



सत्यमेव जयते

ACCOUNTS AT A GLANCE 2013 - 14



Government of Bihar

ACCOUNTS AT A GLANCE

for the year 2013-14

Government of Bihar

*P*REFACE

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

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

‘Accounts at a Glance’ provides a broad overview of Governmental activities, as reflected in Finance Accounts and Appropriation Accounts. The information is presented through brief explanations, Statements, Graphs and time series analysis for providing accounting information to the stakeholders-the Legislature, the Executives and the Public. A combined reading of the Finance Accounts and Appropriation Accounts, the Report on State Finances and the Accounts at a Glance, will help the stakeholders to more effectively comprehend the various facets of the finances of the Government of Bihar.

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



Sanjay Kumar

Accountant General (A&E)

Bihar, Patna

Place : Patna

Date : 2 February 2015

Our Vision, Mission and Core Values

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

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

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

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

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

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

T ABLE OF CONTENTS

Chapter I	Overview	Page
1.1	Introduction	5
1.2	Structure of Accounts	5
1.3	Finance Accounts and Appropriation Accounts	7
1.4	Sources and Application of Funds	9
1.5	Highlights of Accounts	12
1.6	What the Deficits and Surpluses indicate	13
Chapter II	Receipts	
2.1	Introduction	15
2.2	Revenue Receipts	15
2.3	Trend of Receipts	17
2.4	Performance of State's own Tax Revenue Collection	19
2.5	Efficiency of Tax Collection	19
2.6	Trend in State's share of Union taxes over the past five years	20
2.7	Grants-in-aid	21
2.8	Public Debt	22
Chapter III	Expenditure	
3.1	Introduction	23
3.2	Revenue Expenditure	23
3.3	Capital Expenditure	25
Chapter IV	Plan and Non-Plan expenditure	
4.1	Distribution of Expenditure (2013-14)	27
4.2	Plan Expenditure	27
4.3	Non-Plan Expenditure	28
4.4	Committed Expenditure	29
Chapter V	Appropriation Accounts	
5.1	Summary of Appropriation Accounts for 2013-14	30
5.2	Trend of Savings/Excess during the past five years	30
5.3	Significant Savings	31
Chapter VI	Assets and Liabilities	
6.1	Assets	33
6.2	Debt and Liabilities	33
6.3	Guarantees	34
Chapter VII	Other Items	
7.1	Balances under Internal Debt	35
7.2	Loans and Advances by the State Government	35
7.3	Financial Assistance to Local Bodies and Others	35
7.4	Cash Balance and investment of Cash Balance	36
7.5	Reconciliation of Accounts	36
7.6	Submission of Accounts by Treasuries	37
7.7	Unadjusted Abstract Contingent (AC) Bills	38
7.8	Rush of Expenditure	39

C *HAPTER I*

OVERVIEW

1.1. Introduction

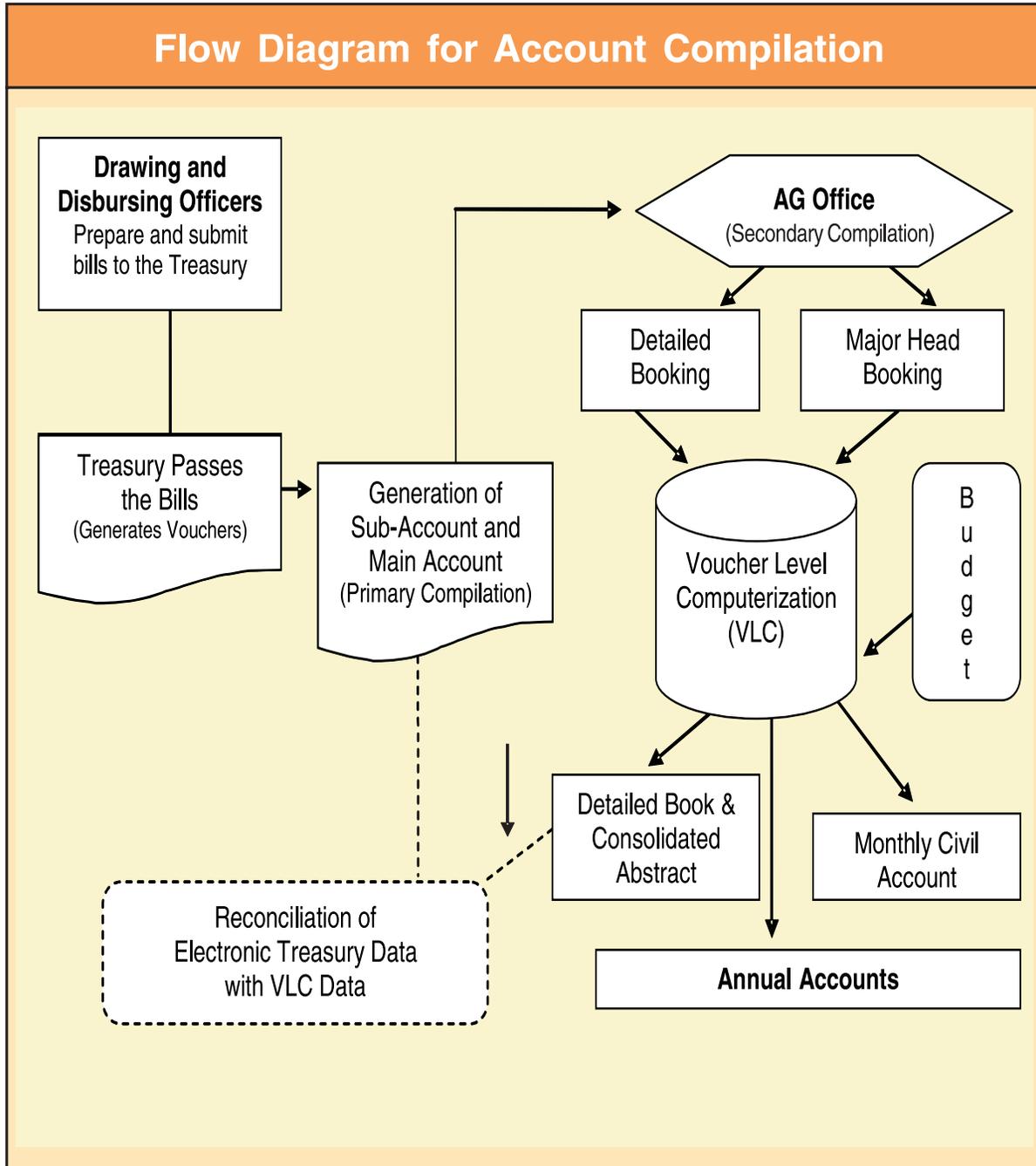
The Accountant General (Accounts and Entitlements), Bihar compiles the accounts of receipts and expenditure of the Government of Bihar. This compilation is based on the initial accounts rendered by the District Treasuries, Public Works and Forest Divisions and advices of the Reserve Bank of India. Following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

1.2. Structure of Accounts

1.2.1. Government Accounts are Kept in three parts :

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

1.2.2. Compilation of Accounts



1.3. Finance Accounts and Appropriation Accounts

1.3.1. Finance Accounts

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

Receipts and disbursements of the Government of Bihar as depicted in the Finance Accounts 2013-14 are given below :

(₹ in crore)

Receipts (Total : 77,285)	Revenue (Total : 68,919)	Tax Revenue	54,790
		Non Tax Revenue	1,545
		Grants-in-aid	12,584
	Capital (Total : 8,366)	Recovery of Loans and Advances	15
		Borrowings and other Liabilities*	8,351
Disbursements (Total : 77,285)	Revenue	62,477	
	Capital	14,001	
	Loans and Advances	807	

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

Apart from revenue and capital receipts by the State, the Union Government transfers substantial funds directly to State Implementing Agencies / NGOs for implementation of various schemes and programmes. This year, the Government of India directly released ₹ 9,465 crore (₹ 8,314 crore last year). Since these funds are not routed through the State Budget, they are not reflected in the accounts of the State Government. These transfers are now exhibited in Appendix VII of Volume II of the Finance Accounts.

1.3.2. Appropriation Accounts

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

The Appropriation Act, 2013-14, had provided for gross expenditure of ₹ 1,13,153 crore and reduction of expenditure (recoveries) of ₹ 387 crore. Against this, the actual gross expenditure was ₹ 81,673 crore and reduction of expenditure was ₹ 1,268 crore, resulting in net savings of ₹ 31,480 crore (27.82 per cent) and an under-estimation of ₹ 881 crore on reduction of expenditure. The gross expenditure includes ₹ 729 crore drawn on Abstract Contingent (AC) Bills, out of which ₹ 723 crore is still outstanding at the end of the year for want of supporting Detailed Contingent (DC) Bills.

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

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

During 2013-14, only 47 out of 65 treasuries have furnished the information in respect of P.D. Accounts. On the basis of information received from 47 treasuries and previous records of this office, the status of P.D. Accounts as on 31 March 2014 is as under :-

(₹ in crore)		
Particulars	No. of PD Accounts	Amount
As on 1 April 2013	101	1,315.51
Receipt during the year	32	1,187.72
Opened during the year	03	Nil
Closed during the year	Nil	Nil
Payment during the year	29	424.84
As on 31 March 2014	104	2,078.39

1.4. Sources and Application of Funds

1.4.1. Ways and Means Advances

The Reserve Bank of India (RBI) extends the facility of Ways and Means Advances (WMA) to enable State Governments to maintain their liquidity. Overdraft (OD) facilities are provided when there is a shortfall in the agreed minimum cash balance (₹ 1.73 crore) maintained with the RBI. The larger the amount and more the number of times such Ways and Means Advances are taken or drawals are made, the more it reflects the adverse position of the cash balance of the State Government. During the financial year 2013-14, the Government of Bihar had maintained the minimum balance without taking any advance.

1.4.2. Funds flow statement

The State had a Revenue Surplus of ₹ 6,442 crore and a Fiscal Deficit of ₹ 8,351 crore representing 1.88 per cent and 2.43 per cent of the Gross State Domestic Product (GSDP). The Fiscal Deficit constituted 11 per cent of total expenditure. This deficit was met from Public Debt (₹ 6,787 crore), increase in Public Account (₹ 1,606 crore) and net of opening and closing cash balance [(-) ₹ 42 crore]. A sum of ₹ 28,978 crore which was 42 per cent of the revenue receipts (₹ 68,919 crore) of the State Government was spent on committed expenditure like salaries (₹ 14,037 crore), interest payments (₹ 5,459 crore) and pensions (₹ 9,482 crore).

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

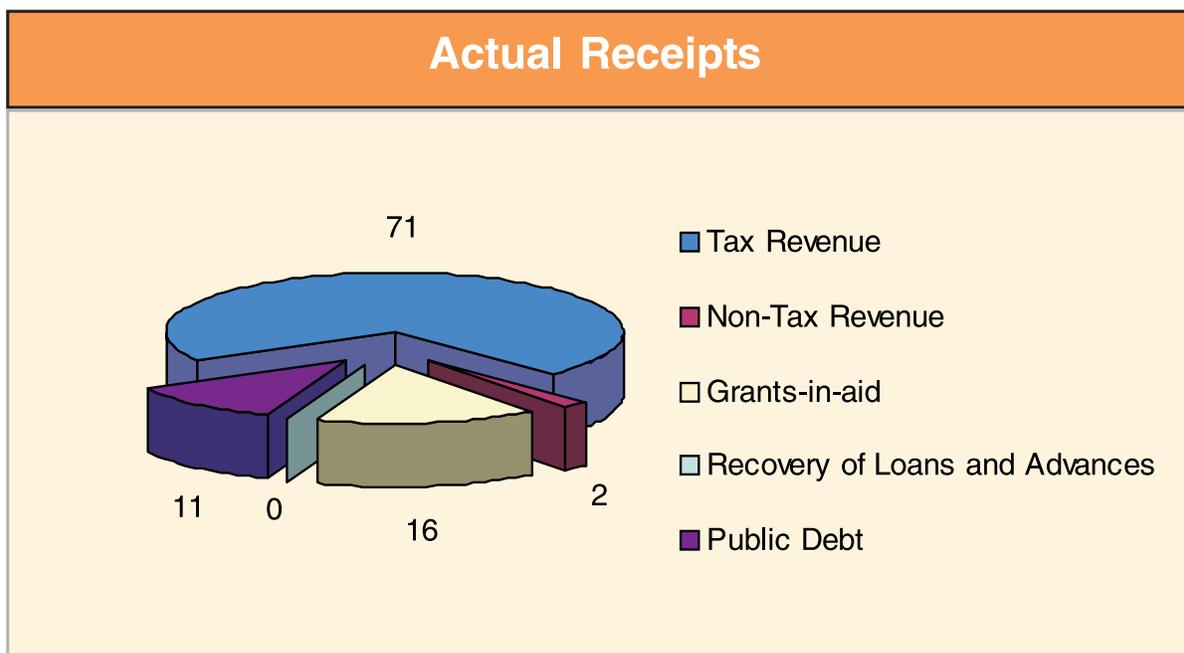
Sources and Application of Funds

(₹ in crore)

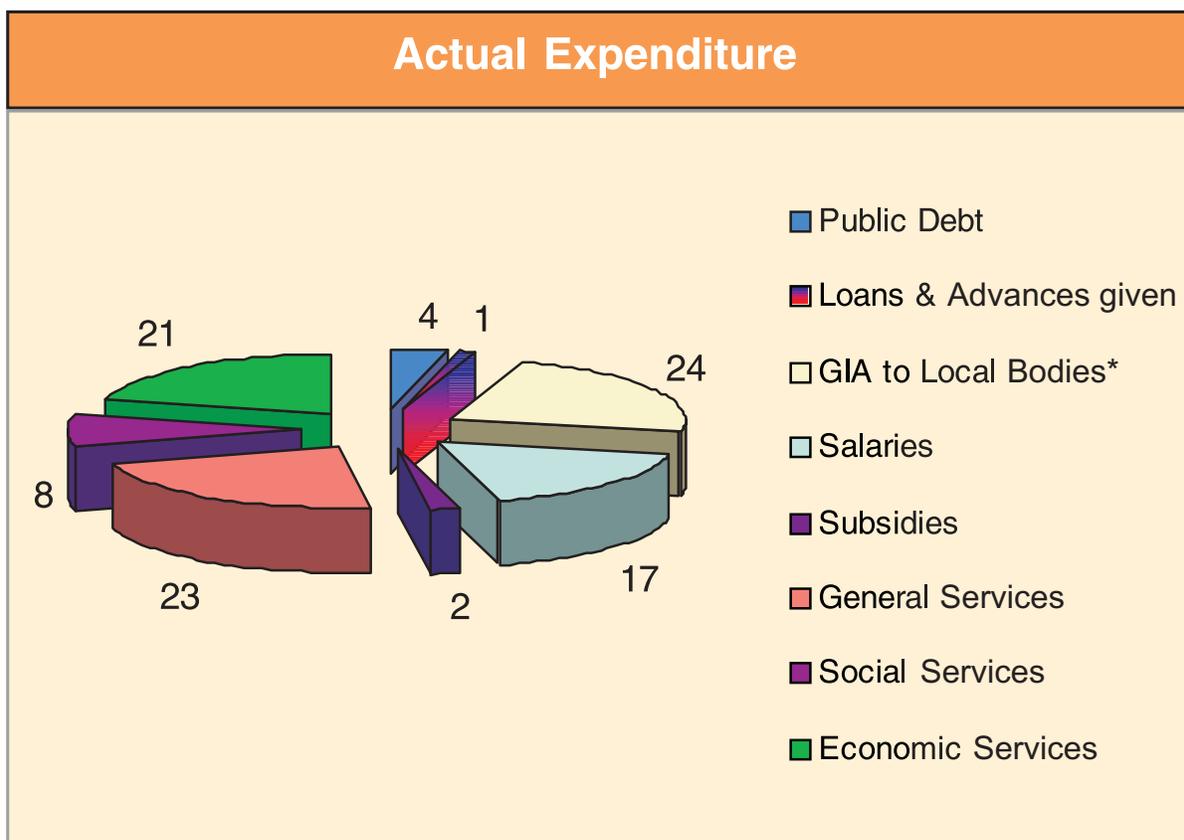
	PARTICULARS	AMOUNT
	Opening Cash Balance as on 1 April 2013	188
	Revenue Receipts	68,919
	Recovery of Loans & Advances	15
	Public Debt	9,907
	Small Savings, Provident Fund & Others	1,072
SOURCES	Reserves & Sinking Funds	823
	Deposits Received	18,446
	Civil Advances Repaid	163
	Suspense Account	1,22,952
	Remittances	12,374
	Contingency Fund	--
	Total	2,34,859

	Revenue Expenditure	62,477
	Capital Expenditure	14,001
	Loans Given	807
	Repayment of Public Debt	3,120
	Small Savings, Provident Fund and Others	1,370
APPLICATION	Reserves & Sinking Funds	561
	Deposits Spent	14,762
	Civil Advances Given	179
	Suspense Account	1,24,960
	Remittances	12,392
	Closing Cash Balance as on 31 March 2014	230
	Total	2,34,859

1.4.3. Where the Rupee came from



1.4.4. Where the Rupee went



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

1.5. Highlights of Accounts

	Budget Estimate (B.E.) 2013-14	Actuals	Percentage of actuals to B.E.	Percentage of actuals to GSDP (\$)
	(₹ in Crore)			
1. Tax Revenue (@)	58,944	54,790	93	16
2. Non-Tax Revenue	3,416	1,545	45	--
3. Grant-in-aid and Contributions	17,707	12,584	71	4
4. Revenue Receipts (1+2+3)	80,067	68,919	86	20
5. Other Receipts	--	--	--	--
6. Recovery of Loans and Advances	13	15	115	--
7. Borrowings and other Liabilities (A)	8,769	8,351	96	2
8. Capital Receipts (5+6+7)	8,782	8,366	95	2
9. Total Receipts (4+8)	88,849	77,285	87	23
10. Non-Plan Expenditure (*)	49,843	43,587	87	13
11. NPE on Revenue Account	49,602	43,381	87	13
12. NPE on Interest Payments out of 11	5,888	5,895	100	2
13. NPE on Capital Account	241	206	86	--
14. Plan Expenditure (*)	39,006	33,698	86	10
15. PE on Revenue Account	23,656	19,096	81	6
16. PE on Capital Account	15,351	14,602	95	4
17. Total Expenditure (10+14)	88,849	77,285	87	22
18. Revenue Expenditure (11+15)	73,258	62,477	85	18
19. Capital Expenditure (13+16) (#)	15,592	14,808	95	4
20. Revenue Surplus (4-18)	6,809	6,442	95	2
21. Fiscal Deficit (4+5+6-17)	8,769	8,351	95	2

(@) Includes State's share of Union Taxes of ₹ 34,829 crore.

(\$) Gross State Domestic Product (GSDP) figure of ₹ 3,43,054 crore adopted from the Economic Survey published by Planning Department, Government of Bihar.

(#) Expenditure on Capital Account includes Capital Expenditure (₹ 14,001 crore), Loans and Advances disbursed (₹ 807 crore).

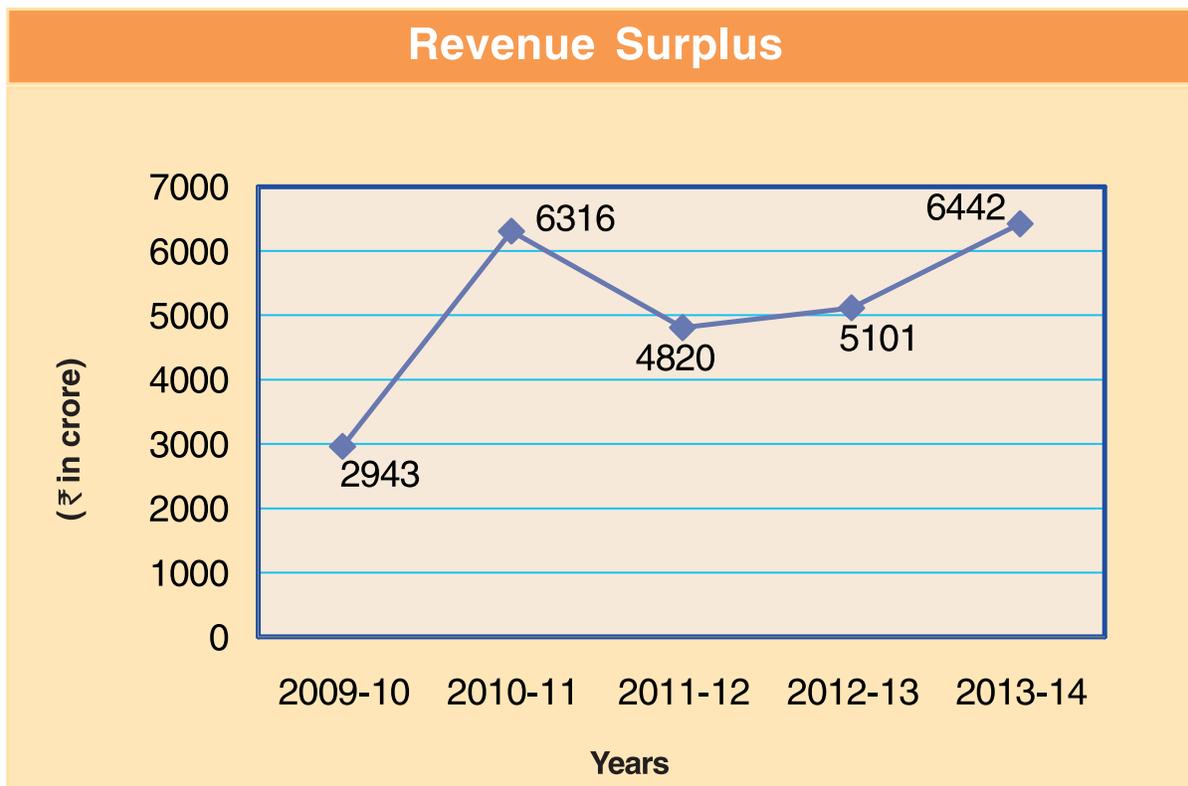
(*) Expenditure includes ₹ 110 crore under Non-Plan and ₹ 697 crore under Plan which pertains to Loans and Advances.

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

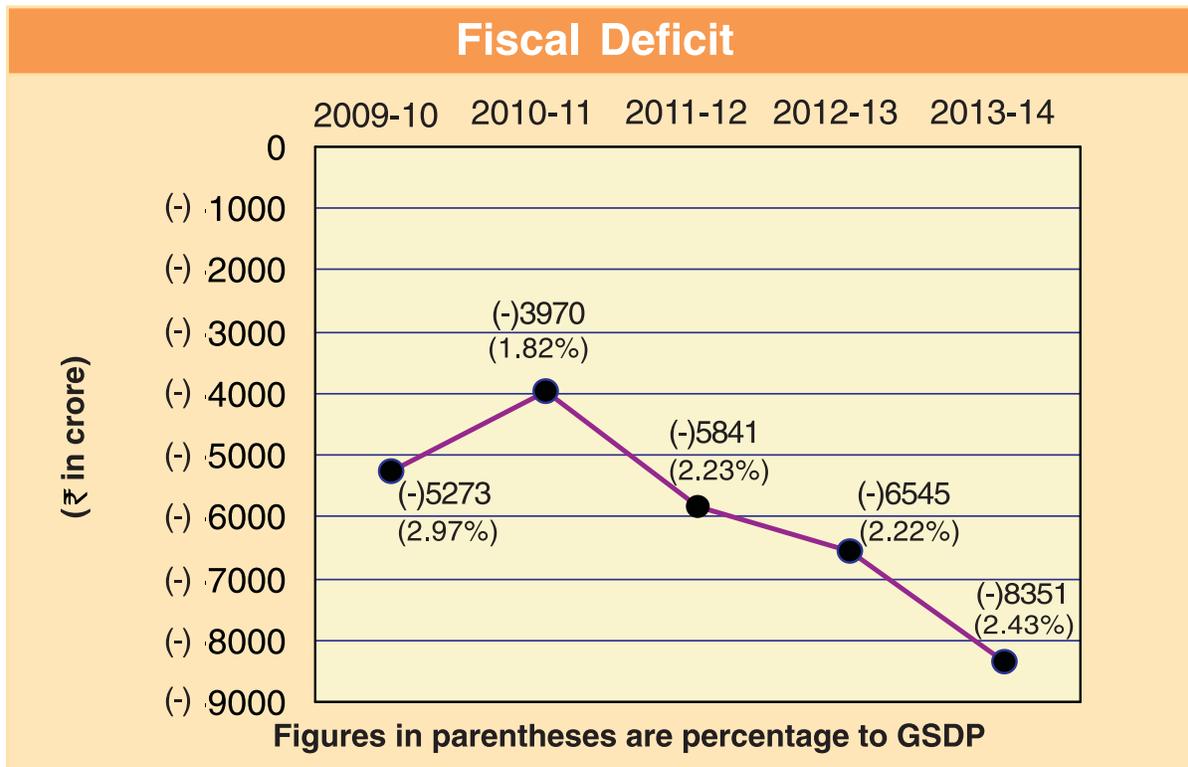
1.6. What do the Deficits and Surpluses indicate

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

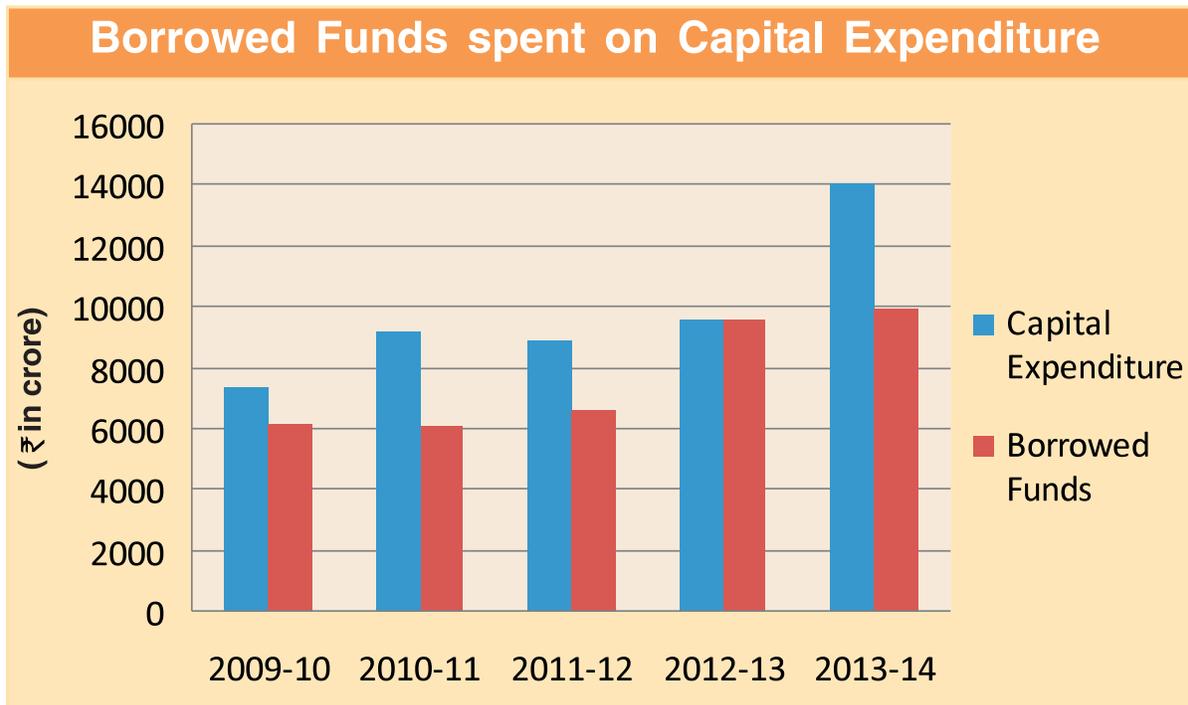
1.6.1. Trend of Revenue Deficit / Surplus



1.6.2. Trend of Fiscal Deficit



1.6.3. Proportion of borrowed funds spent on Capital expenditure.



It is desirable to utilise borrowed funds fully for the creation of capital assets, and to use revenue receipts for the repayment of principal and interest. The State Government has financed its Capital Expenditure (₹14,001 crore) from borrowings of the current year (₹9,907 crore) and revenue surplus (₹6,442 crore) on Capital Expenditure during the year 2013-14.

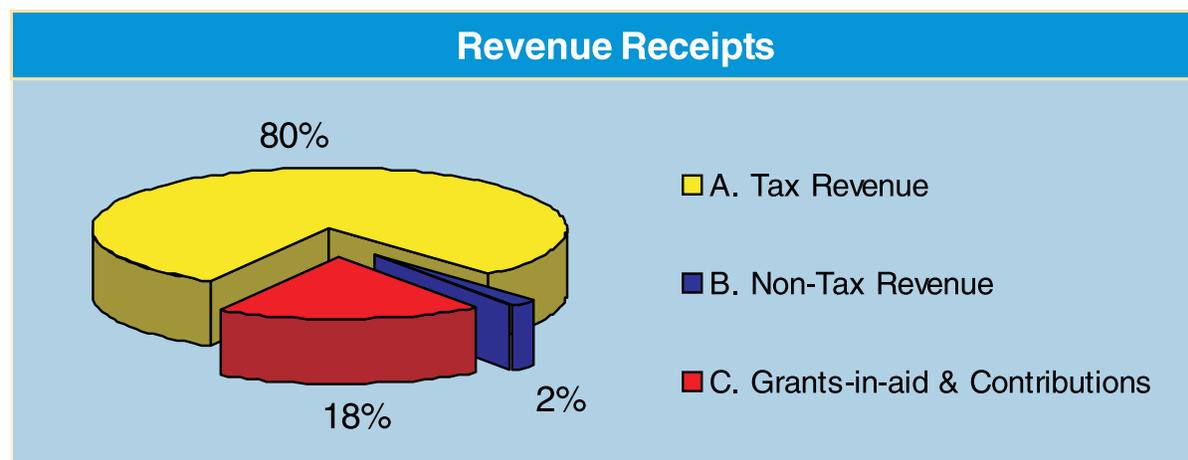
RECEIPTS

2.1. Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2013-14 were ₹ 77,285 crore.

2.2. Revenue Receipts

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



Revenue Receipt Components (2013-14)

(₹ in crore)

Components	Actuals
A. Tax Revenue	54,790
Taxes on Income and Expenditure	19,474
Taxes on Property and Capital Transactions	2,946
Taxes on Commodities and Services	32,370
B. Non-Tax Revenue	1,545
Interest Receipts, Dividends and Profits	272
General Services	452
Social Services	55
Economic Services	766
C. Grants-in-aid and Contributions	12,584
Total - Revenue Receipts	68,919

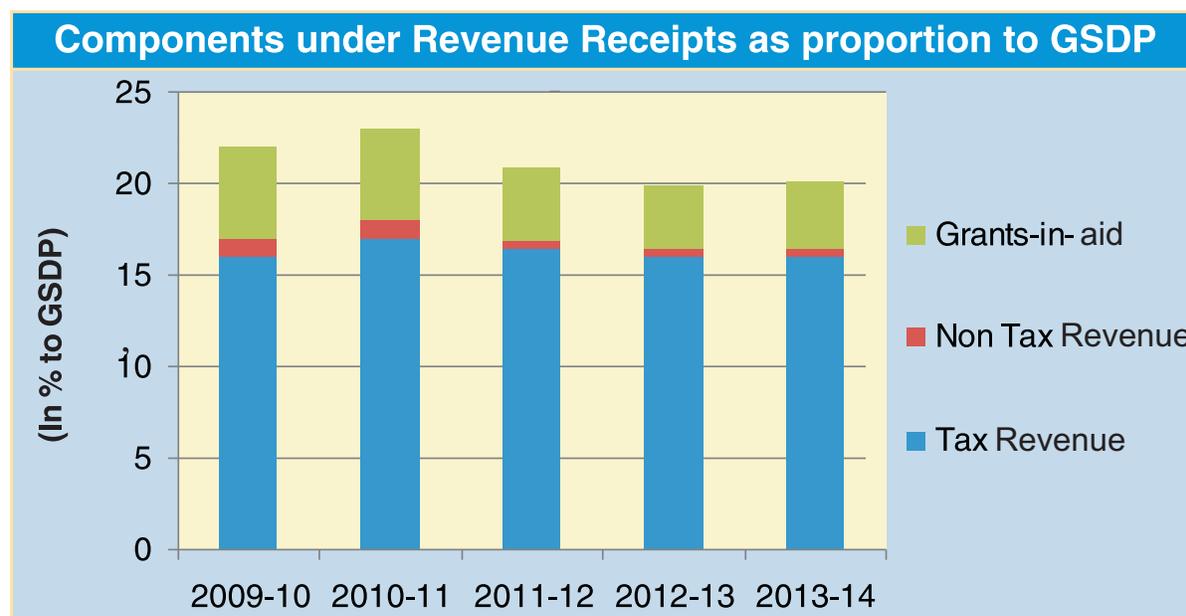
2.3. Trend of Receipts

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Tax Revenue	26,292 (16)	33,848 (17)	40,547 (16.45)	48,154 (16)	54,790 (15.97)
Non-Tax Revenue	1,671 (1)	985 (1)	890 (0.40)	1,135 (0.40)	1,545 (0.45)
Grants-in-aid	7,564 (5)	9,699 (5)	9,883 (4)	10,278 (3.50)	12,584 (3.67)
Total Revenue Receipts	35,527 (22)	44,532 (23)	51,320 (21)	59,567 (20)	68,919 (20)
GSDP	1,64,547	1,98,135	2,46,487	2,94,388	3,43,054

Note : Figures in parentheses represent percentage to GSDP.

Though the GSDP increased by 17% between 2012-13 and 2013-14, growth in revenue collection was 16%. Tax revenue and Non-tax revenue increased by 14% and 36% respectively in 2013-14 with comparison to 2012-13. The increase in Non-tax revenues was mainly on account of significant collections under 'Non-ferrous Mining and Metallurgical Industries' (₹ 569 crore), Contribution and Recoveries towards Pension and Other Retirement Benefits (₹ 400 crore) 'Interest Receipts' (₹ 269 crore), 'Roads and Bridges' (₹ 41 crore) and 'Co-operation' (₹ 36 crore). Further collection under Industries and Miscellaneous General Services were only ₹ 4 crore and about ₹ 0.28 crore respectively in 2013-14 against ₹ 28 crore and ₹ 22 crore in 2012-13. The State's own revenue under certain tax components, like 'Stamps and Registration Fees' (₹ 2,712 crore), 'State Excise' (₹ 3,168 crore) and 'Taxes on Goods and Passengers' (₹ 4,349 crore) showed an increasing growth.

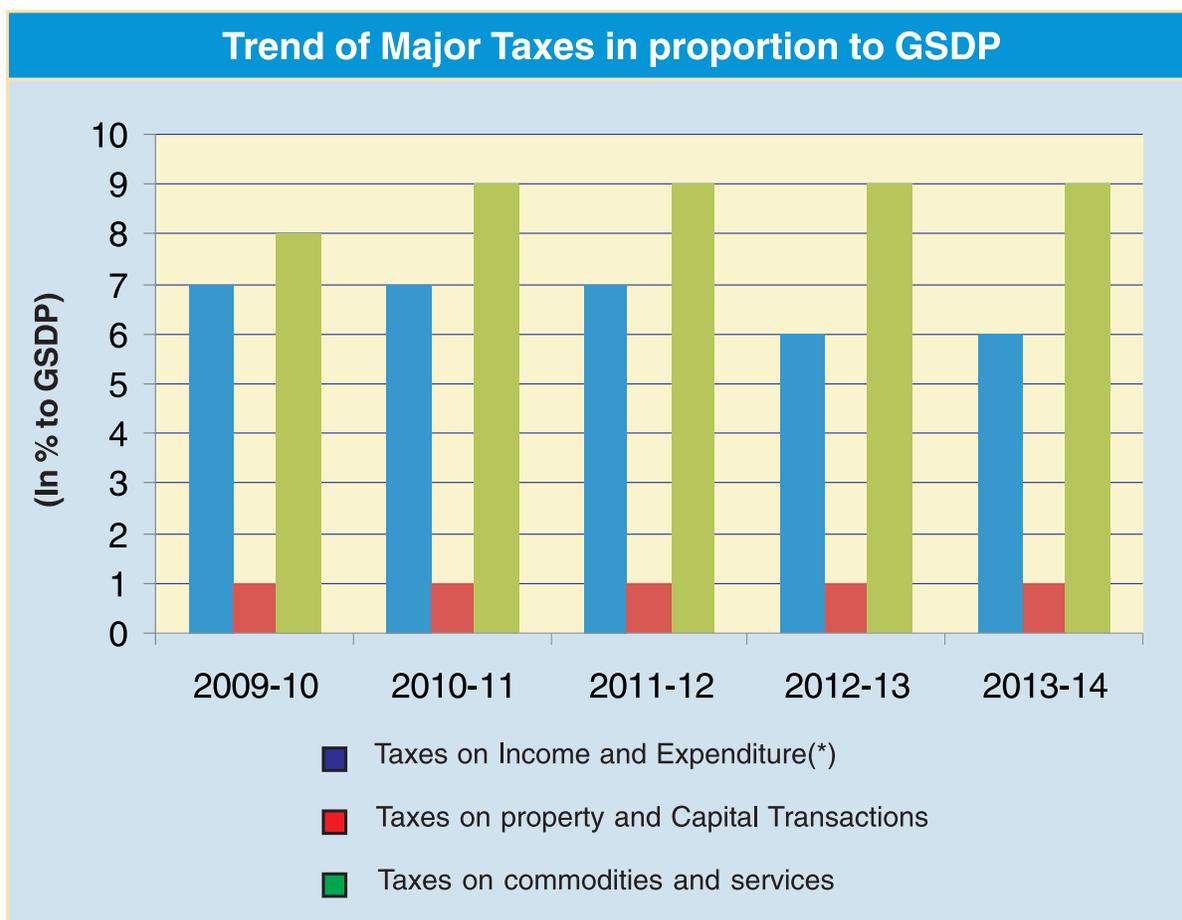


Sector-wise Tax Revenue

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Taxes on Income and Expenditure	11,664	14,325	16,610	18,356	19,474
Taxes on Property and Capital Transactions	1,139	1,257	1,690	2,398	2,946
Taxes on Commodities and Services	13,489	18,266	22,247	27,400	32,370
Total Tax Revenue	26,292	33,848	40,547	48,154	54,790

The increase in total tax revenue is mainly attributed to higher collection under 'Taxes on Income other than Corporation Tax' (₹ 7,713 crore), 'Stamps and Registration Fees' (₹ 2,712 crore), 'State Excise' (₹ 3,168 crore), 'Taxes on Vehicles etc.' (₹ 837 crore), 'Taxes on Goods and Passengers' (₹ 4,349 crore) and 'Service Tax' (₹ 5,674 crore).



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

2.4. Performance of State's own Tax Revenue Collection

(₹ in crore)

Year	Tax Revenue	State share of Union Taxes	State's Own Tax Revenue	
			Amount	Percentage to GSDP
2009 - 10	26,292	18,203	8,089	4.92%
2010 - 11	33,848	23,978	9,870	4.98%
2011 - 12	40,547	27,935	12,612	5.12%
2012 - 13	48,154	31,901	16,253	5.52%
2013 - 14	54,790	34,829	19,961	5.82%

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

2.5. Efficiency of Tax Collection

A. Taxes on Property and Capital Transactions

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Collection	1,139	1,257	1,690	2,398	2,946
Expenditure on Collection	358	356	417	440	526
Efficiency of Tax Collection	31%	28%	25%	18%	18%

B. Taxes on Commodities and Services

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue Collection	13,489	18,266	22,247	27,400	32,370
Expenditure on Collection	103	112	130	147	146
Efficiency of Tax Collection	1%	1%	1%	1%	0.45%

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

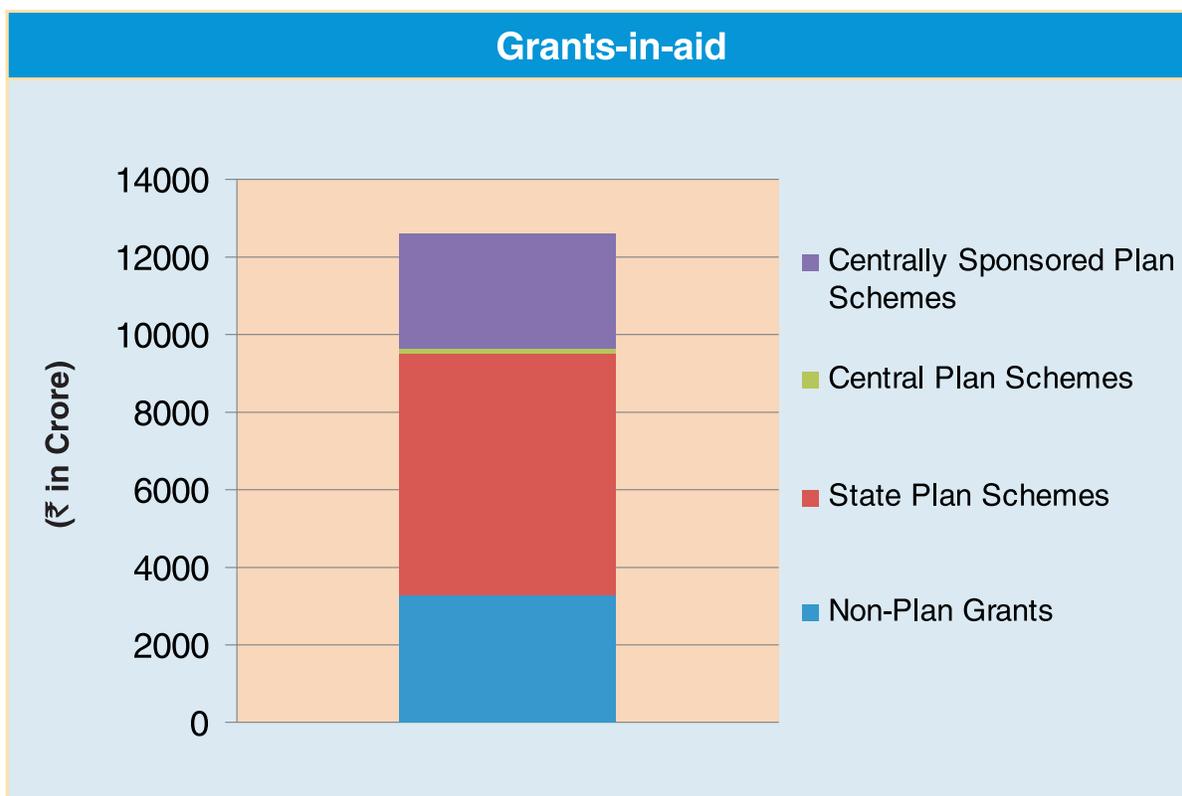
2.6. Trend in State's Share of Union Taxes over the past five years

(₹ in crore)

Major Head Description	2009-10	2010-11	2011-12	2012-13	2013-14
Corporation Tax	7,491	9,372	10,996	11,459	11,713
Taxes on Income other than Corporation Tax	4,173	4,953	5,585	6,860	7,713
Taxes on Wealth	17	19	42	20	32
Customs	2,548	4,193	4,844	5,301	5,683
Union Excise Duties	2,052	3,050	3,134	3,603	4,014
Service Tax	1,922	2,391	3,334	4,658	5,674
Other Taxes and Duties on Commodities and Services	--	--	--	--	--
State Share of Union Taxes	18,203	23,978	27,935	31,901	34,829
Total Tax Revenue	26,292	33,848	40,547	48,154	54,790
% of Union Taxes to Total Tax Revenue	69	71	69	66	64

2.7 Grants-in-aid

Grants-in-aid represent assistance from the Government of India, and comprise, Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and State Non-plan Grants recommended by the Finance Commission. Total receipts during 2013-14 under Grants-in-aid were ₹ 12,584 crore as shown below :-



The share of non-plan grants in total grants-in-aid increased from 23 per cent during 2012-13 to 26 per cent in 2013-14, while, the share of grants for plan schemes declined from 77 per cent in 2012-13 to 74 per cent in 2013-14. As against a Budget Estimate (BE) of ₹ 15,621 crore of Union Share in Plan Schemes, the State Government has actually received ₹ 9,296 crore of Grants-in-aid (60 per cent of BE).

2.8 Public Debt

Trend of Public Debt over the past five years

(₹ in crore)

Description	2009-10	2010-11	2011-12	2012-13	2013-14
Internal Debt	4,201	3,526	3,344	6,461	6,799
Central Loans	(-) 50	316	361	23	(-)11
Total Public Debt	4,151	3,842	3,705	6,484	6,788

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

In 2013-14, eight loans totalling ₹ 6,500 crore at interest rates varying from 9.39 per cent to 9.84 per cent and redeemable in the years 2023-24 were raised at par.

Against the total internal debt of ₹ 9,357 crore of the State Government in 2013-14 plus the central loan component of ₹ 550 crore received during this period, capital expenditure was ₹ 14,001 crore , indicating that the total of the public debt was used for creation of capital assets and developmental purposes.

EXPENDITURE

3.1. Introduction

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

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

3.2. Revenue Expenditure

Revenue Expenditure were 18 *per cent* of the GSDP during 2013-14. Revenue Expenditure of ₹ 62,477 crore for 2013-14 fell short of budget estimates by ₹ 10,781 crore due to less disbursement of ₹ 4,560 crore under Plan Expenditure and ₹ 6,221 crore under Non-Plan Expenditure. This shortfall is to be viewed in the light of the ₹ 11,148 crore (14 *per cent*) shortfall compared to BE in Revenue Receipts and the need of the State to maintain a revenue surplus in terms of the Bihar Fiscal Responsibility and Budget Management (FRBM) Act, 2006.

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

(₹ in crore)

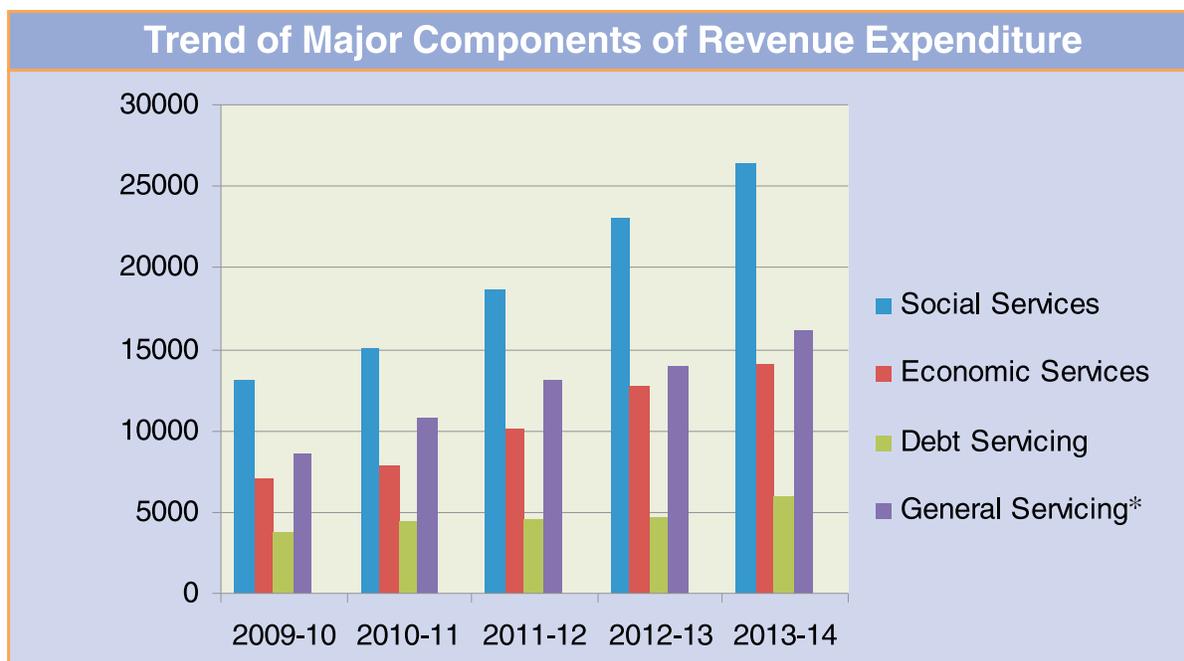
	2009-10	2010-11	2011-12	2012-13	2013-14
Budget Estimates	35,715	40,678	49,934	60,959	73,258
Actuals	32,584	38,216	46,500	54,466	62,477
Gap	3,131	2,462	3,434	6,493	10,781
% of gap over BE	9	6	7	11	15

3.2.1 Sectoral distribution of Revenue Expenditure (2013-14)

Components	Amount (₹ in crore)	Percentage
A. Fiscal Services	675	1
(i) Collection of Taxes on Property and Capital transactions	526	1
(ii) Collection of Taxes on Commodities and Services	146	-
(iii) Other Fiscal Services	3	-
B. Organs of State	768	1
C. Interest Payments and Servicing of debt	5,895	10
D. Administrative Services	5,198	8
E. Pension and Miscellaneous General Services	9,482	15
F. Social Services	26,395	42
G. Economic Services	14,060	23
H. Grants-in-aid and Contributions	4	-
Total - Expenditure (Revenue Account)	62,477	100

3.2.2 Major components of Revenue Expenditure (2009-14)

(₹ in crore)



3.3. Capital Expenditure

Capital disbursements for 2013-14 were ₹ 14,808 crore which was 4 per cent of GSDP. It was less than Budget Estimates by ₹ 784 crore (less disbursement of ₹ 749 crore under Plan Expenditure and ₹ 35 crore under Non Plan Expenditure).

3.3.1 Sectoral distribution of Capital Expenditure

During 2013-14, the Government spent ₹ 1,045 crore on various Projects (₹ 785 crore on Major Irrigation, ₹ 64 crore on Medium Irrigation and ₹ 196 crore on Minor Irrigation), ₹ 754 crore on Flood Control Projects and ₹ 1,897 crore on Power Projects. Apart from above, the Government invested ₹ 1,926 crore in various Corporations / Companies / Societies.

(₹ in crore)

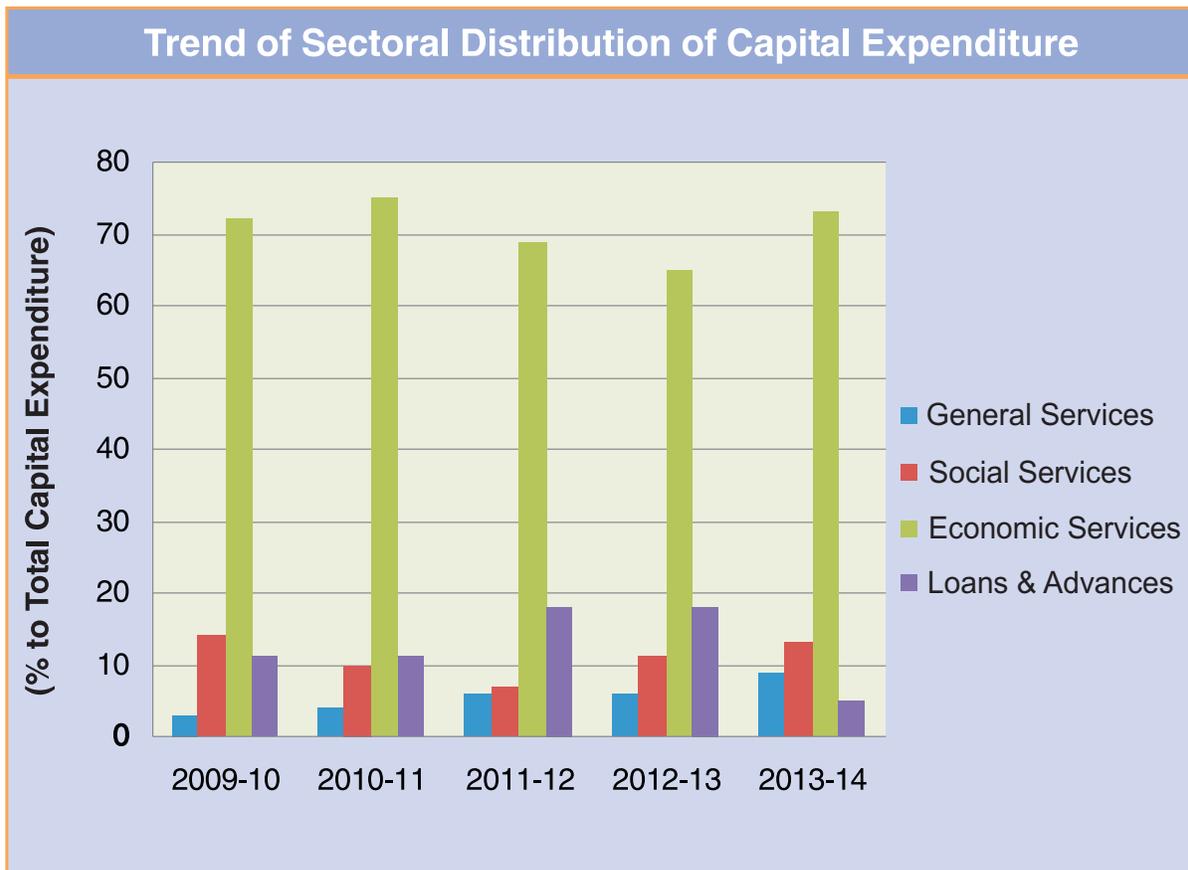
Sl. No.	Sector	Amount	Percentage
1.	General Services - Police, Land Revenue etc.	1,332	9
2.	Social Services - Education, Health & Family Welfare Water Supply, Welfare of SC/ST etc.	1,858	13
3.	Economic Services - Agriculture, Rural Development, Irrigation, Co-operation, Energy, Industries, Transport etc.	10,811	73
4.	Loans and Advances Disbursed	807	5
	Total	14,808	100

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

3.3.2 Sectoral distribution of capital expenditure over the past 5 years

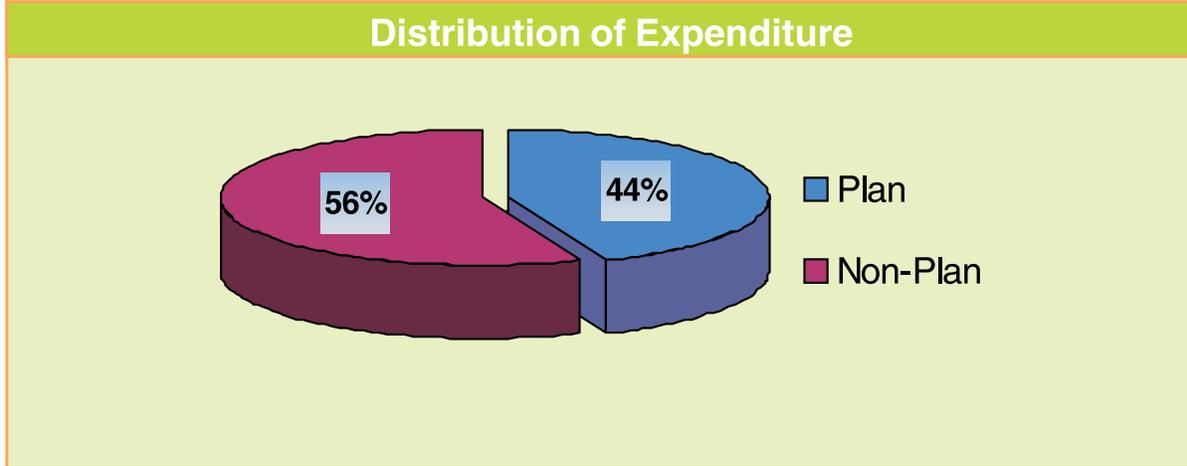
(₹ in crore)

Sl. No.	Sector	2009-10	2010-11	2011-12	2012-13	2013-14
1.	General Services	274	396	608	717	1,332
2.	Social Services	1,123	1,072	807	1,331	1,858
3.	Economic Services	5,935	7,728	7,437	7,537	10,811
4.	Loans and Advances	897	1,102	1,906	2,086	807
	Total	8,229	10,298	10,759	11,671	14,808



PLAN AND NON-PLAN EXPENDITURE

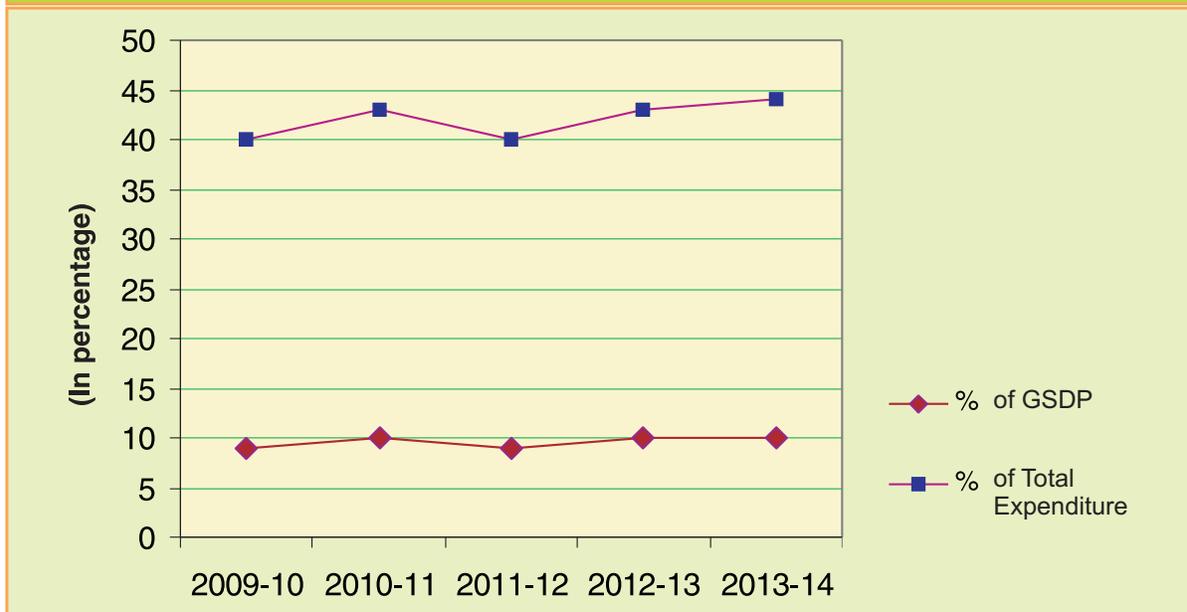
4.1. Distribution of Expenditure (2013-14)



4.2. Plan Expenditure

Plan expenditure (both revenue and capital) during 2013-14 was ₹ 33,698 crore, constituting 44 *per cent* of total disbursements of ₹ 77,285 crore. This comprised, ₹ 30,036 crore under State Plans, ₹ 2,964 crore under Centrally Sponsored/Central Plan Schemes and ₹ 698 crore under Loans and Advances.

Plan Expenditure as proportion of total expenditure and GSDP



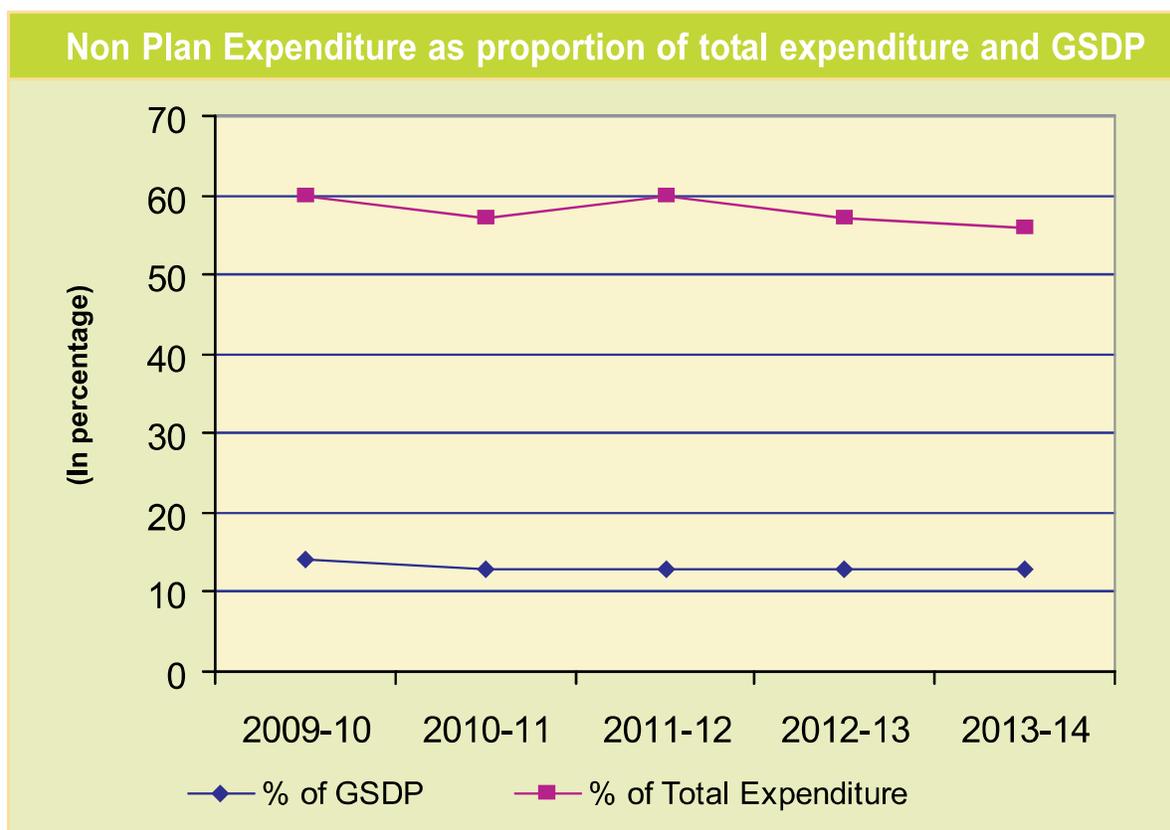
4.2.1. Plan expenditure under Capital Account

(₹ in crore)

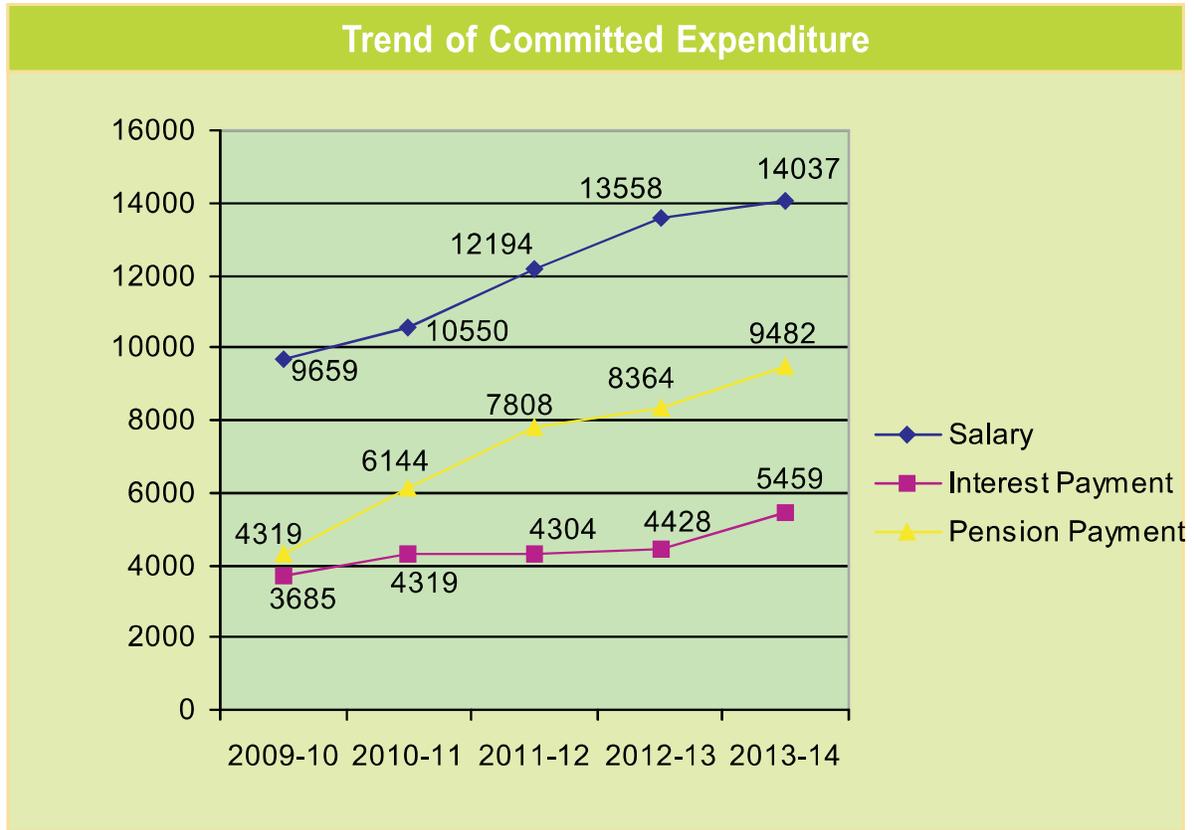
	2009-10	2010-11	2011-12	2012-13	2013-14
Total Capital Expenditure	8,229	10,298	10,759	11,671	14,808
Capital Expenditure (Plan)	7,755	10,010	10,521	11,489	14,602
Per cent of Capital Expenditure (Plan) to Total Capital Expenditure	94	97	98	98	99

4.3. Non-Plan Expenditure

Non-Plan Expenditure during 2013-14, representing 56 per cent of total disbursements, was ₹ 43,587 crore (₹ 43,381 crore under Revenue and ₹ 206 crore under Capital).



4.4. Committed Expenditure



(₹ in crore)

Component	2009-10	2010-11	2011-12	2012-13	2013-14
Committed expenditure	17,663	21,013	24,306	26,350	28,978
Revenue expenditure	32,584	38,216	46,500	54,466	62,477
Revenue receipts	35,527	44,532	51,320	59,567	68,919
<i>Per cent of committed expenditure to Revenue Receipts</i>	50	47	47	44	42
<i>Per cent of committed expenditure to Revenue expenditure</i>	54	55	52	48	46

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

C HAPTER V

APPROPRIATION ACCOUNTS

5.1. Summary of Appropriation Accounts for 2013-14

(₹ in crore)

Sl. No.	Nature of expenditure	Original Grant	Supplementary Grant	Re-appropriation	Total	Actual expenditure	Saving (-) Excesses (+)
1	Revenue Voted	67,310	10,350	16,751	77,660	57,251	(-) 20,409
	Charged	6,335	151	50	6,486	6,114	(-) 372
2	Capital Voted	14,197	8,407	7,888	22,604	14,381	(-) 8,223
	Charged
3	Public Debt Charged	3,239	16	0	3,255	3,120	(-) 135
	Loans and Advances Voted	1,394	1,754	879	3,148	807	(-) 2,341
	Total	92,475	20,678	25,568	1,13,153	81,673	(-) 31,480

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

(₹ in crore)

Year	Savings (-) / Excess (+)				Total
	Revenue	Capital	Public Debt.	Loans & Advances	
2009-10	(-) 7,216	(-) 3,327	(+) 98	(-) 101	(-) 10,546
2010-11	(-) 9,584	4,703	(-) 88	(-) 99	(-) 14,474
2011-12	(-) 10,835	(-) 3,834	(-) 5	(-) 922	(-) 15,596
2012-13	(-) 13,315	(-) 6,511	(-) 13	(-) 3,306	(-) 23,145
2013-14	(-) 20,781	(-) 8,223	(-) 135	(-) 2,341	(-) 31,480

5.3. Significant Savings

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

Some grants with persistent and significant savings are given below :

(Percentage of savings to total allocation)

Grant	Nomenclature	2009-10	2010-11	2011-12	2012-13	2013-14
12	Finance Department	13%	77%	69%	83%	84%
25	Information Technology Department	68%	72%	50%	60%	83%
35	Planning and Development Department	68%	50%	63%	8%	72%
2	Animal and Fisheries Resource Department	19%	41%	43%	45%	63%
30	Minorities Welfare Department	26%	40%	50%	71%	62%
18	Food and Consumer Protection Department	3%	29%	16%	11%	61%
50	Minor Water Resource Department	38%	31%	48%	34%	59%
46	Tourism Department	2%	6%	4%	1%	56%
43	Science and Technology Department	8%	24%	84%	40%	52%
49	Water Resource Department	45%	49%	20%	25%	46%

During 2013-14, supplementary grants totalling ₹ 19,228 crore (24 per cent of total expenditure) proved to be unnecessary in some cases, where there were significant savings at the end of the year even against original allocations. A few instances are given below :

(₹ in crore)

Grant	Name of Department	Section	Original	Supplementary	Actual Expenditure
3	Building Construction	Revenue	447.00	4.00	372.00
		Capital	1,058.00	555.00	903.00
8	Art, Culture & Youth	Revenue	79.00	17.00	70.00
12	Finance	Capital	24.00	1,450.00	11.00
15	Pension	Revenue	11,274.00	2,501.00	9,482.00
16	Panchayati Raj	Revenue	3,317.00	757.00	2,975.00
18	Food and Consumer Protection	Revenue	848.00	263.00	651.00
20	Health	Revenue	2,785.00	9.00	2,132.00
21	Education	Revenue	17,978.00	682.00	14,153.00
22	Home	Revenue	4,801.00	58.00	4,243.00
		Capital	495.00	53.00	437.00
25	Information Technology	Revenue	174.00	10.00	37.00
30	Minorities Welfare	Revenue	233.00	4.00	17.00
		Capital	101.00	62.00	76.00
32	Legislature	Revenue	110.00	5.00	104.00
33	General Administration	Revenue	416.00	1.00	302.00
35	Planning and Development	Revenue	931.00	14.00	160.00
		Capital	975.00	1,191.00	699.00
37	Rural Works	Revenue	872.00	0.00	728.00
40	Revenue and Land Reforms	Revenue	593.00	33.00	493.00
		Capital	38.00	200.00	8.00
41	Road Construction	Capital	4,230.00	700.00	4,083.00
42	Rural Development	Revenue	1,743.00	146.00	1,654.00
44	Scheduled Castes and Scheduled Tribe Welfare	Revenue	1,017.00	42.00	815.00
45	Sugar Industries	Revenue	111.00	5.00	88.00
48	Urban Development & Housing	Revenue	2,115.00	422.00	1,717.00
49	Water Resources	Revenue	819.00	28.00	713.00
		Capital	2,500.00	957.00	1,603.00
51	Social Welfare	Revenue	4,133.00	1,104.00	3,806.00

C

CHAPTER VI

ASSETS AND LIABILITIES

6.1. Assets

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

Total investments as share capital in non-financial Public Sector Undertakings (PSUs) stood at ₹ 2,867 crore at the end of 2013-14. However, dividends received during the year were ₹ 2.53 crore (i.e., 0.01 *per cent*) on investment. During 2013-14, investments increased by ₹ 1,926 crore, while dividend income decreased by ₹ 0.03 crore.

Cash Balance with RBI stood at ₹ 2,263 crore on 31 March 2013 and increased by ₹ 2,006 crore at the end of March, 2014.

6.2. Debt and Liabilities

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

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

(₹ in crore)

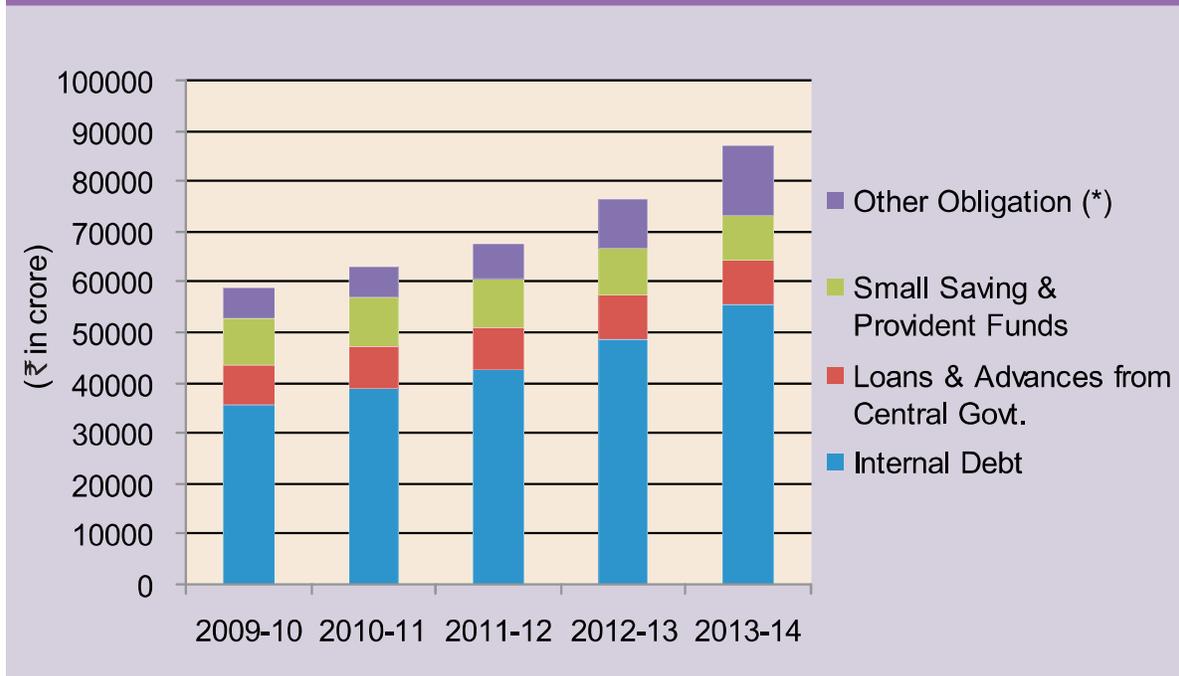
Year	Public Debt	Percentage to GSDP	Public Accounts (*)	Percentage to GSDP	Total Liabilities	Percentage to GSDP
2009-10	43,443	27	15,247	9	58,690	36
2010-11	47,285	24	15,573	8	62,858	32
2011-12	50,990	21	16,822	7	67,812	28
2012-13	57,474	20	19,029	6	76,503	26
2013-14	64,262	20	22,677	6	86,939	26

(*) Excludes suspense and remittance balances.

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

There is a net increase of ₹ 10,436 crore (14 *per cent*) in Public Debt and Other liabilities as compared to 2012-13.

Trends in Government Liabilities



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

6.3. Guarantees

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

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding at the end of the year	
		Principal	Interest
2009-10	1,548	899	80
2010-11	1,549	588	44
2011-12	2,049	1,092	103
2012-13	2,046	1,089	112
2013-14	2,587	1,090	112

7.1. Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the constitution of India. In addition to directly raising loans, State Governments also guarantee loans raised by Government Companies and Corporations from the market and financial institutions for implementation of various Plan schemes and programmes which are projected outside the State Budget. These loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. The balances under Internal Debt is ₹ 55,624 crore as on 31 March 2014.

7.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2013-14 was ₹ 21,379 crore. Of this, Loans and Advances to Government Corporations/ Companies, Non-Government Institutes and Local Bodies amounted to ₹ 20,691 crore. Recovery ₹ 4,187 crore of Principal and ₹ 3,018 crore of Interest is in arrears at the end of 31 March 2014. During 2013-14 only ₹ 15 crore has been received towards repayment of Loans and Advances, out of which, ₹ 14 crore relates to repayment of loans from Government Servants. Effective steps to recover the outstanding loans would help the Government's fiscal position.

7.3 Financial assistance to Local Bodies and Others

During the past five years, Grants-in-aid to local bodies etc., increased from ₹ 6,909 crore in 2009-10 to ₹ 18,935 crore in 2013-14. Grants to Zila Parishads, Municipalities/Corporation and Panchayat Samitees including Gram Panchayat (₹ 4,046 crore) represented 21 *per cent* of total grants given during the year.

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

(₹ in crore)

Year	Zilla Parishads	Corporation/ Municipalities/ Councils	Panchayat Samitees incl. Gram Panchayat	Others	Total
2009-10	951	267	331	5,360	6,909
2010-11	231	150	1,284	6,759	8,424
2011-12	677	557	1,858	11,352*	14,444
2012-13	441	540	2,154	14,319*	17,454
2013-14	905	540	2,602	14,888	18,935

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

7.4. Cash Balance and investment of Cash Balance

(₹ in crore)

Component	As on 1 April 2013	As on 31 March 2014	Net increase (+) / decrease (-)
Cash Balances	188	230	42
Investments from cash balance (GOI Treasury Bills)	2,074	4,039	1,965
Other Cash Balances			
i) Departmental Balance	183	178	(-) 5
ii) Permanent Cash Imprest	338	341	3
Investment from earmarked fund balances	931	1,368	437
(a) Sinking Fund	931	1,368	437
(b) Guarantee Redemption Fund	–	–	–
(c) Other Funds	–	–	–
* Interest realised	128	233	105

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

State Government had a positive closing cash balance at the end of 2013-14, despite utilising its cash balances and earmarked fund balances towards investments. Interest receipt on these investments was increased by 82 per cent.

7.5. Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the departments and the figures appearing in the accounts compiled by the Accountant General (A&E). This exercise is to be conducted by respective controlling officers of the Departments. The reconciliation has been completed, only for an amount of ₹ 23,039 crore of expenditure against the total expenditure of ₹ 76,478 crore (Revenue and Capital) i.e., 30 per cent of the total expenditure and for ₹ 55,160 crore of receipt against the total receipt of ₹ 68,919 crore (Revenue and Capital) i.e. 80 per cent of the total receipts during the year 2013-14.

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

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

7.6. Submission of Accounts by Treasuries

The accounts of the State Government compiled in Accountant General's office are mainly based on the initial accounts rendered by Treasuries, Public Works and Forest Divisions. The prescribed due date of its submission are 5th of the following month in the case of Treasury Accounts and 10th of the following month in case of Forest and Public Works Accounts. The average delay in submission of monthly accounts by Treasuries, Public Works and Forest Divisions are 04 days, 08 days and 25 days respectively.

The non-submission of accounts in time leads to exclusion of the treasury in monthly accounts submitted to the State Government. As a result, the accounts figures do not reflect the actual expenditure or receipt of the month which may adversely affect the decisions, if taken on the basis of incomplete accounts.

7.7. Unadjusted Abstract Contingent (AC) Bills

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

(₹ in crore)

Year	AC Bills Drawn		AC Bills Adjusted		Outstanding AC Bills	
	Number	Amount	Number	Amount	Number	Amount
Upto						
2011-12	92,154	30,253.61	74,604	27,954.45	17,550	2,299.16
2012-13	1,863	1,692.49	978	913.01	885	779.48
2013-14	1,294	728.61	60	5.95	1,234	722.66
Total	95,311	32,674.71	75,642	28,873.41	19,669	3,801.30

AC bills amounting to ₹ 199.77 crore (27.42 per cent of the total amount drawn against AC bills in 2013-14), were drawn in March 2014 alone, and of this, ₹ 44.65 crore was drawn on the last day of the financial year. Substantial expenditure against AC bills in March indicates that the drawal was primarily to exhaust the budget provisions and reveals inadequate budgetary control.

7.8. Rush of Expenditure

Rule 113 of the Bihar Budget Manual stipulate that rush of expenditure, particularly in the closing month of the financial year, shall be regarded as a breach of financial regularity and should be avoided. It is observed however, that certain departments indulged in this practice to the tune of 50 *per cent* and 100 *per cent* of total expenditure incurred in March, as follows :

(₹ in crore)

Head of Account	Description	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	During March 2014	Percentage of 3/2014 w.r.t. total expenditure for 2013-14
3055	Road Transport	0.00	0.00	0.00	2.00	2.00	2.00	100.00
4851	Capital Outlay on Village and Small Industries	0.00	0.00	0.00	5.00	5.00	5.00	100.00
2408	Food Storage and Warehousing	0.00	0.00	0.00	266.80	266.80	250.00	93.70
3604	Compensation and Assignments to Local Bodies and Panchayati Raj	0.00	0.00	0.00	3.85	3.85	3.52	91.43
2501	Special Programmes for Rural Development	0.32	1.78	1.48	25.12	28.70	24.31	84.70
2506	Land Reforms	0.00	0.03	0.10	0.52	0.65	0.51	78.46
4215	Capital Outlay on Water Supply and Sanitation	15.45	52.69	53.68	496.33	618.15	449.02	72.64
4401	Capital outlay on Crop Husbandry	0.00	0.47	0.62	9.09	10.18	6.89	67.68
4225	Capital Outlay on Welfare of SC,ST and BC	(-)1.66	0.78	(-)5.40	12.35	6.07	4.02	66.23
2810	Non-Conventional Sources of Energy	0.00	20.00	0.00	33.68	53.68	33.68	62.74
4059	Capital Outlay on Public Works	(-)25.69	66.49	98.26	273.18	412.24	213.44	51.78

**© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
2014**

www.cag.gov.in

ag.bih.nic.in