

Chapter IV: Quality of Accounts and Financial Reporting Practices

Introduction

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 the 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.

This chapter provides an overview and status of compliance of various significant financial rules, procedures and directives with regard to financial reporting of the State Government and its various subordinate offices during the current year.

4.1 Non-discharge of liability in respect of interest towards interest bearing Deposits/Reserve Funds

The Government has a liability to provide and pay interest on the amount in 'Interest-bearing Deposits' and 'Interest bearing Reserve Funds'. As on 1 April 2023, the balance in 'Interest-bearing Deposits' was ₹ 18,304.03 crore and 'Interest bearing Reserve Funds' was ₹ 4,667.86 crore respectively, on which, the government provided for interest of ₹ 353.76 crore and ₹ 336.66 crore. There was under payment of ₹ 7.94 crore in respect of interest towards 'Interest bearing Reserve Fund' as given in **Table 4.1**. Non-payment of interest liability has resulted in understatement of Revenue Deficit and Fiscal Deficit to that extent.

Table 4.1: Non-discharge of liability in respect of interest towards Interest bearing Reserve Fund

(₹ in crore)						
S. No.	Fund/Deposit	Opening balance as on 01.04.2023	Basis of calculation of interest paid	Interest due	Interest paid	Interest not paid
1.	MH 8121-129 State Compensatory Afforestation Fund	1,347.12	3.35 per cent (Interest calculated at the rate of 3.35 per cent as per Ministry of Environment, Forest & Climate Change, Government of India Letter dated 10 October 2022)	45.13	37.19	7.94
	Total	1,347.12		45.13	37.19	7.94

Source: Finance Account

4.2 Off Budget Borrowings of the State Government

The State Governments are empowered to borrow money under Article 293 (3) of the Constitution of India. State Government provides guarantees for loans availed by autonomous bodies and Government Companies/Corporations. These borrowings are not reflected in the State Accounts as they are reflected in the accounts of these autonomous entities. However, when the repayment liability of such borrowings falls

on the State Government, then such borrowings become the liability of the State Government and therefore, these borrowings are termed as off budget Borrowings of the State Government. Such borrowings remain outside the legislative control of the State Government.

Government of Rajasthan (GoR) has not disclosed any off-budget borrowing in its accounts for the year 2023-24. However, few instances of off-budget borrowings were noticed as of 31 March 2024 from the records of Departments, as detailed in the following paragraphs.

(1) GoR gave guarantee for loan of ₹ 3,948.66 crore obtained by Zila Parishads from Housing and Urban Development Corporation Ltd. (HUDCO) under the Chief Minister Below Poverty Line (CMBPL) Awas Yojana in 2011-12. Out of the guarantee ceiling provided by GoR, the Zila Parishads had availed total guarantees of ₹ 3,624.48¹ crore till 2023-24. It was found that the State Government has been repaying the principal and interest against these loans. During 2023-24, ₹ 336.07 crore (₹ 235.85 crore on account of principal and ₹ 100.22 crore as interest) was transferred by GoR to 31 ZPs, for payment of principal and interest on these loans. As of 31 March 2024, there is an outstanding loan of ₹ 1,040.73 crore.

(2) Rajasthan Water Supply and Sewerage Corporation (RWSSC) established in 1979, was intended to oversee water supply and sewerage services in Rajasthan. The State Government has not yet transferred the functions of Public Health Engineering Department (PHED) to the Corporation, thus it remains non-operational. During audit, following cases of off budget borrowings were noticed in respect of RWSSC.

(i) State Government provided Guarantee of ₹ 155.60 crore to RWSSC for loans taken from LIC for water supply project. During 2023-24, PHED, GoR transferred ₹ 1.29 crore (₹ 0.95 crore as principal and ₹ 0.34 crore as interest) to RWSSC for repayment of loan (Principal and interest) to LIC. However, the liability burden of the loan was to be borne by the corporation. As of 31 March 2024, the outstanding debt of RWSSC against this loan was ₹ 1.86 crore.

(ii) GoR, also provided guarantee during the period 2021-24 for loan of ₹ 7,000 crore obtained by RWSSC from HUDCO and Bank of Maharashtra. Out of this loan, the corporation transferred ₹ 6,875 crore (₹ 841.43 crore, ₹ 2,671.91 crore and ₹ 3,361.67 crore during 2021-22, 2022-23 and 2023-24 respectively) as state share of Jal Jeevan Mission to SNA account of the Mission leaving a balance of ₹ 125 crore in its Public Account as on 31 March 2024.

It was noticed that the Corporation paid ₹ 885.25 crore annual interest on these loans during 2022-23 (₹ 365.99 crore) and 2023-24 (₹ 519.26 crore). This repayment was sourced by water user charges of ₹ 884.42 crore which were transferred by PHED to the Corporation account during 2022-23 (₹ 518.91 crore) and 2023-24 (₹ 365.51 crore). This indicated that the repayment of interest is indirectly met by the State Government by transferring the water user charges collected by the PHED. However, this debt liability is being reflected in the accounts of RWSSC and not in the accounts of GoR and thus, the debt burden of the State is incorrectly understated. This constitutes the off-

1 2011-12: ₹945.37 crore, 2012-13: ₹840.19 crore, 2013-14: ₹958.51 crore, 2014-15: ₹600.64 crore, 2015-16: ₹160.52 crore, 2016-17: ₹61.34 crore, 2017-18: ₹6.34 crore, 2018-19: ₹1.16 crore, 2019-20: 'Nil', 2020-21: ₹50.41 crore, 2021-22: 'Nil' and 2022-23: 'Nil', 2023-24: 'Nil'

budget borrowings of the State Government as the State share for Jal Jeevan Mission was to be borne by the State Government which is, as per this arrangement, is being borne by RWSSC.

Audit also observed that the corporation is only being used by the State Government as a conduit for raising loans from the market to fund the water supply schemes under the Jal Jeevan Mission.

In respect of loans obtained by Zila Parishads, Finance Department intimated (September 2024) that grants are being provided to ZPs because of its poor financial position. Regarding loan raised by RWSSC in respect of LIC, Finance (Budget) department intimated (September 2024) that repayment of loan is being made by the corporation from its own income and other revenue receipts. However, RWSSC in its reply (October 2023) clearly depicted government sanction orders as source for repayment of principal and interest. Further, with respect to loan of ₹ 7,000 crore obtained by RWSSC from HUDCO and Bank of Maharashtra, the Department replied (September 2024) that RWSSC is arranging funds for meeting the state share of Jal Jiwan Mission at its own level. Further, at present many centrally funded schemes are being implemented by Autonomous bodies. RWSSC is itself responsible for the loan taken and the loan is being repaid from the Corporation's own income. However, the Corporation has accepted (November 2024) that user charges collected are being deposited in the PD account of the Corporation in accordance with the directions of GoR. In compliance with the Finance Department's directions, this amount is being used by the Corporation in repayment of loans taken for meeting the State's share of Jal Jiwan mission.

Thus, the loans availed in above cases against the State guarantee by Zila Parishads and RWSSC was eventually being paid from the budget of the State Government. This constitutes the off-budget borrowings of the State Government.

4.3 Funds transferred directly to State Implementing Agencies

The Central Government transfers a sizeable quantum of funds directly to the State Implementing Agencies² (IAs) for the implementation of various schemes/programmes in the social and economic sectors. As the funds are not routed through the State Budget/State Treasury System, the Finance Accounts of the State do not capture these funds and to that extent, the state's receipts and expenditure as well as other fiscal variables/parameters derived from them, do not represent the complete picture.

With effect from 01 April 2014, GoI decided that plan assistance under all the Centrally Sponsored Schemes (CSS) would be classified as Central assistance to State Plan and transferred to IAs through the Consolidated Fund of the State in a phased manner. However, during 2023-24, Central funds of ₹ 27,843.69 crore were transferred directly to the State IAs. Out of this, the Central Government transferred ₹ 6,545.71 crore for Mahatma Gandhi National Rural Employment Guarantee Programme, ₹ 4163.46 crore for Pradhan Mantri Kisan Samman Nidhi (PM-Kisan), ₹12131.24 crore for payment for Indigenous Urea, ₹ 251.07 crore for Jal Jeevan Mission/National Rural Drinking Water

2. State IAs are organisations/institutions including non-governmental organisations which are authorised by the State Government to receive funds from the GoI, for implementing the specific programmes.

Mission, ₹ 625.10 crore for Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana, ₹ 268.99 crore for works under Roads Wing, ₹ 144.62 crore for Atal Bhu Jal Yojana.

The quantum of funds transferred directly to the State IAs are given in the **Table 4.2** below and the details are provided in **Appendix 4.1**.

Table 4.2: GoI funds transferred directly to State IAs during 2019-24

	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Funds	9,483.87	13,628.16	16,150.62	18,059.23	27,843.69

Source: Finance Accounts of respective years

As is evident from the table that direct transfers from Central government to the State IAs increased almost threefold during 2019-24.

4.4 Delay in submission of Utilisation Certificates

Rule 68(i) of General Financial and Accounts Rules (GF&AR), 2012 prescribe that all financial sanctions and orders if issued by Administrative Department within its own financial power shall be communicated directly to the Accountant General by specifying the powers under which the same have been issued. Further, Rules 284 & 286 of GF&AR prescribe that Utilization Certificates (UCs) of grants provided for a specific purpose should be obtained by the departmental officers from the grantees and after verification should be forwarded to the Accountant General (A & E) within one year from the date of their sanction unless specified otherwise. Rule 282 (ii) & (iv) also provides that the grant shall be sanctioned to meet the requirements of a year even extending beyond the financial year, but only so much of the grant shall be paid during the financial year as is likely to be spent during the year. On the expiry of the period of one year from the date of sanction, any unspent balance thereof shall be duly surrendered to the government. In Rajasthan, the Grants in Aid (GIA) by the State Government are given under three object heads (i) 12-Grant-in-Aid (Non-salary); (ii) 92-Grant-in-Aid (Salary) and (iii) 93-Grant-in-Aid for creation of Capital Assets.

During the year 2022-23, the Government of Rajasthan released Grants-in-Aid of ₹49,443.75 crore, of which ₹41,708.31 crore was released under object head 12 (Grant-in-Aid, non-salary) and ₹267.35 crore under object head 93 (Grant-in-Aid for creation of Capital Assets) and ₹ 7,468.09 crore under Grant in aid (salary)³. Audit scrutiny revealed that various departments did not submit a total of 996 UCs aggregating to ₹1,122.12 crore pertaining to the period 2010-11 to 2022-23 to the office of the Accountant General (A&E) as on 31 March 2024. Out of the total outstanding UCs, 432 UCs of ₹319.79 crore pertained to 'Grant-in-Aid for the creation of Capital Assets'. The age-wise pendency of total outstanding UCs is summarized in following **Table 4.3** and **Table 4.4** below:

3. UCs are not required as per Rule 285 (4) of GF&AR for grants released for general purpose i.e. pay & establishment and office expenses for the schemes under State Fund or Central Assistance (₹7,468.09 crore). Further, an amount of ₹0.37 crore was classified under Minor Head-191 (₹0.03 crore), Minor Head-192 (₹0.28 crore) and Minor Head-196 (₹0.06 crore) for which UCs are not required under the same rule.

Table 4.3: Status of submission of UCs as on 31 March 2024

(₹ in crore)		
Year*	Number of UCs outstanding	Amount
Upto 2022-23	352	293.05
2023-24	644	829.07
Total	996	1122.12

Source: Information compiled by office of the AG (A&E)

* Year mentioned above relates to 'Due Year' i.e. after 12 months of actual drawal.

Table 4.4: Year-wise break up of outstanding UCs

(₹ in crore)		
Year*	Number of UCs	Amount
2011-12	5	0.02
2012-13	4	0.04
2013-14	6	0.03
2014-15	7	0.04
2018-19	48	0.64
2019-20	10	1.71
2020-21	38	84.20
2021-22	15	4.61
2022-23	219	201.77
2023-24	644	829.06
Total	996	1,122.12

Source: Information compiled by office of the AG (A&E)

* Year here relates to 'Due year' i.e. after 12 months of actual drawal

As per information provided by the office of the Accountant General (A&E), almost 96 *per cent* of the amount of outstanding UCs pertained to 'Other Rural Development Programmes' (401 UCs: ₹221.92 crore), Social Security and Welfare (301 UCs: ₹145.99 crore), Medical & Public Health (80 UCs: ₹ 199.53 crore), Family Welfare (24 UCs: ₹464.39) and Urban Development (11 UCs: ₹45.83 crore).

As on 30 November 2024, out of these 996 UCs, 71 UCs are outstanding. The Department-wise break-up of outstanding 71 UCs as on 30 November 2024 is summarized in **Table 4.5** below:

Table 4.5: Department-wise position of outstanding UCs

(₹ in crore)		
Name of the Department/Head	No. of UCs	Amount
Social Security and Welfare	1	0.07
Other Scientific Research (Department of Science and Technology)	56	0.48
Medical & Public Health	13	49.27
General Education	1	17.91
Total	71	67.73

Source: Information compiled by office of the AG (A&E)

Reasons for non-submission of UCs were called from the concerned Departments. However, Finance (Audit) Department intimated (November 2024) that instructions have been issued to the concerned departments for early disposal of pending UCs. Further, Department of Science and Technology intimated (December 2024) that sincere efforts are being made by the department to get the UCs from scheme implementing agencies.

UCs outstanding beyond the specified period not only weaken the financial accountability mechanism but also indicate that the departmental officers did not comply with the rules and procedures to ensure timely utilization of grant for the intended purpose.

Further, while examining the authenticity of the UCs submitted, Audit noticed instance of incorrect submission of UC pertaining to agricultural schemes implemented by Shri Karan Narendra Agriculture University, Jobner, Jaipur. It was observed that UCs for GIA amounting to ₹ 86.88 crore⁴ received during 2023-24 were submitted to Agriculture Department, GoR. However, against this, expenditure of ₹ 55.80 crore had only been incurred by the University and the remaining amount had not been utilised and was available with the University. It was also found that the subsequent GIA was released next year by Agriculture Department, GoR to the University on the basis of the UCs submitted by the University.

This indicates that UCs were being provided without actual utilisation of the funds which raises suspicion on the authenticity of the UCs provided to GoR. Since this observation is based on a test check of UCs, a wider occurrence of such instances cannot be ruled out. Appropriate actions are required to be taken by the authorities regarding issue of Utilisation Certificate without the amount being fully spent.

Absence of Information regarding Grantee Institution

Regulation 88 of the Regulations on Audit and Accounts (Amendment), 2020 provides that Governments and Heads of the Departments which sanction grants and/or loans to the bodies or authorities shall furnish to the audit office by end of July every year a statement of such bodies and authorities to which grants and/or loans aggregating ₹10 lakh or more were paid during the preceding year indicating (a) the amount of assistance; (b) the purpose for which the assistance was sanctioned; and (c) the total expenditure of the body or authority.

As per Finance Accounts 2023-24 of GoR, GIA constituted 17.95 *per cent* of the total expenditure of the State. During the year, out of the total GIA of ₹48,328.54 crore, an amount of ₹20,150.18 crore (41.69 *per cent*) was disbursed to grantee institutions of type 'Others', where 'Others' means various Government Departments, as given in following Table 4.6.

Table 4.6: Financial Assistance to Institutions

S. No.	Financial Assistance to Institutions	(₹ in crore)				
		2019-20	2020-21	2021-22	2022-23	2023-24
1.	Total grant	41,024.82	39,744.68	49,126.65	49,443.69	48,328.54
2.	Others	10,222.30	12,431.88	14,537.75	16,553.25	20,150.18
3.	Percentage of 'Others' to Total grant	24.92	31.28	29.59	33.48	41.69
4.	Total Expenditure of State	1,93,458	1,94,071	2,34,563	2,46,452	2,69,275
5.	Percentage of total grant to total expenditure of State	21.21	20.48	20.94	20.06	17.95

Source: Finance Accounts.

4. Under Head 2415-01-277-01-63-93

It can be seen that Grants given to 'Others' ranged between 24.92 *per cent* to 41.69 *per cent* of the total GIA during the period 2019-20 to 2023-24. Thus, GIA to Institutions of the type 'Others' constitutes a significant portion of the total grants and total expenditure of the State which adversely affects the transparency of accounts and monitoring of utilisation of GIA.

4.5 Abstract Contingent bills

Irregularities in submission of Detailed Contingent Bills against Abstract Contingent Bills

Under rule 219 of GF&AR, the Controlling and Disbursing Officers are authorised to draw sum of money by preparing Abstract Contingent (AC) bills, by debiting service heads and are required to present Detailed Contingent (DC) bills (vouchers in support of final expenditure) to the Accountant General (A&E) through treasury. Rule 220(1) further provides for submission of DC bills not later than a period of three months⁵ from the drawal of funds through AC bills.

Audit observed that the State Government did not furnish DC bills in respect of 197 AC bills amounting to ₹ 81.29 crore (drawn upto 31st December 2023), as of March 2024. Year-wise details of outstanding DC bills and their age analysis are given in the **Table 4.7** and **Table 4.8** below:

Table 4.7: Year-wise progress in submission of DC bills against AC bills

(₹ in crore)

Year	Opening balance		Addition		Clearance		Closing balance	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Upto 2021-22	117	31.37	505	58.50	533	56.68	89	33.19
2022-23	89	33.19	526	78.28	530	90.47	85	21.00
2023-24	85	21.00	876	218.57	764	158.28	197	81.29

Source: Finance accounts

Table 4.8: Age-wise position of pending DC bills

(₹ in crore)

Period of pendency	No. of pending DC bills	Amount
More than 15 years	1	—*
10 years to 15 years	1	1.04
5 years to 10 years	1	0.02
1 year to 5 years	11	63.29
0 to 1 year	183	16.94
Total	197	81.29

Source: Finance Accounts and information compiled by the office of the AG (A&E).

* ₹ 30,000 only

Major Head wise details of pending DC bills against AC bills along with outstanding amount for the period up to March 2024 are given in **Appendix 4.2**. Further scrutiny also revealed the following:

- Except in case of purchase of machinery/equipment's and other articles from abroad by opening of letter of credit, where the DC bills may be rendered to the competent authority within six months of the drawal of funds through AC bills.

(i) Non-submission of DC bills

As given in the table above, 14 AC bills drawn up to March 2023 remained unadjusted despite lapse of more than a year. Details of these 14 AC bills are given in following Table 4.9.

Table 4.9: Non submission of DC bills**(₹ in lakh)**

S. No.	Name of Office	Major Head	AC Bill No. & Date	Amount	Reasons of delay provided by Department/Audit comment
1	Assistant Director, DIET, Jalore	2202	1990-91	0.30	Department intimated (November 2024) that documents for adjustment of AC bill have been submitted to Treasury, Jalore.
2	Commissioner, Disaster Management and Relief, Jaipur	2245	813/19.03.2013	103.50	Submission of DC bill is pending due to pending recovery of ₹ 14.80 lakh from the cashier.
3	Secretary, Rajasthan Subordinate Service Selection Board, Jaipur	2051	299/06.10.2016	2.00	This was due to lapse in deposit of old currency notes in the bank. Department has intimated that action against the responsible officials has been initiated.
4	Director, N.C.C. Directorate, Jaipur	2204	158/28.12.2021	4.30	No reasons were furnished by the Department (September 2024).
5	Revenue Board, Ajmer	2029	842/24.01.2022	50.00	No reasons were furnished by the Department (September 2024).
6.	Director, NCC 3, Alwar	2204	41657121/23.09.2022	2.17	No reasons were furnished by the Department (September 2024).
7.	Head of Department and DDO, SMS Medical College, Jaipur	4210	45205307/29.3.2023 45204612/29.3.2023	1,500.00	No reasons were furnished by the Department (September 2024).
8.	Principal, Dr. SN Medical College, Jodhpur	4210	44966688/23.3.2023 45168506/28.3.2023 45169128/28.3.2023 45168922/28.3.2023 44810866/14.3.2023 44810816/14.3.2023	2,500.00 1,008.06 665.51 100.54 59.35 439.16	Construction work of Regional Cancer Institute, Jodhpur is under progress. Instruments for Regional Cancer Institute have been purchased and would be installed after completion of construction work.

As is evident from the table, three bills amounting to ₹ 1.06 crore (Sl. no. 1, 2 and 3) were pending for more than five years.

Position of pendency of DC bills of previous years reveals that there has been improvement in clearance of old AC bills. However, most of the pending bills, as mentioned above, are pending even after being pointed out in the Audit Reports of previous years. The State Government should take remedial action in this regard.

The drawl of funds through AC bills is accounted against the functional Major Head in the Consolidated Fund of the state. Unless the accounts are settled through DC bills within the time allotted, the expenditure stands inflated to that extent. In addition, non-submission of DC bills indicates lack of monitoring on the part of Departments as well as treasuries. The State Government should put in place a more robust mechanism for monitoring of funds drawn through AC Bills and the timely submission of DC bills against them.

(ii) Delay in submission of Detailed Contingent Bills

Rule 8(2) of GF&AR, 2012 prescribes that funds shall be withdrawn only if required for immediate payment and the expenditure or payment is authorised by the competent authority.

During audit scrutiny, significant delays in furnishing DC bills were noticed. Details are given in **Table 4.10** below:

Table 4.10: Quantum of delay in submission of DC Bills

(₹ in lakh)			
S. No.	Name of Office	No. of DC bills (with AC bill no.) submitted with delay	Period of delay (in months)
1.	Registrar, Revenue Board, Ajmer	1 (183)	187
2.	Secretary, Sports and Youth Department	2 (41423919, 41633043)	6 to 9
3.	Secretary, Rajasthan Subordinate Staff Selection Board	35 (40309521, 41310259, 41310319, 42181849, 42367191, 42366287, 42367042, 42366217, 44935181, 45201304, 46483946, 46483129, 45201325, 46529868, 46965587, 46966695, 46966711, 46900238, 46789978, 46789969, 46900269, 46899592, 46899717, 47797677, 47797691, 47223507, 47223490, 47273766, 47273794, 46780354, 46780982, 47067836, 47797725, 47594146, 47594876)	6 to 12
	Total	38	

It can be seen from the above table that there were delays ranging from 6 months to 187 months in submission of DC bills.

The Director, Treasury and Accounts while accepting the facts intimated (October 2024) that 188 DC Bills has been adjusted against the pending 197 AC Bills as on August 2024 and reasons for delay on submission of DC Bills is awaited from various departments.

Further, it was noticed in 25 cases that the entire amount of the AC bill amount was deposited back by challans while submitting DC bills. Details are given **Appendix 4.3**. Entire amount being deposited through challans indicates that funds were drawn through AC bills without proper assessment of actual requirements.

The irregular retention of funds by drawing through AC bills enabled the Departments to avoid lapse of budget provision and to bypass budgetary compulsion to spend the amount before the close of respective financial year. A system is required to be put in place to regularly monitor the pendency of the DC bills against previously drawn AC bills. AC bills remained unadjusted despite lapse of substantial period indicated lack of monitoring on the part of Departments as well as treasuries.

While examining the correctness of the AC/DC bills, an instance related to AC bills drawn by SMS Medical College, Jaipur was noticed by Audit. It was observed that three AC bills amounting to ₹ 8.34 crore were drawn for establishment of DSA machine in Neurology Department and five fixed deposits (FDs) were opened in the Union Bank of India for keeping the amount drawn through AC bills. An amount of ₹ 45.26 lakh as interest was received from these FDs. The department intimated (September 2024) that an amount ₹ 8.54 crore was paid to the firm against establishment of DSA machine. The excess payment of ₹20.23 lakh was due to difference in exchange rate of Rupees and Dollar on payment date and was met from interest of ₹45.26 lakh earned on the FDs. However, on completion of work the balance amount was to be deposited to Government account through challan along with DC bill but remaining balances of ₹ 25.03 lakh is still lying with the SMS Medical College though the DC bill was submitted in January 2023.

The irregular retention of remaining funds after completion of work indicates that Rule 8(2) and Rule 220 of GF&AR were overlooked.

4.6 Personal Deposit Accounts

A Personal Deposit (PD) Account is opened with the concerned treasury under the deposit head of the Public Account. Such accounts are maintained as a bank account in the treasury.

Rule 260(1) of GF&AR, GoR provides that no money shall be received for deposits in the Government accounts unless they are such as by the virtue of any statutory provisions or of any general or special orders of the government and are required or authorized to be held in the custody of the Government.

1. Status of PD Accounts

Status of funds lying in PD Accounts on the last day of the financial year during the period 2019-24 is given in Table 4.11 below.

Table 4.11: Parking of funds in Personal Deposit Accounts during 2019-24

(₹ in crore)

Year	No. of PD Accounts at the end of the year			Closing Balance
	Operative	Inoperative	Total	
2019-20	1,845	55	1,900	16,289.07
2020-21	1,895	33	1,928	14,382.95
2021-22	2,001	52	2,053	18,220.62
2022-23	2,067	133	2,200	14,114.10
2023-24	2,336	115	2,451	13,762.90

Source: Information provided by Office of the Accountant General (A&E), Rajasthan.

It can be seen from the table that the closing balances under PD Accounts decreased from ₹ 16,289.07 crore in 1,900 PD Accounts in 2019-20 to ₹13,762.90 crore in 2,451 PD Accounts in 2023-24. The status of the PD Accounts of the State Government during 2023-24 is given in the following Table 4.12:

Table 4.12: Status of Personal Deposit Accounts during 2023-24

(₹ in crore)

S. No.	Balances of P.D. Accounts (2023-24)	Amount
1.	Opening Balances (1 April 2023)	14,114.10
2.	Addition during the year	40,311.63
	(i) Funds transferred through Consolidated fund	22,865.05
	(ii) Funds deposited directly in PD accounts	17,446.58
3.	Withdrawal during the year	40,662.83
4.	Closing Balances as on 31 March 2024	13,762.90
Transactions in PD accounts during March 2024		
5.	Amount transferred/deposited in PD accounts during the month	6,928.28
	(i) Funds transferred through Consolidated Fund	2,514.17
	(ii) Funds deposited directly in PD accounts	4,414.11
6.	Withdrawal during the month	8,199.24

Source: Information provided by Office of the Accountant General (A & E), Rajasthan.

It can be seen from the table that during the year 2023-24, an amount of ₹40,311.63 crore was transferred/credited to P.D. Accounts under the Major Head 8443-Civil Deposit –106–Personal Deposits which comprised 14.97 per cent of total expenditure

(₹ 2,69,275 crore) of the state. This amount includes ₹ 22,865.05 crore transferred as grants-in-aid to autonomous bodies in PD accounts opened in their name in concerned treasury and ₹17,446.58 crore deposited directly in PD accounts like revenue received from mining activities in District Mineral Foundation Trust Fund, own income of the autonomous entities etc.

Age-wise details of P.D. accounts and their balances are given in the **Table 4.13** below:

Table 4.13: Age-wise details of PD accounts as on 31st March 2024

(₹ in crore)		
Age bracket	Number of PD accounts	Amount as on 31 March 2024
0-1 Year	309	534.96
1-3 Year	326	726.78
3-5 Year	107	285.00
5-10 Year	491	2,302.86
More than 10 Year	1,036	7,595.44
Details not available	182	2,317.86
Total	2,451	13,762.90

Source: Information provided by Office of the Accountant General (A&E), Rajasthan.

Analysis of the balances of PD Accounts shows that:

- Out of ₹ 22,865.05 crore, a sum of ₹ 2,514.17 crore (10.99 *per cent*) was transferred in the PD Accounts in March 2024. As per State Budget Manual (SBM), the practice of withdrawing funds with a view to avoid lapse of budget grants and placing such moneys in deposits in the Public Account or the bank is forbidden. Therefore, transfer of significant amount to PD Accounts during the month of March is in contravention of SBM provision.
- The unspent balances of ₹13,762.90 crore in 2,451 PD Accounts include 24 PD Accounts (each having balances of ₹100 crore and above), in which a sum of ₹ 8,598.34 crore i.e. 62.47 *per cent* of total unspent balance (₹13,762.90 crore) is lying as given in **Appendix 4.4**.
- Examination of PD Accounts held by various Drawing & Disbursement Officers (DDOs) of the State Government revealed that 74 accounts had “nil” balances during the year 2023-24 i.e. nil opening and closing balances with no transaction of receipt or payment during the year, details of which are given in **Appendix 4.5**.

2. Adverse Balances in PD accounts:

During scrutiny of the balances of P.D. accounts, it was noticed that 10 PD accounts had negative balances. Details are given in **Table 4.14** below:

Table 4.14: Adverse Balances in PD accounts

S. No.	PD Account Number and Name	Treasury Name	Amount (In ₹)
1.	3061-AD D.E.O. cum B.E.E.O.	13-Dausa	(-) 33,32,909
2.	5967-Govt. College, Anoopgarh	16-Ganganagar	(-) 15,000
3.	473-H.B.A. loans (old 31.3.2004)	20-Jaipur Rural	(-) 29,411
4.	473-H.B.A. loans (old 31.3.2004)	29-Kota	(-) 2,49,378
5.	2598- Ex. Engineer P.H.E.D. Didwana	30-Nagaur	(-) 4,48,522
6.	473-H.B.A. loans (old 31.3.2004)	30-Nagaur	(-) 44,571

S. No.	PD Account Number and Name	Treasury Name	Amount (In ₹)
7.	473-H.B.A. loans (old 31.3.2004)	31-Pali	(-) 56,662
8.	473-H.B.A. loans (old 31.3.2004)	34-Swaimadhopur	(-) 7,620
9.	473-H.B.A. loans (old 31.3.2004)	37-Tonk	(-) 2,27,259
10.	473-H.B.A. loans (old 31.3.2004)	38-Udaipur City	(-) 5,48,931

Source: Information provided by Office of the Accountant General (A & E), Rajasthan.

Negative balances in P D Accounts indicate payment in excess of the available balances in the fund which reflects lack of adequate reconciliation at the level of treasuries. Finance (Treasury and Account) Department intimated (December 2024) that four PD Accounts have been reconciled and now showing positive balances.

In compliance to the recommendation made by PAC in 2021-22 on 42nd Report (15th Assembly) regarding negative balances in PD account, the Department had intimated (August 2020) that all the PD Accounts have been linked with the electronic payment system due to which it would not be possible to withdraw funds in excess of the balances in PD Accounts. However, it is not clear as to how the negative balances still exist in the above-mentioned PD accounts despite the existence of such a system.

3. Inoperative PD Accounts

Rule 98 of Rajasthan Treasury Rules 2012 provides that every year in the month of April the Treasury Officer would review the PD Accounts in operation and prepare a list of accounts which have remained inoperative continuously for preceding two financial years for sending it to the Finance (Ways & Means) Department. PAC in their 42nd Report (15th Assembly) recommended to adhere to provisions of Rajasthan Treasury Rules, 2012 regarding inoperative PD accounts and ensure timely closure of inoperative accounts in future.

Review of PD Account of various departments revealed that as of 31 March 2024, total 115 P.D. Accounts having balance of ₹ 54.48 crore remained inoperative for the last two years (2022-24), out of which 46 inoperative PD accounts had *nil* balance for the last two years. Details of these PD Accounts are mentioned in **Appendix 4.6**.

Finance (Treasury and Account) Department intimated (December 2024) that out of 115 inoperative PD Accounts, 112 accounts have been closed and three accounts were reopened with the approval of Finance (Ways and Means) Department, GoR.

4. District Mineral Foundation Fund

The State Government established (June 2016) District Mineral Foundation Trust (DMFT) in each district. The objective of the Rajasthan District Mineral Foundation Trust (RDMFT) Rules 2016 is to work for the interest and benefit of the persons and areas affected by mining related operation in the district.

Initially contribution towards trust was to be deposited by the lease holders at the prescribed rate with the concerned Mining Engineer/Assistant Mining Engineer office or directly in the centralised current bank account. Finance (Ways and Means) Department issued instructions (April 2017) for opening a non-interest bearing PD Accounts in all the districts in the name of DMFT. The Rules, further amended in June 2018, provided that the DMFT Fund shall be kept in interest bearing accounts. Later on interest bearing PD Accounts were opened (December 2020) in all the districts.

Audit noticed that DMFT contribution were being deposited in both non-interest-bearing and interest-bearing PD Accounts. The balances of non-interest-bearing PD Accounts as on 31 March 2024 was ₹ 659.59 crore in 37 PD Accounts.

This indicates that collection of contributions against DMFT are not being deposited directly in interest bearing PD Accounts and non-interest bearing PD accounts are still in operation which is in violation of Rules *ibid*. This resulted in loss of interest to DMFT Funds.

5. Deposit of Local Funds

Section 64 of the Rajasthan Panchayati Raj Act, 1994 provides that Zila Parishad (ZP), Panchayat Samiti (PS) and Gram Panchayat (GP) would maintain ZP fund, PS fund and GP fund respectively⁶ which would include all money realized or realizable under the Act and all money otherwise received by the PRIs, such as grants received from Central Finance Commission and State Government as part of the State Finance Commission award and its own revenue, which includes tax and non-tax receipt of a panchayat. Similarly, Section 79 of Rajasthan Municipal Act, 2009 envisages that the Municipal Fund is to be held by the Municipality. All money realized or realizable under this act and all money otherwise received by the Municipality are to be kept in the Municipal Fund⁷.

The position of local funds of PRIs and Municipal fund as on 31st March 2024 for the last five years is given in the following **Table 4.15**.

Table 4.15: Deposit of Local Funds

(₹ in crore)						
S. No.	Name of Funds	Year	Opening Balance	Receipt	Expenditure	Closing Balance
1	Zila Parishad Fund (8448-109-03)	2019-20	1,508.86	1,198.28	1,407.07	1,300.07
		2020-21	1,300.07	1,318.54	1,128.13	1,490.48
		2021-22	1,490.48	2,327.99	1,951.25	1,867.22
		2022-23	1,867.22	1,883.18	1,986.55	1,763.85
		2023-24	1,763.85	1,737.65	2,097.72	1,403.78
2	Panchayat Samiti Fund (8448-109-02)	2019-20	1,463.95	3,205.03	3,496.43	1,172.55
		2020-21	1,172.55	1,797.45	1,545.79	1,424.21
		2021-22	1,424.21	2,640.36	2,210.78	1,853.79
		2022-23	1,853.79	2,452.66	2,160.83	2,145.62
		2023-24	2,145.62	2,144.37	2,742.86	1,547.13
3	Municipal Fund (8448-102)	2019-20	1,404.17	2,874.08	2,835.52	1,442.73
		2020-21	1,442.73	4,591.66	3,614.48	2,419.91
		2021-22	2,419.91	4,662.10	4,492.33	2,589.68
		2022-23	2,589.68	5,712.06	6,315.85	1,985.89
		2023-24	1,985.89	6,818.12	7,513.45	1,290.56

Source: Finance Accounts and information provided by Office of the AG (A&E).

It can be seen that during 2019-24, huge balances have been lying in ZP fund, PS funds and Municipal Fund pending utilization. The closing balance in these funds during 2023-24 was ₹1,403.78 crore, ₹ 1,547.13 crore and ₹1,290.56 crore respectively.

6 Under Major Head 8448-Deposits of Local Funds, 109-Panchayat Bodies Funds

7 Under the Major Head 8448- Deposits of Local Funds-102-Municipal Funds

GPs maintain accounts in the nearest branch of the scheduled bank. The status of un-utilised funds lying in these accounts of GPs is not being maintained properly at the level of PS or ZP. However, instructions have been issued by the Panchayati Raj Department for compilation of un-utilised funds lying with GPs. Rural Development and Panchayati Raj Department intimated that (November 2024) that ZPs gave various reasons behind balances lying in these Funds viz: non utilization of MLA LAD funds, non-issue of sanctions in time, delay in submission of UCs by executive agencies.

The State Government needs to put in place a mechanism for timely utilization of PRI and Municipal Funds, deposit the unutilized balances of closed schemes to revenue head and also monitor the balances kept in the bank accounts of the GPs.

4.7 Operation of Minor Head-800

Para A.10 of State Budget Manual stipulates that sufficient care should be taken to ensure that expenditure is classified under proper object heads and classification under the category of 'Other expenditure' should be avoided as far as possible.

During 2023-24, ₹ 14,260.44 crore under 57 Major Heads of accounts, constituting 5.30 *per cent* of the total Revenue and Capital expenditure (₹ 2,68,876.60 crore) was classified under Minor Head-800-Other expenditure in the accounts whereas in 2022-23, ₹ 10,515.26 crore had been booked under Minor Head 800-Other expenditure. Similarly, ₹ 9,138.35 crore under 44 Major Heads of accounts, constituting 4.50 *per cent* of the total Revenue Receipts (₹ 2,03,276.28 crore) was classified under Minor Head 800-Other Receipts in the accounts while in 2022-23, booking under Minor Head 800-Other Receipts was ₹ 12,013.42 crore.

The State Government has operated this minor head extensively during the period 2019-2024. Instances where substantial portion (50 *per cent* or more) of expenditure and receipts were classified under Minor Head 800 are indicated in *Appendix 4.7* and extent of operation of Minor Head 800-Other expenditure and 800- Other receipts, as a percentage of total expenditure and receipts of the respective heads during 2019-24 is also given in **Charts 4.2** and **Chart 4.3** respectively.

Chart 4.2: Operation of Minor Head 800-Other expenditure during 2019-24

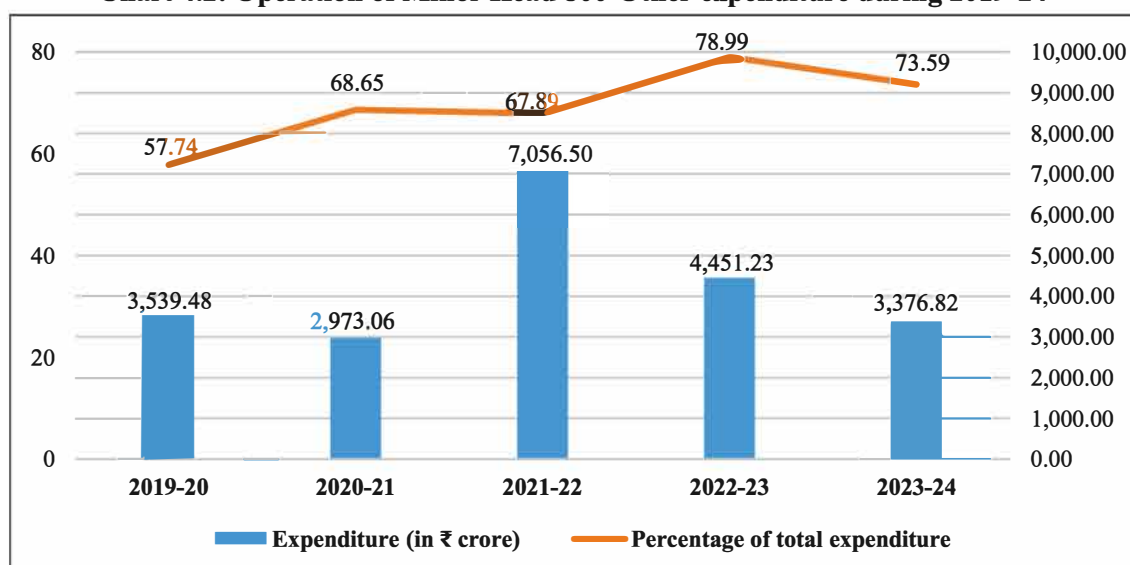
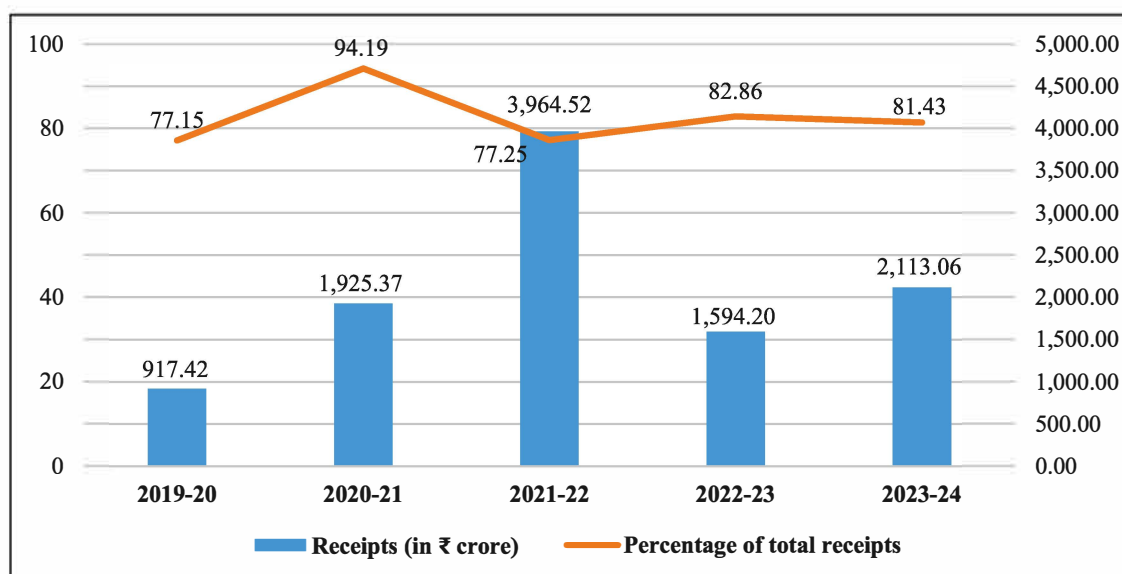


Chart 4.3: Operation of Minor Head 800-Other receipts during 2019-24

It can be seen that there was an increase in percentage terms in case of both 800-Other expenditure as well as 800-Other receipts in 2023-24 as compared to 2019-20.

Booking of substantial amounts under omnibus Minor Head-800 negatively impacts the transparency in financial reporting. Routine operation of Minor Head-800 needs to be discouraged, as it renders the accounts opaque.

In this regard, Finance Department issued (August 2022) directions to all DDOs/CCOs for not making provision under Minor Head 800-Other expenditure without necessity and booking of expenditure under “800-Other expenditure” only when appropriate head is not available in LMMH.

4.8 Outstanding balances under major Suspense and DDR heads

The transactions relating to ‘Suspense’ and ‘Remittance’ heads are intended to record all adjusting heads. Certain intermediary/adjusting Heads of Accounts known as ‘Suspense Heads’ are opened in Government Accounts to reflect transactions of receipt and payments which cannot be booked under a final Head of Account due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/Pay and Accounts Officers, non-receipt of clearance memos from RBI, non-receipt of vouchers, etc. These Heads of Accounts are finally cleared by minus debit or minus credit when the accounts under them are booked to their respective final Heads of Account. If these amounts are not cleared, the balances under suspense heads get accumulated and prevent depiction of correct picture of the Government’s receipts and expenditure.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit entries within the same or in another circle of accounting.

The status of the balances under suspense and remittance heads for the last three years is given in the **Table 4.16** below.

Table 4.16: Balances under Suspense and Remittance Heads**(₹ in crore)**

S. No.	Minor Head	2021-22		2022-23		2023-24	
	Major Head 8658 – Suspense						
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
1.	101 – PAO Suspense	103.83	9.79	103.92	9.23	94.74	8.81
	Net	Dr. 94.04		Dr. 94.69		Dr. 85.93	
2.	102 – Suspense Account-Civil	0.41	100.24	0.37	85.19	0.40	94.74
	Net	Cr 99.83		Cr 84.82		Cr 94.34	
3.	106 - Telecommunication Accounts Office Suspense	_*	-	_*	-	_*	-
	Net	Dr.-*		Dr.-*		Dr.-*	
4.	112 -Tax Deducted at Source (TDS) Suspense	-	26.62	-	(-) 1.62		97.62
	Net	Cr. 26.62		Cr. (-) 1.62		Cr. 97.62	
5.	123 - A.I.S Officers’ Group Insurance Scheme	-	0.19	-	0.21	-	0.25
	Net	Cr. 0.19		Cr. 0.21		Cr. 0.25	
6.	129 - Material Purchase Settlement Suspense Account	-	(-) 3.50	-	(-) 3.50	-	(-) 3.50
	Net	Cr. (-) 3.50		Cr. (-) 3.50		Cr. (-) 3.50	
7.	139 - GST-Tax Deducted at Source Suspense	-	54.18	-	57.17	-	66.44
	Net	Cr. 54.18		Cr. 57.17		Cr. 66.44	
	Net Total	(Cr.) 83.28		(Cr.) 42.39		(Cr.) 169.22	
	Major Head 8782-Cash Remittances						
8.	102 - P.W. Remittances	26.46	28.82	25.40	26.76	25.57	18.48
	Net	Cr. 2.36		Cr. 1.36		Dr. 7.09	
9.	103 - Forest Remittances	0.04	0.01	0.10	-**	0.07	-
	Net	Dr. 0.03		Dr. 0.10		Dr. 0.07	
10.	108 - Other Departmental Remittances	0.03	-	0.03	-	0.03	-
	Net	Dr. 0.03		Dr. 0.03		Dr. 0.03	
11.	129 - Transfer within Indira Gandhi Nahar Project	0.74	-	0.74	-	0.73	-
	Net	Dr. 0.74		Dr. 0.74		Dr. 0.73	
	Net Total	(Cr.) 1.56		(Cr.) 0.49		(Dr.) 7.92	

* ₹1,000 only ** ₹14,000 only

The position of figures under major suspense and remittance heads for the last three years shows that the aggregate net balance under the Major Head '8658-Suspense Accounts' in the Finance Accounts registered a credit balance increase by ₹126.83 crore from 2022-23 to 2023-24.

Adverse balances under DDR Heads

Adverse balances are negative balances appearing under those heads of account where there should not be negative balances.

As of 31 March 2024, there were 23 cases⁸ of adverse balances under Debt, Deposit and Remittances (DDR) heads under 12 Major Heads amounting to ₹ 3,880.11 crore. The adverse balances were mainly under Pension Funds of employees of Municipal Councils/Municipalities (₹3,737.14 crore). Adverse balances under these DDR heads need to be reconciled and adjusted on priority.

4.9 Reconciliation of departmental figures

Reconciliation and verification of figures is an important tool of Financial Management which prevents misclassification and incorrect booking of receipts and expenditure in the accounts. As per Rule 11 (3) of GF&AR, all Budget Controlling Officers are required to reconcile the receipt and expenditure figures of the State Government with the figures accounted by the Accountant General (A&E), Rajasthan.

During the year 2023-24, Revenue Receipts amounting to ₹ 2,03,276.28 crore (100 *per cent* of total Revenue Receipts), Revenue Expenditure amounting to ₹ 2,42,230.88 crore (100 *per cent* of total Revenue Expenditure) and Capital Expenditure amounting to ₹ 26,645.72 crore (100 *per cent* of total Capital Expenditure) were reconciled by the State Government. Loans and Advances given by the State Government amounting to ₹ 398.21 crore (100 *per cent* of total loans and advances given by the State Government) was also reconciled.

In fact, throughout the last five years, the State Government has been able to accomplish 100 *per cent* reconciliation of expenditure and receipts.

4.10 Reconciliation of cash balances

The balance against 'Deposit with Reserve Bank' represents the balance according to Government Account, which includes inter government monetary settlements advised to the Reserve Bank of India. There was a net difference of ₹ 1.53 crore (Dr.) between the figures as reflected in the accounts [₹ 10.75 crore (Dr.)] and that intimated by the Reserve Bank of India [₹ 12.28 crore (Cr.)]. A net difference of ₹0.04 crore (Dr.) is still outstanding and under reconciliation (June 2024).

4.11 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 of India, prescribe the form of accounts of the Union and of the States. The Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating

8. State Provident Funds (One case: ₹0.01 crore); Insurance and Pension Funds (One case: ₹3,737.14 crore); Civil Deposit (one case: ₹129.98 crore); Deposits of Local Fund (Two cases: ₹0.34 crore) and Suspense Accounts (two cases: ₹3.52 crore). Loans for education, art and Culture (One case: only ₹32); Loans for Housing (One case: only ₹11,620); Loan for Food Storage and Warehousing (One case: ₹0.03 crore); Loans for Co-operation (One case: ₹6.16 crore); Loans for Road Transport (One case: only ₹201); Loans for Other General Economic Services (One case: only ₹32,070); Loans to Government Servants etc. (10 cases: ₹2.92 crore);

standards for government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the Comptroller and Auditor General of India, the President of India has so far notified four Indian Government Accounting Standards (IGAS). The following **Table 4.17** provides the position of compliance with these four Accounting Standards.

Table 4.17: Compliance with Accounting Standards

S. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	IGAS-1: <i>Guarantees given by the Government-Disclosure requirements</i>	This standard requires the government to disclose the maximum amount of guarantees (class or sector-wise) given during the year in its financial statements along with additions, deletions, guarantee invoked, discharged and outstanding balances at the beginning and end of the year, grantor commission and other material details.	Complied with.	-
2.	IGAS-2: <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use. Grant in aid given in kind is required to be disclosed.	Partly complied with, as detailed information in respect of Grant-in-aid given in kind has not been furnished by the State Government. Further, non-compliance of classification of Grant-in-aid as revenue expenditure has been discussed in para 3.4.7.	Grant-in Aid given by the Government in cash were disclosed while Grant-in Aid given in kind were not disclosed. Therefore, total Grant-in-Aid given by the grantee could not be ascertained
3.	IGAS-3: <i>Loans and Advances made by Government</i>	It is related to recognition, measurement and valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices and to ensure adequate disclosure on Loans and Advances are made by the Government.	Partly complied with. Information regarding write-off of irrecoverable loans and advances, entity-wise details of interest credited on loans and advance given by the State Government, reasons for disbursements of fresh loans and advances during the year and details of overdue principal & interest where detailed accounts are maintained by the State were not provided by the State Government.	Disclosure requirements of Loans and Advances not met by the State Government.
4.	IGAS-4: <i>Prior Period Adjustment</i>	The objective of this Standard is to prescribe the manner in which Prior Period Adjustments including errors once identified shall be presented and disclosed in the current period (the financial year) under the cash basis of accounting.	No such prior period adjustments were made by the State Government during the year.	

4.12 Misappropriations, Losses, thefts, etc.

Rule 20 of GF&AR Part-I provides that any loss of public money, departmental revenue, receipts, stamps, stores or other property held by or on behalf of Government caused by misappropriation, fraudulent drawl/payment, loss, etc. or otherwise which is discovered in a treasury or any other office or department shall be reported immediately by the officer concerned to the next higher authority as well as to the Principal Accountant General.

State Government reported 748 cases of misappropriation/embezzlement (314) and theft/loss (434) of the Government money across various departments amounting to ₹ 131.06 crore up to 31 March 2024 on which final action is pending till the end of June 2024. Details are given in the **Table 4.18** below:

Table 4.18: Pending cases of misappropriation, losses, theft etc.

(₹ in crore)

Name of Department	Cases of misappropriation / losses/ theft of Government material		Reasons for delay in final disposal of pending cases of misappropriation, losses, theft etc.					
			Awaiting Departmental and Criminal investigation		Departmental action initiated but not finalised (Awaiting order for Recovery/ Write Off)		Recovery of the amount pending due to pending Judicial Proceedings	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Works ⁹	235	9.61	56	4.54	160	2.60	19	2.46
Education ¹⁰	135	55.30	44	6.06	50	8.14	41	41.12
Revenue ¹¹	60	13.39	38	4.53	9	3.29	13	5.56
Medical ¹²	57	8.28	34	5.64	5	0.93	18	1.71
Local Bodies	11	3.91	3	0.06	3	3.47	5	0.37
RD & PRD	145	27.41	124	24.52	19	2.39	2	0.50
Miscellaneous ¹³	105	13.16	34	1.59	44	9.33	27	2.25
Total	748	131.06	333	46.94	290	30.15	125	53.97

The age profile of pending cases and the number of cases pending in each category of theft/loss and Embezzlement/misappropriation are summarized in the **Table 4.19** below:

⁹ **Works Departments:** PHED, PWD, Irrigation, GWD, IGNP & Forest.

¹⁰ **Education Departments:** Primary, Secondary, Literacy & Continuing Education, College, Sanskrit Education, Polytechnic College, DIET, Samgra Shiksha Abhiyan, Teachers Training Institute and ITI.

¹¹ **Revenue Departments:** Land, Transport, Mines, Stamps & Registration, Commercial Tax, State Excise and Colonization.

¹² **Medical Departments:** Medical & Health, Janani Surksha Yojana, Medical College, Family Welfare, Ayurveda, IEC, NHRM and RMCL.

¹³ **Miscellaneous:** Justice, Police, Devsthan, Rajasthan Khadi and Village Industries Board, Industry, Food and Civil Supply, Labour, Printing and Stationery, RPSC, Sainik Welfare Board, Social Welfare, RCDF, Vishram Bhawan, SIPF, Minority, Akal Rahat (Relief), Women & Child Welfare, Archaeology, Museum, Secretariat, Prosecution, Horticulture, Watershed Development & Soil Conservation, State Lottery, Environment, Sanitation Water & Community Health Project, RSSCL, Treasury (kosh) Information & Public Relation, TAD and Animal Husbandry (Veterinary), Pension, Election commission, LFAD and Agriculture.

Table 4.19: Profile of Misappropriations, losses, defalcations etc.

(₹ in crore)

Age-profile of pending cases			Nature of the pending cases		
Range (in years)	Number of Cases	Amount Involved	Nature of the cases	Number of Cases	Amount Involved
0-5 (2019-20 to 2023-24)	129	56.90	Theft/Loss	76	2.36
			Embezzlement	53	54.54
5-10 (2014-15 to 2018-19)	166	35.30	Theft/Loss	116	13.27
			Embezzlement	50	22.03
Above 10 (up to 2013-14)	453	38.86	Theft/Loss	242	5.60
			Embezzlement	211	33.26
Total	748	131.06	Theft/Loss	434	21.22
			Embezzlement	314	109.84

Out of 748 cases, 03 cases of embezzlement are pending since 1974-75 and 01 case of theft is pending since 1986-87. Pendency for such a long time shows that concerned departments have not taken desired action in timely manner.

The department-wise break up of pending cases is given in *Appendix 4.8*. On detailed analysis of the outstanding embezzlement cases, it was found that these embezzlement cases were mostly related to forgery in cash book/ challans, bungling in stocks kept in stores, payment/drawls by forged bills/cheques, government money not deposited in the bank/ treasury, taxes collected but not deposited in the government treasury/bank. opening balance in cash book understated, excess withdraw/payment shown in cashbook etc. Theft cases were related to theft of stocks/ stores/ vehicles, parts of vehicles, cash, machinery and equipment etc. Out of 748 cases, 290 cases amounting to ₹ 30.15 crore were pending because of pending orders for recovery/write-off and rest of the cases were pending for the want of departmental action and judicial proceeding.

4.13 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

The audit of accounts of 44 autonomous bodies/authorities¹⁴ in the State has been entrusted to the CAG under Section 19(2) and 20(1) of the CAG's (DPC) Act, 1971. As of June 2024, accounts of all the 44 autonomous bodies/authorities have been received up to 2022-23 except accounts of CAMPA for the years 2018-19 to 2022-23, Building and Other Construction Workers Welfare Board (BOCW) for the years 2018-19 to 2022-23 and Rajasthan Real Estate Regulatory Authority, Jaipur (RERA) for the year 2022-23.

The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Report and placement in the legislature is indicated in *Appendix 4.9*. However, no adverse opinions were given during audit in 2023-24.

¹⁴ Rajasthan Khadi and Village Industries Board; Rajasthan State Human Rights Commission; Rajasthan Building and other Construction Workers Welfare Board (BOCW), Jaipur; Rajasthan Electricity Regulatory Commission; Rajasthan Real Estate Regulatory Authority (RERA); State Compensatory Afforestation management and Planning Authority (CAMPA); Rajasthan State Legal Services Authority (02) and District Legal Services Authority's (36).

Further, in order to identify the institutions which attract audit under Section 14 of the CAG's (DPC) Act, 1971, the Government/Heads of the Department are required to furnish to Audit every year the detailed information about the financial assistance given to various institutions, the purpose for which the assistance is granted and the total expenditure of the institutions.

As on March 2024, there were 44 ABs which were substantially financed through grants or loan from consolidated Fund of the State. All the 44 ABs attract audit under section 14 of C&AG'DPC Act, 1971. Further, 30 annual accounts of 17 out of 44 ABs, which were due upto 2023-24 in accordance with section 14 of C&AG'DPC Act, 1971, were not received as on 31 May 2024 by the office of the Principal Accountant General (Audit-1) Rajasthan.

The details of 17ABs which did not furnish Accounts are shown in *Appendix 4.10* and age-wise pendency is shown in **Table 4.20** below:

Table: 4.20: Age-wise arrears of Annual accounts due from Government Bodies

S. No.	Pendency (in years)	No. of Bodies/Authorities (No of accounts)
1.	Less than one year	8 (8)
2.	2-3 years	8 (18)
3.	4 years	1 (4)

Source: Information complied by Office of the Principal Accountant General (Audit-I)

Table above shows that the four accounts of one AB was in arrears for more than four years. In the absence of Annual Accounts, the accounting/utilization of grants and loans disbursed to these bodies/authorities could not be verify by Audit.

Non- furnishing of Accounts increases the risk of mis-utilisation of funds. The Finance Department needs to keep a watch on such transfers.

4.14 Follow up action on State Finances Audit Reports

SFAR for the year 2022-23 was presented in State Legislature on 24 July 2024. PAC has so far discussed and made recommendations on the SFAR up to the year 2018-19 (August 2024). During the period April 2023 to March 2024, PAC discussed one para of Report for the year 2018-19. Currently, 22 paras related to the Report for the year 2019-20, 2020-21 and 2021-22 are pending for discussion/Report writing. These paras pertain to major policy Pronouncements in Budget and their actual funding for ensuring implementation, review of selected grants, deposit of local funds, submission of accounts/separate audit reports, Misappropriation, Losses, Theft etc., collection of cess/surcharge, delay in furnishing Utilisation Certificates, delay in furnishing Utilisation Certificates, Personal Deposit Accounts etc.

A review of the outstanding ATNs on paras revealed that six ATNs on paras pertaining to SFAR 2021-22 are pending from four departments¹⁵ and one ATN on para pertaining to SFAR 2020-21 is pending from one department¹⁶ as on 31 August 2024.

4.15 Implementation of Recommendations of Sixth Finance Commission

Article 243-I of the Constitution of India makes it mandatory for the State Government to constitute a Finance Commission within one year of the commencement of the 73th Constitutional Amendment Act and thereafter on expiry of every five years. The mandate of the State Finance Commission (SFC) is to review the financial position of local bodies and to make recommendations to the Governor for devolution of funds. Similarly, Article 243-Y of the Constitution has a provision for Municipalities. These articles have provision that the SFC shall recommend the principles governing the distribution between the State and the panchayats and the municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State which may be divided between them.

The Interim Report of the 6th SFC for the years 2020-21 and 2021-22 was presented by the Commission to the State Government in June 2021 and recommendation mentioned in the report were accepted by the Government in September 2021.

Further, the final report of the 6th SFC was submitted by the Commission in September 2023. The report proposed 68 recommendations and suggestions. Of these, 22 recommendations pertained to devolution of funds to Local Bodies. As per Action Taken Report, 20 recommendations were accepted by the State Government and submitted to the Governor. Regarding suggestions other than devolution of funds, the final report of SFC would be forwarded to the Administrative Departments for examination and further action or decision.

The final report on 6th SFC recommended devolution of 6.75 *per cent* of net proceeds of the Own tax revenue of the State to the PRIs and ULBs upto 2023-24 and thereafter, 7.00 *per cent* for 2024-25 and the distribution of the amount between them in the ratio of 75.1:24.9 respectively

Devolution of Funds to PRIs and ULBs for the period 2020-24 as per the recommendations of 6th SFC and actual release by State Government is given in **Table 4.21** below:

15. Art, Literature, Culture and Archaeology Department, Gopalan Department, Urban Development and Housing Department and Watershed Development and Soil Conservation Department.

16. Art, Literature, Culture and Archaeology Department

Table 4.21: Devolution of funds to PRIs and ULBs during 2020-24.

(₹ in crore)

Local Bodies	Recommendation as per Final Report of 6 th SFC for 2020-25	Recommendation for the period 2020-24	Release by State Government 2020-24
PRIs	24,914.51	13781.85	13781.85
ULBs	8,260.61	5,974.59	4,269.42
Total	33,175.12	19756.44	18051.27

The actual net proceeds of the Own tax revenue of the State for the year 2023-24 were as given in **Table 4.22** below:

Table 4.22: Details of actual net proceeds of the own tax of the State

(₹ in crore)

S. No.	Particulars	Amount
1.	Own Tax Revenue	94,085.94
2.	Deduct: Cost of Collection	2,547.19
	Net Own Tax Revenue	91,538.75

The amount of grants to be devolved as per State's own net tax revenue to the Local Bodies as per 6th SFC recommendations and grants actually transferred are given in the **Table 4.23** below:

Table 4.23: Position of amount of grants to be devolved and grants actually devolved to Local Bodies as per 6th SFC

(₹ in crore)

S. No.	Particulars	Grants estimated to be transferred by 6 th SFC	Grants to be transferred as per 6 th SFC based on actual net proceeds	Grants actually transferred	Excess (+)/ Short (-) devolution
		2023-24 (BE)	2023-24 (Actual)	2023-24	2023-24
(1)	(2)	(3)	(4)	(5)	(6 = 4-5)
1.	Share of PRIs (75.1% of Total Devolution of funds)	5,641.65	4,640.34	2,455.38	(-) 2,184.96
	(a) Zila Parishads (5%)	282.07	232.02	139.09	(-) 92.93
	(b) Panchayat Samitis (20%)	1,128.27	928.07	222.66	(-) 705.41
	(c) Gram Panchayats (75%)	4,231.01	3,480.25	2,093.63	(-) 1,386.62
2.	Share of ULBs (24.9% of Total Devolution of funds)	1,870.44	1,538.54	930.23	(-) 608.31
	(i) Municipal Corporation (28.47%)	532.51	438.02	250.45	(-) 187.57
	(ii) Municipalities/ Municipal Councils (71.53%)	1,337.93	1,100.52	679.78	(-) 420.74
3.	Total Devolution of funds @ 6.75% of Net Own Tax Revenue	7,511.79	6,178.88	3,385.61	(-) 2,793.27

Source: State Budget and State Account

The above table reveals that during 2023-24, the State Government short devolved ₹ 2,793.27 crore and ₹ 4,126.18 crore to Local Bodies against the recommendations of 6th SFC based on actual net proceeds and Budget estimates respectively.

Utilization of State Finance grant by ZPs and Municipal Bodies was sought but replies are still awaited. However, Finance Department intimated (November 2024) that direction regarding utilization of state finance grants by local bodies has been issued to Panchayati Raj Department and Urban Local Bodies Department.

The State Government/ Head of Department should take necessary steps for establishing structured arrangements for monitoring and timely utilisation of SFC fund.

4.16 Conclusion

Non-submission of 996 Utilisation Certificates amounting to ₹ 1,122.12 crore within the specified period weakened the financial accountability mechanism. GIA to Institutions of the type 'Others' constitutes a significant portion of the total grants and total expenditure of the State which adversely affects the transparency of accounts and monitoring of utilization of GIA.

AC bills remained unadjusted despite lapse of substantial period indicates lack of monitoring on the part of Departments as well as treasuries.

Non-closure of PD Accounts despite remaining inoperative for two years was in contravention of the provisions of GF&AR and Rajasthan Treasuries Rules and indicates lack of monitoring at the level of treasuries. In addition, huge balances have been lying in ZP fund, PS funds and Municipal Fund pending utilization. Further, status of un-utilised funds lying in accounts of GPs could not be ascertained as their details were neither compiled at the level of PS or ZP nor provided to the Treasury Accounts.


The booking of large amounts under the Minor Head 800-Other Expenditure/Receipts negatively affects the transparency of accounts.

4.17 Recommendations

- State Government needs to institute a rigorous monitoring mechanism to ensure that the Departments comply with the prescribed rules and procedures with regard to timely submission of Utilisation Certificates.
- The State Government should ensure prompt closure of inoperative PD Accounts and timely utilisation of funds transferred to PD Accounts.

- The State Government needs to put in place a mechanism for timely utilization of PRI and Municipal Funds and deposit the unutilized balances of closed schemes to the concerned revenue heads and also monitor the balances kept in the bank's accounts of the GPs.
- Finance Department should conduct a comprehensive review of all items presently appearing under Minor Head '800' and ensure that such receipts and expenditure are booked under the appropriate heads of account to the extent possible.
- The Government may consider preparing a time bound framework for taking prompt action in cases of misappropriation, loss, theft, etc. and strengthening the internal control system to prevent recurrence of such cases.

JAIPUR,
The 13 May, 2025


(SATISH KUMAR GARG)
Principal Accountant General (Audit-I)
Rajasthan

Countersigned

NEW DELHI,
The 15 May, 2025


(K. SANJAY MURTHY)
Comptroller and Auditor General of India