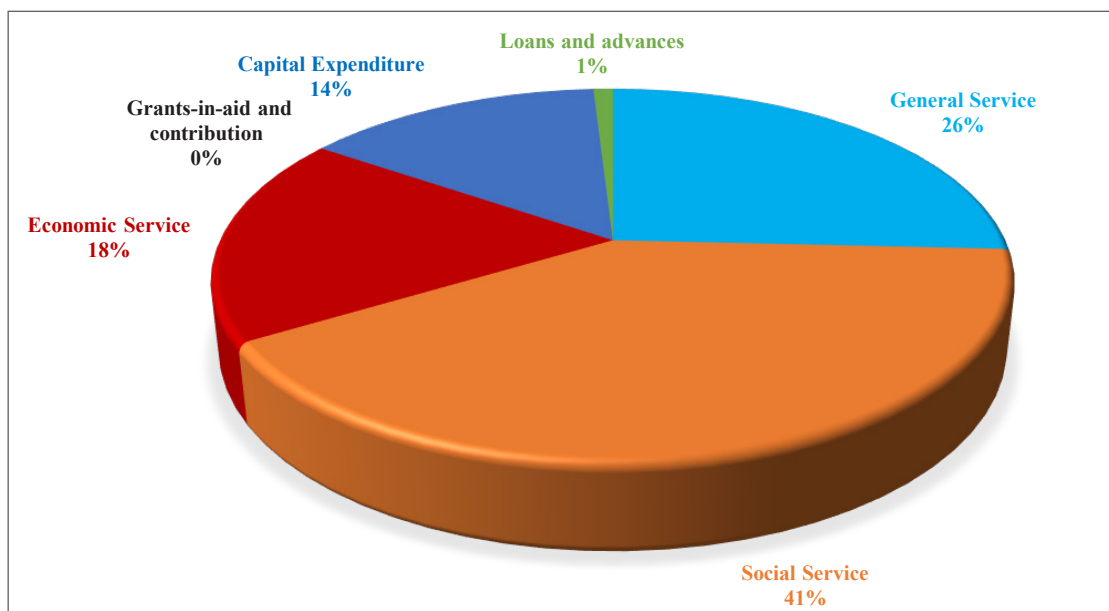
Chart 2.10: Total Expenditure: Trends in share of its components



(Source: Finance Accounts of the respective years)

The debt of DISCOMs, taken over by the State, did not impact much on the State debt profile, as the loans and advances extended by the State (₹ 2,056.77 crore) constitutes only 0.95 *per cent* of the total expenditure. Capital expenditure showed an increasing trend after 2019-20, whereas, during the same period, revenue expenditure showed a decreasing trend in relation to the total expenditure.

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

Chart 2.11: Composition of expenditure by function during 2022-23

(Source: Finance Accounts for the year 2022-23)

Component-wise and function-wise budget and expenditure of the State

Implementation of the State budget for the year 2022-23, was analyzed on the basis of component-wise classification of the provisions made in the budget. Details of component-wise expenditure incurred against the budgetary provisions made during the financial year 2022-23, are shown in **Table 2.18**.

Table 2.18: Component-wise budgetary provisions and expenditure incurred

(₹ in crore)

Components	Original Budget	Supplementary Budget	Total Budget	Total Expenditure	Percentage of Total Budget	Percentage of Total Expenditure	Percentage of expenditure against the Budget
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8=5/4×100)
Establishment & committed	1,37,460.94	13,609.47	1,51,070.41	1,26,749.88	50.08	54.66	83.90
State Schemes	36,023.01	21,100.34	57,123.35	44,347.59	18.93	19.12	77.63
Central Share for CSS	46,019.44	3,502.91	49,522.35	25,898.26	16.42	11.17	52.30
State Share for CSS	13,789.55	25,725.78	39,515.33	31,554.39	13.10	13.61	79.85
Central Area Schemes	230.25	56.78	287.03	60.45	0.10	0.03	21.06
EAP - Externally Aided Projects	4,168.00	-	4,168.00	3,293.30	1.38	1.42	79.01
Total	2,37,691.19	63,995.27	3,01,686.46	2,31,903.88	100.00	100.00	76.87

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

As can be seen from **Table 2.18**, 76.87 per cent of the total budget has been utilised and amount more than the supplementary budget remained unutilised. Further, 54.66 per cent of the total expenditure was incurred on Establishment and Committed component.

Similarly, function-wise budgetary provisions and actual expenditure incurred their against were analysed as described in the budget and Finance Accounts of the State.

Details of function-wise budgetary provisions and expenditure incurred their against have been shown in **Table 2.19**.

Table 2.19: Function-wise budgetary provisions and expenditure incurred
(₹ in crore)

Function	Budget Estimates	Revised Estimates	Actuals	Percentage of actuals
General Services	66,124.25	69,653.95	59,284.06	25.56
Social Services	95,555.38	1,22,404.59	94,315.78	40.67
Economic Services	60,020.03	76,992.29	61,896.09	26.69
Public Debt	14,670.03	14,670.03	14,351.07	6.19
Loans and Advances	1,314.85	1,791.56	2,056.77	0.89
Grant-in-Aid & Contributions	6.64	6.64	0.11	-
Total	2,37,691.19	2,85,519.06	2,31,903.88	100.00

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

Capital expenditure (under Economic Services) is crucial for economic growth, lesser capital spending may impede the pace of asset creation in the State, on which the economic growth depends.

2.5.2 Revenue Expenditure

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network.

Trend analysis of the growth of revenue expenditure, is depicted in **Table 2.20**.

Table 2.20: Revenue Expenditure – Basic Parameters
(₹ in crore)

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE)	1,47,425	1,38,987	1,58,816.02	1,84,376.51	2,17,552.81
Revenue Expenditure (RE)	1,24,897	1,26,017	1,39,493.45	1,59,219.71	1,83,976.22
Rate of Growth of RE (<i>per cent</i>)	21.70	0.90	10.69	14.14	15.55
Rate of growth of GSDP (<i>per cent</i>)	12.64	10.20	(-) 2.51	14.64	15.55
RE as a percentage of TE	84.72	90.67	87.83	86.36	84.57
RE/GSDP (<i>per cent</i>)	23.66	21.66	24.59	24.48	24.48
RE as a percentage of RR	94.77	101.44	108.84	100.27	106.54
The buoyancy of Revenue Expenditure with					
GSDP (ratio)	1.72	0.09	-	0.97	1.00
Revenue Receipts (ratio)	1.78	(-)0.16	3.38	0.59	1.78

(Source: Finance Accounts of the respective years)
Buoyancy ratio was not calculated as GSDP growth was negative in 2020-21.

Table 2.20 showed that:

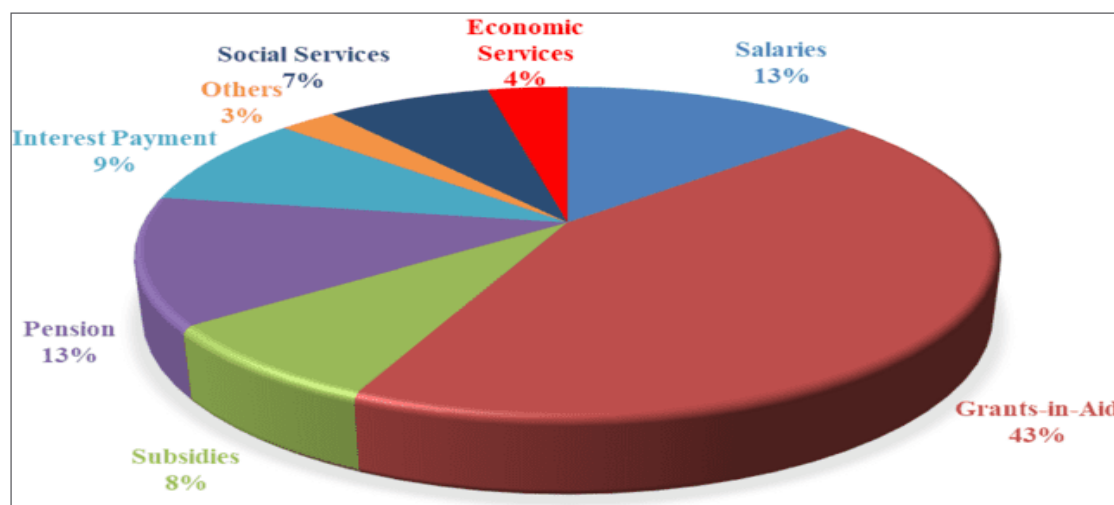
- ★ Revenue expenditure constituted 84.57 *per cent* of the total expenditure and only 15.43 *per cent* funds were left for capital expenditure which is marginally higher than the previous year (13.64 *per cent*).
- ★ Revenue expenditure has increased by ₹ 24,756.51 crore.
- ★ During 2022-23, the buoyancy ratio of revenue expenditure with GSDP was higher than the previous year. The buoyancy ratio of revenue expenditure with

revenue receipts was 1.78 *per cent*, which was not a good sign for the State's finances.

- ✦ The buoyancy of Revenue Expenditure to Revenue Receipts was more than 'one' during the year 2022-23. This indicated that Revenue Expenditure was growing at a faster pace than the Revenue Receipts.

Sector-wise distribution of revenue expenditure is depicted in **Chart 2.12**.

Chart 2.12: Sector-wise distribution of revenue expenditure



(Source: Finance Accounts for the year 2022-23)

2.5.2.1 Major changes in Revenue Expenditure

Significant variations under various Heads of Account, regarding revenue expenditure of the State, during the current year and the previous year, are given in **Table 2.21**.

Table 2.21: Variation in Revenue Expenditure during 2022-23 compared to 2021-22

(₹ in crore)

Major Heads of Account	2021-22	2022-23	Increase (+)/ Decrease (-)	Percentage Increase/ Decrease
2029-Land Revenue	756.52	867.83	111.31	14.71
2049-Interest Payments	13,821.93	15,183.54	1,361.61	9.85
2055-Police	8,265.23	9,235.61	970.38	11.74
2406-Forestry and Wildlife	314.96	560.29	245.33	77.89
2039-State Excise	123.27	308.85	185.58	150.55
2071-Pension and Other Retirement Benefits	20,257.58	23,107.87	2,850.29	14.07
2202-General Education	33,361.92	40,987.09	7,625.17	22.86
2014-Administration of Justice	1,076.28	1,283.47	207.19	19.25
2215-Water Supply and Sanitation	942.32	2,551.72	1,609.40	170.79
2505-Rural Employment	3,523.80	1,573.11	(-)1,950.69	(-)55.36
2225- Welfare of Schedule Castes, Schedule Tribes and Other Backward Classes and Minorities	4,225.92	2,864.94	(-)1,360.98	(-)32.21
2210-Medical and Public Health	9,639.74	8,422.46	(-)1,217.28	(-)12.63

(Source: Finance Accounts of the respective years)

Table 2.21 shows:

- ✦ Decrease in expenditure under: (i) National Rural Employment Guarantee Scheme in ‘Rural employment’, over the previous year (ii) ‘Welfare of schedule caste, schedule tribe, other backward classes and minorities’, over the previous year, due to less expenditure mainly under ‘Assistance to Gram Panchayats’ and Education and (iii) ‘Medical and Public Health’, due to less expenditure incurred over the previous year, mainly under ‘Prevention and control of diseases and Special component plan for Schedule Castes’.
- ✦ Increase in expenditure: (i) in ‘Land revenue’ (mainly under Management of government Estates), ‘Interest payment’ (mainly under Interest on market loan and Interest on other loans for state/union territory with legislature schemes), ‘Police’ (mainly under District police and Special police), ‘Forestry and wild life (mainly under Special component plan for schedule caste and forest conservation, development and registration), ‘Pension and other retirement benefits’ (mainly under Commuted value of pension, Gratuities, Family pension and Government contribution for defined contributory pension scheme), ‘General Education’ (mainly under Serva Shiksha Abhiyan, Assistance to Non-government secondary schools and Scholarships *etc.*), ‘Water supply and sanitation’ (mainly under Sanitation services, Prevention of air and water pollution and Tribal area sub-plan) and (ii) on Administration on justice, State excise *etc.* were also some of the reasons for the increase in the State’s revenue expenditure.

2.5.2.2 Committed Expenditure

The Committed Expenditure of the State Government on the revenue account consists of Interest Payments, expenditure on Salaries and Wages and Pensions. It has the first charge on Government resources. The upward trend on committed expenditure leaves the Government with lesser flexibility for the development. A trend analysis of committed expenditure is shown in **Table 2.22**.

Table 2.22: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
Salaries and Wages	19,922.57	20,375.92	21,802.11	23,524.52	24,816.02
Expenditure on Pensions	16,027.75	17,110.38	19,635.15	20,257.58	23,107.87
Interest Payments	10,071.14	10,991.42	12,484.04	13,821.93	15,183.54
Total	46,021.46	48,477.72	53,921.30	57,604.03	63,107.43
As a percentage of Revenue Receipts (RR)					
Salaries and Wages	15.12	16.40	17.01	14.81	14.37
Expenditure on Pensions	12.16	13.77	15.32	12.76	13.38
Interest Payments	7.64	8.85	9.74	8.70	8.79
Total	34.92	39.02	42.07	36.28	36.54
As a percentage of Revenue Expenditure (RE)					
Salaries and Wages	15.95	16.17	15.63	14.77	13.49
Expenditure on Pensions	12.83	13.58	14.08	12.72	12.56
Interest Payments	8.06	8.72	8.95	8.68	8.25
Total	36.85	38.47	38.66	36.18	34.30

(Source: Finance Accounts of the respective years)

The share of committed expenditure in total revenue expenditure ranged from 38.66 *per cent* in 2020-21 to 34.30 *per cent* in 2022-23. Ratio of committed expenditure with reference to revenue receipts increased (marginally by 0.26 *per cent*) to 36.54 *per cent* in 2022-23, over the previous year. The committed expenditure increased by 37.13 *per cent* from the year 2018-19 to 2022-23.

During the year, the total committed expenditure increased by ₹ 5,503.40 crore (9.55 *per cent*) over the previous year. Interest payments (8.79 *per cent*) was above the target of 8.29 *per cent* of the Revenue Receipts set out in the BFRBM (Amendment) Act, 2016, but below the projection of XVth FC of ₹ 15,356 crore. Expenditure on the components of committed expenditure together accounted for 8.72 *per cent* of GSDP in 2018- 19 and decreased to 8.40 *per cent* in 2022-23. During 2020-21, committed expenditure w.r.t. GSDP was 9.51 *per cent*, highest during the last five years.

As per the Budget Document (2020-21) of the Government of Bihar, “Repayment of public debt” has also been taken as a committed expenditure of the State. Repayment of public debt is one of the components of expenditure under Capital Head. In this report, total expenditure has been calculated excluding the repayment of public debt. Therefore, there is no impact on committed expenditure.

Implementation of the recommendations of pay commissions in the past have accounted for enhancement in pension and salaries pay-outs of the State, thereby impacting its revenue expenditure. The BFRBM 2023, estimated pension payments, calculated with base rate of nine *per cent* growth for forthcoming years and pension payment liabilities to be enhanced to ₹ 63,933.85 crore up to 2032-33. Therefore, while assessing pension and salaries, State should keep in mind, the likely strain on the revenue stream and the need to observe strict fiscal discipline. As average annual growth of revenue of the state was 11.54 *per cent* during the last 10 years which is not properly sufficient to take burden of the assumed growth rate of expenditure on pension (nine *per cent*), further state has to incur a lot of expenditure apart from the Pension.

During the year, the State has maintained the committed expenditure within the MTFP⁸. Allocation of larger portion of the budget for committed expenditure items limits the State’s flexibility to decide the other expenditure priorities such as capital expenditure.

2.5.2.3 Undischarged liabilities in the National Pension System

State Government employees, recruited on or after 01 September 2005, are covered under the National Pension System (NPS), a Defined Contributory Pension Scheme (DCPS). Under the Scheme, the employee contributes 10 *per cent* of his basic pay and dearness allowance and the State Government contributes equal to 14 *per cent* of basic pay and dearness allowance of the employees. The entire amount (employees’ contribution and employer’s contribution) is to be transferred to the designated Fund Manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

During 2022-23, the total contribution towards NPS was to be ₹ 2,649.81 crore (employees’ contribution: ₹ 1,106.56 crore and Government’s Contribution: ₹ 1,543.25 crore), against which an amount of ₹ 2,609.30 crore was transferred to the

⁸ MTFP targets: Salary & wages- ₹ 29,749.57 crore; Pension- ₹ 24,252.29 crore and Interest Payment- ₹ 16,305.03 crore.

NSDL. A short contribution of ₹ 325.56 crore (previous year's balance ₹ 279.12 crore plus current year balance ₹ 46.44 crore) was made by the Government during the year.

As on 31 March 2023, ₹ 325.56 crore (₹ 279.12 crore previous year's balance plus ₹ 46.44 crore) were lying in the Public Account as closing balance, which was yet to be deposited with the NSDL/Trustee Bank.

Further, the State Government is liable to pay interest on delayed transfer of NPS balances at the corresponding interest rate applicable to the General Provident Fund (GPF) subscribers. Thus, the State Government has created interest liability on the amount not transferred to NSDL.

Details of the receipts from employees' share, Government's contribution, interest accrued thereon and investment in pension fund given in **Table 2.23**.

Table 2.23: Contribution and investment under DCPS

(₹ in crore)

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

(Source: Finance Accounts of the respective years)

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

2.5.2.4 Subsidies

Total subsidies, during the current year, stood at ₹ 14,827.79 crore, 44.58 per cent more than that of the previous year, which registered the highest increase over the previous year during the last five years and constituted 8.59 per cent of state's total revenue receipts and 30.79 per cent of state's own revenue. It constituted 1.97 per cent of GSDP during the year 2022- 23.

Trend analysis of expenditure on subsidies, is depicted in **Table 2.24**.

Table 2.24: Department-wise subsidies during 2018-23

(₹ in crore)

Department	2018-19	2019-20	2020-21	2021-22	2022-23	Sparkline
Agriculture	490.52	518.17	164.30	219.58	496.76	
Energy	5,737.03	5,193.00	6,759.96	8,180.82	12,223.00	
Food and consumer Protection	638.81	618.13	578.77	720.56	629.93	
Industry	322.00	316.78	234.47	787.07	1,040.42	
Transport	962.77	177.17	122.57	89.01	96.18	
Animal and Fisheries Resources	112.92	116.00	99.67	100.71	163.37	
Others	59.92	182.02	207.68	158.27	178.13	
Subsidies	8,323.97	7,121.27	8,167.42	10,256.02	14,827.79	
Subsidies as a percentage of Revenue Receipts	6.32	5.73	6.37	6.46	8.59	
Subsidies as a percentage of Revenue Expenditure	6.66	5.65	5.86	6.44	8.06	

(Source: Finance Accounts of the respective years)

Trend analysis revealed that 82.43 *per cent* went to the Energy Sector. This was the highest during the period of last five years and was higher by 2.66 *per cent* of the percentage share of the subsidies of the previous year. The subsidies to the energy sector increased by 113.05 *per cent* from the year 2018-19 to 2022-23 and were ₹ 4,042.18 crore higher over the previous year, i.e., GoB had extended more subsidy to the power sector by 49.41 *per cent* over the previous year. The trend also showed that the amount of subsidies was on an increasing trend during the last five year, except during 2019-20. Since most of the subsidy goes to power sector, **Table 2.25** shows the details of subsidy provided to the power sector.

Table 2.25: Details of subsidy provided to the power sector for the year 2018-2023

(₹ in crore)

Name of the entity	Year				
	2018-19	2019-20	2020-21	2021-22	2022-23
North Bihar Power Distribution Company (NBPDCCL)	0.00	0.00	0.00	100.00	145.00
South Bihar Power Distribution Company (SBPDCL)	57.03	0.00	0.00	80.86	0.00
Chief Minister Nischay Vidhyut Sambandh Yojana	560.00	0.00	0.00	0.00	0.00
Bihar State Power Holding Company Ltd (BSPHCL)	5,120.00	5,193.00	6,759.96	7,999.96	12,078.00
Total	5,737.03	5,193.00	6,759.96	8,180.82	12,223.00

(Source: Finance Accounts of the respective years)

During the last five years, power companies were provided with subsidies of ₹ 38,093.81 crore for establishment and committed expenditure except Chief Minister Nischay Vidhyut Sambandh Yojana. As per the certified accounts of both power distribution companies for the year 2021-22, the South Bihar Power Distribution Company (SBPDCL) incurred a loss of ₹ 1,287.60 crore and the North Bihar Power Distribution Company (NBPDCCL) incurred a loss of ₹ 929.57 crore.

2.5.2.5 Financial assistance by the State Government to Local Bodies and Other Institutions

Assistance provided by way of grants and loans, to local bodies and others, during the current year, compared to the previous years, is shown in **Table 2.26**.

Table 2.26: Financial Assistance to Local Bodies etc.

(₹ in crore)

Financial Assistance to Institutions	2018-19	2019-20	2020-21	2021-22	2022-23
(A) Local Bodies					
Municipal Corporations and Municipalities	2,892.56	1,533.24	4,785.08	5,386.53	4,990.73
Panchayati Raj Institutions	7,517.61	9,971.64	12,899.38	13,268.40	14,474.20
Total (A)	10,410.17	11,504.88	17,684.46	18,654.93	19,464.93
(B) Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1,905.37	3,925.89	3,716.00	3,684.25	4,331.84
Development Authorities	5,860.77	5,839.49	999.15	1,693.64	1,388.63
Hospitals and Other Charitable Institutions	0.00	0.00	0.00	0.00	0.00
Other Institutions	33,587.98	25,311.28	32,529.37	40,982.19	54,755.48
Total (B)	41,354.12	35,076.66	37,244.52	46,360.08	60,475.95
Total (A+B)	51,764.29	46,581.54	54,928.98	65,015.01	79,940.88
GIA on Salary	19,922.57	20,375.92	21,802.11	23,524.52	24,816.02
GIA for creation of Capital Assets	14,023.84	5,569.37	10,273.35	14,083.39	20,019.34
GIA for non-salary	2,184.57	2,494.82	3,652.61	3,797.35	4,798.28
GIA in kind	Information not provided by the State Government				
Revenue Expenditure	1,24,896.81	1,26,016.66	1,39,493.45	1,59,219.71	1,83,976.22
Assistance as percentage of Revenue Expenditure	41.45	36.96	39.38	40.83	43.45

(Source: Finance Accounts of the respective years)

Financial assistance to Local Bodies (LBs) and Other Institutions by the State Government increased by 22.96 *per cent* in comparison to the previous year (₹ 65,015.01 crore) and its percentage to revenue expenditure increased to 43.45 *per cent*.

Release of financial assistance to Local Bodies without ensuring its proper utilisation, is indicative of poor financial management (detailed in **Para 4.5 of Chapter-IV**).

VIth State Finance Commission (SFC)

The State Government constituted (February 2019) the Sixth SFC, for 2020-25. The SFC recommended a minimum threshold of Devolution of Taxes and Grants. Thus, if the calculated value of Devolution of taxes and Grants fell below the Minimum Threshold, the State Government would have to transfer at least the Minimum Threshold amount to the LBs.

The Commission was to devise fiscal transfers from the State Government to the LBs of the State, in the light of the constitutional provisions.

On the recommendation of SFC, the State Government adopted the 65:35 formula for provisioning of funds for PRIs and ULBs, for the period from 2021-22 to 2024-25. During 2022-23, out of the total provisioned ₹ 4,834 crore (Devolution: ₹ 2,654 crore and Grants: ₹ 2,180 crore), ₹ 3,142 crore (65 *per cent*) was for PRIs and ₹ 1,692 crore (35 *per cent*) was for ULBs.

Devolution

The State Government was to appropriate the Devolution at the rate 10 *per cent* of the Divisible Pool (State's Own Net Tax Revenue of the previous year) for the period from 2021-22 to 2024-25 on the recommendation of SFC. Devolution of funds may be seen in **Table 2.27**.

Table 2.27: Divisible Pool of Taxes for 2022-23

(₹ in crore)

	Projected	Actual (t-1)
State Own Tax Revenue (A)	32,373	34,855
Cost of collection @ 2.52 <i>per cent</i> (B)	816	878
Net State Own Tax Revenue (A-B)	31,557	33,977
Devolution (10 <i>per cent</i> of SONTR)	3,156	3,398

(Source: SFC report and Finance Account of the respective year)

The State, however, had provided only ₹ 2,654 crore (Devolution) against the recommendation of ₹ 3,398 crore.

Grant

The Commission recommended calculation of amount of annual Grant during the period 2021-25 at the rate of 2.50 *per cent* of the net revenue of the previous year (Consolidated Fund of the State). 50 *per cent* of the Grant was to be transferred directly to the Local Bodies and the remaining 50 *per cent* was to be expended by the different departments, in those schemes whose objectives were to be developed by the Local Bodies. During 2022-23, Grant amounting to ₹ 4,609 crore (₹ 1,84,376.51 crore X 2.50 *per cent*), was to be provisioned, as mentioned in **Table 2.28**.

Table 2.28: Grants to Local Bodies during 2022-23

(₹ in crore)

Grant	Amount projected by SFC	Amount to be provisioned	Provisioned
Direct to Local Bodies (50 <i>per cent</i>)	2,180	2,304.50	1,090.00
Expenditure by departments (50 <i>per cent</i>)	2,180	2,304.50	1,090.00
Total	4,360	4,609.00	2,180.00

(Source: SFC report and Finance Accounts of the respective year)

The State Government had provisioned only ₹ 2,180 crore (43.03 *per cent*), against the ₹ 4,609 crore.

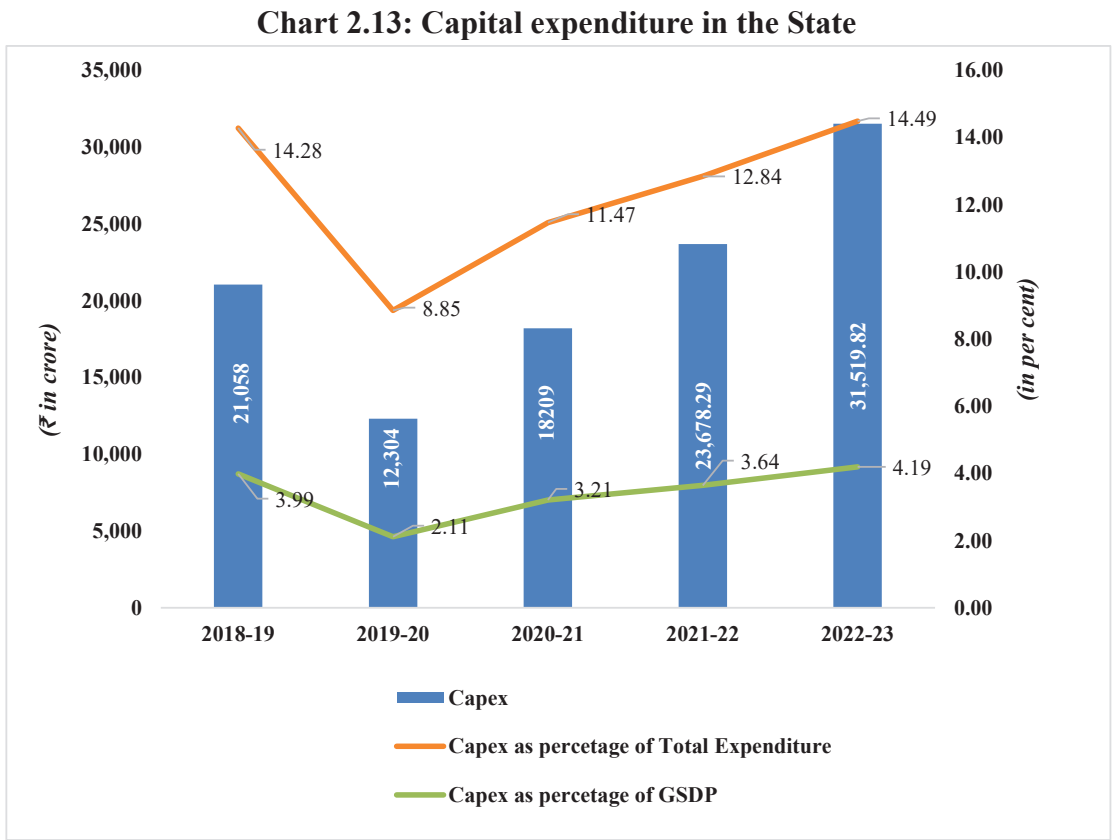
Delay in release of funds to LBs: During 2022-23, release orders for each item were to be issued in two instalments *i.e.*; 1st instalment of 50 *per cent* by June 30 and 2nd instalment of 50 *per cent* by October 31.

During test check of fund release orders, Audit noticed that the orders were issued with delays ranging between 74 days to 259 days, contrary to the commission guidelines.

Reason(s) for short and delayed release of funds were asked from the Finance Department, GoB (14 November 2023). Their reply was, however, awaited (31 December 2023).

2.5.3 Capital Expenditure

Capital Expenditure (Capex) is primarily expenditure on creation of fixed infrastructure assets, such as roads, buildings, etc. Capex in the State was being met from budgetary support and extra-budgetary resources/off-budgets. It also included investments made by the State in Companies/Corporations. A trend analysis of Capex in the State, over the last five years, is shown in **Chart 2.13**.



(Source: Finance Accounts of the respective years)

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

- ✦ Capital expenditure was 5.95 per cent higher than the assessment made by the State Government in Budget Estimates and the projection made in Mid Term Fiscal Policy Statement, 2022 (₹ 29,749.64 crore).
- ✦ Capital expenditure increased in Social Services from ₹ 5,153.72 crore to ₹ 5,967.30 crore. The increase was mainly in Health and Family Welfare by ₹ 1,561.04 crore and Social Welfare and Nutrition by ₹ 376.86 crore. However, it decreased in General Services, from ₹ 3,507.49 crore to ₹ 3,254.88 crore, mainly due to decrease in Other Administrative Services by ₹ 282.09 crore, and in Police by ₹ 35.35 crore. The Capital Expenditure on Economic Services increased from ₹ 15,017.08 crore to ₹ 22,297.64 crore mainly due to increase in expenditure in

‘Other Rural Development Programmes’ by ₹ 2,262.42 crore, in ‘Power’ by ₹ 1,648.71 crore, in ‘Roads and Bridges’ by ₹ 2,549.50 crore and in ‘Village and Small Industries’ by ₹ 1,355.80 crore at the year 2022-23.

- ✦ The capital expenditure as a percentage of GSDP has ranged from 2.11 *per cent* to 4.19 *per cent* during the period of last five years. However, it has increased by 0.55 *per cent* over the previous year.
- ✦ As per Finance Accounts, some of the expenditure booked under Capital Head was misclassified, resulting in overstatement of Capital Expenditure to that extent (*Para 2.5.3.6*).

A major chunk of the capital expenditure has been parked in the Public Account of the State. The detailed analysis has been covered in *Para 4.4* of *Chapter IV* of this Report.

2.5.3.1 Major changes in Capital Expenditure

Significant variations under various Major Heads of Accounts with regard to capital expenditure of the State, during the current year, as compared to the previous year, are depicted in **Table 2.29**.

Table 2.29: Capital expenditure during 2022-23, compared to 2021-22

(₹ in crore)

Major Heads of Accounts	2021-22	2022-23	Increase (+)/ Decrease (-)	Percentage Increase(+)/ Decrease(-)
4210- Capital Outlay on Medical and Public Health	865.44	2,426.48	1,561.04	180.38
4515- Capital Outlay on other Rural Development Programmes	3,955.66	6,218.08	2,262.42	57.19
5054- Capital Outlay on Roads and Bridges	4,052.42	6,601.92	2,549.50	62.91
4801- Capital Outlay on Power Projects	1,430.00	3,078.71	1,648.71	115.29
4851- Capital Outlay on Village and Small Industries	16.44	1,392.24	1,375.80	8,368.61
4235- Capital Outlay on Social Security and Welfare	132.97	509.83	376.86	283.42
4700- Capital Outlay on Major Irrigation	2,231.42	1,207.61	(-) 1,023.81	(-) 45.88
4215- Capital Outlay on Water Supply and Sanitation	1,975.96	1,310.02	(-) 665.94	(-) 33.70
4202- Capital Outlay on Education, Sports, Art and Culture	1,760.74	1,315.54	(-) 445.20	(-) 25.28
4711- Capital Outlay on Flood Control Projects	1,108.97	983.93	(-) 125.04	(-) 11.28
4070- Capital Outlay on other Administrative Services	1,349.48	1,067.39	(-) 282.09	(-) 20.90
5075- Capital Outlay on other Transport Services	1,057.59	959.00	(-) 98.59	(-) 9.32

(Source: Finance Accounts of the respective years)

The expenditure on Medical and Public Health increased due to increase in expenditure, mainly under special component plan for schedule caste for medical college and hospital. Increase in expenditure on ‘other rural development programmes’ was due to more expenditure, mainly under the ‘Minimum need programme’. Increase in expenditure on ‘Road and Bridges’ was incurred mainly under ‘Major roads’. Increase in Power Projects was mainly under projects of the ‘Bihar State Power Transmission Company Ltd.’ (BSPTCL). Increase in expenditure in ‘Village and Small Industries’ was mainly under ‘development of industrial parks’. Increase in expenditure on ‘Social Security

and Welfare’ was due to increased expenditure under ‘Integrated Child Development Services’ (ICDS) and construction of different buildings related to social welfare.

As compared to the previous year, lesser expenditure was incurred on ‘Major Irrigation’ due to ‘irrigation creation project (works) (NABARD Aided)’. Lesser expenditure was also incurred on ‘Water supply and Sanitation’, due to lesser expenditure under the ‘Chief Minister Drinking Water Nischaya Plan (quality effected area)’. Lesser expenditure was incurred in ‘Education, Sports, Art and culture’, due to lesser expenditure under ‘Engineering College Buildings (Nischaya)’. Lesser expenditure was seen in ‘Flood Control Projects’, due to lesser expenditure under ‘Flood Control Projects (works)’. Lesser expenditure was incurred on ‘Other Administrative Services’ mainly due to lesser expenditure under the ‘Chief Minister Area Development Programme’. Lesser expenditure was incurred in ‘Other Transport Services’, due to lesser expenditure under the ‘Patna Metro Rail Corporation Projects (works)’.

2.5.3.2 Quality of capital expenditure

If the State Government keeps on investing in loss-making government companies with completely eroded net worth, there are no chances of return on investment. This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year.

Return on Investment:

Return on investment in share capital invested in SPSEs and history of repayment of loans given to various bodies is an important determinant of quality of capital expenditure. A trend analysis of return on investment, during the years from 2018-19 to 2022-23, is given in **Table 2.30**.

Table 2.30: Return on Investment (ROI)

Investment/return/cost of borrowings	2018-19	2019-20	2020-21	2021-22	2022-23
Investment at the end of the year (₹ in crore)	28,327.00	31,667.39	32,870.61	35,436.02	39,024.62
Return on Investment (₹ in crore)	11.34	1.62	603.01	6.54	1.49
Return on Investment (per cent)	0.04	0.01	1.83	0.02	0.004
Average rate of interest on Government Borrowings (per cent)	6.18	6.07	5.94	5.70	5.51
Difference between rate of interest and rate of return (per cent)	6.14	6.06	4.11	5.68	5.506
Difference between interest on Government borrowings and return on investment (₹ in crore)[#]	1,739.28	1,919.04	1,350.98	2,012.77	2,148.70

(Source: Finance Accounts of the respective years)

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

✦ As on 31 March 2023, the Government had invested ₹ 39,024.62 crore in 46 Government Companies (₹ 36,388.28 crore), three Statutory Corporations (₹ 105.63 crore), one Rural Bank (₹ 30.19 crore), 12 Joint-stock Companies (₹ 1,862.76 crore), and 17 Co-operative institutions/Societies (₹ 637.76 crore). Out of the 46 Government companies, 22 companies are working companies in which ₹ 36,216.90 crore was invested and 24 were non-working companies in which ₹ 171.38 crore was invested by the GoB.

- ✦ The State had invested ₹ 35,375.22 crore (₹ 35,273.20 crore in Bihar State Power Holding Company Ltd. and ₹ 102.02 crore in Bihar State Hydro Electric Power Corp. Ltd.) in the power sector, which constitute 90.65 *per cent* of the total investment of the State Government till 2022-23 and 97.68 *per cent* of the investment made in working companies.
- ✦ ROI decreased by ₹ 5.05 crore over the previous year, due to release of Dividend of ₹ 1.49 crore by only two entities (₹ 1.28 lakh by National Projects Construction Corporation Limited and ₹ 147.54 lakh by Other Co-operatives).
- ✦ The State Government incurred a notional loss of ₹ 2,148.70 crore on return on investment (highest in the last five years) in various entities on account of the difference between the Government borrowing cost and the return on investment.

The State Government extended budgetary support of ₹ 35,273.20 crore, in the form of share/equity to one loss-making SPSE till 2022-23, as shown in **Table 2.31**.

Table 2.31: Investment made in loss-making company

(₹ in crore)

Company	Accumulated Losses	Investment made during the year	Cumulative investment as on 31 March 2022	Cumulative investment as on 31 March 2023
Bihar State Power Holding Company Limited	19,718.48	3,078.71	32,194.49	35,273.20
Total	19,718.48	3,078.71	32,194.49	35,273.20

(Source: Finance Accounts for the year 2022-23)

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

Loans and Advances:

Government has provided loans and advances to many co-operative societies, corporations and companies. Details are given in **Table 2.32**.

Table 2.32: Loans disbursed and recovered during 2018-19 to 2022-23

(₹ in crore)

Loans disbursed and recovered	2018-19	2019-20	2020-21	2021-22	2022-23
Opening Balance of loans outstanding	21,169.17	20,814.33	21,450.23	21,743.77	23,194.36
Amount disbursed during the year	1,470.56	666.30	1,113.97	1,478.51	2,056.77
Amount recovered during the year	1825.40	30.40	820.43	27.92	41.49
Closing Balance of the loans outstanding	20,814.33	21,450.23	21,743.77	23,194.36	25,209.64
Net addition	(-) 354.84	635.90	293.54	1,450.59	2,015.28
Interest received	462.86	599.74	3,067.38	532.78	365.90
Rate of interest on loans and advances given by the government	Not ascertainable				
Rate of interest paid on the outstanding borrowings of the government	5.96	5.68	5.49	5.37	5.18
Difference between the rate of interest paid and interest received (<i>per cent</i>)	Not ascertainable				

(Source: Finance Accounts of the respective years)

It can be observed from **Table 2.32** that:

- ✦ During 2022-23, interest received by the State Government against loans given was ₹ 365.90 crore, less by ₹ 166.88 crore over the previous year and lowest during the last five years.
- ✦ An amount of ₹ 1,505.52 crore was given to Government Companies *i.e.*, 73.20 *per cent* of loans disbursed during the year 2022-23.
- ✦ Despite disbursement of loans and advances of ₹ 2,029.85 crore (Government companies: ₹ 1,505.52 crore and Others: ₹ 524.33 crore) to the loanee group during the year, only ₹ 18.19 crore repayment of the loans had been made.
- ✦ Loans and Advances extended by the State Government during each (except in 2019-20) year had increased from ₹ 1,470.56 crore in 2018-19 to ₹ 2,056.77 crore in 2022-23 and was highest support given by the Government during the period of last five years.

The State Government had not finalised the rate of interest to be charged with the loanees and in some cases, the rate of interest was not disclosed with the loan amount.

Loanee group-wise total disbursements and repayment of loans during the last five years, are shown in **Table 2.33**.

Table 2.33: Loanee group-wise total disbursement and repayment of loans during the last five years (2018-19 to 2022-23)

(₹ in crore)

Loanee Group	Total	
	Disbursement	Repayment
Universities/Academic Institutions	0.00	0.00
Municipalities/Municipal Councils/ Municipal Corporations	0.00	0.00
Housing Boards	0.00	0.00
Government companies	4,403.08	348.45
Co-operative Societies/ Co-operative Corporations/ Banks	1,117.17	1,414.04
Panchayati Raj Institutions	0.00	0.00
Statutory corporations	615.85	880.86
Government Servant	125.68	96.69
Loans for Miscellaneous purposes	0.00	0.00
Others	524.33	5.60
Total	6,786.11	2,745.64

(Source: Finance Accounts of the respective years)

Loans were advanced to Government companies, Co-operative Societies/Co-operative Corporations Banks, Statutory Corporations and government servants. The pace of repayment of loan was higher than the pace of disbursement under Co-operative societies/Co-operative Corporations/Banks and Statutory Corporations. However, in case of Government companies, wherein 64.88 *per cent* of loan had been disbursed during the last five years, only 7.91 *per cent* of loan disbursed to them was repaid during the last five years.

Non-recovery of loans from the beneficiary leads to blockage of funds of the State Government. As against the loan of ₹ 6,786.11 crore, disbursed during the period of 2018-19 to 2022-23, only ₹ 2,745.64 crore was recovered.

Amount of interest arrears from different loanee groups is shown in **Table 2.34**.

Table 2.34: Loanee group-wise details of interest payment in arrears for the period 2018-19 to 2022-23

(₹ in crore)

Loanee Group	2018-19	2019-20	2020-21	2021-22	2022-23
Universities/Academic Institutions	0.00	0.00	0.00	0.00	0.00
Municipalities/Municipal Councils/ Municipal Corporations	63.40	63.40	63.40	63.40	63.40
Housing Boards	6.40	6.40	6.40	6.40	6.40
Government companies	3,273.51	4,186.71	5,118.51	6,054.40	6,996.90
Co-operative Societies/ Co-operative Corporations/ Banks	632.37	718.02	801.88	887.48	973.13
Panchayati Raj Institutions	23.54	26.77	30.00	33.23	36.46
Statutory corporations	4,485.87	4,576.75	4,677.63	4,768.52	4,869.33
Government Servant	0.00	0.00	0.00	0.00	0.00
Loans for Miscellaneous purposes	0.00	0.00	0.00	0.00	0.00
Others	553.03	685.14	817.04	948.94	1,079.65
Total	9,038.12	10,263.19	11,514.86	12,762.37	14,025.27

Source: Finance Accounts of the respective years

As can see from the **Table 2.34**, the amount of Interest payment in arrears from Municipalities/Municipal Councils/ Municipal Corporations and Housing Boards was intact *i.e.*, no addition or deletion was seen (interest on loans provided to these two groups were remain intact since long). Further, the amount of interest due also remained constant.

Steps need to be taken to reconcile or recover the amount of loan and interest thereon from these two groups *viz.*, Municipalities/Municipal Councils/ Municipal Corporations and Housing Boards. It may be seen that the amount of Interest payment in arrears was increasing year by year. This entails that no payment of interest on loan was done by the loanee group. Thus, the non-payment of interest is resulting not only in accumulation of Interest with these loanee entities but also depriving the State of revenue in lieu of interest on loan provided to these loanees.

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

2.5.3.3 Inoperative Loan accounts

Under the following Major Heads, outstanding balances of loans (₹ 50 crore and above), amounting to ₹ 1,973.63 crore, disbursed to various bodies/authorities during previous years, had remained inoperative *i.e.*, neither principal nor any interest was paid for the last nine years (FY 2014-15 to 2022-23). Inoperative loan accounts are depicted in **Table 2.35**.

Table 2.35: Inoperative loan accounts

(₹ in crore)

Major Head	Head of Account	2015-23
6215	Loans for water supply and sanitation	70.04
6216	Loans for housing	136.73
6217	Loans for urban development	260.47
6408	Loans for food storage and warehousing	1,448.75
6515	Loans for other rural development programmes	57.64
Total		1,973.63

(Source: Finance accounts of the respective years)

These outstanding loans may be reviewed at appropriate levels and steps for recovery or write-off, if required, may be taken. Apart from the above, some other outstanding loans under four Major Heads with only minor change in outstanding amounts were also noticed and substantial amount was still inoperative. Details of such Major Heads, as well as outstanding loans amounts thereunder are given in **Table 2.36**.

Table 2.36: Loans with minor changes in outstanding amount

(₹ in crore)

Major Head ⁹	Financial Year						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
6401	289.52	289.64	289.64	289.64	289.63	389.24	406.72
6801	15,520.91	15,745.26	15,571.40	15,622.97	15,865.97	15,943.10	16,034.13
6860	469.88	469.88	469.88	469.88	469.88	474.13	474.13
6885	314.08	314.07	314.06	314.05	314.05	334.05	334.05

(Source: Finance accounts of the respective years)

Table 2.36 shows that substantial amount of loans remained intact during last seven financial years.

Further, a sum of ₹ 591.97 crore was observed as minus balance under different Loan heads which requires reconciliation (**Appendix-2.2**). These balances were being carried forwarded from 2001-02. Negative balance of loans may be reviewed at appropriate level and steps for write-off/reconciliation of this balance, if required, may be taken. During exit conference on finalisation of Annual Accounts 2022-23 (13.09.2023) Secretary (Resource), Finance Department, GoB, assured reconciliation of these amounts, at the earliest.

2.5.3.4 Capital blocked in incomplete projects

An assessment of trends in capital blocked in incomplete capital projects would also indicate the quality of capital expenditure. Blocking of funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits of the projects for prolonged periods. Further, funds borrowed for implementation of these projects, during the respective years lead to an extra burden, in terms of servicing of debt and interest liabilities. Details of the incomplete projects are depicted in **Table 2.37** (based on *Appendix-IX of the Finance Accounts 2022-23*).

⁹ 6401-Loans for crop husbandry, 6801-Loans for Power Project, 6860- Loans for Consumer industries, 6885- Other loans to Industries & Minerals.

Table 2.37: Capital blocked in incomplete projects

(₹ in crore)

Age profile of incomplete projects as on 31 March 2023				Department-wise profile of incomplete projects till 31 March 2023		
Year	No. of incomplete projects	Estimated cost	Expenditure incurred	Department	No. of incomplete projects	Estimated. Cost (Expenditure incurred)
2013-14	1	1.95	-	Water Resources	104	370.58
2014-15	0	-	-	Public Health Engineering	1	-
2015-16	0	-	-	Building Construction	44	373.70
2016-17	0	-	-	Local Area Engineering Organisation	3	2.36
2017-18	4	37.36	3.69	Road Construction	33	269.02
2018-19	16	778.16	221.82	Rural works	65	31.67
2019-20	12	834.52	171.11			
2020-21	74	2,694.13	441.03			
2021-22	52	711.86	149.70			
2022-23	91	330.90	59.99			
Total	250	5,388.88	1,047.33	Total	250	1,047.33

(Source: Finance Accounts of the respective years)

Out of the estimated cost of ₹ 5,388.88 crore of 250 ongoing projects, only ₹ 1,047.33 crore had been spent till 2022-23.

Due to incomplete information in Appendix-IX of the Finance Accounts “Commitments of the Government-List of Incomplete Capital Works” of Finance Accounts 2022-23 (provided by the State Government), Audit could not ascertain the actual progressive expenditure, physical progress of work, position of pending payment (future liability) and revised cost, if any, as on 31 March 2023.

2.5.3.5 Implementation of Ujwal Discom Assurance Yojana (UDAY)

The Ministry of Power, GoI launched (November 2015) the Ujwal Discom Assurance Yojana (UDAY) Scheme for the financial turnaround of Power Distribution Companies (DISCOMs).

With the objective of improving the operational and financial efficiency of the State DISCOMs, a tripartite Memorandum of Undertaking (MoU) was executed (February 2016) between the Ministry of Power (GoI), State Government and State Power Distribution Companies. This scheme facilitated State Governments to take over 75 per cent of DISCOM’s outstanding debt over a period of two years.

The outstanding debt of the DISCOMs was taken over in the form of equity, loan and grant/subsidy. The loan extended to DISCOMs under UDAY has to be converted into grant and equity in the subsequent three years. Accordingly, the States had to convert the loan into equity and subsidy.

Further, the State Government will have to take over losses, if any, of the DISCOMs in a graded manner as mentioned in **Table 2.38**.

Table 2.38: Loss to be taken over by State

Year	2015-16	2016-17
Loss to be taken over by State.	50 per cent of loss of 2015-16	25 per cent of loss of 2016-17

(Source: Finance Accounts of the respective years)

Under the scheme, State was to take over 75 per cent of the debt of the DISCOMs (₹ 3,109.05 crore) as on 30 September 2015, by issuing Non-Statutory Liquidity Ratio Bonds and transfer the proceeds to DISCOMs in the form of grants, loans and equity. The liability of the State Government, under the package was ₹ 2,331.78 crore, as depicted in **Table 2.39**.

Table 2.39: Position of Equity/Loan/ Subsidy under UDAY

(₹ in crore)

Year	Equity Investment	Loan	Subsidy	Total
2015-16	-	-	1,369.89	1,369.89
2016-17	-	-	961.89	961.89
Total			2,331.78	2,331.78

(Source: Finance Accounts of the respective years)

The Annual Accounts of DISCOMs for the year 2022-23 had not been prepared (as on August 2023) and, as such, the status of capital employed could not be ascertained. Further, as per the finalised accounts of the year 2021-22, ₹ 7,240.99 crore of the loans were outstanding on both the DISCOMs (South Bihar Power Distribution Company Limited (SBPDCL): ₹ 3,965.10 crore and North Bihar Power Distribution Company Limited (NBPDCCL): ₹ 3,275.89 crore). The State Government had repaid the principal of ₹ 233.18 crore and paid interest of ₹ 175.17 crore in 2022-23 on the bonds issued under the UDAY Scheme.

2.5.3.6 Misclassification of Revenue Expenditure as Capital Expenditure and vice versa

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

As per Finance Accounts 2022-23, Revenue expenditure of ₹ 0.42 crore incurred on establishment and administrative heads was classified as Capital expenditure during 2022-23, by the State Government.

Misclassification of the revenue expenditure as capital expenditure resulted in the overstatement of capital expenditure and understatement of revenue expenditure up to that extent.

2.5.4 Expenditure priorities

Enhancing human development levels requires the State to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector if the allocation is below the respective national average. Higher the ratio of these components

to total expenditure, the quality of expenditure is considered to be better. An analysis of the Expenditure priorities of the State, with regard to Health, Education and Capital expenditure, is shown in **Table 2.40**.

Table 2.40: Expenditure priority of the State with regard to Health, Education and Capital expenditure during 2022-23

(in per cent)

	AE/GSDP	CE/AE	Education/ AE	Health & Family Welfare/ AE
All India Average (General Category) (2018-19)	16.38	15.58	14.76	5.07
State	27.92	15.28	19.31	4.96
All India Average (General Category) (2022-23)	15.79	15.22	14.85	5.68
State	28.95	15.43	20.25	5.43

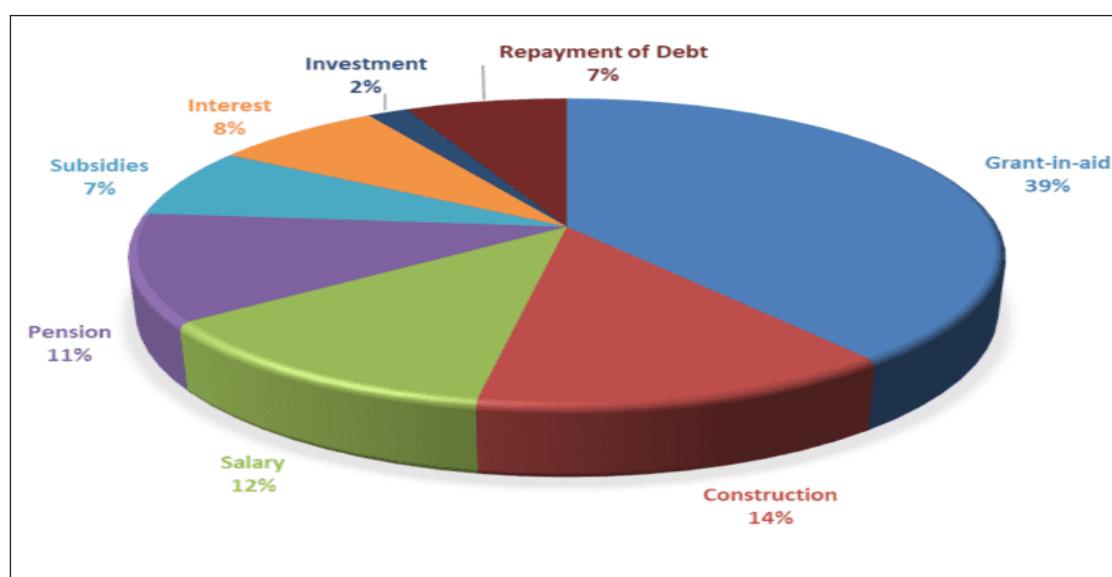
(Source: Economic Advisor of CAG and Finance Accounts) AE-Aggregate expenditure

It may be seen from **Table 2.40** that during 2022-23, the expenditure priorities of the State were above the All India average except Health & Family Welfare.

2.5.5 Object head-wise expenditure

The object head-wise expenditure is depicted in **Chart 2.14**.

Chart 2.14: Object head-wise expenditure



(Source: Finance Accounts for the year 2022-23)

- ✦ Allocation of a large portion of budget for committed¹⁰ expenditure (34.30 per cent of revenue expenditure) limits the flexibility to increase the other developmental expenditure priorities, such as investment, construction, etc. However, committed expenditure during the current year registered less proportion of revenue expenditure than the previous year (36.18 per cent).

Expenditure on 'salary' was 5.49 per cent higher than the previous year and was 3.30 per cent of GSDP and constituted 13.49 per cent of revenue expenditure. Further, expenditure on 'pension' was 14.07 per cent higher than the previous year and was

¹⁰ Salaries & Wages: ₹ 24,816.02 crore; Pension: ₹ 23,107.87 crore and Interest payment: ₹ 15,183.54 crore.

3.08 *per cent* of GSDP and 12.56 *per cent* of revenue expenditure. Expenditure on ‘Interest payment’ was 9.85 *per cent* higher than the previous year and was 2.02 *per cent* of GSDP and 8.25 *per cent* of revenue expenditure.

During 2022-23, the expenditure on committed liabilities was 29.01 *per cent* of the total expenditure, while capital expenditure was only 14.49 *per cent* of total expenditure, although expenditure on the capital portion has increased over the previous year.

2.6 Public Account

Receipts and Disbursements, in respect of certain transactions, such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, *etc.*, which do not form part of the Consolidated Fund, are kept in the Public Account, set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The Government acts like a banker in respect of these. The balance, after disbursements during the year, is the fund available with the Government, for use for various purposes.

2.6.1 Net Public Account Balances

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

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

(₹ in crore)

Sector	Sub Sector	2018-19	2019-20	2020-21	2021-22	2022-23
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, <i>etc.</i>	277.79	190.40	166.29	76.28	(-) 124.77
J. Reserve Funds	(a) Reserve Funds bearing Interest	0.01	522.95	378.12	140.42	1,585.11
	(b) Reserve Funds not bearing Interest	0.00	0.00	(-) 26.32	0.00	0.00
K. Deposits and Advances	(a) Deposits bearing Interest	60.25	202.65	(-) 75.05	(-) 57.17	40.52
	(b) Deposits not bearing Interest	368.13	1,509.34	4,336.01	(-) 1,543.24	363.64
	(c) Advances	(-) 96.85	0.00	0.00	0.00	0.00
L. Suspense and Miscellaneous	(a) Suspense (civil)	(-) 345.13	(-) 5,773.58	(-) 4,879.88	(-) 238.38	1,199.82
	(b) Other Accounts	2,138.36	(-) 2,735.55	(-) 191.23	(-) 4,148.08	7,961.19
	(c) Accounts with Governments of Foreign Countries	(-) 0.01	(-) 0.01	(-) 0.01	(-) 0.01	0.00
	(d) Miscellaneous	-	-	-	-	-
M. Remittances	(a) Money Orders, and other Remittances	76.05	(-) 2.44	4.37	(-) 7.53	0.00
	(b) Inter- Governmental Adjustment Account	0.00	(-) 794.07	794.07	0.00	0.00
Total		2,478.60	(-) 6,880.31	506.37	(-) 5,777.71	11,025.51

(Source: Finance Accounts of the respective years)

Note: (+ve) denotes debit balance and (-ve) denotes credit balances.

During 2022-23, net Public Account receipts of ₹ 11,025.51 crore were contributed to the total resources of the State. The major source of net Public Account Payment was Suspense (Civil): ₹ 1,199.82 crore and Other accounts: ₹ 7,961.19 crore under Suspense and Miscellaneous.

During 2022-23, the State Government received ₹ 523.07 crore for credit to the CAMPA Fund under reserve funds bearing interest. The Government received ₹ 43.64 crore (including ₹ 0.12 crore received in 2020-21) from National Compensatory Afforestation Fund during the previous year. Total balance in the State Compensatory Afforestation Fund as on 31 March 2023 was ₹ 566.71 crore. State Government, however, did not incur any expenditure out of the fund.

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

2.6.2 Reserve Funds

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

The State Government had four Reserve Funds (three interest-bearing and one inactive) at the beginning of the financial year. Total accumulated balance, at the end of 31 March 2023 was ₹ 2,626.60 crore under interest-bearing Reserve Funds. Details of reserve funds are given in **Table 2.42**.

Table 2.42: Details of reserve funds

(₹ in crore)

Sl. No.	Name of Reserve Fund (Reserve Funds bearing Interest)	Balance as on 31 st March 2023
1	State Disaster Response Fund	1,687.87
2	State Compensatory Afforestation Fund	566.71
3	State Disaster Mitigation Fund	372.02
Grand Total		2,626.60

(Source: Finance Accounts for the year 2022-23)

2.6.2.1 Consolidated Sinking Fund (CSF)

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

The State Government set up a Consolidated Sinking Fund in 2008-09, only for amortisation of market loans and from 2014-15 onwards, it was to be utilised for redemption of the outstanding liabilities of the Government. During 2022-23, GoB contributed ₹ 1,288.00 crore in CSF. The accumulation of the fund, as on

31 March 2023 was ₹ 8,320.73 crore, in which accrued interest as on 31 March 2023 was ₹ 1,292.61 crore.

2.6.2.2 State Disaster Response Fund

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

State Governments are required to pay interest to the SDRF at the rate applicable to overdrafts under overdraft Regulation Guidelines of the RBI. The interest is to be credited on a half-yearly basis. The accretions to the SDRF together with the income earned on the investment of SDRF are to be invested in Central Government dated Securities, auctioned Treasury Bills and other interest-earning deposits with Scheduled Commercial Banks.

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

The Central Government contributed ₹ 1,189.60 crore and State Government released its share of ₹ 396.80 crore to SDRF. Grants from National Disaster Response Fund (NDRF) amounting to ₹ 1,038.96 crore were also included which was received during 2021-22. The State Government transferred ₹ 2,625.36 crore (Central share ₹ 1,189.60 crore, State share ₹ 396.80 crore and ₹ 1,038.96 crore received towards NDRF during 2021-22) to the Fund under Major Head 8121-122-SDRF.

The State Government incurred expenditure of ₹ 1,166.55 crore (under MH 2245- 05) towards different entities for immediate repair and restoration of power supply, water supply and other infrastructure.

2.6.2.3 State Disaster Mitigation Fund (SDMF)

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

The State Government created the SDMF in July 2022, under the Major Head 8121-130-State Disaster Mitigation Fund. During 2022-23, the State Government received ₹ 148.70 crore from the Central Government which was yet to be transferred to the fund under Major Head 8121-130 SDMF. However, the State Government transferred ₹ 377.60 crore (Central Share ₹ 283.20 crore and State Share ₹ 94.40 crore related to the previous year 2021-22) to the fund, under the Major Head 8121-130-SDMF, during the year 2022-23. Non-transfer of ₹ 148.70 crore resulted in understatement of Revenue and Fiscal deficits to that extent.

2.6.2.4 Guarantee Redemption Fund

The State Government constituted 'Guarantee Redemption Fund' for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Undertakings or other Bodies and invoked by the beneficiaries. The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government against the loans not paid by the institutions on whose behalf the guarantee was issued.

As per the recommendations of the Twelfth Finance Commission, the State Government was required to create a Guarantee Redemption Fund and contribute an amount equivalent to at least 0.5 *per cent* of the outstanding guarantees at the end of the financial year preceding the current financial year, as reflected in the books of accounts, maintained by the Accountant General (A&E). The State can also avail special drawing facility at a discounted rate from RBI against incremental funds invested in.

However, the State Government had neither created a Guarantee Redemption Fund, nor had framed any rules for fixing a ceiling on guarantees. As such, the State Government did not make a minimum annual contribution of ₹ 123.27 crore (0.5 *per cent* of outstanding guarantees of ₹ 24,654.88 crore at the beginning of the year 2022-23). The funds are to be invested by the RBI.

As the State has not created the Guarantee Redemption Fund, it was not entitled to use Special drawing facility at a discounted rate.

In its reply, Finance Department, GoB, stated (February 2024) that decision to create Guarantee Redemption Fund has been taken and its creation is under progress.

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

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

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

Building and Other Construction Workers Welfare Cess

Bihar Building and Other Construction Workers (BOCW) Welfare Board was constituted by the State Government in February 2008. The main function of the Board is to provide funds under various welfare schemes to construction workers of the State. The Board collects cess at the rate of one *per cent* of the total expenditure incurred on ongoing construction works under GoI, GoB, Semi-Government and Private Sector in the State.

The Departments booked the collection of the Cess under Major Head 8443-Civil Deposit-108-Public Works Deposits, which contains many other receipts apart from the

Cess. Consequently, the amount of Labour Cess collected by various departments could not be ascertained. Therefore, a separate Sub-Head (8443-00-108-0004) was opened by the Government in June 2019 for the booking of the Cess collected by various departments executing projects involving labour but not in operational as on date.

As per Finance Accounts, collection and transfer of the Cess during 2019-20 to 2022-23 are shown below in the **Table 2.43**.

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

(₹ in crore)

Year	Collected	Transferred	Un-transferred amount
2019-20	89.90	0.14	89.76
2020-21	116.97	31.44	85.53
2021-22	122.23	51.41	70.82
2022-23	104.95	92.91	12.04
Total	434.05	175.90	258.15

(Source: Information provided by the BBOCW Welfare Board)

Un-transferred balance of ₹ 258.15 crore as of March 2023, represents the liability of the State. Since, the board is an autonomous body and deposits the amount in scheduled commercial banks, which may not reflect in Finance Accounts, actual collection and expenditure could not be ascertained. The un-transferred amount to the Board led to enhance the revenue deficit and fiscal deficit to that extent.

Road Safety Cess

As per Section 6B of the Bihar Motor Vehicles Taxation (Amendment) Act, 2016, Road Safety Cess shall be levied and collected from (a) every licensee at the rates specified in Schedule-IV of the Act (b) every vehicle liable to pay one-time tax at the rate of one *per cent* of the value of such vehicle as per provision (c) every vehicle liable to pay tax other than a vehicle liable to one-time tax at the rate of one *per cent* of the annual tax payable under this act on such vehicle. The proceeds of the cess levied and collected under this Act by the State Government shall, after deducting the expenses of collection and recovery in such manner as may be determined by the Government, be appropriated to the “Bihar Road Safety Fund”.

As per notification issued by Transport Department, Government of Bihar dated 30.03.2017, a head 0041-00-102-0002 was opened for receipt of Road Safety Cess and the same is to be transferred to Bihar Road Safety fund through the head 2041-00-101-0005. During 2022-23, ₹ 159.13 crore was collected but the same was not transferred to the designated fund leading to increase in revenue deficit and fiscal deficit to that extent.

The Department stated that ₹ 159.69 crore was collected during the 2022-23 under the head 0041-00-102-0002-00-08, out of which expenditure of ₹ 72.51 crore was incurred, which is required to be reconciled. The amounts, however, had not been transferred to the Bihar Road Safety fund, through the Accounting Head 2041-00-101-0005, as reflected in Finance Accounts, for the year 2022-23.

2.7 Public Liability Management

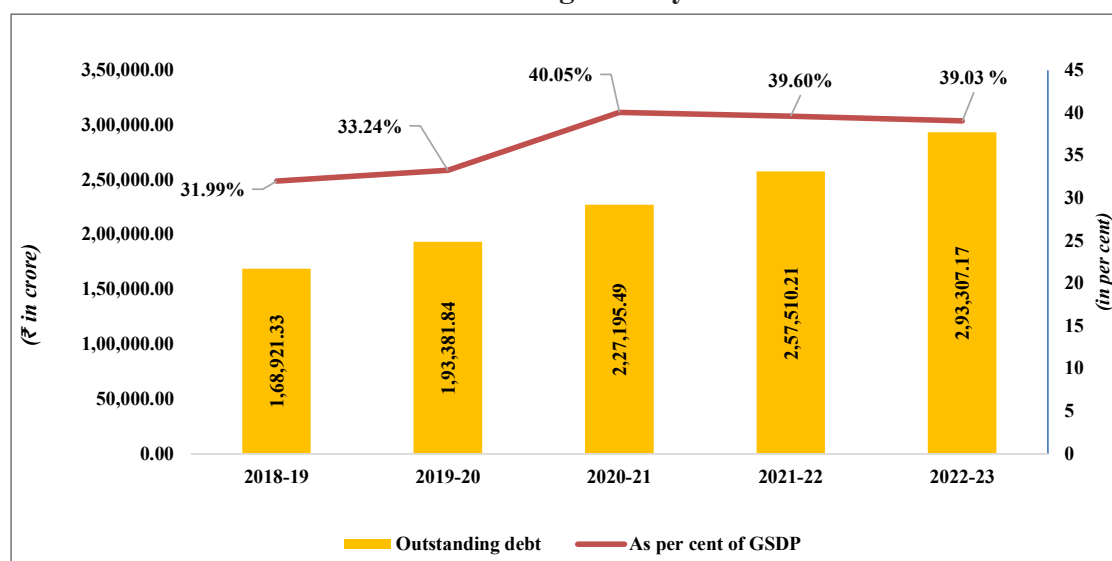
Public Liability management is the process of establishing and executing a strategy for managing the Government’s liabilities in order to raise the required amount of funding,

achieve its risks and cost objectives and meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

The State Government, as on 31 March 2023, has outstanding liabilities (Internal liability, Loans and Advances from GoI and Public Account Liabilities) of ₹ 2,93,307.17 crore. Gross Fiscal Deficit (₹ 44,823 crore) increased by ₹ 18,938 crore against the budget estimates (₹ 25,885 crore) in 2022-23. The primary deficit (₹ 29,640 crore) increased over the budget estimates (₹ 9,580 crore) by ₹ 20,060 crore during the same period. The increased deficit was financed through borrowing. As a result, the outstanding liability increased from ₹ 2,57,510.21 crore to ₹ 2,93,307.17 crore in 2022-23.

The Outstanding liability increased by 13.90 *per cent* over the preceding year, but lower than the growth of GSDP (15.55 *per cent*). Trend analysis of outstanding debt of the State is depicted in **Chart 2.15**.

Chart 2.15: Outstanding liability vis-à-vis GSDP



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

The chart above shows that the State's outstanding liability increased by 73.64 *per cent* from the year 2018-19 to 2022-23 whereas during the same period GSDP of the State increased by 42.32 *per cent* i.e., the growth rate of State's outstanding liability is quite higher by the growth rate of its GSDP.

2.7.1 Liability profile: Components

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

Table 2.44: Component-wise liability trends

(₹ in crore)

		2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Total Liability		1,68,921.33	1,93,381.85	2,27,195.51	2,57,510.21	2,93,307.17
Public Debt	Internal Debt	1,14,359.69	1,36,082.09	1,59,557.50	1,82,855.32	2,08,098.10
	Loans from GoI	11,785.37	12,098.16	17,657.35	26,057.96	34,747.63
Liabilities on Public Account		42,776.27	45,201.60	49,980.66	48,596.93	50,461.44
Small savings, Provident Funds etc.		9,088.69	9,279.09	9,445.38	9,521.65	9,396.88
Reserve funds bearing interest		0.01	522.95	901.07	1,041.49	2,626.60
Reserve fund not bearing interest		26.32	26.32	0.00	0.00	0.00
Deposit bearing interest		146.68	349.33	274.29	217.11	257.63
Deposit not bearing interest		33,514.57	35,023.91	39,359.92	37,816.68	38,180.33
Off Budget Borrowing ^s		-	-	-	1,482.50	686.77
Rate of growth of outstanding Overall liability (percentage)		7.75	14.48	17.49	13.34	13.90
Gross State Domestic Product (GSDP)		5,27,976	5,81,855	5,67,263	6,50,302	7,51,396
Liability/GSDP (per cent) [#]		31.99	33.24	40.05	39.60	39.03
Borrowings and Other Liabilities						
(As per Statement 6 of the Finance Accounts)						
Total Receipts		73,806.02	94,193.12	1,08,432.31	1,17,527.57	1,29,950.58
Total Repayments		61,661.46	69,732.59	74,618.65	87,212.86	94,153.62
Net Funds Available		12,144.56	24,460.53	33,813.64	30,314.71	35,796.96
Repayments/ Receipts (percentage)		83.55	74.03	68.82	74.21	72.45

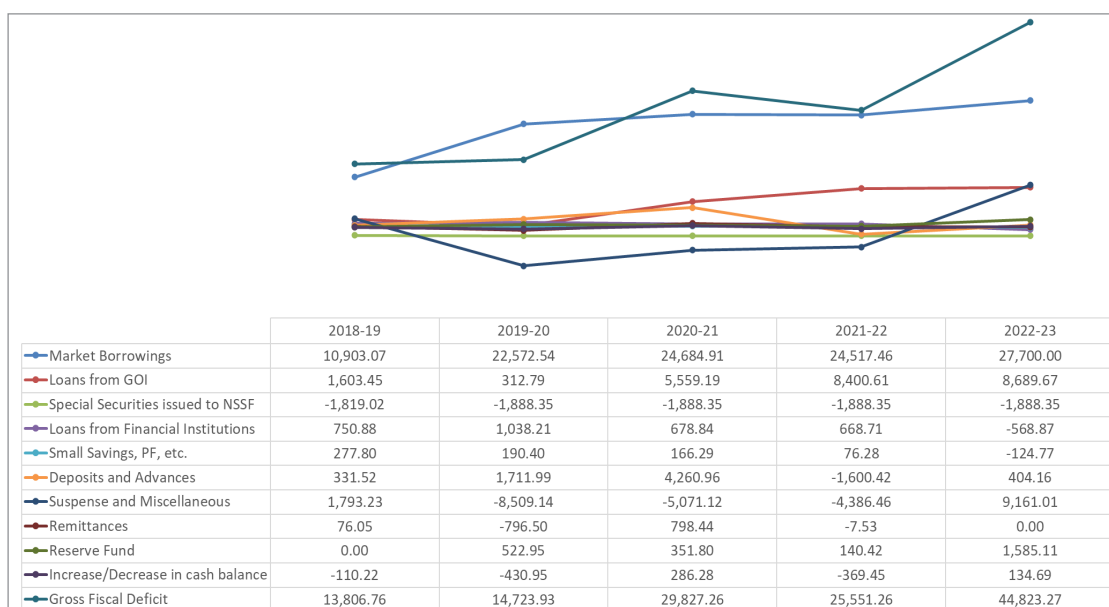
(Source: Finance Accounts and data from MoSPI)

^sOff budget borrowings are not included in outstanding overall debt.[#]The Liability to GSDP ratio as per the Finance Accounts is 39.03 per cent, is arrived at after exclusion of off borrowings.From **Table 2.44** it can be seen that:

- ✦ The outstanding liability to GSDP ratio ranged from 31.99 per cent to 40.05 per cent during 2018-23. The State's overall liability has been increasing for the last five years. The major component was internal liability (70.95 per cent during the current year) which included market borrowings.
- ✦ The Liability to GSDP ratio of the State was within the XVth FC limit (40.80 per cent) but was far behind the BFRBM limit (38.66 per cent).
- ✦ Outstanding liabilities of the Public Account have increased from the previous year by 3.84 per cent, which was 6.72 per cent of GSDP and 17.20 per cent of outstanding overall debt. Public Account liabilities have increased by 17.97 per cent from 2018-19 to 2022-23 and was highest for the period of last five years. The major components of the Public Account liabilities were Small Savings, Provident funds and Deposit not bearing interest.
- ✦ Outstanding overall liability was growing at the rate of 13.90 per cent. As a result, the outstanding liability increased from ₹ 2,57,510.21 crore to ₹ 2,93,307.17 crore from 2021-22 to 2022-23. **Chart 2.16** depicts the component-wise debt trends.

Chart 2.16: Component-wise liability trends

(₹ in crore)

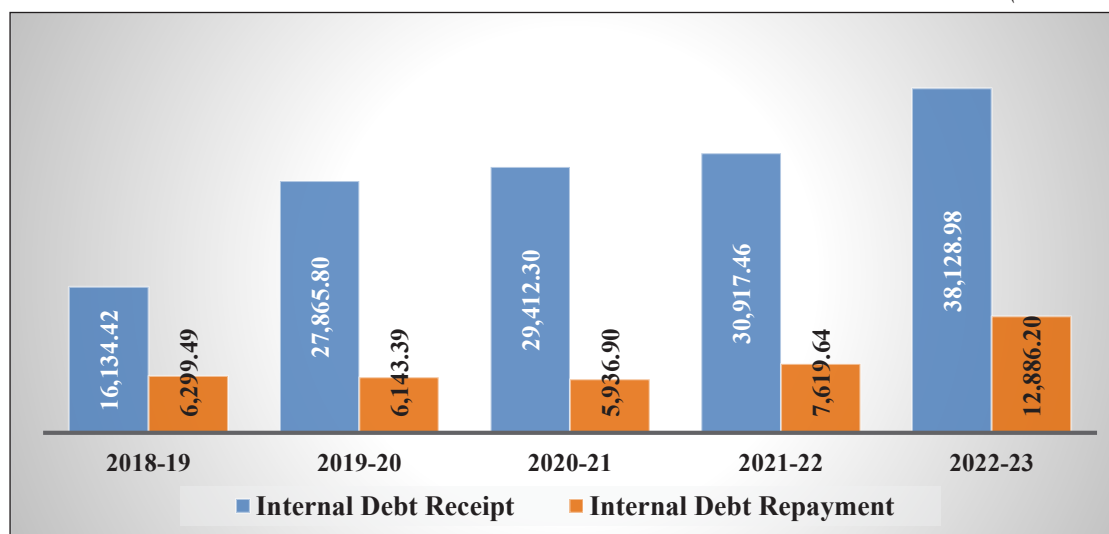


(Source: Finance Accounts of the respective years)

Chart 2.17 depicts the quantum of internal debt taken *vis-à-vis* the quantum of debt repaid, during the period of five years, i.e. 2018-19 to 2022-23.

Chart 2.17: Internal debt taken *vis-à-vis* internal debt repaid

(₹ in crore)



(Source: Finance Accounts of the respective years)

Chart 2.17 shows that internal debt has increased steadily during the period 2018-23. During 2022-23, internal debt repaid was more by 69.12 *per cent* whereas internal debt taken was 23.33 *per cent* more than the previous year.

Utilisation of current year's borrowing was recorded at 33.80 *per cent*, implying that a large portion of internal debt, taken in the current year, had been used to repay the debts taken in earlier years. Higher repayment from internal debt led to contraction of productive expenditure.

Fiscal Deficit represents the total financing the State requires to meet the excess of revenue and capital expenditure (including loans and advances) over revenue and non-debt receipts. The composition and financing of fiscal deficit for the period from 2018-19 to 2022-23 has been shown in the **Table 2.45**.

Table 2.45: Components of fiscal deficit and its financing pattern

(₹ in crore)

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Composition of Fiscal Deficit						
1	Revenue Surplus (+)/ Deficit (-)	6,896.65	(-) 1,784.13	(-) 11,325.11	(-) 422.38	(-) 11,288.20
2	Net Capital Expenditure	21,058.25	12,303.90	18,208.60	23,678.29	31,519.82
3	Net Loans and Advances	(-) 354.84	635.90	293.54	1,450.59	2,015.28
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	10,903.07	22,572.54	24,684.91	24,517.46	27,700.00
2	Loans from GOI	1,603.45	312.79	5,559.19	8,400.61	8,689.67
3	Special Securities issued to NSSF	(-) 1,819.02	(-) 1,888.35	(-) 1,888.35	(-) 1,888.35	(-) 1,888.35
4	Loans from Financial Institutions	750.88	1,038.22	678.85	668.71	(-) 568.87
5	Small Savings, PF, etc.	277.80	190.40	166.29	76.28	(-) 124.77
6	Deposits and Advances	331.52	1,711.99	4,260.96	(-) 1,600.41	404.16
7	Suspense and Miscellaneous	1,793.23	(-) 8,509.14	(-) 5,071.12	(-) 4,386.46	9,161.01
8	Remittances	76.05	(-) 796.50	798.44	(-) 7.53	0.00
9	Reserve Funds	0	522.95	351.80	140.42	1,585.11
10	Overall Deficit	13,916.98	15,154.90	29,540.97	25,920.73	44,957.96
11	Increase/Decrease in cash balance	(-)110.22	(-)430.95	286.28	(-)369.45	134.66
12	Fiscal Deficit	13,806.76	14,723.93	29,827.25	25,551.28	44,823.30

(Source: Finance Accounts of the respective years)

During 2022-23, Capital expenditure registered a 33.12 *per cent* increase compared to the previous year.

Ideally, market borrowing should be utilised for creation of capital assets through Capital Expenditure. Borrowed funds, used for meeting revenue expenditure, create liability for future years without creating any assets. It is evident that, substantial amount of market borrowings continued to be committed to finance the deficit on Revenue Account, thereby restricting asset creation in the State. Borrowing to meet Revenue Deficit, year after year would not augur well for State Finances in the long run, since a substantial portion of the interest payment obligation would have to be met in the ensuing years.

Components of receipts and disbursements, financing the fiscal deficit, during the year 2022-23, are shown in **Table 2.46**.

Table 2.46: Components of financing the fiscal deficit during 2022-23

(₹ in crore)

Sl. No.	Particular	Receipt	Repayment	Net
1	Market loans	36,800.00	9,100.00	27,700.00
2	Bonds	0.00	233.18	(-) 233.18
3	Loans from financial institutions	1,328.98	1,664.67	(-) 335.69
4	Special Securities issued to National Small Saving fund	0.00	1,888.35	(-) 1,888.35
5	Loans for centrally sponsored scheme	0.00	3.32	(-) 3.32
6	Other Loans for States/UT with legislature	10,154.54	1,461.55	8,692.99
7	Small Savings, Provident fund etc.	2,561.27	2,686.04	(-) 124.77
8	Reserve funds bearing interest	3,002.96	1,417.85	1,585.11
9	Reserve funds not bearing interest	1,288.00	1,288.00	0.00
10	Deposits bearing interest	2,649.82	2,609.30	40.52
11	Deposits not bearing interest	72,165.01	71,801.36	363.64
12	Suspense and miscellaneous	6,28,347.23	6,19,186.22	9,161.01
13	Remittances	0	0	0
14	Overall Deficit			44,957.96
15	Increase (-)/Decrease (+) in cash balance	671.24	805.90	(-) 134.66
16	Gross Fiscal Deficit			44,823.30

(Source: Finance Accounts for the year 2022-23)

2.7.2 Debt Sustainability Analysis (DSA)

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

(A) Debt sustainability indicators

Debt sustainability indicates the ability of the State to service its debts in the future. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to maintain balance between costs of additional borrowings with returns from such borrowings. Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability of the State. **Table 2.47** presents indicators of debt sustainability for the period 2018-23.

Table 2.47: Trends in debt Sustainability indicators

(₹ in crore)

Debt Sustainability Indicators	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Public Debt*	1,26,145.06	1,48,180.25	1,77,214.85	2,08,913.28	2,42,845.73
Rate of Growth of Outstanding Public Debt	9.97	17.47	19.59	17.89	16.24
GSDP	5,27,976	5,81,855	5,67,263	6,50,302	7,51,396
Rate of Growth of GSDP	12.64	10.20	(-) 2.51	14.64	15.55
Public Debt/GSDP	23.89	25.47	31.24	32.13	32.32

Debt Sustainability Indicators	2018-19	2019-20	2020-21	2021-22	2022-23
The debt Maturity profile of repayment of State debt – including default history, if any	7,229.82	7,109.83	6,880.47	8,746.47	14,351.07
Average interest Rate of Outstanding Public Debt (<i>per cent</i>)	7.68	7.58	7.12	6.56	6.20
Interest Payment on Public Debt	9,248.36	10,403.56	11,587.95	12,668.38	14,011.74
Revenue deficit/surplus	6,896.65	(-) 1,784.13	(-) 11,325.11	(-) 422.38	(-) 11,288.20
Revenue deficit/surplus without Interest Payment	16,145.01	8,619.43	262.84	12,246.00	2,723.54
Percentage of Interest payment to Revenue Receipts	7.02	8.37	9.04	7.98	8.11
Percentage of Debt Repayment to Debt Receipt	38.73	24.39	19.16	21.63	29.72
Net Debt available to the State [#]	2,190.02	11,631.63	17,446.64	19,030.05	19,920.71
Net Debt available as <i>per cent</i> to Debt Receipts	11.73	39.91	48.58	47.05	41.26
Interest Spread	4.96	2.62	(-) 9.63	8.08	9.35
Quantum Spread	6,256.79	3,882.32	(-) 17,065.79	16,880.19	22,706.08
Primary Deficit	(-) 3,736	(-) 3,733	(-) 17,343	(-) 11,729.33	(-) 29,639.76
Debt Stabilisation (Quantum spread + Primary Deficit)	2,520.79	149.32	(-) 34,408.79	5,150.86	(-) 6,933.68

(Source: Finance Accounts of the respective years)

*Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004-Loans and Advances from the Central Government.

[#]Net debt available to the State Government is calculated as the excess of Public Debt receipts over Public Debt repayment and interest payment on Public Debt.

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

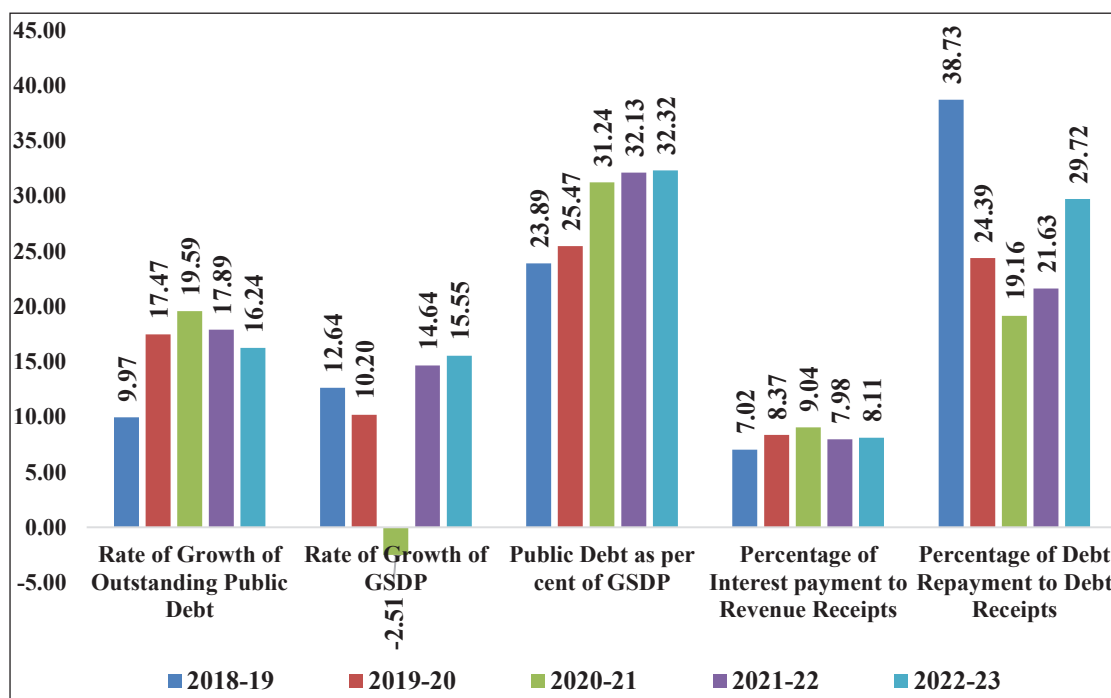
Given the Interest Spread (GSDP growth rate – interest rate) and Quantum Spread (Debt x Interest spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, the debt-GSDP ratio would be constant, or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, the debt-GSDP ratio would eventually be falling.

As per **Table 2.47**, during 2021-22, quantum spread is positive and primary deficit is negative and getting corrected over the previous year, leading debt stability on positive track. During the last five years, except for 2020-21, in all the four years rate of growth of the economy (rate of growth of GSDP) exceeded the interest rate or cost of public borrowings. Although the primary deficit remained negative resulting in non-fulfilment of the necessary condition of debt stabilisation. Quantum spread is in positive due to positive rate of growth of GSDP, which was much higher than average interest rate of outstanding public debt. However, during the current year against the Quantum spread

of ₹ 22,706.08 crore the Primary Deficit registered ₹ (-) 29,639.76 crore entailing risk in debt stabilisation.

The ratio of interest payments to revenue receipts is also a good measure of debt sustainability. This ratio ranged between 7.02 *per cent* and 9.04 *per cent* during the period 2018-19 to 2022-23 and during the current year it is at 8.11 *per cent* with marginal increase from the previous year. Details of trends of debt sustainability indicators are depicted in **Chart 2.18**.

Chart 2.18: Trends of Debt Sustainability indicators



(Source: Finance Accounts of the respective years)

Chart 2.18 shows that percentage of debt repayment to debt receipt has increased from the previous year. During last four years, growth rate of public debt has been higher than the growth rate of GSDP.

A decreasing debt-GSDP ratio can be considered as leading towards stability. However, Bihar's Debt-GSDP ratio rose from 23.89 *per cent* in 2018-19 to 32.32 *per cent* in 2022-23 and showing increase in each year during the period of last five years. Debt stabilisation condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant, or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

The higher proportion of debt utilised for debt servicing rather than productively is not suitable. Percentage of debt repayment to debt receipt ranged between 38.73 *per cent* and 19.16 *per cent*. Since long term debt is taken for the purpose of creation of capital assets GoB, out of every ₹ 100 a sum of ₹ 29.72 was utilised for discharging of earlier debt.

(B) Debt Sustainability analysis on Domar Model

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

Fiscal liabilities are considered sustainable if the government is able to service the stock of these liabilities over the foreseeable future and the debt-GSDP ratio does not grow to unmanageable proportions. The Domar model is one of the models for analysis of public debt, which lays down that the debt-GDP ratio is likely to be stable if the rate of growth of the economy exceeds the rate of interest on the debt. **Table 2.48** provides the Domar sustainability conditions.

Table 2.48: Debt sustainability criteria under Domar model

$g-r$ (g: real economic growth rate; r: real interest rate), called Domar gap	$S < 0$ (primary deficit)	$s > 0$ (primary surplus)
$g-r > 0$ (strong economic growth)	Public debt as a percentage of GSDP tends towards a stable value and is therefore sustainable. Depending on the stock of debt, it will either increase or decrease in time to reach a stable level greater than zero.	Public debt as a percentage of GSDP should converge to a stable level less than zero leading to public savings.
$g-r < 0$ (slow economic growth)	Public debt as a percentage of GSDP will increase indefinitely, without converging to a stable level	Undefined situation

The fiscal deficit of the State as a proportion of GSDP has increased during the last five years from 2.62 in 2018-19 to 5.97 in 2022-23 (**Table 1.5 (a)**). The State registered revenue deficit from 2019-20 onwards. However, the Primary deficit ranged from ₹ 3,733 crore to ₹ 29,640 crore from 2018-19 to 2022-23. After applying the Domar, analysis showed that fiscal liabilities should converge to a stable level, as shown in the following **Table 2.49**.

Table 2.49: Debt Sustainability value of the State as per the Domar Model

Year	Real economic growth (g)	Real interest rate (r)	Domar gap	Primary deficit (s)	PD/GSDP	Remarks
			(g-r)	(-)		
	(in per cent)			(₹ in crore)	(in per cent)	
2018-19	10.86	2.28	8.58	(-) 3,736	(-) 0.71	As g-r >0 and s<0; public debt as per cent of GSDP should converge to a stable level
2019-20	4.44	3.87	0.57	(-) 3,733	(-) 0.64	
2020-21	(-) 7.43	(-) 1.36	(-) 6.07	(-) 17,343	(-) 3.06	
2021-22	8.46	1.9	6.56	(-) 11,729	(-) 1.80	
2022-23	10.64	(-) 0.19	10.83	(-) 29,640	(-) 3.94	
<ul style="list-style-type: none">Real economic growth rate has been calculated for real GSDP <i>i.e.</i>, at constant price).Real interest rate is calculated as average interest rate on fiscal liabilities minus inflation.						

(Source: Bihar Institute of Public Finance and Policy, Finance Accounts)

Bihar has been a primary deficit State for the period 2018-19 to 2022-23. The Domar gap ($g-r$) was positive during the entire period from 2018-19 to 2022-23 except 2020-21. Considering the debt sustainability conditions under the Domar model, the fiscal liabilities of the State Government satisfied the condition of debt sustainability ($g-r > 0$), except in 2020-21. It is noteworthy that the Domar gap ($g-r$) has registered

a rising trend in last two years, after the Covid-19 period, where the Domar gap was negative (in 2020-21). However, other factors, such as public account liabilities, *force majeure* events and/or any other un-inventoried losses of revenue, also have to be reckoned, in assessing the debt sustainability/stability of the State.

Based on these trends, and the Domar gap (g-r) shown in **Table 2.49**, it would appear that the State has fiscal space for enhanced debt receipts and capital expenditure. However, the Domar gap (g-r) has not been registering a stable or steadily rising trend.

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

The State Government could consider using the available fiscal space to increase its productive expenditure, for improving the long-term sustainability of the economy.

(C) Fiscal Deficit and Debt Sustainability

Details of the achievements *vis-à-vis* targets set in BFRBM Act are provided in **Table 2.50**.

Table 2.50: Debt sustainability – BFRBM Act

(in per cent)

Year	Fiscal Deficit to GSDP		Debt stock to GSDP		Interest Payment to Revenue Receipts	
	Target	Achievement	Targets	Achievement	Targets	Achievement
2018-19	2.62	2.62	23.90	31.99	No target	7.64
2019-20	2.48	2.53	24.95	33.24		8.85
2020-21	2.97	5.26	23.90	40.05		9.74
2021-22	2.97	3.93	26.61	39.60		8.70
2022-23	3.47	5.97	38.66	39.03		8.79

(Source: Finance Accounts of the respective years and BFRBM Amendment Act 2016)

Details of the achievement *vis-à-vis* targets set in the Finance Commission Report (FCR) are shown in the **Table 2.51**.

Table 2.51: Achievement *vis-à-vis* target set in the FCR

(in per cent)

Fiscal Parameters		Achievement <i>vis-à-vis</i> target set in the FCR				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (+)/Surplus (-)	T	(-) 1.3	3.0	(-) 0.1	(-) 0.5	(-) 0.8
	A	1.30	0.30	1.99	0.06	1.5
Fiscal Deficit (+)/Surplus (-)	T	3.0	3.0	5.0	4.5 [#]	4.0 [#]
	A	2.62	2.53	5.26	3.93	5.97
Ratio of total outstanding liability to GSDP	T	24.89	24.93	41.20	40.20	40.80
	A	31.99	33.24	40.05	39.60	39.03
Guarantee in terms of percentage of Revenue Receipts of previous year	T	No target				
	A	4.17	4.41	12.80	15.79	15.02

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

[#]0.5 per cent is conditional

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

State fiscal sustainability has risks in the short to medium term unless remedial measures are taken to rationalize expenditure, explore further sources and invest in revenue generating assets.

(D) Debt maturity and repayment profile

The commitment of the Government, for debt repayment or debt servicing, is shown in **Table 2.52**.

Table 2.52: Debt Maturity profile of repayment of Public debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	22,235.52	9.58
1 – 3	43,211.04	18.61
3 – 5	42,434.61	18.27
5 – 7	45,354.37	19.53
7 and above	78,969.23	34.01
Total	2,32,204.76	100.00

(Source: Finance Accounts for the year 2022-23)

Thus, 53.54 *per cent* of the public debt is due from five year onwards. The maturity profile of the States debt indicates a year-on-year increase in its repayment burden.

The debt maturity profile shown that an amount of ₹ 1,07,881.17 crore is getting due during next five years and the Government has to make provisions for repayment of the same accordingly.

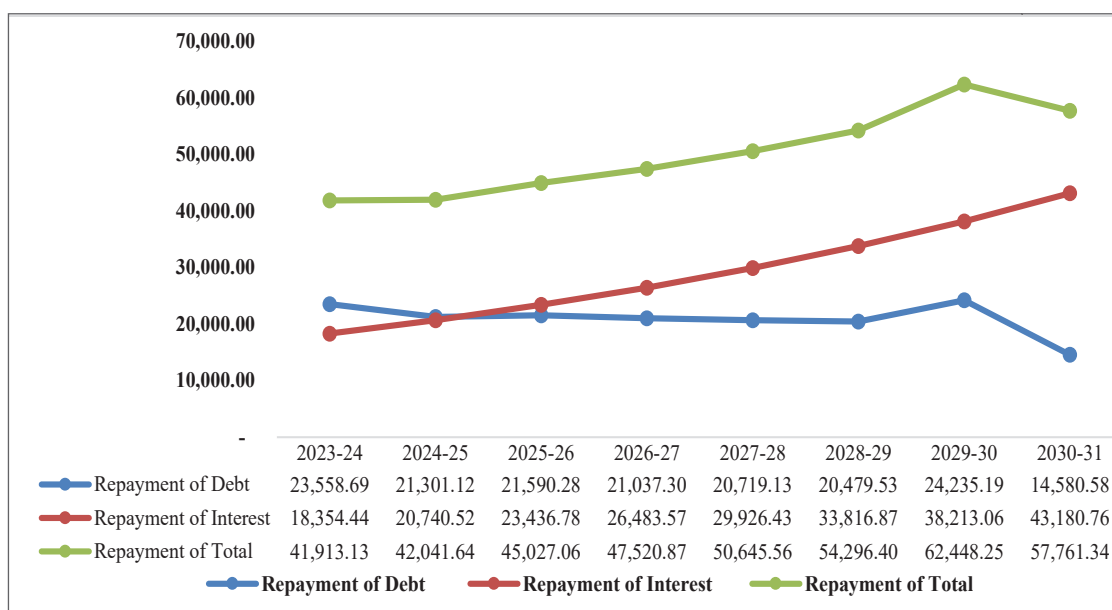
In reply, the Finance Department stated (February 2024) that debt maturity profile originally depends on the tenure of market loan.

2.7.3 Repayment of Debt and Interest profile

A schedule of future payment obligations is reasonably prepared from borrowing agreements. Public Debt Schedule includes the State’s ability to monitor the maturity of the debt and make decisions based on it, such as the possibility of refinancing the debt through a different source. It indicates a commitment on the part of the Government for repayment of public debt and their interest on outstanding debt stock in the future years, on the present debt liabilities. The trend of repayment of debt and interest over the next eight years, is shown in **Chart 2.19**.

Chart 2.19: Trends of repayment of Debt and Interest

(₹ in crore)



(Source: Finance Department, Government of Bihar)

The State will have to repay average public debt of ₹ 50,206.78 crore (₹ 20,937.73 crore as principal and ₹ 29,269.05 crore as interest) annually till 2030-31.

The repayment of interest profile of the State indicates a year-to-year increase in further years, but repayment of debt is depicting a mixed trend. Taking the past trends into account, by the year 2030-31, the projected outstanding debt stock (principal + interest) would increase to ₹ 57,761.34 crore approximately.

The State requires to conduct Fiscal Risk Analysis and Stress-Test of its debt profiles regularly, to be able to put in place provisioning and other specific risk mitigation strategies to manage fiscal risks efficiently.

2.7.4 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable. Utilisation of borrowed funds is shown in Table 2.53.

Table 2.53: Utilisation of borrowed funds

(₹ in crore)

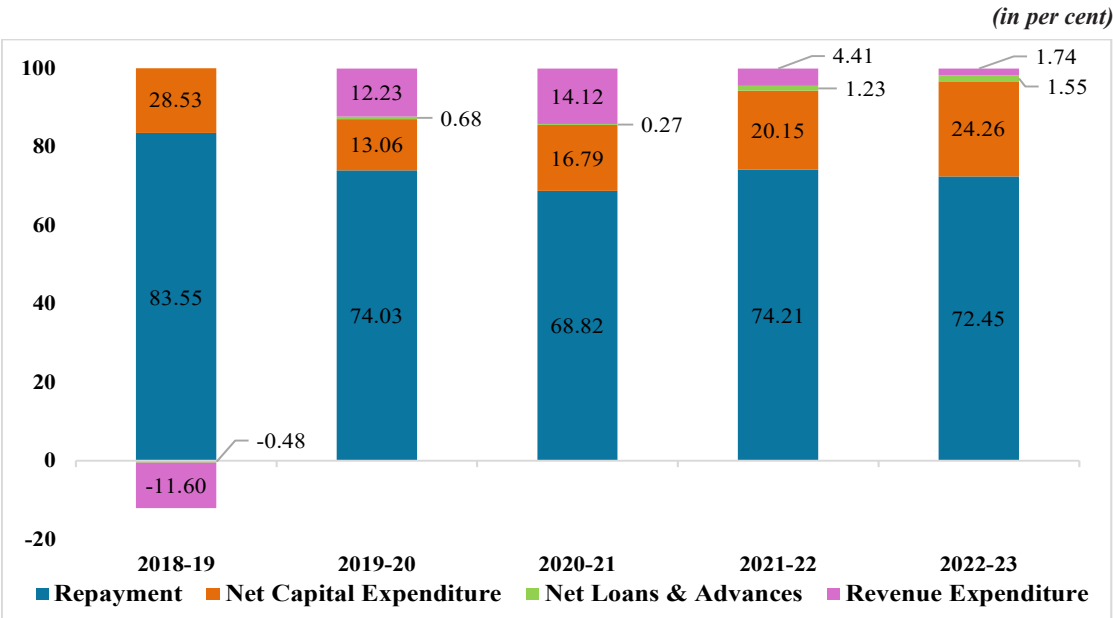
Year	2018-19	2019-20	2020-21	2021-22	2022-23
Total Borrowings during the year (2)	73,806.02	94,193.12	1,08,432.31	1,17,527.57	1,29,950.58
Repayment of earlier borrowings (Principal*) (3)	61,661.46	69,732.59	74,618.65	87,212.86	94,153.62
Net capital expenditure (4)	21,058.25	12,303.90	18,208.60	23,678.29	31,519.82
Net loans and advances (5)	(-)354.84	635.90	293.54	1,450.59	2,015.28
Portion of Revenue expenditure met out of net available borrowings (6) (6=2-3-4-5)	(-)8,558.85	11,520.73	15,311.52	5,185.83	2,261.86

(Source: Finance Accounts of the respective years)

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

Table 2.53 shows that State’s major part of total borrowings (more than 96.71 *per cent*) has been spent for repayment of earlier borrowings and on capital expenditure. However, during 2022-23, an amount of ₹ 2,261.86 crore (1.74 *per cent* of total borrowing during the year) has been spent on revenue expenditure, met out of net available borrowings. Trends of utilisation of borrowed funds are depicted in **Chart 2.20**.

Chart 2.20: Trends of Utilisation of borrowed funds



(Source: Finance Accounts of the respective years)

Chart 2.20 shows that more than 68 *per cent* of the State debt is being spent for repayment of previous liabilities for the last five years and during the current year it has increased over the previous year by ₹ 6,940.76 crore. However, the percentage share of repayment of previous liabilities, out of the total debt taken, decreased to 72.45 *per cent* from 74.21 *per cent*, over the previous year. Large repayment of previous liabilities, out of the total debt taken during the year, leaves little room for utilisation of borrowed funds for capital expenditure.

In case off-budget borrowings are taken into account, the stress over the finances of the State, for repayment of debt, will be significant and may lead to unsustainability of debt in future years, as, after taking into account the off-budget borrowings (OBB), the ratio of debt to GSDP ratio rises to 39.13 *per cent*, from 39.03 *per cent*.

The OBBs of the State Government will have the effect of bypassing the Net Borrowing Ceiling (NBC) of the State. Such borrowings would have impact on important fiscal indicators under BFRBM, such as the Revenue Deficit and Fiscal Deficit and also have the effect of surpassing the targets set under BFRBM Act, as amended from time to time, and may also affect the inter-generational equity. Non-disclosure of such liabilities in the budget documents renders the financial position of the State Government opaque. If the State Government increasingly resorts to the OBBs, without legislative approval, to finance its expenditure, the liabilities of the State may increase substantially over a period of time and limit the State Government’s capacity for allocation of funds for capital assets/infrastructure development programmes in the State.

Para 7 (2) (ii) of FRBM Act, 2006, mentioned that borrowed funds should be utilised for generating productive assets. However, the State utilised only 24.26 *per cent* of the borrowed funds for productive assets and 1.74 *per cent* of the borrowed funds had been utilised as revenue expenditure, in light of the State's revenue deficit.

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current expenditure and repayment of interest on outstanding debt is not sustainable. Along with the borrowings raised, the State Government has been establishing/allowing Corporations/PSUs/SPVs to raise the funds as off budgetary borrowings from the market to implement the State policies/works. This further increases the interest burden of the State Government.

2.7.5 Status of Guarantees – Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund of the State, in case of default by the borrower for whom the guarantee has been extended.

In order to enable SPSEs to obtain financial assistance from banks and financial institutions, the State government gives a guarantee subject to limits prescribed under Article 293 of the Constitution of India. A guarantee fee is charged for extending such types of guarantee. The SPSEs are liable to pay a guarantee fee at 1/8 *per cent* annually on the guarantee amount of more than ₹ 10 lakh. Guarantees given by the GoB, during last five years, are shown in **Table 2.54**.

Table 2.54: Guarantees given by the State Government

(₹ in crore)

Guarantees	2018-19	2019-20	2020-21	2021-22	2022-23
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	21,181.52	21,181.52	25,113.74	37,631.92	40,897.18
GSDP	5,27,976	5,81,855	5,67,263	6,50,302	7,51,396
Revenue Receipts	1,31,794	1,24,233	1,28,168	1,58,798	1,72,688
Percentage of Ceiling amount of guarantee as of Revenue Receipts	16.07	17.05	19.59	23.70	23.68
Percentage of Ceiling amount of guarantee as of GSDP	4.01	3.64	4.43	5.79	5.44
Outstanding amount of guarantees including interest	5,501.86	5,484.56	16,407.71	25,069.78	25,939.25
Percentage of Outstanding amount of guarantees including interest with Revenue Receipts	4.17	4.41	12.80	15.79	15.02
Percentage of Outstanding amount of guarantees including interest with GSDP	1.04	0.94	2.89	3.86	3.45

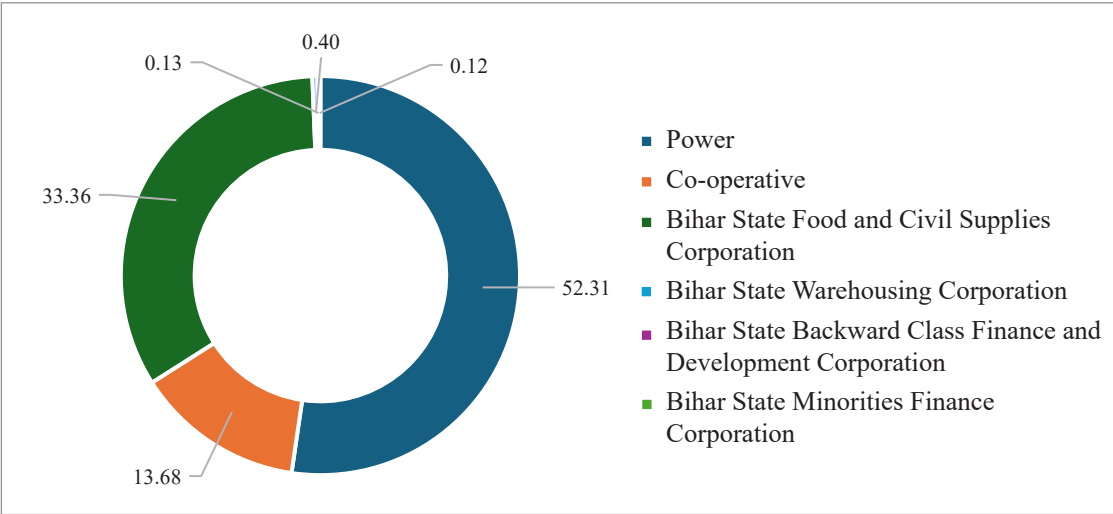
(Source: Finance Accounts of the respective years)

The outstanding amount guaranteed in the year 2022-23 comprised of power (₹ 13,569.89 crore), Co-operatives (₹ 3,548.52 crore), Bihar State Food and Civil Supplies Corporation (₹ 8,653.01 crore), Bihar State Warehousing Corporation (₹ 104.38 crore), Bihar State Backward Class Finance and Development Corporation (₹ 33.45 crore) and Bihar State Minorities Finance Corporation (₹ 30.00 crore). Power Sector constitute

52.31 *per cent* of the total Outstanding guarantees amount, as on 31 March 2023, and also constitutes a large portion of guarantees, during the period of last five years.

Chart 2.21 presents the percentage share of the Outstanding amount of guarantees for the year 2022-23.

Chart 2.21: Percentage shares of the outstanding amounts of guarantees



(Source: Finance Accounts for the year 2022-23)

The largest portion of outstanding amount of guarantees is held by the Power sector (52.31 *per cent*), followed by the Bihar State Food and Civil Supplies Corporation, which constitutes 33.36 *per cent*. The ceiling amount of Guarantees ranged from 16.07 *per cent* to 23.70 *per cent* of State’s revenue receipts and varied from 4.01 *per cent* to 5.79 *per cent* of GSDP, during the last five years.

As far Actual Outstanding guarantees are concerned, they ranged from 4.17 *per cent* to 15.79 *per cent* of the State’s revenue receipts and from 0.94 *per cent* to 3.86 *per cent* of GSDP, during the last five years.

Clause 12.28 (i) (c) of the XVth Finance Commission stipulates that the Union Government should not give additional guarantee with respect to any loan, on the security of the Consolidated Fund of India, in excess of 0.5 *per cent* of GDP, in any financial year. Further, Chapter 2 of the FRBM Review committee report, 2018, also suggested limiting the guarantee to 0.5 *per cent* of GDP, in any given financial year.

Keeping in view the Central Finance Commission Report and, the FRBM Review Committee Report recommendations, Bihar has exceeded the limit and recorded more than the limit of 0.5 *per cent* of its GSDP during the period of last five years. In the year 2022-23, outstanding guarantees were 3.45 *per cent* of GSDP.

Clause 2 of IGAS-1 stipulates that for the Guarantee “given by the Government, the beneficiary entities are required to pay guarantee commission or fee to the Governments”. GoB provided guarantees to its entities, but no fees was paid by the beneficiaries. This resulted not only in short collection of revenue, but also violation of IGAS-1.

The State Government also provided substantial guarantees for the borrowings of DISCOMs from financial institutions. Given that the State Government is guarantor,

these resultant contingent liabilities are a risk to State finances, owing to the large outstanding debt and rising/continued losses of DISCOMs.

2.8 Management of Cash Balances

As per an agreement with the Reserve Bank of India, the State has to maintain a minimum daily cash balance of ₹ 1.73 crore with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking Ways and Means Advances (WMA)/Overdrafts (OD) from time to time. The limit for WMA to the State Government, is revised by the RBI, from time to time. From 1 April 2006, the limit was restricted to ₹ 425.00 crore.

The State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the Major head '0049-Interest Receipts'. The cash balances are invested in the Consolidated Sinking Fund and Guarantee Redemption Fund as well.

It is not desirable that State Government take recourse to market loans, despite having large cash balances, leading to further accretion to the cash balances, without putting available cash to productive use. Details of Cash Balances and their investment and Cash Balance Investment Accounts are shown in **Table 2.55** and **2.56**, respectively.

Table 2.55: Cash Balances and their investment

(₹ in crore)

	Opening balance on 01 Apr 2022	Closing balance on 31 Mar 2023
A. General Cash Balance		
Cash in treasuries	-	-
Deposits with Reserve Bank of India	671.24	805.90
Deposits with other Banks	-	-
Remittances in transit – Local	-	-
Investments held in Cash Balance investment account	22,070.25	14,069.82
Total (A)	22,741.49	14,875.72
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	234.65	234.65
Permanent advances for contingent expenditure with department officers	762.40	765.46
Investment in earmarked funds	5,740.12	7,028.12
Total (B)	6,737.17	8,028.23
Total (A + B)	29,478.66	22,903.95
Interest realised	189.70	276.23

(Source: Finance Accounts for the year 2022-23)

This indicates that the State had maintained a large Cash Balance on regular basis, while being a fiscal deficit State at the same time.

- ✦ The balance under the head "Deposits with RBI" is arrived after taking into account the Inter-Government monetary settlement pertaining to transactions of the financial year 2022-23 advised to the RBI till 11 April 2023.
- ✦ The Government invested cash balances, amounting to ₹ 14,065.17 crore, in securities of GoI and ₹ 4.65 crore in securities of other States. On these investments, the Government earned interest of ₹ 276.23 crore during the year.

- ✦ Government maintained the cash balance with RBI without taking any advances throughout the financial year 2022-23 and it increased by ₹ 134.66 crore from the previous year.

Details of the Cash Balance Investment Account, from 2018-19 to 2022-23, are shown in **Table 2.56**.

Table 2.56: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+)/ decrease (-)	Interest earned
2018-19	17,395.63	14,791.80	(-) 2,603.83	909.08
2019-20	14,791.80	17,588.74	2,796.94	938.84
2020-21	17,588.74	17,826.65	237.91	174.57
2021-22	17,826.65	22,070.25	4,243.60	189.70
2022-23	22,070.25	14,069.82	(-) 8,000.43	276.23

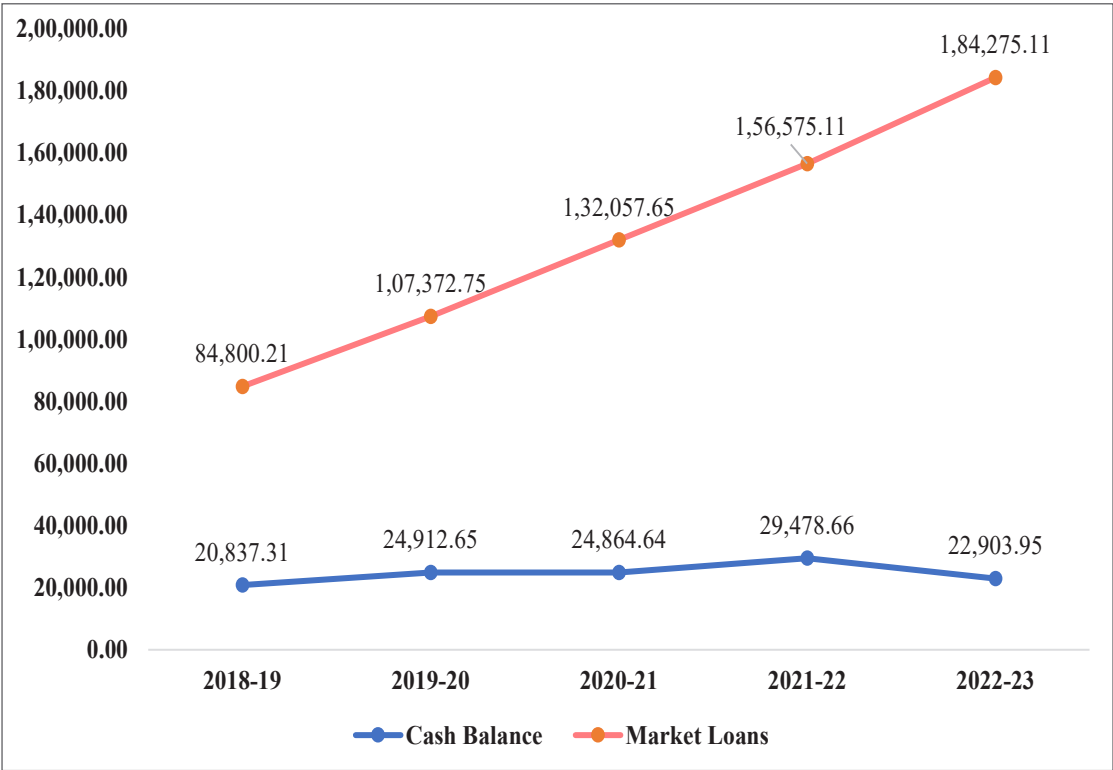
(Source: Finance Accounts of the respective years)

During 2022-23, the balance in the Cash Balance Investment Account, decreased significantly by ₹ 8,000.43 crore and stood at 11.22 *per cent* of the Budget Estimates (Receipts).

Year-wise Market loans raised, *vis-à-vis* the cash balances available in the cash balance investment account, for the years from 2018-19 to 2022-23, are compared in **Chart 2.22**.

Chart 2.22: Market loans vis-à-vis Cash Balances

(₹ in crore)

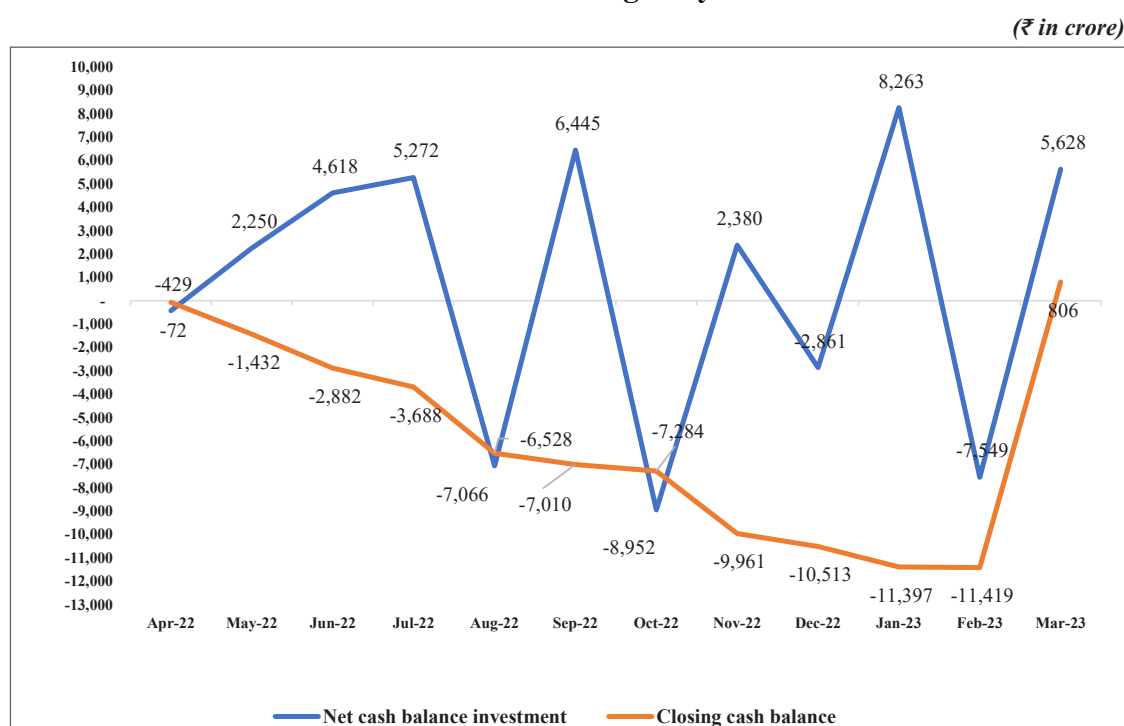


(Source: Finance Accounts of the respective years)

The State Government took recourse to market loans, despite having a closing balance of ₹ 14,069.82 crore in the Cash Balance investment account. The market loan for this year was ₹ 27,700 crore. It is worth mentioning that the amount in the Cash Balance Investment Account is cumulative.

The State could have avoided market borrowings to the extent of the Cash Balance (₹ 22,903.95 crore). The Cash Balance of ₹ 22,903.95 crore included Cash Balance Investment of ₹ 14,069.82 crore. Interest of ₹ 276.23 crore was earned on these investments, whereas the State Government paid an average rate of interest of 7.45 per cent on market borrowings, during 2022-23. The month-wise cash balances available, *vis-à-vis* cash balances invested in the cash balance investment account, are shown in **Chart 2.23**.

Chart 2.23: Month-wise movement of Cash Balances and net cash balance investments during the year



(Source: Monthly Civil Accounts for the year 2022-23)

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

- ✦ During the months of October 2022 and February 2023, major withdrawals were observed in the cash balance investment, account, resulting in negative balance in the account.
- ✦ A major chunk (₹ 45,167.33 crore) of the funds was received in the form of Share of Union Taxes/duties and GIA from GoI, in the month of March 2023. This resulted into a positive cash balance investment account in March 2023.

2.9 Conclusions

- ✦ Although the State had passed BFRBM Act, 2006, to ensure prudence in fiscal management and fiscal stability through progressive elimination of the revenue deficit, the State had continued to be a revenue deficit State.
- ✦ The revenue deficit of the State had increased to 6.54 *per cent* of the revenue receipts during 2022-23, from 0.27 *per cent* during 2021-22.
- ✦ Subsidies constituted 5.65 *per cent* to 8.06 *per cent* of the revenue expenditure during FYs 2018-19 to 2022-23. Power subsidy had constituted major portion of the total subsidies and ranged between 68.92 *per cent* and 82.77 *per cent*.
- ✦ The Fiscal deficit of the State was ₹ 44,823.30 crore during 2022-23 which was 5.97 *per cent* of the GSDP and had exceeded the target of ₹ 25,885.10 crore, fixed by the State Government, in Medium Term Fiscal Policy. The fiscal deficit was mainly financed through market borrowings and loans from GoI.
- ✦ Out of the total borrowings of ₹ 48,283.52 crore, made during 2022-23, the State Government had incurred capital expenditure of ₹ 31,519.82 crore (65.28 *per cent*) only.
- ✦ The Revenue Receipts of the State had increased by ₹ 13,890.69 crore (8.75 *per cent*) during the current year over the previous year, whereas Revenue Expenditure grew by ₹ 24,756.51 crore (15.55 *per cent*). State's own revenue had registered a positive growth of 23.98 *per cent* over the previous year.
- ✦ The State had incurred 34.30 *per cent* of the total revenue expenditure on committed liabilities like salaries and wages, pensions, interest payments, leaving only 65.70 *per cent* for priority sector expenditure.
- ✦ The State had earned a meagre 0.004 *per cent* returns on its total investments (₹ 39,024.62 crore) in Statutory Corporations, Government Companies and Co-operatives, up to 31 March 2023.
- ✦ The Total Outstanding Liabilities including public debt and public account liabilities were 39.03 *per cent* of the GSDP. The total debt grew by 13.90 *per cent*, over the previous year.
- ✦ The deficit indicators, revenue augmentation and expenditure management, are major yardsticks for judging the fiscal performance of the Government are shown below:

Positive indicators	Negative indicators
Fiscal Deficit was within the limits of the XV th FC projection	Increasing debt to GSDP ratio beyond the FRBM Act ceiling
Increase in the State's own resources (tax and non-tax revenue)	Non-creation of Guarantee Redemption Fund
Increase in the share of Union Taxes from the Government of India	Increasing committed expenditure
	Arrears of revenue pending

2.10 Recommendations

The Finance Department may:

- ✦ review the budget preparation exercise, so that the persisting gap between budget estimates and actuals is bridged.
- ✦ devise a mechanism to ensure that arrears of revenue can be collected expeditiously, so that the burden of the State, due to fiscal deficit, may be mitigated.
- ✦ ensure that employee's deductions and government contributions are fully deducted and fully transferred to NSDL, in a timely manner.
- ✦ put in place a mechanism to ensure that complete information related to incomplete projects is made available to AG (A&E), Bihar, to ensure the presentation of a comprehensive picture in this regard, in the Finance Accounts of the Government of Bihar.
- ✦ restructure loans, so that interest payment falls within the budgeted fiscal deficit target.

CHAPTER III

BUDGETARY MANAGEMENT

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

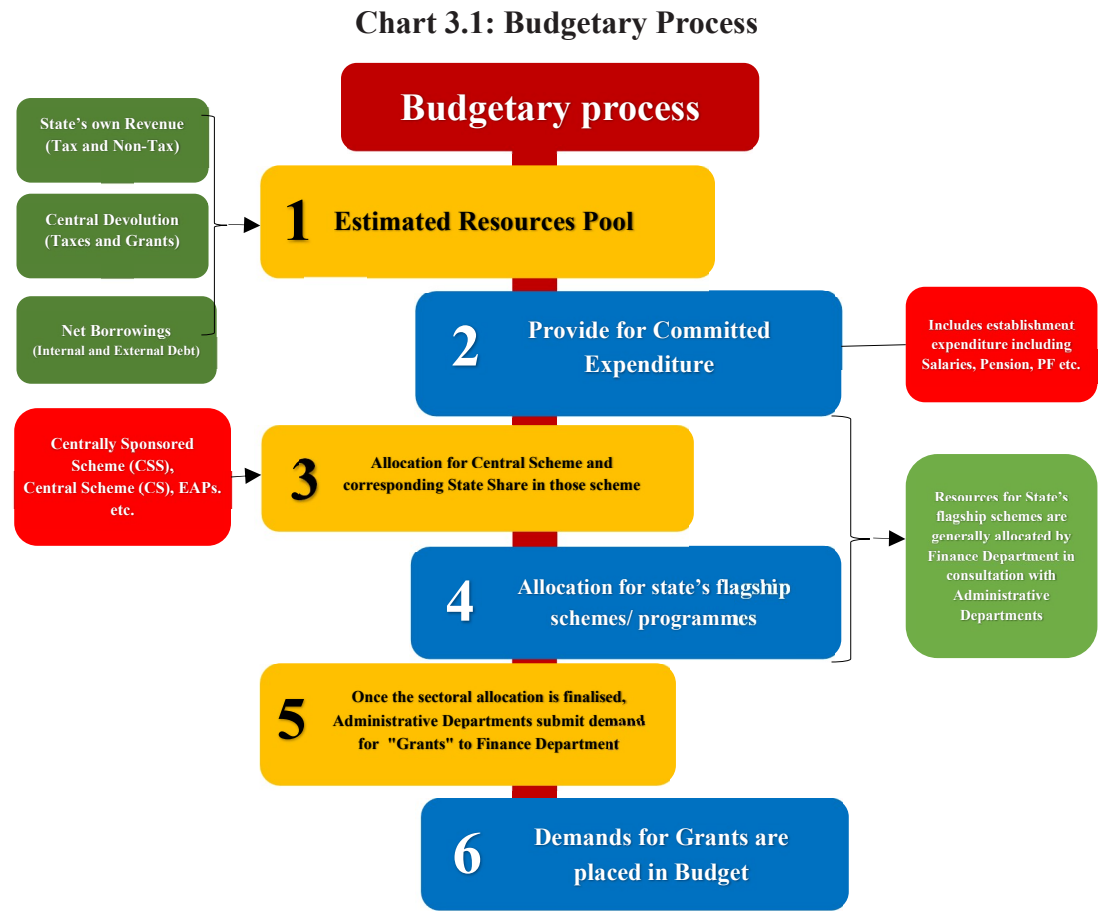
3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The budget process commences with the issuance of the budget circular by the Finance Department containing instructions, to be followed by all Departments, in the preparation of revised estimates for the current year and the Budget Estimates for the next financial year. This takes place, normally in August-September each year as prescribed in the Bihar Budget Manual.

The State initiated a project for seamless integration of all financial activities, namely, the Comprehensive Financial Management System (CFMS), from 01 April 2019, which replaced the Comprehensive Treasury Management Information System (CTMIS). Budget Preparation is one of the sub-modules of Budget Management under CFMS. However, the State did not revise the Bihar Treasury Code, to synchronise it with the CFMS era of accounting and authorised the Finance Department to issue guidelines in this regard, in the form of circulars, till a comprehensive amendment of the Bihar Treasury Code was notified.

Legislative authorisation is the *sine qua non* for the incurring of all expenditure by the State Government. The State Government has framed financial rules and provided for delegation of financial powers for the incurrence of expenditure and the levels authorised to sanction such expenditure together with restrictions on appropriation and re-appropriations. Apart from supplementary grants, Re-appropriation can also be used to re-allocate funds within a Grant. Review of Budget process in two Departments are discussed in subsequent paras.

A typical budget preparation process in a State is given in **Chart 3.1**.



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

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

Table 3.1: Budget provisions, disbursements and savings during 2022-23

(₹ in crore)

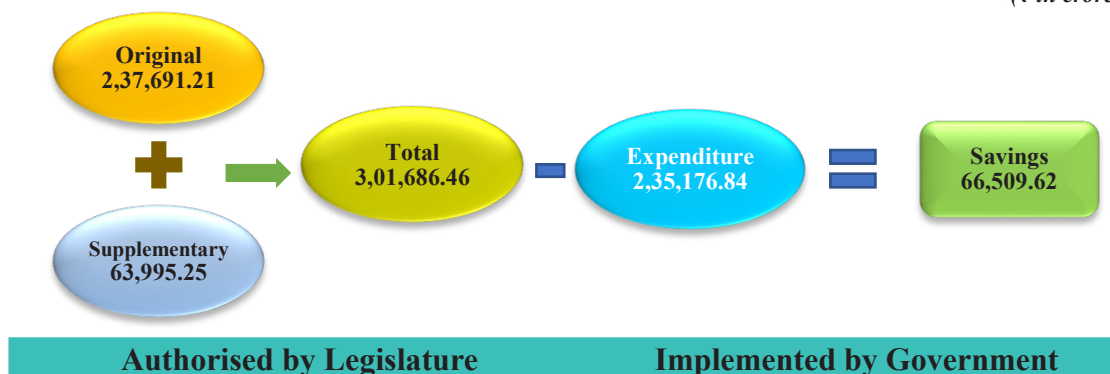
	Total Budget Provisions		Total Disbursements		Savings	
	Voted	Charged	Voted	Charged	Voted	Charged
Revenue	2,20,987.62	17,962.60	1,70,439.38	16,787.93	50,548.24	1,174.67
Capital	45,974.55	0.00	31,541.69	0.00	14,432.86	0.00
Public Debt	0.00	14,670.03	0.00	14,351.08	0.00	318.95
Loans and Advances	2,091.66	0.00	2,056.76	0.00	34.90	0.00
Total	2,69,053.83	32,632.63	2,04,037.83	31,139.01	65,016.00	1,493.62
	3,01,686.46		2,35,176.84		66,509.62	

(Source: Detailed Appropriation Accounts for the year 2022-23)

The various components of the budget are depicted in the chart below:

Chart 3.2: Components of the budget

(₹ in crore)



(Source: Detailed Appropriation Accounts for the year 2022-23)

The total expenditure of ₹ 2,35,176.84 crore was overstated by a net amount of ₹ 988.42 crore (overstated by ₹ 3,713.42 crore due to clearance of O.B. suspense amount placed in previous years and understated by ₹ 2,725.00 crore, as this amount was placed under OB Suspense in F.Y. 2022-23).

Budget Estimates (BEs) of the State were prepared for ₹ 2,37,691.21 crore. Thereafter, Supplementary Provisions (SP) of ₹ 63,995.25 crore were also made totalling the Total Budget (TB) of the State to ₹ 3,01,686.46 crore. However, during financial year 2022-23, the State had spent only ₹ 2,35,176.84 crore, which was approximately 98.94 *per cent* of the original budget. Resultantly, a sum of ₹ 66,509.62 crore was reported as savings against the final budget indicating that the budget was inflated to that extent.

As evident from **Chart 3.2**, the State Government incurred expenditure of 77.95 *per cent* (4.78 *per cent* more than FY 2021-22) against the total provisions made during 2022-23, resulting in saving of 22.05 *per cent*. The supplementary provisions of ₹ 63,995.25 crore, therefore, became unnecessary, as the expenditure was not even up to the level of original provisions.

Further, in the process of preparation of the main budget for the year 2022-23, the State Government prepared some Specific Budgets *i.e.*, Outcome Budget, Gender Budget, Child Welfare Budget, Green Budget and Achievement Reports thereon. These budgets were analysed, and the results thereof are discussed in the subsequent paragraphs of this report.

3.1.2 Charged and Voted disbursements

A break-up of the total disbursements, into 'charged' and 'voted' during the last five years (from 2018-19 to 2022-23), is shown in **Table 3.2**.

Table 3.2: Charged and Voted Expenditure during 2018-19 to 2022-23

(₹ in crore)

Financial Year	Total Budget Provisions		Disbursements		Savings/Excess		Savings against Total Provisions (per cent)	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
2018-19	1,90,375.36	19,114.48	1,42,022.79	18,294.88	48,352.56	819.60	25.40	4.29
2019-20	2,08,629.14	19,858.04	1,30,506.24	19,135.68	78,122.90	722.36	37.45	3.64
2020-21	2,24,274.43	21,248.16	1,48,348.42	19,566.98	75,926.04	1,681.18	33.85	7.91
2021-22	2,41,479.13	23,917.74	1,71,395.87	22,806.33	70,083.26	1,111.41	29.02	4.65
2022-23	2,69,053.83	32,632.63	2,04,037.83	31,139.01	65,016.00	1,493.62	24.16	4.58

(Source: Appropriation Accounts for respective years)

The overall savings of ₹ 66,509.62 crore during 2022-23 were more than the size of the supplementary budget of ₹ 63,995.25 crore, obtained during the year.

3.1.3 Budget Marksmanship

3.1.3.1 Aggregate Budget Outturn

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

Table 3.3: Aggregate Budget Outturn of Financial Year 2022-23

(₹ in crore)

Description	Original Approved Budget (BE)	Actual Outturn	Difference between Actual and BE* (3)-(2)	Percentage Deviation
(1)	(2)	(3)	(4)	(5)
Revenue	1,91,956.69	1,87,227.31	(-) 4,729.38	(-) 2.46
Capital	45,734.52	47,949.53	2,215.01	4.84
Total	2,37,691.21	2,35,176.84	(-) 2,514.37	(-) 1.06

(Source: Detailed Appropriation Account for the year 2022-23)

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

In the Revenue section, the deviation in outturn, compared with the BEs, was (-) 2.46 per cent. This was due to deviation between 0 and ± 25 per cent in 32 grants, between more than ± 25 per cent and ± 50 per cent in 15 grants, between more than ± 50 per cent and ± 100 per cent in three grants. Further, there was no budget and expenditure under the revenue section in one grant (14 : Repayment of Loans).

In the Capital section, deviation in outturn, compared with the BEs was (+) 4.84 per cent. This was due to deviation between 0 and ± 25 per cent in seven grants, between more than ± 25 per cent and ± 50 per cent in eight grants, between more than ± 50 per cent and

± 100 per cent in nine grants and equal to or more than 100 per cent in five grants.

In the capital section of the grants, the following were noticed:

- ✦ No provision was made in respect of 19 grants.
- ✦ In three grants, (04: Cabinet Secretariat Department, 11: BC and MBC Welfare Department and 44: SC and ST Welfare Department), no expenditure was incurred against the Budget provisions of ₹ 231.66 crore during the financial year, while there was surrender of ₹ 33.50 crore under the Grant no 11 (BC and MBC Welfare Department).

3.1.3.2 Expenditure Composition Outturn

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

Table 3.4: Expenditure Composition: Outturn Financial Year 2022-23

(₹ in crore)

Description	Original Approved Budget (BE)	Revised Estimate (RE)	Actual Outturn	Difference between RE & BE	Difference between Actual outturn and RE*	Percentage Deviation of Column 6 in relation to R.E.
1	2	3	4	5 (3-2)	6 (4-3)	7
Revenue	1,91,956.69	2,33,598.19	1,87,227.31	41,641.50	(-) 46,370.88	(-) 19.85
Capital	45,734.52	56,136.64	47,949.53	10,402.12	(-) 8,187.11	(-) 14.58
Total	2,37,691.21	2,89,734.83	2,35,176.84	52,043.62	(-) 54,557.99	(-) 18.83

(Source: Appropriation Accounts 2022-23)

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

In the Revenue section, the deviation in actual outturn, compared with the REs was (-) 19.85 per cent. This was due to deviation between 0 and ± 25 per cent in 31 grants, between more than ± 25 per cent and ± 50 per cent in 15 grants and between more than ± 50 per cent and ± 100 per cent in four grants.

In the Capital section, the deviation in outturn compared with the REs was (-) 14.58 per cent. This was due to deviation between 0 and ± 25 per cent in 11 grants, between more than ± 25 per cent and ± 50 per cent in eight grants, between more than ± 50 per cent and ± 100 per cent in nine grants and equal to or more than 100 per cent in one grant.

In Bihar, the original budget provisions were supplemented by three Supplementary Provisions during the year 2022-23 and the original budget was enhanced to ₹ 3,01,686.46 crore (by 26.92 per cent). Outturn variance against the total budget is described in **Table 3.5**.

Table 3.5: Outturn variance against the total budget (during 2022-23)

(₹ in crore)

Description	Total Budget	Expenditure	Outturn variance	
			Amount	As percentage of total budget
Revenue	2,38,950.22	1,87,227.31	(-) 51,722.91	(-) 21.65
Capital	62,736.24	47,949.53	(-) 14,786.71	(-) 23.57
Total	3,01,686.46	2,35,176.84	(-) 66,509.62	(-) 22.05

(Source: Appropriation Accounts 2022-23)

In the Revenue section, the deviation in outturn, compared with the Total Budget, was (-) 21.65 per cent. This was due to deviation between 0 and ± 25 per cent in 30 grants, between more than ± 25 per cent and ± 50 per cent in 16 grants, between more than ± 50 per cent and ± 100 per cent in four grants.

In the Capital section, deviation in outturn, compared with the Total Budget was (-) 23.57 per cent. This was due to deviation between 0 and ± 25 per cent in 12 grants, between more than ± 25 per cent and ± 50 per cent in nine grants and between more than ± 50 per cent and ± 100 per cent in eight grants.

In the capital section of grants, the following were noticed:

- ✦ No provisions were made in respect of 18 grants under the Capital section.
- ✦ Although there was a provision of ₹ 431.66 crore under the Capital section of four grants (04: Cabinet Secretariat Department; 11: BC and MBC Welfare Department; 39: Disaster Management Department and 44: SC and ST Welfare Department), no expenditure was incurred their against and ₹ 33.50 crore was surrendered under one grant (11: BC and MBC Welfare Department).

3.2 Appropriation Accounts

The Appropriation Accounts depict the original budget provisions, supplementary grants, surrenders, savings, and re-appropriations distinctly, and indicate the actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act, in respect of both Charged and Voted items of the budget. Appropriation Accounts, thus, facilitate understanding the utilisation of funds, the management of finances and monitoring of budgetary provisions.

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

3.3 Integrity of the Budgetary and accounting process

Integrity of the Budget means, “public funds are being spent properly and according to the interest of the public”. The budget must be credible, and the information contained in the fiscal and financial report must be reliable. Budget integrity and

accountability would ultimately depend on the capacity of the Department to programme the expenditure realistically, implement their programmes and schemes timely and efficiently.

3.3.1 Transfers not mandated by the Appropriation Act/Detailed Demands for Grants (into Public Account/ Bank Accounts)

It was seen that the provisions of funds in the budget were made and referred to the Administrative Departments, by the Finance Department, for incurring expenditure. The concerned Department then drew the entire amount provisioned and deposited them in the public account, for further payment/execution, even if they were not required for immediate use.

It was observed that, in 447 schemes¹ across the Appropriation Accounts, ₹ 20,015.61 crore were transferred/deposited in the public account, during the financial year. Some major examples of such cases of ₹ 500 crore and more are detailed in **Table 3.6**.

Table 3.6: ₹ 500 crore and more transferred to MH-8443 & MH-8448

(₹ in crore)

Description	Total Budget	Total Expenditure	Transferred to Public Account
Revenue			
18-3456001020306 - National Food Protection Mission	564.34	499.19	499.19
20-2210012000209 - National Health Mission including National Rural Health Mission	550.00	543.70	543.70
37-3054041050001 - Rural Road- Other maintenance expenditure	3,050.00	3,057.74	2,981.14
Capital			
35-4070000510107 - Chief Minister Area Development Scheme	807.82	792.32	792.32
37-4515001030518 - Mukhya Mantri Gram Sampark Yojana (World Bank Aided)	700.00	700.00	700.00
37-4515001030519 - Chief minister village Connectivity plan (NDB)	700.00	700.00	700.00
37-4515007890104 - Mukhya Mantri Gram Sampark Yojana	1,425.47	1,424.05	725.47
48-5075601900101 - Patna Metro Rail Corporation LTD.	959.00	959.00	959.00
Total	8,756.63	8,676.00	7,900.82

(Source: Appropriation Accounts and VLC Data)

It was also noticed that, out of the total expenditure, 24.56 per cent of the capital expenditure, 68.38 per cent of the expenditure under loans and advances and 4.81 per cent of the revenue expenditure, were deposited in Civil Deposit and Deposits of Local Funds. Details of the Heads by which the funds were transferred to the Deposit Account (MH-8448 and 8443) are shown in **Table 3.7**.

¹ Schemes refer to Bill code up to sub-head level.

Table 3.7: Details of funds transferred to the Major Head 8443 and 8448

(₹ in crore)

Head	Transferred to MH-8448				Transferred to MH-8443			
	2019-20	2020-21	2021-22	2022-23	2019-20	2020-21	2021-22	2022-23
Receipt	76.67	276.69	325.57	438.83	0	0	0.05	0.59
Revenue Expenditure	8,456.84	11,876.36	12,454.01	8,780.60	248.79	538.88	435.82	228.14
Capital Expenditure	11,485.31	9,166.60	10,564.51	9,965.26	893.12	1,330.20	1,394.31	1,307.33
Loans & Advances	609.38	605.79	731.48	1,406.50	0	0	0	0
Total	20,628.20	21,925.44	24,075.57	20,591.19	1,141.91	1,869.08	1,830.18	1,536.06

(Source: VLC data)

Further, out of 51 Grant controlling officers, 19 disclosed the status of amount transferred to DDO's bank accounts. Among those 19 grants, 11 Grants submitted 'nil' report, whereas eight grants submitted the details of amount transferred to the DDO's accounts during F.Y. 2022-23, for incurring expenditure thereagainst. Cases of such transfer of amounts more than ₹ 10 crore are described in **Table 3.8**.

Table 3.8: Details of funds transferred to DDO's Bank Accounts

(₹ in crore)

Sl. No.	Grant No.	Name of Department	Amount transferred during 2022-23	Amount spent out of total amount transferred during 2022-23	Balance as on 31 st March 2023
1	10	Energy	16,549.12	16,207.87	341.25
2	39	Disaster Management	670.09	642.63	27.45
3	41	Road Construction	947.01	219.49	727.52
4	43	Science & Technology	55.31	43.30	12.01
Total			18,221.53	17,113.29	1,108.23

(Source: Summarised Appropriation Account 2022-23)

It is evident from **Table 3.8** that large amounts were transferred from the consolidated fund to the public account, leading to parking of funds.

This indicates an inflated picture of the expenditure incurred and understatement of the figures of receipts of the State Government, during the financial year.

3.3.2 Unnecessary/excess supplementary grants

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

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

During 2022-23, in 22 cases of 20 grants, supplementary provisions amounting to ₹ 18,491.79 crore (₹ 100 crore or more in each case) proved unnecessary/excess and remained fully unutilised, as the expenditure (₹ 83,802.17 crore) had not been recorded even up to the level of the original provisions (₹ 1,03,251.69 crore), as detailed in *Appendix 3.1*. Further, in one grant namely ‘04-Cabinet Secretariat’, total expenditure of ₹ 241.51 crore was less than the Supplementary provisions of ₹ 277.69 crore.

Further, in seven of the 22 cases reported above, having involvement of ₹ 14,722.95 crore, the amount of each supplementary provision was ₹ 1,000 crore and more. Allocations of supplementary budget to grants, despite having savings against original allocation, are likely to be resulted in paucity of funds for other departments.

3.3.3 Unnecessary and Excess Re-Appropriation

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

From the Detailed Appropriation Accounts for the year 2022-23, it was noticed that:

- ✦ Re-appropriation of ₹ 771.37 crore in 35 cases, under 15 grants, proved unnecessary (re-appropriation not required), as the final savings (₹ 10 crore or more in each case) were ₹ 2,175.63 crore (*Appendix 3.2*).
- ✦ An amount of ₹ 1,778.05 crore, provided through re-appropriation, in nine cases under five grants, proved excess (amount re-appropriated was more than what was required), in view of the final savings (₹ 10 crore or more in each case) of ₹ 909.60 crore (*Appendix 3.3*). This indicated injudicious re- appropriation, without assessing actual requirements.

Augmentation of provisions through re-appropriation orders proved unnecessary/excess because expenditure did not come up to the level of the original/total budget provisions.

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

During 2022-23, there were 49 cases of savings under voted and charged expenditure related to 35 Grants, each of ₹ 100 crore or more, amounting to a total of ₹ 65,132.21 crore (23.68 *per cent* of total provision of ₹ 2,75,095.43 crore), as detailed in *Appendix 3.4*.

Further, there was significant variation of 20 *per cent* or more between total Budget and expenditure in 32 Grants, which resulted in huge savings of ₹ 53,766.73 crore (32 *per cent* of total provision of ₹ 1,67,550.87 crore). The reasons for these variations have not been appropriately explained in the Appropriation Accounts (*Appendix 3.5*).

In 21 cases involving 20 Grants, there were persistent total savings of ₹ 43,357.27 crore and above (savings of ₹ 200 crore or more in each grant/appropriation), during each of the five years, as detailed in *Appendix 3.6*. Persistent savings indicate that budget

allocations had been made without considering the trends of expenditure in previous years.

Grant-wise savings of ₹ 2,000 crore and more in 2022-23, along with the last four years' savings, are shown in **Table 3.9**.

Table 3.9: Grants/Appropriations with savings of more than ₹ 2,000 crore in 2022-23 with last four years trend

(₹ in crore)

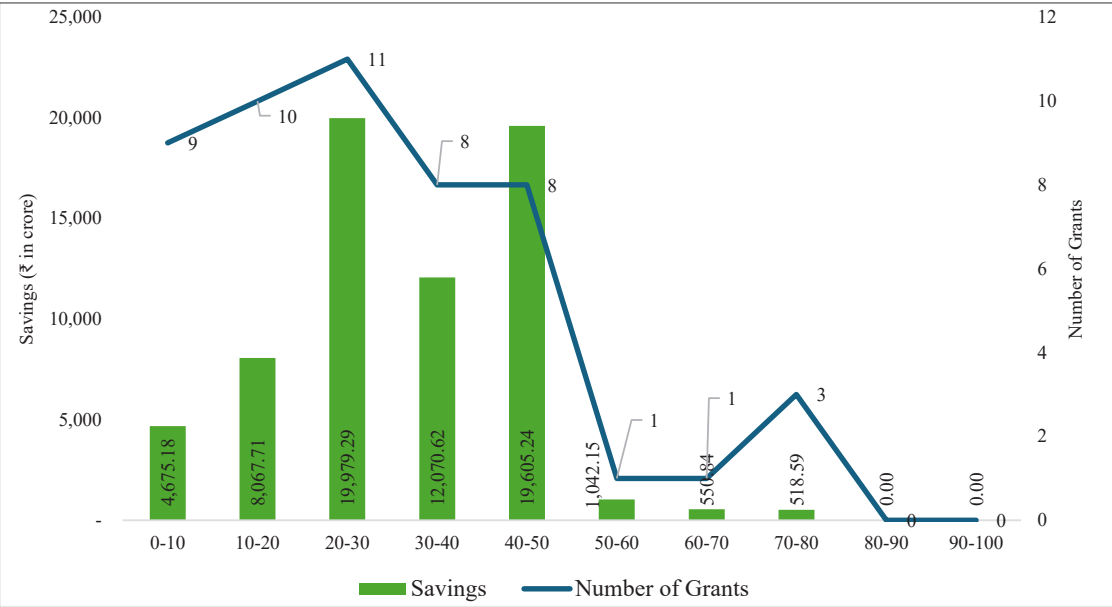
Grant-Department	2018-19	2019-20	2020-21	2021-22	2022-23
21-Education Department	10,081.81	12,140.67	11,784.91	12,877.72	13,796.59
20-Health Department	2,359.27	3,582.55	4,056.45	6,085.46	8,543.32
16-Panchayati Raj Department	1,837.67	4,891.60	4,675.44	5,367.03	4,910.47
37-Rural Works Department	7,553.55	8,518.95	6,439.24	4,841.88	4,463.00
48-Urban Development and Housing Department	2,064.28	3,250.51	3,952.81	4,640.19	4,394.35
42-Rural Development Department	6,323.92	8,900.63	8,531.89	9,206.77	3,318.65
22-Home Department	764.90	2,133.08	2,643.70	4,192.63	3,258.08
03-Building Construction Department	1,211.20	4,205.01	3,830.73	2,522.82	2,880.66
15-Pension	662.21	1,414.68	796.52	1,527.51	2,324.24
51-Social Welfare Department	3,409.41	2,339.24	2,223.48	2,244.40	2,295.38
Total savings in these grants	36,268.22	51,376.92	48,935.17	53,506.41	50,184.74
Total savings during the year (all 51 grants)	49,172.17	78,845.26	77,607.22	71,194.67	66,509.62
Percentage saving in grants reported above	73.76	65.16	63.05	75.16	75.45

(Source: Appropriation Accounts for the respective year)

Further, there was surrender of ₹ 20,104.08 crore (₹ 100 crore or more in each case) under 12 Grants as in **Appendix 3.7** and, in three grants, the amount of surrender was even more than the supplementary provisions.

Chart 3.3 depicts the number of grants/appropriations, grouped by the percentage of savings, along with their total savings during the financial year.

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



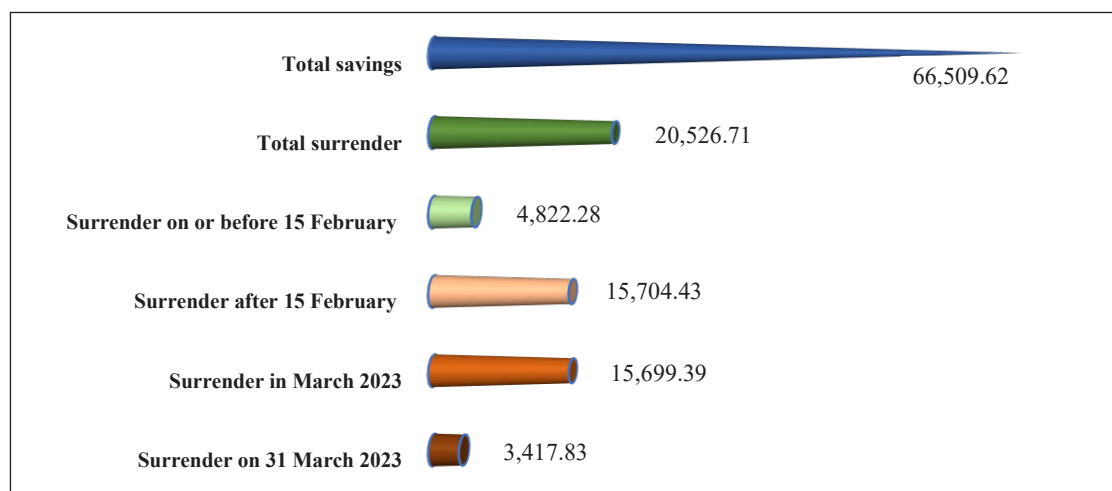
(Source: Appropriation Accounts for the year 2022-23)

Chart 3.3 shows that five, out of 51 grants, had savings more than 50 *per cent*, whereas, in 16 grants, the amount of saving was in the range of 30-50 *per cent*, which is significantly higher than their overall savings of 22.05 *per cent* against the total budget.

As per Para 104 of the Bihar Budget Manual, 2016, no amount out of the savings should be held in reserve for meeting additional expenditure not definitely foreseen or not already approved by the competent authority. Further surrender of savings is to be submitted by 15th of February of the concerned financial year. In exceptional cases, surrenders may be submitted up to 31st March of that financial year. Savings and surrenders, before the end of financial year 2022-23, are shown in **Chart 3.4**.

Chart 3.4: Savings and surrenders before the close of FY 2022-23

(₹ in crore)



(Source: Appropriation Accounts for the year 2022-23)

As evident from **Chart 3.4**, a balance of ₹ 15,704.43 crore (76.51 *per cent* of total amount surrendered) was surrendered after 15th February, in violation of the stipulated provisions under the Bihar Budget Manual.

3.3.5 Grants-in-aid for creation of capital assets

Grants-in-Aid (GIA) are payments in the nature of assistance, donations or contributions, made by one government to another government, body, institution or individual. GIA are given for specified purpose of supporting an institution including construction of assets. As per IGAS-2, GIA disbursed by a grantor to a grantee, shall be classified and accounted for as revenue expenditure, irrespective of the purpose for which the funds are disbursed, as GIA is to be spent by the grantee, except in cases where they had been specifically authorised by the President on the advice of the CAG of India.

As per Statement 10 of the Finance Accounts 2022-23 (Vol-I), the total funds released as GIA during 2022-23 were ₹ 79,940.88 crore, of which funds allotted for creation of Capital Assets were ₹ 20,019.34 crore (25.04 *per cent*), as described in **Table 3.10**.

Table 3.10: Trend of GIA for capital creation

(₹ in crore)

Financial Year	Total GIA	Growth in per cent	GIA for Capital Creation	Percentage of GIA utilised for Capital Creation	Growth in per cent
2018-19	51,764.29	19.39	14,023.84	27.09	232.14
2019-20	46,581.54	(-)10.01	5,569.37	11.96	(-) 60.29
2020-21	54,928.98	17.92	27,340.81	49.77	390.91
2021-22	65,015.01	18.36	6,177.94	9.50	(-) 77.40
2022-23	79,940.88	22.96	20,019.34	25.04	224.05

(Source: Finance Accounts of the relevant years)

3.4 Comments on effectiveness of budgetary and accounting process

To enhance the effectiveness of the budgetary and accounting processes in the departments, Government needs to set annual objectives for each performance indicator of the budgetary control system, so that departments strive to achieve the annual set objectives for each indicator.

3.4.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure holds the balance for the achievement of various fiscal indicators. A summarised position of the actual Expenditure *vis-à-vis* the budget (Original/ Supplementary) provisions, during the financial year 2022-23, is depicted in Table 3.11.

Table 3.11: Summarised position of Actual Expenditure *vis-à-vis* Budgetary provisions, during 2022-23

(₹ in crore)

Nature of Expenditure		Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total Grant/ Appropriation	Actual Expenditure	Savings	Amount surrendered	Amount surrendered in March 2023	Percentage of savings surrendered in March 2023 (Col.8/ Col.6×100)
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Voted	I-Revenue	1,74,028.69	46,958.93	2,20,987.62	1,70,439.38	50,548.24	15,307.73	13,418.29	26.55
	II-Capital	29,749.64	16,224.91	45,974.55	31,541.69	14,432.86	5,218.43	2,281.10	15.80
	III-Loans and Advances	1,314.85	776.81	2,091.66	2,056.76	34.90	0.01	0.00	0.00
	Total Voted	2,05,093.18	63,960.65	2,69,053.83	2,04,037.83	65,015.00	20,526.17	15,699.39	24.15
Charged	IV-Revenue	17,928.00	34.60	17,962.60	16,787.93	1,174.67	0.54	0.00	0.00
	V-Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
	VI-Public Debt- Repayment	14,670.03	0.00	14,670.03	14,351.08	318.95	0.00	0.00	0.00
	Total Charged	32,598.03	34.60	32,632.63	31,139.01	1,493.62	0.54	0.00	0.00
Grand Total		2,37,691.21	63,995.25	3,01,686.46	2,35,176.84	66,509.62	20,526.71	15,699.39	23.60

(Source: Appropriation Accounts for the year 2022-23)

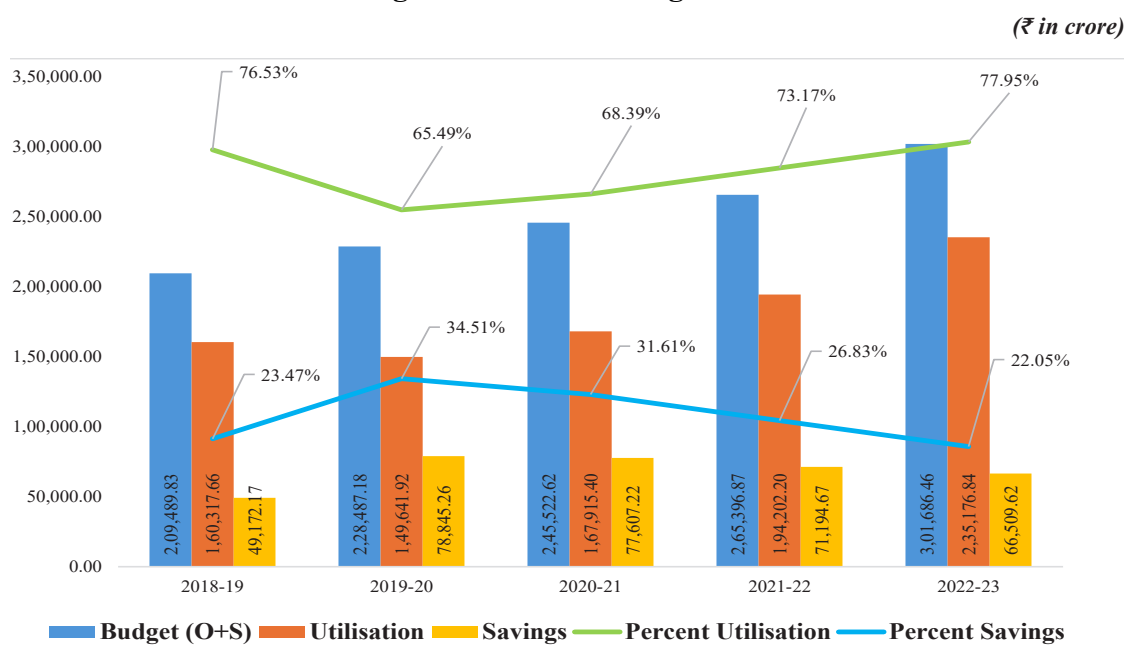
Note: The expenditure includes recoveries/refund of revenue expenditure amounting to ₹ 3,251.09 crore and recoveries of capital expenditure amounting to ₹ 21.87 crore adjusted as reduction of expenditure.

As evident from **Table 3.11**, the expenditure incurred during the year was only ₹ 2,35,176.84 crore (77.95 *per cent*) against the total provisions of ₹ 3,01,686.46 crore. This indicated that the supplementary provisions of ₹ 63,995.25 crore were avoidable, since the expenditure did not reach even up to the level of the original provisions (₹ 2,37,691.21 crore).

Overall savings of ₹ 66,509.62 crore resulted from savings of ₹ 51,722.91 crore in 46 grants and eight Appropriations under the Revenue section and savings of ₹ 14,786.71 crore in 35 Grants/Appropriations under the Capital section, including seven grants under Loans and Advances and one grant under Public Debt Repayments.

Out of the total savings of ₹ 66,509.62 crore, only 30.86 *per cent* were surrendered (₹ 20,526.71 crore) during the year. This resulted in non-surrender of savings aggregating ₹ 45,982.91 crore (69.14 *per cent* of total savings). The total savings were 103.93 *per cent* of the supplementary provisions. Trends in the percentage of overall savings, against the overall provisions in the budget, are shown in **Chart 3.5**.

Chart 3.5: Budget Utilisation during 2018-19 to 2022-23



(Source: Appropriation Accounts of respective years)

The trend analysis shows that during the last five years, the overall savings ranged from 22.05 *per cent* to 34.51 *per cent*, in regard to the total budget. It indicates inaccurate estimation and the inability of the Planning & Development Department and Finance Department, to ensure effective budgetary planning and control.

Further, there were cases of non-utilisation of the entire provision of ₹ 4,640.34 crore in 185 Scheme Head of accounts under 26 grants/ appropriations. Out of these cases, total budget provisions of ₹ 4,053.49 crore, in 32 cases under 12 grants/ appropriations, remained unutilised (₹ 25 crore and above in each case), as detailed in **Appendix 3.8**.

Trends in the original budget, revised estimate and actual expenditure, for the Financial Years 2018-19 to 2022 -23, are given in **Table 3.12**.

Table 3.12: Original Budget, Revised Estimate and Actual Expenditure, during 2018-19 to 2022-23

(₹ in crore)

Sl. No.	Description	2018-19	2019-20	2020-21	2021-22	2022-23
1	Original Budget	1,76,990.27	2,00,501.01	2,11,761.50	2,18,302.70	2,37,691.21
2	Supplementary Budget	32,499.56	27,986.17	33,761.12	47,094.17	63,995.25
3	Total budget (TB) (1+2)	2,09,489.83	2,28,487.18	2,45,522.62	2,65,396.87	3,01,686.46
4	Revised Estimate (RE)	1,92,620.88	2,18,729.55	2,29,716.91	2,58,632.52	2,89,734.83
5	Actual Expenditure (AE)	1,60,317.66	1,49,641.92	1,67,915.40	1,94,202.20	2,35,176.84
6	Savings (3-5)	49,172.17	78,845.26	77,607.22	71,194.67	66,509.62
7	Percentage of supplementary to the original provision	18.36	13.96	15.94	21.57	26.92
8	Percentage of overall saving/excess to the overall provision	23.47	34.51	31.61	26.83	22.05
9	TB-RE	16,868.95	9,757.63	15,805.71	6,764.35	11,951.63
10	RE-AE	32,303.22	69,087.63	61,801.51	64,430.32	54,557.99
11	(TB-RE) as <i>per cent</i> of TB	8.05	4.27	6.44	2.55	3.96
12	(RE-AE) as <i>per cent</i> of TB	15.42	30.24	25.17	24.28	18.08

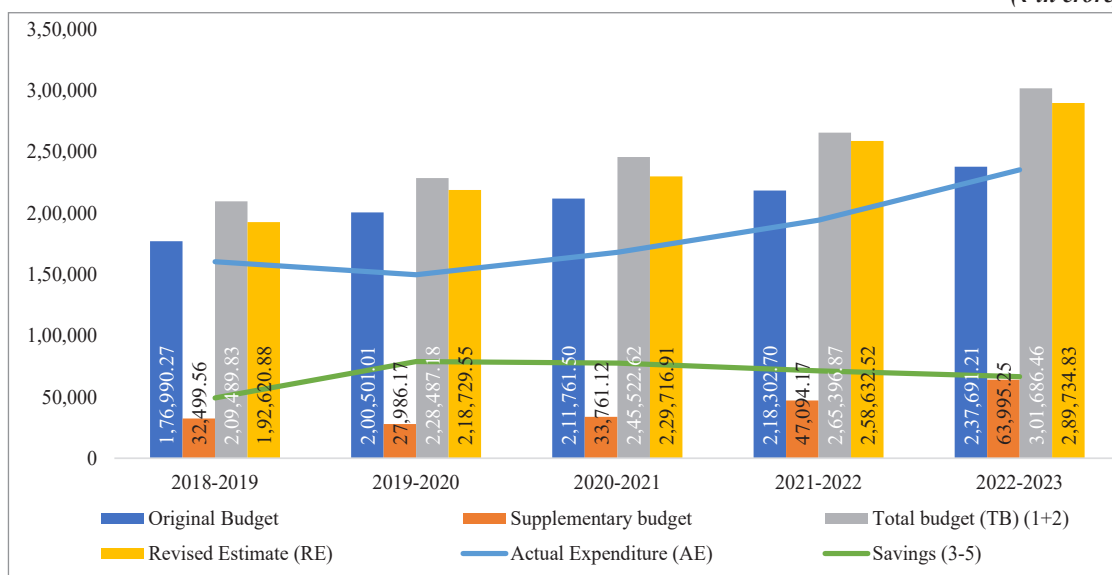
(Source: Annual Financial Statement and Appropriation Accounts of Respective Financial Years)

Table 3.12 shows that supplementary provisions of ₹ 63,995.25 crore, during 2022-23, constituted 26.92 *per cent* of the original provision, as against 21.57 *per cent* in the previous year. It is noteworthy that in each year the budget estimates were projected lower than revised estimates of the preceding financial year, but the budget provisions were increased with the supplementary provisions, ranging from 13.96 *per cent* to 26.92 *per cent*. Further, in each financial year, actual expenditure was also significantly lower than the Original Budget.

Further trends of budget estimates, revised estimates, and actual expenditure are depicted in **Chart 3.6**.

Chart 3.6: Trends of BEs, REs and Actuals

(₹ in crore)



(Source: Annual Financial Statements and Appropriation Accounts of the respective Financial Years)

Table 3.12 and **Chart 3.6** reflect budgetary provisions being based on unrealistic proposals, as Budget Estimates were inflated and the actual Expenditure was less than the original Budgetary Provisions (B.Es).

3.4.2 Missing/ Incomplete Explanations for Variation from Budget

The following norms were adopted for comments on the Appropriation Accounts for Bihar State, as described below in **Table 3.13**.

Table 3.13 Criteria for comments on the Appropriation Accounts

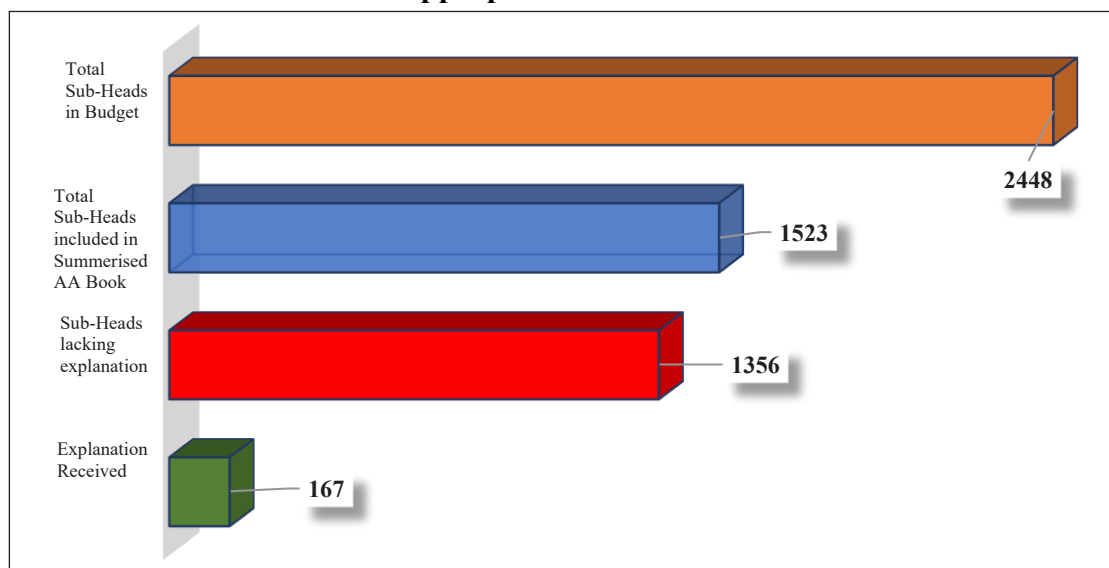
Sl. No.	Grant wise Budget Provision	Saving(-) / Excess(+)	Sub head wise norm
1	2	3	4
1	Up to ₹ 5.00 crore	₹ 5.00 lakh	At the Sub-head level in each case amount shown in Column No. 3 or 10 <i>per cent</i> of Sub-head wise provision, whichever is more
2	More than ₹ 5.00 crore but less than ₹ 50.00 crore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

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

The Controlling Officers, however, provided explanations for variations in the expenditure *vis-à-vis* budgeted allocations in 10.96 *per cent* of total cases only. Reasons for variation were called for in respect of 1523 cases under all 51 Grants/Appropriations. However, reasons for variations, in respect of only 167 cases under 25 Grants/ Appropriations, were furnished by the Controlling Officers of Government Departments.

The status of explanations, received in case of variations in the Appropriation Accounts, requiring explanation, is shown in **Chart 3.7**.

Chart 3.7: Summary of Explanation for Variations in the Appropriation Accounts



(Source: Appropriation Accounts of the financial year 2022-23)

1523 sub-heads, included in AA Books, together accounted for savings of ₹ 45,923.32 crore in 50 Grant/ Appropriation and an excess of ₹ 1,498.09 crore in 23 Grant/ Appropriation. Out of these, variations have been explained only in 99 Sub-heads covering a savings of ₹ 2,453.79 crore and 68 Sub-heads covering an excess of ₹ 1,278.36 crore and variations in respect of 1356 Sub-heads covering savings of ₹ 43,469.53 crore (94.66 *per cent*) and an excess of ₹ 219.73 crore (14.67 *per cent*) remain unexplained due to non-receipt of replies from the concerned departments of State Government.

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

3.4.3 Large Variations at the Sub-head level remaining unexplained

As explained earlier, the monetary limits and/or percentages prescribed, if any, by the State PAC, may be followed while selecting the heads for comments on variations in the Appropriation Accounts. In case of Appropriation Accounts for the Union Government, the limits were set by the Central PAC.

Make the reporting more useful and effective in accordance with present status and size of the budget, a proposal for revision in the reporting norms was initiated by Ministry of Finance, GoI on the ground that the current limits had been effective since 1993-94. Since then, the size of Union Budget had gone up by 28 times, necessitating an upward revision of the materiality level or ceiling for comment/ explanation in Appropriation Accounts. The Central PAC (17th Lok Sabha, 2019-20), in its first report of December 2019, titled ‘Revision of ceiling for exception reporting in Appropriation Accounts’, had reviewed the ceiling for sub-head level comments in the appropriation account, and raised the limits upwards.

The revised and earlier limits for explaining variations at the Sub-Head level, are described in **Table 3.14**.

Table 3.14: Norms set by the Central PAC for Explaining Variations at Sub-Head Level

Pre-Revised Norm (from 1993-94)	Revised Norm (from 2018-19)
Variation (Excess or Savings) exceeding ₹ 100 lakh are explained	Variation (Excess or Savings) exceeding ₹ 500 lakh are explained
All cases where the Variation (Excess or Savings) exceeds 10 <i>per cent</i> of the sanctioned provision or ₹ 50 lakh whichever is higher are explained	All cases where the Variation (Excess or Savings) exceeds 10 <i>per cent</i> of the sanctioned provision or ₹ 250 lakh whichever is higher are explained
If there is a supplementary, all cases where savings exceeds 10 <i>per cent</i> of the supplementary or ₹ 5 lakh whichever is higher are explained	If there is a supplementary, all cases where savings exceeds 10 <i>per cent</i> of the supplementary or ₹ 100 lakh whichever is higher are explained
When Grant as a whole exceeded, Sub-Heads involving excess of ₹ 1 Lakh are picked up	When Grant as a whole exceeded, Sub-Heads involving excess of ₹ 25 lakh are picked up

As can be seen, the norms set by the Central PAC cover a wider range of cases requiring explanation for variation.

The State of Bihar, however, has continued with the same criteria, even after a lapse of around 20 years or more, though it is not known when these criteria were set for this purpose. During a span of years, the size and volume of Budget of the state has increased manifold, as detailed in **Table 3.15**.

Table 3.15: Timeline description of the State Budget size and expenditure

(₹ in crore)

Financial Year	Budget Size	Expenditure	Volume of increase w.r.t. to Budget Size of 2005-06
2005-06	28,976.40	22,568.47	
2020-21	2,45,522.59	1,67,915.40	847.32
2021-22	2,65,396.87	1,94,202.20	915.91
2022-23	3,01,686.46	2,35,176.84	1,041.15

(Source: Appropriation Accounts of the respective years)

It is evident from **Table 3.15** that the Budget provisions has increased 10.41 times *w.r.t.* the year 2005-06 (₹ 28,976.40 crore). Some examples of the larger grants are given in **Table 3.16**.

Table 3.16: Some of the largest grants, in terms of Budget size

(₹ in crore)

Sl. No.	Grant No.	Grant Name	Budget Provisions
1	21	Education	55,892.37
2	15	Pension	25,467.93
3	42	Rural Development	21,731.56
4	20	Health	20,557.27
5	10	Energy	16,549.12

(Source: Appropriation Accounts of F. Y. 2022-23)

Thus, the present criteria do not reflect a contemporary view of the Appropriation Accounts. While the Central PAC had set a limit of ₹ 5.00 crore, for explaining variation (Excess or Savings), irrespective of the percentage of deviation from the Budget provisions, there is no analogous norm in Bihar.

3.4.4 Large Variations from Budget at the Grant level

The Public Accounts Committee (10th Lok Sabha, 1990-91), in its 60th Report, *vide* Paras 1.22 and 1.24, had observed that savings of ₹ 100 crore or above are indicative of defective budgeting, as well as shortfall in performance in a Grant or Appropriation. It was, therefore, decided by the Public Accounts Committee, that each year, a detailed explanatory note, in respect of savings of ₹ 100 crore or above, shall be furnished by the respective Ministry/Department, to the Committee.

As regards explanations for large Savings at the Grant level, there is no such requirement presently set by the State PAC. Even if the limit of ₹ 100 crore, applicable for the Centre is considered, explanations would be necessitated in 159 subheads under 30 out of the 51 Grants/ Appropriations. As observed in **Para 3.4.1, Charts 3.5 and 3.6**, significant under-utilisation of the Budget in each of the last 5 years were noticed.

3.4.5 Pronouncements of schemes and non-provision of budgetary support against such pronouncements

During the financial year of 2022-23, the State Government made several major policy pronouncements in the budget, regarding social welfare and other schemes under various departments.

Audit observed many cases where the Budget estimates were more than ₹ 10 crore but no expenditure had been incurred during the F.Y. 2022-23, resulting in non-achievement of intended goals, as detailed in **Table 3.17**.

Table 3.17: Schemes for which provisions were made but expenditure thereon was not incurred

(₹ in crore)

Sl. No.	Department	Scheme	Budget estimates	Revised estimates
1	Agriculture	Rashtriya Krishi Vikas Yojana	226.66	91.58
2		Prampragat Krishi Vikash Yojana	91.35	-
3		Sub Mission on seed and planting Material	28.78	-
4	SC & ST Welfare	Pradhan Mantri Adarsh Gram Yojana (PMAGY)	40.00	-
5	Minority Welfare	Mukhyamantri Alpsankhyak Rojgar Rin Yojana and Share Capital of the State Minority Financial Corporation	100.00	100.00
6		State Post Matric Scholarship	30.00	-
7	Sugarcane Industries	Incentive for Sugar Mills	60.00	60.00
Total			576.79	251.58

(Source: Data received from the concerned departments)

Reasons for revision of estimates were not intimated by the concerned departments. Non-provision of budgetary support to schemes deprives the beneficiaries of the intended benefits of such schemes.

3.4.6 Rush of Expenditure

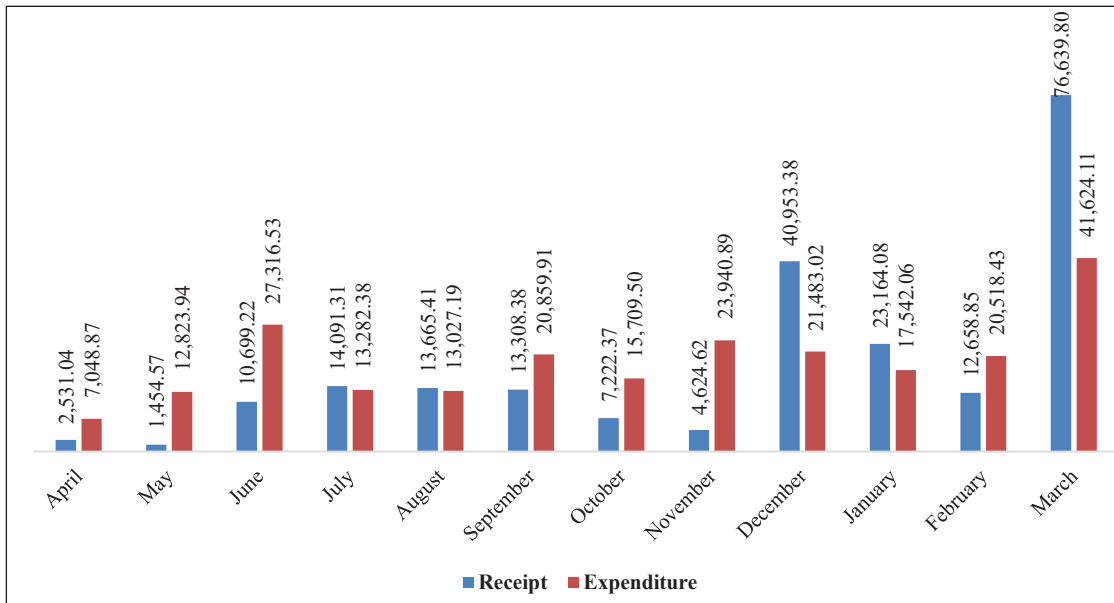
Rule 125 of the Bihar Budget Manual (BBM), 2016, stipulates that, late allotments should be avoided unless they are inevitable. Uniform flow of expenditure is essential for ensuring budgetary control.

During 2022-23, in nine departments, expenditure of ₹ 17,396.36 crore (58.86 per cent) was incurred during the last quarter and in the month of March 2023, expenditure of ₹ 10,424.10 crore (35.27 per cent) was incurred, out of the total expenditure of ₹ 29,553.80 crore (detailed in **Appendix 3.9**). Hundred per cent expenditure, amounting to ₹ 7,695.44 crore (₹ 10 crore and above in each case), was incurred in the month of March 2023, under 48 schemes sub-heads of 19 grants, as detailed in **Appendix 3.10**.

Further, for the overall appropriation, the expenditure in March 2023 was 17.70 per cent of the total expenditure, whereas the receipts in March 2023 were 34.68 per cent of the overall receipts, during the year. Month-wise trend of receipts and expenditure, for the financial year, is shown in **Chart 3.8**.

Chart 3.8: Monthly Receipts and Expenditure during the FY 2022-23

(₹ in crore)

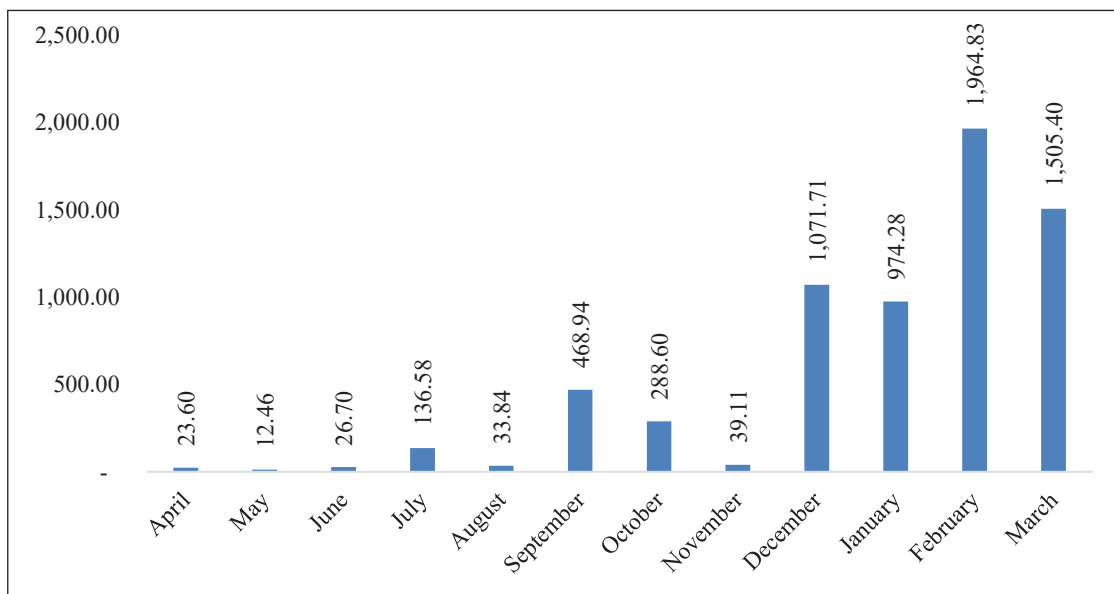


(Source: Monthly Expenditure Report and Monthly Civil Accounts 2022-23)

Appendix 3.9 further shows that, during March 2023, percentage-wise (78.13 per cent) highest expenditure (₹ 1,081.67 crore), was incurred in Grant No. 18 – Food and Consumer Protection Department, but overall maximum expenditure of ₹ 1,505.40 crore was incurred under Grant No. 48 – Urban Development and Housing Department. The total budgetary provisions of the Urban Development and Housing Department was ₹ 10,940.41 crore (Original: ₹ 8,175.94 crore and Supplementary: ₹ 2,764.47 crore-March 2023) and the total actual expenditure of the department was ₹ 6,546.06 crore, during the year. Month-wise expenditure is depicted in **Chart 3.9**.

Chart 3.9: Month-wise expenditure in Urban Development and Housing Department with highest expenditure in March 2023

(₹ in crore)



(Source: Monthly Expenditure Report 2022-23)

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

3.4.7 Advances from Contingency Fund

The Contingency Fund of the State was established under the Bihar Contingency Fund Act, 1950, in terms of the provisions of Articles 267 (2) and 283 (2) of the Constitution of India.

The State Government increased the corpus of the Contingency Fund from ₹ 350 crore to ₹ 9,500.00 crore, on a temporary basis, for the period from 1 April 2022 to 30 March 2023. The increase in corpus was for relief on natural calamities like drought and earthquake and to meet the State share of Central Government sponsored schemes, for which sufficient budgetary provisions of corresponding state share had not been made. Fifty *per cent* of the total amount (₹ 9,150.00 crore so enhanced) was to be used only for natural calamities.

It was observed that the State Government had made 116 withdrawals amounting to ₹ 6,395.47 crore, from the Contingency Fund, out of which major 15 withdrawals, amounting to ₹ 3,327.42 crore (52 *per cent*), were made for foreseeable nature of expenditure (*Appendix 3.11*).

Further, during 2018-19 to 2022-23, the expenditure under major head 2245 (Relief on account of Natural Calamities), ranged from 12.98 *per cent* to 66.07 *per cent* of the funds drawn from the Contingency Fund, as shown in **Table 3.18**.

Table 3.18: Expenditure on natural calamities from the Contingency Fund

(₹ in crore)

Sl. No.	Year	Total expenditure from Contingency Fund	Expenditure on natural calamities	Percentage of expenditure incurred on natural calamities to the total expenditure
1	2018-19	4,353.49	1,725.00	39.62
2	2019-20	3,529.76	2,332.00	66.07
3	2020-21	5,825.42	2,925.53	50.22
4	2021-22	3,981.79	1,125.00	28.25
5	2022-23	6,395.47	830.00	12.98

(Source: Finance Department, GoB)

The expenditure on natural calamities was only 12.98 *per cent* of the total expenditure of ₹ 6,395.47 crore from the Contingency Fund, which is the least in the last five years. Although the corpus of the Contingency Fund is being constantly increased in proportion to the budget size, expenditure on natural calamities is continuously decreasing in both terms, *i.e.*, amount and percentage. Low expenditure on natural calamities has forfeited the intended purpose of the Contingency Fund.

3.5 Review of selected grants

A review of the budgetary procedure and control over expenditure was conducted in respect of Grant No.-01 ‘Agriculture Department’ and Grant No.- 36 ‘Public Health

Engineering Department’, on the basis of the savings/excess and magnitude of the Grants and Supplementary demands, made during the period 2020-23. The results of the review are detailed below:

3.5.1 Grant No.-01 “Agriculture Department”

Agriculture is the backbone of the Bihar’s economy, with 77 *per cent* of workforce generating nearly 24.84 *per cent* of the State Domestic Product (2022-23 (Q)). Agriculture is the single largest private sector occupation in Bihar.

The Agriculture Department, headed by its Principal Secretary, functions through its three directorates, *viz.* Directorate of Agriculture, Directorate of Soil Conservation and Directorate of Horticulture along with 2² Corporations, 2³ Agencies, 2⁴ Agriculture Universities and Divisional Joint Director (DJD) at the division/ Commissionerate level reporting to the Principal Secretary, while the District Agriculture Officer, at the district level, reports to the DJD.

Eight major heads, *viz.* 2401 - Crop Husbandry, 2402 - Soil and Water Conservation, 2415 - Agriculture Research and Education, 2435 - Other Agricultural Programmes, 3451 - Secretariat-Economic Services, 3475 - Other General Economic Services, 4401 - Capital Outlay on Crop Husbandry and 6401 - Loans for Crop Husbandry, are operated under the grant.

3.5.1.1 Budget and Expenditure

The overall position of budget provisions, actual disbursements and savings under the grant, for the last four financial years (2019-20 to 2022-23), is given in **Table 3.19**.

Table 3.19: Budget and Expenditure during the period 2019-23

(₹ in crore)

Year	Section	Budget Provisions	Total	Expenditure	Un-utilized provisions with percentage
2019-20	Revenue-Original (V)	2,938.77	3,471.93	2,152.49	1,319.44
	Supplementary	533.16			(38)
	Capital-Original (V)	20.00	146.91	0.00	146.91
	Supplementary	126.91			(100)
2020-21	Revenue-Original (V)	3,102.81	3,324.47	1,498.54	1,825.93
	Supplementary	221.66			(54.92)
	Capital-Original (V)	50.00	110.55	0.00	110.55
	Supplementary	60.55			(100)
2021-22	Revenue-Original (V)	3,235.47	3,802.72	1,698.00	2,104.72
	Supplementary	567.25			(55.35)
	Capital-Original (V)	100.00	273.66	229.93	43.73
	Supplementary	173.66			(15.98)
2022-23	Revenue-Original (V)	3,054.31	3,758.30	2,073.73	1,684.57
	Supplementary	703.98			(44.82)
	Capital-Original (V)	530.00	621.33	497.71	123.62
	Supplementary	91.33			(19.90)

(Source: Appropriation Accounts of the respective years)

Figures in parenthesis indicate percentage to the total budget provisions.

² Bihar Rajya Beej Nigam Limited and Bihar Food & Vegetable Development Corporation.

³ Bihar State Seed Certification Agency & Bihar Agricultural Management & Extension Training Institute (BAMETI).

⁴ Rajendra Agriculture University, Pusa (Samastipur) and Bihar Agriculture University, Sabour (Bhagalpur).

It is evident from the **Table 3.19** that the unutilised budget provisions, under the Capital (Voted) and Revenue (Voted) section ranged between 15.98 to hundred *per cent* and 38 to 55.35 *per cent*, respectively.

3.5.1.2 Non-surrender of savings

It was noticed that the Department had not surrendered 70.09 *per cent* to 87.92 *per cent* of the savings, made during 2019-20 to 2022-23, as shown in **Table 3.20**.

Table 3.20: Non-surrender of savings

(₹ in crore)

Year	Revenue (V)			Capital (V)			Overall
	Savings	Surrender	Per cent of non-surrender	Savings	Surrender	Per cent of non-surrender	Per cent of non-surrender
2019-20	1,319.44	423.06	67.94	146.91	0	100	71.15
2020-21	1,825.93	234.01	87.18	110.55	0	100	87.92
2021-22	2,104.72	623.58	70.37	43.73	19.07	56.39	70.09
2022-23	1,684.57	497.73	70.45	123.61	30.00	75.73	70.81

(Source: Appropriation Accounts of the respective years)

Consistent large savings and comparatively less surrenders denote the poor budgetary and financial management of the Department.

3.5.1.3 Persistent savings

It was observed that a substantial portion of the budgetary provisions had remained unutilised (above ₹ 50 crore), under five heads of Account, during 2020-21 to 2022-23, as shown in **Table 3.21**.

Table 3.21: Persistent savings above ₹ 50 crore

(₹ in crore)

Sl. No.	Head of Account	2020-21	2021-22	2022-23
		Amount (per cent)		
1	2401000010011	173.27 (39.72)	178.66 (38.04)	183.98 (36.89)
2	2401001090103	149.47 (90.04)	78.85 (86.36)	99.60 (50.01)
3	2401001090106	69.93 (33.70)	110.44 (42.75)	66.30 (28.89)
4	2401001090216	107.69 (74.14)	148.73 (72.84)	131.03 (98.67)
5	2401001090316	59.78 (70.21)	51.85 (58.73)	53.96 (97.53)

(Source: Appropriation Accounts of the respective years)

Figures in parenthesis indicate percentage to total budget provision.

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

3.5.1.4 Entire provisions remained unutilised

It was observed that entire budgetary provisions had remained unutilised under seven schemes (six Centrally Sponsored Schemes (CSS) and one State Plan Schemes), during 2022-23.

Table 3.22: Entire Budget Provisions remaining completely unutilised during 2022-23*(₹ in crore)*

Sl. No.	Name of Schemes	Total Budget	Expenditure
Centrally Sponsored Schemes (CSS)			
1	National Food Security Mission (NFSM) (oilseeds)	9.11	-
2	Prampragat Krishi Vikash Yojana	91.35	-
3	National e-governance plan	3.33	-
4	Submission on seed and planting material	28.78	-
5	Rashtriya Krishi Vikas Yojana (RKVY)	226.66	-
6	Pradhan Mantri formalization of micro food processing enterprises	12.15	-
Total		371.38	-
State Plan Schemes			
7	Interest Subsidy on Crop Loan	21.50	-
Total		21.50	-
Grant Total		392.88	-

(Source: Agriculture Department, GoB)

It was also observed that under one CSS *i.e.*, Prime Minister Micro Fund Enterprise Upgradation Scheme (PM FME), the entire budgetary provisions of ₹ 330.60 crore (₹ 213.03 crore during 2021-22 and ₹ 117.57 crore during 2022-23), had remained unutilised, defeating the objective of the scheme to support groups engaged in Agri-food processing, such as Farmer Producer Organisations (FPOs), Self Help Groups (SHGs) and Producers Cooperatives, along their entire value chain.

Saving of the total budgetary provisions indicates that the budget planning was unrealistic.

3.5.1.5 Unnecessary Supplementary Provisions

Scrutiny of the budget document and appropriation accounts, for the year 2022-23, revealed that:

- ✦ Under 55 scheme heads, against the original budget provisions of ₹ 1,486.40 crore, the department could spend only ₹ 876.31 crore (58.95 *per cent*). Supplementary provisions of ₹ 270.42 crore under these schemes proved unnecessary.
- ✦ Against the original provisions of ₹ 8.93 crore, under 19 scheme heads wherein no expenditure was incurred, supplementary provisions of ₹ 27.22 crore had been made. Out of these 19 scheme heads, ₹ 20.28 crore had been provisioned as supplementary budget, in six scheme heads, without any original provision, but no expenditure was incurred in these heads. Thus, the supplementary provisions proved unnecessary, as the Department had failed to utilise even the original budget.

Injudicious allocation of supplementary provisions showed inefficient and weak budgetary management and financial discipline.

3.5.1.6 Unnecessary re-appropriation of funds

It was observed that augmentation of provisions through re-appropriation also proved unnecessary, as the expenditure did not come up to the level of the original budget provision, as shown in **Table 3.23**.

Table 3.23: Unnecessary re-appropriation of funds

(₹ in crore)

Sl. No.	Head of Account	Original provision	Re- appropriation	Expenditure
1	2401001090106	182.60	9.50	163.26
2	2401007890106	35.20	1.83	28.54
3	2401007960134	2.20	0.11	0.85
4	2415010040107	12.53	1.11	7.14
5	2415017890107	2.42	0.21	1.16
6	2401000010011	494.05	0.71	314.79
7	3451000900007	8.82	0.40	5.46
Total		737.82	13.87	521.20

(Source: Appropriation Account for the year 2022-23)

3.5.2 Grant No.-36 “Public Health and Engineering Department”

The main objectives of the Public Health and Engineering Department are to provide safe, accessible and adequate drinking water supply to the rural population and to reach the un-reached population by covering all households with at least one tap house connection and also provision for drinking water supply to all households covered under existing piped water supply schemes.

To provide drinking water through tap connections, for every household in rural areas, Single Village Piped Water Supply Schemes (SVS), Piped Water Supply Schemes (PWS), Ward wise Piped Water Supply Schemes (WLS) and Multi-Village Piped Water Supply Schemes (MVS), are being implemented across the state. Seven major heads were being operated under the Grant, as shown in **Table 3.24**.

Table 3.24: Major heads and description operated under Grant no. 36

Sl. No.	Major Head	Description
1	2059	Public Works
2	2215	Water Supply and Sanitation
3	2216	Housing
4	2251	Secretariat – Social Services
5	4059	Capital Outlay on Public Works
6	4215	Capital Outlay on Water Supply and Sanitation
7	4216	Capital Outlay on Housing

(Source: Detailed Appropriation Accounts 2022-23)

3.5.2.1 Budget and Expenditure

Details of budget provisions, Expenditure and savings under the grant, for the last three years, viz., from 2020-21 to 2022-23, are shown in **Table 3.25**.

Table 3.25: Budget and Expenditure during 2020-21 to 2022-23

(₹ in crore)

Year	Section	Budget Provisions	Total Budget	Expenditure (percentage)	Un-utilized provision and its percentage
2020-21	Revenue-Original(V)	606.45	1,074.48	626.92	447.56
	Supplementary	468.03		(58.35)	(41.65)
	Capital-Original(V)	5,250.00	5,850.00	4,751.32	1,098.68
	Supplementary	600.00		(81.22)	(18.78)
2021-22	Revenue-Original(V)	539.16	919.16	685.64	233.52
	Supplementary	380.00		(74.59)	(25.40)
	Capital-Original(V)	2,431.10	2,931.10	1,976.17	954.93
	Supplementary	500.00		(67.42)	(32.58)
2022-23	Revenue-Original(V)	920.33	1,020.33	829.84	190.49
	Supplementary	100.00		(81.33)	(18.67)
	Capital-Original(V)	1,460.05	1,460.05	1,313.11	146.94
	Supplementary	0.00		(89.94)	(10.06)
Grand Total			13,255.12	10,183.00	

(Source: Appropriation Accounts of the respective years)

Figures in parenthesis indicate percentage to total budget provision.

It is evident from **Table 3.25** that un-utilised budget provisions, under the Capital (voted) and Revenue (voted) components, ranged between 10.06 *per cent* to 32.58 *per cent* and 18.67 *per cent* to 41.65 *per cent*, respectively.

3.5.2.2 Budget Estimates prepared without obtaining requirements

According to Rules 65 of the Bihar Budget Manual (BBM), 2016, the Controlling Officer (CO) should examine the budgets received from the Disbursing Officers, to see that they are correct, that all details and explanations have been given, and that explanations are adequate, and, if inadequate, the provision should be altered. The Department, however, had prepared budget estimates (State, Central and Centrally Sponsored Schemes) at the Department level, without obtaining requirements from disbursing officers. Consequently, large variations were noticed between the expenditure and budget provisions of the Department, leading to significant savings, as mentioned above.

3.5.2.3 Non-surrender of savings

Details of unutilised funds/savings, during 2020-21 to 2022-23, except during 2021-22 (surrender of only 31.97 *per cent*), are depicted in **Table 3.26**.

Table 3.26: Non-surrender of savings

(₹ in crore)

Financial Year	Revenue (V)			Capital (V)			Overall
	Savings	Surrender	Percentage of surrender	Savings	Surrender	Percentage of surrender	
2020-21	447.56	-	-	1,098.68	-	-	-
2021-22	233.52	-	-	954.93	380.00	39.79	31.97
2022-23	190.49	-	-	146.94	-	-	-

(Source: Appropriation Accounts of the respective years)

Consistent large savings and comparatively less surrenders indicate poor budgetary and financial administration on part of the department.

3.5.2.4 Persistent savings

A substantial portion of the budget provisions had remained unutilised under 17 heads of account, used for execution of various schemes, during 2020-21 to 2022-23. The percentage-wise and amount-wise persistent savings, in four heads of account each, during 2020-21 to 2022-23, are shown in **Table 3.27**.

Table 3.27: Persistent savings

(₹ in crore)

Sl. No.	Head of Account	FY 2020-21	FY 2021-22	FY 2022-23
Amount-wise				
1	4215-01-102-0230 National Rural Drinking Water Programme (Centrally Sponsored Scheme)	231.59 (46.50)	331.97 (99.99)	237.55 (71.55)
2	4215-01-789-0114 Chief Minister drinking water Determination Scheme (Quality Affected Area)	95.66 (17.35)	60.06 (19.86)	29.78 (15.33)
3	2215-01-101-0004 Urban Water Supply Schemes (Establishment and Committed Expenditure)	24.28 (17.50)	27.09 (39.50)	26.32 (38.03)
4	2215-01-102-0001 Rural Water Supply Scheme (Establishment and Committed Expenditure)	52.58 (17.24)	56.22 (27.24)	20.19 (11.01)
Percentage-wise				
1	4059-01-051-0128 Construction of Government office building (State Scheme)	9.94 (99.40)	5.00 (100.00)	14.86 (100.00)
2	4216-01-051-0103 Construction of Government Residential Building (State Scheme)	5.00 (100.00)	1.79 (89.50)	10.00 (100.00)
3	4215-01-102-0134- Construction of Rural Water Supply Schemes -Saat Nishchay-2 ⁵	- -	10.00 (100.00)	5.00 (100.00)
4	2215-02-003-0102- Grant for running of Training-cum- research centre (PRANJAL)	1.00 (100.00)	0.53 (53.00)	0.50 (100.00)

(Source: Appropriation Accounts of the respective years)

Figures in parenthesis indicate percentage to total budget provisions.

This indicates preparation of unreal Budget Estimates and Revised Estimates. Timely surrender of savings could have helped the Finance Department in re-appropriating the funds to other schemes, where additional provisions were required, without seeking supplementary budget.

3.5.2.5 Entire provisions remaining unutilised

Under five heads of accounts, the entire budgetary provisions remained unutilised during 2022-23, as shown in **Table 3.28**.

⁵ Budgetary allocations were not made during F. Y. 2020-21.

Table 3.28: Entire provision remained unutilised

(₹ in crore)

Sl. No.	Head of Account – Scheme name	Budget Provisions in 2022-23
1	4215-01-102-0134- Construction of Rural Water Supply Schemes -Saat Nishchay-2	5.00
2	4059-01-051-0128 Construction of Government office building (State Scheme)	14.86
3	4215-01-789-0212 National Rural Drinking Water Programme (Centrally Sponsored Scheme)	64.00
4	4216-01-051-0103 Construction of Government Residential Building (State Scheme)	10.00
5	2215-02-003-0102- Grant for running of Training- cum- research Centre (PRANJAL)	0.5

(Source: Appropriation Accounts for the year 2022-23)

3.5.2.6 Rush of expenditure in the month of March 2023

In eight, out of 14 schemes/programmes, run by the Department, the expenditure incurred ranged from 11.36 *per cent* to 58.18 *per cent*, in the month of March 2023, as shown in **Table 3.29**.

Table 3.29: Irregular/inconsistent flow of expenditure under Grant No. 36

(₹ in crore)

Sl. No.	Scheme	Total Expenditure incurred in F.Y. 2022-23	Expenditure incurred in March 2023	
			Amount	Per cent
1	Mukhya Mantri Rural Drinking Water Nishchay Yojana (Quality Affected)	693.84	117.87	16.99
2	Mukhya Mantri Rural Drinking Water Nishchay Yojana (Non-Quality Affected-WIMC)	48.63	28.29	58.18
3	Mukhya Mantri Rural Drinking Water Nishchay Yojana (Non-Quality Affected)	40.55	8.43	20.78
4	Functioning of water Quality Monitoring	0.85	0.41	48.23
5	Rural pipe water supply scheme	0.28	0.13	46.42
6	Construction of new tube wells/sanitary wells	22.86	5.30	23.18
7	Strengthening of water supply and sanitation facilities in urban areas	0.44	0.05	11.36
8	Gramin Jalapurty Yojana ke parichalan awam rakh rakhaw	525.77	129.48	24.63

(Source: As per records of PHED, GoB)

This indicates that a uniform flow of expenditure was not maintained, which was the primary requirement of budgetary control.

3.5.2.7 Unnecessary Supplementary Provisions

Supplementary provisions of ₹ 100 crore (Revenue-Voted), in one head of account *i.e.*, 2215-01-102-0107 during the year 2022-23, proved unnecessary, as the expenditure of ₹ 415.53 crore did not reach up even to the level of original provisions of ₹ 445.00 crore.

3.5.2.8 Unnecessary re-appropriation of funds

During 2022-23, re-appropriations under three schemes/ sub-heads (**Table 3.30**), proved unnecessary. Under these three schemes/sub-heads, additional funds of ₹ 1.07 crore were provided through re-appropriation.

Table 3.30: Unnecessary re-appropriation of funds

(₹ in crore)

Sl. No.	Head of Account	Original budget	Re-appropriation	Expenditure	Saving out of Total provision
1	2215-01-102-0001 Rural Water Supply Scheme (Establishment and Committed Expenditure)	183.13	0.32	163.26	20.19
2	2215-01-102-0002 Hand Tube wells, Tanks, Wells and High Flow Tube wells (Establishment and Committed Expenditure)	164.88	0.32	148.39	16.82
3	2251-00-090-0016 Secretariat-Social Services-PHED	1.64	0.43	1.72	0.34
Total		349.65	1.07	313.37	37.35

(Source: Appropriation Accounts of 2022-23)

3.5.2.9 Non-reconciliation/mismatch of departmental expenditure

Rule 96 of the Bihar Budget Manual, 2016, stipulates that the Controlling Officer should arrange to reconcile departmental accounts with the books of the Accountant General (A&E), on a monthly/quarterly basis to avoid chances of misclassification of expenditure and receipts.

As the Online Reconciliation Module under the CFMS was inoperative, the reconciliation work was being carried out by other facilitation module out of CFMS but the data was not being modified accordingly resulting in the difference of ₹ 4.20 crore in amount of expenditure between CFMS data and Appropriation Account which was observed in F.Y. 2022-23.

Some significant cases are detailed in **Table 3.31**.

Table 3.31: Non-reconciliation/mismatch of departmental expenditure

(₹ in crore)

Sl. No.	Name of Scheme	Head of Account	Expenditure (As per AA)	Expenditure (As per CFMS)
1	National Rural Drinking Water Programme (Centrally Sponsored Scheme)	4215-01-102-0230	94.45	0.00
		4215-01-796-0217	2.50	0.00
2	Rural Water Supply Scheme (Tube wells, Wells and Hand pumps) (State Scheme)	4215-01-102-0103	17.09	19.69
3	Chief Minister drinking water Determination Scheme (Quality Affected Area) (State Scheme)	4215-01-789-0114	164.38	177.05
		4215-01-789-0115	21.90	5.30
		2215-01-102-0106	41.64	33.88
4	Operation and maintenance of rural water supply scheme-Saat Nishchaya-2 (State Scheme)	2215-01-102-0107	415.53	525.77
Grand Total			757.49	761.69

(Source: Appropriation Accounts for the year 2022-23 & CFMS)

3.6 Review of specific budgets

Women, children, environment, forest, and climate change are one of the most vulnerable parts in a society and public funds meant for them require more attention, transparency, and logical approach. Bihar prepared a Gender Budget, Child Welfare Budget and Green Budget, during 2022-23.

3.6.1 Review of Gender Budget

3.6.1.1 Budget Provisions

GoI presented the Gender Budget for the first time in Budget 2005-06. Government of Bihar adopted this practice in 2008-09. The Social Welfare Department acts as the nodal department to co-ordinate and monitor the linked schemes.

An overview of the gender budget, for five years (2018-19 to 2022-23), is presented in Table 3.32.

**Table 3.32: Resources allotted for the Gender Budget
in the Original Budget Provisions (as per BEs)**

(₹ in crore)

Details	2018-19	2019-20	2020-21	2021-22	2022-23
Outlay for Women (BEs)	25,573.80	30,874.49	33,176.27	34,490.56	36,458.72
Total Size of State Budget (BEs)	1,76,990.27	2,00,501.01	2,11,761.00	2,18,302.70	2,37,691.21
Share (<i>per cent</i>) outlay for women in the state budget of Bihar	14.45	15.40	15.67	15.80	15.34
Outlay for Women as <i>per cent</i> of GSDP	4.84	5.31	5.85	5.30	4.85

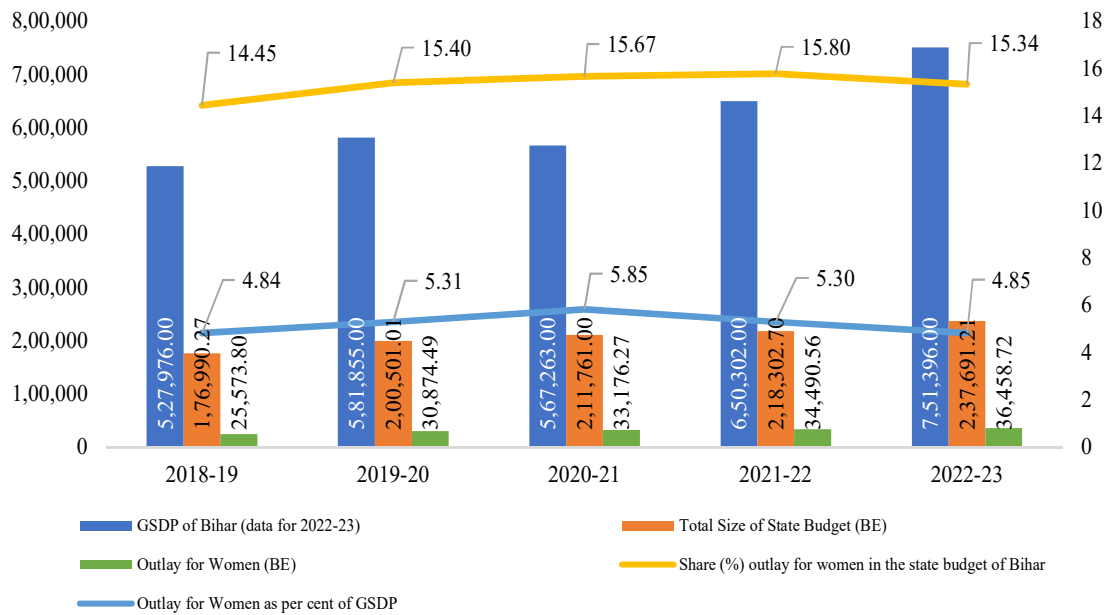
(Source: Gender Budget 2022-23, Department of Finance, Government of Bihar)

During 2022-23, ₹ 36,458.72 crore was allotted (as per BEs) for the Gender Budget for 615 schemes⁶, under 20 departments. However, only 84 schemes (Category ‘A’ schemes), designed specially to benefit women, were running under 11 Departments. The expenditure proposed under Category ‘A’ (100 *per cent* allotment for women) and Category ‘B’ (30 *per cent* or more but less than 100 *per cent* allotment for women) schemes, within the budget, was ₹ 12,619.65 crore and ₹ 23,839.07 crore (531 schemes), respectively. **Chart 3.10** highlights the percentage of gender budget, with regard to the GSDP and total budget (BEs), during 2018-19 to 2022-23.

⁶ As per count of Bill Codes, as mentioned in the Budget, Gender Budget, or Detailed Appropriation Accounts.

Chart 3.10: Gender Budget as a percentage to total Budget and GSDP

(₹ in crore and in per cent)



(Source: Budget and Gender Budget 2022-23; GSDP – MoSPI, GoI)

- ✦ The share of the gender budget, as a percentage of the total State Budget, in 2022-23 (BEs), was 15.34 per cent, marking a decrease of 0.46 per cent from the previous year.
- ✦ The overall gender budget increased from ₹ 34,490.56 crore in 2021-22 (BEs), to ₹ 36,458.72 crore in 2022-23 (BEs). There was an increase of overall 5.71 per cent (4.43 per cent in Category ‘A’ and 6.39 per cent in category ‘B’ schemes).

However, no Standard Operating Procedure (SOP) for monitoring the Gender budget, for an effective, efficient and accountable planning and budgeting system, by means of mapping and utilising resources targeting women, was prepared.

3.6.1.2 Financial Performance

Gender responsiveness is relevant throughout the budget cycle, including in the planning and design of budgetary policies that promote gender equality, the allocation of resources to implement them, the tracking of resources to ensure that adequate resources are allocated, and policies are implemented as intended, and the monitoring and evaluation of the efficiency and effectiveness of policies, including their impacts evaluated or differentiated by gender.

Financial achievements of the Gender Budget 2022-23 are described in **Table 3.33**.

Table 3.33: Financial performance of the Gender Budget

(₹ in crore)

Scheme Category	Group (by expenditure per cent)	No. of Schemes	Original Gender Budget Provisions (BEs)	Net Budget/ Funds available for expenditure (as per AA)	Expenditure incurred against available funds
A	Zero	7	29.37	29.37	-
	01 per cent to 50 per cent	16	537.15	1,018.36	353.66
	51 per cent to 75 per cent	19	5,674.27	6,257.82	4,366.25
	76 per cent to 100 per cent	42	6,378.86	13,483.13	13,541.41
	Total A	84	12,619.65	20,788.68	18,261.32
B	Zero	127	619.97	1,981.36	(-) 0.50
	01 per cent to 30 per cent	96	1,656.05	5,593.84	956.72
	More than 30 per cent but less than 100 per cent	308	21,563.05	76,179.27	58,824.21
	Total B	531	23,839.07	83,754.47	59,780.43
Grand Total		615	36,458.72	1,04,543.15	78,041.75

(Source: Gender Budget with Appropriation Accounts 2022-23)

During FY 2022-23, out of the total expenditure of ₹ 78,041.75 crore (₹ 18,261.32 crore: Category ‘A’ schemes and ₹ 59,780.43 crore: Category ‘B’ schemes), as per the Appropriation Accounts of the State, 76.60 per cent of the expenditure was made in Category ‘B’ schemes. As the information in the budget shows the overall expenditure, the expenditure incurred exclusively for women, could not be arrived at.

During the last five years, Ministries/Departments reported stagnated provisions in the Gender Budget and the scope and manner of reporting was not changed. Some Departments, like the Animal and Fisheries Resource Department and Co-operative Department, which are important for gender equality, were not reporting in the Gender Budget at all. Further, though the Food and Consumer Protection Department was included in the gender budget every year, no provision for women, thereagainst, was shown during the last three years.

3.6.1.3 Gender Budget vs Appropriation Accounts

The Gender Budget was compared with the Appropriation Accounts, and it was found that 615 schemes had been reported in the General Budget.

The Financial data of Gender Budget (Category ‘A’ schemes) was compared with the Appropriation Accounts, in respect of four major departments, in terms of the number of the schemes and budget provisions made thereunder, *i.e.*, Rural Development (RD), Health, Social Welfare (SW) and Education Departments. Out of the total of 71 schemes in these departments, nine related to the Health Department, 13 related to the Education Department, 18 related to the RDD and 31 related to the SWD. The budget and expenditure, under these departments, during 2022-23, are described in Table 3.34.

Table 3.34: Budget and Expenditure under four major Departments

(₹ in crore)

Grant No.	Department	Budget	Gender Budget	Budget estimate in Category ‘A’	No. of schemes	Achievement (No. of schemes)			
						Zero	01 per cent to 50 per cent	51 per cent to 75 per cent	76 per cent to 100 per cent
20	Health	20,557.27	2,690.80	1,334.69	9	1	4	1	3
21	Education	55,892.37	10,909.20	1,143.93	13	1	0	4	8
42	Rural Development	21,731.56	12,147.41	8,793.17	18	3	1	10	4
51	Social Welfare	13,488.03	5,083.28	840.50	31	1	8	3	19
Total		1,11,669.23	30,831.59	12,112.29	71	6	13	18	34

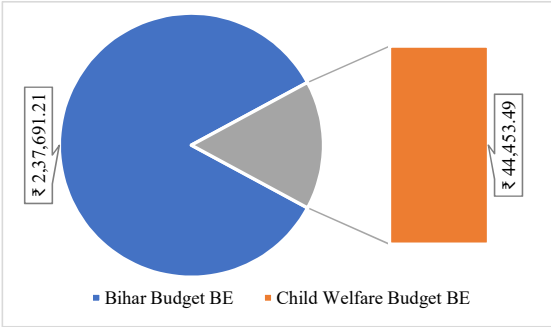
(Source: Budget Documents and Detailed Appropriation Accounts for 2022-23)

As can be seen from Table 3.34, RDD did not incur expenditure under three schemes and the Health, Education and SW Departments each did not incur expenditure under one scheme.

The State Government had not reported on the performance of the Gender Budget of the previous years, in the Gender Budget of 2022-23. In the absence of any performance reports/records including the actual expenditure incurred, the effectiveness of the schemes’ targets to extend benefits to women, under Gender Budgeting, could not be ascertained.

3.6.2 Review of the Child Welfare Budget

In Bihar, 42 *per cent* of the total population (5.18 crore children (2.45 crore Girl child (47 *per cent*)) falls under the age group of 0 to 18 years. In accordance with the United Nations Convention on the Rights of the Child (NCT) and the National Policy on the Child, 2013, GoB started to prepare/ process Child Welfare Budget from the year 2013-14. A sum of ₹ 44,453.49 crore (18.70 *per cent* of the original budget of the State), was earmarked (BEs) for the Child Welfare Budget: 2022-23. The schemes in the budget, however, were specified either by percentages or amounts provisioned in



the budget. Therefore, it could not be ensured how much expenditure was incurred on children, specifically.

The department-wise (13) details of State Child Welfare Budget from 2020-21 to 2022- 23, are shown in **Table 3.35**.

Table 3.35: Department-wise State Child Welfare Budgets

(₹ in crore)

Grant No.	Department	2020-21 (Actuals)	2021-22 (BEs)	2022-23 (BEs)	Deviation (in per cent)
8	Art, Culture and Youth	0.68	15.20	14.20	(-) 6.58
11	BC and EBC Welfare	383.27	1,487.51	1,649.57	10.89
16	Panchayati Raj	3,364.02	0.00	3,707.31	100.00
19	Environment, Forest and Climate Change	0.39	0.00	2.27	100.00
20	Health	151.90	257.04	63.01	(-) 75.49
21	Education	22,244.02	31,939.99	33,682.73	5.46
22	Home	0.25	12.52	18.80	50.15
26	Labour Resources	0.63	3.00	1.50	(-) 50.00
30	Minority Welfare	120.33	131.00	131.00	-
35	Planning and Development	41.54	0.00	0.00	-
36	Public Health Engineering	566.33	252.48	292.15	15.71
44	SC and ST Welfare	779.08	1,376.03	1,259.37	(-) 8.48
51	Social Welfare	3,250.62	3,389.22	3,631.59	7.15
Total		30,903.06	38,863.99	44,453.49	14.38

(Source: Child Welfare Budget 2022-23, Department of Finance, Government of Bihar)

The total budget allocation for children increased by 14.38 *per cent* (₹ 5,589.50 crore) over the previous year's budget.

Although, the GoB has prepared a Standard Operating Procedure and a Child Budget Manual for Child Budgeting, with the objective of strengthening the institutional mechanisms for child responsive public finances, Child Welfare Schemes have not been mapped/marked separately in the main budget.

The budgetary provisions of the Child Welfare Budget 2022-23 (BEs), under various components, are shown in **Table 3.36**.

Table 3.36: Child Welfare Budgets from 2020-21 to 2022-23

(₹ in crore)

Financial Year	Budget	Establishment and committed		State Scheme		Centrally Sponsored Scheme	
		Amount	Per cent	Amount	Per cent	Amount	Per cent
2020-21 (Actuals)	30,903.05	11,893.83	38.49	3,940.79	12.75	15,068.43	48.76
2021-22 (BEs)	38,863.99	11,281.25	29.03	6,262.63	16.11	21,320.11	54.86
2022-23 (BEs)	44,453.49	15,960.18	35.90	5,839.34	13.14	22,653.97	50.96

(Source: Child Welfare Budget of the year 2022-23)

As per Appropriation Accounts (2022-23), in 119 (53 *per cent*), out of 226 schemes, the expenditure incurred was below 75 *per cent*. Financial achievements, against the budgetary provisions, are shown in **Table 3.37**.

Table 3.37: Financial performance of the Child Welfare Budget (2022-23)

(₹ in crore)

Sl. No.	Group (by per cent expenditure)	No. of Schemes	Total Budget (as per DAA)	Expenditure (as per DAA)
1	100	107	45,485.17	41,836.73
2	75	37	8,685.73	5,336.97
3	50	46	18,075.49	6,871.41
4	Zero	34	1,167.75	-
5	Error	2	-	24.76
Total		226	73,414.14	54,069.87

(Source: Child Welfare Budgets and Appropriation Accounts of the year 2022-23)

Table 3.37 shows that expenditure had not been incurred in 34 schemes, despite availability of funds amounting to ₹ 1,167.75 crore. Further, in two schemes, expenditure of ₹ 24.76 crore was reported in the Detailed Appropriation Accounts (DAA⁷), without any budgetary provision.

The Child Welfare Budget of the State (including Central and State Schemes), for the years from 2020-21 to 2022-23, categorised on the basis of the provisions described in the National Policy for Children, 2013, is detailed in **Table 3.38**.

Table 3.38: Overview of the Child Welfare Budget (BEs) 2020-21 to 2022-23, as per the National Policy for Children, 2013

(₹ in crore)

Segment	2020-21 (BEs)			2021-22 (BEs)			2022-23 (BEs)		
	No. of schemes	Amount	Per cent	No. of schemes	Amount	Per cent	No. of schemes	Amount	Per cent
Survival, Health and Nutrition	44	4,246.90	11.40	40	3,590.32	9.28	62	7,386.61	16.62
Education and Development	140	32,701.34	87.77	140	34,819.06	89.95	140	36,825.76	82.84
Protection	18	208.66	0.56	18	198.93	0.51	18	210.82	0.47
Participation	7	100.68	0.27	7	100.67	0.26	6	30.30	0.07
	209	37,257.58	100	205	38,708.98	100	226	44,453.49	100

(Source: SFAR for the year 2021-22 and CWB of the year 2022-23)

As can be seen from **Table 3.38**, the resource allocation for protection of the children was only 0.47 per cent (₹ 210.82 crore) of the total Child Welfare Budget and 0.09 per cent of the Main Budget of Bihar, for Financial Year 2022- 23.

3.6.3 Review of the Green Budget

Green budgeting means using the tools of budgetary policymaking to help achieving environmental and climate goals.

Bihar is an agrarian State, and the agro forestry plays a major role in its economy. The State had notified area of total green cover (outside and inside the forest area) spread

⁷ Detailed Appropriation Accounts (DAA) are the detailed accounts of the Government, reflecting sub-head/ scheme-wise expenditure in a financial year, compared against the amounts of voted grants and the charged appropriations against these sub-heads/schemes.

over about 13331 sq. km., with the tree area, outside the notified forest area, being 6454 sq. km. Presently, the total green cover of state is 14.16 *per cent* of its geographical area (94163 sq. km.). Bihar is the first State in the country to prepare and exercise green budgeting, in line with GoI. The State prepared its first green budget in March 2020 (for FY 2020-2021).

The State compiled the expenditure to be incurred on the components across the departments. Also, SOP for the Green Budget, which could have assisted in effective, efficient, and accountable planning and budgeting of resources, targeting the issues of environment sustainability, adaptation to climate change, pollution reduction, biodiversity and development of green infrastructure as envisaged, was not prepared. A summary of the provisions of the Green Budget is given in **Table 3.39**.

Table 3.39: Green Budget provisions during 2022-23

(₹ in crore)

Sl. No.	Details	FY 2020-21 Budget Estimates	FY 2021-22 Budget Estimates	Current FY 2022-23 Budget Estimates	Increase/ decrease in comparison to previous FY (in percentage)
1	Total state budget outlay	2,11,761.49	2,18,302.70	2,37,691.21	8.88
2	Total scheme budget allocations of identified departments under green budget	81,176.46	79,359.73	79,255.54	(-)0.13
3	Total allocation of schemes/ programmes budget identified by the department	27,162.85	29,337.33	28,380.42	(-)3.26
4	Total green budget components of identified schemes/ programmes	5,693.88	7,682.91	7,399.16	(-)3.69
5	Percentage of green budget from the total allocation identified by the department	7.01	9.68	9.34	(-)3.56
6	Percentage of green budget from the total scheme/ programmes of the identified department	21.00	26.19	26.07	(-)0.45

(Source: Green Budget for the year 2022-23)

Audit observed that:

- ✦ 292 schemes, across 18⁸ departments comprising budgetary provisions of ₹ 7,399.16 crore, were included in the Green Budget 2022-23 (BEs). The State reported an increase of budgetary provisions of 0.35 *per cent*, over the previous year. The provisions (BEs), for the Green Budget, however, decreased by 3.69 *per cent*.
- ✦ Out of 93 schemes (in 12 Departments), categorised as Group “A” schemes (with 100 *per cent* provision), 80 *per cent* to 100 *per cent* allocations were utilised only in 35 schemes. In 10 schemes, 50 *per cent* to 80 *per cent* and in 26 schemes, up to 50 *per cent* of the provisions (₹ 59.93 crore against ₹ 719.08 crore), were utilised. In another 22 schemes no expenditure was incurred, against the available budget of ₹ 417.14 crore during the year.

⁸ One department i.e., Industries Department is listed in the Green Budget neither provision was made thereunder nor expenditure was incurred.

- ✦ 12 schemes were found to have been categorised in more than one Group and two⁹ schemes were found in same group twice, with different amounts of provision, in the green budget of 2022-23. These errors have been ignored in course of review of the Green Budget.

Department-wise expenditure trends revealed that all the 12 departments could spend only ₹ 2,443.74 crore (63.17 *per cent*), against ₹ 3,868.32 crore of the total Green Estimates for the identified schemes/programmes with 100 *per cent* allocation. This indicated that these departments were not justifying the purpose of introduction of the Green Budget, as they had failed to spend the 37 *per cent* of the allocations. The Environment, Forest and Climate Change Department could spend only ₹ 502.05 crore (74.03 *per cent*), against the total allocation of ₹ 678.21 crore.

Group-wise performance of the schemes is detailed in **Table 3.40**.

Table 3.40: Performance of schemes under Green Budget

(₹ in crore)

Group	Share (in per cent)	No. of Schemes		Total Budget	Expenditure incurred	Achievement (in per cent)
		Green Budget (BE)	Appropriation Accounts			
A	100	93	93	3,868.32	2,443.74	63.17
B	75-90	23	23	504.16	Could not be ascertained as specific items under defined percentage including budget and expenditure thereagainst was not available.	
C	50-75	31	31	3,517.62		
D	25-50	39	39	3,956.92		
E	05-25	61	61	7,203.39		
F	01-05	45	45	9,316.28		
Total		292	292	28,366.70		

(Source: Green Budget with appropriation Account for the year 2022-23)

In the absence of any specific performance reports/records, including the actual expenditure incurred, the effectiveness of the schemes could not be ascertained by Audit. Further, the Green Budget and the Appropriation Accounts had not been mapped with each other. Therefore, Audit could not ascertain the amount of expenditure incurred on the Green Budget, from the Appropriation Accounts.

GoB placed a disclaimer in the Green Budget 2022-23, to the effect that:

- I. analysis of the programmatic budget estimates is not sufficient to evaluate the compliance with national and international goals/commitments of environmental sustainability and climate change;
- II. The green budget has accounted only for gross budget estimates and actual allocation and expenditure of identified department-wise schemes and programmes, hence the results do not express net status of outcomes or expenditures and
- III. Environmental regulations are not included in the scope of the budget process. Also, the green budget does not evaluate the efficiency of environmental expenditures.

⁹ 19-2406011050105 in group A, 01-2401007890335 in group C.

This indicated that the Government had prepared the Green Budget without any significant indicators for measuring the outcomes of expenditures incurred in respect of schemes included under Green Budget. Further, the achievement of targets/goals for which these allocations were made could not be measured or ascertained.

3.7 Review of the Outcome Budget and Achievement Report thereon

Outcome budget determines the physical features in relation to the amounts spent by the Government. The Achievement Report on the Outcome Budget presents the achievements against the targets. It provides information about possible outcomes to the public and can ensure transparency and accountability of the government in its financial dealings. The objective of the Outcome Budget was to establish a co-relationship between the financial budget and performance budget and to track not just the intermediate physical outputs but also the outcomes.

In Bihar, the outcome Budget and Achievement Book, showing significant possible physical results, was started in 2006-07.

Table 3.41: Number of schemes, alongwith Budget Provisions thereagainst and expenditure incurred thereon, during 2022-23

(₹ in crore)

Sl. No.	Budget	No of Schemes ¹⁰	Budget	Expenditure as per AA
1	Appropriation Account (BEs)	2139	2,37,691.21	2,31,451.30
2	Outcome Budget (BEs)	1404	1,29,863.44	1,30,181.14
3	Achievement Report (Actuals)	894	1,05,974.98	1,19,935.86

(Source: Appropriation Accounts along with Outcome, Gender, Child Welfare and Green Budgets 2022-23)

Two departments *i.e.*, Agriculture and Public Health Engineering, were selected for review of the Outcome Budget for 2022-23.

3.7.1 Financial Outlays *vis-à-vis* Outcome Budget

3.7.1.1 Aggregate Budget Outturn with respect to the Outcome Budget and Achievement Book

The State Government did not set any criteria for the number of schemes that would appear in the 'Outcome Budget' and 'Achievement Book'. The schemes detailed in the 'Achievement Book', are out of the schemes reported in Outcome Budget. During 2022-23, out of the 2139 schemes included in the budget estimates, 1404 schemes featured in the Outcome Budget. The Achievement Book, prepared against the Outcome Budget, however, featured 894 schemes only. Scheme group-wise financial and physical achievement (irrespective of bill code), against each group of schemes, are detailed in Table 3.42 and 3.43.

¹⁰ Number of schemes (Bill Codes) included in Original Budget Estimate 2022-23.

Table 3.42: Physical Achievements against budget provisions

Scheme Group	Total no. of Heads of accounts/ Bill code/sub-scheme			Percentage of schemes included in Outcome Budget	Percentage of schemes reported in Achievement Book against original budget
	Original Budget	Outcome Budget	Achievement report		
Central Sponsored/Sector Schemes	432	426	228	98.61	52.78
Establishment and committed	928	205	130	22.09	14.01
State Schemes	779	773	536	99.23	68.81
Total	2139	1404	894	65.64	41.80

(Source: Appropriation Accounts for the year 2022-23)

Only 65.64 per cent and 41.80 per cent, of the schemes of the Original Budget, were included in the Outcome Budget and Achievement Book, respectively. Only 63.67 per cent of the schemes included in the Outcome Budget were evaluated through the Achievement Book. As such, achievements against the remaining schemes were not reported upon.

Further, at the end of the financial year, the number of schemes was enhanced from 2139 to 2448. Against these added schemes, achievements were not reported upon in the Outcome Budget, or in the Achievement Book.

Financial Achievements, against the original budget provisions, on the basis of budget provisions of the schemes included in the Outcome Budget, are detailed in Table 3.43.

Table 3.43: Financial Achievements against budget provisions

(₹ in crore)

Scheme Group	Total Budget (Outcome Budget)	Expenditure incurred	Expenditure (per cent)
Central Sponsored/Sector Schemes	87,274.73	56,640.46	64.90
Establishment and committed	34,580.83	26,825.27	77.57
State Schemes	59,321.84	46,715.42	78.75
Total	1,81,177.40	1,30,181.15	71.85

(Source: Appropriation Accounts for the year 2022-23)

It can be seen from Table 3.43 that, against the total provisions of ₹ 1,81,177.40 crore for these schemes, only 71.85 per cent (₹ 1,30,181.15 crore) funds were spent during the year.

3.7.1.2 Aggregate Budget Outturn with respect to Outcome Budget and Achievement Report of nine major grants/departments

GoB manages its financial mechanism through 51 grants and 44 departments. Out of these 44 departments, nine departments contribute to 70 per cent of the total budget of the state (₹ 1,81,742.38, crore out of ₹ 3,01,786.46 crore). The financial achievements, against each group of schemes, are detailed in Table 3.44.

Table 3.44: Financial Achievements against budget provisions*(₹ in crore)*

Grant - Department	Budget 2022-23			Outcome Budget vs Achievement Report 2022-23				
	No. of schemes	Budget	Expenditure	No. of Schemes in Outcome Budget	No. of schemes in Achievement Book	Budget against Achievement Book Schemes	Expenditure reported in Achievement Book	Per cent Achievement
21 – Education	218	55,892.37	42,095.78	164	114	40,420.03	34,980.18	86.54
42 - Rural Development	76	21,731.56	18,412.91	66	46	21,099.02	18,002.96	85.33
20 – Health	200	20,557.27	12,013.95	82	47	9,843.21	6,077.59	61.74
10 – Energy	26	16,549.12	16,207.98	13	9	2,501.35	2,426.89	97.02
22 – Home	102	15,070.01	11,811.93	16	14	1,555.64	887.94	57.08
37 - Rural Works	17	13,941.96	9,478.96	13	11	9,707.70	6,231.85	64.19
16 - Panchayati Raj	46	13,571.65	8,661.18	39	31	12,086.70	8,250.39	68.26
51 - Social Welfare	138	13,488.03	11,192.66	92	67	12,435.55	10,185.31	81.90
48 - Urban Development and Housing	125	10,940.41	6,546.06	83	35	3,868.56	2,136.07	55.22
Total	948	1,81,742.38	1,36,421.41	568	374	1,13,517.76	89,179.18	78.56

(Source: Appropriation Accounts for the year 2022-23)

As evident from the **Table 3.44**:

- Against 948 schemes across nine departments, targets/outcomes against only 568 (59 *per cent*) schemes were fixed/included in Outcome Budget. Further, achievements against only 374 (65 *per cent* of 568 and 39 *per cent* of 948) schemes were reported in the ‘Achievement Book’, for the year 2022-23.
- Financial achievements against schemes of ₹ 89,179.18 crore (49 *per cent* of ₹ 1,81,742.38 crore) had been reported in Achievement Book.

In the absence of full disclosure of all schemes in Achievement Book, which were contained in Outcome budget, the objective of preparing these reports was not achieved. Further, by not setting up any criteria for the number of schemes that would appear in the ‘Outcome Budget’ and ‘Achievement Book’, only partial information was reported.

3.7.2 Financial performance of the selected departments

Review of the financial performance, achievements against outcomes and working, was conducted in respect of Grant No.-01 Agriculture Department and Grant No.- 36 Public Health Engineering Department.

3.7.2.1 Grant No. 01: Agriculture Department

The Agriculture Department had a budget provisions of ₹ 4,379.62 crore, during 2022-23. Financial, as well as physical achievements of the Department, are detailed in **Tables 3.45** and **3.46**.

Table 3.45: Financial Achievements against budget provisions

(₹ in crore)

Scheme Group	Total outcome Budget	Expenditure incurred	Achievement (Per cent)
Central Sponsored/Sector Schemes	1,276.80	321.96	25.22
State Schemes	2,092.22	1,594.98	76.23
Total	3,369.02	1,916.94	56.90

(Source: Appropriation Account for the year 2022-23)

Against the total provisions of ₹ 3,369.02 crore for these schemes, only 56.90 per cent (₹ 1,916.94 crore) funds were spent during the year.

Table 3.46: Physical Achievement against the budget provision

Scheme Group	Total no. of Heads of accounts/Bill code/ sub-scheme			Per cent schemes included in Outcome Budget	Per cent scheme reported in Achievement Book
	Original Budget	Outcome Budget	Achievement report		
Central Sponsored/ Sector Schemes	78	78	39	100	50.00
State Schemes	51	51	41	100	80.39
Total	129	129	80	100	62.01

(Source: Appropriation Accounts for the year 2022-23)

Thus, only 62.01 per cent of total schemes have been reported upon, in the Achievement book.

3.7.2.2 Grant No. 36: Public Health Engineering Department

During 2022-23, the PHE Department had a Budget provisions of ₹ 2,480.38 crore. The financial, as well as physical achievements of the Department are detailed in **Tables 3.47** and **3.48**.

Table 3.47: Financial Achievements against budget provisions

(₹ in crore)

Scheme Group	Total outcome Budget	Expenditure incurred	Achievement (Per cent)
Central Sponsored/Sector Schemes	600.00	297.05	49.51
State Schemes	1,447.65	1,337.08	92.36
Total	2,047.65	1,634.13	79.81

(Source: Appropriation Accounts for the year 2022-23)

Against the total provisions of ₹ 2,047.65 crore for these schemes, only 79.81 per cent (₹ 1,634.13 crore) funds were spent during the year.

Table 3.48: Physical Achievements against budget provisions

Scheme Group	Total no. of Heads of accounts/Bill code/ sub-scheme			Per cent schemes included in Outcome Budget	Per cent scheme reported in Achievement Book
	Original Budget	Outcome Budget	Achievement report		
Central Sponsored/Sector Schemes	6	6	3	100	50.00
State Schemes	21	21	16	100	76.19
Total	27	27	19	100	70.37

(Source: Appropriation Accounts for the year 2022-23)

Thus, only 70.37 *per cent* of the total schemes were reported upon, in the Achievement Book.

3.8 Review of Budget provisions for Scheduled Castes and Scheduled Tribes

3.8.1 Schedule Caste and Scheduled Tribe Welfare Department

To ensure all-round multifaceted development *i.e.*, economic, educational and social upliftment of the Scheduled Castes (SCs) and Scheduled Tribes (STs), GoB established (April 2007) Scheduled Castes and Scheduled Tribes Welfare Department. The Department is the nodal department to implement and monitor all schemes and projects meant for SCs and STs in Bihar.

3.8.2 Population of Scheduled Castes (SC) and Scheduled Tribes (ST) in Bihar

As per 2011 Census, Bihar is the third most populous state with total population of 10.41 crore. It is also India's most densely populated state, with 1,106 persons per square kilometre. 16 *per cent* (1.66 crore) of the State's population was reported as belonging to Scheduled Castes (SC), while 1.25 *per cent* (0.13 Crore) population was reported as belonging to Scheduled Tribes (ST), as detailed in **Table 3.49**.

Table 3.49: Category-wise demography of Bihar

(in crore)

Category	Population (2001)	Per cent	Population (2011)	Per cent	Decadal growth [#]
General	6.92	83.37	8.62	82.81	24.58
Scheduled Castes (SC)	1.30	15.72	1.66	15.91	26.97
Scheduled Tribes (ST)	0.08	0.91	0.13	1.28	76.25
Total	8.30	100	10.41	100	25.42

(Source: Annual report of the SC and ST Welfare Department for the year 2022-23)

[#] Total population growth in a particular decade (between 2001 and 2011)

3.8.3 Financial Achievements

The schemes meant for the SCs and STs communities are planned and implemented in two ways *i.e.*, through the Department itself and through other departments under specific Minor Heads (MIH) - 789 and 796, respectively. Financial achievements of both the segments, for the period from 2018-19 to 2022-23, are discussed in the succeeding paragraphs.

3.8.3.1 SC and ST Welfare Department

Financial achievements of the Department, for the period from 2018-19 to 2022-23, are detailed in **Table 3.50**.

Table 3.50: Financial achievements of the SC and ST Welfare Department (2018-19 to 2022-23)*(₹ in crore)*

Year	Heads of Accounts	Total Budget	Expenditure	Percentage of expenditure to Budget	Savings	Surrender	per cent surrender
2018-2019	49	1,468.63	1,022.92	69.65	445.72	406.43	91.19
2019-2020	50	1,599.63	1,121.26	70.10	478.37	10.00	2.09
2020-2021	51	1,727.31	1,270.24	73.54	457.08	2.50	0.55
2021-2022	55	1,923.20	1,456.48	75.73	466.72	33.96	7.28
2022-2023	56	2,116.53	1,628.09	76.92	488.44	66.72	13.66
Total		8,835.31	6,498.99	73.56	2,336.32	519.61	22.24

(Source: Detailed Appropriation Accounts, Government of Bihar)

Table 3.50 shows that:

- ✦ during 2018-19 to 2022-23, the Department could utilise only 73.56 per cent of its allocation.
- ✦ out of the savings of ₹ 2,336.32 crore during the period, only 22.24 per cent (₹ 519.61 crore) savings were surrendered.

Although the Department is working exclusively for the SCs and STs communities, however, scrutiny of the budgetary data revealed that only one scheme (only in 2022-23), with a Budget provisions of ₹ 63.39 crore (expenditure of ₹ 56.54 crore), was found to have been included under the minor head “789” and three schemes with a Budget provisions of ₹ 145.40 crore (expenditure of ₹ 36.12 crore), had been included under the minor head “796”, during 2018-19 to 2022-23, which was to be used by other Departments, for schemes pertaining to the SC and ST communities.

Non-utilisation of budgetary provisions, failure to surrender the unutilised funds and persistent and significant savings, reveal weak financial management on part of the Department.

3.8.3.2 Other departments

Apart from the SC and ST Welfare Department, details of schemes (heads of account), being implemented by other departments under MIH –“789” and “796”, are given in **Tables 3.51** and **3.52**.

Table 3.51: Schemes under the Minor Head-789*(₹ in crore)*

Year	Number of heads of accounts	Total Budget	Expenditure	Percentage of expenditure to Budget
2018-2019	178	17,722.15	12,350.12	69.69
2019-2020	184	18,096.25	10,568.36	58.40
2020-2021	190	18,040.42	10,139.09	56.20
2021-2022	213	18,767.31	12,500.43	66.61
2022-2023	233	23,873.28	16,389.36	68.65
Total	998	96,499.41	61,947.36	64.19

(Source: Detailed Appropriation Accounts, Government of Bihar)

It was observed that:

- ✦ In 2022-23, it was noticed that 68.65 *per cent* of the total budget provisions under minor head ‘789’ was utilized, which was lower than 77.95 *per cent* utilisation of the total budget of the State.
- ✦ The financial achievement of the Revenue and Land Reforms, Sugar Industries, Urban Development and Housing and Transport Departments, was between 0.48 *per cent* to 21.70 *per cent*.
- ✦ Out of 44 departments, 26 departments were implementing schemes for SC and ST, under this MIH. Among these 26 departments, the financial achievements of two¹¹ grants/departments were below five *per cent* and six¹² departments had performance below 50 *per cent*.

Table 3.52: Schemes under the Minor Head-796

(₹ in crore)

Year	Number of heads of accounts	Total Budget	Expenditure	Percentage of expenditure to Budget
2018-2019	138	1,827.07	887.24	48.56
2019-2020	143	1,849.72	1,090.48	58.95
2020-2021	148	1,381.85	871.98	63.10
2021-2022	168	1,966.38	1,370.41	69.69
2022-2023	180	2,562.96	1,695.45	66.15
Total	777	9,587.97	5,915.56	61.70

(Source: Detailed Appropriation Accounts, Government of Bihar)

It was observed that:

- ✦ In 2022-23, it was noticed that 66.15 *per cent* of the total budget provision, made under the minor head ‘796’, had been utilized, which was lower than the 77.95 *per cent* utilisation of the total budget of the State.
- ✦ Out of 44 departments, 26 departments were implementing schemes for SC and ST under this MIH. Among these 26, the financial achievement of Revenue and Land Reforms Department was ‘nil’ (against funds of ₹ 4.15 crore). In another six¹³ grants/departments, the expenditure was below 25 *per cent* (against ₹ 89.42 crore).

Despite availability of funds and inclusion of the schemes in the budget, achievement of the schemes under MIH 789 and 796 was below the overall performance of the budget for 2022-23.

3.9 Conclusions

- ✦ Supplementary provisions had not been made on a realistic basis, as, in 22 cases, under 20 grants, supplementary provisions, amounting to ₹ 18,491.79 crore (₹ 100 crore or more in each case) had proved unnecessary/excess and had remained fully unutilised, as the expenditure (₹ 83,802.17 crore) had not reached even up to the level of the original provisions (₹ 1,03,251.69 crore).

¹¹ Revenue & Land Reforms and Sugar Industries Department.

¹² Animal & Fisheries Resource, Panchayati Raj, Education, Transport, Urban Development & Housing and Minor Water Resources Department.

¹³ Energy, Panchayati Raj, Road Construction, Sugar Industries, Transport and Minor Water Resource Department.

- ✦ The State Government could utilise only 77.95 *per cent* of the total budget provisions made during 2022-23.
- ✦ In 32 Schemes, under 12 grants, although there was an approved outlay of ₹ 4,053.49 crore (₹ 25 crore or above in each scheme), no expenditure had been incurred.
- ✦ In the rush of expenditure, at the fag end of the financial year 2022-23, 100 *per cent* expenditure, amounting to ₹ 7,695.44 crore, had been incurred in the month of March 2023, in 48 schemes, under 19 grants.
- ✦ Although the budget provisions for the year 2022-23 (₹ 3,01,686.46 crore) were more than 10 times, in comparison to the budget provisions for the year 2005-06 (₹ 28,976.40 crore), the criteria for providing explanations for variations in expenditure, *vis-a-vis* approved budgetary allocations, has not been revised for the Appropriation Accounts.
- ✦ Out of the total savings of ₹ 66,509.62 crore, only 30.86 *per cent* was surrendered (₹ 20,526.71 crore) during the year. These savings were 103.93 *per cent* of the supplementary provisions.
- ✦ State Government had made 15 withdrawals, amounting to ₹ 3,327.42 crore, from the Contingency Fund of the State, during the year, for foreseeable nature of expenditure.

3.10 Indicators

The following are some conclusions arrived at, as a result of the analysis of the Budget and Appropriation Accounts:

Positive Indicators	Negative Indicators
<ul style="list-style-type: none">• Preparation of Standard operating Procedure for Child Budgeting with an objective to strengthen the institutional mechanisms for child-responsive public finances.• Preparation of Child Budget Manual.	<ul style="list-style-type: none">• Standard Operating Procedure not prepared for Gender Budget and Green Budget.• The Bihar Treasury Code not revised/ updated to address CFMS era of accounting.• Provisions of Gender Budget, Child Welfare Budget and Green budget are not mentioned separately in the General Budget.

3.11 Recommendations

The Government may:

- ✦ evolve a system of timely release of budgetary allocations to the departments, to minimise the surrenders.
- ✦ ensure that all anticipated savings are surrendered on time, so that the funds can be utilised for other purposes.
- ✦ review the reasons for persistent savings and take necessary steps to avoid such situations, to ensure optimal utilisation of the amounts allocated.
- ✦ monitor and control rush of expenditure during the fag end of the financial year.
- ✦ ask the respective departments to submit performance reports for Gender Budgeting/ Child Welfare Budgeting/ Green Budgeting and Outcome Budget, to bring about greater transparency in public spending.

CHAPTER IV
QUALITY OF ACCOUNTS AND
FINANCIAL REPORTING PRACTICES

This Chapter provides an overview of the quality of Accounts and compliance of the State Government in its financial reporting practices with prescribed financial rules, procedures, and directives with regard to completeness, transparency, measurement, and disclosure.

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures, and directives as well as timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities including strategic planning and decision-making.

Issues related to Completeness of Accounts

4.1 Loans of State Government not credited to the Consolidated Fund (Off-Budget Borrowings)

As per Article 293 (1) of the Constitution of India, the State Government can borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may be from time to time fixed by the Legislature of the such State by law and to the giving of guarantees within such limits, if any, as may be so fixed.

The State Government needs to take suitable measures to ensure greater transparency in its fiscal operations, in the public interest, by disclosing the contingent liabilities created by way of guarantees, the actual liabilities arising out of borrowings by PSUs and SPVs and other equivalent instruments, in cases where the liability for repayment is on the State Government allocations. Audit observed that, during 2022-23, the State Government had routed loans outside the budget through one State Public Sector Undertaking (PSU)/ Authority, as mentioned in **Table 4.1**.

Table 4.1: Details of off-budget borrowings during 2022-23

(₹ in crore)

Sl. No.	Institution/entity	Amount	Remarks
1.	Bihar State Road Development Corporation Ltd. (BSRDCL) (Road Construction Department)	686.77	Disbursed by Housing and Urban Development Corporation Limited (HUDCO)
	Total	686.77	

(Source: Data provided by the concerned entity)

BSRDCL has borrowed ₹ 1,206.77 crore (₹ 520.00 crore in 2021-22 and ₹ 686.77 crore in 2022-23), out of the total sanctioned loan of ₹ 2,000.00 crore, for construction of the JP Ganga Path Project at Patna. While BSRDCL replied (August 2023) that the State Government has given guarantee. In this regard, the same was not found in Statement - 20 of the Finance Accounts (Volume-II).

The State Government, however, did not disclose the off-budget liabilities in its budget documents/annual financial statements, in the concerned financial year.

This indicates that the Debt-Stock would be higher by ₹ 686.77 crore in 2022-23, after taking into account the off-budget borrowings. Accordingly, the debt to GSDP ratio will be enhanced up to 39.13 *per cent*. The revenue deficit and fiscal deficit would also increase accordingly.

4.2 Non-discharge of liability in respect of interest towards interest-bearing deposits

The State Government has a liability to provide and pay interest on the Interest-bearing Deposits/Reserve Funds as detailed in **Table 4.2**.

Table 4.2: Non-discharge of liability in respect of interest towards interest-bearing Deposits/Reserve Funds

(₹ in crore)

Sl. No.	Name of the Interest-bearing deposit	Balance as on 01 April 2022	Interest due		Interest paid
			Due	Rate (per cent)	
1.	Defined Contribution Pension Scheme for Government Employees and other insurance fund	258.74	18.37	7.1	-
2.	All India Service Provident Fund	272.33	1.11	7.1	-
3.	State Compensatory Afforestation Fund (SCAF)	566.71	18.98	3.35	-
4.	State Disaster Response Funds	229.06	17.16	7.49	-
5.	State Disaster Mitigation Fund	245.72	18.40	7.49	-
Total			74.02		

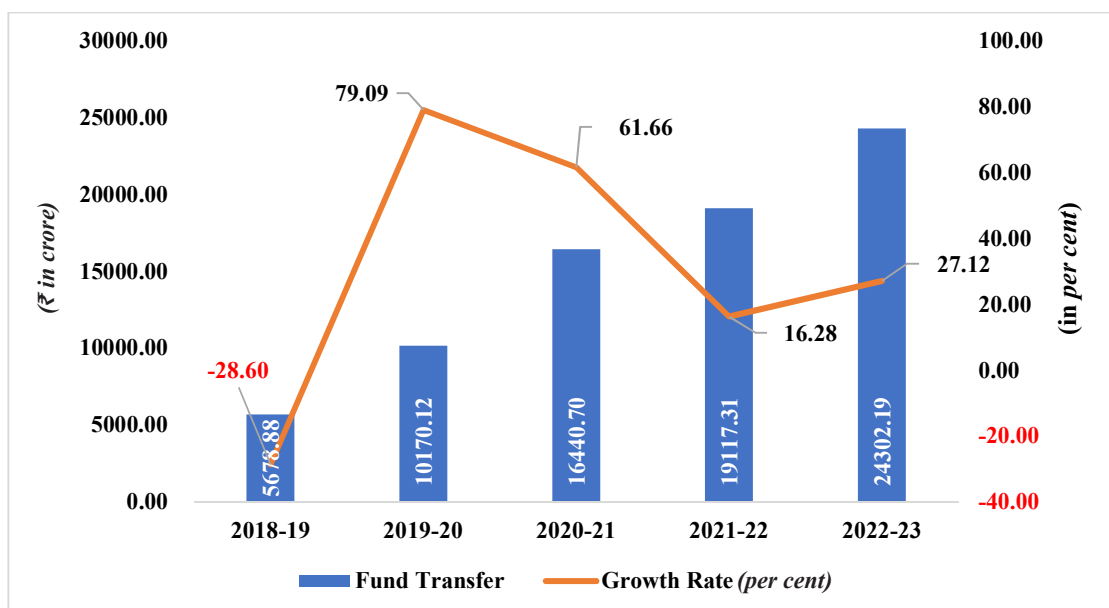
(Source: Finance Accounts, 2022-23)

It did not, however, earmark ₹ 74.02 crore, for its interest liability towards Interest-bearing Deposits. Non-payment of interest liability resulted in understatement of the Revenue Deficit and Fiscal Deficit, to that extent.

4.3 Funds transferred directly to State Implementing Agencies

The Union Government (GoI) has been transferring substantial funds directly to the State Implementing Agencies/Non-Government Organisations for implementation of various Schemes and Programmes. Since these funds are not routed through the State budget, they are not reflected in the Accounts of the State Government. These transfers are exhibited in **Appendix VI** of Volume II of the Finance Accounts of the respective year.

During 2022-23, GoI had directly transferred ₹ 24,302.19 crore to the State implementing agencies which was 27.12 *per cent* more than the previous year (₹ 19,117.31 crore). Trends of such transfers directly to implementing agencies, during the last five years, are given in **Chart 4.1**.

Chart 4.1: Transfer of funds directly to implementing agencies

(Source: Finance Accounts for the respective years)

Information, in regard to utilisation of funds received under different schemes, was sought from three¹ implementing agencies. However, none of the implementing agencies provided the information.

CSS, where funds directly transferred more than ₹ 500 crore and above, were Pradhan Mantri Swasthya Suraksha Yojana (₹ 754.50 crore), Pradhan Mantri Kisan Samman Nidhi-PM Kisan (₹ 4,879.77 crore), Mahatma Gandhi National Rural Guarantee Programme (₹ 5,120.43 crore) and Food Subsidy for decentralised Procurement of food grains under National Food Security Act (₹ 10,966.10 crore).

During 2022-23, central share of ₹ 24,302.19 crore under CSS was transferred directly to the Implementing Agencies, bypassing the Consolidated Fund of the State. Besides contracting the budget and expenditure of State Government to the extent of ₹ 24,302.19 crore, this has caused the assets created not to be reflected in the State Accounts, rendering them incomplete.

4.4 Deposit of Local Funds

The State Panchayati Raj Act provides that Zila Parishads (ZPs), Panchayat Samitis (PSs) and Gram Panchayats (GPs) would maintain their funds (under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds). These funds would include all the moneys realised or realisable under the Act and all moneys otherwise received by the Panchayati Raj Institutions (PRIs), such as from the Central and State Finance Commissions awards and their own revenue, including tax and non-tax receipts of a Panchayat. The Municipal Act also envisages that the Municipal Funds are to be held by the Municipality. All moneys realised or realisable under this Act and all moneys otherwise received by the Municipalities, are kept in the Municipal Funds, under the Major Head 8448-Deposits of Local Funds-102-Municipal Funds.

¹ Bihar State Food and Civil Supplies Corporation Ltd., Bihar Rural Development Society, and Agriculture Department.

Deposits of Local Funds, under Municipal Funds and Panchayat Bodies Funds, are detailed in **Table 4.3**.

Table 4.3: Deposits of Local Funds*(₹ in crore)*

Year				2018-19	2019-20	2020-21	2021-22	2022-23
Municipal Fund	(8448-102)	Opening Balance	1	2,742.77	3,307.66	3,743.56	5,033.79	6,225.03
		Receipt	2	2,712.09	2,469.66	3,913.13	4,066.75	2,600.45
		Expenditure	3	2,147.20	2,033.77	2,622.90	2,875.51	2,805.82
		Closing Balance	4	3,307.66	3,743.56	5,033.79	6,225.03	6,019.66
Panchayat Bodies Fund*	(8448-109)	Opening Balance	5	631.61	650.49	754.98	852.58	756.29
		Receipt	6	735.54	374.78	556.49	228.82	143.34
		Expenditure	7	716.67	270.29	458.89	325.11	189.34
		Closing Balance	8	650.49	754.98	852.58	756.29	710.29

(Source: Finance Accounts of the respective years)

*Zila Parishad and Panchayat Samiti funds included)

As can be observed from **Table 4.3**, over the last five years, GoB has been transferring funds from the Consolidated Fund to the Public Account (Deposit accounts specifically), by debiting revenue and capital major heads of accounts. The amounts so transferred are taken as expenditure for the year in the accounts, though actual expenditure may or may not have occurred during the year. Over the years, the balance that had been accumulated in the deposit account (MH 8448) stood at ₹ 26,927.43 crore (depicted in **Table 4.4**), by the end of FY 2022-23. This amount has been depicted as revenue or capital expenditure in the respective years, but is lying unspent in the deposit head.

Table 4.4: Trends of transfer of funds to Deposit of Local Funds*(₹ in crore)*

Financial Year	Revenue			Capital			Total	Closing Balance of MH 8448
	Revenue expenditure as per Finance Accounts	Amount transferred to MH 8448	Percentage of Amount	Capital expenditure as per Finance Accounts	Amount transferred to MH 8448	Percentage of Amount		
1	2	3	4	5	6	7	8 (3+6)	
2018-19	1,24,897	9,306	7.45	21,058	13,606	64.61	22,912	23,181.78
2019-20	1,26,017	14,531	11.53	12,304	11,314	91.95	25,845	24,942.26
2020-21	1,39,493	11,876	8.51	18,209	9,167	50.34	21,043	28,573.60
2021-22	1,59,220	12,454	7.82	23,678	10,565	44.62	23,019	26,561.64
2022-23	1,83,976	8,781	4.77	31,520	9,965	31.61	18,746	26,927.43

(Source: Finance Accounts for the respective years and VLC Data)

From 2018-19 to 2022-23, revenue expenditure of Local Funds reduced by 5.64 per cent, while the capital expenditure reduced by 26.76 per cent.

Also, funds booked under capital expenditure and transferred to Major Head-8448 ranged from 31 *per cent* to 91 *per cent*, whereas those booked under revenue expenditure ranged from four *per cent* to 11 *per cent*, during the last five years, leading to parking of funds. Funds parked in the Public Account indicated overstatement of actual expenditure incurred.

Issues related to Transparency

4.5 Delay in the submission of Utilisation Certificates (UCs)

Rule 341(2) of the Bihar Financial Rules (BFR), 2005, stipulates that only so much of the grants should be paid during the financial year as are likely to be expended during that year. The authority signing or countersigning a bill for Grant-in-Aid (GIA), under Rule 431 of Bihar Treasury Code (BTC), 2011, should see that money is not drawn in advance of requirement. There should be no occasion for rush for payment of these grants in the month of March. Further, for submission of UCs, the Finance Department's executive order (October 2011), prescribed the time limit of 18 months from the date of sanction.

Status of UCs not received by AG (A&E), Bihar, and pending reconciliation, as on 31 March 2023, is shown in **Table 4.5**.

**Table 4.5: Year-wise break up of UCs not received by AG (A&E), Bihar
(as on 31.03.2023)**

(₹ in crore)

Year*	Number of UCs	Amount
Up to 2016-17	2708	16,702.88
2017-18	552	5,894.77
2018-19	630	10,019.52
2019-20	12429	18,330.29
From 01.04.2020 to 30.09.2021	25436	37,000.42
Total	41755	87,947.88

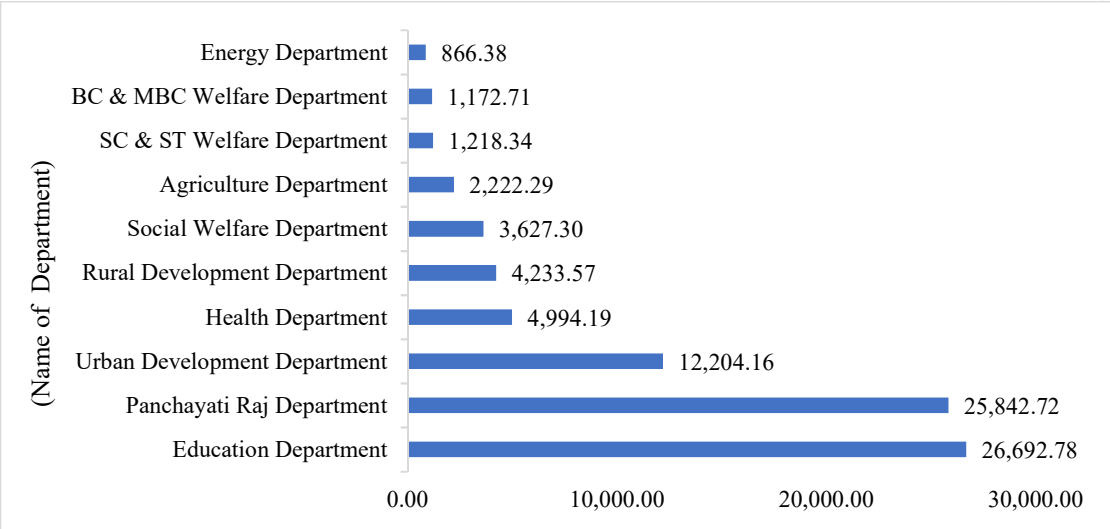
(Source: Data provided by the O/o Accountant General (A&E) Bihar)

* The year mentioned above relates to "Due year" i.e. after 18 months of actual drawal

Out of ₹ 87,947.88 crore, ₹ 16,702.88 crore pertained to the period up to 2016-17. Five major defaulting Departments were Education Department (₹ 26,692.78 crore), Panchayati Raj Department (₹ 25,842.72 crore), Urban Development Department (₹ 12,204.16 crore), Health Department (₹ 4,994.19 crore), and Rural Development Department (₹ 4,233.57 crore), out of the 10 major defaulting departments, as shown in **Chart 4.2**.

Chart 4.2: Department-wise UCs not received by AG (A&E)

(₹ in crore)



(Source: Information provided by the O/o AG (A&E), Bihar)

Further, UCs, not received by AG (A&E) for category-wise GIA, for 2019-20 to 2021- 22, is shown in **Table 4.6**.

Table 4.6: UCs not received by AG (A&E) for category-wise Grants-in-Aid for 2019-20 to 2021-22

(₹ in crore)

Financial Year	Salary			Asset Creation			Other than salary and Asset*		
	Drawn	Adjusted	Balance	Drawn	Adjusted	Balance	Drawn	Adjusted	Balance
2019-20	19,666.33	15,966.11	3,700.22	11,356.25	7,529.51	3,826.74	25,678.83	14,849.84	10,828.99
2020-21	17,788.65	13,556.19	4,232.46	10,358.02	6,581.74	3,776.28	29,577.33	15,416.70	14,160.63
2021-22 (Due up to 09/2021)	8,594.07	4,499.23	4,094.84	2,314.80	183.02	2,131.78	12,902.84	4,296.39	8,606.45
Total	46,049.05	34,021.53	12,027.52	24,029.07	14,294.27	9,734.80	68,159.00	34,562.93	33,596.07

(Source: Data provided by A&E Office) *Includes scholarships/stipends

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

Instances of non-submission of UCs feature in the reports of C&AG regularly. During 2022-23, UCs, amounting to ₹ 1,09,093.32 crore, were adjusted.

The Finance Department replied (December 2023) that the review meetings, presided over by the Chief Secretary to the Government of Bihar, were being held weekly/monthly, at the regular intervals and directions had been issued to the major defaulting departments, for adjustment of outstanding UCs, in a timely manner.

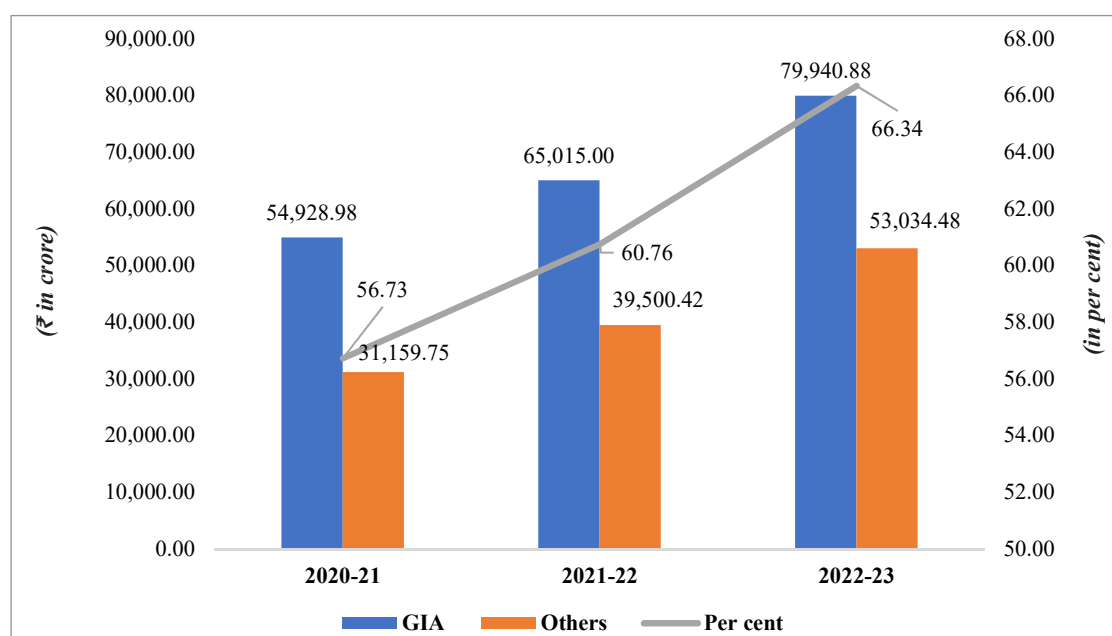
4.5.1 Recording of grantee institution as “Others”

As GIA constitutes a significant portion of the total expenditure of the State, it is essential that the Government provides the details and nature of the Grantee institutions to which it is providing funds, in the interest of transparency of its Annual Accounts.

There is a mechanism for assigning institute codes to various bodies and authorities receiving Grants-in-Aid from the State Government. As the State Government had not assigned institutional codes to all institutes, these grants had been recorded as “Others”, which had affected the transparency of accounts. These Grants-in-Aid are also recorded in Voucher Level Computerisation (VLC) System of the office of the AG (A&E) and submission of UCs against the outstanding amount against each institution, is also monitored.

During 2022-23, out of the total GIA of ₹ 79,940.88 crore, ₹ 53,034.48 crore (66.34 *per cent*), has been recorded as ‘Others’. The trend of percentage of GIA, shown under type “Others”, to the total GIA, for the last three years, is shown in **Chart 4.3**.

Chart 4.3: Recording of grantee institutions as “Others”



(Source: Finance Accounts for the respective years)

In the absence of any proper codes having been assigned, by the State Government, to the institutions/ bodies/ authorities receiving GIA from the Government, the amounts outstanding against all institutions could not be worked out, which affected the transparency of Accounts.

4.6 Abstract Contingent (AC) Bills

Rule 177 of the Bihar Treasury Code (BTC), 2011, provides that a certificate shall be furnished by the Drawing and Disbursing Officer (DDO) to the effect that money withdrawn on the contingent bill shall be spent within the same financial year and that unspent amount shall be remitted to the Treasury before 31 March of the year. Further, as per Rule 194 of the BTC, 2011, a countersigned Detailed Contingent (DC) Bill shall be submitted within six months, following the month in which the abstract contingent bill was drawn, and no abstract contingent bill shall be cashed after the end of the period of six months, unless the detailed contingent bill has been submitted. Year-wise progress in the submission of DC bills, against the AC bills drawn, is shown in **Table 4.7**.

Table 4.7: Year-wise progress in the submission of DC bills against AC bills

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Closing Balance	
	No. of DC Bills	Amount	No. of DC Bills	Amount	No. of DC Bills	Amount	No. of DC Bills	Amount
Up to 2018-19	12316	3,002.51	1453	631.50	1855	1,034.89	11914	2,599.12
2019-20	11914	2,599.12	5799	4,250.72	456	2,636.53	17257	4,213.31
2020-21	17257	4,213.31	6356	4,858.04	451	3,953.64	23162	5,117.71
2021-22	23162	5,117.71	3607	2,480.88	195	1,148.42	26574 [#]	6,450.17
2022-23 [#]	26574	6,450.17	842	1,053.79	24	14.91	27392	7,489.05

(Source: Data Provided by the O/o AG (A&E), Bihar & Finance Accounts, 2022-23)

Note: AC bills drawn up to September 2022 have been taken into account.

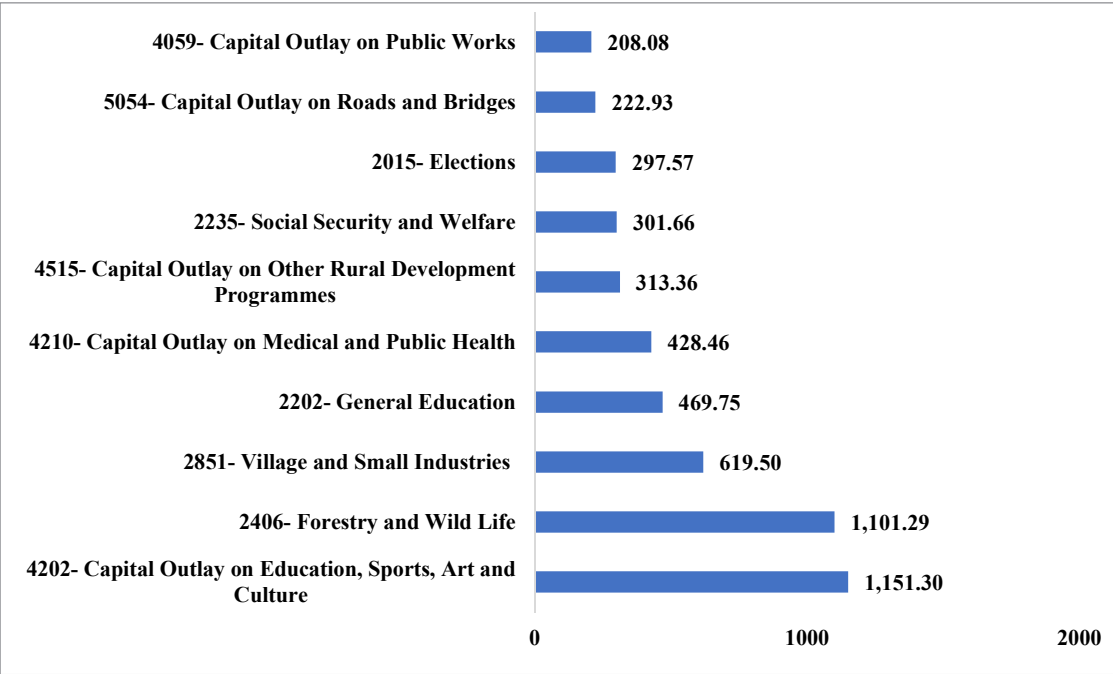
[#] Accretion of 646 AC Bills, over the previous year, is due to addition of AC Bills taken into account after September 2021.

Out of the closing balance of ₹ 7,489.05 crore, an amount of ₹ 3,219.52 crore (42.99 per cent of total outstanding) pertains to creation of Capital Assets.

During the month of March 2023, 1209 AC Bills, amounting to ₹ 2,106.98 crore (34.26 per cent of the total drawn 4382 AC Bills amounting to ₹ 6,149.29 crore), were drawn in March 2023. Major Head-wise pending DC bills are shown in **Chart 4.4**.

Chart 4.4: Pending DC Bills in respect of Major Heads

(₹ in crore)



(Source: Data provided by the O/o AG (A&E), Bihar)

As shown in **Chart 4.4**, the pending DC bills were related with capital expenditure under different Major Heads- 4202, 4210, 4059, 4515, and 5054.

Expenditure against AC bills, at the end of the year and for the creation of capital assets, indicates poor public expenditure management. It also indicates that withdrawals were being made primarily to exhaust the budgetary provisions. Non-adjustment of advances for long periods is fraught with the risk of misappropriation. The Finance Department replied (December 2023) that review meetings, presided over by the Chief Secretary, are

held weekly/monthly, at regular intervals and directions are issued to major defaulting departments, for adjustment of AC Bills in a timely manner.

Non-submission of DC bills within the prescribed period constitutes a breach of financial discipline and enhances the risk of misappropriation of public money.

4.7 Personal Deposit (PD) Accounts

Rule 339 of BTC, 2011, describes that no Personal Deposit Accounts shall be opened at the Treasury, without the written authorisation of the Finance Department, under intimation to the Accountant General. Further, Rule 340(b) stipulates that the PD Account shall only be used for special cases where public interest requires speed of expenditure, not possible through the normal treasury procedure or increases where there are a large number of small beneficiaries, dispersed in such a way that direct disbursement through the treasury is not practicable. Transfer of funds to PD Accounts is booked as final expenditure from the Consolidated Fund under the concerned Major Head. PD administrators are required to review all PD Accounts at the end of the financial year and transfer the amounts lying unspent after five consecutive financial years (including the financial year in which the money was withdrawn)² back to the Consolidated Fund of the State, by reduction of expenditure to the service head.

As per notification³ issued by the Finance Department, GoB, “all PD/PL Accounts opened prior to the date 01.04.2019, will be treated to be opened on 01.04.2019, as a default under CFMS and the unutilised amount lying in PD/PL Accounts shall lapse at the end of five subsequent financial years”. The concept of inoperative PD Accounts would, therefore, be nullified.

At the end of March 2023, ₹ 3,858.05 crore was lying with 242 Administrators, as shown in **Table 4.8**.

Table 4.8: Details of PD Accounts, as per CFMS, during 2022-23

(₹ in crore)

Opening Balance as on 01.04.2022		Addition during the year		Closing/Withdrawal during the year		Closing Balance as on 31.03.2023	
No. of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount
212 ^s	4,040.21	32	1,229.60 [@]	02	1,411.76 [@]	242 ^s	3,858.05*

(Source: Finance Accounts, 2022-23)

Note-

^s Five Accounts with a total balance of ₹ 1.54 crore are yet to be migrated in CFMS, which are over and above 242 PD Accounts.

[@] During the year, Receipts of ₹ 1,229.60 crore and payments of ₹ 1,411.76 crore appeared in the plus minus memo as per CFMS. However, there were no balance in 02 closed PD Accounts.

* Difference of ₹ 8.01 crore shown (Finance Accounts Vol II, Statement No. 21) under MH 8443-106 is under reconciliation.

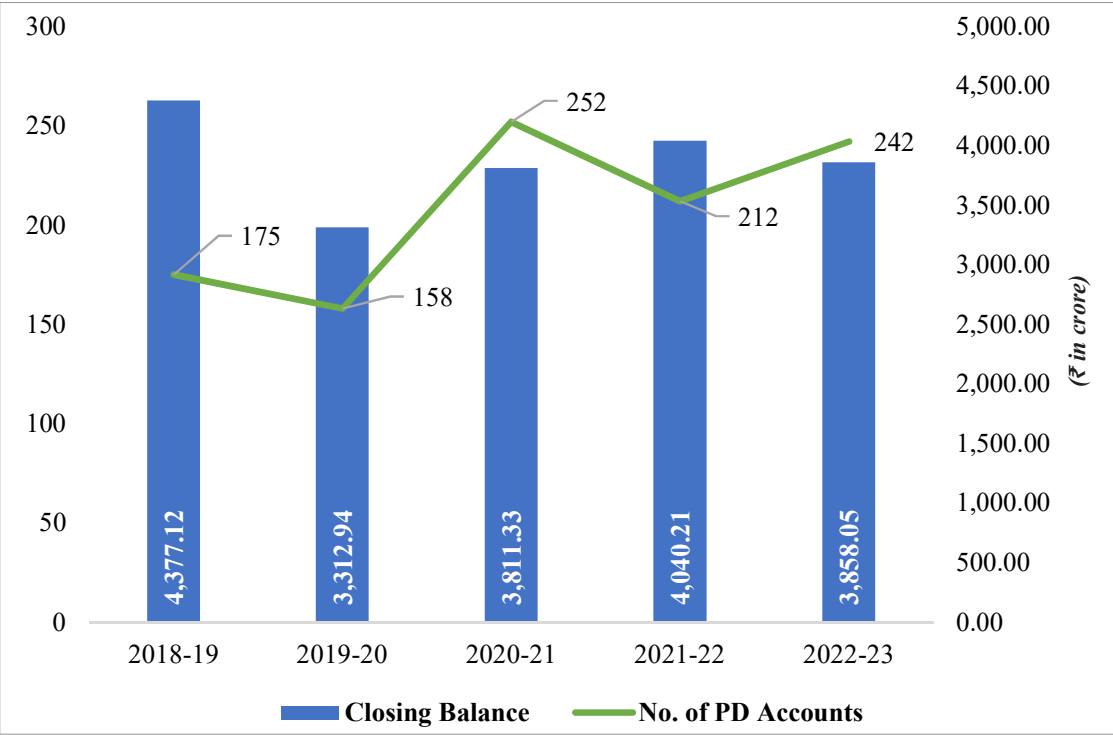
Apart from the above, five PD Accounts, having a balance of ₹ 1.54 crore, had not been migrated from CTMIS to CFMS, even after more than four years of implementation of CFMS.

² GoB Notification no. 6679, dt: 23.08.2016.

³ Notification no. M-4-02/2020-2916/F Dt: 03.06.2020.

The trends of closing balance in PD accounts, at the end of the last five years, are detailed in **Chart 4.5**.

Chart 4.5: Closing Balance in PD Accounts during 2018-19 to 2022-23



(Source: Finance Accounts for the respective years)

4.8 Indiscriminate use of the "Minor Head 800"

Minor Head 800, relating to Other Receipts and Other Expenditure, is intended to be operated only when the appropriate minor head is not available in the Accounts. Routine operation of Minor Head 800 is to be discouraged since it renders the Accounts opaque, as these heads do not disclose the concerned schemes, programmes *etc.* During 2022-23, expenditure of ₹ 252.04 crore (0.12 *per cent*) was incurred through the Minor Head ‘800’, out of the total revenue and capital expenditure of ₹ 2,15,496 crore. Receipts of ₹ 732.44 crore (0.42 *per cent*) were also booked through the Minor Head ‘800’, out of the total revenue receipts of ₹ 1,72,688 crore. Significant Expenditure and Receipts (50 *per cent* and above), under the Minor Head ‘800’, are mentioned in **Tables 4.9** and **4.10**, respectively.

Table 4.9: Significant expenditure booked under MIH-800- “Other Expenditure”, during the financial year 2022-23 (50 *per cent* and above)

(₹ in crore)

Sl. No.	Major Head	Nomenclature	Total Expenditure	Expenditure under Minor Head 800	Percentage of Expenditure under Minor Head 800 to Total Expenditure
1	2250	Other Social Services	28.33	23.84	84.15
2	5475	Capital Outlay on Other General Economic Services	235.11	202.78	86.25

(Source: Data provided by o/of the AG (A&E))

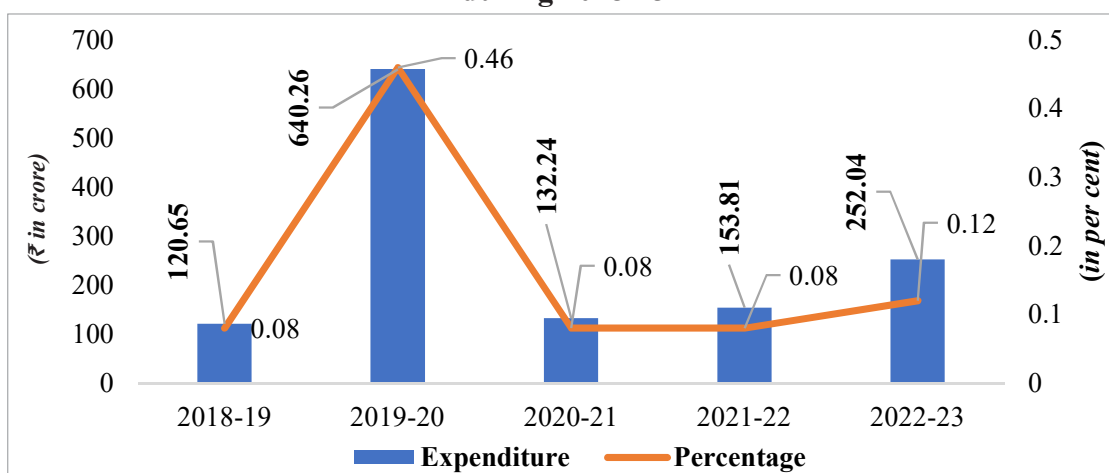
Table 4.10: Significant receipts booked under MIH-800 – “Other Receipts”, during the financial year 2022-23 (50 per cent and above)

(₹ in crore)

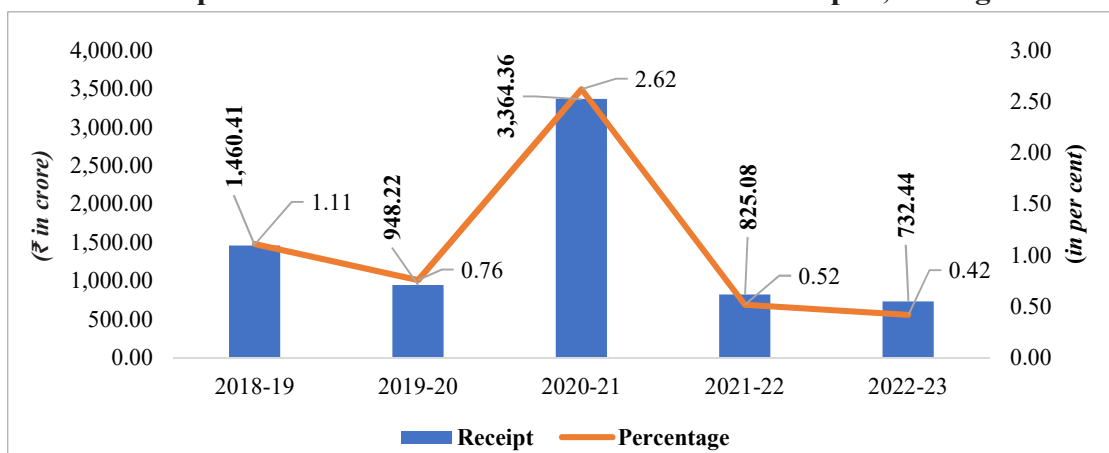
Sl. No.	Major Head	Nomenclature	Total Receipts	Receipts under Minor Head 800	Percentage of receipts under Minor Head 800 to Total Receipts
1	0049	Interest Receipts	642.03	363.98	56.69
2	0070	Other Administrative Services	301.34	193.15	64.10
3	0230	Labour and Employment	10.75	6.75	62.77
4	0401	Crop Husbandry	5.42	3.93	72.51
5	0851	Village and Small Industries	0.01	0.01	100.00
6	0852	Industries	0.41	0.40	99.32
7	1053	Civil Aviation	1.43	1.42	99.77
8	1456	Civil Supplies	0.10	0.10	100.00

(Source: Finance Accounts, 2022-23 and Data provided by A&E Office)

Further, the expenditure under Minor Head ‘800’ increased from ₹ 120.65 crore to ₹ 252.04 crore and receipts decreased from ₹ 1,460.41 crore to ₹ 732.44 crore, during 2018-19 to 2022-23, as depicted in **Charts 4.6** and **4.7**, respectively.

Chart 4.6: Operation of the Minor Head ‘800 - Other Expenditure’, during 2018-23

(Source: Finance Accounts, 2018-19 to 2022-23)

Chart 4.7: Operation of the Minor Head ‘800 - Other Receipts’, during 2018-23

(Source: Finance Accounts, 2018-19 to 2022-23)

During 2022-23, significant expenditure was booked under the Minor Head ‘800’ from the Major head 5475-Capital Outlay on Other General Economic Services (₹ 202.78 crore) and 2250- Other Social Services (₹ 23.84 crore) and significant receipts were booked under the Major Head 0049- Interest Receipts (₹ 363.98 crore) and 0070- Other Administrative Services (₹ 193.15 crore).

In order to ensure fiscal prudence, the Minor Head 800 is to be utilised only for those receipts and expenditure which are non-recurring in nature and the immediate Head of Account, under which it could be booked, is not readily available.

Time series data wherein significant receipts booked under Minor Head 800-” Other Receipts” and “Other Expenditure”, is depicted in **Tables 4.11** and **4.12**.

Table 4.11: Time series data on significant receipts booked under Minor Head 800 – “Other Receipts”.

(₹ in crore)

Sl. No.	Major Head	Nomenclature	2018-19	2019-20	2020-21	2021-22	2022-23
1.	0049	Interest Receipts	261.57	478.10	3,063.65	531.27	363.98
2.	0230	Labour and Employment	12.41	7.76	7.98	10.14	6.75
3.	0401	Crop Husbandry	6.89	5.97	4.71	4.42	3.93
4.	1053	Civil Aviation	6.50	1.58	3.13	2.24	1.42

(Source: Finance Accounts of respective years)

Table 4.12: Time series data on significant expenditure booked under Minor Head 800- “Other Expenditure”

(₹ in crore)

Major Head	Nomenclature	2018-19	2019-20	2020-21	2021-22	2022-23
2250	Other Social Services	5.04	21.25	17.01	49.26	23.84

(Source: Finance Accounts of the respective year)

Further, during 2022-23, it was also observed that significant amounts of some major heads had been booked under the minor head 800, though, they were below 50 per cent of the total expenditure/receipts, as shown in **Tables 4.13** and **4.14**.

Table 4.13: Significant expenditure booked under the Minor Head “800”

(₹ in crore)

Major Head	Nomenclature	Total Expenditure	Expenditure under Minor Head 800	Percentage of Expenditure under Minor Head 800 to Total Expenditure
2245	Relief on account of natural calamities	1,939.40	16.09	0.83

(Source: Finance Accounts, 2022-23)

Table 4.14: Significant receipts booked under the Minor Head “800”

(₹ in crore)

Sl. No.	Major Head	Nomenclature	Total Receipts	Receipts under Minor Head 800	Percentage of receipts under Minor Head 800 to Total Receipts
1.	0030	Stamps and Registration fees	6,451.06	21.09	0.33
2.	0041	Other Receipts	2,935.47	10.35	0.35

(Source: Finance Accounts, 2022-23)

Indiscriminate booking of receipts under the Minor Head 800 not only affects transparency and nature of transactions, but also renders the accounts opaque.

Issues related to measurement

4.9 Outstanding balance under Major Suspense and Debt, Deposit and Remittance (DDR) Heads

Certain intermediary/adjusting Heads of Account, known as 8658-Suspense Heads, are operated in the Government Accounts, to reflect transactions of receipts and payments which cannot be booked to a final Head of Account, due to lack of information regarding their nature or for other reasons.

The Finance Accounts reflect the net balances under the Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Details of gross figures, under some of the major Suspense and Remittance heads, at the end of the last three years, are indicated in **Table 4.15**.

Table 4.15: Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2020-21		2021-22		2022-23	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Major Head 8658 – Suspense						
101 - PAO suspense	313.90	0	365.08	0.00	641.14	280.41
Net	Dr. 313.90		Dr. 365.08		Dr. 360.73	
102 - Suspense Account-Civil	15,598.70	1,070.92	16,195.57	1,409.66	14,109.96	277.76
Net	Dr. 14,527.78		Dr. 14,785.91		Dr. 13,832.20	
107 - Cash Settlement Suspense Account	0	32.29	0	32.29	0	32.29
Net	Cr. 32.29		Cr. 32.29		Cr. 32.29	
109 - Reserve Bank Suspense – Headquarters	262.64	0	261.71	(-) 0.01	257.16	(-) 0.24
Net	Dr. 262.64		Dr. 261.72		Dr. 257.40	
110 - Reserve Bank Suspense – CAO	1,501.24	895.64	1,249.60	894.62	358.24	(-) 0.02
Net	Dr. 605.60		Dr. 354.98		Dr. 358.26	
112 - Tax Deducted at Source (TDS) Suspense	994.38	1,459.04	1,572.73	1,857.17	1,279.66	1,805.05
Net	Cr. 464.66		Cr. 284.44		Cr. 525.39	
123 - A.I.S Officers’ Group Insurance Scheme	0.27	6.24	0.44	6.04	0.32	5.66
Net	Cr. 5.97		Cr. 5.60		Cr. 5.34	
Major Head 8782-Cash Remittances						
102 - P.W. Remittances	16,749.16	15,837.54	16,754.96	15,835.85	919.11	0
Net	Dr. 911.62		Dr. 919.11		Dr. 919.11	
103 - Forest Remittances	3,147.35	2,943.86	3,147.44	2,943.90	203.54	0
Net	Dr. 203.49		Dr. 203.54		Dr. 203.54	

(Source: Finance Accounts 2020-21 to 2022-23)

Pay and Accounts Office Suspense- This head is intended for settlement of transactions between the AG (A&E) and the various separate PAO Offices of Government of India. Outstanding Debit balances under this Head imply that payments made by the AG on behalf of a PAO, were yet to be recovered. Outstanding Credit balances imply that payments received by the AG, on behalf of a PAO, were yet to be paid. The net debit

balance under this head shows an increasing trend. On clearance/settlement of this, the cash balance of State Government will increase. The transactions mainly related to National Highways, and decrease in claims with Central Pension Accounting Office, Delhi. This head had a debit balance of ₹ 360.73 crore at the end of FY 2022-23.

Suspense Account-Civil- Transactions where full particulars of the classification are not available, or where the relevant vouchers/ schedules in support thereof are not available or where there is some discrepancy between the figures reported in the treasury schedule of payments/cash accounts and those appearing in the supporting vouchers, schedules *etc.* constitute the major portion of outstanding figures under this Head. Transactions taking place on behalf of Railways, Defence, Postal, and Telecommunication Departments are also initially classified under the head, pending settlement of claims by these authorities. O/o the AG (A&E) raised objections in regard to 11400 vouchers amounting to ₹ 2,725.00 crore (Revenue expenditure ₹ 873.05 crore and Capital expenditure ₹ 1,851.95 crore) during the year 2022-23. These vouchers have been kept in Suspense Accounts, for want of sanction orders/pension payment documents/ running bills/sub-vouchers *etc.* OB Suspense, pertaining to previous years, amounting to ₹ 3,713.42 crore (Revenue: ₹ 2,206.05 crore and Capital: ₹ 1,507.37 crore) was cleared during 2022-23. As such, there was overstatement of net expenditure of ₹ 988.42 crore (an overstatement of Revenue expenditure of ₹ 1,333.00 crore and understatement of Capital expenditure of ₹ 344.58 crore). The progressive balance under the head 8658-102-Suspense Account (Civil) stood at ₹ 13,832.20 crore, at the end of March 2023.

Outstanding debit balance under this Head means that payments were made which could not be debited to the final expenditure Head for want of details. Outstanding credit balance means that amounts were received which could not be credited to the final receipt head for want of details.

Cash Settlement Suspense Accounts- This minor Head is used for settlement of transactions between public works divisions rendering accounts to the same Pay and Accounts Officer and is to be operated by the PAO receiving compiled accounts from the public works divisions. The head is credited when one division accepts some receipts/revenues on behalf of another division. The head is debited/credited on receipt of cheque/bank draft or issue of cheque/bank draft to/from another division, as the case may be. A Credit balance of ₹ 32.29 crore was lying in this head, as on 31 March 2023, since long.

Reserve Bank Suspense, Central Accounts Office- This Head is operated for recording inter-Governmental transactions, where monetary settlement between the cash balances of two Governments is done by sending advice to the Central Accounts Section of the Reserve Bank of India (RBI). This Head is cleared by transferring the amount to the final Head of Account, on receipt of intimation of the monetary settlement having been carried out by the RBI. Through this Head, grants/loans, received from the GoI, and their repayments, discharge of securities and interest paid thereon by the Public Debt

Offices of RBI and payments made by the Director General of Supplies and Disposals for materials supplied to Government Departments, are settled.

During 2022-23, the debit balance under the Head was ₹ 358.26 crore, representing an increase of ₹ 3.28 crore, compared to the previous year.

Public Works Remittances- This head is operated to watch whether the treasury acknowledges the amount remitted by the divisional officers of public works. The debit balance of ₹ 919.11 crore, at the end of year 2022-23, was due to non-reconciliation between the Division Offices and the Treasuries.

Forest Remittances- Collection for Forest Revenues by the divisions and their remittance to the Government Accounts at the treasury, initially takes place under this Head. The debit balance under this head is cleared by credits appearing in the treasury accounts, when the remittances are acknowledged and accounted by the treasury officers. Due to the time lag between the actual realisation of revenue and its remittance into the treasury, the debits appearing in the division accounts, under this head, would continue to appear till the remittance made is finally accounted for in the treasury accounts. As on 31 March 2023, a debit balance of ₹ 203.54 crore was appearing under this head.

Clearance of suspense and remittance items depends on the details furnished by the State Treasuries (including Works and Forest Divisions, etc.). If these amounts remain unsettled, the balances under the Suspense Heads would accumulate and it would not reflect a true and fair picture of the Government expenditure.

4.10 Non-reconciliation of Departmental transactions

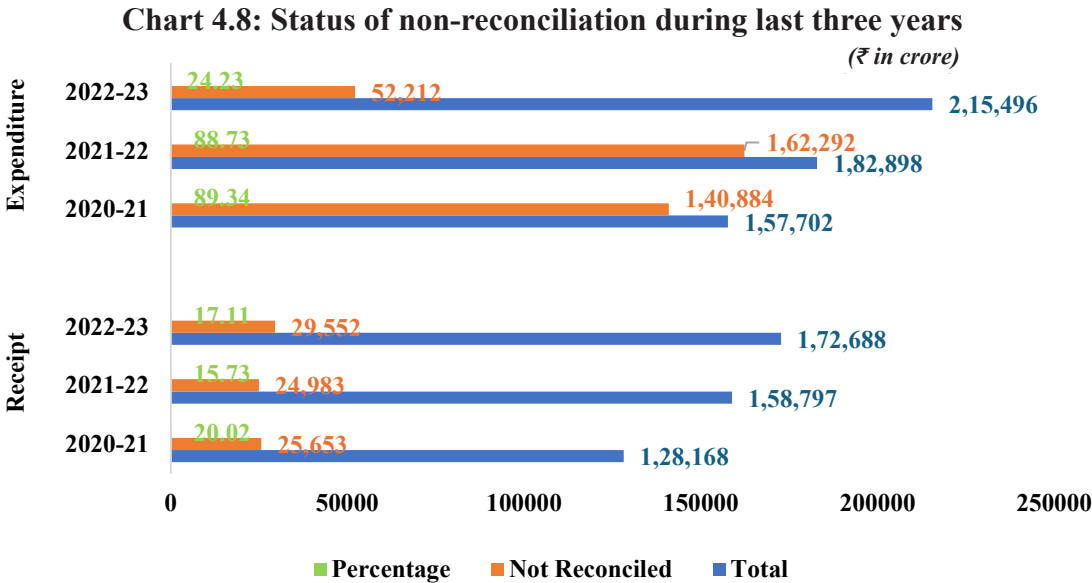
As per Para 96 of the Bihar Budget Manual, 2016, the controlling officers are required to reconcile their monthly/quarterly figures with those recorded in the books of the Accountant General.

An online reconciliation module has not been developed in the CFMS. Therefore, to reconcile the transactions accounted by the Office of AG (A&E), with the transactions accounted by the Grant Controlling authorities of the State Government, the office of the AG (A&E) uploads the data dump file of the transactions included in the monthly accounts in the CFMS main server, using the Secure File Transfer Protocol (SFTP⁴) utility. Here the transactional data of AG is compared with CFMS data and department-wise reconciliation report is prepared (in CFMS). This Report is available to all Department Admin Users, as well as AG (A&E) Admin Users. The Departmental Admin Users generates the reconciliation Reports and forward them to AG (A&E).

Only 20, out of 46 Grant Controlling Departments, sent the reconciliation Reports to AG (A&E).

Status of non-reconciliation of the departmental transactions, during the last three years, is shown in **Chart 4.8**.

⁴ SFTP- It is a Secure File Transfer Protocol that uses secure shell encryption, to provide a high level of security for sending and receiving file transfers.



(Source: Finance Accounts for the respective years and data provided by O/o AG (A&E), Bihar)

As can be seen from the **Chart 4.8**, the State Government did not reconcile 17.11 per cent of total receipts and 24.23 per cent of the total expenditure. Non-reconciliation of accounts impacts on the assurance of the completeness and correctness of the receipts and expenditure figures depicted in the accounts. Failure to adhere to the codal provisions and executive instructions in this regard, results not only in misclassification, but also defeats the objective of the budgetary process.

4.11 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State, as per the books of Accounts of the Accountant General (A&E), and the Cash Balance, as reported by the Reserve Bank of India (RBI).

However, the Cash balance, as on 31 March 2023, as per the records of the AG (A&E), was ₹ 805.90 crore (Debit) and that reported by the RBI, was ₹ 193.62 crore (Credit). As such, there was a net difference of ₹ 612.28 crore (Debit), mainly due to incorrect reporting of transactions and non-reconciliation by agency banks. The difference was under reconciliation.

4.12 Adverse Balances under Public Account

Adverse balances arise when transactions are erroneously credited, instead of being debited and *vice versa*. Some of the significant adverse balances, under Public Account Heads and in the Finance Accounts of 2022-23, are shown in **Table 4.16**.

Table 4.16: Adverse balances under the Public Account during 2022-23

(₹ in crore)		
Major Heads	Major Head Description	Minus Balance
8011	Insurance and Pension Funds	(-) 99.71
8336	Civil Deposits	(-) 0.55

(Source: Finance Accounts, 2022-23)

These adverse balances were under reconciliation between the office of the Accountant General (A&E), Bihar and the State Government.

Issues related to disclosure

4.13 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General (CAG) of India, prescribe the form of Accounts of the Union and of the States. The CAG of India had set up (2002) a Government Accounting Standards Advisory Board (GASAB), for formulating standards for government accounting and financial reporting and enhancing accountability mechanisms. On the advice of the CAG, the President of India has, so far, notified three Indian Government Accounting Standards (IGAS). Compliance with Accounting Standards is depicted in **Table 4.17**.

Table 4.17: Compliance with Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	IGAS-1: Guarantees Given by the Government – Disclosure requirements	<ul style="list-style-type: none"> To ensure uniform and complete disclosure of such Guarantees. Class-wise and Sector-wise disclosures 	<ul style="list-style-type: none"> Statements 9 and 20 of Finance Accounts were prepared. However, the disclosure remained incomplete, since the State Government does not disclose complete details, class-wise, sector-wise. Some critical information like “Guarantee invoked during the year”, interest, guarantee, commission fee <i>etc.</i>, was left incomplete. 	<ul style="list-style-type: none"> All Guarantors, Departments of State Government and guarantees made during the year could not be ascertained.
2.	IGAS-2: Accounting and Classification of <i>Grants-in-Aid</i>	<ul style="list-style-type: none"> For Accounting and classification of Grants-in-aid both as a grantor as well as a grantee. 	<ul style="list-style-type: none"> Statement 10 of Finance Accounts has been prepared. However, detailed information in respect of Grants-in-aid given in kind, was not furnished by the State Government. 	<ul style="list-style-type: none"> Amount of GIA received under grants given in kind could not be ascertained. Misclassification led to understatement of Revenue Deficit and overstatement of Capital Expenditure to that extent.
3.	IGAS-3: Loans and Advances made by Government	<ul style="list-style-type: none"> For recognition, measurement, valuation and reporting in respect of Loans and Advances To ensure complete, accurate and uniform accounting practices, To ensure adequate disclosure on Loans and Advances 	<ul style="list-style-type: none"> Statement 7 and 18 of Finance Accounts were prepared. However, the closing balances depicted in above statements were not reconciled with the Loanee Entities/ State Government. The State Government also did not furnish figures in respect of certain Loans and Advances. Disclosure regarding ‘Repayment in arrears from other Loanee Entities’, ‘Write-off of irrecoverable Loans and Advances’, and ‘Cases of a Loan having been sanctioned as Loans in Perpetuity, could not be made, as this information was not provided by the State Government. 	<ul style="list-style-type: none"> ‘Disclosure regarding Repayment in arrears from other Loanee Entities’, ‘Write-off of irrecoverable Loans and Advances’ and ‘Cases of a Loan having been sanctioned as Loans in Perpetuity, could not be ascertained, as data was not provided by the State Government.

(Source: Finance Accounts 2022-23)

Non-Compliance with the Accounting Standards impacts presentation of a true and fair view of the financial position and cash flows apart from hindering fiscal transparency.

Opening of New Sub-Heads of Accounts without advice

As per Article 150 of the Constitution of India, the accounts of the State are to be kept in the form as advised by the C&AG of India. During 2022-23, the State Government opened 07 new Sub-Heads (04 under the ‘Revenue Section’ and 03 under the ‘Capital Section’) in the budget, without seeking the advice of the C&AG of India. The State Government provided budgetary provisions under these heads and incurred expenditure of ₹ 17.65 crore (₹ 13.17 crore under the ‘Revenue Section’ and ₹ 4.48 crore under the ‘Capital section’), as shown in **Table 4.18**.

Table 4.18: Newly opened Sub-Heads

(₹ in crore)

Sl. No.	Section	Bill code	Expenditure incurred
1	Revenue	2059-01-053-0032	0.48
2		2202-02-191-0004	0.13
		2202-02-192-0004	0.10
		2202-02-193-0004	0.03
		2202-02-196-0004	1.18
		2202-03-112-0005	11.25
3		2210-02-001-0101	0.00
4	Capital	5055-00-051-0104	2.76
5		5055-00-051-0105	1.72
6		5055-00-051-0106	0.00
7			
Total			17.65

(Source: Finance Accounts, 2022-23)

4.14 Budgetary Support to SPSEs whose accounts are not finalised

Sections 394 and 395 of the Companies Act, 2013, stipulate that the Annual Report on the working and affairs of a government company is to be prepared within three months of its Annual General Meeting. As soon as may be after such preparation, the annual report should be laid before the State Legislature, together with a copy of the Audit Report and any comments upon on supplement to the audit report, made by the CAG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. The above mechanism provides the necessary legislative control over the utilisation of public funds invested in these companies and corporations, from the consolidated fund of the state.

The State Government provided budgetary support (equity, loans, guarantee, capital grants, and others) of ₹ 51,582.85 crore to 17 functional SPSEs, one Statutory Corporation and 15 non-functional SPSEs, whose accounts had not been finalised up to 31 March 2023 (as on 31 August 2023). These SPSEs had not finalised their accounts for last one to 45 years, in violation of the provisions of the Companies Act/Acts of the respective Statutory Corporations/ SPSEs (**Appendix 4.1**).

Due to non-finalisation of accounts, the supplementary audit of companies by CAG, as stipulated in the Companies Act and statutory audit of the corporations, as stipulated in their respective Acts could not be carried out. In the absence of timely finalisation

of accounts, results of the investment of the Government remain outside the purview of the State Legislature and escape scrutiny by Audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency also can not be taken in time and the risk of fraud and misutilisation of public money can not be ruled out.

4.15 Submission of Accounts/Separate Audit Reports of Autonomous Bodies (ABs)

As per Section 19(3) of the CAG's DPC Act, the Governor/ Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the Legislature of the State or of the Union Territory, as the case may be, and, where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the accounts of any body, or authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority, on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority (Section 20) of the DPC Act.

Out of 57 Bodies/Authorities in the State of Bihar, 49 Bodies/Authorities had not provided entrustment at all (*Appendix-4.2*). Details of arrears of accounts, as well as entrustment details of the remaining eight autonomous bodies, are shown in **Table 4.19**.

Table 4.19: Arrears of accounts of bodies or authorities

Sl. No.	Name of Body or Authority	Entrustment received up to	Accounts pending for the year	No. of Accounts pending up to FY 2022-23	Remarks
1.	Rajendra Agriculture University, PUSA, Samastipur	Entrustment was received for 05 years from the year 2012-13.	NIL	NIL	-
2.	Bihar Agriculture University, Sabour, Bhagalpur	Entrustment received up to 2021-22.	2020-21 to 2022-23	03	-
3.	Bihar State Khadi and Village Industries Board, Patna	-	2010-11 to 2022-23	13	-
4.	Bihar State Housing Board, Patna	-	2016-17 to 2022-23	07	-
5.	Bihar Electricity Regulatory Commission	-	2021-22 to 2022-23	02	Separate Audit Report up to FY 2020-21 issued.
6.	Bihar State Legal Service Authority (BSLSA)	-	2021-22 to 2022-23	02	-
7.	Bihar Animal Science University, Patna	2017-18 to 2021-22	2016-17, 2020-21 to 2022-23	04	Accounts for the year 2017-18 to 2019-20 have been received but not audited.
8.	Real Estate Regulatory Authority	-	2019-20 to 2022-23	04	-

(Source: Data provided by respective entities)

Due to non-finalisation of accounts, the stakeholders were not able to assess financial status of these bodies. Delay in finalisation of accounts carries the risk of financial irregularities remaining undetected, apart from violation of the provision of the respective legislations under which these bodies were constituted.

4.16 Timeliness and Quality of Accounts

The accounts of receipts and expenditure of the GoB were compiled based on the initial accounts rendered by 43 Treasuries and other Accounts Rendering Units (ARUs). GoB had discontinued rendering of hard copies of Accounts by Public Works Divisions and Forest Divisions, to the office of the AG (A&E), after implementation of CFMS (April 2019) and transactions were being routed through the Treasuries.

These accounts present the transaction of the GoB for the period from 01 April 2022 to 31 March 2023. Delay in submission of Monthly Accounts ranged between 01 to 42 days.

Further, it was also found that 26 accounts had been excluded from their respective Monthly Civil Accounts, during the financial year. This exclusion has caused delay in submission of these 26 accounts ranging between 20 to 288 days. Further, no account was excluded at the end of the financial year. The quality of accounts can be enhanced by ensuring the inclusion of all accounts in the Monthly Civil Accounts.

Other Issues

4.17 Misappropriations, losses, thefts, etc.

Rule 31 of the Bihar Financial Rules, 2005, provides that loss of public money, Government revenue, stores, or other property, by defalcation or otherwise, should be immediately reported by the office, to the higher authority, Finance Department, as well as to the Accountant General (Audit), even when such loss has been made good by the party responsible for it. Such reports must be submitted as soon as suspicion arises that there has been a loss, and these must not be delayed while enquiries are made. Out of 44 departments, seven⁵ departments had furnished ‘Nil’ information and one department and one SPSE had furnished information, as depicted in Table 4.20.

Table 4.20: Pending cases of misappropriation, losses, theft, etc.

(₹ in crore)

Departments/SPSEs	Cases of misappropriation/ losses/theft of Government material		Reasons for the delay in the final disposal of pending cases of misappropriation, losses, theft, etc.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal proceedings finalised but recovery of the amount pending	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Fisheries Directorate	05	0.28	-	-	-	-	05	0.28
Bihar State Warehousing Corporation	01	4.04	01	4.04	-	-	-	-

(Source: Data provided by the concerned department/SPSE)

⁵ Panchayati Raj, Sugarcane Industry, Cabinet Secretariat, Law, Minority Welfare, Prohibition, Excise and Registration, Information and Public Relation.

Final decisions, for these tabulated cases, were yet to be taken by the departments.

4.18 Follow-up action on the State Finances Audit Reports

The Public Account Committee (PAC) requires the concerned Departments to provide a *suo motu* Explanatory Note on the paragraphs featuring in the Audit Reports after the Reports been placed in the Legislature. The concerned Departments are also required to provide Action Taken Notes (ATNs) to the Accountant General, Audit (for vetting and onward transmission to the PAC).

Sittings of the PAC were held on SFARs, as detailed in **Table 4.21**. Out of 355 paragraphs, pertaining to the years from 2008-09 to 2020-21, 03 paragraphs were discussed, and 352 paragraphs were pending for discussion, till March 2023.

Table 4.21: Status of sittings held by PAC

Sl. No.	Financial year	No. of sittings held by PAC
1.	2018-19	03
2.	2019-20	01
3.	2020-21	02
4.	2021-22 and 2022-23	Nil

Further, after placement of the Report before the Legislature, the Finance Department should have issued instructions to all the Departments to initiate *suo motu* action on all the paragraphs featuring in the State Finances Audit Reports, irrespective of whether the cases had been taken up for examination by the PAC or not.

4.19 Unadjusted Temporary advance/Imprest

As per Rule 177 of the Bihar Treasury Code, 2011, no money should be withdrawn from the treasury, unless it is required for immediate payment. If, under special circumstances, money is drawn in advance, the unspent balance of the amount so drawn should be refunded to the treasury, by short drawal in the next bill, or with a challan, at the earliest, and, in any case, before the end of the financial year in which the amount is drawn.

As on 31 March 2023, ₹ 184.52 crore, required to be refunded to the treasury, in terms of these instructions, remained outstanding as unadjusted advance. Apart from this, an amount of ₹ 25.46 crore was also kept in the imprest, by the Public Works Divisions, as detailed in **Table 4.22**.

Table 4.22: Unadjusted Temporary Advance/Imprest as on 31 March 2023

(₹ in crore)

Sl. No.	Department	Total amount of unadjusted Temporary advance and Imprest		
		Temporary advance	Imprest	Total
1	Building Construction	5.45	7.08	12.53
2	Irrigation	25.25	1.65	26.90
3	Public Health Engineering	8.15	0.48	8.63
4	Road Construction (National Highway)	0.78	0.09	0.87
5	Rural Works	5.96	10.31	16.27
6	Minor Irrigation	12.02	0.23	12.25
7	Local Area Engineering Organisation	59.48	5.33	64.81
8	Road Construction	67.43	0.29	67.72
Total		184.52	25.46	209.98

(Source: Data provided by O/o the AG (A&E), Bihar)

4.20 Cheques and Bills

This head is an intermediary accounting device for initial record of transactions, which are eventually to be cleared/withdrawn. Under the scheme of departmentalisation of accounts, payment of claims against government is made by the Pay and Accounts offices of different Ministries/departments, by cheques drawn on branches of RBI or Public Sector Banks accredited to the Ministry/Department. When claims are preferred in the appropriate bill form to the PAO/Departmental Officer, the payment is authorised through issue of cheques, after exercising the prescribed checks and recording of pay orders by the PAO/Departmental Officer. The Head “Cheque and bills” depicts the difference between the payment instructions (through cheques *etc.*) issued by Government Ministries/ Departments to Public Sector Banks and the extent to which such payments had actually been made and correctly booked. Continued existence of unreconciled balances under this Head, can distort the cash balances depicted in Government’s books.

In the Finance Accounts for the year ended March 2023, the Credit balance, under MH 8670 “Cheques and Bills”, indicated cheques issued but remaining un-encashed. The opening balance, as on 01 April 2022, was ₹ 207.48 crore (Credit). During 2022-23, cheques worth ₹ 1,88,540.91 crore were issued, against which ₹ 1,88,577.08 crore were encashed during the year, leaving a closing balance of ₹ 171.31 crore (Credit) as on 31 March 2023. The closing balance represents expenditure originally booked in various financial years under different functional Major Heads, which has not resulted in any cash outflow to the Government of Bihar till 31 March 2023.

Existence of persisting balances under the Head “Cheques and bills”, violated the Receipt and payment Rules, 1983, which stipulates that cheque and bills remaining unpaid beyond six months of issue, and not renewed, are to be cancelled and the amount written back in the accounts.

To the extent, of the amount so outstanding under the Head ‘Cheques and Bills’, the Government cash balance stands overstated.

4.21 Single Nodal Accounts (SNAs)

As per notification issued (March 2021) by MoF, Department of Expenditure, GoI, with a view to more effective cash management and bringing about greater efficiency in public expenditure management, the State Governments and Ministries/Departments of the Government of India, are following various procedures for release and monitoring the utilisation of funds under Centrally Sponsored schemes (CSSs), with effect from 01 July 2021.

Implementation of Single Nodal Accounting

For implementation of SNA:

- ✦ Every State Government is to designate a Single Nodal Agency for each CSS. Each Agency is to be registered in the Public Financial Management System (PFMS) and the bank account of each Agency is to be opened in a Scheduled Commercial bank and mapped in the PFMS.

- ✦ Funds available in the bank accounts of all the Implementing Agencies below the SNA are to be transferred to the bank account of the SNA concerned, with clear bifurcation of the Central and State shares. Only Zero Balance savings bank accounts are to be opened.
- ✦ All the Implementing agencies (IAs) are to register themselves in PFMS with Zero Balance Account. Depending on the operational requirements, Zero-Balance Subsidiary Accounts for each scheme are to be opened for all IAs, either in the same branch of the selected bank, or in different branches. These subsidiary accounts are to have allocated drawing limits, to be decided by the SNA concerned, from time to time, and they are to draw funds on real time basis.
- ✦ The SNAs are to ensure that the interest earned from the funds released is mandatorily remitted to the respective Consolidated Fund on *pro-rata* basis.
- ✦ In the beginning of the FY, the Ministries/Departments are to release not more than 25 *per cent* of the amount earmarked for a State for a CSS. Additional Central Share (not more than 25 *per cent* at a time) is to be released upon transfer of the stipulated State Share to the Single Nodal Account and utilisation of at least 75 *per cent* of the funds released earlier. However, this provision is not applicable in case of schemes where a different quantum of release has been approved by the Cabinet.
- ✦ The State Government is to transfer the Central share received, to the concerned SNA's account, within a period of 21 days of receipt. The Central share is not to be transferred to the PD accounts or any other accounts. Further, the State share is to be released not later than 40 days of the release of Central share.
- ✦ All implementing Agencies are to return unspent amounts, lying in their account, to the SNA, under the control of the State Government. SNAs are to maintain a record of unspent balance lying in the account of implementing agencies and the amount refunded by implementing agencies.
- ✦ Further, as per the new procedure, it is the responsibility of the State Government concerned to ensure that the entire unspent amount is returned, by all the IAs, to the Single Nodal Account of the SNA concerned.
- ✦ Ministries/ Departments are to ensure that releases under all CSS are made strictly as per the actual requirements on the ground.
- ✦ A separate bank account (to be called "Holding Account") is to be opened by the agencies, for holding tax/statutory deductions. This Holding Account is permitted to make payments outside of PFMS, through cheques or internet banking, to affect the statutory payments, with the challan details being captured simultaneously.
- ✦ The Holding Account is to serve the purpose of holding tax/duties/levies/fees/ municipal charges *etc.* of the State Government, Municipalities *etc.*, which the Agencies need to process. The maximum time for which money can be held in this account is fourteen days, after which the money is to be credited back to the Agency Account.

- ✦ Payments are to be made from the Zero balance subsidiary accounts, up to the drawing limit assigned to such accounts, from time to time. Transactions in each subsidiary Account are to be settled with the SNA daily, through the Core Banking Solution (CBS), on the basis of payments made during the day.
- ✦ The SNA is to keep all the funds received in the Single Nodal Account only and not to divert the same to Fixed Deposits/Flexi-Account/Multi-Option Deposit Account /Corporate Liquid Term Deposit (CLTD) Account *etc.*

As per PFMS data (on PFMS dashboard), as on 27.04.2023, along with GoI directions regarding SNA and audit of implementation of SNA in Bihar, the following were observed:

- (i) There were 113 agencies registered as SNA mapping with 4999 child agencies, wherein 159262 Zero Balance accounts were being used by child agencies. Thus, 164374 agencies were mapped in PFMS.
- (ii) During FY 2022-23, ₹ 35,420.09 crore was released (GoI: ₹ 24,398.36 crore and GoB: ₹ 11,021.73 crore) for CSS under SNA, out of which only ₹ 34,462.41 crore was accounted for as expenditure. An amount of ₹ 3,641.63 crore as advance and ₹ 6,673.73 crore was yet to be utilised against the release of ₹ 34,337.99 crore by the treasuries to SNA. GoB had not released the proportionate State share of ₹ 2,258.37 crore to SNA.
- (iii) Out of the total interest of ₹ 330.63 crore (earned on the balance of ₹ 15,681.83 crore), during the year 2022-23, the proportionate amount of interest was yet to be bifurcated and transferred between the Central and the State Governments.
- (iv) As per the Finance Accounts 2022-23, the State Government had received ₹ 22,481.46 crore during 2022-23, in its Treasury Accounts. As on 31 March 2023, the Govt. had transferred Central share of ₹ 22,231.91 crore, received in the Treasury Accounts and State Share of ₹ 14,190.40 crore, to the SNAs. However, as per PFMS, GoI had released ₹ 24,398.36 crore for CSS under SNA. Out of the total transfer of ₹ 36,422.31 crore, ₹ 745.69 crore had been transferred through AC Bills, ₹ 52.99 crore through Bills for Scholarships and Stipends, ₹ 5,996.11 crore through Fully Vouched Contingent Bills and ₹ 29,627.52 crore through GIA bills, which was against the directions of GoI.
- (v) The State Government had taken up to 181 days each, to transfer the Central and State Shares, from the treasuries, to the SNAs.
- (vi) Current account was opened as SNA, by the Bihar Agriculture University (BAU), Sabour, Bhagalpur, under the Rastriya Krishi Vikash Yojana (RKVY).
- (vii) Accumulated interest of ₹ 19.17 crore, for the period from 2020-21 to 2022-23, was lying in Jal Jeevan Mission (SNA). The amount was to be deposited in the respective Consolidated funds, after being apportioned between the Central and the State Government.

(viii) The Bhagalpur Smart City Limited (SNA) had diverted ₹ 140.07 crore to term deposits.

4.22 Conclusions

- ✦ 41755 Utilisation Certificates (UCs), amounting to ₹ 87,947.88 crore, and 27392 Detailed Contingent (DC) bills, amounting to ₹ 7,489.05 crore, were outstanding for submission. This indicated lack of internal controls in the administrative departments.
- ✦ The State Government had not discharged its liability of ₹ 74.02 crore, to provide and pay interest towards Interest-bearing Deposits, during 2022-23.
- ✦ The State Government had not fully reconciled expenditure (24.23 *per cent*) and receipts (17.11 *per cent*), during the financial year 2022-23.
- ✦ The State Government had provided budgetary support (equity, loans, guarantee, capital grants, and others) of ₹ 51,582.85 crore, to 17 functional SPSEs, one Statutory Corporation and 15 non-functional SPSEs, whose accounts had not been finalised up to 31 March 2023 (as on August 2023).
- ✦ There was an unreconciled difference of ₹ 612.28 crore (Debit), in the Cash Balance of the State Government, for the year 2022-23.
- ✦ The State Government had not disclosed its off-budget liabilities amounting to ₹ 686.77 crore, in the budget documents/annual financial statements.

4.23 Recommendations

The Finance Department may:

- ✦ Conduct a comprehensive review of all items appearing as receipt and expenditure under the minor head 800 and ensure that such receipts and expenditures are booked under the appropriate heads of Accounts, in consultation with the AG (A&E).
- ✦ Ensure that: (i) all controlling officers adjust AC bills pending beyond the prescribed period (ii) withdrawal of fund on AC bills is in the conformity with the rules/codal provisions and (iii) AC bills are not drawn merely to avoid lapse of budget.

CHAPTER V
STATE PUBLIC SECTOR ENTERPRISES
(SPSEs)

This chapter discusses the financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies (GCOCs). The impact of significant comments, issued as a result of supplementary audit of the Financial Statements of these State Public Sector Enterprises (SPSEs), conducted by the Comptroller and Auditor General (CAG) of India, for the year 2022-23 (or of earlier years which were finalised during the current year), has also been discussed.

5.1 Definition of Government Companies

A Government Company is defined in Section 2(45) of the Companies Act, 2013, as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company.

Besides, any other company¹ owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies.

5.2 Mandate of Audit

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG of India under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers, and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit of the company's financial statements. The statutes governing some Statutory Corporations require their accounts to be audited only by CAG.

5.3 SPSEs and their contribution to the GSDP of the State

SPSEs consist of State Government Companies and Statutory Corporations. SPSEs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2023, there were 76 SPSEs in Bihar, including three² Statutory Corporations, 69 Government Companies (including 39³ inactive government companies⁴) and four⁵ Government Controlled Other Companies (GCOCs) under the audit jurisdiction of the CAG. The

¹ Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014.

² Bihar State Warehousing Corporation, Bihar State Transport Corporation and Bihar State Financial Corporation.

³ There were 40 inactive SPSEs as on 31 March 2022. During the year 2022-23, one SPSE viz., Scada Agro Business & Industries Company Khagaul Limited has been strike off.

⁴ Inactive SPSEs are those which have ceased to carry out their operations.

⁵ Bhagalpur Smart City Limited, Muzaffarpur Smart City Limited, Bihar Sharif Smart City Limited and Patna Smart City Limited.

names of these SPSEs are given in **Appendix 5.1**. None of the SPSEs were listed on the stock exchange.

There are 39 inactive SPSEs (including five under liquidation) in the State. These inactive SPSEs have investment of ₹ 786.92 crore⁶, towards capital ₹ 196.71 crore (State Government: ₹ 156.15 crore and Others: ₹ 40.56 crore) and long-term loans ₹ 590.21 crore (State Government: ₹ 540.56 crore and Others: ₹ 49.65 crore). This is a critical area as the investments in inactive SPSEs do not contribute to the economic growth of the State.

As the 39 inactive SPSEs had remained inactive for more than five years, their actual contribution to the economy of the State of Bihar and their financial performance could not be ascertained and, hence, their contribution to the State exchequer was also not reported to the State Legislature. Therefore, a detailed analysis of the financial performance of only 37 working SPSEs has been covered in this Chapter and is discussed in the subsequent paragraphs.

The ratio of turnover of the SPSEs to the Gross State Domestic Product (GSDP) shows the extent of activities of the SPSEs in the State economy. Details of the turnover of 37 working SPSEs, are given in **Appendix 5.2**. The turnover of working SPSEs and GSDP, for a period of three years ending 31 March 2023, are given in **Table 5.1**.

Table 5.1: Details of turnover of 37 working SPSEs vis-à-vis GSDP of Bihar

(₹ in crore)

Particulars	2020-21	2021-22	2022-23
Turnover			
Power Sector SPSEs	18,056.98	22,226.47	21,948.47
Agriculture and Allied sector SPSEs	341.41	341.41	341.41
Other SPSEs	1,813.36	1,826.69	1,826.69
Total	20,211.75	24,394.57	24,116.57
GSDP of Bihar	5,67,263	6,50,302	7,51,396
Percentage of Turnover to GSDP of Bihar			
Power Sector SPSEs	3.18	3.42	2.92
Agriculture and Allied sector SPSEs	0.06	0.05	0.05
Other SPSEs	0.32	0.28	0.24
Total	3.56	3.75	3.21

(Source: Compilation based on Turnover figures as per latest finalised accounts of SPSEs and GSDP figures as per Economic and Statistical Organisation, Government of Bihar)

The contribution of 37 working SPSEs, to the GSDP of Bihar, reduced from 3.56 *per cent*, in 2020-21, to 3.21 *per cent*, in 2022-23. The contribution of Power sector SPSEs to the GSDP was 2.92 *per cent*, while Agriculture and Allied sector SPSEs contributed 0.05 *per cent*, in the year 2022-23.

Although contribution of the ‘Other’ sector SPSEs to the GSDP, was minimal (from 0.24 *per cent* to 0.32 *per cent*), they had staff of 4,356 employees (permanent/ on deputation/ employed on contract basis), including staff in district offices. As on 31 March 2023, State Government had investment of ₹ 1,889.51 crore (Equity: ₹ 846.65 crore and long-term loans: ₹ 1,042.86 crore) in these SPSEs. In

⁶ As per latest finalized accounts.

addition to this, ₹ 559.81 crore of Grants and Subsidies were provided to seven of these SPSEs, by GoB, during the period from 2020-21 to 2022-23.

5.4 Investment in SPSEs and Budgetary Support

5.4.1 Equity holding and Loans in SPSEs

The sector-wise total equity, equity contribution by State Government and long-term loans (including loans given by State Government), in 37 working SPSEs, as on 31 March 2023, is given in **Table 5.2**.

Table-5.2: Sector-wise investment in SPSEs

(₹ in crore)

Particulars	Investment ⁷					Percentage of Total Equity and Long-Term Loans (Sector-wise)
	Total Equity	State Government Equity	Total Long Term Loans	State Government Loans	Total Equity and Long Term Loans	
Power Sector SPSEs	41,231.18	40,866.33	13,835.06	1,363.76	55,066.24	91.92
Agriculture and Allied SPSEs	15.86	11.21	2,557.08	2,393.06	2,572.94	4.30
Other SPSEs	1,173.88	846.65	1,092.23	1,042.86	2,266.11	3.78
Total	42,420.92	41,724.19	17,484.37	4,799.68	59,905.29	100.00

(Source: Latest finalised accounts of the SPSEs)

Such investments were mainly concentrated in the power sector SPSEs, which had received as much as 91.92 *per cent* (₹ 55,066.24 crore), out of the total investment of ₹ 59,905.29 crore, as on 31 March 2023. The State Government share was 77.66 *per cent* (₹ 46,523.87 crore) of the total investment of ₹ 59,905.29 crore. Details of loans and advances given by the State Government to the SPSEs has also been given in **Paragraphs 2.5.1 and 4.14 of this Report**.

5.4.2 Disinvestment, Restructuring and Privatisation

During the year 2022-23, there was no case of disinvestment, restructuring and privatisation, of working, or inactive SPSEs.

5.5 Returns from SPSEs

5.5.1 Profit earned by SPSEs

The number of SPSEs⁸ that earned profit was 16 in 2022-23, as compared to 18 in 2020-21. The profit earned decreased to ₹ 317.65 crore in 2022-23, from ₹ 463.26 crore in 2020-21.

⁷ Investment includes equity and long-term loans.

⁸ Accounts received up to 31 July 2023.

The top three SPSEs, which contributed maximum profit, are summarised in **Table 5.3**.

Table 5.3: Top three SPSEs which contributed maximum profit

Name of SPSE	Net profit (₹ in crore)	Percentage of profit to total profit of SPSEs
Bihar State Power Transmission Company Limited	89.53	28.19
Bihar State Textbook Publishing Corporation Limited	62.68	19.73
Bihar State Road Development Company Limited	31.53	9.93
Total	183.74	57.84

(Source: Latest Financial Statements of SPSEs)

These three SPSEs alone had contributed as much as 57.84 *per cent* of the total profit (₹ 317.65 crore) earned by 16 SPSEs during 2022-23.

The net profit ratio⁹ of SPSEs is depicted in **Table 5.4**.

Table 5.4: Net Profit Ratio of SPSEs

Sector	Net Profit	Turnover	Net profit Ratio (in per cent)
Power Sector SPSEs	(-)2,243.96	21,948.47	-
Agriculture and Allied sector SPSEs	(-)329.55	341.41	-
Other SPSEs	43.42	1,826.69	2.38
Total	(-)2,530.09	24,116.57	-

5.5.2 Dividend paid by SPSEs

The Thirteenth Finance Commission had recommended (December 2009) that a minimum dividend of five *per cent* on Government equity should be paid by all enterprises. However, the State Government had not formulated any corresponding dividend policy for the SPSEs, to ensure that they would pay a minimum return of five *per cent*. The dividend paid by SPSEs is shown in **Table 5.5**.

Table 5.5: Dividend Payout by SPSEs

(₹ in crore)

Year	Particulars	No. of SPSEs which declared dividend	Paid Up Capital	Net Profit	Dividend Declared
1	2	3	4	5	6
2022-23	Power Sector SPSEs	-	-	-	-
	Agriculture and Allied sector \SPSEs	1	6.42	11.54	2.10
	Other SPSEs	3	43.50	65.39	319.05
Total		4	49.92	76.93	321.15

(Source: Latest Financial Statement of SPSEs)

⁹ $\text{Net profit} / \text{Turnover} \times 100$.

During 2022-23, out of 16 SPSEs which had earned profits, as per their latest finalised accounts, only four¹⁰ SPSEs had declared dividend, two¹¹ SPSEs had not earned enough profit to declare dividend and the remaining 10 SPSEs which had earned aggregate profit of ₹ 240.68 crore, had not declared/paid dividend.

5.6 Debt Servicing

5.6.1 Interest Coverage Ratio (ICR)

The interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the company is not generating sufficient revenues to meet its expenses on interest. Details of interest coverage ratio in SPSEs, which had interest burden, are given in Table 5.6.

Table 5.6: Interest coverage ratio of SPSEs

(₹ in crore)

Financial Year	Particulars	Interest	EBIT	Number of SPSEs*	Companies with ICR >1	Companies with ICR <1
2020-21	Power Sector SPSEs	494.46	(-)1,131.92	6	3	3
	Agriculture and Allied sector SPSEs	396.90	78.26	3	-	3
	Other SPSEs	19.49	7.69	5	-	5
	Total	910.85	(-)1,045.97	14	3	11
2021-22	Power Sector SPSEs	816.88	(-)917.96	6	3	3
	Agriculture and Allied sector SPSEs	396.90	78.26	3	-	3
	Other SPSEs	19.49	2.37	5	-	5
	Total	1,233.27	(-)837.33	14	3	11
2022-23	Power Sector SPSEs	799.53	(-)1,218.57	6	2	4
	Agriculture and Allied sector SPSEs	396.90	78.26	3	-	3
	Other SPSEs	19.49	(-)2.37	5	-	5
	Total	1,215.92	(-)1,137.94	14	2	12

(Source: Latest Financial Statement of SPSEs)

* SPSEs having liability of loans from Government, and other financial institutions

It was observed that, out of the six SPSEs pertaining to the power sector which had long term loans, the number of SPSEs having an interest coverage ratio of less than one, ranged between three to four, during the period from 2020-21 to 2022-23. All the three SPSEs pertaining to the Agriculture and Allied sector which had long term loans, had interest coverage ratio of less than one. This included two¹² SPSE which had not paid any interest during the period from 2020-21 to 2022-23. Further, out of five SPSEs

¹⁰ Bihar State Warehousing Corporation, Bihar Rajya Pul Nirman Nigam Limited, Bihar State Road Development Corporation Limited, and Bihar State Educational Infrastructure Development Corporation Limited.

¹¹ Patna Smart City Limited and Bihar Sharif Smart City Limited.

¹² Bihar State Warehousing Corporation and Bihar Rajya Beej Nigam Limited.

pertaining to ‘other’ sectors, the Patna Metro Rail Corporation was not required to pay interest on loan, whereas the remaining four SPSEs had an interest coverage ratio of less than one during the period from 2020-21 to 2022-23. Thus, these SPSEs were not generating sufficient revenues to meet their expenses on interest.

5.7 Financial performance of SPSEs

5.7.1 Return on Capital Employed

The Return on Capital Employed (RoCE) ratio measures a company’s profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company’s earnings before interest and taxes (EBIT) by the capital employed¹³. The details of RoCE of 37 working SPSEs, during the period from 2020-21 to 2022-23, are given in Table 5.7.

Table-5.7: Return on Capital Employed

(₹ in crore)

Year	Particulars	EBIT	Capital Employed	RoCE (in per cent)
2020-21	Power Sector SPSEs	(-)1,134.71	33,331.40	-
	Agriculture and Allied sector SPSEs	78.26	2,113.73	3.70
	Other SPSEs	239.20	(-)102.72	-
	Total	(-)817.25	35,342.41	-
2021-22	Power Sector SPSEs	(-)920.75	33,101.58	-
	Agriculture and Allied sector SPSEs	78.26	2,113.73	3.70
	Others SPSEs	251.71	1,043.49	24.12
	Total	(-)590.78	36,258.80	-
2022-23	Power Sector SPSEs	(-)1,221.36	33,005.91	-
	Agriculture and Allied sector SPSEs	78.26	2,113.73	3.70
	Others SPSEs	251.71	1,043.49	24.12
	Total	(-)891.39	36,163.13	-

(Source: Latest Financial Statement of working SPSEs)

It was observed that RoCE of power sector SPSEs had remained negative during the period from 2020-21 to 2022-23, mainly due to losses incurred by the two SPSEs, viz. South Bihar Power Distribution Company Limited and North Bihar Power Distribution Company Limited. Though there had been minimal increase in the EBIT of SPSEs, pertaining to the ‘other’ sector during the period, from 2020-21 to 2022-23, the negative RoCE had turned positive and had increased to 24.12 per cent during the year 2021-22 and 2022-23, mainly due to increase in amount of capital employed of Patna Metro Rail Corporation (from ₹ 429.59 crore, in 2020-21, to ₹ 1,534.68 crore, in 2021-22).

5.7.2 Return on Equity by SPSEs

Return on Equity (RoE) is a measure of financial performance that assesses how effectively a company’s assets are being used to create profits. RoE is calculated by dividing the net income (i.e. net profit after taxes) by the shareholder’s fund. It is

¹³ Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure.

expressed as a percentage and can be calculated for any company, if the net income and shareholders fund are both positive numbers.

The Return on Equity¹⁴ (RoE) of the profit earning 16 working SPSEs stood at 2.89 *per cent* in 2022-23. The RoE in all the 36¹⁵ working SPSEs including 15 loss making SPSEs and five¹⁶ SPSEs which had nil profit / loss, was negative, in 2022-23.

The Shareholder's fund is calculated by adding the paid-up capital and free reserves and reducing the net accumulated losses and deferred revenue expenditure. It reveals how much would be left for a company's shareholders if all its assets were sold and all debts paid. A positive shareholder's fund reveals that the company has enough assets to cover its liabilities, while negative shareholder equity implies that liabilities exceed assets.

The details of Shareholders' Fund and RoE, relating to 37 working SPSEs, are given in Table 5.8.

Table 5.8: Return on Equity relating to SPSEs

Financial Year	Particulars	Net Income (₹ in crore)	Shareholders' Fund (₹ in crore)	RoE (Percentage)
2020-21	Power Sector SPSEs	(-)1,723.93	20,213.52	-
	Agriculture and Allied sector SPSEs	(-)329.55	(-)443.35	-
	Others SPSEs	33.70	(-)387.50	-
	Total	(-)2,019.78	19,382.67	-
2021-22	Power Sector SPSEs	(-)2,011.81	19,235.82	-
	Agriculture and Allied sector SPSEs	(-)329.55	(-)443.35	-
	Others SPSEs	43.42	(-)48.74	-
	Total	(-)2,297.94	18,743.73	-
2022-23	Power Sector SPSEs	(-)2,243.96	19,170.85	-
	Agriculture and Allied sector SPSES	(-)329.55	(-)443.35	-
	Others SPSEs	43.42	(-)48.74	-
	Total	(-)2,530.09	18,678.76	-

(Source: Latest finalised accounts of SPSEs)

During the period from 2020-21 to 2022-23, RoE of all the sectors had not been calculated, as the net income of the major number of SPSEs had remained negative, mainly due to heavy losses incurred by two¹⁷ SPSEs in the Power sector, one¹⁸ SPSE in the Agriculture and Allied sector and one¹⁹ SPSE in the 'other' sector.

¹⁴ Return on equity= (Net Profit after Tax/ Shareholder's Equity) × 100 (where Shareholder's equity= paid up capital + free reserves -accumulated losses- deferred revenue expenditure).

¹⁵ Excluding one SPSE i.e., Bihar Forestry Development Corporation Limited which operates on no profit/loss basis.

¹⁶ Bihar State Power (Holding) Company Limited, Pirpainti Bijlee Company Private Limited, Lakhisarai Bijlee Company Private Limited, Bhagalpur Smart City Limited, and Muzaffarpur Smart City Limited.

¹⁷ South Bihar Power Distribution Company Limited and North Bihar Power Distribution Company Limited.

¹⁸ Bihar State Food & Civil Supplies Corporation Limited.

¹⁹ Bihar State Road Transport Corporation.

5.7.3 Rate of Return on the basis of Present Value (PV) of Investment

In order to bring the historical cost of investment to its present value at the end of each year up to 31 March 2023, the past investments/ year-wise funds, infused by the State Government, in the SPSEs, have been compounded at the year-wise average rate of interest on Government borrowings, which is considered as the minimum cost of funds to the Government for the concerned year. Therefore, the PV of the State Government investment was computed, where funds had been infused by the State Government in the shape of equity, interest free loans and grants/subsidies for operational and management expenses, if any, less disinvestments since the inception of these Companies, till 31 March 2023.

The PV of the State Government investment in SPSEs was computed on the basis of following assumptions:

- ✦ Interest-free loans have been considered as investment infusion by the State Government, as no amount of interest-free loans have been repaid by the SPSEs. Further, in those cases where interest-free loans given to the SPSEs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest-free loans and added to the equity of that year.
- ✦ The average rate of interest on Government borrowings, for the concerned financial year, was adopted as the compounded rate for arriving at the PV, since it represents the cost incurred by the Government towards investment of funds for the year and is, therefore, considered as the minimum expected rate of return on investments made by the Government.

The SPSE-wise position of State Government investment, in the 35²⁰ working SPSEs, in the form of equity and interest-free loans, on historical cost basis, for the period from 2011-12 to 2022-23, is given in **Appendix 5.3**. The consolidated position of the PV of the State Government investment and the total earnings relating to 35 working SPSEs for the same period, is indicated in **Table 5.9**.

²⁰ Including four subsidiary SPSEs viz., Bihar State Power Transmission Company Limited (BSPTCL), Bihar State Power Generation Company Limited (BSPGCL), South Bihar Power Distribution Company Limited (SBPDCL), North Bihar Power Distribution Company Limited (NBPDCCL) and one joint venture SPSE viz., Bihar Grid Company Limited (BGCL) of Bihar State Power (Holding) Company Limited (BSP(H)CL) which receives equity from GoB through its holding Company. It excludes two SPSEs viz., Pirpainti Bijlee Company Private Limited, and Lakhisarai Bijlee Company Private Limited which are subsidiary SPSEs of Bihar State Power Generation Company Limited.

Table 5.9: Year-wise details of investment by the State Government and its present value (PV) of Government investment for the period from 2011-12 to 2022-23*(₹ in crore)*

Year	PV of total investment at the beginning of the year	Equity infused during the year	Interest free loans given during the year	Grants/ subsidies given for operational and management expenses	Total investment during the year	Total investment at the end of the year	Average rate of interest on borrowings (in per cent)	PV of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earning for the year
i	ii	iii	iv	v	vi= (iii+iv+v)	vii = (ii + vi)	viii	ix= {vii× (1+viii/100)}	x= ix-vii	xi
Up to 2011-12	343.09 ²¹	0.00	0.00	0.00	0.00	343.09	6.35	364.88	21.79	0.00
2012-13	364.88	8,929.90 ²²	0.00	0.00	8,929.90	9,294.78	5.79	9,832.94	538.17	(-)104.75
2013-14	9,832.94	0.10	0.00	0.00	0.10	9,273.09	6.68	9,892.53	619.44	37.18
2014-15	9,892.53	1,475.00	77.00	0.00	1,552.00	10,825.09	6.59	11,538.46	713.37	(-)32.88
2015-16	11,538.46	5,469.59	0.00	0.00	5,469.59	16,294.68	6.58	17,366.87	1,072.19	(-)599.47
2016-17	17,366.87	5,272.38	87.04	0.00	5,359.42	21,654.10	6.42	23,044.29	1,390.19	(-)1642.58
2017-18	23,044.29	9,015.57	0.00	2.50	9,018.07	30,672.17	6.13	32,552.37	1,880.20	(-)7636.25
2018-19	32,552.37	5,119.65	13.96	5.00	5,138.61	35,810.78	6.18	38,023.89	2,213.11	(-)2324.37
2019-20	38,023.89	3,139.25	0.00	7.65	3,146.90	38,957.68	5.68	41,170.48	2,212.80	(-)2500.51
2020-21	41,170.48	1,278.91	0.00	8.33	1,287.24	40,244.92	5.94	42,635.47	2,390.55	(-)2,019.78
2021-22	42,635.47	1,696.83	808.08	7.00	2,511.91	42,756.83	5.70	45,193.97	2,437.14	(-)2,297.94
2022-23	45,193.97	11.60	0.00	0.00	11.60	42,768.43	5.51	45,124.97	2,356.54	(-)2,530.09
Total		41,408.78	986.08	30.48	42,425.34					

The balance of investment by the State Government, in the SPSEs, at the end of the year, increased to ₹ 42,768.43 crore, in 2022-23, from ₹ 9,294.78 crore at the end of 2011-12. The State Government made further investments in the form of equity (₹ 41,408.78 crore), interest-free loans (₹ 986.08 crore) and grants/subsidies for operational and management expenses (₹ 30.48 crore), during the period 2012-13 to 2022-23, in these SPSEs. The PV of funds infused by the State Government, up to 31 March 2023, amounted to ₹ 45,124.97 crore. During all the years from 2012-13 to 2022-23, except 2013-14, the total earnings remained below the minimum return expected to recover the cost of funds infused in these SPSEs.

5.8 SPSEs incurring losses

5.8.1 Losses incurred

There were 15 working SPSEs that had incurred losses, as per their latest finalised accounts, during the year 2022-23. As per their latest finalised accounts, the

²¹ The figure includes investment in the form of equity of ₹ 315.41 crore and interest free loans of ₹ 27.68 crore on historical cost basis in 35 SPSEs by Government of Bihar upto 2011-12.

²² This represents the equity of BSP(H)CL, created out of transfer of assets and liabilities on unbundling of the erstwhile Bihar State Electricity Board, which was subsequently allocated to its four subsidiary SPSEs, viz. BSPGCL, BSPTCL, NBPCL and SBPDCL.

losses incurred by these SPSEs had increased to ₹ 2,847.74 crore in 2022-23, from ₹ 2,483.04 crore in 2020-21, as shown in **Table 5.10**.

Table 5.10: Losses incurred by SPSEs during 2020-21 to 2022-23

(₹ in crore)

Financial Year	Particulars	No. of loss making SPSEs	Net loss for the year	Accumulated loss	Net Worth ²³
2020-21	Power Sector SPSEs	4	(-)1,970.15	21,079.22	8,747.55
	Agriculture and Allied SPSEs	1	(-)348.83	461.87	(-)456.48
	Other SPSEs	8	(-)164.06	2,791.03	(-)2,426.32
	Total	13	(-)2,483.04	24,332.12	5,864.75
2021-22	Power Sector SPSEs	4	(-)2,245.31	23,739.00	7,284.02
	Agriculture and Allied SPSEs	1	(-)348.83	461.87	(-)456.48
	Other SPSEs	9	(-)165.42	2,791.03	(-)1,699.73
	Total	14	(-)2,759.56	26,991.90	5,127.81
2022-23	Power Sector SPSEs	5	(-)2,333.49	23,739.00	8,243.21
	Agriculture and Allied SPSEs	1	(-)348.83	461.87	(-)456.48
	Other SPSEs	9	(-)165.42	2,791.03	(-)1,699.73
	Total	15	(-)2,847.74	26,991.90	6,087.00

(Source: As per latest finalised accounts of SPSEs)

In 2022-23, out of the total loss of ₹ 2,847.74 crore incurred by 15 SPSEs, loss of ₹ 2,798.28 crore had been incurred by five SPSEs²⁴ only.

In power sector two SPSEs viz., South Bihar Power Distribution Company Limited and North Bihar Power Distribution Company Limited had incurred losses mainly due to increase in power purchase cost and other operational costs whereas the revenue has not increased in that proportion. Bihar Grid Company Limited had incurred losses during the current financial year only. The Company has incurred losses due to adjustment of tariff rates pertaining to the earlier years. Bihar State Hydroelectric Power Corporation Limited has incurred losses mainly due to charging of finance cost of ₹ 26.11 crore. In Agriculture and allied Sector, Bihar State Food and Civil Supplies Corporation Limited has incurred losses of ₹ 348.83 crore due to increase in borrowings, which in turn, resulted in increase of finance cost by ₹ 351.21 crore. In other sector, major losses were incurred by Bihar State Road Transport Corporation (₹144.10 crore), mainly due to making provision for interest on loans given by the State Government, which amounted to ₹ 144.20 crore.

The total investment in these 15 loss making SPSEs, as per their latest finalised accounts was ₹ 46,325.17²⁵ crore. Out of these 15 SPSEs ₹ 41,908.65 crore (90.47 per cent of the total investment) had been invested in five power sector SPSEs which incurred

²³ Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits but do not include reserves created out of revaluation of assets and write-back of depreciation provision.

²⁴ South Bihar Power Distribution Company Limited, North Bihar Power Distribution Company Limited, Bihar Grid Company Limited (Power sector); Bihar State Food and Civil Supplies Corporation Limited (Agriculture and Allied sector) and Bihar State Road Transport Corporation (other sector).

²⁵ Equity: ₹ 32,695.16 crore and Long term borrowings: ₹ 13,630.01 crore.

81.94 per cent of the total losses. Further, 12.25 per cent of the total losses were incurred by the Bihar State Food and Civil Supply Corporation Limited in which the State Government had invested ₹ 2,325.80 crore in the form of equity /loans.

5.8.2 Erosion of Capital in SPSEs

As on 31 March 2023, there were 14 SPSEs, with accumulated losses of ₹ 27,037.44 crore (*Appendix 5.4*). Of these, 10 SPSEs had incurred losses amounting to ₹ 2,754.67 crore, as per their latest finalised accounts. The net worth of 10 out of these 14 SPSEs had been completely eroded by accumulated losses and their net worth was either zero or negative. The net worth of these 10 SPSEs was (-) ₹ 3,210.48 crore, against equity investment of ₹ 303.50 crore, as on 31 March 2023. Out of 10 SPSEs, whose capital had eroded, two²⁶ had earned profit of ₹ 7.75 crore and two²⁷ SPSEs had nil profit/ loss during 2022-23. Out of these 10 SPSEs, there were five SPSEs with outstanding Government loans of ₹ 3,631.13 crore, as on 31 March 2023, as detailed in **Table 5.11**.

Table 5.11: Details of SPSEs whose net worth has eroded, as per their latest finalised accounts

(₹ in crore)

Sl. No.	Name of SPSE	Latest year up to which accounts have been finalised	Total Paid up capital	Net profit (+)/ (-) After Interest and Tax	Accumulated Losses	Net worth	Period since Net Worth has remained negative	State Government Equity as on 31 March 2023	State Government Loans (as on 31 March 2023)
1	Bihar State Hydroelectric Power Corporation Limited	2015-16	99.04	(-)25.35	228.31	(-)129.27	2010-11	68.34	1,009.10
2	Pirpainti Bijlee Company Private Limited	2019-20	0.01	0.00	0.04	(-)0.03	2015-16	0	0.00
3	Lakhisarai Bijlee Company Private Limited	2019-20	0.01	0.00	0.04	(-)0.03	2015-16	0	0.00
4	Bihar State Food and Civil Supplies Corporation Limited	2013-14	5.39	(-)348.83	461.87	(-)456.48	1980-81	5.39	2,320.41
5	Bihar Rajya Beej Nigam Limited	2012-13	3.71	7.74	45.30	(-)41.59	1992-93	2.27	72.65
6	Bihar State Credit and Investment Corporation Limited	2017-18	15.12	(-)0.13	95.22	(-)80.10	1995-96	15.12	0.00

²⁶ Bihar Rajya Beej Nigam (₹ 7.74 crore) and Patna Smart City Limited (₹ 0.01 crore).

²⁷ Pirpainti Bijlee Company Private Limited and Lakhisarai Bijlee Company Private Limited had not commenced their operation even after lapse of 10 years of their inception.

Sl. No.	Name of SPSE	Latest year up to which accounts have been finalised	Total Paid up capital	Net profit (+)/ (-) After Interest and Tax	Accumulated Losses	Net worth	Period since Net Worth has remained negative	State Government Equity as on 31 March 2023	State Government Loans (as on 31 March 2023)
7	Bihar State Film Development and Finance Corporation Limited	2019-20	1.00	(-)0.26	2.32	(-)1.32	2014-15	1.00	0.50
8	Bihar State Financial Corporation	2020-21	77.84	(-)13.00	506.28	(-)428.44	1998-99	39.95	228.47
9	Patna Smart City Limited	2018-19	0.10	0.01	0.16	(-)0.06	2017-18	0.05	0.00
10	Bihar State Road Transport Corporation	2018-19	101.28	(-)144.10	2,174.44	(-)2,073.16	1995-96	74.76	0.00
Grand Total			303.50	(-)523.92	3,513.98	(-)3,210.48		206.88	3,631.13

(Source: Based on latest finalised accounts of SPSEs)

The main source of receipts of these SPSEs were operational income, revenue grants²⁸, interest income and other miscellaneous receipts. Out of these 10 SPSEs, net worth amounting to ₹ 3,209.04 crore had been eroded in six SPSEs. In these six SPSEs, four²⁹ had incurred losses mainly due to finance cost on large amount of borrowings taken from the State Government/other financial institutions. One SPSE viz., Bihar State Credit and Investment Corporation Limited had incurred losses continuously as the revenue from operations remained nil. Although, the Bihar Rajya Beej Nigam Limited had accumulated losses, it had earned profit in recent years.

5.9 Audit of State Public Sector Enterprises

CAG appoints the statutory auditors of a Government Company and Government Controlled Other Company, under Sections 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the Legislature.

5.10 Appointment of statutory auditors of State Public Sector Enterprises by CAG

Section 139 (5) of the Companies Act, 2013, provides that the statutory auditors, in case of a Government Company or Government Controlled Other Company, are to be appointed by the CAG, within a period of 180 days from the commencement of the financial year.

²⁸ Bihar State Road Transport Corporation received revenue grant of ₹ 127.34 crore.

²⁹ Bihar State Food and Civil Supplies Corporation Limited (₹ 398.52 crore), Bihar State Road Transport Corporation (₹ 144.20 crore), Bihar State Hydroelectric Power Corporation Limited (₹ 26.11 crore) and Bihar State Financial Corporation (₹ 17.89 crore).

Out of the total 27³⁰ working SPSEs, the accounts of which were in arrears for the years 2021-22 and earlier years, the statutory auditors of 21 working SPSEs, for the year 2021-22, had been appointed by the CAG, whereas, statutory auditors for the year 2021-22, for the remaining six working SPSEs and 33³¹ inactive SPSEs, could not be appointed, since they had arrears of accounts, ranging from three to 19 years and seven to 45 years, respectively.

5.11 Submission of accounts by State Public Sector Enterprises

5.11.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, an Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting³² (AGM). As soon as may be after such preparation, the Annual Report must be laid before Legislature, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary Legislative control over the utilisation of public funds invested in the Companies from the Consolidated Fund of State.

Section 96 of the Companies Act, 2013, requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013, stipulates that the audited Financial Statements, for the financial year, have to be placed in the said AGM, for its consideration.

Section 129 (7) of the Companies Act, 2013, also provides for levy of penalties like fines and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

The annual accounts of various SPSEs were pending, as on July 2023, as detailed in the following paragraph.

5.11.2 Timeliness in preparation of accounts by SPSEs

As of 31 March 2023, there were 73 SPSEs³³ (34 working and 39 inactive) under the purview of CAG's audit. Of these, accounts for the year 2021-22 were due from all the 68 SPSEs, excluding five SPSEs, which are under liquidation. However, only nine SPSEs had submitted their accounts for the year 2021-22, for audit by CAG, by

³⁰ Excluding nine SPSEs who has submitted its accounts for the year 2021-22, one Statutory Corporation viz., BSRTC for which C&AG is the sole auditor and one Statutory corporation viz., Bihar State Financial Corporation whose auditor is not appointed by the C&AG.

³¹ Excluding one SPSE who had submitted its accounts for the year 2021-22 and five SPSEs which are under liquidation.

³² In case of the first AGM, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case within a period of six months, from the date of closing of the financial year i.e., 30 September.

³³ Excluding three Statutory Corporations as discussed in paragraph 5.11.3.

31 July 2023. 1,133³⁴ accounts of 59 SPSEs (26 working and 33 inactive), were in arrears, as detailed in **Appendix 5.5**, for various reasons. Details of arrears, in submission of accounts of SPSEs, are given in **Table 5.12**.

Table-5.12: Details of arrears in submission of accounts

Particulars		SPSEs	Number of Accounts
Total number of Companies under the purview of CAG's audit as on 31.03.2023		73	--
Less: New Companies from which accounts for 2021-22 were not due		0	0
Number of companies from which accounts for 2021-22 were due		68	68
Number of companies which presented the accounts for the year 2021-22 for CAG audit by 31 July 2023		09	09
Number of accounts in arrears		59 ³⁵	1,133
Break up of Arrears	(i) Under Liquidation ³⁶	05	--
	(ii) Inactive	33	1,027
	(iii) Others (Working)	26	106
Age-wise analysis of arrears against 'Others' category	One year (2021-22)	05	05
	Two years (2020-21 and 2021-22)	06	12
	Three years and more	15	89

(Source: Compiled on the basis of annual accounts received in the office of Accountant General (Audit), Bihar)

5.11.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of three³⁷ statutory corporations is conducted by the CAG. Out of these, CAG is the sole auditor for one Statutory Corporation, i.e., Bihar State Road Transport Corporation. No Statutory Corporation presented the accounts for the year 2021-22 for audit before 31 July 2023. As on 31 July 2023, seven accounts of three Statutory Corporations were pending.

5.12 CAG's oversight–Audit of accounts and Supplementary Audit of Government Companies

5.12.1 Financial reporting framework

Companies are required to prepare their Financial Statements in the format laid down in Schedule III to the Companies Act, 2013, and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, renamed as the National Financial Reporting Authority³⁸. Statutory Corporations are required to prepare their accounts in the format prescribed under the rules framed in consultation with the CAG and any other specific provisions relating to accounts, in the Acts governing such Corporations.

³⁴ 106 accounts of 26 working SPSEs and 1,027 accounts of 33 inactive SPSEs.

³⁵ Excluding Five SPSEs, which are under liquidation.

³⁶ The number of arrear of accounts w.r.t. SPSEs under liquidation is considered as Nil.

³⁷ Bihar State Road Transport Corporation, Bihar State Warehousing Corporation and Bihar State Financial Corporation.

³⁸ Effective from 01 October 2018.

5.12.2 Audit of accounts of Government Companies by Statutory Auditors

The statutory auditors, appointed by the CAG, under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their reports thereon, in accordance with Section 143 of the Companies Act, 2013.

CAG plays an oversight role, by monitoring the performance of the statutory auditors in audit of public sector undertakings, with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power to:

- ✦ issue directions to the statutory auditors, under Section 143 (5) of the Companies Act, 2013; and
- ✦ supplement or comment upon the statutory auditor's report, under Section 143 (6) of the Companies Act, 2013.

5.12.3 Supplementary Audit of accounts of Government Companies

The primary responsibility for preparation of Financial Statements, in accordance with the financial reporting framework prescribed under the Companies Act, 2013, or other relevant Act, is of the management of an entity.

The statutory auditors, appointed by the CAG, under Section 139 of the Companies Act, 2013, are responsible for expressing an opinion on the Financial Statements, under Section 143 of the Companies Act, 2013, based on independent audit, in accordance with the Standard Auditing Practices of the Institute of Chartered Accountants of India and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG, under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies, along with the reports of the statutory auditors, are reviewed by CAG, by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013, to be placed before the AGM.

5.13 Results of CAG's oversight role

5.13.1 Audit of accounts of SPSEs

Fifty-four Financial Statements, for the year 2022-23 and previous years, were received from 29 SPSEs, from August 2022 to 31 July 2023. 42 Financial Statements of 24 SPSEs were reviewed in audit and Non-Review Certificate was issued for the twelve³⁹ accounts of six SPSEs. Results of the review are detailed below:

5.13.2 Amendment of Financial Statements

During 2022-23, there were no cases of SPSEs amending their Financial Statements, as a result of audit conducted by CAG, before laying the same in the AGM.

³⁹ Including two accounts related to the Muzaffarpur Smart City Ltd., wherein non-review certificate was under process.

5.13.3 Revision of Auditors Report

During 2022-23, there were no cases of revision of statutory auditors' report, as a result of supplementary audit of the Financial Statements conducted by the CAG.

5.13.4 Impact of comments

The financial impact of significant comments, issued during August 2022 to July 2023, on the Financial Statements of SPSEs, was ₹ 568.65 crore on profitability and ₹ 4,154.13 crore on the financial position.

5.14 Conclusions

- ✦ As on 31 March 2023, there were 76 SPSEs, including three Statutory Corporations. Out of 76 SPSEs, there are 39 inactive SPSEs.
- ✦ The SPSEs had not adhered to the prescribed timelines regarding submission of their Financial Statements. There were 1,140 accounts of 62 SPSEs, in arrears.
- ✦ Out of the total profit of ₹ 317.65 crore earned by 16 SPSEs, 57.84 *per cent* was contributed by three SPSEs. Out of the total loss of ₹ 2,847.74 crore incurred by 15 SPSEs, loss of ₹ 2,798.28 crore was incurred by just five SPSEs, viz. South Bihar Power Distribution Company Limited, North Bihar Power Distribution Company Limited, Bihar Grid Company Limited, Bihar State Food and Civil Supplies Corporation Limited and Bihar State Road Transport Corporation.
- ✦ Out of 16 SPSEs which had earned profits, as per their latest finalised accounts, only four SPSEs had declared dividend. Two SPSEs did not earn enough profit to declare dividend and the remaining 10 SPSEs, which had earned aggregate profit of ₹ 240.68 crore, had not declared/paid dividend.

5.15 Recommendations

Audit recommends that:

- ✦ State Government may impress upon the managements of SPSEs to ensure timely submission of their Financial Statements. As many as 1,140 accounts of 62 SPSEs were in arrears, in the absence of finalised accounts, Government investments in such SPSEs remain outside the oversight of the State Legislature.
- ✦ The 39 inactive SPSEs are neither contributing to State economy, nor meeting the intended objectives. Out of these 39 SPSEs, five SPSEs have been under the process of liquidation for more than 10 years. The State Government needs to take a policy decision regarding commencement of liquidation process in regard to the remaining 34 inactive SPSEs.


- ✦ Out of the 16 SPSEs which had earned profits, as per their latest finalised accounts, only four SPSEs had declared dividend. The State Government may formulate a dividend policy for the SPSEs.
- ✦ The State Government may analyse the reasons of losses in SPSEs whose net worth has been eroded and initiate steps to make their operations efficient and profitable.

Patna
The 09 May 2024


(RAJ KUMAR)
Principal Accountant General (Audit), Bihar

COUNTERSIGNED

New Delhi
The 13 May 2024


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

APPENDICES

Appendix- 1.1

(Reference: Paragraph 1.1)

Profile of the State

A. General Data

Sl. No.	Particulars (as per demographic indicator 2022-23)	Figures
1	Area	94,163 Sq. KM.
2	Population (as per 2023)	12.68 crore
3	Density of population (All India density = 422 persons per Sq. Km (General indicator 2021-22))	1,346
4	Population Below Poverty Line (BPL) (All India average = 21.92 per cent)	33.74
5	Literacy (as per 2011 Census) (All India Average = 73.00 per cent)	61.8
6	Infant mortality (per 1,000 live births) (All India average = 28 per 1,000 live births)	27
7	Life Expectancy at birth (All India average = 70 years)	69.5
8	Gross State Domestic Product (GSDP) 2022-23 at current prices (₹ in crore)	7,51,396
9	Per capita GSDP CAGR (2012-13 to 2022-23)	Bihar
		General Category States
10	CAGR (2012-13 to 2022-23) of GSDP	Bihar
		General Category States
11	Population growth (2012 to 2023)	Bihar
		General Category States

B. Financial data

Figures in per cent

Sl. No.	Particulars	2013-14 to 2016-17		2021-22 to 2022-23	
		General Category States	Bihar	General Category States	Bihar
a.	of Revenue Receipts	14.30	15.28	13.41	8.75
b.	of Own Tax Revenue	8.51	5.95	19.78	26.29
c.	of Non-Tax Revenue	8.62	15.89	12.94	3.78
d.	of Total Expenditure	17.18	16.46	12.53	17.99
e.	of Capital Expenditure	21.84	24.79	14.18	33.12
f.	of Revenue Expenditure on Education	12.20	10.16	13.21	22.82
g.	of Revenue Expenditure on Health	18.84	29.81	0.88	(-) 11.85
h.	of Salaries and Wages	11.04	4.17	8.52	5.49
i.	of Pension	11.71	9.83	11.38	14.07

(Source: MoSPI and Economic advisor of CAG)

Appendix- 1.2		
(Reference: Paragraph 1.3.2)		
Summarised financial position of the Government of Bihar, as on 31 March 2023		
<i>(₹ in crore)</i>		
LIABILITIES	As on 31.03.2022	As on 31.03.2023
Internal Debt	1,82,855.32	2,08,098.10
Market Loans bearing interest	1,56,575.00	1,84,275.00
Market Loans not bearing interest	0.11	0.11
Bonds	2,195.25	1,962.07
Loans from Financial Institutions	10,111.91	9,776.22
Special securities issued to National Small Savings Fund	13,965.60	12,077.25
Other Loans	7.45	7.45
Ways and Means Advances from Reserve Bank of India	0.00	0.00
Loans and Advances from Central Government	26,057.96	34,747.63
Non-Plan Loans	0.58	0.58
Loans for State Plan Schemes	191.29	191.29
Pre 1984-85 Loans	3.91	3.91
Other loans for State	25,862.18	34,551.85
Contingency Fund	350.00	350.00
Small Savings, Provident Funds, etc.	9,521.65	9,396.88
Deposits	38,033.80	38,437.96
Reserve Funds	6,781.61	9,654.72
Suspense and Miscellaneous Balances	207.48	171.31
Remittance Balances	0.00	0.00
Inter State Settlement	74.01	74.01
Cumulative excess of Receipts over expenditure (Surplus on Government Accounts)	65,149.91	53,861.71
TOTAL	3,29,031.74	3,54,792.32
ASSETS		
Gross Capital Outlay on Fixed Assets	2,59,366.21	2,90,886.03
Investments in shares of Companies, Corporations, etc.	35,436.02	39,024.62
Other Capital Expenditure	2,23,930.19	2,51,861.41
Loans and Advances -	23,194.36	25,209.64
Loans for Power Projects	15,943.10	16,034.13
Other Development Loans	7,140.98	9,060.25
Loans to Government servants and miscellaneous loans	110.28	115.26
Civil Advances	249.96	249.96
Remittance Balances	1,125.96	1,125.96
Cash	29,478.66	22,903.95
Cash in Treasuries and local remittances	0.00	0.00
Departmental Balance	234.65	234.65
Permanent Imprest	762.40	765.46
Cash Balance Investments	22,070.25	14,069.82
Deposits with Reserve Bank of India	671.24	805.90
Investments from Earmarked Funds	5,740.12	7,028.12
Suspense and Miscellaneous Balances	15,616.59	14,416.78
TOTAL	3,29,031.74	3,54,792.32

(Source: Finance Accounts of respective years)

Appendix- 2.1

(Reference: Paragraph 2.3)

Time series data on the State Government's Finances

(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23
Part A Receipts					
1. Revenue Receipts	1,31,794	1,24,233	1,28,168	1,58,798	1,72,688
(i) Own Tax Revenue	29,408 (22)	30,158 (24)	30,342 (24)	34,855 (22)	44,018 (25)
Taxes on Sales, Trade, etc.	6,584 (23)	6,121 (20)	6,032 (20)	6,872 (20)	9,881 (22)
State Excise	(-)10 (0)	(-) 4.00 (0)	(-)4 (0)	(-) 1 (0)	1 (0)
Taxes on Vehicles	2,086 (7)	2,713 (9)	2,268 (7)	2,475 (7)	2,936 (7)
Stamps and Registration fees	4,189 (14)	4,661 (16)	4,206 (14)	5,224 (15)	6,451 (15)
Land Revenue	477 (2)	275 (1)	302 (1)	284 (1)	361 (1)
Taxes on Goods and Passengers	399 (1)	23 (0)	6 (0)	0 (0)	1 (0)
SGST	15,288 (52)	1,5800 (52)	16,050 (53)	19,264 (55)	23,243 (53)
Other Taxes	395 (1)	568 (2)	1,482 (5)	737 (2)	1,144 (3)
(ii) Non-Tax Revenue	4,131 (3)	3,700 (3)	6,201 (5)	3,984 (2)	4,135 (2)
(iii) State's share of Union taxes and duties	73,603 (56)	63,406 (51)	59,861 (47)	91,353 (58)	95,510 (55)
(iv) Grants from Government of India	24,652 (19)	26,969 (22)	31,764 (25)	28,606 (18)	29,025 (17)
2. Miscellaneous Capital Receipts	0	0	0	0	0
3. Recoveries of Loans and Advances	1825	30	820	28	41
4. Total Revenue and Non-debt capital receipts (1+2+3)	1,33,619	1,24,263	1,28,988	1,58,826	1,72,729
5. Public Debt Receipts	18,668	29,145	35,915	40,445	48,284
Internal Debt (excluding Ways and Means Advances and Overdrafts)	16,134	27,866	29,412	30,918	38,129
Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-
Loans and Advances from Government of India	2,534	1,279	6,503	9,527	10,155
6. Inter- State Settlement	-	-	-	-	-

	2018-19	2019-20	2020-21	2021-22	2022-23
7. Total Receipts in the Consolidated Fund (4+5+6)	1,52,287	1,53,408	1,64,903	1,99,271	2,21,013
8. Contingency Fund Receipts	-	-	-	-	-
9. Public Account Receipts	68,259	1,94,512	2,17,837	2,46,840	2,72,287
10. Total Receipts of the State (7+8+9)	2,20,546	3,47,920	3,82,740	4,46,111	4,93,300
Part B. Expenditure/Disbursement					
11. Revenue Expenditure	1,24,897	1,26,017	1,39,493	1,59,220	1,83,976
Schemes	47,365 (38)	44,576 (35)	44,201 (32)	58,487 (37)	71,730 (39)
Establishment and committed	77,532 (62)	81,441 (65)	95,292 (68)	1,00,733 (63)	1,12,246 (61)
General Services (including interest payments)	38,691 (31)	41,628 (33)	46,239 (33)	48,939 (31)	56,029 (30)
Social Services	58,284 (47)	57,816 (46)	63,807 (46)	76,115 (48)	88,349 (48)
Economic Services	27,918 (22)	26,571 (21)	29,445 (21)	34,165 (21)	39,598 (22)
Grants-in-aid and contributions	4	2	2	1	0.11
12. Capital Outlay	21,058	12,304	18,209	23,678	31,520
Schemes	20,999 (100)	12,253 (100)	18,194 (100)	23,650 (100)	31,496 (100)
Establishment and committed	59 (0)	51 (0)	15 (0)	28 (0)	24 (0)
General Services	3,311 (16)	2,388 (19)	1,387 (8)	3,507 (15)	3,255 (10)
Social Services	4,061 (19)	2,803 (23)	6,331 (35)	5,154 (22)	5,967 (19)
Economic Services	13,686 (65)	7,113 (58)	10,491 (57)	15,017 (63)	22,298 (71)
13. Disbursement of Loans and Advances	1,470	666	1,114	1,479	2,057
14. Total (11+12+13)	1,47,425	1,38,987	1,58,816	1,84,377	2,17,553
15. Repayments of Public Debt	7,230	7,110	6,880	8,746	14,351
Internal Debt (excluding Ways and Means Advances and Overdrafts)	6,300	6,143	5,937	7,619	12,886
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loan and Advances from Government of India	930	967	943	1,127	1,465
16. Appropriation to Contingency Fund	-	-	-	-	-
17. Inter State settlement	-	-	-	-	-
18. Total disbursements out of the Consolidated Fund (14+15+16+17)	1,54,655	1,46,097	1,65,696	1,93,123	2,31,904

	2018-19	2019-20	2020-21	2021-22	2022-23
19. Contingency Fund disbursements	-	-	-	-	-
20. Public Account disbursements	67,135	1,97,747	2,17,092	2,48,373	2,67,970
21. Total disbursement by the State (18+19+20)	2,21,790	3,43,844	3,82,788	4,41,496	4,99,874
Part C. Deficits					
22. Revenue Deficit(-)/ Revenue Surplus (+) (1-11)	6,897	(-) 1,784	(-) 11,325	(-) 422	(-)11,288
23. Fiscal Deficit (-)/ Fiscal Surplus (+) (4-14)	(-)13,807	(-) 14,724	(-) 29,827	(-) 25,551	(-)44,823
24. Primary Deficit/ Primary Surplus (23+25)	(-) 3,736	(-) 3,733	(-) 17,343	(-) 11,729	(-)29,640
Part D. Other data					
25. Interest Payments (included in revenue expenditure)	10,071	10,991	12,484	13,822	15,184
26. Financial Assistance to local bodies etc.	51,764	46,582	54,929	65,015	79,941
27. Gross State Domestic Product (GSDP) [@]	5,27,976	5,81,855	5,67,263	6,50,302	7,51,396
28. Outstanding Fiscal liabilities (yearend)	1,68,921	1,93,382	2,27,195*	2,57,510*	2,93,307
29. Maximum amount guaranteed (yearend)	21,182	21,182	25,114	37,632	40,897
30. Outstanding guarantees (yearend)	5,502	5,485	16,408	25,070	25,939
31. Number of incomplete projects	68	143	157	146	250
32. Capital blocked in incomplete projects	315	1,001	1,654	890	1,047
Part E: Fiscal Health Indicators					
I Resource Mobilization (in per cent)					
Own Tax Revenue/GSDP	5.57	5.18	5.35	5.36	5.86
Non-Tax Revenue/GSDP	0.78	0.64	1.09	0.61	0.55
Central Transfers/GSDP	18.61	15.53	16.15	18.45	16.57
II Expenditure Management (in per cent)					
Total Expenditure/GSDP	27.92	23.89	28.00	28.35	28.95
Total Expenditure/Revenue Receipts	111.86	111.88	123.91	116.11	125.98
Revenue Expenditure/ Total Expenditure	84.72	90.67	87.83	86.36	84.57
Revenue Expenditure on Social Services/Total Expenditure	39.53	41.60	40.18	41.28	40.61
Revenue Expenditure on Economic Services/Total Expenditure	18.94	19.12	18.54	18.53	18.20
Capital Outlay/Total Expenditure	14.28	8.85	11.47	12.84	14.49
Capital Expenditure on Social and Economic Services/Total Expenditure	12.04	7.13	10.59	10.94	12.99
III Management of Fiscal Imbalances (in per cent)					
Revenue surplus/GSDP	1.31	(-)0.31	(-)2.00	(-) 0.06	(-)1.50
Fiscal deficit/GSDP	2.62	2.53	5.26	3.93	5.97

	2018-19	2019-20	2020-21	2021-22	2022-23
Primary deficit /GSDP	0.71	0.64	3.06	1.80	3.94
Revenue surplus/Fiscal deficit	49.95	12.12	37.97	1.65	25.18
IV Management of Fiscal Liabilities (in per cent)					
Fiscal Liabilities/GSDP	31.99	33.24	40.05	39.60	39.03
Fiscal Liabilities/Revenue Receipts	128.17	153.66	177.26	162.16	169.85
Fiscal Liabilities/States own resources	503.66	563.82	621.72	663.02	609.11

(Source: Finance Accounts of respective years

Figure in parentheses represent percentage (rounded) to total of each sub-heading.

* included back-to back loan under debt receipt

@ GSDP: MoSPI

Appendix- 2.2				
(Reference: Paragraph 2.5.3.3)				
Negative balances of loans				
Sl. No.	Details of Head	Nature of loan	Repaid amount ₹ in lakh	Financial Year
1.	6215-190-0001	Loans to Public Sector and other undertaking	(-) 7.90	2005-06
2.	6216-02-201-0003 6216-02-201-0001	Payment to arrear amount of Loan received for LIC of India	3.79	2003-04
		Loan returned by the Government on Bond of BSHB	2.69	2004-05
			2.30	2005-06
			0.02	2010-11
			(-) 8.80	
3.	6216-02-800-0001	Others Loans	0.13	2004-05
			0.51	2006-07
			0.28	2007-08
			0.33	2008-09
			0.34	2009-10
			1.02	2011-12
			0.22	2012-13
			0.94	2013-14
			0.37	2016-17
			0.11	2017-18
			(-) 4.25	
4.	6216-80-190-0001	Loan to Public Sector and other undertaking	0.05	2005-06
			0.10	2007-08
			0.04	2008-09
			0.25	2009-10
			(-) 0.44	
5.	6245-02-101-0001	Gratuitous Relief	7.04	2003-04
			106.87	2004-05
			129.35	2005-06
			0.88	2006-07
			(-) 244.14	
6.	6245-02-117-0001	Loan	(-) 0.01	2003-04
7.	6245-02-800-0011	Loans to Dist. Board authorities on account of Natural calamities	38.52	2001-02
			0.70	2002-03
			(-) 39.22	
8.	6425-106-0003	Agriculture Co-operative Societies	4.16	2004-05
			4.75	2005-06
			27.83	2006-07
			0.78	2007-08
			0.47	2008-09
			1.15	2010-11
			0.15	2012-13
			1.20	2013-14
			15.00	2016-17
			0.30	2017-18
			0.10	2018-19
			(-) 55.89	

Sl. No.	Details of Head	Nature of loan	Repaid amount ₹ in lakh	Financial Year
9.	6425-108-0005	Others Co-operative Societies	82.77	2006-07
			87.45	2008-09
			30.70	2009-10
			71.10	2010-11
			1,172.05	2011-12
			355.02	2012-13
			13.87	2013-14
			275.60	2014-15
			243.48	2015-16
			509.79	2016-17
			329.63	2017-18
			9,115.57	2018-19
			205.97	2019-20
			102.23	2020-21
			45.31	2021-22
			110.2	2022-23
			(-) 12,750.74	
10.	6425-107-001	Arrear Dues of NABARD	(-) 45,945.86	2018-19
11.	6851-101-0001	Loans to Industries and companies under Bihar State Aid to Industries Act, 1956	9.03	2003-04
			6.75	2004-05
			14.29	2005-06
			18.06	2006-07
			3.29	2007-08
			0.65	2008-09
			35.46	2009-10
			4.46	2010-11
			0.69	2011-12
			1.13	2012-13
			26.84	2013-14
			4.97	2014-15
			6.11	2015-16
			0.34	2016-17
			0.16	2017-18
			4.54	2019-20
			(-) 136.77	
12.	6885-02-800-0001	Other Loan	1.46	2004-05
			1.04	2005-06
			(-) 2.50	
13.	6401-911-0002	Loan for Crop Husbandry	(-) 0.74	2017-18
Total negative balance			(-) 59,197.26	
			₹ 591.97 crore	

Appendix- 3.1
(Reference: Paragraph 3.3.2)
Cases where supplementary provisions proved unnecessary
(₹ 100 crore or more in each case)

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Supplementary Provision	Expenditure	Savings out of Original Provision
1	2	3	4	5	6(3-5)
Revenue (Voted)					
1	01-Agriculture	3,054.32	703.98	2,073.73	980.59
2	02-Animal and Fisheries Resource	1,589.69	278.24	825.78	763.91
3	04-Cabinet Secretariat	318.50	102.69	241.51	76.99
4	11-BC and MBC Welfare	1,840.36	130.48	1,634.54	205.82
5	15-Pension	24,233.85	1,215.64	23,132.48	1,101.37
6	16-Panchayati Raj	9,471.41	3,770.24	8,599.72	871.69
7	19-Environment and Forest	622.85	145.89	573.81	49.04
8	20-Health	14,372.56	2,406.26	9,587.58	4,784.98
9	22-Home	13,681.75	148.73	11,141.55	2,540.20
10	27-Law	1,060.30	114.19	1,057.12	3.18
11	36-Public Health Engineering	920.33	100.00	829.84	90.49
12	39-Disaster Management	3,696.98	1,031.45	3,119.10	577.88
13	40-Revenue and Land Reforms	1,252.86	139.09	903.25	349.61
14	44-Scheduled Castes and Scheduled Tribes Welfare	1,727.60	386.93	1,628.09	99.51
15	48-Urban Development and Housing	8,025.94	1,950.47	5,582.06	2,443.88
	Total Revenue	85,869.30	12,624.28	70,930.16	14,939.14
Capital (Voted)					
1	03-Building Construction	4,101.99	1,518.89	2,915.96	1,186.03
2	04-Cabinet Secretariat	196.16	175.00	-	196.16
3	21-Education	709.61	301.96	516.04	193.57
4	22-Home	691.01	548.52	670.38	20.63
5	37-Rural Works	7,694.27	2,830.00	6,117.22	1,577.05
6	49-Water Resources	3,193.48	293.14	2,192.25	1,001.23
7	50-Minor Water Resource	795.87	200.00	460.16	335.71
	Total for Capital	17,382.39	5,867.51	12,872.01	4,510.38
	Grand Total	1,03,251.69	18,491.79	83,802.17	19,449.52

(Source: Appropriation Accounts for the year 2022-23)

Appendix- 3.2

(Reference: Paragraph 3.3.3)

Unnecessary re-appropriation of funds

(₹ in crore)									
Sl. No.	Grant No.	Head of Account and Description	Original Provision	Supplementary Provision	Total provision	Re-appropriation (+)	Expenditure	Surrender	Final savings
1	2	3	4	5	6	7	8	9	10
1	03	2059-80-001-0004-Execution	215.80	0.00	215.80	0.85	153.06	0.00	63.59
2		4059-60-051-0124-Bihar Public Administration and Rural Development Organization (BIPARD)	10.05	44.00	54.05	10.00	15.58	0.00	48.47
3		4059-80-051-0220-Development of Infrastructure Facilities for Judiciary including Gram Courts	100.00	0.00	100.00	9.00	34.84	0.00	74.16
4	09	2401-00-110-0112-Bihar State Crop Support Scheme	374.89	0.00	374.89	0.95	251.81	0.00	124.03
5	10	4801-05-190-0105-Project of Bihar State Power Transmission Company Ltd. (BSPTCL)	226.81	1,000.00	1,226.81	21.18	1,202.08	0.00	45.91
6	15	2071-01-104-0002-Payment to employees retiring from successor state of Bihar	1,607.68	523.00	2,130.68	95.00	2,084.95	0.00	140.73
7		2071-01-117-0001-Government Contribution for Contributory Pension Scheme	1,570.45	0.00	1,570.45	118.40	1,543.25	0.00	145.60
8	16	2515-00-198-0113-Chief-Minister Nishchaya Yojna	103.50	0.00	103.50	42.50	79.21	0.00	66.79
9	20	2210-01-110-0002-Darbhang Medical College Hospital	164.79	2.52	167.31	5.53	156.73	0.00	16.11
10		2210-01-110-0008-Sri Krishna Medical College Hospital, Muzaffarpur	186.87	16.70	203.57	8.00	163.98	0.00	47.59
11		2210-01-200-0005-Other Dispensary Local Dispensary	61.58	0.00	61.58	3.87	49.57	0.00	15.88
12	20	2210-01-200-0309-National Health Mission including National Rural Health Mission	120.00	256.67	376.67	11.50	190.27	0.00	197.90
13		2210-03-101-0003-Health Sub-centre	119.21	0.00	119.21	8.40	46.44	0.00	81.17
14		2210-05-105-0007-Magadh Medical College	148.82	2.60	151.42	8.11	52.24	0.00	107.29
15		2210-06-003-0002-Public Health Institutions	30.89	0.00	30.89	0.02	12.08	0.00	18.83
16		2210-06-101-0003-National Malaria Eradication Programme	42.80	0.00	42.80	1.94	28.59	0.00	16.15
17		2211-00-103-0001-Maternity and Child Health	19.09	0.00	19.09	0.38	4.49	0.00	14.98

Sl. No.	Grant No.	Head of Account and Description	Original Provision	Supplementary Provision	Total provision	Re-appropriation (+)	Expenditure	Surrender	Final savings
1	2	3	4	5	6	7	8	9	10
18	21	2202-01-796-0211-Integrated Education-Primary Education (Sarva Shiksha Abhiyan)	44.68	0.00	44.68	26.63	38.59	0.00	32.72
19		2202-02-191-0001-Consolidated Payment to Municipal Secondary Teachers	199.24	0.00	199.24	27.00	179.43	0.00	46.81
20		2202-02-192-0001-Consolidated Payment to Municipal Secondary Teachers	219.24	0.00	219.24	17.00	212.61	0.00	23.63
21		2202-80-001-0001-Headquarter Establishment	11.65	34.09	45.74	0.10	23.16	0.00	22.68
22	21	4202-01-202-0103-Building Construction of Government and Government recognised Secondary Schools	170.00	200.00	370.00	0.10	228.05	0.00	142.05
23	22	2055-00-109-0018-Security related expenditure in Naxal affected areas (Reimbursement will be from GOI)	31.10	0.00	31.10	4.00	19.20	0.00	15.90
24		2055-00-111-0002-Order Police	278.77	0.00	278.77	3.70	246.30	0.00	36.17
25		2053-00-094-0001-Sub-divisional Establishment	136.50	1.70	138.20	0.50	114.24	0.00	24.46
26	39	2235-01-200-0004-Grants-in-aid for compensation of land to persons displaced by soil erosion	15.00	0.00	15.00	10.00	11.66	0.00	13.34
27		2245-80-102-0005-Awareness and Capability Creation	37.88	1.45	39.33	14.00	19.88	0.00	33.45
28	40	2052-00-090-0017-Revenue and Land Reforms Department	25.73	0.49	26.22	0.15	15.31	0.00	11.06
29	43	4202-02-105-0106-Engineering College (Nischay)	125.00	11.28	136.28	10.00	129.18	0.63	16.47
30	44	2225-01-001-0001-Direction and Administration	75.94	0.00	75.94	1.41	65.55	0.00	11.80
31	48	2217-01-051-0201-Smart City Mission Yojna (Patna)	0.00	49.00	49.00	49.00	49.00	0.00	49.00
32		2217-03-051-0206-Smart City Mission Yojna (Bhagalpur)	0.00	98.00	98.00	49.00	49.00	0.00	98.00
33		2217-80-192-0005-Grants-in-aid to Municipal Councils in the light of recommendation of State Finance Commission	538.01	121.45	659.46	83.00	573.71	0.00	168.75
34	49	2711-01-103-0002-Other maintenance expenditure	220.60	50.05	270.65	0.15	244.68	0.00	26.12
35		4700-80-051-0105-Irrigation Created Project (Work)	463.45	117.00	580.45	130.00	532.41	0.00	178.04
Total			7,696.02	2,530.00	10,226.02	771.37	8,821.13	0.63	2,175.63

(Source: Detailed Appropriation Accounts Including Grants Audit Register, 2022-23)

Appendix- 3.3

(Reference: Paragraph 3.3.3)

Excess re-appropriation of funds

(₹ in crore)							
Sl. No.	Grant No.	Head of Accounts and Description	Total provision	Re-appropriation (+)	Actual Expenditure	Surrender	Final savings
1	2	3	4	5	6	7	8
1	15	2071-01-102-0001-Payment of Commuted value of pension to employees retired from successor state of Bihar	1,095.40	256.32	1,238.84	0.00	112.88
2	15	2071-01-105-0001-Family Pension to pre 15/11/2000 pensioners	560.38	170.22	630.52	0.00	100.08
3	15	2071-01-115-0002-Leave encashment equivalent to un-availed earned leave payable to officers and employees retired/died after 15/11/2000	1,080.64	198.00	1,240.65	0.00	37.99
4	22	2055-00-001-0001-Superintendence	124.04	27.83	127.96	0.00	23.91
5	39	2245-02-101-0016-Grant for relief to the state local Natural disaster	250.00	125.00	279.81	0.00	95.19
6	39	2245-07-101-0001-Disaster Mitigation	100.00	200.00	126.23	0.00	173.77
7	39	2245-08-797-0001-State Disaster Mitigation fund (SDMF).	0.00	700.00	377.60	0.00	322.40
8	48	2217-80-193-0005-Grants-in-aid to Nagar Panchayats in the light of recommendation of State Finance Commission	446.61	30.68	452.47	0.00	24.82
9	49	4711-01-051-0110-Flood Control Projects (Work)	134.00	70.00	185.44	0.00	18.56
Total			3,791.07	1,778.05	4,659.52	0.00	909.60

(Source: Detailed Appropriation Accounts including Grants Audit Register, 2022-23)

Appendix- 3.4

(Reference: Paragraph 3.3.4)

Grants/appropriations with savings of ₹ 100 crore and above of the total provisions

Sl. No.	Number and Name of grant/ appropriation	Original provision	Supplementary Provision	Total	Expenditure	Savings	Percentage of savings	Expenditure against provision (in per cent)
1	2	3	4	5	6	7	8	9
(A) REVENUE (Charged)								
1	13-Interest Payment	16,305.04	-	16,305.04	15,183.54	1,121.50	6.88	93.12
Total Revenue (Charged)		16,305.04	-	16,305.04	15,183.54	1,121.50	6.88	93.12
(B) REVENUE (Voted)								
2	01-Agriculture	3,054.32	703.98	3,758.30	2,073.73	1,684.57	44.82	55.18
3	02-Animal and Fisheries Resource	1,589.69	278.24	1,867.93	825.78	1,042.15	55.79	44.21
4	03-Building Construction	859.13	46.63	905.76	730.02	175.74	19.40	80.60
5	04-Cabinet Secretariat	318.50	102.69	421.19	241.51	179.68	42.66	57.34
6	06-Election	311.06	8.90	319.96	171.52	148.44	46.39	53.61
7	09-Co-Operative	1,220.20	66.42	1,286.62	1,005.12	281.50	21.88	78.12
8	11-BC and MBC Welfare	1,840.36	130.48	1,970.84	1,634.54	336.30	17.06	82.94
9	12-Finance	327.15	2.30	329.45	181.34	148.11	44.96	55.04
10	15-Pension	24,233.85	1,215.64	25,449.49	23,132.48	2,317.01	9.10	90.90
11	16-Panchayati Raj	9,471.41	3,770.24	13,241.65	8,599.72	4,641.93	35.06	64.94
12	18-Food and Consumer Protection	1,009.95	1,230.57	2,240.52	1,256.98	983.54	43.90	56.10
13	19-Environment and Forest	622.85	145.89	768.74	573.81	194.93	25.36	74.64
14	20-Health	14,372.56	2,406.26	16,778.82	9,587.58	7,191.24	42.86	57.14
15	21-Education	38,482.26	16,398.54	54,880.80	41,579.74	13,301.06	24.24	75.76

Sl. No.	Number and Name of grant/ appropriation	Original provision	Supplementary Provision	Total	Expenditure	Savings	Percentage of savings	Expenditure against provision (in per cent)
1	2	3	4	5	6	7	8	9
16	22-Home	13,681.75	148.73	13,830.48	11,141.55	2,688.93	19.44	80.56
17	26-Labour Resource	814.80	2.78	817.58	606.27	211.31	25.85	74.15
18	27-Law	1,060.30	114.19	1,174.49	1,057.12	117.37	9.99	90.01
19	30-Minorities Welfare	283.49	21.69	305.18	145.74	159.44	52.24	47.76
20	33-General Administration	777.96	567.38	1,345.34	1,068.39	276.95	20.59	79.41
21	35-Planning and Development	903.66	41.35	945.01	725.93	219.08	23.18	76.82
22	36-Public Health Engineering	920.33	100.00	1,020.33	829.84	190.49	18.67	81.33
23	39-Disaster Management	3,696.98	1,031.45	4,728.43	3,119.10	1,609.33	34.04	65.96
24	40-Revenue and Land Reforms	1,252.86	139.09	1,391.95	903.25	488.70	35.11	64.89
25	41-Road Construction	1,998.14	-	1,998.14	1,528.77	469.37	23.49	76.51
26	42-Rural Development	15,420.47	6,275.09	21,695.56	18,411.62	3,283.94	15.14	84.86
27	44-Scheduled Castes and Scheduled Tribes Welfare	1,727.60	386.93	2,114.53	1,628.09	486.44	23.00	77.00
28	47-Transport	362.18	50.00	412.18	229.84	182.34	44.24	55.76
29	48-Urban Development and Housing	8,025.94	1,950.47	9,976.41	5,582.06	4,394.35	44.05	55.95
30	49-Water Resources	1,117.09	126.86	1,243.95	1,143.94	100.01	8.04	91.96
31	51-Social Welfare	8,189.08	5,093.92	13,283.00	11,006.80	2,276.20	17.14	82.86
(C) CAPITAL (Charged)								
	Total Revenue (Voted)	1,57,945.92	42,556.71	2,00,502.63	1,50,722.18	49,780.45	24.83	75.17
	Total Revenue(A+B)	1,74,250.96	42,556.71	2,16,807.67	1,65,905.72	50,901.95	23.48	76.52
(D) CAPITAL (Voted)								
32	14-Repayment of Loans	14,670.03	-	14,670.03	14,351.08	318.95	2.17	97.83
	Total Capital (Charged)	14,670.03	-	14,670.03	14,351.08	318.95	2.17	97.83
33	01-Agriculture	530.00	91.32	621.32	497.71	123.61	19.89	80.11

Sl. No.	Number and Name of grant/ appropriation	Original provision	Supplementary Provision	Total	Expenditure	Savings	Percentage of savings	Expenditure against provision (in per cent)
1	2	3	4	5	6	7	8	9
34	03-Building Construction	4,101.99	1,518.89	5,620.88	2,915.96	2,704.92	48.12	51.88
35	04-Cabinet Secretariat	196.16	175.00	371.16	-	371.16	100.00	-
36	10-Energy	1,613.03	1,889.86	3,502.89	3,169.74	333.15	9.51	90.49
37	12-Finance	783.06	1,005.00	1,788.06	1,626.61	161.45	9.03	90.97
38	16-Panchayati Raj	330.00	-	330.00	61.46	268.54	81.38	18.62
39	20-Health	1,761.83	2,016.63	3,778.46	2,426.38	1,352.08	35.78	64.22
40	21-Education	709.61	301.96	1,011.57	516.04	495.53	48.99	51.01
41	22-Home	691.01	548.52	1,239.53	670.38	569.15	45.92	54.08
42	30-Minorities Welfare	287.00	-	287.00	24.24	262.76	91.55	8.45
43	35-Planning and Development	1,284.16	10.00	1,294.16	1,117.60	176.56	13.64	86.36
44	36-Public Health Engineering	1,460.05	-	1,460.05	1,313.11	146.94	10.06	89.94
45	37-Rural Works	7,694.27	2,830.00	10,524.27	6,117.22	4,407.05	41.88	58.12
46	39-Disaster Management	-	125.00	125.00	-	125.00	100.00	-
47	41-Road Construction	3,820.89	3,360.00	7,180.89	6,597.56	583.33	8.12	91.88
48	49-Water Resources	3,193.48	293.14	3,486.62	2,192.25	1,294.37	37.12	62.88
49	50-Minor Water Resource	795.87	200.00	995.87	460.16	535.71	53.79	46.21
Total Capital (Voted)		29,252.41	14,365.32	43,617.73	29,706.42	13,911.31	31.89	68.11
TOTAL CAPITAL (C+D)		43,922.44	14,365.32	58,287.76	44,057.50	14,230.26	24.41	75.59
GRAND TOTAL (A+B+C+D)		2,18,173.40	56,922.03	2,75,095.43	2,09,963.22	65,132.21	23.68	76.32

(Source: Appropriation Accounts for the year 2022-23)

Appendix- 3.5
(Reference: Paragraph 3.3.4)
Grants/appropriations with 20 per cent or more savings of total provision

Sl. No.	Number and Name of Grant/ Appropriation	Original Provision	Supplementary Provision	Total Provision	Expenditure	Per cent Utilisation	Savings	(₹ in crore)	
								8	9
1	01-Agriculture Department	3,584.32	795.30	4,379.62	2,571.44	58.71	1,808.18		41.29
2	02-Animal and Fisheries Resource Department	1,589.69	278.24	1,867.93	825.78	44.21	1,042.15		55.79
3	03-Building Construction Department	4,961.12	1,565.52	6,526.64	3,645.98	55.86	2,880.66		44.14
4	04-Cabinet Secretariat Department	514.66	277.69	792.35	241.51	30.48	550.84		69.52
5	05-Secretariat of the Governor	36.63	0.20	36.83	22.95	62.31	13.88		37.69
6	06-Election Department	311.06	8.90	319.96	171.52	53.61	148.44		46.39
7	07-Vigilance Department	45.55	1.61	47.16	37.58	79.69	9.58		20.31
8	08-Art, Culture and Youth Department	176.53	25.26	201.79	138.27	68.52	63.52		31.48
9	09-Co-Operative Department	1,286.32	66.42	1,352.74	1,015.01	75.03	337.73		24.97
10	16-Panchayati Raj Department	9,801.41	3,770.24	13,571.65	8,661.18	63.82	4,910.47		36.18
11	17-Commercial Tax Department	175.97	1.50	177.47	141.93	79.97	35.54		20.03
12	18-Food and Consumer Protection Department	1,184.95	1,240.57	2,425.52	1,384.47	57.08	1,041.05		42.92
13	19-Environment and Forest Department	662.85	145.99	808.84	598.75	74.03	210.09		25.97
14	20-Health Department	16,134.39	4,422.89	20,557.28	12,013.96	58.44	8,543.32		41.56
15	21-Education Department	39,191.87	16,700.50	55,892.37	42,095.78	75.32	13,796.59		24.68
16	22-Home Department	14,372.76	697.25	15,070.01	11,811.93	78.38	3,258.08		21.62

Sl. No.	Number and Name of Grant/ Appropriation	Original Provision	Supplementary Provision	Total Provision	Expenditure	Per cent Utilisation	Savings	Percentage of Savings
1	2	3	4	5	6	7	8	9
17	25-Information Technology Department	231.83	85.83	317.66	244.80	77.06	72.86	22.94
18	26-Labour Resource Department	947.30	16.10	963.40	664.63	68.99	298.77	31.01
19	29-Mines and Geology Department	49.19	7.58	56.77	37.97	66.88	18.80	33.12
20	30-Minorities Welfare Department	570.49	21.69	592.18	169.98	28.70	422.20	71.30
21	31-Parliamentary Affairs Department	9.28	0.02	9.30	1.87	20.11	7.43	79.89
22	33-General Administration Department	784.38	567.38	1,351.76	1,074.58	79.49	277.18	20.51
23	37-Rural Works Department	10,611.96	3,330.00	13,941.96	9,478.96	67.99	4,463.00	32.01
24	39-Disaster Management Department	3,696.98	1,156.45	4,853.43	3,119.10	64.27	1,734.33	35.73
25	40-Revenue and Land Reforms Department	1,332.41	139.09	1,471.50	903.65	61.41	567.85	38.59
26	44-Scheduled Castes and Scheduled Tribes Welfare Department	1,729.60	386.93	2,116.53	1,628.09	76.92	488.44	23.08
27	45-Sugar Industries Department	120.04	1.05	121.09	32.13	26.53	88.96	73.47
28	46-Tourism Department	326.39	58.63	385.02	286.20	74.33	98.82	25.67
29	47-Transport Department	394.18	50.00	444.18	237.60	53.49	206.58	46.51
30	48-Urban Development and Housing Department	8,175.94	2,764.47	10,940.41	6,546.06	59.83	4,394.35	40.17
31	49-Water Resources Department	4,310.57	420.00	4,730.57	3,336.19	70.52	1,394.38	29.48
32	50-Minor Water Resource Department	1,023.55	203.40	1,226.95	644.29	52.51	582.66	47.49
	TOTAL	1,28,344.17	39,206.70	1,67,550.87	1,13,784.14	67.91	53,766.73	32.09

(Source: Appropriation Accounts for the year 2022-23)

Appendix- 3.6
(Reference: Paragraph 3.3.4)
Grants indicating persistent savings (₹ 200 crore and above)
during 2018-19 to 2022-23

(₹ in crore)

Sl. No.	No. and Name of the Grant	Amount of savings (percentage to total grant in bracket)				
		2018-19	2019-20	2020-21	2021-22	2022-23
1	2	3	4	5	6	7
Revenue-Voted						
1	1-Agriculture	1,436.00 (44.06)	1,319.44 (38.00)	1,825.93 (54.92)	2,104.72 (55.35)	1,684.57 (44.82)
2	2-Animal and Fisheries Resource	248.04 (26.51)	336.30 (29.88)	606.95 (48.75)	984.39 (60.60)	1,042.15 (55.79)
3	9-Co-Operative	843.17 (46.26)	1,155.32 (66.35)	478.56 (34.85)	526.97 (39.52)	281.50 (21.88)
4	15-Pension	650.32 (3.90)	1,402.03 (7.57)	788.67 (3.86)	1,518.42 (6.96)	2,317.01 (9.10)
5	16-Panchayati Raj	1,836.67 (17.93)	4,686.73 (35.04)	4,361.83 (34.62)	5,167.61 (39.07)	4,641.93 (35.06)
6	18-Food and Consumer Protection	255.11 (18.68)	653.10 (48.20)	1,508.83 (67.45)	513.28 (36.82)	983.54 (43.90)
7	20-Health	1,877.89 (22.84)	2,322.97 (25.02)	2,893.91 (25.35)	3,792.29 (25.91)	7,191.24 (42.86)
8	21-Education	9,957.93 (26.96)	11,102.36 (29.96)	10,726.33 (28.89)	12,541.68 (27.32)	13,301.06 (24.24)
9	22-Home	724.29 (8.10)	2,033.64 (18.44)	2,284.89 (19.43)	3,305.70 (24.64)	2,688.93 (19.44)
10	33- General Administration	221.94 (30.75)	226.36 (30.08)	233.61 (29.42)	224.00 (28.51)	276.95 (20.59)
11	39-Disaster Management	3,176.72 (65.92)	3,730.70 (50.74)	2,617.04 (27.96)	1,899.82 (32.78)	1,609.33 (34.04)
12	40-Revenue and Land Reforms	238.51 (30.14)	369.32 (39.67)	694.80 (51.00)	451.08 (36.46)	488.70 (35.11)
13	41-Road Construction	487.94 (34.41)	1,214.66 (58.70)	720.00 (29.26)	424.89 (21.31)	469.37 (23.49)
14	42-Rural Development	6,175.24 (32.58)	8,870.62 (47.79)	8,531.88 (47.85)	9,176.10 (39.60)	3,283.94 (15.14)
15	44-Scheduled Castes and Scheduled Tribes Welfare	441.72 (30.16)	474.37 (29.73)	453.07 (26.29)	462.72 (24.11)	486.44 (23.00)
16	48-Urban Development and Housing	2,064.28 (38.50)	3,250.51 (52.13)	3,752.81 (40.17)	4,147.78 (41.35)	4,394.35 (44.04)
17	51-Social Welfare	3,243.44 (33.97)	2,265.40 (23.52)	2,175.85 (19.83)	2,225.73 (19.84)	2,276.20 (17.14)
Total		33,879.21 (25.77)	45,413.83 (31.52)	44,654.96 (28.75)	49,467.16 (28.54)	47,417.21 (17.00)

Sl. No.	No. and Name of the Grant	Amount of savings (percentage to total grant in bracket)				
		2018-19	2019-20	2020-21	2021-22	2022-23
1	2	3	4	5	6	7
Capital-Voted						
1	3-Building Construction	1,018.64 (27.76)	3,771.12 (73.14)	3,380.78 (74.51)	2,387.04 (44.09)	2,704.92 (48.12)
2	10-Energy	623.36 (10.72)	1,454.24 (31.80)	906.01 (39.83)	509.80 (25.28)	333.15 (9.51)
3	20- Health	481.38 (29.80)	1,259.58 (59.65)	1,162.53 (64.29)	2,293.17 (72.60)	1,352.08 (35.78)
4	37-Rural Works	7354.68 (71.36)	7,973.69 (80.89)	6,122.07 (64.96)	4,720.09 (55.69)	4,407.05 (41.88)
Total		9,478.06 (44.28)	14,458.63 (66.64)	11,571.39 (64.13)	9,910.10 (51.98)	8,797.20 (4.00)
Grand Total		43,357.27 (28.36)	59,872.46 (36.11)	56,226.35 (32.43)	59,377.26 (30.87)	56,214.41 (21.00)

(Source: Appropriation Accounts for the year 2018-19 to 2022-23)

Appendix- 3.7
(Reference: Paragraph 3.3.4)
Details of surrender of funds in excess of ₹ 100 crore and above in 2022-23

(₹ in crore)

Sl. No.	Grant No. & Department	Original Provision	Supplementary Provision	Total provision	Actual Expenditure	Savings	Amount Surrendered
1	01-Agriculture	3,584.32	795.30	4,379.62	2,571.44	1,808.18	527.73
2	02-Animal and Fisheries Resource	1,589.69	278.24	1,867.93	825.78	1,042.15	209.59
3	03-Building Construction	4,961.12	1,565.52	6,526.64	3,645.98	2,880.66	232.29
4	09-Co-Operative	1,286.32	66.42	1,352.74	1,015.01	337.73	235.34
5	11-BC and MBC Welfare	1,873.86	130.48	2,004.34	1,634.54	369.80	329.70
6	20-Health	16,134.39	4,422.89	20,557.28	12,013.96	8,543.32	911.40
7	21-Education	39,191.87	16,700.50	55,892.37	42,095.78	13,796.59	6,536.04
8	22-Home	14,372.76	697.25	15,070.01	11,811.93	3,258.08	420.00
9	37-Rural Works	10,611.96	3,330.00	13,941.96	9,478.96	4,463.00	3,464.00
10	42-Rural Development	15,456.47	6,275.09	21,731.56	18,412.91	3,318.65	3,332.66
11	48-Urban Development and Housing	8,175.94	2,764.47	10,940.41	6,546.06	4,394.35	1,451.79
12	51-Social Welfare	8,201.13	5,286.90	13,488.03	11,192.65	2,295.38	2,453.54
	Total	1,25,439.83	42,313.06	1,67,752.89	1,21,245.00	46,507.89	20,104.08

(Source: Appropriation Accounts for the year 2022-23)

Appendix- 3.8**(Reference: Paragraph 3.4.1)****Hundred per cent non-utilisation of grants/ appropriation
(₹ 25 crore and above in each case)***(₹ in crore)*

Sl. No.	Grant No.	Head of accounts and description	Total unutilised provisions
1	2	3	4
1	01	2401-00-119-0225-Prime Minister Micro Food Enterprise Upgradation Scheme (PM FME)	69.72
2	01	2401-00-119-0325-Prime Minister Micro Food Enterprise Upgradation Scheme (PM FME)	27.86
3	02	2403-00-106-0212-National Cattle Management	83.00
4	04	4070-00-051-0119-Bihar Bhavan, Mumbai	175.00
5	15	2071-01-197-0001-Contribution under retired pension benefit scheme of Teacher	37.53
6	15	2071-01-198-0001-Contribution under retired pension benefit scheme of Teacher	37.65
7	18	2408-01-101-0202-Prime Minister's Garib Kalyan Anna Yojana and Self-reliant India Scheme	450.00
8	18	2408-01-101-0301-Prime Minister Garib Kalyan Anna Yojana and Self-reliant India Scheme	252.33
9	20	2210-01-110-0128-Renovation of Health Centres - Saat Nishchay - 2	100.00
10	20	2210-02-200-0302-Medicinal Plant related mission including National AYUSH Mission	30.33
11	20	2210-03-001-0101-Sanjeevani program	25.00
12	20	4210-01-110-0320-Prime Minister Health Protection Scheme (PMSSY)	90.05
13	21	2202-03-102-0323-National Higher Education Expedition	63.20
14	21	2202-03-789-0201-National Higher Education Campaign	36.00
15	21	4202-01-203-0207-National Higher Education Abhiyan.	158.00
16	30	2225-04-277-0101-Post Matric Scholarship	30.00
17	37	4515-00-103-0120-Additional connectivity - Saat Nishchay - 2	150.00
18	37	4515-00-789-0201-Pradhan Mantri Gram Sadak Yojana	922.57
19	39	4250-00-101-0003-District Emergency Response Facility-cum-Training Centre	100.00
20	39	4250-00-800-0101-State Calamity Response Force	25.00
21	44	2225-01-102-0216-Pradhan Mantri Adarsh Gram Yojana (PMAGY)	40.00
22	48	2215-01-191-0101-Grants-in-aid to Local Bodies for supply of drinking water	100.00
23	48	2215-02-105-0101-Solid and Liquid Waste Management-Saat Nishchay-2	248.00

Sl. No.	Grant No.	Head of accounts and description	Total unutilised provisions
1	2	3	4
24	48	2215-02-107-0101-Stram Water Drainage System - Saat Nishchay 2	98.00
25	48	2217-01-051-0102-Construction of Moksha Dham - Saat Nishchay 2	50.00
26	48	2217-03-051-0101-Multi-storey Housing for Urban Poor-Saat Nishchay-2	27.00
27	48	2217-03-051-0102-Construction of Moksha Dham - Saat Nishchay 2	95.00
28	48	2217-03-051-0207-Smart City Mission Yojna (Bihar Sharif)	53.00
29	48	2217-03-051-0302-Urban Recycling Mission-Atal Mission for Rejuvenation and Urban Transformation (AMRUT)	56.00
30	48	2217-80-001-0501-Bihar Urban Development Project (EAP)	350.00
31	48	3475-00-108-0202-National Urban Livelihood Mission	41.25
32	48	3475-00-789-0202-National Urban Livelihood Mission	32.00
		Total	4,053.49

(Source: Detailed Appropriation Accounts, 2022-23)

Appendix-3.9

(Reference: Paragraph 3.4.6)

Rush of expenditure in the month of March 2023

(₹ in crore)

Sl. No.	Grant No. and name of the Department	Expenditure incurred in				Total expenditure during 2022-23	Expenditure incurred in March 2023	Percentage of total expenditure w.r.t. expenditure during	
		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter			January – March 2023	March 2023
1	2	3	4	5	6	7	8	9	10
1	03-Building Construction	409.61	524.62	673.70	2,038.06	3,645.98	1,203.38	55.90	33.01
2	11-BC and MBC Welfare	19.48	145.88	218.83	1,250.35	1,634.54	1,237.84	76.50	75.73
3	14-Repayment of Loans	1,472.82	929.52	4,522.68	7,426.06	14,351.07	4,662.63	51.75	32.49
4	18-Food and Consumer Protection	136.28	79.19	50.68	1,118.32	1,384.47	1,081.67	80.78	78.13
5	19-Environment and Forest	44.14	75.54	115.85	363.21	598.74	131.92	60.66	22.03
6	33-General Administration	154.54	164.19	181.00	574.86	1,074.59	468.85	53.50	43.63
7	45-Sugar Industries	4.41	4.07	3.83	19.83	32.13	15.00	61.72	46.70
8	46-Tourism	48.13	62.12	14.80	161.16	286.20	117.40	56.31	41.02
9	48-Urban Development and Housing	62.77	639.37	1,399.42	4,444.51	6,546.06	1,505.40	67.90	23.00
	TOTAL	2,352.17	2,624.49	7,180.78	17,396.36	29,553.80	10,424.10	58.86	35.27

(Source: Monthly Appropriation Accounts 2022-23)

Appendix- 3.10**(Reference: Paragraph 3.4.6)****Hundred per cent expenditure incurred in March 2023
(₹ 10 crore and above in each case)***(₹ in crore)*

Sl. No.	Grant No.	Head of accounts and description	100 per cent Expenditure During March
1	2	3	4
1	01	2401-00-109-0217 - National Agriculture Extension and Technology Mission	31.26
2	01	2415-01-789-0106 - Agriculture University, Kishanganj	15.38
3	03	4202-02-799-0101 - Mobilization Advance	45.00
4	09	2401-00-789-0110 - Grant to State Crops Insurance Fund for compensation of Farmer's Insured Crops under National Agriculture Insurance Scheme	99.00
5	09	2425-00-108-0201 - Computerization of Primary Agricultural Credit Societies	10.31
6	13	2049-01-200-0013 - Bihar Special Bond under UDAY	175.17
7	13	2049-03-104-0001 - Interest on General Provident Funds	718.34
8	13	2049-03-104-0002 - Interest on All India Administrative Service Provident Funds	18.23
9	13	2049-03-108-0001 - Interest on Insurance and Pension Fund	430.00
10	14	6003-00-101-M0074- 8.62per cent Bihar Government Stock 2023	200.00
11	14	6003-00-101-M0075- 8.64per cent Bihar Government Stock 2023	1,100.00
12	14	6003-00-101-M0139- 6.35per cent Bihar State Development Loan, 2023	2,000.00
13	16	2515-00-198-0215 - National Rural Swaraj Campaign (RGSA)	31.30
14	16	2515-00-198-0315 - National Rural Swaraj Campaign (RGSA)	20.87
15	18	2408-01-101-0201 - Inter-State Handling of Food and Fair Price Shop Dealers Margins under NFSA	434.14
16	20	2210-03-110-0305 - fulfilment by state resource of less amount received in central part head of NHM	31.44
17	21	2202-02-004-0102 - Skil	10.00
18	21	2202-02-052-0103 - Upgradation of High School	20.00
19	21	2202-02-103-0101 - Bihar Open School/Education and Examination Board	18.57
20	21	2202-02-109-0207 - Rastriya Madhyamik Shiksha Abhiyan (RMSA)	159.21
21	21	2202-02-109-0307 - Rastriya Madhyamik Shiksha Abhiyan (RMSA)	106.14
22	21	2202-02-109-0312 - Fulfilment of the lesser amount received in the central share from state resources for Rastriya Madhyamik Shiksha Abhiyan (RMSA)	81.05
23	21	2202-02-789-0207 - Comprehensive Education - Secondary Education (Surva shiksha abhiyan)	39.80

Sl. No.	Grant No.	Head of accounts and description	100 per cent Expenditure During March
1	2	3	4
24	21	2202-02-789-0307 - Comprehensive Education - Secondary Education (Surva Shiksha Abhiyan)	26.53
25	21	2202-03-107-0108 - Chief Minister Girls Intermediate Scholarship	21.30
26	21	2202-03-107-0109 - Chief Minister Girls Graduation Scholarship	41.85
27	21	4202-01-201-0105 - Primary School Building	97.08
28	22	2055-00-109-0201 - National Scheme for Modernization of Police and other Forces (Security Related Expenses) (SRI)	14.16
29	22	2070-00-108-0102 - Purchase of Fire Extinguisher Equipments	116.87
30	22	4055-00-051-0205 - National Scheme for Modernization of Police and other Forces (Special Infrastructure - SRI)	14.11
31	22	4070-00-050-0102 - Kendriya/Mandal/Upkaraon Ewam Anya Bhawano Ke Nirmarn Hetu Bhumi- (Grih Kara Vibhag)	25.00
32	23	2852-80-102-0159 - Incentive for Food Processing Industry	26.00
33	26	4202-02-104-0110 - Modernization of machines Saat Nishchay -2	58.36
34	36	4215-01-102-0229 - Nirmal Bharat Abhiyan	139.26
35	36	4215-01-102-0230 - National Rural Drinking Water Programme	94.45
36	41	3054-80-797-0101 - Transfer to Central Road Fund	226.47
37	42	2216-03-789-0105 - Chief Minister Rural Housing Scheme	26.00
38	44	2225-01-789-0201 - Versatile Development of Scheduled Caste (Prime Minister's Scheduled Caste Abhyudaya Yojana)	56.54
39	44	2225-02-796-0125 - Development of Tharuhat Area	29.28
40	48	2217-01-051-0201 - Smart City Mission Yojna (Patna)	49.00
41	48	2217-01-051-0301 - Smart City Mission Yojna (Patna)	57.00
42	48	2217-03-051-0206 - Smart City Mission Yojna (Bhagalpur)	49.00
43	48	2217-03-051-0306 - Smart City Mission Yojna (Bhagalpur)	49.00
44	48	2217-80-191-0003 - Grants-in-aid to Municipal Corporations for payment of arrear Electricity bills	573.19
45	48	2217-80-193-0008 - Grants in the light of Professional Tax	13.90
46	49	2700-04-101-0002 - Bihar State's share in the Maintenance Expenditure of Ban Sagar Reservoir	12.50
47	51	2235-03-102-0202 - National Social Assistance Programme (NSAP)	12.00
48	51	2235-03-789-0205 - National Social Assistance Programme (NSAP)	71.38
		Total	7695.44

(Source: Appropriation Accounts 2022-23)

Appendix- 3.11
(Reference: Paragraph 3.4.7)
Withdrawals from Contingency Fund for non-contingent expenditure

(₹ in crore)

Sl. No.	Accounting Head	Grant No. - Department Name	Purpose	Amount
1	2	3	4	5
1	4059800510117	3 - Building Construction	Government of India for the Construction of buildings of State Engineering/ Technical colleges and Institutions under the Scheme for Special Assistance to States for Capital Investment for 2022-2023.	234.77
2	4801051900105	10 - Energy	Scheme for Special Assistance to States For Capital Investment For 2022-23, For Various Schemes of the Energy Sector of the state.	484.00
3	6202011900101	12 - Finance	Education Loan is to given through Bihar state Education Finance Corporation in the financial year 2022-23	200.00
4	4210011100111	20 - Health	Under the Expansion and Redevelopment plan (phase-I) of Darbhanga Medical College and Hospital, Laheriasarai, for the Payment of pending expenditure in the plan related to Construction of Surgical blocks.	10.60
5	4210011100117		Payment of pending expenditure related to the plan for the Construction of the building of the 272 Bed Mental Sanatorium, Koilwar, Bhojpur, Pre-Approved by the State Government	63.48
6	4210031050111		Payment of Pending EXPND.in the plan related to the Construction of Dental college and 100 Bedded Hospital for 100 students in Govt Dental College and Hospital, Paithna, Rahui, Nalanda, under the State plan	155.00
7	4210037890101		For the most Important Projects Approved by the State Govt, such as Reconstruction Scheme of Patna Medical college and Hospital and other construction Work	477.41
8	2202031020127	21 -Education	Amount Granted by State Govt for salary and other items to be employed/ hired on academic/ non-academic posts for the Nalanda Open University by the hon'ble Chief Minister.	5.00

Sl. No.	Accounting Head	Grant No. - Department Name	Purpose	Amount
1	2	3	4	5
9	4859020510101	25 – Information and Technology	The Amount Transferred to P.L. a/ c of Bihar State Electronics Development Ltd.	13.74
10	4859020040101		The Amount Transferred to P.L. a/ c of Bihar State Electronics Development Ltd.	30.00
11	4515007890104	37 – Rural Works	The First Instalment of the Sanctioned amount for the Dept. of Rural Affairs and Planning and Development Dept., under the scheme for special Assistance to state for capital Investment for 2022-23.	389.29
12	5054031010101	41 – Road Construction	Government of India Schemes for Special Assistance to the state for Capital Investment for 2022-2023.	150.00
13	5054033370102		Government of India Scheme for Special Assistance to the State for Capital Investment for 2022-2023	774.13
14	2216037960302	42 – Rural Development	Under the demand of the Rural Development Department for the Implementation of Pradhan Mantri Awas Yojna (Rural) in the state, the approval of the cabinet is received in proposal of advance from BCF	55.00
15	2216037890302		Under the demand of the Rural Development Department for the Implementation of Pradhan Mantri Awas Yojna (Rural) in the state, the approval of the cabinet is received in proposal of advance from BCF	285.00
Total				3,327.42

(Source: Records of the Finance Department, Government of Bihar)

Appendix- 4.1

(Reference: Paragraph 4.14)

Budgetary support to SPSEs whose accounts were in arrears, as on March 2023

Sl. No.	Name of SPSE	Equity Loan and Guarantee by the State Government up to March 2023 whose accounts were in arrears							(₹ in crore)	
		Equity	Loans	Guarantee	Capital Grant	Others	Total	Years from which accounts are in arrears	No of accounts in arrear	Whether Loss making (as per latest accounts)
A. WORKING GOVERNMENT COMPANIES										
1	Biharsharif Smart City Limited	0.00	0.00	0.00	148.50	0.00	148.50	2020-21	2	No
2	Muzaffarpur Smart City Limited	0.00	0.00	0.00	195.00	0.00	195.00	2021-22	1	No
3	Patna Smart City Limited	0.00	0.00	0.00	145.50	0.00	145.50	2019-20	3	No
4	Bhagalpur Smart City Limited	0.00	0.00	0.00	108.00	0.00	108.00	2021-22	1	No
5	Bihar State Film Development and Finance Corporation Limited	0.00	0.00	0.00	2.61	0.00	2.61	2020-21	2	Yes
6	Bihar State Tourism Development Corporation Limited	0.00	0.00	0.00	7.13	0.00	7.13	2016-17	6	No
7	Bihar State Minorities Finance Corporation Limited	40.11	0.00	30.00	95.00	0.00	165.11	2016-17	6	Yes
8	Bihar Rajya Beej Nigam Limited	0.00	0.00	0.00	67.63	27.95	95.58	2013-14	9	No
9	Bihar State Food and Civil Supplies Corporation Limited	0.00	1,000.48	19,000.00	0.00	5,562.58	25,563.06	2014-15	8	Yes
10	Bihar State Backward Classes Finance and Development Corporation	11.00	0.00	0.00	0.00	0.00	11.00	2003-04	19	Yes
11	Bihar State Hydroelectric Power Corporation Limited	0.00	53.36	0.00	0.00	0.00	53.36	2016-17	6	Yes
12	Bihar State Electronics Development Corporation Limited	19.34	0.00	0.00	0.00	0.00	19.34	2019-20	3	No
13	Bihar State Road Development Corporation Ltd	0.00	0.00	2,000.00	0.00	0.00	2,000.00	2021-22	1	No
14	Bihar State Power (Holding) Company Limited	7,168.04	0.00	0.00	1,515.26	0.00	8,683.30	2021-22*	1	No
15	North Bihar Power Distribution Company Limited	0.00	35.04	0.00	2.49	3,623.04	3,660.57	2022-23	0	Yes
16	South Bihar Power Distribution Company Limited	0.00	30.59	0.00	0.00	4,177.92	4,208.51	2022-23	0	Yes
17	Bihar State Power Transmission Company Limited	0	0	5,368.72	0	0	5,368.72	2022-23	0	No
TOTAL A		7,238.49	1,119.47	26,398.72	2,287.12	13,391.49	50,435.29			

SL. No.	Name of SPSE	Equity Loan and Guarantee by the State Government up to March 2023 whose accounts were in arrears							No of accounts in arrear	Whether Loss making (as per latest accounts)	
		Equity	Loans	Guarantee	Capital Grant	Others	Total	Years from which accounts are in arrears			
B. WORKING STATUTORY CORPORATION											
1	Bihar State Road Transport Corporation	0	0	0	44.88	45.55	90.43	2019-20	3	Yes	
	Total B	0	0	0	44.88	45.55	90.43				
C. NON-FUNCTIONAL GOVERNMENT COMPANIES											
1	Bihar State Fruits and Vegetables Development Corporation Limited	0	1.00	0	0	0	1.00	2015-16	7		
2	Bihar State Industrial Development Corporation Limited	0	20.00	0	0	0	20.00	2011-12	11		
3	Bihar State Construction Corporation Limited	0	2.28	0	0	0	2.28	2003-04	19		
4	Bihar state Forest Development Corporation Limited	0	3.12	0	0	0	3.12	2003-04	19		
5	Bihar Rajya Matasya Vikas Nigam Limited	1.25	6.52	0	0.26	0	8.03	1993-94	29		
6	Bihar State Export Corporation Limited	0	2.21	0	0	0.08	2.29	1992-93	30		
7	Bihar State Small Industries Corporation Limited	0	1.66	0	0	2.47	4.13	1991-92	31		
8	Bihar State Textile Corporation Limited	5.79	6.99	0	0	0	12.78	1988-89	34		
9	Bihar State Pharmaceuticals and Chemical Development Corporation Limited.	12.92	52.95	0	0	0	65.87	1986-87	36		
10	Bihar State Sugar Corporation Limited	11.21	365.32	0	2.44	197.93	576.90	1985-86	37		
11	Bihar State Handloom and Handicrafts Corporation Limited.	3.72	56.26	0	0	0.48	60.46	1984-85	38		
12	Bihar Hill Area Lift Irrigation Corporation Limited	5.22	18.78	0	0	55.41	79.41	1983-84	39		
13	Bihar State Leather Industries Development Corporation Limited	12.26	43.18	0	0	0	55.44	1983-84	39		
14	Bihar State Water Development Corporation Limited	5.00	154.33	0	0	0	159.33	1979-80	43		
15	Bihar Scooter Limited	0	6.09	0	0	0	6.09	1977-78	45		
	TOTAL C	57.37	740.69	0	2.70	256.37	1,057.13				
	TOTAL (A+B+C)	7,295.86	1,860.16	26,398.72	2,334.70	13,693.41	51,582.85				

* Bihar State Power (Holding) Company Limited has prepared standalone Financial Statement up to 2020-21.

Appendix- 4.2
(Reference: Paragraph 4.15)
Bodies/Authorities, who had not entrusted audit of accounts to CAG

Sl. No.	Name of the Department	Name of the office	District
1	Education	Simultalla Education Society (Simultalla Awasiya Vidyalaya) (Oct-19)	Jamui
2		Bihar Education Project Council	Patna
3		LN Mishra Institute of Economic Development and Social Change	Patna
4		A.N. Sinha Institute of Social Studies	Patna
5		Bihar School Examination Board (SS)	Patna
6		Bihar School Examination Board	Patna
7		T.M. University	Bhagalpur
8		Vir Kunwar Singh Vishwavidyalay	Bhojpur
9		L.N. Mithila University	Darbhangha
10		Kameshwar Singh Darbhanga Sanskrit University	Darbhangha
11		Magadh University, Bodh Gaya	Gaya
12		Bhupendra Narayan Mandal University	Madhepura
13		Bihar University, Muzaffarpur	Muzaffarpur
14		Patna University	Patna
15		Aryabhatta Knowledge University	Patna
16		Jai Prakash University	Saran
17		Bihar Rajya Madarsa Siksha Board	Patna
18		Bihar Rajya Sanskrit Shiksha Board	Patna
19		Bihar Mukht Vidhyalayi Shikshan and Parikshan Board	Patna
20		Bihar Council on Science and Technology	Patna
21		Patliputra University	Patna
22		Munger University	Munger
23		Maulana Majrul Haq Arabic and Persian University	Patna
24		Purnia University	Purnia
25		Nalanda Mukht Vishwavidhyalaya	Patna
26		Water and Land Management Institute (WALMI), Patna	Patna
27		Bihar Engineering University	Patna
28	Health	IGIMS	Patna
29		Bihar State Aids Control Society	Patna
30		Bihar State Ayurvedic and Unani Medical Board	Patna
31		Bihar Nurses Ragistration Council, Patna	Patna
32		Bihar State Homeopathic Medical Board	Patna
33	Labour Resources	Bihar Building and other Construction Workers' Welfare Board	Patna

Sl. No.	Name of the Department	Name of the office	District
34	Minority Welfare	Bihar State Sunni Wakf Board	Patna
35		Syed Shaheed Shafedar Peer	Patna
36		Bihar State Shia Wakf Board	Patna
37	BC and EBC Welfare	Bihar State BC Commission	Patna
38	SC and ST Welfare	Bihar Mahadalit Development Mission	Patna
39		State Mahadalit Commission	Patna
40		State SC Commission	Patna
41		State ST Commission	Patna
42	Social Welfare	Women Development Corporation	Patna
43		Bihar State Women Commission	Patna
44		Bihar State Social Welfare Board	Patna
45		Bihar Child Right Protection Commission	Patna
46	Disaster Management	Bihar State Disaster Management Authority (BSDMA)	Patna
47	Energy	Bihar Renewable Energy Development Authority (BREDA)	Patna
48	Industries	Bihar Industrial Area Development Authority (BIADA)	Patna
49		Infrastructure Development Authority (IDA)	Patna

(Source: Data compiled by Audit Office)

Appendix-5.1
(Reference: Paragraph 5.3)
List of State Public Sector Enterprises

Sl. No.	State Public Sector Enterprises	Remarks
Power Sector SPSEs		
1	Bihar State Hydroelectric Power Corporation Limited	Working
2	Bihar State Power (Holding) Company Limited	Working
3	Bihar State Power Generation Company Limited	Working
4	Bihar State Power Transmission Company Limited	Working
5	North Bihar Power Distribution Company Limited	Working
6	South Bihar Power Distribution Company Limited	Working
7	Pirpainti Bijlee Company Private Limited	Working
8	Lakhisarai Bijlee Company Private Limited	Working
9	Bihar Grid Company Limited	Working
Agriculture and Allied SPSEs		
10	Bihar State Warehousing Corporation	Working
11	Bihar State Food and Civil Supplies Corporation Limited	Working
12	Bihar Rajya Beej Nigam Limited	Working
13	Bihar Forestry Development Corporation Limited	Working
14	Bihar State Agro Industries Development Corporation Limited	Inactive
15	Bihar Rajya Matasya Vikas Nigam Limited	Inactive
16	SCADA Agro Business Company Limited	Inactive
17	Bihar State Dairy Corporation Limited	Inactive
18	Bihar Hill Area Lift Irrigation Corporation Limited	Inactive
19	Bihar State Fruit and Vegetables Development Corporation Limited	Inactive
20	Bihar Insecticide Limited (Subsidiary of Sl. No.63)	Inactive
21	SCADA Agro Business Limited, Dehri (Subsidiary of Sl. No. 16)	Inactive
22	SCADA Agro Business Limited, Aurangabad (Subsidiary of Sl. No.16)	Inactive
23	SCADA Agro Business Limited, Mohania (Subsidiary of Sl. No.16)	Inactive
24	Bihar Solvent and Chemicals Limited (Subsidiary of Sl. No. 26)	Inactive
25	Bihar State Sugar Corporation Limited	Inactive
26	Bihar State Forest Development Corporation Limited	Inactive
27	Bihar State Tannin Extract Limited (Subsidiary of Sl. No. 26)	Inactive
28	Synthetic Resins (Eastern) Limited (Subsidiary of Sl. No. 63)	Inactive
Other SPSEs		
29	Bihar State Credit and Investment Corporation Limited	Working
30	Bihar State Backward Classes Finance and Development Corporation	Working
31	Bihar State Minorities Finance Corporation Limited	Working
32	Bihar State Film Development and Finance Corporation Limited	Working
33	Bihar State Education Finance Corporation Limited	Working
34	Bihar State Financial Corporation	Working
35	Bihar Police Building Construction Corporation Limited	Working
36	Bihar Rajya Pul Nirman Nigam Limited	Working
37	Bihar State Building Construction Corporation Limited	Working

Sl. No.	State Public Sector Enterprises	Remarks
38	Bihar State Road Development Corporation Limited	Working
39	Bihar State Urban Infrastructure Development Corporation Limited	Working
40	Bihar State Educational Infrastructure Corporation Limited	Working
41	Bihar State Electronics Development Corporation Limited	Working
42	Bihar State Beverages Corporation Limited	Working
43	Bihar State Mining Corporation Limited	Working
44	Bihar State Tourism Development Corporation Limited	Working
45	Bihar Medical Services and Infrastructure Corporation Limited	Working
46	Patna Metro Rail Corporation	Working
47	Bihar State Text Book Publishing Corporation Limited	Working
48	Bhagalpur Smart City Limited	Working
49	Muzaffarpur Smart City Limited	Working
50	Biharshariff Smart City Limited	Working
51	Patna Smart City Limited	Working
52	Bihar State Road Transport Corporation	Working
53	Bihar State Water Development Corporation Limited	Inactive
54	Bihar Panchayati Raj Finance Corporation Limited	Inactive
55	Bihar State Handloom and Handicrafts Corporation Limited	Inactive
56	Bihar State Industrial Development Corporation Limited	Inactive
57	Bihar State Construction Corporation Limited	Inactive
58	Bihar State Mineral Development Corporation Limited	Inactive
59	Magadh Mineral Limited (Subsidiary of Sl. No. 63)	Inactive
60	Beltron Video System Limited (Subsidiary of Sl. No. 41)	Inactive
61	Beltron Mining System Limited (Subsidiary of Sl. No. 41)	Inactive
62	Beltron Informatics Limited* (Subsidiary of Sl. No. 41)	Inactive
63	Bihar State Pharmaceuticals and Chemicals Development Corporation Limited	Inactive
64	Bihar Maize Product Limited (Subsidiary of Sl. No. 63)	Inactive
65	Bihar Drugs and Chemicals Limited (Subsidiary of Sl. No. 63)	Inactive
66	Bihar State Textiles Corporation Limited	Inactive
67	Bihar Paper Mills Limited (Subsidiary of Sl. No. 56)	Inactive
68	Bihar State Glazed Tiles and Ceramics Limited (Subsidiary of Sl. No. 63)	Inactive
69	Vishwamitra Paper Industries Limited (Subsidiary of Sl. No. 63)	Inactive
70	Jhannharpur Paper Industries Limited (Subsidiary of Sl. No. 63)	Inactive
71	Bihar Scooters Limited (Subsidiary of Sl. No. 56)	Inactive
72	Kumardhubi Metal Casting and Engineering Limited (Subsidiary of Sl. No. 58)	Inactive- under liquidation
73	Bihar State Finished Leathers Corporation Limited (Subsidiary of Sl. No. 74)	Inactive- under liquidation
74	Bihar State Leather Industries Development Corporation Limited	Inactive- under liquidation
75	Bihar State Export Corporation Limited	Inactive- under liquidation
76	Bihar State Small Industries Corporation Limited	Inactive- under liquidation

(Source: Information provided by SPSEs)

Appendix-5.2

(Reference: Paragraph 5.3)

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts, as on 31 July 2023

Sl. No.	Name of SPSEs	Period of accounts	Paid-up capital	Long term Loans	Net profit/ loss before interest and tax	Net profit/ loss after interest and tax	Turnover	Net Worth ¹	Capital employed	Accumulated Profit (+) / Loss (-)
1	2	3	4	5	6	7	8	9	10	11
A	Power Sector SPSEs									
1	Bihar State Hydroelectric Power Corporation Limited	2015-16	99.04	1,014.10	-25.35	-25.35	8.26	-129.27	884.83	-228.31
2	Bihar State Power (Holding) Company Limited ²	2020-21	1,244.22	603.56	0.00	0.00	0.00	1,561.34	2,164.90	317.12
3	Bihar State Power Generation Company Limited	2020-21	4,812.96	0.00	-2.79	-2.79	0.00	577.04	577.04	-4,235.92
4	Bihar State Power Transmission Company Limited	2021-22	8,295.66	3,014.13	314.35	89.53	1,158.31	9,366.36	12,380.49	1,070.70
5	North Bihar Power Distribution Company Limited	2021-22	12,806.00	3,275.89	-929.57	-929.57	9,497.17	6,133.39	9,409.28	-6,672.61
6	South Bihar Power Distribution Company Limited	2021-22	13,305.02	3,965.10	-1,287.60	-1,287.60	11,110.11	702.86	4,667.96	-12,602.16
7	Pirpanti Bijlee Company Private Limited	2019-20	0.01	0.00	0.00	0.00	0.00	-0.03	-0.03	-0.04
8	Lakhisarai Bijlee Company Private Limited	2019-20	0.01	0.00	0.00	0.00	0.00	-0.03	-0.03	-0.04
9	Bihar Grid Company Limited	2022-23	668.26	1,962.28	-89.93	-88.18	174.62	959.19	2,921.47	290.93
	Total (A)		41,231.18	13,835.06	-2,020.89	-2,243.96	21,948.47	19,170.85	33,005.91	-22,060.33

¹ Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits but do not include reserves created out of revaluation of assets and write back of depreciation provision.

² SPSEs, which had nil profit / loss.

Sl. No.	Name of SPSEs	Period of accounts	Paid-up capital	Long term Loans	Net profit/ loss before interest and tax	Net profit/ loss after interest and tax	Turnover	Net Worth ¹	Capital employed	Accumulated Profit (+) / Loss (-)
1	2	3	4	5	6	7	8	9	10	11
B	Agriculture and Allied SPSEs									
10	Bihar State Warehousing Corporation	2018-19	6.42	164.02	22.45	11.54	283.59	53.46	217.48	47.04
11	Bihar State Food and Civil Supplies Corporation Limited	2013-14	5.39	2320.41	-348.83	-348.83	0.00	-456.48	1863.93	-461.87
12	Bihar Rajya Beej Nigam Limited	2012-13	3.71	72.65	7.74	7.74	57.31	-41.59	31.06	-45.30
13	Bihar Forestry Development Corporation Limited ³	2020-21	0.34	0.00	0.00	0.00	0.51	1.26	1.26	0.92
	Total (B)		15.86	2557.08	-318.64	-329.55	341.41	-443.35	2113.73	-459.21
C	Other SPSEs									
14	Bihar State Credit and Investment Corporation Limited	2017-18	15.12	0.00	-0.13	-0.13	0.00	-80.10	-80.10	-95.22
15	Bihar State Backward Classes Finance and Development Corporation	2002-03	13.36	26.30	-0.12	-0.12	1.88	19.61	45.91	6.25
16	Bihar State Minorities Finance Corporation Limited	2015-16	39.89	28.88	-3.04	-3.04	3.24	27.12	56.00	-12.77
17	Bihar State Film Development and Finance Corporation Limited	2019-20	1.00	0.50	-0.26	-0.26	0.00	-1.32	-0.82	-2.32
18	Bihar State Education Finance Corporation Limited	2021-22	9.50	0.00	0.37	0.25	0.00	10.50	10.50	1.00
19	Bihar State Financial Corporation	2020-21	77.84	228.47	-13.00	-13.00	1.95	-428.44	-199.97	-506.28
20	Bihar Police Building Construction Corporation Limited	2018-19	10.00	0.00	15.56	11.20	28.40	66.39	66.39	56.39
21	Bihar Rajya Pul Nirman Nigam Limited	2021-22	3.50	0.00	24.23	16.01	76.08	295.28	295.28	291.78
22	Bihar State Building Construction Corporation Limited	2021-22	5.00	0.00	31.79	22.29	47.21	97.89	97.89	92.89

³ Losses/net expenses were allocated to its subsidiaries and profit were distributed among beneficiaries.

Sl. No.	Name of SPSEs	Period of accounts	Paid-up capital	Long term Loans	Net profit/ loss before interest and tax	Net profit/ loss after interest and tax	Turnover	Net Worth ¹	Capital employed	Accumulated Profit (+) / Loss (-)
1	2	3	4	5	6	7	8	9	10	11
23	Bihar State Road Development Corporation Limited	2020-21	20.00	0.00	38.21	31.53	64.09	358.08	358.08	338.08
24	Bihar State Urban Infrastructure Development Corporation Limited	2018-19	69.84	0.00	18.37	15.19	771.18	74.48	74.48	4.64
25	Bihar State Educational Infrastructure Corporation Limited	2020-21	20.00	0.00	17.85	17.85	22.29	236.20	236.20	216.20
26	Bihar State Electronic Development Corporation Limited	2018-19	25.00	0.00	33.46	23.57	424.73	129.88	129.88	104.88
27	Bihar State Beverages Corporation Limited	2019-20	5.00	0.00	-1.48	-1.48	0.00	89.24	89.24	84.24
28	Bihar State Mining Corporation Limited	2018-19	20.00	0.00	-1.93	-1.93	6.14	20.72	20.72	0.72
29	Bihar State Tourism Development Corporation Limited	2015-16	5.00	0.00	7.03	5.93	10.90	29.35	29.35	24.35
30	Bihar Medical Services and Infrastructure Corporation Limited	2017-18	6.67	0.00	3.18	2.30	29.01	19.03	19.03	12.36
31	Patna Metro Rail Corporation	2021-22	725.00	808.08	-0.70	-1.36	0.00	726.60	1534.68	1.60
32	Bihar State Textbook Publishing Corporation Limited	2013-14	0.48	0.00	62.68	62.68	272.40	333.64	333.64	333.16
33	Bhagalpur Smart City Limited	2020-21	0.10	0.00	0.00	0.00	0.00	0.10	0.10	0.00
34	Muzaffarpur Smart City Limited	2020-21	0.10	0.00	0.00	0.00	2.72	0.10	0.10	0.00
35	Biharsharif Smart City Limited	2019-20	0.10	0.00	0.04	0.03	0.00	0.13	0.13	0.03
36	Patna Smart City Limited	2018-19	0.10	0.00	0.01	0.01	0.00	-0.06	-0.06	-0.16
37	Bihar State Road Transport Corporation	2018-19	101.28	0.00	-144.10	-144.10	64.47	-2,073.16	-2,073.16	-2,174.44
	Total (C)		1,173.88	1,092.23	88.02	43.42	1,826.69	-48.74	1,043.49	-1,222.62
	Grand Total (A + B + C)		42,420.92	17,484.37	-2,251.51	-2,530.09	24,116.57	18,678.76	36,163.13	-23,742.16

Appendix-5.3

(Reference: Paragraph 5.7.3)

State Government funds infused in SPSEs, during the period from 2011-12 to 2022-23

		Financial year	Up to 2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Grand Total
1	Bihar State Hydroelectric Power Corporation Limited	Equity	68.34	-	-	-	-	-	-	-	-	-	-	-	68.34
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Bihar State Power (Holding) Company Limited ⁴	Equity	-	8,923.96	-	1,475.00	5,456.92	5,272.04	8,970.62	5,035.36	3,079.20	1,125.96	1,447.33	11.60	40,797.99
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Bihar State Warehousing Corporation	Equity	3.21	-	-	-	-	-	-	-	-	-	-	-	3.21
		Interest Free Loan	-	-	-	77.00	-	87.04	-	13.96	-	-	-	-	178.00
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Bihar State Food and Civil Supplies Corporation Limited	Equity	5.39	-	-	-	-	-	-	-	-	-	-	-	5.39
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Bihar Rajya Beej Nigam Limited	Equity	2.27	-	-	-	-	-	-	-	-	-	-	-	2.27
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Bihar Forestry Development Corporation Limited	Equity	-	-	-	-	0.05	0.29	-	-	-	-	-	-	0.34
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Bihar State Credit and Investment Corporation Limited	Equity	15.12	-	-	-	-	-	-	-	-	-	-	-	15.12
		Interest Free Loan	21.25	-	-	-	-	-	-	-	-	-	-	-	21.25
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-

⁴ The figures as shown in Bihar State Power (Holding) Company Limited includes investment in the form of equity, IFL, grant/ subsidy of its four subsidiary SPSEs viz., Bihar State Power Transmission Company Limited, Bihar State Power Generation Company Limited, South Bihar Power Distribution Company Limited, North Bihar Power Distribution Company Limited and one joint venture SPSE viz., Bihar Grid Company Limited of Bihar State Power Holding Company Limited which receives equity from GoB, through its holding Company.

	Financial year	Up to 2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Grand Total
8	Bihar State Backward Classes Finance and Development Corporation	Equity	13.36	-	-	-	-	-	-	-	-	-	-	13.36
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-
9	Bihar State Minorities Finance Corporation Limited	Equity	32.79	1.00	0.10	6.00	-	-	-	-	-	-	-	39.89
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-
10	Bihar State Film Development and Finance Corporation Limited	Equity	1.00	-	-	-	-	-	-	-	-	-	-	1.00
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-
11	Bihar State Education Finance Corporation Limited	Equity	-	-	-	-	-	-	9.50	-	-	-	-	9.50
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	5.00	7.65	8.33	7.00	-	27.98
12	Bihar State Financial Corporation	Equity	39.95	-	-	-	-	-	-	-	-	-	-	39.95
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-
13	Bihar Police Building Construction Corporation Limited	Equity	0.10	-	-	-	-	-	9.90	-	-	-	-	10.00
		Interest Free Loan	0.43	-	-	-	-	-	-	-	-	-	-	0.43
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-
14	Bihar Rajya Pul Nirman Nigam Limited	Equity	3.50	-	-	-	-	-	-	-	-	-	-	3.50
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-
15	Bihar State Building Construction Corporation Limited	Equity	0.06	4.94	-	-	-	-	-	-	-	-	-	5.00
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-
16	Bihar State Road Development Corporation Limited	Equity	20.00	-	-	-	-	-	-	-	-	-	-	20.00
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-

		Financial year	Up to 2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Grand Total
17	Bihar State Urban Infrastructure Development Corporation Limited	Equity	5.00	-	-	-	-	-	-	64.84	-	-	-	-	69.84
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Bihar State Educational Infrastructure Corporation Limited	Equity	20.00	-	-	-	-	-	-	-	-	-	-	-	20.00
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Bihar State Electronics Development Corporation Limited	Equity	0.15	-	-	-	-	-	24.85	-	-	-	-	-	25.00
		Interest Free Loan	6.00	-	-	-	-	-	-	-	-	-	-	-	6.00
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Bihar State Beverages Corporation Limited	Equity	5.00	-	-	-	-	-	-	-	-	-	-	-	5.00
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Bihar State Mining Corporation Limited	Equity	-	-	-	-	-	-	20.00	-	-	-	-	-	20.00
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Bihar State Tourism Development Corporation Limited	Equity	5.00	-	-	-	-	-	-	-	-	-	-	-	5.00
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Bihar Medical Services and Infrastructure Corporation Limited	Equity	0.05	-	-	-	6.62	-	-	-	-	-	-	-	6.67
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Patna Metro Rail Corporation	Equity	-	-	-	-	-	-	-	60.05	152.95	249.50	-	-	462.50
		Interest Free Loan	-	-	-	-	-	-	-	-	-	808.08	-	-	808.08
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Bihar State Textbook Publishing Corporation Limited	Equity	0.36	-	-	-	-	-	-	-	-	-	-	-	0.36
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-

		Financial year	Up to 2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Grand Total	
26	Bhagalpur Smart City Limited	Equity	-	-	-	-	-	0.05	-	-	-	-	-	-	0.05	
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	
27	Muzaffarpur Smart City Ltd	Equity	-	-	-	-	-	-	0.05	-	-	-	-	-	0.05	
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Grant / Subsidy	-	-	-	-	-	-	-	2.50	-	-	-	-	-	2.50
28	Biharsharif Smart City Ltd	Equity	-	-	-	-	-	-	-	0.05	-	-	-	-	0.05	
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Patna Smart City Ltd	Equity	-	-	-	-	-	-	0.05	-	-	-	-	-	0.05	
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Bihar State Road Transport Corporation	Equity	74.76	-	-	-	-	-	-	-	-	-	-	-	74.76	
		Interest Free Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant / Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Interest Free Loan Grant / Subsidy	Equity	315.41	8,929.90	0.10	1,475.00	5,469.59	5,272.38	9,015.57	5,119.65	3,139.25	1,278.91	1,696.83	11.60	41,724.19	
			-	-	77.00	-	87.04	-	13.96	-	-	808.08	-	1,013.76	-	
			-	-	-	-	-	2.50	5.00	7.65	8.33	7.00	-	30.48	-	
Grand Total			343.09	8,929.90	0.10	1,552.00	5,469.59	5,359.42	9,018.07	5,138.61	3,146.90	1,287.24	2,511.91	11.60	42,768.43	

(Source: Latest Financial Statements of SPSEs)

Appendix-5.4

(Reference: Paragraph 5.8.2)

Summarised financial position and working results of SPSEs which had accumulated losses,
as per their latest finalised accounts, as on 31 July 2023

Sl. No.	Name of SPSEs	Period of accounts	Year in which finalised	Net profit/loss after interest and tax	Paid up capital	Long term Loans	Accumulated losses	Capital employed	Net Worth
1	2	3	4	5	6	7	8	9	10
Government Companies									
A Power Sector SPSEs									
1	Bihar State Hydroelectric Power Corporation Limited	2015-16	2022-23	-25.35	99.04	1,014.10	228.31	884.83	-129.27
2	Bihar State Power Generation Company Limited	2020-21	2022-23	-2.79	4,812.96	0.00	4,235.92	577.04	577.04
3	North Bihar Power Distribution Company Limited	2021-22	2022-23	-929.57	12,806.00	3,275.89	6,672.61	9,409.28	6,133.39
4	South Bihar Power Distribution Company Limited	2021-22	2022-23	-1,287.60	13,305.02	3,965.10	12,602.16	4,667.96	702.86
5	Pirpainti Bijlee Company Private Limited	2019-20	2021-22	0.00	0.01	0.00	0.04	-0.03	-0.03
6	Lakhisarai Bijlee Company Private Limited	2019-20	2021-22	0.00	0.01	0.00	0.04	-0.03	-0.03
Total (A)				-2,245.31	31,023.04	8,255.09	23,739.08	15,539.05	7,283.96
B Agriculture and Allied SPSEs									
7	Bihar State Food and Civil Supplies Corporation Limited	2013-14	2022-23	-348.83	5.39	2,320.41	461.87	1,863.93	-456.48
8	Bihar Rajya Beej Nigam Limited	2012-13	2022-23	7.74	3.71	72.65	45.30	31.06	-41.59
Total (B)				-341.09	9.1	2393.06	507.17	1,894.99	-498.07
C Other SPSEs									
9	Bihar State Credit and Investment Corporation Limited	2017-18	2023-24	-0.13	15.12	0.00	95.22	-80.10	-80.10
10	Bihar State Minorities Finance Corporation Limited	2015-16	2022-23	-3.04	39.89	28.88	12.77	56.00	27.12
11	Bihar State Film Development and Finance Corporation Limited	2019-20	2022-23	-0.26	1.00	0.50	2.32	-0.82	-1.32
12	Patna Smart City Limited	2018-19	2022-23	0.01	0.10	0.00	0.16	-0.06	-0.06
Total (C)				-3.42	56.11	29.38	110.47	-24.98	-54.36

Sl. No.	Name of SPSEs	Period of accounts	Year in which finalised	Net profit/loss after interest and tax	Paid up capital	Long term Loans	Accumulated losses	Capital employed	Net Worth
1	2	3	4	5	6	7	8	9	10
	Total (Government Companies)			-2,589.82	31,088.25	10,677.53	24,356.72	17,409.06	6,731.53
Statutory Corporations									
D	Other SPSEs								
13	Bihar State Financial Corporation	2020-21	2022-23	-13.00	77.84	228.47	506.28	-199.97	-428.44
14	Bihar State Road Transport Corporation	2018-19	2022-23	-144.10	101.28	0.00	2,174.44	-2,073.16	-2,073.16
	Total (Statutory Corporations)			-157.1	179.12	228.47	2,680.72	-2,273.13	-2,501.60
	Grand Total (A + B + C + D)			-2,746.92	31,267.37	10,906.00	27,037.44	15,135.93	4,229.93

*None of the SPSEs with accumulated losses had Free Reserves.

Appendix-5.5**(Reference: Paragraph 5.11.2)****Information regarding accounts in arrear of State Public Sector Undertakings, as per their latest finalised accounts, as on 31 July 2023**

Sl. No.	SPSE	Year for which Accounts are in arrear	No. of accounts in Arrear
A	Working Government Companies		
1	Bihar Forestry Development Corporation Limited	2021-22	1
2	Bihar Medical Services & Infrastructure Corporation Limited	2018-19 to 2021-22	4
3	Bihar Police Building Construction Corporation Limited	2019-20 to 2021-22	3
4	Bihar Rajya Beej Nigam Limited	2013-14 to 2021-22	9
5	Bihar State Backward Classes Finance & Development Corporation	2003-04 to 2021-22	19
6	Bihar State Beverages Corporation Limited	2020-21 to 2021-22	2
7	Bihar State Credit & Investment Corporation Limited	2018-19 to 2021-22	4
8	Bihar State Educational Infrastructure Development Corporation Limited	2021-22	1
9	Bihar State Electronic Development Corporation Limited	2019-20 to 2021-22	3
10	Bihar State Film Development & Finance Corporation Limited	2020-21 to 2021-22	2
11	Bihar State Food & Civil Supplies Corporation Limited	2014-15 to 2021-22	8
12	Bihar State Hydroelectric Power Corporation Limited	2016-17 to 2021-22	6
13	Bihar State Mining Corporation Limited	2019-20 to 2021-22	3
14	Bihar State Minorities Finance Corporation Limited	2016-17 to 2021-22	6
15	Bihar State Power (Holding) Company Limited ⁵	2018-19 to 2021-22	4
16	Bihar State Power Generation Company Limited ⁶	2020-21 to 2021-22	2
17	Bihar State Road Development Corporation Limited	2021-22	1
18	Bihar State Textbook Publishing Corporation Limited	2014-15 to 2021-22	8
19	Bihar State Tourism Development Corporation Limited	2016-17 to 2021-22	6
20	Bihar Urban Infrastructure Development Corporation Limited	2019-20 to 2021-22	3
21	Lakhisarai Bijlee Company Private Limited	2020-21 to 2021-22	2
22	Pirpainti Bijlee Company Private Limited	2020-21 to 2021-22	2
	Total (A)		99

⁵ Bihar State Power (Holding) Company Limited has not prepared Consolidated Financial Statement from the year 2018-19 to 2021-22 and prepared only Standalone Financial Statement up to 2020-21.

⁶ Bihar State Power Generation Company Limited has not prepared Consolidated Financial Statement for the year 2020-21 to 2021-22. The Company prepared only Standalone Financial Statement up to 2020-21.

Sl. No.	SPSE	Year for which Accounts are in arrear	No. of accounts in Arrear
B	Working Government Controlled Other Companies		
1	Bhagalpur Smart City Limited	2021-22	1
2	Biharsharif Smart City Limited	2020-21 to 2021-22	2
3	Muzaffarpur Smart City Limited	2021-22	1
4	Patna Smart City Limited	2019-20 to 2021-22	3
	Total (B)		7
C	Working Statutory Corporations		
1	Bihar State Financial Corporation	2021-22	1
2	Bihar State Road Transport Corporation	2019-20 to 2021-22	3
3	Bihar State Warehousing Corporation	2019-20 to 2021-22	3
	Total (C)		7
D	Non-Working Government Companies		
1	Beltron Informatics Limited	Since 01.03.1988* to 2021-22	34
2	Beltron Mining System Limited	1991-92 to 2021-22	31
3	Beltron Video System Limited	1990-91 to 2021-22	32
4	Bihar Drugs & Chemicals Limited	1986-87 to 2021-22	36
5	Bihar Fruits & Vegetables Development Corporation Limited	2015-16 to 2021-22	7
6	Bihar Hill Area Lift Irrigation Corporation Limited	1983-84 to 2021-22	39
7	Bihar Insecticides Limited	1987-88 to 2021-22	35
8	Bihar Maize Product Limited	1984-85 to 2021-22	38
9	Bihar Panchayati Raj Finance Corporation Limited	1985-86 to 2021-22	37
10	Bihar Paper Mills Limited	1986-87 to 2021-22	36
11	Bihar Rajya Matasya Vikas Nigam Limited	1993-94 to 2021-22	29
12	Bihar Scooters Limited	1977-78* to 2021-22	45
13	Bihar State Construction Corporation Limited	2003-04 to 2021-22	19
14	Bihar State Dairy Corporation Limited	1998-99 to 2021-22	24
15	Bihar State Forest Development Corporation Limited	2003-04 to 2021-22	19
16	Bihar State Glazed Tiles & Ceramics Limited	1986-87 to 2021-22	36
17	Bihar State Handloom & Handicrafts Corporation Limited	1984-85 to 2021-22	38
18	Bihar State Industrial Development Corporation Limited	2011-12 to 2021-22	11
19	Bihar State Mineral Development Corporation Limited	2002-03 to 2021-22	20
20	Bihar State Pharmaceuticals & Chemical Development Corporation Limited	1986-87 to 2021-22	36
21	Bihar State Solvent & Chemicals Limited	1987-88 to 2021-22	35
22	Bihar State Sugar Corporation Limited	1985-86 to 2021-22	37
23	Bihar State Tannin Extract Limited	1989-90 to 2021-22	33
24	Bihar State Textile Corporation Limited	1988-89 to 2021-22	34
25	Bihar State Water Development Corporation Limited	1979-80 to 2021-22	43

Sl. No.	SPSE	Year for which Accounts are in arrear	No. of accounts in Arrear
26	Jhanjharpur Paper Industries Limited	1986-87 to 2021-22	36
27	Magadh Minerals Limited	1984-85* to 2021-22	38
28	SCADA Agro Business Company Limited	2015-16 to 2021-22	7
29	SCADA Agro Business Company, Aurangabad Limited	1993-94* to 2021-22	29
30	SCADA Agro Business Company, Dehri Limited	1993-94* to 2021-22	29
31	SCADA Agro Business Company, Mohaniya Limited	1993-94* to 2021-22	29
32	Synthetic Resins (Eastern) Limited	1984-85 to 2021-22	38
33	Vishwamitra Paper Industries Limited	1985-86 to 2021-22	37
	Total (D)		1,027
E	Government Companies under Liquidation		
1	Bihar State Export Corporation Limited	1992-93 to	--
2	Bihar State Finished Leathers Corporation Limited	1984-85 to	--
3	Bihar State Leather Industries Development Corporation Limited	1983-84 to	--
4	Bihar State Small Industries Corporation Limited	1991-92 to	--
5	Kumardhubi Metal Casting & Engineering Limited	1995-96 to	--
	Total (E)		--
	Grand Total (A + B + C + D + E)		1,140

(Source: As per latest finalised accounts of the SPSEs)

*Company has not submitted its accounts since inception

GLOSSARY OF ABBREVIATIONS

GLOSSARY OF ABBREVIATIONS

Sl. No.	Abbreviation	Full Form
1	A&E	Accounts and Entitlement
2	AA	Appropriation Accounts
3	AC	Abstract Contingent
4	AE	Actual Expenditure
5	AG	Accountant General
6	AGM	Annual General Meeting
7	AS	Accounting Standards
8	BBM	Bihar Budget Manual
9	BE	Budget Estimates
10	BFR	Bihar Financial Rules
11	BFRBM	Bihar Fiscal Responsibility and Budget Management
12	BOCW	Building and Other Construction Workers
13	BTC	Bihar Treasury Code
14	CAG	Comptroller and Auditor General of India
15	CAGR	Compounded Annual Growth Rate
16	CE	Capital Expenditure
17	CFMS	Comprehensive Financial Management System
18	CSR	Corporate Social Responsibility
19	DC	Detailed Contingent
20	DDO	Drawing and Disbursing Officer
21	DE	Development Expenditure
22	DISCOMs	Distribution Companies
23	EBIT	Earnings before Interest and Taxes
24	EDC	Expenditure during Construction
25	ES	Economic Services
26	FC	Finance Commission
27	GDP	Gross Domestic Product
28	GIA	Grants-in-Aid
29	GS	General Services
30	GSDP	Gross State Domestic Product
31	GST	Goods and Service Tax
32	GVA	Gross Value Added
33	ICAI	Institute of Chartered Accountant of India
34	ICR	Interest Coverage Ratio
35	IGAS	Indian Government Accounting Standard
36	IND-AS	Indian Accounting Standards
37	MCA	Ministry of Corporate Affairs
38	NPRE	Non-Plan Revenue Expenditure
39	NPS	National Pension System

Sl. No.	Abbreviation	Full Form
40	NSDL	National Securities Depository Limited
41	NSSF	National Small Saving Fund
42	NTR	Non-Tax Revenue
43	PAC	Public Accounts Committee
44	PD	Personal Deposit
45	PF	Provident Fund
46	PHE	Public Health Engineering
47	RBI	Reserve Bank of India
48	RDD	Rural Development Department
49	RE	Revised Estimates
50	ROC	Registrar of Companies
51	ROCE	Return on Capital Employed
52	ROE	Return on Equity
53	ROI	Return on Investment
54	RoRR	Rate of Real Return
55	RR	Revenue Receipts
56	SDRF	State Disaster Response Fund
57	SLR	Statutory Liquidity Ratio
58	SP	Supplementary Provision
59	SPSEs	State Public Sector Enterprises
60	SWD	Social Welfare Department
61	UC	Utilisation Certificate
62	VLC	Voucher Level Computerisation

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