

**Chapter III**  
**Financial Reporting**  
**Practices**



## Chapter-III: Financial Reporting Practices

**This chapter provides broad based perspective of quality of the State Government Accounts rendered by various authorities of the State Government and status of compliance with prescribed financial rules, procedures and directives.**

Compliance with financial rules, procedures and directives as well as the completeness, timeliness and quality of reporting on the status of such compliance enhances relevance and reliability of the information presented in the financial reports.

### Issues related to completeness of accounts

#### 3.1 Off budget borrowings through State owned PSUs/Authorities

Off-budget borrowings are borrowings by State Public Sector Companies, Special Purpose Vehicles (SPVs) and other equivalent instruments, where principal and/or interest are serviced out of the State Budgets. Thus, debt servicing is through the budget but loans are routed outside budget through Government owned companies/statutory bodies. Such borrowings have impact on the Revenue Deficit and Fiscal Deficit and thus, have the effect of surpassing targets set for fiscal indicators under State FRBM Act. Article 293(3) of the Constitution of India mandates consent of Government of India for a State Government's borrowing if it has any outstanding loans or guarantees from the Government of India. Further, the XV Finance Commission recommended that the normal net borrowing ceiling (NBC) to the State Governments for 2023-24 to 2025-26 may be fixed at three *per cent* of GSDP.

Bypassing the above stipulated net borrowing ceiling by routing loans outside budget through various State Government Public Sector Undertakings (SPSUs)/Corporations/ other Bodies despite the State being responsible for repayment of such loans pose significant risk to fiscal health and transparency in the Government finances. Borrowing Ceilings for a financial year of the State Governments are being now reduced by GoI to extent of Off-Budget Borrowings.

The Maharashtra Fiscal Responsibility and Budget Management (MFRBM) Act, 2004 outlined that the State Government shall take suitable measures to ensure greater transparency in its fiscal operations in public interest by disclosing the actual liabilities arising out of Off Budget Borrowings by PSUs, Special Purpose Vehicles and other equivalent instruments where liability for repayment is on the State Government allocations. As envisaged in the MFRBM Act and the Rules (2006, amended in 2008), the State Government must provide full disclosure of its liabilities including off-budget in Form B-6 of the Medium-Term Fiscal Policy Statement (MTFPS) of that particular year. Laid before the Legislature along with Budget documents shall contain the five-year rolling targets with respect to Revenue Deficit, Fiscal Deficit and total outstanding debt of the State Government.

For the year 2024-25, debt stock was targeted as 18.47 per cent of GSDP under MTFPS and below 25 per cent under MFRBM Act. Besides, the GoI had fixed borrowing ceiling of ₹ 1,17,238 crore (2.59 per cent of GSDP) for the State during 2024-25.

The State Government did not provide the details of its off-budget borrowings in its budget. Further, as per information furnished by the State Government/ disclosure in the Budget, as on 31 March 2025, the outstanding off budget borrowing was ₹ 23,010 crore which included borrowings of ₹ 13,000 crore<sup>1</sup> borrowed during 2023-24.

The information furnished by the Public Sector Undertakings (PSUs) revealed that off-budget borrowings amounting to ₹ 28,640 crore were raised up to 31 March 2025 by two entities on behalf of the State Government. Maharashtra State Road Development Corporation (MSRDC) availed loans of ₹ 11,140 crore from HUDCO for land acquisition activities, of which ₹ 10,825 crore remained outstanding. Similarly, MSRDC Tunnels Ltd borrowed ₹ 17,500 crore from the Rural Electrification Corporation (REC) primarily for land acquisition and related works, and the entire amount remained outstanding as of 31 March 2025. These borrowings, though raised outside the Government account, created liabilities of ₹ 28,325 crore on the State Government. The details of off-budget borrowings as on 31 March 2025 are detailed in **Table 3.1**.

**Table 3.1: Details of off-budget borrowings as on 31<sup>st</sup> March 2025**

(₹ in crore)					
Entities borrowed on behalf of Government	Lending Financial Institution	Loan Sanctioned	Loan disbursed as on 31 March 2025	Purpose of Loan	Outstanding loan as on 31 March 2025
MSRDC Ltd	Housing and Urban Development Corporation Ltd.(HUDCO)	11140	11140	Land Acquisition	10825
MSRDC Tunnels Ltd	Rural Electrification Company Ltd. (REC)	17500	17500	Land acquisition and others	17500
	<b>Total</b>	28640	28640		28325
<i>Source: Information furnished by PSUs</i>					

Interest amounting to ₹ 2,089.48 crore (₹ 1456.48 crore in 2024-25 and ₹ 633 crore in 2023-24) and Principal of ₹ 315 crore (₹ 250 crore in 2024-25 and ₹ 65 crore in 2023-24) on borrowings raised by MSRDC were discharged by the State Government. These repayments were booked under Major Head 5054 – Capital Outlay on Roads and Bridges, resulting in an overstatement of capital expenditure, as the payments did not lead to creation of any capital asset. The Details of assistance for payment of interest and repayment of principal as on 31<sup>st</sup> March 2025 are shown in **Table 3.2**.

<sup>1</sup> As per MTFPS 2025-26, the off-budget borrowings raised during 2024-25 is shown as ₹ 23,200 crore, which includes an amount of ₹ 1300 crore raised during 2023-24 which was not disclosed in the MTFPS 2024-25 and was pointed out in the Report of the Comptroller and Auditor General of India on State Finances for the year 2023-24, Government of Maharashtra.

**Table 3.2 Details of assistance for payment of interest and repayment of principal as on 31<sup>st</sup> March 2025**

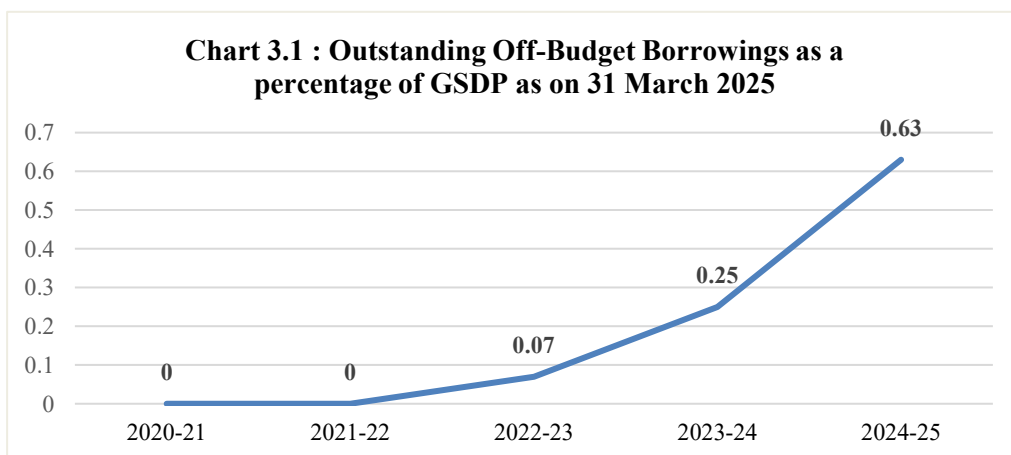
(₹ in crore)			
S.No	Name of the Entities	Assistance for payment towards interest Amount	Assistance for re-payment towards Principal amount
1	MSRDC- HUDCO	714.51	315
2	MSRDC- REC	1374.97	0
<i>Source: Information furnished by PSUs</i>			

As per information obtained from the Finance Department, Government of Maharashtra and details made available from MSRDC, the details of outstanding OBB during 2020-21 to 2024-25 are shown in **Table 3.3**.

**Table 3.3: Details of outstanding OBB during 2020-21 to 2024-25**

(₹ in crore)				
Year	Opening balance	Loan (off budget) disbursed	Re-payment of Principal from State Budget	Closing balance
2020-21	51	0	31	20
2021-22	20	0	0	20
2022-23	20	2500	20	2500
2023-24	2500	7700	65	10135
2024-25	10135	18440	250	28325
<i>Source: Information provided by the Finance Department, Government of Maharashtra</i>				

Total outstanding off-budget borrowings as a percentage of GSDP is depicted in **Chart 3.1**



*Source: Information provided by the Finance Department, Government of Maharashtra*

The sharp rise of off-budget borrowing reflects increased dependence on extra-budgetary resources, bypassing the budgetary framework. Such borrowings, although serviced by the Government, are not transparently disclosed in the Budget, thereby understating the fiscal deficit and debt position.

This practice is inconsistent with the principles of fiscal transparency envisaged in the Maharashtra Fiscal Responsibility and Budget Management (FRBM) Act and compromises the reliability of reported fiscal indicators.

### 3.2 Undischarged liabilities of the Government

Undischarged liabilities, such as non-transfer of collected cess to designated bodies or short remittances to the National Pension System (NPS), etc. can have

significant long-term fiscal and governance implications. These unpaid obligations accumulate over time, creating hidden liabilities that distort the true Financial position of the State. Further, delays in cess transfer hinder the intended development or welfare outcomes, defeating the purpose for which such levies were imposed. Similarly, short transfers to NPS not only violate statutory commitments but also compromise the financial security of employees. Over the years, such practices can erode trust, trigger legal liabilities and increase future expenditure obligations, thereby, constraining fiscal space and weakening fiscal sustainability. Such cases are discussed in succeeding paragraphs.

### 3.2.1. Undischarged Interest Liabilities

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Deposits/Reserve Funds.

Audit observed that ₹ 762.49 crore was required to be paid as interest on the balance of ₹ 11,703.01 crore lying under interest bearing Deposits/Reserve Funds as on 1<sup>st</sup> April 2024 as shown in **Table 3.4**. Non-payment of interest liability has resulted in understatement of Revenue Deficit and Fiscal Deficit to that extent.

**Table 3.4: Details of interest liability not discharged in respect of Interest- bearing Deposits/Reserve Funds**

(₹ in crore)				
Sr. No.	Name/Head of the interest-bearing deposit	Opening Balance as on 1 <sup>st</sup> April 2024	Basis for calculation of interest	Amount of Interest not provisioned
1.	Defined Contribution Pension Scheme for Government employees	4405.73	Interest calculated as per interest payable to General Provident Fund (i.e. 7.10 per cent).	233.24
2.	State Compensatory Afforestation Fund	3033.72	As per the circulars issued by the Ministry of Environment, Forest and Climate Change, which is 3.35 per cent for 2024-25.	106.69
3.	State Disaster Response Fund / State Disaster Mitigation Fund	3702.34	Interest calculated taking average repo rate plus two per cent overdraft as per the Guidelines of SDRF (i.e. 8.46 per cent)	409.37
4.	Other interest bearing deposits	561.22	Interest calculated taking rate applicable for the 14-Days treasury bill investment i.e., Reverse Repo Rate - 3.35 per cent minus one per cent i.e. 2.35 per cent for the year 2024-25.	13.19
<b>Total</b>		<b>11703.01</b>		<b>762.49</b>
<i>Source: Finance Accounts 2024-25</i>				

Non-provisioning of interest amounting to ₹ 762.49 crore on interest-bearing deposits—such as the Defined Contribution Pension Scheme, State Compensatory Afforestation Fund, State Disaster Response/Mitigation Funds, and other interest-bearing deposits—has resulted in understatement of revenue expenditure and corresponding overstatement of balances in the Public Account, thereby distorting the State’s true financial position. As shown in

**Table 3.4**, this unrecognised liability arose on deposits with an opening balance of ₹ 11,703.01 crore during 2024-25, with the largest unpaid interest relating to the State Disaster Response/Mitigation Funds (₹ 409.37 crore), followed by the Defined Contribution Pension Scheme (₹ 233.24 crore). The recurrence of such non-provisioning across multiple funds points to systemic gaps in accounting and provisioning practices and underscores the need for timely recognition and budgeting of accrued interest.

### 3.2.2 Short contribution in National Pension System

The Government introduced the 'National Pension System' (NPS) applicable to all new entrants joining State Government Service on or after November 2005. The contributions are initially transferred to the Public Account (Major Head '8342-117-Defined Contributory Pension Scheme' (DCPS)). The State Government has the responsibility to deposit both employees' and employers' share with the designated authority i.e., National Securities Depository Limited (NSDL)/trustee bank for further investment as per the guidelines of NPS. The State Government opens a current account with the trustee bank for parking the funds before transferring to NSDL.

The Government of Maharashtra adopted (October 2005) the NPS architecture and implemented DCPS for State Government employees recruited on or after 1<sup>st</sup> November 2005. The DCPS was also applicable to employees recruited in services of recognized and aided educational institutions, non- agricultural Universities and affiliated non-government Colleges and Agricultural Universities, Zilla Parishads etc. for which the existing pension scheme and General Provident Fund Scheme were applicable.

The State Government implemented the NPS in August 2014 for employees recruited on or after 1<sup>st</sup> November 2005 in the State Government, Zilla Parishad, Recognized and Aided Educational Institutions, Agricultural/Non-Agricultural Universities and affiliated Non-Government Colleges, Corporations under Water Resources Department. In terms of the Scheme, the employee contributes 10 *per cent* of his/her basic pay and dearness allowance and 14 *per cent* of basic pay and dearness allowance is contributed by the State Government. As per Ministry of Finance's notification dated 31<sup>st</sup> January 2019, the employer's contribution rate has been enhanced to 14 *per cent* with effect from 1<sup>st</sup> April 2019. The entire amount is to be transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

As per Ministry of Finance, GoI guidelines (September 2008), no contributions are to be parked under the Head of Account '8342-117'- Other Deposits Contribution Pension Scheme even as a temporary measure. Audit noticed that an amount of ₹ 3,277.58 crore was parked under the above Major Head as on 31<sup>st</sup> March 2025 as shown in **Appendix 3.1**.

During the year 2024-25, total contribution to the NPS was ₹ 5,843.20 crore {Employees' contribution ₹ 2,578.43 crore (Tier-1 ₹ 2,491.24 crore plus Tier II ₹ 87.19 crore) and Government's contribution ₹ 3,264.77 crore}. The Government transferred ₹ 7,071.02 crore to the Public Account under Major Head 8342-117 Defined Contribution Pension scheme, which includes an interest amount of ₹ 99.67 crore . An amount of ₹ 65.67 crore was also

deposited in the Public Account on account of contribution of employees on foreign service. The Government's contribution to the NPS was less by ₹ 222.97 crore, which resulted in understatement of Revenue Expenditure to that extent. As on 31<sup>st</sup> March 2025, cumulative balance of ₹ 3,277.58 crore is yet to be transferred to NSDL.

Parking of substantial NPS contributions in the Public Account instead of transferring them promptly to NSDL has multiple adverse implications. It results in non-compliance with Government of India guidelines, undermines the integrity of the NPS architecture, and delays investment of employees' and Government contributions, potentially depriving subscribers of timely market-linked returns. The short transfer of the Government's contribution by ₹ 222.97 crore led to understatement of Revenue Expenditure, thereby distorting the State's fiscal position.

### **3.2.3 Building and Other Construction Workers Welfare Cess**

As per Section 3(1) of the Building and Other Construction Workers Welfare Cess Act, 1996, and in line with Government Resolution issued on 17<sup>th</sup> June 2010, labour cess was to be collected at the rate of one per cent of the cost of construction incurred by employers/builders, excluding the cost of land and any compensation payable under the Workmen Compensation Act, 1923. All Departments, Boards, Autonomous Bodies, and Local Authorities were directed to collect this cess on all construction activities, including from individuals with approved residential building plans costing ₹ 10 lakh or more and deposit the same with the States' Building and Other Construction Workers' Welfare Board. The cess collected is directly credited to the Board's account and not routed through Government accounts. The collected cess is meant to be utilised for social security and welfare schemes for construction workers in the State.

As per information furnished by Maharashtra Building and Other Construction Workers Welfare Board, the cess collected during 2023-24 was ₹ 3808.75 crore. The accounts for the year 2024-25 are yet to be finalized. The Board has created a fund in which the cess collected is remitted. The department has not furnished details of expenditure incurred from the Fund, and the balance available as on 31<sup>st</sup> March 2025.

The non-finalisation of accounts for 2024-25 and the absence of information on utilisation of the labour cess fund impede transparency and accountability in the management of resources meant for construction workers' welfare. In the absence of details regarding expenditure and year-end balances, it cannot be ascertained whether the substantial cess collected (₹ 3,808.75 crore during 2023-24) was deployed effectively and in a timely manner for intended social security and welfare schemes. This weakens legislative oversight, risks accumulation of idle funds, and may delay or deny benefits to eligible construction workers.

### **3.2.4 Non- transfer of Cess**

During the year 2024-25, the Government collected ₹ 1,515.23 crore (2023-24: ₹ 906.53 crore) being the collection of Cess (other than Labour Cess) that included significant amount of ₹ 1,454.43 crore under the Maharashtra Education and Employment Guarantee (Cess) Act, 1962 (as amended) which is levied to create funds for promotion of education and for financing employment

guarantee schemes; collected as a local tax/cess on lands & buildings in municipal areas. The total collection of ₹ 1,515.23 crore was not transferred to the designated Fund. The State Government had created designated Fund only for Education and Employment Guarantee (Cess) Act under MH 8229-00-101 by the State Government. Non-transfer of Cess of ₹ 1,515.23 crore resulted in understatement of Revenue expenditure to that extent.

### 3.2.5 National Mineral Exploration Trust Fund

National Mineral Exploration Trust (NMET) was established in August 2015 under Section 9 C (1) (inserted vide amendment in 2015) of the Mines and Minerals (Development and Regulation) – MMDR Act, 1957. Section 9 C (4) of the Act states that the holder of a mining lease or a mineral concession shall pay to the Trust, a sum equivalent to two *per cent* of the royalty paid in terms of the Second Schedule, in such manner as may be prescribed by the Central Government. Rule 7(6) of the NMET Rules, 2015 states that the responsibility of collection and depositing the amount so collected in the Trust Fund and maintaining necessary accounts to be shared with the Central Government shall be that of the State Government. Further, Rule 7 (7) states that the State Government shall provide information regarding amount paid pursuant to Sub-section (4) of Section 9 C of the Act and royalty payments to the Indian Bureau of Mines on a monthly basis.

As per the accounting procedure, the State Government on receipt of the royalty, classifies the entire receipt under Major Head 0853 - 102 - Major Mineral concessions fees, rents and royalties. Thereafter, required amount is transferred in the Public Account of the State under Major Head 8449 - 123 - NMET. The accretions are thereafter periodically transferred to the NMET under Public Account of India. The NMET Fund is non-lapsable and non-interest-bearing Fund created under the Public Account of India.

During the year 2024-25, an amount of ₹ 63.51 crore was deposited under Major Head 8449-Other Deposits-123- National Mineral Exploration Trust Deposit. The State Government transferred ₹ 91.64 crore including the previous balance of ₹ 28.13 crore, to the National Mineral Exploration Trust.

The timely collection and transfer of NMET contributions is critical for financing mineral exploration activities at the national level. Any delay or mismatch in the transfer of amounts collected under Major Head 8449-123 to the National Mineral Exploration Trust could constrain the availability of funds for approved exploration projects and affect planning at the central level. While the State transferred ₹ 91.64 crore during 2024-25, including the previous year's balance, the difference between current-year collections and transfers highlights the need for regular reconciliation, timely remittance, and accurate monthly reporting to the Indian Bureau of Mines, as mandated under the NMET Rules.

### 3.2.6 State Mineral Exploration Trust/State Mineral Development Fund

The Ministry of Mines, Government of India, vide its letter dated 19<sup>th</sup> November 2024, advised all State Governments to establish a State Mineral Exploration Trust (SMET)/ State Mineral Development Fund (SMDF) on the lines of the National Mineral Exploration Trust (NMET), as mandated under clause (g) of sub-section (A) of Section 15 of the MMDR Act, 1957.

Reference was made to Additional Chief Secretary, Department of Industries, Energy, Labour and Mining, Government of Maharashtra (June 2025). Information regarding establishment of State Mineral Exploration trust has not been received till date (November 2025).

### 3.2.7 Pendency of Refund Cases

Promptness in disposal of refund cases is an important indicator of performance of the Department concerned. The Sales Tax/VAT, State Excise and Motor vehicles departments did not provide (November 2025) data on the pendency of refund cases.

The details of refund cases of the GST department during the year 2024-25, as reported by the departments concerned are at **Table 3.5**.

**Table 3.5: Details of refund cases**

(₹ in crore)									
Sl. No.	Particulars	GST		Sales Tax/VAT		State Excise		Taxes on Vehicles	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	3878	710.32	0	0	37	4.70	496	3.20
2.	Claims received during the year	29685	16615.60	0	0	48	5.88	2981	19.61
3.	Refunds made during the year	29336	9745.12	0	0	18	1.21	2609	26.83
4.	Refunds rejected during the year	2655	1460.12	0	0	0	0	53	0.16
5.	Balance outstanding at the end of year	6038	4690.35	0	0	67	9.37	816	4.22

*Source: Information provided by the Finance Department, Government of Maharashtra.*

Overall, while the GST department demonstrated relatively better disposal capacity in volume, the persistence of high-value pending refunds and the non-furnishing of data by other departments point to gaps in transparency, monitoring, and timely settlement of refund claims, with potential implications for taxpayer confidence and cash flow.

### 3.3 Funds outside Government accounts

#### Unspent amount lying in the Bank Accounts of DDOs

As per the information furnished by the State Government (August 2025), Treasuries in Maharashtra transferred funds amounting to ₹ 1,27,432.88 crore during 2024-25 to various bank accounts operated by 9148 Drawing and Disbursing Officers (DDOs). The voucher-level details of these transfers were, however, not made available to the Principal Accountant General (A&E). Further examination of the data revealed that out of the funds so transferred, an amount of ₹ 15,298.83 crore, pertaining to 33 Departments, remained unutilised in the DDOs' bank accounts as on 31 March 2025, despite having been booked as expenditure in the Government Accounts. Consequently, expenditure as reflected in the Finance Accounts is overstated to the extent of the unspent balances, and the Government expenditure reported for the year is not final.

The practice of retaining Government funds in the bank accounts of DDOs is in contravention of the Article 266(1) of the Constitution which mandates that all revenues received and loans raised by the State shall form part of the Consolidated Fund of the State, and Article 283(1), which provides that the custody, withdrawal and payment of moneys belonging to the Consolidated Fund shall be regulated by duly authorised Government procedures. Retention of unspent balances outside the Government account undermines these Constitutional provisions.

Transactions through the bank accounts of DDOs with balances pertaining to previous financial years keeps them out of the normal budgetary processes and also takes them outside legislative oversight as they are not reported in the Finance and Appropriation Accounts for the year in which they are retained, thereby increasing the risk of fraud/misappropriation. Department-wise details of unspent balances are given in **Appendix 3.2**.

Data in **Appendix 3.2** indicates that out of ₹ 1,27,432 crore transferred to Drawing and Disbursing Officers (DDOs) across 9,148 DDOs during 2024-25, an amount of ₹ 15,298 crore (about 12 *per cent*) remained unspent as on 31 March 2025, reflecting significant idle parking of funds at the departmental level. The Urban Development Department alone accounted for ₹ 7,970.24 crore (over 50 *per cent* of total unspent balances), followed by the Rural Development Department (₹ 1,752.23 crore), Revenue and Forest Department (₹ 1,295.07 crore), and Planning Department (₹ 661.10 crore), indicating concentration of unspent balances in a few major spending departments. In contrast, several departments showed relatively efficient utilisation with minimal unspent amounts. The persistence of sizeable balances in DDO bank accounts points to weak expenditure planning, premature or excess fund releases, and inadequate in-year monitoring, which not only reduces the efficiency of cash management but also limits the availability of funds for other priority needs during the year.

### Issues related to transparency

#### 3.4 Delay in submission of Utilization Certificates

The Bombay Financial Rules, 1959, Rule 4 (Appendix 22, Section I) states that in cases in which conditions are attached to the utilization of a grant in the form of specifications of particular objects of expenditure or the time within which the money must be spent, or otherwise, the sanctioning authority shall be held primarily responsible for certifying to the Principal Accountant General, Maharashtra, where necessary, the fulfillment of condition attaching the grant, unless there is any special rule or order to that contrary. Further, Rule 5(i) of the said provision categorically states that the grant will be spent upon objects within a reasonable time if no time limit has been fixed by the sanctioning authority. Reasonable time should ordinarily be interpreted to mean one year from the date of issue of the communication of sanctioning the grant, unless otherwise specifically stated. Finance Department, Government of Maharashtra vide GR dated January 2023 has classified GIA orders as 'Conditional' and 'Unconditional'. Utilization Certificates (UCs) need to be submitted only in case of GIA orders classified as 'Conditional'.

During the year 2024-25, ₹ 1,77,319.84 crore pertaining to 52,876 outstanding UCs were due for the period up to 31<sup>st</sup> March 2025. Of these, ₹ 1,37,222.25 crore pertaining to 40,047 outstanding UCs were cleared. As on 31<sup>st</sup> March 2025, 12829 UCs amounting to ₹ 40,097.59 crore, (includes outstanding UCs of Centrally Sponsored Schemes amounting to ₹ 805.38 crore) due in respect of conditional grants given to 34 Departments of the State Government were not submitted, which is 6.18 *per cent* of the

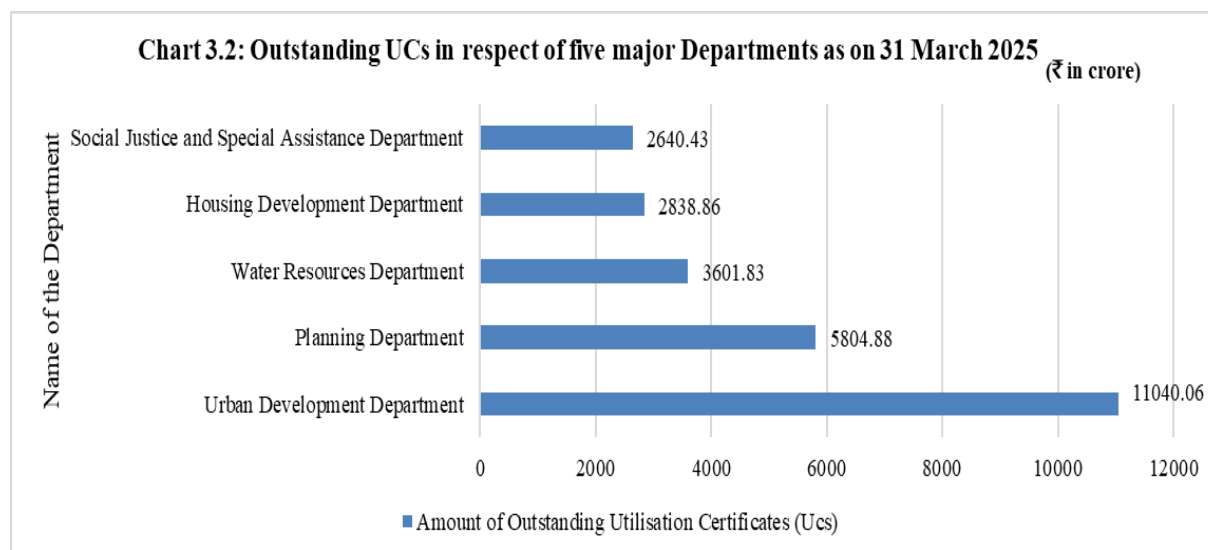
total consolidated expenditure (₹ 6,48,615.34 crore) of the State. The age-wise details of delay in submission of UCs are given in **Table 3.6**.

**Table 3.6: Age-wise pendency of Utilisation Certificates**

UC due year*	Number of pending UCs	Amount (₹ in crore)
Prior to 2019-20	876	7378.31
2019-20	359	1248.12
2020-21	349	830.03
2021-22	299	956.00
2022-23	784	2515.29
2023-24	1994	8439.75
2024-25	8168	18730.09
<b>Total</b>	<b>12829</b>	<b>40097.59</b>

\*The year mentioned above relates to "Due year", i.e., after 18 months of actual drawal. (Field office may suitably modify this based on applicable financial rules for the State)  
 Source: Finance Accounts 2024-25 and Office of the Principal Accountant General (A&E) Maharashtra

Outstanding UCs undermine assurance that grants-in-aid were used for their intended purposes and may conceal idle funds or misutilisation. Outstanding UCs in respect of five major Departments as on 31 March 2025 are shown in **Chart 3.2**.



Source: Office of the Principal Accountant General (A&E) Maharashtra

The overall pending UCs relating to various Departments are shown in **Appendix 3.3**. Since non-submission of UCs is fraught with the risk of mis-utilisation, it is imperative that the State Government should monitor this aspect closely and hold the persons concerned accountable for submission of UCs in a timely manner.

### 3.5 Abstract Contingent Bills

As per Rule 282(2) of Maharashtra Treasury Rules, funds cannot be withdrawn from Treasury unless the same is required for immediate disbursement. In terms of the Maharashtra Treasury Rules 1968, read with the Government of Maharashtra, Finance Department Regulation (February 2008), the DDOs are required to present detailed countersigned contingent (DCC) bills containing vouchers in support of final expenditure within one month from the date of

drawal, and in no case beyond three months from the date of drawal of such advance, unless otherwise permitted by the Administrative Department with the concurrence of the Finance Department.

Significant drawal through AC bills in March indicates that the drawal was primarily to exhaust the budget provision and indicates inadequate budgetary control. The department-wise pendency of detailed contingent bills is given in **Appendix 3.4**. DCC bills aggregating to ₹ 3532.05 crore, drawn on 1,698 AC bills, were pending at the end of March 2025 as detailed in **Table 3.7**.

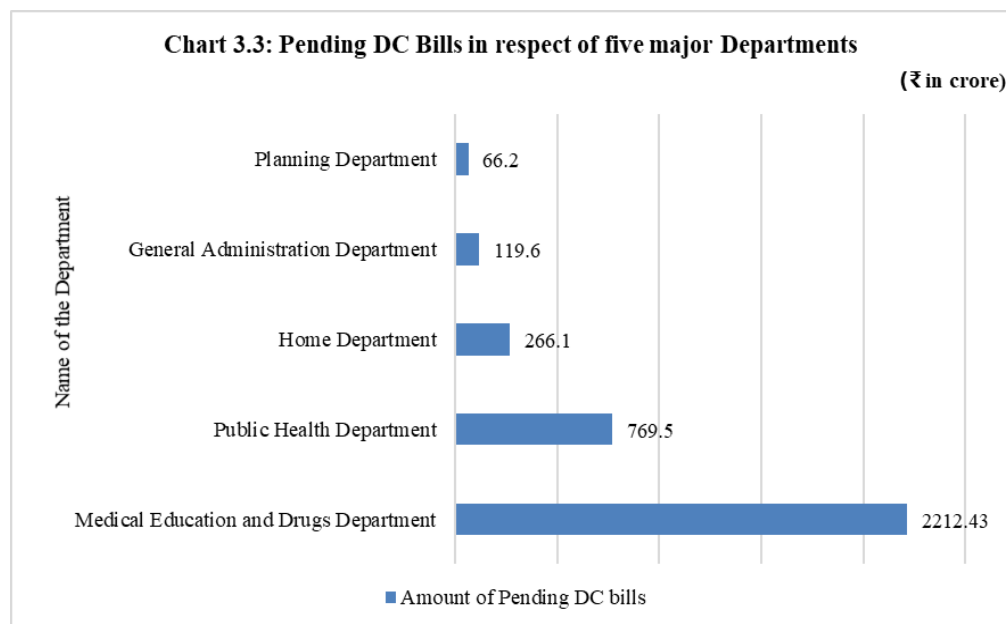
**Table 3.7: Age-wise pending adjustment of AC bills**

(₹ in crore)

Year	AC bills drawn		DCC bills received		Outstanding DCC bills as on 31 March 2025	
	No.	Amount	No.	Amount	No.	Amount
Upto 2023-24	1438	3674.60	471	319.25	967	3355.35
2024-25	1838	260.00	1107	83.30	731	176.70
<b>Total</b>	<b>3276</b>	<b>3934.60</b>	<b>1578</b>	<b>402.55</b>	<b>1698</b>	<b>3532.05</b>

Source: Finance Accounts 2024-25

Out of a total of 1838 AC bills amounting to ₹ 260 crore drawn during the year 2024-25, 268 AC bills amounting to ₹ 35.18 crore (13.53 per cent) were drawn in March 2025 which was in contravention to Rule 302(2) of the MTR 1968. Outstanding DC bills in respect of five major Departments as on 31 March 2025 are shown in **Chart 3.3**



Source: Office of the Principal Accountant General (A&E) Maharashtra

Three Departments (viz., Public Health Department, Planning Department and Medical Education and Drugs Departments) used AC bills to draw monies for procurement of medicines, medical equipment etc., through Haffkine Bio-Pharmaceuticals Corporation Limited. 559 AC bills amounting to ₹ 2,226.32 crore, constituting 63.03 per cent of total AC bills pending for adjustment, remained unadjusted at the end of the year, in respect of such procurement. Funds amounting to ₹ 4,298.05 crore were drawn on AC bills by the DDOs of the Three Departments and transferred to the Procurement Cell of HBPCCL during 2017-18 to 2021-22.

The drawal of funds through AC bills is accounted against the functional Major Head in the consolidated fund of the state. Unless the accounts are settled within the time allotted through DCC bills, the expenditure cannot be treated as correct or final. Non-submission of DCC bills indicates lack of monitoring on part of the Departments as well as treasuries.

### 3.6 Personal Deposit Accounts

According to Rule 494 of Maharashtra Treasury Rules, 1968 and Rule 12 of the Bombay Financial Rules 1959, Personal Deposit (PD) Accounts can be opened with Treasury Officer for specified purpose on the basis of approval of Government in consultation with the Accountant General of the State.

Further, as per Rule 495 of Maharashtra Treasury Rules, Government of Maharashtra (GoM) is authorised to keep funds required for specific purposes in the PD Accounts by transfer of funds from the Consolidated Fund. In cases where the PD Accounts are debited to the Consolidated Fund, the same should be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund.

Under the List of Major and Minor Heads of Accounts of Union and States, Personal Deposits are of the nature of deposits not bearing interest opened under 8443-Civil Deposits-106-Personal Deposits. Details of PD accounts as on 31<sup>st</sup> March 2025 are given in **Table 3.8**.

**Table 3.8: Status of PD Accounts during the year 2024-25**

(₹ in crore)

Type of PD/PLA	Opening Balance as on 1 April 2024		Addition during the year 2024-25		Closed during the year 2024-25		Closing Balance (As on 31 March 2025)	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Conventional PD/PLA	1248	16381.87	14	29498.21	88	29203.73	1174	16676.35
VPDA PLA	-	-	1384	65889.44	-	44896.38	1384	20993.06
<b>Total</b>	<b>1248</b>	<b>16381.87</b>	<b>1398</b>	<b>95387.65</b>	<b>88</b>	<b>74100.11</b>	<b>2558</b>	<b>37669.41</b>

Source: Office of the Principal Accountant General (A&E) Maharashtra

**Virtual Personal Deposit Accounts (VPDA)** In Maharashtra, a large number of Drawing and Disbursing Officers (DDOs) handle Grants/Grants-in-Aid (GIA). The undisbursed GIA amounts drawn from the Consolidated Fund frequently remain parked in DDOs' current or savings accounts. This practice results in government funds remaining outside the government account, weakens cash-flow management, limits oversight over idle balances with DDOs or implementing agencies, prevents real-time visibility of unspent funds, delays reimbursement of unutilised balances, and restricts availability of funds for priority schemes. To address these issues, the Government of Maharashtra, through G.R. dated 23<sup>rd</sup> March 2024 and subsequent GR dated 25<sup>th</sup> March 2025, approved the use of the Virtual Personal Deposit Account (VPDA) and related procedures for disbursement of grants for State schemes under object heads 27, 31, 33, 35, 50, 53, and other heads permitted by the Finance Department. Funds drawn under these heads must be transferred to the VPDA and not retained in Bank accounts. When immediate disbursement is not possible and funds would otherwise lie in bank accounts of the DDO, the VPDA system becomes mandatory. In such cases, the DDO draws a bill through the 'nil-bill procedure', the amount is transferred to the VPDA of the administrator, debited to the Consolidated Fund, and credited under Public Account 8443-106 without cash flow. The VPDA differs from conventional PD/PLA accounts as VPDAs are outside the scope of Rule 495 of Maharashtra Treasury Rules, meaning year-end lapsing rules will not apply to them and funds can remain in VPDA for 365 days from the date of drawal. VPDA becomes inoperative if no transaction occurs for 365 days; remaining balance must then be credited back to the Consolidated Fund.

For maintaining the above accounts, Virtual Personal Deposit Administrators are being declared with the approval of the Finance Department and concurrence is obtained from the O/o the Principal Accountants General (A&E).

As per Rule 495 of Maharashtra Treasury Rules, 1968, and subject to the conditions for opening of a PD Account, funds transferred to PD Accounts from Consolidated Fund are required to be written back to the Consolidated Fund under the concerned heads of accounts from which funds are transferred at the close of the financial year or after the stipulated period of closure. Funds transferred to VPDAs are exempted from the above clause vide GoM GR (March 2025).

In terms of Rule 589 of Maharashtra Treasury Manual, 1970, 328 Administrators of Personal Deposit Account (out of 1,174) (excluding the VPDA administrators) had reconciled and verified their balances with the treasury figures (in the treasury) and 328 annual verification certificates were furnished by them to the Treasury officer. Office of Principal Accountant General (Accounts and Entitlements) received 328 of such certificates from the Treasury Officer. 846 Administrators of Personal Deposit Accounts had not reconciled and verified their balances with the treasury figures.

During 2024-25, the State Government transferred ₹ 89,005.21 crore from the Consolidated Fund to Personal Deposit (PD) Accounts under Major Head 8443-106. Of this, ₹ 39,782.13 crore was transferred in March 2025 alone, including ₹ 6,920.71 crore on 31<sup>st</sup> March 2025, indicating that the transfers were made mainly to avoid the budget provisions from lapsing at the end of the year. The Government introduced Virtual Personal Deposit Accounts (VPDAs) with the objective of improving control over unspent funds by keeping them within the government accounting system instead of DDO's bank accounts where expenditure out of such accounts goes out of legislative oversight. However, in practice, VPDAs have led to the continued retention of funds in the Public Accounts without actual use and have encouraged year-end parking of money. Carrying forward such balances beyond 31<sup>st</sup> March of the financial year goes against basic principles of financial discipline. When funds are credited to VPDA in a financial year expenditure is being booked against the service head irrespective of when the actual expenditure occurs, though the money may revert to the head in the subsequent year if no expenditure is incurred from the VPDA. It contradicts Rule 495 of the Maharashtra Treasury Rules, 1968, which States, where the personal deposit accounts are credited by debit to the Consolidated Fund, the same should be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the consolidated funds the personal deposit accounts being opened next year again, if necessary in the usual manner. The Government Resolution dated March 2025 that exempts VPDAs from following this rule is in contravention to the Maharashtra Treasury Rules 1968 and is a vitiation of the legislative intent. Further, the unspent amounts kept in VPDAs are not returned to Government accounts within the financial year, leading to an overstatement of revenue expenditure as well as revenue deficit without any actual spending thereby reducing the transparency and reliability of the State accounts.

The revenue deficit of the State Government for 2024-25 was ₹ 29,994.76 crore, had the unspent balance of ₹ 20,993.06 crore in VPDA been brought back to the Consolidated Fund of the State on 31<sup>st</sup> March 2025, the revenue deficit would

have been ₹ 9,001.70 crore. Thus, retention of amount in VPDA beyond 31<sup>st</sup> March 2025 has inflated the revenue deficit by ₹ 20,993.06 crore.

The Government may review the operation of VPDA and ensure that year-end unspent balances, including those retained under the VPDA framework, are credited back to the Consolidated Fund, so that the accounts reflect actual expenditure and remain compliant with the Maharashtra Treasury Rules.

### 3.7 Opening of Minor Head 800

The omnibus Minor Head 800 relating to Other Receipts/ Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Principal Accountant General (A&E) and seek advice on an appropriate classification. Indiscriminate booking of receipts and expenditure under ‘Minor Head 800- Other Receipts/Expenditure’ affects transparency and nature of transactions, and renders the accounts opaque.

During 2024-25, the State Government classified expenditure of ₹ 15,002.06 crore under 50 Revenue and Capital Major heads of Account, constituting 2.52 per cent of the total consolidated expenditure<sup>2</sup> (₹ 5,94,674.51 crore) under the Minor Head “800-Other Expenditure”.

Audit examined selected 40 cases of booking under Minor head-800 where expenditure was more than ₹ 50 crore. In 20 cases under 10 Major Heads the expenditure was classified under Minor Head-800-Other Expenditure despite availability of appropriate Minor Heads thereunder, as detailed in **Table 3.9**.

**Table 3.9: Expenditure misclassified under Minor Head 800-Other Expenditure during 2024-25**

(₹ in crore)			
Details of head under booking was wrongly classified	Amount	Nature of expenditure	Correct classification
2202-01-800	168.20	To provide Educational Material to Student	2202-01-108
2202-80-800	158.74	Rajarshri Chhatrapati Shahu Maharaj Tuition fee Scholarship	2202-80-107
2205-00-800	209.98	Financial Assistance to distinguished persons in Literature, Arts etc.	2205-00-102
2210-06-800	129.43	Upgradation of Primary Health Centres into Rural Hospitals	2210-03-110
2210-06-800	400.93	Establishment of Trauma Care Units- Maharashtra Emergency Medical Services	2210-06-200
2515-00-800	920.24	Grant-in-aid to Zilla Parishads for Development Works in Rural Areas	2515-00-196
2216-02-800	240.00	Gharkul Yojana for Scheduled Castes and Nav Boudh People (Urban)(S.C.S.P.)	2216-02-789

<sup>2</sup> Does not include Loans and Advances.

Details of head under booking was wrongly classified	Amount	Nature of expenditure	Correct classification
2216-03-800	875.00	Gharkul Yojana for Scheduled Castes and Nav Boudh People (Rural)(S.C.S.P.)	2216-03-789
2217-80-800	57.89	Improvement of Urban Bastis Other than Dalit Bastis	2217-05-191
2225-01-800	105.00	Workshop and Training Programme by Dr. Babasaheb Ambedkar Research and Training Institute, Pune (S.C.S.P.)	2225-01-789
3054-04-800	412.44	Grant-in-Aid to Municipal Councils/Corporations etc.for improvement of roads – Normal road grant	3054-04-192
3054-04-800	52.18	Grants to Zilla Parishad for Development and Strengthening of Village Roads	3054-04-196
3054-04-800	50.75	Grants to Zilla Parishad for Development and Strengthening of Village Roads	3054-04-196
3054-04-800	81.76	Grants to Zilla Parishad for Development and Strengthening of Village Roads	3054-04-196
3054-04-800	63.06	Grants to Zilla Parishad for Development and Strengthening of Village Roads	3054-04-196
3054-04-800	59.00	Grants to Zilla Parishad for Development and Strengthening of Village Roads	3054-04-196
5054-04-800	69.57	Development and Strengthening of Other District Roads	5054-04-337
5054-04-800	71.43	Development and Strengthening of Other District Roads	5054-04-337
4070-00-800	252.69	Expenditure on Land Acquisition and Construction of Building for Police	4070-00-051
4070-00-800	839.52	Construction of Maharashtra State Police Housing	4070-00-051
<b>Total</b>	<b>5217.81</b>		

*Source: Finance Accounts and VLC data maintained by the Pr. AG (A&E)*

Similarly, ₹ 11,710.20 crore under 53 Major Heads of Account, constituting 2.43 per cent of the total Revenue Receipts<sup>3</sup> (₹ 4,81,906.43 crore) was classified under 800- Other Receipts in the accounts.

Audit examined selected 22 cases of booking under Minor head-800-‘Other Receipt’ where receipt was more than ₹ 50 crore. In five cases under four Major Heads the receipt was classified under Minor Head-800-‘Other receipt’ despite availability of appropriate Minor Heads thereunder, as detailed in **Table 3.10**. The continued use of Minor Head 800 for such substantial and recurring expenditure reflects weaknesses in budgetary classification and accounting discipline, reduces transparency in sectoral expenditure reporting, and hampers meaningful analysis of programme-wise spending and outcomes.

<sup>3</sup> Does not include Loans and Advances.

**Table 3.10: Receipts misclassified under Minor Head 800-Other Receipts during 2024-25**

(₹ in crore)

Details of head under booking was wrongly classified	Amount	Nature of Receipt	Correct classification
0045-00-800	231.96	Education Cess	0045-00-108
0049-04-800	401.99	Interest on other loans	0049-04-112
0049-04-800	78.90	House Building Advances	0049-04-118
0217-60-800	346.26	The Fees\Premium amount received from the lands exempted under Section 20 of the Urban Land (Ceiling and Regulation) Act, 1976.	0217-60-191
0515-00-800	92.38	Receipts from Community Development Programmes	0515-00-102
<b>Total</b>	<b>1151.49</b>		

*Source: Finance Accounts and VLC data maintained by the Pr. AG (A&E)*

### Issues related to measurement

#### 3.8 Outstanding Balance under Major Suspense and DDR 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 to a final head of account due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/ PAOs, 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 accounts. If these amounts remain un cleared, the balance under the suspense heads would accumulate and would not reflect Government’s receipt and expenditure accurately.

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 within the same or in another circle of accounting.

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/ Works and Forest Divisions, etc.

The position of gross figures under major suspense and remittance heads for the last three years is given in **Table 3.11**.

Table 3.11: Balances under Suspense and Remittance Head

(₹ in crore)

Head of Account		2022-23		2023-24		2024-25	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
1							
<b>8658</b>	<b>Suspense Account</b>						
101	Pay and Accounts Office-Suspense	153.27	10.49	131.36	3.06	106.56	22.22
	<b>Net Debit (Dr.) / Credit (Cr.)</b>	Dr. 142.78		Dr. 128.30		Dr. 84.35	
102	Suspense Account-(Civil)	34.50	33.08	12.18	13.44	14.02	14.25
	<b>Net Debit (Dr.) / Credit (Cr.)</b>	Dr. 1.42		Cr. 1.26		Cr. 0.23	
109	Reserve Bank Suspense-(Headquarters)	0.61	18.75	(-)3.56	20.84	(-) 3.81	14.28
	<b>Net Debit (Dr.) / Credit (Cr.)</b>	Cr. 18.14		Cr. 24.40		Cr. 18.09	
110	Reserve Bank Suspense- (Central Accounts Office)	381.95	376.14	404.48	365.46	369.30	359.09
	<b>Net Debit (Dr.) / Credit (Cr.)</b>	Dr. 5.81		Dr. 39.02		Dr. 10.21	
112	Tax Deducted at Source (TDS) Suspense	653.76	827.88	(-)33.62	194.21	20.97	300.41
	<b>Net Debit (Dr.) / Credit (Cr.)</b>	Cr. 174.12		Cr. 227.83		Cr.279.44	
<b>8782</b>	<b>Cash Remittance and adjustments between officers rendering account to the same Accounts Officer</b>						
102	Public Works Remittances	234775.23	236342.95	200239.26	287820.79	339760.24	343884.16
	<b>Net Debit (Dr.) / Credit (Cr.)</b>	Cr. 1567.72		Cr. 87581.53		Cr. 4123.92	
103	Forest Remittances	16394.16	16498.86	20252.59	20171.88	24310.78	24484.14
	<b>Net Debit (Dr.) / Credit (Cr.)</b>	Cr. 104.70		Cr. 80.71		Cr. 173.36	
<b>8793</b>	<b>Inter-State Suspense Account</b>	10.18	6.40	8.61	6.39	8.22	6.57
	<b>Net Debit (Dr.) / Credit (Cr.)</b>	Dr. 3.78		Dr. 2.21		Dr. 1.65	

Source: Finance Accounts of respective years

Non-clearance of outstanding balances under these heads affects the accuracy of receipt/expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the State Government.

### 3.9 Reconciliation of Departmental figures

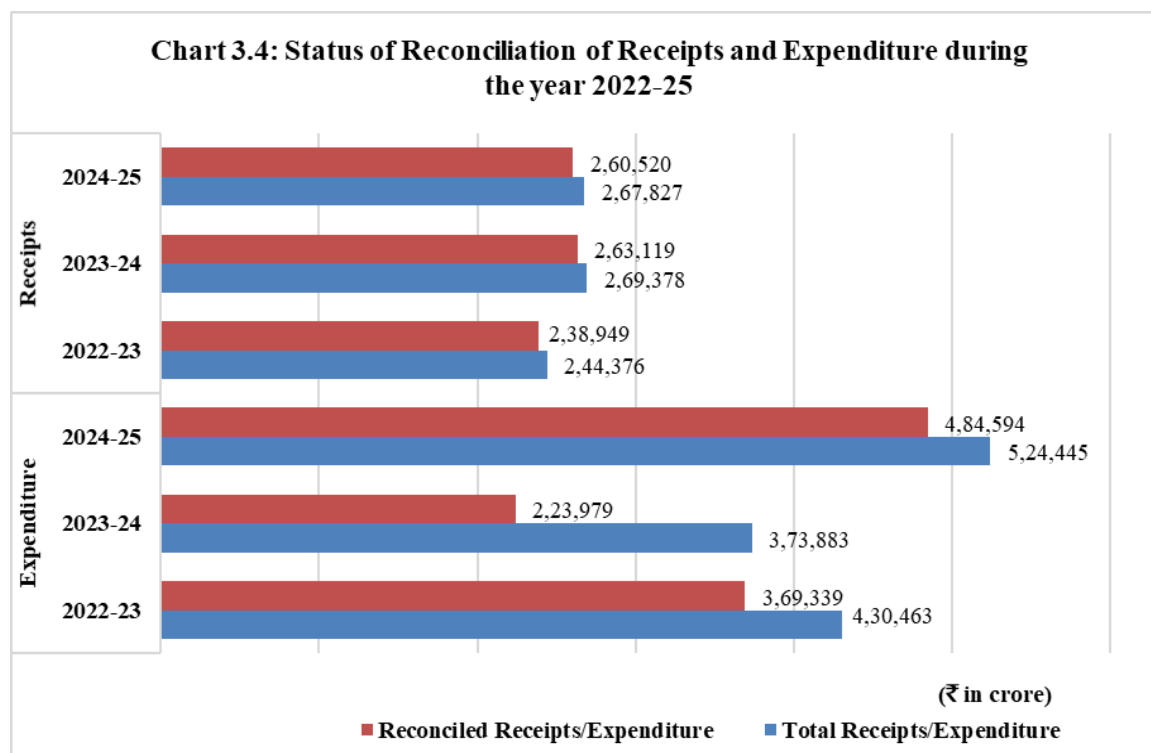
To exercise effective budgetary control over revenue/expenditure and to ensure accuracy in accounts, all Controlling Officers are required to reconcile the receipts and expenditure of the Government with the figures accounted for by the Offices of the Principal Accountant General (Accounts and Entitlement)-I, Maharashtra, Mumbai or Principal Accountant General (Accounts and

Entitlement)-II, Maharashtra, Nagpur or the Pay and Accounts Office, Mumbai, as the case may be. The status of reconciliation of figures by the Controlling Officers is given in **Table 3.12** and **Chart 3.4**.

**Table 3.12: Status of Reconciliation of Expenditure by Controlling Officers**

Year	Total No. of Controlling Officers	No. of Controlling Officers reconciled their expenditure		
		Fully reconciled	Partially reconciled	Not reconciled
2022-23	7065	6642	273	150
2023-24	7061	6757	186	118
2024-25	7081	6773	236	72

Source: Information maintained by office of the Pr. Accountant General (A&E)



Source: Information maintained by Pr. Accountant General (A&E)

### 3.10 Reconciliation of Cash Balances

There should be no difference between cash balance of the State as per books of Accounts of the Principal Accountant General (A&E) and the cash balances as reported by RBI. The Cash Balance of the year 2024-25 as per Accounts and as per RBI indicating the unreconciled difference for the year as on 31 March 2025 is shown in **Table 3.13**

**Table 3.13: Unreconciled difference of Cash Balances**

(₹ in crore)

As per Principal Accountant General's Books	As reported by RBI	Difference (As on 31/03/2024)
423.23 (Debit)	220.35 (Credit)	202.88(Debit)

Source: Finance Accounts 2024-25

The difference of ₹ 202.88 crore (Credit) is mainly due to pending reconciliation between the Treasury / RBI / Agency Bank and Principal Accountant General Office. The difference is under reconciliation and as of 31 May 2025 had been reduced to ₹ 64.93 crore (Debit).

### Issues related to disclosure

#### 3.11 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may on the advice of the CAG, prescribe the form of accounts of the Union and of the States. Further, the CAG set up a Government Accounting Standards Advisory Board (GASAB) in 2002 for formulating standards for Government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the CAG, the President of India has so far notified three Indian Government Accounting Standards (IGAS).

The following four IGAS became mandatory from the effective date after their notification by the Ministry of Finance, Government of India.

1. Guarantees Given by the Government – **IGAS 1**
2. Accounting and Classification of Grants-in- Aid - **IGAS2**
3. Loans and Advances made by Government - **IGAS 3**
4. Prior period Adjustments – **IGAS 4**

Due to non-receipt of complete information from the State Government, the disclosure requirements of IGAS were not complied with to the extent given in **Table 3.14**.

**Table 3.14: Compliance with Accounting Standards**

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	<b>IGAS-1:</b> <i>Guarantees Given by the Government – Disclosure requirements</i>	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partially complied. Limit within which the Government may give Guarantee not fixed by the State Legislature.	Non-fixation of the statutory limit on Government guarantees can result in uncontrolled contingent liabilities.
2.	<b>IGAS-2:</b> <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.	Partially complied.	During the year 2024-25, Government of Maharashtra incorrectly budgeted and booked expenditure of ₹ 4,068.83 crore pertaining to Grants-in-aid under Capital Section instead of

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
				Revenue Section. Non-compliance led to understatement of revenue deficit to that extent.
3.	<b>IGAS-3:</b> <i>Loans and Advances made by Government</i>	This Standard relates to recognition, measurement, 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.	Disclosures regarding Entity-wise loan balances, details of loans in arrears, terms and conditions of loans, fresh loans to defaulting entities were not made by the State Government.	Non-furnishing of these details results in non-compliance with the prescribed accounting standards, reducing transparency and reliability of State accounts.
4	<b>IGAS-4:</b> <i>Prior Period Adjustments.</i>	The Standard not only aims to disclose such information which pertains to prior period errors but also covers entries requiring Prior Period Adjustments arising out of changes in Government decisions which may impact current balances and progressive amounts during the earlier years for which accounts have been closed.	Complied.	During 2024-25 back to back loans of ₹ 25,759.36 crore received from Central Government during 2020-21 and 2021-22 in lieu of the GST compensation credited under Major Head 6004 – Loans and Advances has been reduced to ₹ 17,777.19 crore due to subsequent repayment of ₹ 7,982.17 crore and adjusted in the Union Accounts of 2023-24.

### 3.12 Submission of Accounts of Autonomous Bodies

As per Section 19(3) of the CAG's (DPC) Act, 1971, the Governor/Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the accounts of any Body or Authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the Government concerned and shall

have, for the purpose of such audit, right of access to the books and accounts of that body or authority (Section 20). Audit certificate is issued in case of above-mentioned autonomous bodies and authorities provided; CAG is the sole auditor. Thus, these Bodies and Authorities are required to prepare annual accounts and submit them to Principal Accountant General (Audit) for audit. Apart from Audit certificate, on the completion of financial audit, the audit office issues Separate Audit Report (SAR) that is part of the audit certificate on the accounts. These SARs are to be placed before the State legislature.

Autonomous Bodies have been set up by the Government of Maharashtra in the fields of Environment, Housing, Industries, Irrigation, Urban Development, Water Supply and Sanitation. The audit of Accounts of 30 autonomous bodies in the State has been entrusted to the CAG under Sections 19 and 20 of CAG's (DPC) Act 1971.

As on 31 March 2025, 79 accounts in respect of 30 Autonomous Bodies (ABs) were pending as detailed in **Table 3.15**.

**Table 3.15: Arrears of accounts of Autonomous Bodies as on 31<sup>st</sup> March 2025**

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to 2024-25
1	Maharashtra State Commission for Protection of Child Rights (MSCPCR)	2018-19	7
2	Maharashtra State Minorities Commission (MSMC)	2023-24	2
3	Maharashtra Building and Other Construction Workers' Welfare Board (MBOCWFB)	2024-25	1
4	Maharashtra Water Resources Regulatory Authority (MWRRA)	2023-24	2
5	Maharashtra Krishna Valley Development Corporation (MKVDC)	2024-25	1
6	Maharashtra Housing and Area Development Authority (MHADA)	2024-25	1
7	Maharashtra State Commission for Women (MSCW) Mumbai	2024-25	1
8	Maharashtra Real Estate Regulatory Authority (MahaRERA)	2024-25	1
9	Slum Rehabilitation Authority, Mumbai (SRA)	2024-25	1
10	Slum Rehabilitation Authority, Pune	2024-25	1
11	Godavari Marathwada Irrigation Development Corporation (GMIDC), Aurangabad	2022-23	3
12	Vidarbha Irrigation Development Corporation (VIDC), Nagpur	2023-24	2
13	Konkan Irrigation Development Corporation (KIDC)	2024-25	1
14	Maharashtra Water Conservation Corporation (MWCC), Aurangabad	2022-23	3
15	Maharashtra State Haj Committee	2009-10	16
16	Tapi Irrigation Development Corporation (TIDC), Jalgaon	2023-24	2
17	Admission Regulating Authority (ARA)	2017-18	8
18	Fees Regulating Authority (FRA)	2021-22	4
19	Rajiv Gandhi Science and Technology Commission (RGSTC)	2024-25	1

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to 2024-25
20	Mumbai Metropolitan Region Development Authority (MMRDA)	2024-25	1
21	Mumbai Metropolitan Region Slum Rehabilitation Authority, Thane	2023-24	2
22	Maharashtra Electricity Regulatory Commission	2024-25	1
23	Maharashtra Maritime Board	2024-25	1
24	Compensatory Afforestation Fund Management and Planning Authority	2022-23	3
25	Maharashtra Jeevan Pradhikaran.	2021-22	4
26	Maharashtra State Bio-Diversity Board.	2022-23	3
27	Maharashtra Pollution Control Board	2023-24	2
28	Maharashtra State Legal Services Authority(MSLSA), Mumbai	2024-25	1
29	Maharashtra State Human Rights Commission(MSHRC)	2024-25	1
30	Maharashtra Khadi and Village Industries Board (MSKVIB), Mumbai	2023-24	2
<b>Total</b>			<b>79</b>
<i>Source: Information obtained from Principal Accountant General (Audit)-I and Accountant General (Audit)-II, Nagpur</i>			

As on 31<sup>st</sup> March 2025, accounts of 30 Autonomous Bodies (ABs) were in arrears, with 79 annual accounts pending for periods ranging from 2018-19 to 2024-25, as detailed in Table 3.15. Significant delays were observed in bodies such as the Maharashtra State Commission for Protection of Child Rights (seven accounts pending since 2018-19), the Admission Regulating Authority (eight accounts pending since 2017-18), and the Maharashtra State Haj Committee (16 accounts pending since 2009-10). Persistent arrears in preparation of accounts undermine financial accountability and transparency in the functioning of these bodies.

Further scrutiny revealed that several bodies continued to receive substantial financial assistance from the State Government despite not finalising their accounts. The Maharashtra Jeevan Pradhikaran (MJP) has not prepared its accounts from 2021-22 onwards, although it received grants of ₹ 428.89 crore (2021-22), ₹ 863.91 crore (2022-23), ₹ 545 crore (2023-24) and ₹ 1,060.39 crore (2024-25) from the Government of Maharashtra. Similarly, the Godavari Marathwada Irrigation Development Corporation (GMIDC) and the Maharashtra Water Conservation Corporation (MWCC) have not prepared accounts from 2022-23 onwards, despite receiving substantial share capital contributions from the Government of Maharashtra, amounting to ₹ 2,181.03 crore, ₹ 2,700.77 crore and ₹ 3,520.88 crore for GMIDC and ₹ 1,816 crore, ₹ 2,165 crore and ₹ 2,100 crore for MWCC during 2022-23 to 2024-25. Release of funds to entities with persistent arrears in accounts compromises financial oversight and weakens assurance regarding the proper utilisation of public monies. The details of Delay in submission of Accounts/Audit Reports by Autonomous Bodies are given in **Appendix 3.5**.

### 3.13 Misappropriations, losses, theft etc.

The Bombay Financial Rules, 1959 provide that misappropriation, fraudulent drawal/payment or otherwise discovered in a treasury or any other office/department should be reported immediately by the office concerned to the next higher authority as well as to the Principal Accountant General (Audit)-I, Maharashtra, Mumbai and Accountant General (Audit)-II, Maharashtra, Nagpur.

As on 31 March 2025, 201 cases of misappropriation, losses, theft, etc. involving ₹ 5218.01 lakh were pending. The department-wise break-up of pending cases is given in **Table 3.16**.

**Table 3.16: Details of pending cases of misappropriation, losses, theft, etc.**

(₹ in lakh)

Name of Department/ Corporation	Cases of misappropriation/ losses /theft		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal/ Departmental Proceedings finalised but recovery/ write-off of the amount pending	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Planning Department	6	0.64	4	0.53	2	0.11	0	0
Water Resources	31	15.46	29	14.71	0	0	2	0.75
Agri. Animal Husbandry	42	35.35	29	30.23	6	1.02	7	4.11
Rural Dev. & Water Cons.	10	130.11	6	61.44	1	63.97	3	4.70
Food and Civil Supplies	8	28.23	1	6.47	2	13.28	5	8.49
Home Department	25	539.05	5	432.68	9	22.52	11	83.84
Public Health	7	166.99	2	2.41	3	161.58	2	3
Medical Education & Drug	4	18.51	3	14.98	1	3.53	0	0
Finance Department	10	412.40	4	119.83	6	292.56	0	0
School Edu. & Sports	1	2.02	0	0	1	2.02	0	0
Higher & Tech.	2	291.76	0	0	1	1.39	1	290.37
Social Justice & Special Assistance	4	87.92	2	76.41	1	11.34	1	0.18
Housing Department	1	0.69	0	0	1	0.69	0	0
General Administration	2	2.58	0	0	1	1.29	1	1.29
Revenue and Forest	18	105.61	3	0.48	5	68.04	10	37.09
Tribal Development Dept	7	12.94	7	12.94	0	0	0	0
Water Supply & Sanitation	1	3.40	0	0	1	3.40	0	0
Public Works Dept	4	5.48	0	0	0	0	4	5.48
Law & Judiciary	11	3250.30	7	3247.88	2	2.16	2	0.26

Name of Department/ Corporation	Cases of misappropriation/ losses /theft		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal/ Departmental Proceedings finalised but recovery/ write-off of the amount pending	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Co-Operative Mark. & Tex.	1	0.53	0	0	1	0.53	0	0
Industry, Energy and Labour	2	27.68	0	0	1	22.68	1	5
Skill Development and Entrepreneurship	2	17.49	1	17	1	0.49	0	0
Maharashtra Legislative Directorate	2	62.86	0	0	2	62.86	0	0
<b>Total</b>	<b>201</b>	<b>5218.01</b>	<b>103</b>	<b>4037.99</b>	<b>48</b>	<b>735.46</b>	<b>50</b>	<b>444.56</b>

Source: Departmental data/information

Out of the total 201 cases, in respect of 48 cases (₹ 735.46 lakh), departmental action had been initiated but not finalised, while in 103 cases (₹ 4,037.99 lakh) departmental and criminal proceedings were pending. The age-profile of the pending cases and the number of cases pending in each category-theft and misappropriation/loss of Government material is summarized in **Table 3.17**.

**Table 3.17: Profile of misappropriations, losses, defalcations, etc.**

(₹ in lakh)

Age-profile of the pending cases			Nature of the pending cases	Number of cases	Amount involved
Range in years	Number of cases	Amount involved			
0-5	7	32.34	Loss of Govt. money	2	14.47
			Theft	5	17.87
5-10	17	111.58	Loss of Govt. money	5	17.60
			Theft	12	93.98
10-15	26	158.72	Loss of Govt. money	3	122.64
			Theft	23	36.08
15 and above	151	4915.37	Loss of Govt. money	112	3542.13
			Theft	39	1373.24
<b>Total</b>	<b>201</b>	<b>5218.01</b>	<b>Total</b>	<b>201</b>	<b>5218.01</b>

Source: Departmental data/information

Out of the total cases, 79 cases amounting to ₹ 1521.17 lakh were related to theft of Government money/stores, whereas 122 cases involving ₹ 3696.84 lakh pertaining to misappropriation/loss of Government material were pending for more than ten years.

A substantial proportion of the cases (151 cases; 75.12 per cent) pertained to incidents that were over 15 years old, involving ₹ 4915.37 lakh (94.20 per cent) of the total amount. The prolonged pendency of such cases indicates inadequate

monitoring and weak internal controls within the Departments concerned. Delayed investigation and settlement not only hinder recovery but also dilute accountability and increase the risk of recurrence of irregularities. The Departments need to strengthen its internal control mechanisms, fix responsibility for delays, and ensure time-bound disposal of all pending cases, especially those pending for more than a decade.

### 3.14 Follow up action on State Finances Audit Report

The State Finance Audit Report is being presented to the State Legislature from 2008-09 onwards. The State Public Accounts Committee discussed (May 2019) Chapter I of the State Finance Audit Report 2016-17 and gave 37 recommendations (PAC Report no 68). The Action Taken Notes on 19 recommendations have been received. No PAC meetings were held during 2023-24. We have noticed that deficiencies sought to be remedied by implementation of these recommendations have been persisting over the years and are being reported in our reports.

### 3.15 Conclusions

- While the State maintained its fiscal deficit within the FRBM limit of three *per cent* of GSDP, the increasing reliance on off-budget borrowings since 2022-23 has materially altered the true fiscal position. The outstanding off-budget liabilities have grown sharply to ₹ 28,640 crore as on 31<sup>st</sup> March 2025, contributing to a significant rise in overall liabilities. As these borrowings are not routed through the budget, they dilute fiscal transparency.
- The pendency of 12,829 Utilisation Certificates (UCs) involving ₹ 40,097.59 crore as on 31<sup>st</sup> March 2025 indicates significant weaknesses in the financial monitoring and internal control mechanisms of the concerned Departments. The non-submission of UCs not only violates the financial propriety requirements prescribed under the Maharashtra Treasury Rules and General Financial Rules but also undermines assurance that funds were utilised for their intended purposes.
- The accumulation of 1,698 Abstract Contingent (AC) bills involving ₹ 3,532.05 crore pending for adjustment as on 31<sup>st</sup> March 2025 reflects inadequate financial discipline and weak internal controls over contingent expenditure. The fact that 268 out of 1,838 AC bills drawn during 2024-25 amounting to ₹ 35.18 crore (13.53 *per cent*) were drawn in March 2025 alone indicates a year-end rush for booking expenditure, thereby violating the principles of transparency, financial propriety, and the Treasury Rules governing AC/DC bill procedures.
- The continued retention of large unspent balances amounting to ₹ 15,298.83 crore in DDO-operated bank accounts, despite the introduction of VPDA reflects systemic weaknesses in fund flow management and internal controls.
- During 2024-25, the State Government transferred ₹ 89,005.21 crore from the Consolidated Fund to Personal Deposit (PD) Accounts under Major Head 8443-106. Of this, ₹ 39,782.13 crore was transferred in March 2025 alone, including ₹ 6,920.71 crore on 31<sup>st</sup> March 2025, indicating that the transfers were made mainly to avoid the budget provisions from lapsing at

the end of the year. The Government introduced Virtual Personal Deposit Accounts (VPDAs) with the objective of improving control over unspent funds by keeping them within the government accounting system instead of DDOs' bank accounts. However, in practice, VPDAs have led to the continued retention of funds in the Public Accounts without actual use and have encouraged year-end parking of money. Carrying forward such balances beyond 31<sup>st</sup> March goes against basic principles of financial discipline. It also contradicts Rule 495 of the Maharashtra Treasury Rules, 1968, which requires all unspent PD balances to be returned to the Consolidated Fund at the end of the year. The Government Resolution dated March 2025 that exempts VPDAs from following this rule is in contravention to the Maharashtra Treasury Rules 1968 provision and is a vitiation of the legislative process. The revenue deficit of the State Government for 2024-25 was ₹ 29,994.76 crore, had the unspent balance of ₹ 20,993.06 crore in VPDA brought back to the Consolidated Fund of the state on 31<sup>st</sup> March 2025, the revenue deficit would have been ₹ 9,001.70 crore. Thus, retention of amount in VPDA beyond 31<sup>st</sup> March 2025 has inflated the revenue deficit by ₹ 20,993.06 crore.

- As on 31<sup>st</sup> March 2025, there were 74 annual accounts of 26 Autonomous Bodies pending for submission to CAG for audit. The inordinate delays in submission of Accounts and their presentation to the State Legislature resulted in delayed scrutiny by the Legislature of the functioning of these bodies where Government investments were made.

### **3.16 Good Practices**

- During the year 2024-25, an amount of ₹ 63.51 crore was deposited under Major Head 8449-Other Deposits-123- National Mineral Exploration Trust Deposit. The State Government transferred ₹ 91.64 crore including the previous balance of ₹ 28.13 crore, to the National Mineral Exploration Trust.

### **3.17 Recommendations**

- i. The State Government should ensure that all borrowings, including those raised through PSUs, SPVs, and other agencies are brought on-budget in accordance with Article 266 and FRBM norms to ensure complete transparency. A clear roadmap should be developed to reduce and eventually eliminate the dependence on OBBs, except in cases expressly permitted under the FRBM Act.
- ii. The State Government should mandate strict adherence to timelines for submission of UCs and fix accountability for delays at the Department and DDO levels.
- iii. Departments should be mandated to submit DC bills within the prescribed period and ensure that no new AC bills are permitted to be drawn by DDOs who have pending DC bills. Finance Department should issue instructions to restrict AC bill withdrawals in March.
- iv. The Government may review the operation of VPDAs and ensure that year-end unspent balances, including those retained under the VPDA framework, are credited back to the Consolidated Fund, so that the

accounts reflect actual expenditure and remain compliant with the Maharashtra Treasury Rules and sound budgetary practices.

- v. Ensure mandatory remittance of all unspent balances to the Government account at the close of the financial year and prohibit retention of Government funds in DDO-operated bank accounts by strengthening treasury and departmental oversight.

Mumbai  
The 23 April 2026



**(D. JAISANKAR)**  
Principal Accountant General (Audit)-I,  
Maharashtra, Mumbai

Countersigned

New Delhi  
The 30 April 2026



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