

# PREFACE

The State Finances Audit Report has been prepared for submission to the Governor of Maharashtra under Article 151 of the Constitution.

The State Finances Audit Report of the Government of Maharashtra intends to assess the financial performance of the State during the financial year 2024-25 and to provide the State Legislature with inputs, based on audit analysis of financial data. The Report contains three Chapters.

## **Chapter I – Overview of the Finances of the State**

This Chapter describes the basis and approach to the Report and provides a broad perspective of the finances of the State. It includes a macro-fiscal analysis of key indices and State's fiscal position including deficits/ surplus, debt profile and key Public Account transactions.

## **Chapters II – Budgetary Management**

This Chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management

## **Chapter III – Financial Reporting Practices**

This Chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departments of the State Government.

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

## **Basis and Approach to State Finances Audit Report**

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

Principal Accountant General (Accounts & Entitlement)-I, Maharashtra compiles the annual Finance Accounts and Appropriation Accounts of the State based on vouchers, challans, and initial and subsidiary submitted by treasuries, offices, and departments under the control of the State Governments, as well as statements received from the Reserve Bank of India. These accounts are independently audited by the Principal Accountant General (Audit), Maharashtra and certified by the Comptroller and Auditor General of India.

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

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures.
- Results of audit carried out by the Offices of the Principal Accountant General (Audit)-I, Maharashtra, Mumbai and Accountant General (Audit)-II, Maharashtra, Nagpur.
- Other data with departmental authorities and treasuries (accounting as well as MIS)
- GSDP data and other State related Statistics,
- Maharashtra Fiscal Responsibility and Budgetary Management Act, 2005.
- Finance Commission recommendations.
- Various Audit Reports of the CAG of India
- Best practices and guidelines from the Government of India (GoI).

Entry conference was held on 22<sup>nd</sup> August 2025 with State Finance Department, wherein the audit approach was explained. The draft Report was forwarded to the State Government for comments. Exit Conference was held on 11<sup>th</sup> February 2026 to discuss the findings in the Report. Replies of the Government, where received, are incorporated in this Report at appropriate places.

### **Structure of the Government Accounts:**

**The Accounts of the State Government are kept in three parts.**

#### **1. Consolidated Fund of the State {Article 266(1) of the Constitution of India}**

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

#### **2. Contingency Fund of the State {Article 267(2) of the Constitution of India}**

This Fund is in the nature of an imprest, which is established by the State Legislature by law and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation

of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

### 3. Public Accounts of the State {Article 266(2) of the Constitution of India}

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

