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PRESS BRIEF



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

**STATE FINANCES AUDIT REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA
FOR THE YEAR ENDED 31 MARCH 2022**

**GOVERNMENT OF BIHAR
REPORT NO. 01 OF THE YEAR 2023**

Press Brief

C&AG's Audit Report on State Finances 2022

The State Finances Audit Report of the Comptroller and Auditor General of India on Government of Bihar for the year ended March 2022 prepared under Article 151 of the Constitution of India was presented to the Bihar Legislature on 13.07.2023.

This report comprises of five chapters. The first three chapters contain audit observations on the Finance Accounts and Appropriation Accounts of the State Government for the financial year 2021-22; chapter four contains comments on the State Government's compliance with various financial rules, procedures and directives during the current year and chapter five contains audit observations on State Public Sector Enterprises.

Major audit findings are:

Chapter I: Overview

During the Financial Year (FY) 2021-22, the State had recorded a Fiscal Deficit of ₹ 25,551 crore. The Fiscal Deficit of the State had decreased by ₹ 4,276 crore over the previous year and the State had suffered Revenue Deficit (₹ 422 crore) for 3rd time since FY 2004-05.

(Paragraph 1.4.1)

The Primary Deficit of the State had decreased from ₹ 17,343 crore in FY 2020-21 to ₹ 11,729 crore in FY 2021-22. The ratio of total outstanding debt to Gross State Domestic Product (GSDP) was within the limit of 40.20 per cent prescribed by the XVth Finance Commission limit, but was far behind the limit fixed under the Bihar Fiscal Responsibility and Budgetary Management (BFRBM) Act, 2006.

(Paragraphs 1.4.1 and 1.5.1)

During FY 2021-22, the GSDP growth rate was recorded at 15.04 per cent (highest during the last five years). However, for the first time, during the last five financial years, the growth rate of GSDP shrunk, as compared to GDP (19.51 per cent) of the country.

(Paragraph 1.1.1)

The liabilities of the State had increased from ₹ 2,99,043 crore in FY 2020-21 to ₹ 3,29,032 crore in FY 2021-22.

(Paragraph 1.4.2)



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Chapter II: Finances of the State

The State had witnessed an increase of Revenue Receipts by ₹ 30,630 crore (23.90 per cent) in FY 2021-22 over the previous financial year.

(Paragraph 2.3.2.1)

The Revenue Expenditure of the State had increased by ₹ 19,727 crore (14.14 per cent) over the previous financial year.

(Paragraph 2.2)

The Capital Expenditure of the State had increased by ₹ 5,469 crore (30.03 per cent) over the previous financial year.

(Paragraph 2.2)

The Non-Tax Revenue had decreased by ₹ 2,217.04 crore (35.75 per cent) over the previous year.

(Paragraph 2.3.2.2)

During the last 10 financial years, transfer of funds from the Central Government had increased from ₹ 42,178.31 crore in FY 2012-13 to ₹ 1,19,958.45 crore in FY 2021-22. Further, the State's share in Central Taxes had increased significantly by ₹ 31,491.18 crore (52.61 per cent), as compared to the previous financial year.

(Paragraph 2.3.2.3)

As on 31 March 2022, an amount of ₹ 279.12 crore, related to State Government's employees was yet to be transferred to the National Securities Depository Limited (NSDL).

(Paragraph 2.4.2.3)

Outstanding public debt (₹ 2,08,913.28 crore) of the State had increased by ₹ 31,698 crore (17.89 per cent) over the previous financial year.

(Paragraph 2.6.3)

Chapter III: Budgetary Management

During FY 2021-22, under voted and charged expenditure, there were savings of ₹ 100 crore and above, amounting to ₹ 69,862.87 crore (27.93 per cent of the total provisions of ₹ 2,50,102.40 crore), in 50 cases, related to 35 grants.

In 34 cases (of savings amounting to ₹ 100 crore and above) of 27 grants, there were persistent total savings of ₹ 42,260.60 crore and above, during each of the last five financial years.

(Paragraph 3.3.4)

Only ₹ 9,878.08 crore (13.87 per cent), out of the total savings of ₹ 71,194.67 crore, was surrendered during FY 2021-22.

(Paragraph 3.4.1)



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Under 16 departments, ₹ 24,347.61 crore (57.91 per cent), out of the total expenditure of ₹ 42,045.20 crore, was incurred in the last quarter of FY 2021-22, whereas ₹ 14,070.20 crore (33.46 per cent) was incurred in March 2022.

(Paragraph 3.4.4)

Chapter IV: Quality of Accounts and Financial Reporting Practices

The State Government had not disclosed off-budget liabilities of ₹ 1,482.50 crore, in its budget documents/annual financial statements, in the concerned financial year.

(Paragraph 4.2)

An accumulated amount of ₹ 26,561.64 crore had been transferred in the deposit accounts of local funds (MH-8448), as on 31 March 2022, by depicting the amount as expenditure over the years. As a result, the actual Capital Expenditure in the state could not be ascertained.

(Paragraph 4.5)

Utilisation certificates (UCs) of ₹ 99,178.89 crore (23,188 UCs) which had become due for submission (drawn up to 31.08.2020), were outstanding. High pendency of UCs is fraught with the risk of misappropriation of funds and fraud.

(Paragraph 4.6)

₹ 7,629.73 crore, drawn on 25,928 Abstract Contingent (AC) bills, remained outstanding, due to non-submission of Detailed Contingent (DC) bills. Non-adjustment of advances for long periods, is fraught with the risk of misappropriation.

(Paragraph 4.7)

During the Financial Year 2021-22, ₹ 321.42 crore were added to the head 8658-102-Suspense Account (Civil). As such, the expenditure of the State was understated by ₹ 321.42 crore and there was no assurance that this amount had actually been spent, for the intended purpose, as authorised by the State Legislature. The progressive balance, under the head 8658-102-Suspense Account (Civil), stood at ₹ 14,785.91 crore, at the end of March 2022.

(Paragraph 4.10)

The Finance Department had neither conducted the User Acceptance Test (UAT) of the Comprehensive Financial Management System (CFMS) (till April 2022), nor had an IT Audit of the System had been got conducted by the Department. Therefore, it is difficult to obtain assurance about the reliability and integrity of the accounts data kept under CFMS.

(Paragraph 4.25)



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Chapter V: State Public Sector Enterprises (SPSEs)

Out of the total 77 SPSEs in the State, as on 31 March 2022, 37 SPSEs were functional and 40 were non-functional. 16 SPSEs (15 Government Companies and one Statutory Corporation), covered in this Report registered an annual turnover of ₹ 20,396.89 crore (3.02 per cent of GSDP for the financial year 2021-22).

(Paragraphs 5.1.3 and 5.1.4)

Seven, out of 16 SPSEs, earned profit during the financial year 2021-22. The profit earned had decreased to ₹ 291.30 crore in FY 2021-22, from ₹ 302.15 crore in FY 2020-21. The top profit-making company in FY 2021-22 was the Bihar Grid Company Limited (₹ 143.97 crore).

(Paragraph 5.3.1)

Five, out of 16 SPSEs, had incurred losses amounting to ₹ 1,946.95 crore. The accumulated losses and net worth of these five SPSEs were ₹ 21,041.52 crore and ₹ 8,783.09 crore, respectively. The net worth of four SPSEs had been eroded completely, and was (-) ₹ 588.43 crore, against equity investment of ₹ 85.50 crore, as on 31 March 2022.

(Paragraphs 5.6.1 and 5.6.2)

Government provided budgetary support of ₹ 29,830.55 crore to 19 working SPSEs, one Statutory Corporation and 15 non-working SPSEs, up to 31 July 2022, whose Accounts were in arrears as on 31 March 2022.

(Paragraph 5.8)

Sd/-

Pr. Accountant General (Audit)

Bihar, Patna

For any further information on these subjects, please contact us at the following address:

Spokesperson of the Office of the
Pr. Accountant General (Audit)
Bihar

Sh. K.S.M. Rafi
Deputy Accountant General (FINAT)
O/o The Pr. Accountant General (Audit),
Bihar Birchand Patel Marg, Patna-800 001

Telephone No.

0612-2223194 (O)

E-mail ID

agaubihar@cag.gov.in

Website of the office

www.ag.bih.nic.in

Fax No.

0612-2506223

Media Officer

Shri Kundan Kumar, Sr. Audit Officer

Mobile No.

9431624894