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

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 and extra 0.5 *per cent* for power reforms up to 2024-25.

Bypassing the above stipulated net borrowing ceiling by routing loans outside budget through various State Government Public Sector Undertaking (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 the extent of Off-Budget Borrowings.

The State Fiscal Responsibility and Budget Management (FRBM) Act, 2005 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. Further, the State Fiscal Responsibility and Budget Management Rules, 2006 provided that the 'Medium Term Fiscal Restructuring Policy (MTFRP) Statement' 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[1] of the State Government.

For the year 2024-25, debt was targeted as 35.97 *per cent* of GSDP under MTFP and 38.20 *per cent* under FRBM Act. Besides, the GoI had fixed borrowing ceiling of ₹59,073 crore (3.5 *per cent* of projected GSDP) for the State during 2024-25.

Government of Rajasthan (GoR) has not disclosed any off-budget borrowing in its Budget for the year 2024-25. Further information collected from the State PSUs/ Corporations/ other Bodies and examination of relevant State Government sanction orders revealed that

1. As defined in the State FRBM Act, total outstanding debt of the State includes Internal Debt, Loans and Advances from GoI, Small Savings, Provident Funds, Reserve funds and Deposits etc.

the State Government routed ₹ 9,410 crore loans outside the budget through various State PSUs/ Authorities, as detailed in **Table 3.1**.

Table 3.1: Details of off budget borrowings as on 31 March 2025

(₹ in crore)

Entities borrowed on behalf of Government	Year of off budget borrowings	Lending Financial Institution	Loan Sanctioned	Loan disbursed	Purpose of loan	Outstanding loan as on 31 March 2025
Rajasthan Water Supply Sewerage Corporation	2021-22 to 2024-25	Housing and Urban Development Corporation Ltd., Bank of Maharashtra	9,410	9,410	State Share of Jal Jeevan Mission	9,044.58

Source: Information provided by the respective entities

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

Chart 3.1: Outstanding Off Budget Borrowings as a percentage of GSDP as on 31 March 2025

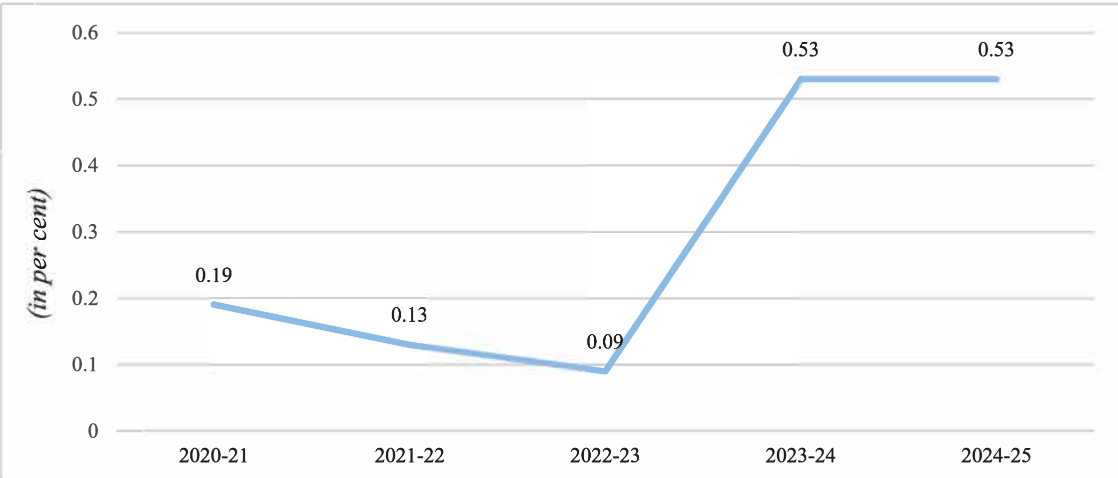

Table 3.2: Details of assistance for payment of interest and repayment of principal during 2024-25

(₹ in crore)

Sl.No.	Name of the Entities	Assistance for payment towards principal Amount	Assistance for re-payment towards interest amount
		Amount	Amount
1	RWSSC	365.42	694.70

Source: Information provided by the respective entities

The Rajasthan Water Supply and Sewerage Corporation (RWSSC), established in 1979, was intended to prepare, execute, promote and finance schemes for water supply & sewerage and sewage treatment in Rajasthan. The State Government has not yet transferred the functions of Public Health Engineering Department to the RWSSC. Thus, it remains non-operational.

As per operational guideline of Jal Jeevan Mission (December 2019) and revised guidelines (May 2023) of GoI, the State Share of Jal Jeevan Mission was to be borne by the State Government for which necessary budget provision was to be made in the Budget.

However, it was observed that during the period 2021-25, GoR provided guarantee of ₹ 10,167.51 crore against which loan of ₹ 9,410 crore was obtained by RWSSC from HUDCO, Bank of Maharashtra and state share of ₹ 11,120.12 crore[2] for Jal Jeevan Mission (JJM) was transferred to the SNA account of the Mission.

It was further noticed that the RWSSC paid ₹ 1,579.95 crore (₹ 365.99 crore: 2022-23 ₹ 519.26 crore: 2023-24 and ₹ 694.70 crore: 2024-25) interest and principal of ₹ 365.42 crore during 2024-25 against these loans during the last three years.

It is pertinent to mention here that this repayment was sourced by the water user charges of ₹1213.26 crore[3] which was transferred by the PHED to the PD account of RWSSC and grant-in-aid ₹ 377.29 crore[4] transferred by GoR to RWSSC during 2022-25. It was also noticed that the State Government transferred an amount of ₹2,243.86 crore to interest bearing Deposit Account of RWSSC through Nil payment voucher.

This indicates that repayment of interest and principal is being indirectly met by the State Government by transferring the water user charges, grant-in-aid and funds through the budget heads. As the debt liability is being reflected in the accounts of RWSSC instead of the accounts of GoR, this constitutes the off-budget borrowings of the State Government. RWSSC is only being used by the State Government as a channel for raising loans from the market to fund the water supply schemes under the JJM. Thus, the debt burden of the State Government is incorrectly understated to that extent.

RWSSC accepted (November 2024) that as per directions of Finance Department, user charges collected are being deposited in the PD account of the Corporation and same is being used for repayment of loans. In respect of loans of ₹ 9,690 crore obtained by RWSSC from HUDCO, Bank of Maharashtra and Rajasthan State Power Finances and Financial Services Corporation Ltd, the Department replied (December 2025) that RWSSC is arranging funds through loan for meeting the state share of JJM at its own level.

However, user charges are being collected from water supply schemes owned by PHED department which should have been credited to the Consolidated Fund of State.

In this context Principal Secretary, Finance intimated (February 2026) that the State Government has initiated measures this year to transfer fund, functions and functionaries to RWSSC in a phased manner. It has also been informed that 144 engineering posts of various cadre have been transferred to RWSSC with clearly defined jurisdictions in January 2026. Moreover, some water supply schemes, previously with Public Health Engineering Department, have also been transferred to RWSSC in January 2026 and State Government is positive towards transfer of fund, functions and functionaries to RWSSC.

Since institutional arrangements/reforms in the functioning of RWSSC have been initiated by the State Government in 2025-26, its consequences would be evaluated by audit in subsequent years.

Key insights:

1. Debt sustainability risk: Though off-budget, repayment liability ultimately rests with the State Government.
2. Borrowing ceiling impact: Government of India now adjusts net borrowing limits to account for such off-budget borrowings.

2. 2021-22: ₹841.43 crore, 2022-23: ₹2671.91 crore, 2023-24: ₹ 3361.67 crore and 2024-25: ₹ 4245.12 crore
3. 2022-23: ₹518.91 crore: 2023-24: ₹365.51crore: and 2024-25: ₹328.84 crore
4. 2022-23 ₹2.11 crore: 2023-24 ₹0.34 crore: and 2024-25: ₹365.51 crore

The off-budget borrowings of ₹ 9,044.58 crore outstanding as on 31 March 2025 represent a material and growing fiscal exposure of the State. These borrowings, though recorded in the accounts of RWSSC, are substantively serviced through State budgetary support, water user charges linked to PHED schemes, and grant-in-aid transfers.

The arrangement results in understatement of the State's actual debt and dilutes fiscal transparency envisaged under the FRBM framework. Continued reliance on such mechanisms may constrain future borrowing headroom, weaken fiscal credibility, and obscure the true debt sustainability position unless fully integrated into budget disclosures and medium-term fiscal planning.

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 ₹522.91 crore was required to be paid as interest on the balance of ₹ 5,731.70 crore lying under interest bearing Deposits/Reserve Funds as on 1 April 2024 as shown in **Table 3.3**.

Table 3.3: Details of interest liability not discharged in respect of Interest- bearing Deposits/Reserve Funds

(₹ in crore)

S. No.	Name/Head of the interest-bearing deposit	Opening balance as on 01 April 2024	Basis of calculation of interest	Interest due	Interest paid	Interest not paid
1.	MH 8121-122 State Disaster Response Fund (SDRF)	2,818.03	Interest calculated at the rate of 8.46 *per cent* average rate paid on overdraft notified by RBI	312.98	287.26	25.72
2.	MH 8121-130 State Disaster Mitigation Fund (SDMF)	857.18		115.07	106.67	8.40
3	MH 8121-129 State Compensatory Afforestation Fund	1,364.04	3.35 *per cent* ((Declared by Ministry of Environment, Forest & Climate Change))	45.70	44.29	1.41
4	Defined Contribution Pension Scheme	692.45	Interest calculated at the rate of 7.10 *per cent* payable on balances in General Provident Fund	49.16	0.00	49.16
	Total	**5,731.70**		**522.91**	**438.22**	**84.69**

Source: Finance Accounts 2024-25

The Government has not paid interest liability to the tune of ₹ 84.69 crore towards Interest-bearing Deposits. Non-payment of interest liability has resulted in understatement of Revenue deficit and understatement of Fiscal Deficit, to that extent. This indicates deferment of committed revenue expenditure Undischarged liability in the current year increases the burden on the Government's Revenue Expenditure at a future date.

While the aggregate shortfall constitutes a small proportion of total interest due, the complete non-credit of interest to the Defined Contribution Pension Scheme warrants particular attention. Deferred servicing of such liabilities understates the revenue and fiscal deficits for the year and shifts the expenditure burden to subsequent years. Sustained deferment, if continued, may affect fiscal transparency.

3.2.2 Non-transfer of contribution of New Pension Scheme to NSDL

The Government of Rajasthan notified reversion to the Old Pension Scheme (OPS) for State Government employees due to which all 5,25,713 State Government employees, except All India Services (AIS) officers posted in the state, were shifted to OPS with effect from 01 April 2022. The details of the receipts of employees' share, Government's contribution and transfer to pension fund up to 31 March 2022 is given in ***Appendix 3.1.***

Against the employee's contribution of ₹ 2,565.87 crore during 2021-22 (April 2021-March 2022) the employee contribution of ₹ 1,881,40 crore (pertained to 2021-22) was transferred to NSDL and an amount of ₹ 684.47 crore (January to March 2022) pertaining to the NPS contribution of state employees was not transferred to NSDL till March 2025 and lying in the Public Account of the State at the end of the year 2024-25.

Thus, short transfer of employees' contribution along with matching contribution of ₹ 684.47 crore by the State Government to NSDL up to 31 March 2025 is a deferred liability of the State Government. Additionally, due to delays in contributions and fund transfers, the State Government incurred avoidable interest of ₹ 49.16 crore on un-transferred amount during 2024-25, adversely affecting employee returns and creating a deferred liability amounting to ₹ 1,418.10 crore of the State Government.

Given the fiduciary character of pension deductions, such deferment may adversely affect employee retirement corpus and create implicit interest liability for the Government. While these balances may temporarily ease cash flow pressures, they do not represent genuine fiscal savings and may lead to future revenue expenditure obligations.

3.2.3 Short transfer of Building and Other Construction Workers Welfare Cess

The Government of India (GoI) enacted legislations like Building and Other Construction Workers (Regulation of Employment and conditions of Services) Act, 1996 and the Building and Other Construction Workers' Welfare Cess Act, 1996 (Act) for formulating and implementing various welfare schemes for the construction workers. For augmenting resources of the Building and Other Construction Workers' Welfare Boards constituted by the State Governments, Section 3 of the Act provided for levy of cess (Labour Cess) at the rate not exceeding two *per cent* but not less than one *per cent* of the cost of construction incurred by employers such as Central/State Government Departments, Semi-Government Organizations, Private Organizations carrying the building or other construction works.

To implement the provisions of the Act, Government of Rajasthan (GoR) framed Rajasthan Building and Other Construction Workers (Regulation of employment and conditions of service) Rules, 2009 and constituted Rajasthan Building and Other Construction Workers Welfare Board (Board). The GoR has created the Rajasthan Building and Other Construction Workers Welfare Fund (Fund) which was to be operated as Personal Deposit (PD) account by the Board. The cess collected in the Consolidated Fund of the State (CFS) [5] required to be transferred to the Fund within 30 days of its collection as per section 5(3) of the Building and Other Construction Workers' Welfare Cess Rules 1998.

Year-wise detail of collection of cess and its transfer to the Board for the last five years is given in Table below:

Table 3.4: Status of collection of cess and transferred to the Board

(₹ in crore)

S. No	Year	Opening balance of un-transferred amount	Cess collected during the year	Total (3+4)	Amount transfer-red to the Board	Closing Balance of non-transferred Cess (5-6)	Expenditure incurred by the Board	% age of expenditure incurred
1	2	3	4	5	6	9	7	8
1	2020-21	412.82	367.55	780.37*	357.56	367.55	338.81	94.75
2	2021-22	367.55	500.87	868.42	367.55	500.87	154.90	42.14
3	2022-23	500.87	624.32	1125.19	500.87	624.32	170.37	34.01
4	2023-24	624.32	760.04	1384.36	624.32	760.04	297.61	47.67
5	2024-25	760.04	784.48	1544.52	760.04	784.48	450.10	59.22
	Total				**2610.34**		**1411.78**	

** Includes amount of ₹55.26 crore spent directly by the department without transferring to PD Account*

It can be seen from the table that amount of cess collected during the year was being transferred to the Fund in the next financial year which is a clear violation of the Rule 5(3) of Building and Other Construction Workers Welfare Cess Rules 1998.

During the year an amount of ₹ 24.44 crore was short transferred to the Fund. This has resulted in an overstatement of revenue receipt of the State and understatement of revenue deficit and fiscal deficit to that extent.

It was also seen that during last five years, the Board incurred expenditure of ₹1,411.78 crore (54.08 *per cent*) on welfare schemes for workers against the available fund of ₹2,610.34 crore and left a balance of ₹1,198.56 crore.

Department intimated (October 2025) that efforts are being made to deposit Cess amount to PD account of Board on monthly basis and getting Monthly deposit cess certificate from office of the Pr. AG (A&E).

Non-transfer of collected cess and less expenditure incurred against the available funds adversely impacts the intended purpose of welfare and social security of building and other construction workers.

3.2.4 National/ State Mineral Exploration Trust Fund

National Mineral Exploration Trust (NMET)

The National Mineral Exploration Trust (NMET) was established in August 2015 under Section 9C of the Mines and Minerals Development and Regulation (MMDR) Act, 1957. As per Section 9C (4) of this Act, holder of a mining lease or a mineral concession are

5. Under the Major Head 'Labour and Employment' (0230-800-06).

required to contribute two per cent of the royalty paid in terms of the second schedule to the trust. As per the NMET Rules, the State Government is responsible for collecting these contributions, depositing them in the Public Account under Major Head '8449–123–NMET Deposits', and transferring the funds on monthly basis to the Consolidated Fund of India.

During 2020-21 to 2024-25, ₹ 512.96 crore was deposited under this head and entire amount was transferred to the NMET by the State Government.

State Mineral Exploration Trust (SMET)

The Government of Rajasthan (GOR) notified (September 2020) the State Mineral Exploration Trust (SMET) and established the SMET for planned development of the mineral resources and their exploration in the State as mandated under Mines and Mineral (Development & Regulation) Act, 1957.

Accordingly, the GoR established the SMET fund under the P D Account No. 18400 for financing, development of the mineral resources and their exploration. As per Rule 8 (3) of the SMET Rules, 2020, holder of a mining lease or mineral concessions are required to contribute two *per cent,* for first five years and thereafter, a sum equivalent to 1 *per cent* of the royalty paid in term of the schedule II of the Rajasthan Minor Minerals Concession Rules (RMMCR), 2017.

Year-wise position of collection and transfer of funds to the Personal Deposit (PD) Account for the last five years is given in Table below:

Table 3.5: Status of collection and transfer of funds to the PD Accounts

(₹ in crore)

S. No.	Year	Opening Balance of PD Account	Fund Collected during the year	Total (3+4)	Expenditure from the PD Account	Closing Balance of PD Account
1	2	3	4	5	6	7
1	2020-21	0.00	5.38	5.38	0.00	5.38
2	2021-22	5.38	45.00	50.39	0.00	50.39
3	2022-23	50.39	43.58	93.97	2.56	91.41
4	2023-24	91.41	51.61	143.02	14.44	128.57
5	2024-25	128.57	58.33	186.90	7.86	179.04
	Total		**203.90**		**24.86**	

The National Mineral Exploration Trust (NMET) collections during 2020-21 to 2024-25 were fully transferred to the Consolidated Fund of India in accordance with statutory provisions, indicating procedural compliance at the State level. However, in respect of the State Mineral Exploration Trust (SMET), although ₹ 203.90 crore was collected over the last five years, only ₹ 24.86 crore (12.19 *per cent*) was utilised, leaving an unspent balance of ₹ 179.04 crore as on 31 March 2025.

The low level of utilisation suggests that the intended objective of planned mineral exploration and development has not been proportionately translated into field-level activities. Continued accumulation of funds in the PD account without commensurate expenditure may indicate deficiencies in project planning, prioritisation, or execution capacity, thereby delaying the realisation of the policy objective of systematic mineral exploration in the State.

3.2.5 Short transfer to Rajasthan Cow Protection and Promotion Fund

The Government of Rajasthan (GoR) had notified (March 2016) that surcharge for conservation and propagation of cow and its progeny (Surcharge) shall be levied at the ten *per cent* on the Stamp Tax under section 3 of Rajasthan Stamp Act, 1998. Further, Gopalan Department, GoR had constituted (November 2016) 'Rajasthan Cow Protection and Promotion Fund' (Fund) and framed 'Rajasthan Cow Protection and Promotion Fund' Rules, 2016 (Rules) for administration of this fund, which were amended in October 2021.

In addition, the GoR introduced surcharge on Value Added Tax levied under the Rajasthan Value Added Tax (Amendment) Act, 2018, proceeds of which were also to be utilised for the purpose of conservation and propagation of cow and its progeny.

As per Rules, the surcharge levied and collected under the Rajasthan Stamp Act[6] and Rajasthan Value Added Tax Act[7] is required to be transferred to the fund[8] by debiting the Major Head of Animal Husbandry[9]. The main objective of this Fund was protection and propagation of cows and creation of permanent infrastructure in cow shelter homes and *kanji houses*. Further, one *per cent* of amount received in the Fund could be incurred for administrative expenses by the Gopalan Department.

Year-wise position of collection and transfer of surcharge to the fund for the last five years is given in the Table below.

Table 3.6: Status of collection and transfer of cess/surcharge to the Fund

(₹ in crore)

S. No.	Year	Un-transferred Amount at opening of the year	Receipts of surcharge during the year	Total (3+4)	Amount transferred to the Fund	Un-transferred Amount at the end of the year (5-6)
1	2	3	4	5	6	7
1	2020-21	634.84	735.43	1,370.27	599.12	771.15
2	2021-22	771.15	899.56	1,670.71	647.14	1,023.57
3	2022-23	1,023.57	1,101.28	2,124.85	857.56	1,267.29
4	2023-24	1,267.29	1,227.47	2,494.76	1,226.60	1,268.16
5	2024-25	1,268.16	1,433.51	2,701.67	1,114.60	1,587.07

Source: Finance Accounts of the respective years and information provided by the Department.

It is evident that although surcharge was regularly collected for the specific purpose of cow conservation and propagation, the State Government did not transfer the entire proceeds to the designated Fund as mandated under the Rules. The un-transferred balance has increased consistently from ₹ 771.15 crore in 2020-21 to ₹ 1,587.07 crore as on 31 March 2025, indicating persistent short transfers. During 2024-25 alone, ₹ 318.91 crore remained un-transferred despite collection. Retention of surcharge proceeds in the Consolidated Fund, instead of crediting them to the dedicated Fund, is not in conformity with the prescribed rules and delays utilisation for the intended objectives. Such short transfer also results in understatement of Revenue Deficit and Fiscal Deficit to that extent and affects transparency in reporting earmarked funds.

3.2.6 Short transfer to Rajasthan State Road Development Fund

The Government of Rajasthan (GoR) constituted Rajasthan State Road Development Fund (Fund) by enacting Rajasthan State Road Development Fund Act (Act) in 2004 for

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6. Under the head 0030-02-800 (Stamps and Registration Fee-Stamps non-judicial-Other Receipts).
7. Under the head 0040-800 (Taxes on Sales, Trade etc.-Other Receipts).
8. Under the head 8229-104-02 and 8229-104-03.
9. Under the head 2403-797 (Animal Husbandry- Transfer to reserve funds).

the development of State Roads and other projects of State Road Development. The Act provides for levying and collection of cess on sales of motor spirit (commonly known as petrol and high-speed diesel oil). The cess is levied at the rate of ₹ 1.50 and ₹ 1.75 per litre on petrol and high-speed diesel respectively. Section 4 of the Act prescribed that the cess levied would be credited to the Consolidated Fund of the State[10] (CFS) and subsequently credited to the fund through appropriation. The fund was constituted as a non-interest-bearing Reserve Fund in the Public Account and classified under the Head "8225-02-101 State Roads and Bridges Fund" in the accounts of the State Government.

Year-wise position of collection of cess and transfer to Fund for the last five years is given in Table below:

Table 3.7: Status of collection of cess and transfer to the fund

(₹ in crore)

S. No.	Year	Opening Balance of un-transferred amount	Cess Collected during the year	Total (3+4)	Amount transferred to the fund	Closing Balance of Un-transferred Amount (5-6)	Expenditure from the Fund (By PWD)
1	2	3	4	5	6	7	8
1	2020-21	4,397.27	1,176.62	5,573.89	1,011.46	4,562.43	990.68
2	2021-22	4,562.43	1,260.25	5,822.68	2,290.70	3,531.98	1894.70
3	2022-23	3,531.98	1,438.03	4,970.01	3,000.00	1,970.01	3227.22
4	2023-24	1,970.01	1,534.35	3,504.36	3390.12	114.24	3602.09
5	2024-25	114.24	1,627.48	1,741.72	1650.00	91.72	1628.51

The Rajasthan State Road Development Fund reflects improved alignment between cess collection and transfer over the last five years, as evidenced by the progressive reduction of un-transferred balances from ₹ 4,562.43 crore in 2020-21 to ₹ 91.72 crore as on 31 March 2025. During 2024-25, transfer to the Fund (₹ 1,650 crore) marginally exceeded cess collection (₹ 1,627.48 crore), indicating efforts to clear past arrears. The Fund has been utilised for road upgradation and safety projects; however, the persistence of ₹ 91.72 crore pending transfer as at year-end indicates that full and timely crediting of cess to the Fund, as mandated under the Act, has not yet been achieved.

Public Works Department intimated (July 2025) that the Fund was utilised to finance the projects under schemes like Rajasthan State Highway Investment Program and similar projects for upgradion of state highways, major district roads, rural roads and implementation of road safety measures. However, an amount of ₹ 91.72 crore was pending transfer from the CFS to the Fund as on 31 March 2025.

3.2.7 Short transfer of Water Conservation Cess

Cess is levied by government for a specific purpose, and the proceeds, are required to be kept as separate fund, with distinct accounting to ensure that such proceeds are being incurred for the specific purpose.

Pursuant to the budget speech (Revised) 2009-10, provisions were made in Rajasthan Finance Act, 2009 for levy of Water Conservation Cess (Cess) on the energy consumed at the rate of ten paisa per unit for the purpose of water conservation in the State. The cess was intended to provide financial resources for construction of water harvesting structures

10. Budget Head 0040-800 (Taxes on Sales, Trade etc.-Other Receipts)

for collecting the run-off, ground water recharge and educating and sensitizing people to inculcate the habit of conserving water in day-to-day life.

Accordingly, a provision was made in Rajasthan Electricity (Duty) Act, 1962 to collect cess with effect from 8 July 2009. The cess is collected in the Consolidated Fund of the State[11] (CFS). The Water Conservation Cess Fund (Fund) was constituted as a non-interest bearing reserve fund[12] in the Public Account. The collected cess is transferred from the CFS to the Fund by debiting the Major Head 2040-797 (Taxes on Sales, Trade etc.). Year-wise position of collection of cess and transfer to the Fund for the last five years is given in Table below.

Table 3.8: Status of collection and transfer of cess to the Fund

(₹ in crore)

S. No.	Year	Opening Balance of un-transferred amount	Cess collected during the year	Total	Amount transferred to the fund	Closing Balance of un-transferred Amount
1	2020-21	1,006.64	196.37	1,203.01	268.84	934.17
2	2021-22	934.17	249.19	1,183.36	196.37	986.99
3	2022-23	986.99	309.62	1,296.61	249.19	1,047.42
4	2023-24	1,047.42	319.98	1,367.40	309.62	1,057.78
5	2024-25	1,057.78	328.98	1,386.76	319.98	1,066.78

Position of the amount transferred to the Fund and utilisation of the Fund for the last five years is given in Table below.

Table 3.9: Status of receipts and utilisation of Fund

(₹ in crore)

S. No.	Year	Opening Balance of the Fund	Receipts in Fund during the year	Total (3+4)	Utilisation during the year	Closing Balance of the Fund (5-6)
1	2	3	4	5	6	7
1	2020-21	236.31	268.84	505.15	270.68	234.47
2	2021-22	234.47	196.37	430.84	313.13	117.71
3	2022-23	117.71	249.19	366.90	31.85	335.05
4	2023-24	335.05	309.62	644.67	103.59	541.08
5	2024-25	541.08	319.98	861.06	67.55	793.51
	Total		**1344.00**		**786.80**	

Source: Finance Accounts of the respective years and information provided by the finance department.

The Water Conservation Cess was levied with the specific objective of financing water conservation activities and was required to be credited to a distinct reserve fund to ensure dedicated utilisation. However, as on 31 March 2025, ₹ 1,066.78 crore remained un-transferred from the Consolidated Fund of the State to the Water Conservation Cess Fund, with the un-transferred balance increasing steadily over the last five years. During 2024-25 alone, ₹ 9 crore was short transferred, resulting in overstatement of revenue receipts and understatement of revenue and fiscal deficits to that extent. Further, against an available fund of ₹ 1,580.31 crore during the last five years, only ₹ 786.80 crore (49.79 *per cent*) was utilised, leaving a substantial closing balance of ₹ 793.51 crore. The continued accumulation of un-transferred and unutilised balances indicates that the

11. Budget Head 0043-800-04 (Taxes and Duties on Electricity-Other Receipts)
12. Classified under the Head '8229-200-11' in the accounts of the State Government

objective of ensuring timely and dedicated deployment of cess proceeds for water conservation has not been fully achieved.

Reasons for less expenditure are awaited from the Finance Department.

3.2.8 Short transfer to Urban Development Cess Fund

Pursuant to the budget speech 2010-11, a provision was made in Rajasthan Finance Act, 2010, *(Act No.3 of 2010)* for levy of Urban Cess (Cess) on the energy consumed at the rate of ten paise per unit which was amended to fifteen paise per unit vide Rajasthan Finance Act, 2011*(Act No.15 of 2011)*. The cess was intended for the purpose of basic amenities like street lighting, sanitation, maintenance of roads and energy conservation in municipal areas.

Accordingly, provision for this was made in Rajasthan Electricity (Duty) Act, 1962 (Act No.12 of 1962) to collect cess with effect from 01 April 2010. The cess was to be collected in the Consolidated Fund of the State[13] (CFS). The Rajasthan Urban Development Cess Fund (Fund) was constituted as a non-interest-bearing reserve fund[14] under the Public Account. The collected cess was to be transferred from the CFS to the Fund by debiting the Major Head 2217-80-797 (Taxes on Sales, Trade etc.).

Year-wise position of collection of Cess and transfer to the Fund for the last five years is given in Table below:

Table 3.10: Status of collection and transfer of Urban cess to the Fund

(₹ in crore)

S. No.	Year	Opening Balance of un-transferred amount	Cess collected by DISCOMS	Cess deposited in CFS	Total	Amount transferred to the fund	Closing Balance of Un-transferred Amount in CSF
1	2	3	4	5	6=3+5	7	8
1	2020-21	1,253.47	168.53	0	1,253.47	138.25	1,115.22
2	2021-22	1,115.22	191.49	300.00	1,415.22	300.00	1,115.22
3	2022-23	1,115.22	231.50	0	1,115.22	0	1,115.22
4	2023-24	1,115.22	240.41	209.68	1,324.90	100.00	1,224.90
5	2024-25	1,224.90	273.90	304.26	1,529.16	358.54	1,170.62
	Total		**1109.83**	**818.94**		**903.79**	

Source: Finance Accounts of respective year and information received from department

The Urban Development Cess was levied with the specific objective of financing basic civic amenities in municipal areas and was required to be credited to a dedicated reserve fund to ensure transparent and purpose-specific utilisation. However, during 2020-21 to 2024-25, cess collection by DISCOMs (₹ 1,109.83 crore) exceeded the amount deposited in the Consolidated Fund (₹ 818.94 crore), and instances of non-deposit and adjustment of cess against electricity dues of Urban Local Bodies were noticed, which are not in conformity with the provisions of the Act and defeat the intent of the levy.

Although ₹ 54.28 crore was transferred in excess during 2024-25, an amount of ₹ 1,170.62 crore remained un-transferred to the Fund as on 31 March 2025. The continued accumulation of un-transferred balances and irregular adjustments indicates weak compliance with statutory provisions and affects transparency in ensuring that cess proceeds are fully and timely deployed for urban development purposes. Non-transfer of

13. Budget Head 0043-800-04 (Taxes and Duties on Electricity-Other Receipts)
14. Classified under the Head '8229-200-(10) Rajasthan Urban Development Fund' in the accounts of the State Government

the collected cess impacts the intended purpose of the Fund and also resulted in deferred liability of the State to that extent.

3.2.9 Pendency of refund cases

Promptness in disposal of refund cases is also an important indicator of performance of the Department. The refund cases pending at the beginning of the year 2024-25, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2024-25, as reported by the Departments are given in Table below.

Table 3.11: Pendency of refund cases

(₹ in crore)

S. No.	Particulars	Commercial Taxes		Transport		Registration and Stamps		Mines and Geology	
		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	809	62.99	282	7.06	1,852	21.91	13*	34.22
2.	Claims received during the year	808	114.09	580	3.82	2,659	33.30	05	0.10
3.	Refunds made during the year	460	50.15	604	5.13	3,139	33.79	01	0.01
4.	Rejected during the year	479	61.11	46	4.04	59	0.56	0	0
5.	Balance outstanding at the end of year	678	65.82	212	1.71	1,313	20.86	17	34.31

Source: Information provided by the concerned Departments

** Differs from the closing balance of 2023-24 by four number of cases.*

Finance Department intimated (November 2025) that out of total pending 1,852 cases of Registration and Stamps Department as on 31 March 2024, 1,167 cases have been finalized during the year.

The concerned departments may consider suitable measures for speedy settlement of refund cases as it would not only benefit the claimants but would also save the Government from payment of interest on the delayed payment of refunds.

3.3 Funds outside Government Accounts

3.3.1 Consumer Welfare Fund

As per GoI letter dated 8 Feb 2010, it was decided to establish a Consumer welfare corpus Fund of ₹ 10 crore in each willing state in which 75 *per cent* amount was to be given by the GoI and 25 *per cent* as state share. This corpus was increased (September 2019) from ₹ 10 crore to ₹ 20 crore. The objective of the Consumer Welfare Fund is to provide financial assistance to promote the welfare of consumers and strengthen the consumer movement in the country. The Consumer Welfare Fund Guidelines were issued by the Department of Consumer Welfare, GoI in 2019 which stipulated that in order to become eligible to receive the one-time grant, the State/UT Government should deposit their share in a non-plan, non-lapsable public account.

Accordingly, the State Government opened (January 2018) PD account 6445 for State Consumer corpus Fund under Head 8342-00-120-(61)-[01] and an amount of ₹ 2.50 crore was transferred to this account on 5 July 2018. However, in accordance with GoI directions (September 2018), the State Government granted (September 2018) permission to open a Bank account to receive funds/ share from GoI and deposit its own share. This permission was granted with a condition that full amount along with interest will be transferred to PD account as soon as full amount is received from GoI and thereafter, the

Bank account will be closed. In compliance with above permission, State Government opened (September 2018) a saving Bank account with State Bank of India and GoI's share of ₹ 15 crore and state matching share of ₹ 5 crore was deposited to this Bank account during the period 28 September 2018 to 26 February 2021.

Audit scrutiny revealed that State Government is operating the State Consumer corpus Fund through the Bank account only instead of PD account in public account, in violation of guidelines for Consumer Welfare Fund issued by GoI. Even after receipt of full amount from GoI for the purpose of the Fund, the account was not closed in compliance with GoR instructions.

Further, Rule 3 of Rajasthan Consumer Welfare Rules, 2016 prescribe that the funds will be credited with seed money from Central Welfare Fund as well as court fees accrued in the District Forums and the State Commission and any fine ordered to be paid by the manufacturers of consumer products or service providers. In this regard, GoR accepted and replied (November 2025) that no fund on account of court fees and fine/penalty was credited to this fund.

Consumer Welfare Department stated (November 2025) that an amount of ₹ 6.01 crore was received as interest on this fund and only ₹ 1.06 crore were utilised during 2018-2025.

This indicates that the fund was not utilised for the intended purpose of welfare of consumers. Further, the fund/corpus was credited only with the seed money by GoI and GoR share and kept in Bank account instead of Public account. This has resulted in parking of Government money amounting to ₹ 20.00 crore out of Government accounts.

Issues related to transparency

3.4 Delay in submission of Utilisation Certificates

Rule 68(i) of General Financial and Accounts Rules (GF&AR), 2012 prescribes 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 and 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. 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 the creation of Capital Assets.

During the year 2023-24, the Government of Rajasthan released Grants-in-Aid of ₹48,327.93 crore[15], of which ₹38,768.15 crore was released under object head 12 (Grant-in-Aid, non-salary) and ₹550.94 crore under object head 93 (Grant-in-Aid for creation of Capital Assets).

Audit scrutiny revealed that various departments did not submit a total of 449 UCs aggregating to ₹ 427.33 crore pertaining to the period 2010-11 to 2023-24 to the office

15. UCs are not required for grants released for general purpose i.e. pay & establishment and office expenses for the schemes under State Fund or Central Assistance (₹9,008.84 crore) as per Rule 285 (4) of GF&AR. Further, an amount of ₹0.81 crore was classified under Minor Head-192 (₹0.40 crore) and Minor Head-196 (₹0.41 crore) for which UCs are not required under the same rule.

of the Accountant General (A&E) as on 31 March 2025. Out of the total outstanding UCs, 341 UCs of ₹328.85 crore pertained to 'Grant-in-Aid for creation of Capital Assets'. The age-wise pendency of total outstanding UCs is summarized in following Table below.

Table 3.12: Age-wise position of UCs

(₹ in crore)

Due Year	Opening Balance		Addition of pending UCs during the year		Clearance during the year		Due for submission	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2022-23	770	183.32	1,333	542.26	1208	6148.58	895	1107.25
2023-24	895	1107.25	1797	6887.49	1696	6872.62	996	1122.12
2024-25	996	1122.12	1102	6774.14	1649	7468.92	449	427.34

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

Table 3.13: Year-wise break up of outstanding UCs

(₹ in crore)

UC dueYear *	Number of UCs	Amount
2011-12	4	₹ 76000
2012-13	4	0.02
2013-14	6	0. 02
2014-15	6	0.03
2018-19	20	0.13
2019-20	3	1.62
2020-21	11	34.28
2021-22	2	0.04
2022-23	3	19.56
2023-24	2	0.22
2024-25	388	371.42
Total	**449**	**427.34**

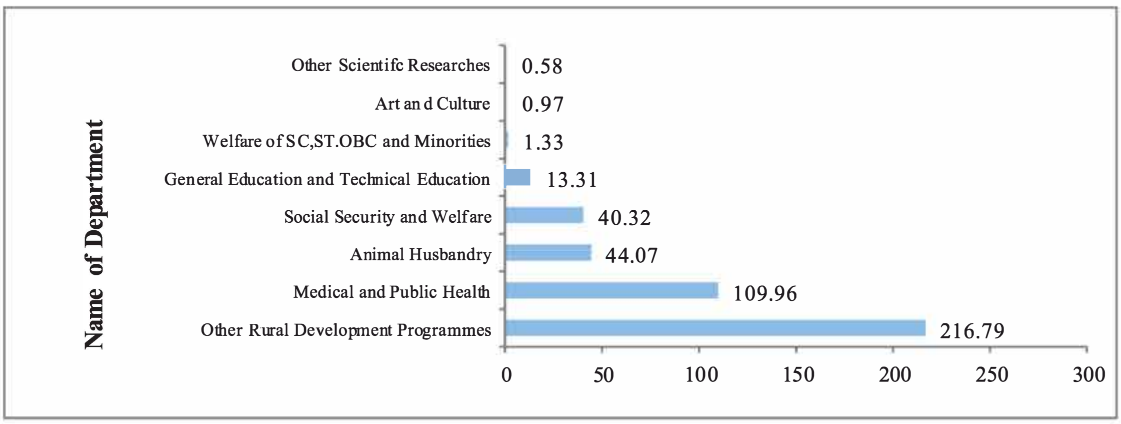
Source: Information compiled by office of the AG (A&E)

**The year mentioned above relates to "Due year", i.e., after 12 months of actual drawal.*

Amount of outstanding UCs mainly pertained to 'Other Rural Development Programmes', Social Security and Welfare, Medical & Public Health and Animal Husbandry. The Department-wise breakup of outstanding 449 UCs as on 31 March 2025 is summarised in **Chart 3.2** below:

Chart 3.2: Department-wise position of outstanding UCs

(₹ in crore)



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

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.

Animal Husbandry Department intimated (August 2025) that bills were submitted to the treasury for payment of Financial Assistance to the beneficiaries of Lumpy Skin Disease through DBT but some beneficiaries' bills remain unpaid due to non ECS by the treasury.

Reasons for non-submission of UCs were called for from the other concerned Departments. The replies are awaited (August 2025).

Further, according to the information obtained from various Departments, it was noticed by Audit that in addition to the outstanding UCs for ₹ 427.34 crore depicted in above Tables**,** UCs amounting to ₹ 76.74 crore for the GIA given under various schemes during the period 2017-18 to 2023-24 were also outstanding as summarised in Table below:

Table 3.14: Details of outstanding UCs from the Departments

(₹ in crore)

S. No.	Name of Department/ Autonomous bodies	Period	Grant-in-Aid received	UCs submitted	Outstan--ing UCs
1.	Rajasthan Small Industries Corporation Ltd., Jaipur	2023-24	1.50	1.32	0.18
2.	Directorate of Animal Husbandry, Jaipur	2017-18 to 2023-24	176.57	130.17	46.39
3.	Engineering College, Jhalawar	2021-22	0.85	0.36	0.49
4.	Delhi-Mumbai Industrial Corridor	2020-21	5.00	1.26	3.74
5.	Engineering College, Bharatpur	2023-24	2.70	1.50	1.20
6.	Rajasthan Khadi and Gramodhyog Board, Jaipur	2019-20 to 2023-24	29.87	11.21	18.66
7.	Rajasthan Police	2017-18 to 2023-24	7.75	5.61	2.14
8.	Rajasthan State Industrial Development and Investment Corporation	2020-21	10.00	6.06	3.94
	Total		**234.24**	**157.49**	**76.74**

Source: Information provided by the Departments concerned.

However, this information was not available with the office of the AG (A&E) as the Departments did not provide the required information regarding sanctions and UCs to the AG (A&E) in contravention of provisions of rules 68 (i), 284 and 286 of GF&AR. This reflects inadequate financial reporting as huge amount of grants provided for implementation of the programmes have been parked with the Departments and have not been properly reported and accounted for.

Animal Husbandry Departments intimated (December 2025) that UCs not submitted due to non-payment to J.K. trust for payment of "Vats production'.

Rajasthan Khadi and Gramodhyog Board intimated (October 2025) that process of purchasing of computers is under way and utilization certificates would be submitted soon. Further, Delhi-Mumbai Industrial Corridor Department intimated (October 2025) that efforts are being made by the department for collection of UCs from NCRTC.

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.

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 2024-25, GIA constituted 18.25 *per cent* of the total expenditure of the State. During the year, out of the total GIA of ₹ 54,819.47 crore, an amount of ₹ 20,780.97 crore (37.90 *per cent*) was disbursed to grantee institutions of type 'Others', where 'Others' means various Departments, as given in Table below:

Table 3.15: Financial Assistance to Institutions

(₹ in crore)

S. No.	Financial Assistance to Institutions	2020-21	2021-22	2022-23	2023-24	2024-25
1.	Total grant	39,744.68	49,126.65	49,443.69	48,328.54	54,819.47
2.	Others	12,431.88	14,537.75	16,553.25	20,150.18	20,780.97
3.	Percentage of 'Others' to Total grant	31.28	29.59	33.48	41.69	37.90
4.	Total Expenditure of State	1,94,071	2,34,563	2,46,452	2,69,275	3,00,194
5.	Percentage of total grant to total expenditure of State	20.48	20.94	20.06	17.95	18.25

Source: Finance Accounts.

It can be seen that grants given to 'Others' ranged between 29.59 *per cent* to 41.69 *per cent* of the total GIA during the period 2020-21 to 2024-25. 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 utilization of GIA.

3.5 Abstract Contingent bills

Where money is required in advance or when they are not able to calculate the exact amount required. Drawing and Disbursing Officers (DDOs) are permitted to draw money without supporting documents through Abstract Contingent (AC) bills, by debiting service heads and the expenditure is reflected as an expense under the service head.

Rule 219 of General Financial and Accounts Rules (GF&AR), 2012 provides that the Controlling and Disbursing Officers (DDOs) are authorized to draw sums 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. The drawal of funds through AC bills is accounted against the functional Major Head in the Consolidated Fund of the State. Rule

220(1) of GF&AR provides for submission of DC bills not later than a period of three months[16] from the drawal of funds through AC bills.

Audit observed that the State Government did not furnish DC bills in respect of 20 AC bills amounting to ₹ 29.92 crore due for adjustment as on 31 March 2025. Year-wise details of outstanding DC bills and their age analysis are given in tables below:

Table 3.16: 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
2024-25	197	81.29	610	97.30	787	148.67	20	29.92

Source: Finance accounts

Table 3.17: Age-wise pendency of AC bills

(₹ in crore)

Period of pendency	No. of pending AC bills	Amount
More than 15 years	1	₹ 30,000
10 years to 15years	1	1.04
5 years to 10 years	1	0.02
1 year to 5 years	07	10.66
0 to 1 year	10	18.20
Total	**20**	**29.92**

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

As can be seen from the above table, three AC bills amounting to ₹ 1.06 crore were pending for adjustment for more than five years.

As on 31 December 2025, out of these 20 pending AC bills, only 3 AC bills were pending for adjustment, as detailed in the Table below:

Table 3.18: Details of pendency of AC bills

(₹ in lakh)

S. No	Name of Office	Major head/No. of AC Bills	Ac Bill No. & Date	Amount	Reason of delay Provided department
1	Commissioner, Relief Department Jaipur	2245 (1)	813/19.03.2013	103.50	No reasons were furnished by the department (December 2025).
2	Principal, Dr. Sampurnanand Medical college, Jodhpur	4210 (1)	45168506/ 28.03.2023	1008.05	Department intimated (June 2025) that correspondence is being made with the state Government for posting DRM Trained doctor and nuclear medicine technician for installation. DC bill will be likely to be submitted by July 2025.
3	Secretary, Rajasthan Subordinate Service Selection Board Jaipur.	2051 (7)	299/06.10.2016	2.00	Department intimated (June 2025) that recovery from two employees is in process.

16. 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) Delay in submission of Detailed Contingent Bills

Rule 220(1) of GF&AR provides for submission of DC bills not later than a period of three months from the drawal of funds through AC bills.

During audit scrutiny, significant delays ranging from six months to eleven months in the submission of DC bills were noticed, as detailed in the Table below:

Table 3.19: Quantum of delay in submission of DC Bills

S.No.	Name of Office	No. of DC bills (with AC bill no.) submitted with delay	Period of delay (in months)
1.	Secretary, Rajasthan Subordinate Staff Selection Board	04 (49996996, 50326394, 50667342, 50641870)	10 to 11
2.	National Cadet Corps	07 (52550149, 52550112, 48773449, 46582919, 46582912, 52747813, 52085057)	06 to 09
3.	Election Department	03 (49178743, 49178749, 49086472)	06 to 09
4.	Governor Secretariat	03 (49834205, 49912408, 50539540)	07 to 08
5.	Superintendent of police, Ajmer	01 (49848434)	06
6.	Dr. S.N. Medical College, Jodhpur	01 (44966688)	06
7.	Deputy Director, District Industry Centre, Barmer	02 (48665075, 52696329)	06
8.	Commanding Officer, Rajasthan Girls Battalion, NCC, Jaipur	01 (49884216)	06
	Total	**22**	

Concerned Departments intimated (October-November 2025) that delay in submission of DC bills was due to time taken at the level of district collector, late receipt of reimbursement amount from General Administrative Department, bills rejected due to electronic clearing service (ECS) issues at the end of the year and imposition of code of conduct of election etc.

Delayed submission or prolonged non-submission of DC bills affects the completeness and accuracy of accounts.

(ii) Funds drawn through AC bills without immediate requirement

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

Scrutiny of 59 cases of AC bills drawn during November 2023 to December 2024 revealed that in 33 cases, the entire amount of AC bill drawn was deposited through challans and in 26 cases unspent amount ranging between 62.31 *per cent* and 99.08 *per cent* was deposited through challans while submitting the DC bills, as detailed in ***Appendix 3.2.***

Deposit of entire amount/unspent amount of AC bill drawn through challans indicates that the bill was drawn without proper assessment of actual requirement.

Non-adherence to the prescribed timelines for adjustment and premature drawal of funds reflects weak financial discipline and monitoring at the DDO level. Prolonged non-adjustment of advances not only contravenes the GF&AR provisions but also impairs the completeness and reliability of the Finance Accounts, as expenditure reflected therein cannot be considered final in the absence of supporting DC bills.

3.6 Personal Deposit Accounts

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

Rule 260(1) of General Financial & Accounting Rules (GF&AR), Government of Rajasthan (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 in Rajasthan

Status of funds lying in the PD Accounts on the last day of the financial year during the period 2020-25 is given in Table below:

Table 3.20: Parking of funds in Personal Deposit Accounts during 2020-25

(₹ in crore)

Year	No. of PD Accounts at the end of the year			Closing Balance
	Operative	Inoperative	Total	
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
2024-25	2,282	75	2,357	15,120.09

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

It can be seen from the above table that the closing balances under PD Accounts increased from ₹ 14,382.95 crore in 1,928 PD Accounts in 2020-21 to ₹15,120.09 crore in 2357 PD Accounts in 2024-25.

The continued parking of significant sums in PD Accounts at the close of the financial year dilutes legislative oversight over expenditure, as such balances do not lapse and remain outside the normal budgetary process. In the absence of periodic review and strict justification under Rule 260(1), such practices may weaken transparency and fiscal discipline.

The status of the PD Accounts of the State Government during 2024-25 is given in the following Table:

Table 3.21: Status of Personal Deposit Accounts during 2024-25

(₹ in crore)

S. No.	Balances of P.D. Accounts (2024-25)	
1.	**Opening Balances (1 April 2024)**	13,762.90
2.	Addition during the year	42,836.17
	(i) Funds transferred from Consolidated fund	26,946.98
	(ii) Funds deposited directly in PD Accounts	15,889.19
3.	Withdrawal during the year	41,478.98
4.	**Closing Balances as on 31 March 2025**	**15,120.09**
	Transactions in PD Accounts during March 2025	
5.	Amount transferred/deposited in PD Accounts during the month	6,687.64
	(i) Funds transferred from Consolidated Fund	4,298.17
	(ii) Funds deposited directly in PD Accounts	2,389.47
6.	Withdrawal during the month	6,442.69

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

It can be seen from the above table that during the year 2024-25, an amount of ₹ 42,836.17 crore was transferred/deposited to PD Accounts under the Major Head 8443-Civil Deposit–106–Personal Deposits which comprised 14.27 *per cent* of total expenditure (₹ 3,00,194 crore) of the state. This amount includes ₹ 26,946.98 crore transferred as Grants-in-Aid (GIA) to autonomous bodies/ departments in PD Accounts opened in their name in concerned treasury and ₹ 15,889.19 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.

Analysis of the balances of PD Accounts revealed that:

i. Out of ₹ 26,946.98 crore, a sum of ₹ 4,298.17 crore (15.95 *per cent*) was transferred in the PD Accounts in March 2025. 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.

ii. The unspent balances of ₹15,120.09 crore in 2,357 PD Accounts include 23 PD Accounts (each having balances of ₹100 crore and above), in which a sum of ₹ 8,813.50 crore i.e. 58.29 *per cent* of total unspent balance is lying as given in ***Appendix 3.3***.

iii. Examination of PD Accounts held by various Drawing & Disbursement Officers (DDOs) of the State Government revealed that 247 accounts had "nil" balances as on 31 March 2025, details of which are given in ***Appendix 3.4***.

The break-up of this unspent balance and expenditure from PD Account showing the details of how much was spent from the GIA and how much from the direct revenue received in the PD Account was not disclosed by the State Government. This indicates that adequate transparency and traceability of expenditure is not maintained in the operation of PD Accounts by the State Government.

Since balances in PD Accounts do not lapse at the close of the financial year, such transfers have the effect of keeping funds outside the Consolidated Fund and the regular budgetary control framework.

Adverse Balances in PD Accounts:

During scrutiny of the balances of PD Accounts, it was noticed that four PD Accounts have negative balances. Details are given in the Table below:

Table 3.22: Adverse Balances in PD Accounts

Sr. No.	Treasury Code	Treasury Name	PD Account	Name	Amount
1	09	Bikaner	6689	District Project Management Unit (RGAVP), Bikaner	(-) 39,35,000
2	14	Dholpur	479	New Pension Scheme (NPS)	(-) 21,333
3	19	Jaipur PPO	473	H.B.A. Loans (Old 31.3.04)	(-) 10,57,157
4	30	Nagaur	2598	Ex. Engineer, P.H.E.D. Didwana	(-) 4,48,522

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

Negative balances in PD Accounts indicate payment made in excess of the available balances in the PD Accounts which reflects lack of adequate reconciliation at the level of treasuries.

PD Accounts, maintained under the Public Account, are intended to reflect actual balances of funds held in custody of Government for specific authorised purposes. The occurrence of negative balances is anomalous in a deposit account framework, as such accounts should not permit overdrawing. Adverse balances point to deficiencies in reconciliation, treasury control, or accounting adjustments, and weaken the reliability of deposit head reporting.

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.

2. Inoperative P D Accounts

Rule 98 of Rajasthan Treasury Rules 2012 provides that in the month of April every year 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 2025, total 75 PD Accounts having balance of ₹ 17.18 crore remained inoperative for the last two years (2023-25), of which 23 inoperative PD accounts had *nil* balance for the last two years. Details of these PD Accounts are mentioned in ***Appendix 3.5***.

3. 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 respectively[17] which would include all money realised or realisable 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 GP. Similarly, Section 79 of Rajasthan Municipal Act, 2009 envisages that the Municipal Fund is to be held by the Municipality. All money realised or realizable under this Act and all money otherwise received by the Municipality are to be kept in the Municipal Fund[18].

As on 31 March 2025, the position of Local Funds of PRIs and Municipal Fund for the last five years is given below.

17. Under Major Head 8448-Deposits of Local Funds, 109-Panchayat Bodies Funds
18. Under the Major Head 8448- Deposits of Local Funds-102-Municipal Funds

Table 3.23: 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)	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
		2024-25	1,403.78	1,861.38	1,546.82	1,718.34
2	Panchayat Samiti Fund (8448-109-02)	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	2,452.99	2,160.82	2,145.95
		2023-24	2,145.95	2,144.37	2,742.86	1,547.13
		2024-25	1,547.13	2,606.59	2,241.04	1,912.68
3	Municipal Fund (8448-102)	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
		2024-25	1,290.56	7,761.06	7,537.23	1,514.39

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

It can be seen from above table that during 2020-25, huge balances have been lying in ZP Fund, PS Funds and Municipal Fund pending utilisation. The closing balances in these funds during 2024-25 was ₹1,718.34 crore, ₹ 1,912.68 crore and ₹ 1,514.39 crore respectively.

GPs maintain accounts in the nearest branch of the scheduled bank. The status of un-utilised funds lying in these accounts of GPs are not being maintained properly at the level of PS or ZP. However, instructions have been issued by Panchayati Raj Department for compilation of untilised funds lying with GPs.

The continued retention of sizeable balances in Local Funds indicates scope for strengthening expenditure planning and timely utilisation for intended developmental purposes. Since these funds comprise grants from Finance Commissions and own revenues meant for decentralised governance, delays or uneven spending may affect delivery of local services.

Local Self Department intimated (November 2025) that remaining balances at the end of the year were due to time taken in tender process, schedule of payment as per time period of projects/schemes, receipt of funds related to schemes at the end of the year.

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

3.7 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.

Minor Head-800 relating to other receipts and other expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 renders the accounts opaque and affects transparency in financial reporting.

During the year 2024-25, ₹18,332.72 crore under 55 Major Heads of accounts, constituting 6.11 *per cent* of the total Revenue and Capital Expenditure (₹ 2,99,926.71 crore) was classified under the Minor Head 800-Other Expenditure in the accounts, as against ₹ 14,260.44 crore booked under Minor Head 800-Other expenditure in 2023-24.

During the current year, in respect of seven Major Heads amounting to ₹ 6,264.32 crore, substantial proportion i.e., 50 *per cent* and more was classified under Minor Head 800-other expenditure. Details of such Major Heads where the expenditure was more than 50 crore and more than 50 *per cent* of expenditure was classified under Minor Head 800-Other expenditure are shown in Table below.

Table 3.24: Minor Head 800-Other Expenditure

(₹ in crore)

S. No.	Major Head	Expenditure under Minor Head 800	Total Expenditure	Percentage
	800-Other Expenditure			
1.	2211-Family Welfare	2,355.00	4,583.10	51.38
2	2425-Co-operation	1,439.74	2,588.61	55.62
3	2700-Major Irrigation	1,931.52	2,446.34	78.96
4	3452-Tourism	70.29	95.59	73.53
5	4235-Capital Outlay on Social Security and Welfare	73.59	90.59	81.23
6	4885-Other Capital outlay on Industries and Minerals	40.67	65.82	61.79
7	5475-Capital outlay on other General Services	353.51	505.64	69.91
	Total	**6,264.32**	**10,375.69**	

Similarly, ₹ 12,600.90 crore under 44 Major Heads of accounts, constituting 5.54 *per cent* of the total Revenue Receipts (₹ 2,27,250.02 crore) was classified under Minor Head 800-Other Receipts in the accounts, while in 2024-25, booking under Minor Head 800-Other Receipts was ₹ 9,138.35 crore.

During the current year, in respect of seven Major Heads amounting to ₹ 5,292.37 crore, substantial proportion i.e., 50 *per cent* and more was classified under Minor Head 800-Other Receipts. Details of such Major Heads where the receipts were more than 50 crore and more than 50 per cent of receipts was classified under Minor Head 800-Other receipts are shown in Table below.

Table 3.25: Minor Head 800-Other Receipts

(₹ in crore)

S. No.	Major Head	Receipt under Minor Head 800	Total Expenditure	Percentage
	800-Other Receipts			
1.	0035-Taxes on Immovable Property other than Agriculture land	51.86	51.89	99.94
2.	0071-Contribution and Recoveries towards Pension and Other Retirement Benefits	95.58	153.99	62.07
3.	0075-Miscellaneous General Services	3,993.59	5,390.41	74.09
4.	0230-Labour and Employment	805.42	829.57	97.09
5.	0406-Forestry and Wildlife	100.34	135.54	74.03

S. No.	Major Head	Receipt under Minor Head 800	Total Expenditure	Percentage
6.	0801-Power	183.70	183.70	100.00
7.	1475-Other General Economic Services	61.88	119.69	51.70
	Total	**5,292.37**	**6,864.79**	

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

Booking of substantial amounts under omnibus Minor Head-800 negatively impacts the transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

Indiscriminate use of Minor Head-800

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 the concerned Major Head in the List of Major and Minor Heads (LMMH) of Account of the Union and States. Instances of booking under Minor head 800 even on availability of suitable Minor head are discussed below, as per details in ***Appendix 3.6***.

i) In four instances related to maintenance and repairs/ road works/ construction, the State Government made provision of ₹ 3,239.67 crore under the head 800-Other expenditure whereas appropriate Minor heads viz: 105-maintenance and 337-Roads works were available under the concerned Major Heads 3054 and 5054.

ii) In four instances, the State Government booked ₹ 195.00 crore on account of construction works of residential school and hostel buildings under the head 800-Other Expenditure whereas appropriate Minor head viz: 277-Education was available under the same Major Head 4225.

iii) In three instances, ₹50.97 crore were booked for construction works under various schemes under the head 800-Other expenditure whereas appropriate Minor head viz: 051-Construction was available under the same Major Head 4217.

iv) In three instances related to construction work of Health centres, the State Government made provision of ₹ 74,91 crore under the head 800-Other expenditure whereas appropriate Minor heads viz: 101, 103 and 104 for Health centres were available under Major Head 4210.

Classification of expenditure of ₹ 3,647.87 crore by six departments under omnibus minor head 800 despite availability of specific minor head shows laxity in correct depiction of Expenditure in Accounts.

In this regard, Finance Department had also issued (August 2022) directions to all DDOs/CCOs for not making provision under Minor Head 800-Other expenditure when appropriate head is available in LMMH.

In compliance with similar para of previous year report, Minority Affairs Department has intimated (November 2025) that new minor head "Minor Head 277-Education" instead of "Minor Head 800-Other Expenditure" under "Major Head 4225-04-800-01-17-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities" has been opened and expenditure is being booked in correct minor head from the budget year 2025-26.

Issues related to measurement

3.8 Outstanding balances under major Suspense and DDR heads

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.

'Suspense Heads' are opened in Government Accounts to reflect transactions that cannot be booked initially to their final Head of account for some reason or the other. 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 position of gross figures under major suspense and remittance heads for the last three years is given in Table below.

Table 3.26: Balances under Suspense and Remittance Heads

(₹ in crore)

S. No.	Minor Head	2022-23		2023-24		2024-25	
	Major Head 8658 – Suspense						
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
1.	101 – PAO Suspense	103.92	9.23	94.74	8.81	106.97	10.58
	Net	**Dr. 94.69**		**Dr. 85.93**		**Dr. 96.39**	
2.	102 – Suspense Account-Civil	0.37	85.19	0.40	94.74	0.58	145.14
	Net	**Cr 84.82**		**Cr 94.34**		**Cr 144.56**	
3.	106 - Telecommunication Accounts Office Suspense	-*	-	-*	-	-*	-
	Net	**Dr.-***		**Dr.-***		**Dr.-***	
4.	112 -Tax Deducted at Source (TDS) Suspense	-	(-) 1.62	-	97.62	-	116.26
	Net	**Cr. (-) 1.62**		**Cr. 97.62**		**Cr. 116.26**	
5.	123 - A.I.S Officers' Group Insurance Scheme	-	0.21	-	0.25	-	0.50
	Net	**Cr. 0.21**		**Cr. 0.25**		**Cr. 0.50**	
6.	129 - Material Purchase Settlement Suspense Account	-	(-) 3.50	-	(-) 3.50	-	(-)3.58
	Net	**Cr. (-) 3.50**		**Cr. (-) 3.50**		**Cr. (-) 3.58**	
7.	139 - GST-Tax Deducted at Source Suspense	-	57.17	-	66.44	-	52.68
	Net	**Cr. 57.17**		**Cr. 66.44**		**Cr. 52.68**	
	Net Total	**(Cr.) 42.39**		**(Cr.) 169.22**		**(Cr.) 214.03**	
	Major Head 8782-Cash Remittances						
8.	102 - P.W. Remittances	25.40	26.76	25.57	18.48	25.59	17.01
	Net	**Cr. 1.36**		**Dr. 7.09**		**Dr. 8.58**	

S. No.	Minor Head	2022-23		2023-24		2024-25	
9.	103 - Forest Remittances	0.10	-**	0.07	-	0.07	-
	Net	**Dr. 0.10**		**Dr. 0.07**		**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	-	0.73	-	0.72	-
	Net	**Dr. 0.74**		**Dr. 0.73**		**Dr. 0.72**	
	Net Total	**(Cr.) 0.49**		**(Dr.) 7.92**		**(Dr.) 9.40**	

* ₹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' registered a credit balance increase of ₹ 44.81 crore from 2023-24 to 2024-25.

- **Pay and Account Officer (PAO)-Suspense (MiH 101)**

This Minor Head is intended for the initial record of inter-Governmental transactions arising in the books of a Central PAO, Separate Accounts Officers of Union Territories and Accountants General where the other party involved is a PAO. Separate sub-heads are opened under this minor head for each Accounts Officer with whom transactions are to be settled. Outstanding debit balances under this head indicate payments which have been made by the PAO on behalf of others and are yet to be recovered and credit balances represent the amount yet to be paid.

The outstanding debit balance in this account at the end of March 2025 was ₹ 106.97 crore and the credit balance was ₹ 10.58 crore. The outstanding debit balance relates mainly to PAO, Central Pension Accounting Officer, Ministry of Finance, New Delhi (₹ 106.02 crore) and PAO (NH), Ministry of Road Transport and Highway Jaipur (₹ 0.40 crore) whereas the credit balance is mainly in respect of PAO, Ministry of Mining (₹ 9.72 crore). Most of these balances pertain to earlier years (Pre 1960 to 2024-25) and are the amounts which the government has to receive from the respective authorities of GoI.

- **Suspense Account-Civil (MiH 102)**

This Minor head is operated by the Accountant General to provisionally accommodate the differences noticed in the transactions which cannot be taken to the final head of expenditure/receipt accounts for want of certain information/documents viz. challans, vouchers, etc. Receipts are credited and expenditure is debited to this account and cleared on receipt of required information by minus credit and minus debit respectively.

Major debit balances outstanding at the end of March 2025 under this head were in respect of CDA[19] (Pension), Allahabad (₹ 0.05 crore) and CDA (SC[20]), Pune (₹ 0.34 crore).

Major credit balance was shown under the head other miscellaneous suspense unsuccessful E- payment) (₹ 144.25 crore). Non-clearance of balance under this suspense

19. Controller of Defence Accounts
20. Southern Command

head has the impact of overstating the revenue expenditure and overstating the Revenue deficit by ₹144.25 crore.

- **Tax deducted at source (TDS) suspense- (MiH 112)**

This minor head is intended to accommodate receipts on account of Income tax deducted at source. Receipts on account of TDS are credited to Major Head 8658-Suspense accounts under Minor Head 112-TDS suspense. These credits are to be cleared by the end of each financial year and credited to the Income Tax Department.

However, there was outstanding credit balance of ₹ 116.26 crore under this head as on 31 March 2025 which was yet to be credited to the IT Department.

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.

- **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 2025, there were 8 heads[21] of adverse balances under Debt, Deposit and Remittances (DDR) heads amounting to ₹ 4,234.09 crore. The adverse balances were mainly under Pension Funds of employees of Municipal Councils/Municipalities (₹ 4,219.11 crore).

The State Government has a adverse balance of ₹ 4,219.11 crore under Major Head 8011-Insurance and Pension Funds-106- Other Insurance and Pension Funds-02 Pension funds of Employees of Municipal Council and Municipalities. This fund corpus receives contribution from the employees of Municipal Councils/Municipalities and is a self-sustaining fund. Expenditure under this head was towards payment of monthly pension to employees of Municipal Councils/Municipalities. However, the Government incurred an expenditure of ₹ 766.48 crore under the said head during the year while receipts in the fund were ₹284.52 crore in the same period. This difference amounted to deferred grants-in-aid and to that extent there was understatement of Revenue Expenditure for the current year. Further, it was also noticed that State Government made minus provision for this head under State Budget. District wise adverse balance is given in ***Appendix 3.7*** shows that under this fund insufficient balance under various treasuries are offset by excess fund available in other treasuries

This issue has been taken up (November 2024 and February 2025) with the Joint Secretary, State Insurance and Provident Fund, Rajasthan, Jaipur and treasuries through the AG (A&E) office. In the Exit meeting, the Finance Secretary accepted the facts and given assurance for clearing the balances.

Non-clearance of outstanding balances under these heads affects the accuracy of net balances of public account to that extent.

21. Loan for Medical and Public Health: ₹0.36 lakh; Loan for Food Storage and Warehousing (Godown in Rural Area): ₹0.02 crore; Insurance and Pension Funds: ₹ 4219.11 crore; Civil Deposit (Power Companies): ₹9.27 crore: Deposits of Local Fund (Gram Panchayat Nidhi): ₹0.03 crore; Loans for Co-operation (Rajasthan State Co-operative Bank Limited): ₹0.09 crore; Loans to Government Servants (Motor Conveyances) etc.: ₹2.67 crore); Criminal Courts Deposits: ₹ 2.90 crore.

3.9 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 2024-25, Revenue Receipts amounting to ₹ 2,27,250.02 crore (100 *per cent* of total Revenue Receipts), Revenue Expenditure amounting to ₹ 2,69,200.06 crore (100 *per cent* of total Revenue Expenditure) and Capital Expenditure amounting to ₹ 30,726.64 crore (100 *per cent* of total Capital Expenditure) were reconciled by the State Government. Loans and Advances given by the State Government amounting to ₹ 267.34 crore (100 *per cent* of total loans and advances given by the State Government) was also reconciled.

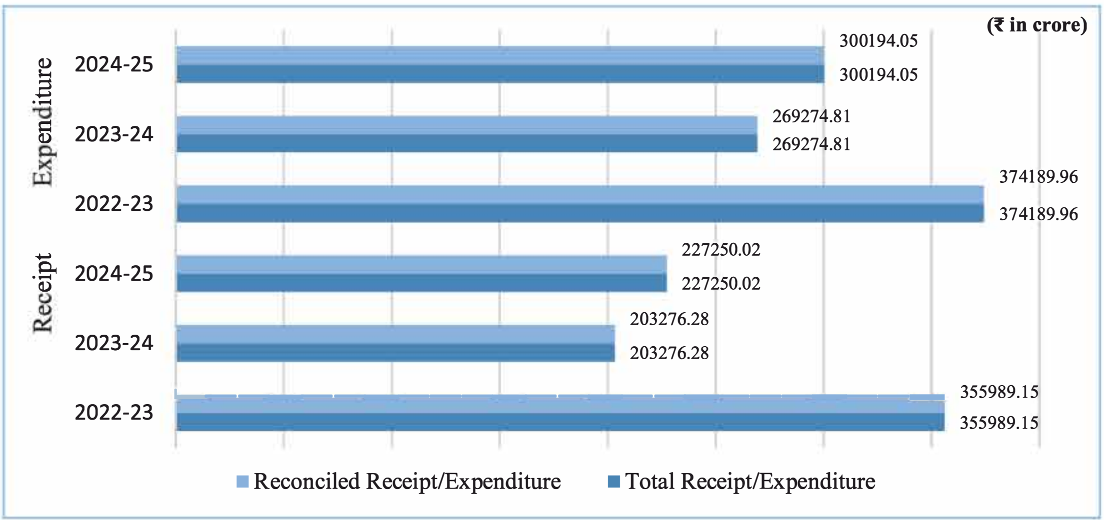
The status of reconciliation of figures by Controlling officers is given in table and Chart below.

Table 3.27: Status of Reconciliation of Receipts and Expenditure by Controlling Officers

Year	Total No. of Controlling Officers	No. of Controlling Officers reconciled their receipts/ expenditure		
		Fully reconciled	Partially reconciled	Not reconciled
		Receipts		
2022-23	177	177	-	-
2023-24	196	196	-	-
2024-25	195	195	-	-
		Expenditure		
2022-23	428	428		
2023-24	484	484	-	-
2024-25	486	486	-	-

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

Chart 3.3: Status of Reconciliation of Receipts and Expenditure during the year



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

As can be seen from the above chart, throughout the last five years, the State Government has been able to accomplish 100 *per cent* reconciliation of expenditure and receipts.

3.10 Reconciliation of Cash balances

As per accounts of the Principal Accountant General (A&E) Rajasthan, the Cash Balance of the State Government as on 31 March 2025 was ₹ 18.75 crore (Debit) while the same was reported as ₹ 16.86 crore (Credit) by the Reserve Bank of India. As such, there was an unreconciled difference of ₹1.89 crore (Credit), which was under reconciliation between the Principal Accountant General (A&E) Rajasthan and the State Government (Treasuries/RBI/Agent Banks). The difference is under reconciliation. There was a difference of ₹ Seventeen thousand five hundred and forty-one only as of July 2025.

After integration of e-Kuber system 2.0 (of the RBI) with State Integrated Financial Management System (IFMS) for payments in the State, the difference in reported transactions has increased as the State IFMS reports are on transaction date basis whereas the e-Kuber system reports the transactions on settlement date basis.

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 Comptroller and Auditor General of India (CAG), prescribe the form of accounts of the Union and of the States. On the advice of the CAG, the President of India has so far notified four Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the State Government as well as deficiencies therein during 2024-25 is detailed in **Table 3.28**.

Table 3.28: Compliance to Accounting Standards

S. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
1.	**IGAS-1:** *Guarantees given by the Government-Disclosure requirements*	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.	Fully Complied.	Nil
2.	**IGAS-2:** *Accounting and Classification of Grants-in- Aid*	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 cash has been furnished by the State Government.	Grant-in Aid given by the Government in kind were not disclosed. Therefore, total Grant-in-Aid given by the grantor could not be ascertained.
3.	**IGAS-3:** *Loans and Advances made by Government*	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.	Details regarding repayments in arrears from other Loanee Entities, Bifurcation of interest received and credited to revenue in many cases, 'Disclosures-Cases of loans having sanctioned as Loan in perpetuity, Loans have been granted by the Government though the terms and conditions are yet to be settled, Fresh loans and Advances made during the year to the loanee entities from whom

S. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
				repayment of earlier loans in arrears, Terms and Conditions (Rate of Interest and Moratorium period) regarding fresh loans and advances made during the year were not reported in Finance account.
4.	**IGAS-4:** *Prior Period Adjustment*	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.	Complied. During the year, out of total back to back Loan of ₹ 11,872.29 crore, proforma correction of ₹ 3,353.38 crore was passed in the State account for repayment of this loan in lieu of GST compensation and reducing the loan balance to ₹ 8,518,91 crore.	-

The State Government should strictly adherence to the prescribed standards to ensure high-quality financial reporting.

Other Issues

3.12 Submission of Accounts of Autonomous Bodies

The audit of accounts of 45 autonomous bodies/authorities[22] 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 30th June 2025, accounts of all the 45 autonomous bodies/authorities have been received up to 2023-24 except accounts of CAMPA for the year 2018-19 to 2024-25, Building and Other Construction Workers Welfare Board (BOCW) for the years 2018-19 to 2024-25 and Rajasthan Real Estate Regulatory Authority, Jaipur (RERA) for the year 2024-25.

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 3.8***. Adverse opinions were given in case of Rajasthan Khadi and Village Industries Board as detailed in Table below:

Table 3.29: Cases of adverse opinion

Body/ Authority	Type of opinion given	Reason
Rajasthan Khadi and Village Industries Board 2022-23	Not true and fair view	Excess of income over expenditure (surplus) is overstated by ₹ 88.28 lakh which resulted in conversion of surplus of ₹ 50.54 lakh

22. 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 Highway Authority, Rajasthan State Legal Services Authority (02) and District Legal Services Authority's (36).

Body/ Authority	Type of opinion given	Reason
		shown in account into a deficit of ₹ 37.74 lakh. Further, Assets have also been overstated by ₹ 88.28 lakh Subject to our observation in preceding paragraph, we report that the balance Sheet, Receipt & Payment Account and Income & Expenditure Account dealt with by this Report agree with the books of accounts. In our opinion and to the best of our information and according to the explanation given to us, the said Financial Statement read together with the Accounting Policies and Notes on Account and matter mentioned in the Annexure-l to Audit Report, do not give a true and fair view in conformity with accounting principles generally accepted in India.

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 2025, there were 44 ABs which were substantially financed through grants or loans from consolidated Fund of the State. All the 44 ABs attract audit under section 14 of C&AG's DPC Act, 1971. Further, 61 annual accounts of 29 out of 44 ABs, which were due up to 2024-25 in accordance with section 14 of C&AG's DPC Act, 1971, were not received as on 30 June 2025 by the office of the Principal Accountant General (Audit-1), Rajasthan.

The details of 44 ABs which did not furnish Accounts are shown in ***Appendix 3.9*** and age-wise pendency is shown in table below:

Table: 3.30: Age-wise arrears of Annual accounts due from Government Bodies

S. No.	Pendency (in years)	No. of Bodies/Authorities (No of accounts)
1.	Up to one year	12 (12)
2.	2-3 years	12 (28)
3.	4 years and above	05 (21)

Table above shows that the twenty-one accounts of five ABs were in arrears for four years and above. In the absence of Annual Accounts, the accounting/utilization of grants and loans disbursed to these bodies/authorities could not be verified by Audit.

Delays in the submission of accounts to audit reflect weak internal controls and inadequate monitoring by the State Government in addition to the lack of accountability from these Autonomous/Authorities for the funds released by the State Government. Non-furnishing of Accounts reflect weak internal controls and inadequate monitoring by the State Government and increases the risk of mis-utilization of funds.

3.13 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 765 cases of misappropriation/embezzlement (333) and theft/loss (432) of the Government money across various departments amounting to ₹ 152.08 crore were pending up to 31 March 2025. Details are given in the table below:

Table 3.31: Pending cases of misappropriation, losses, theft etc.

(₹ in crore)

Name of Department	Cases of misappropriation / losses/ theft		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)		Criminal/Judicial Proceedings finalised but recovery of the amount pending due to pending	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Education Departments	129	58.74	44	6.31	45	8.03	40	44.40
Rural Development and Panchayati Raj Department	157	28.72	136	25.82	19	2.39	2	0.50
Revenue Departments	62	13.68	40	4.82	9	3.29	13	5.56
Other Departments	119	28.40	48	16.85	41	8.73	30	2.83
Works Departments	229	9.53	54	4.48	155	2.54	20	2.51
Medical Departments	58	9.10	35	6.48	5	0.93	18	1.71
Department of Local Self Government	11	3.91	3	.06	3	3.47	5	0.37
Total	**765**	**152.08**	**360**	**64.82**	**277**	**29.38**	**128**	**57.88**

As can be seen from above table, the concerned departments had not completed the departmental and criminal investigation in 47 *per cent* of pending cases (360). 277 out of 765 cases amounting to ₹ 29.38 crore were pending because of pending orders for recovery/write-off and rest of the cases were pending for want of departmental action and judicial proceeding.

The age-profile of the pending cases and the number of cases pending in each category of theft/loss and Embezzlement/misappropriation is summarised in **Table 3.32**.

Table 3.32: 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 (2020-21 to 2024-25)	142	34.96	Theft/Loss	75	2.30
			Embezzlement	67	32.66
5-10 (2015-16 to 2019-20)	150	71.50	Theft/Loss	103	11.84
			Embezzlement	47	59.66
Above 10 (up to 2014-15)	473	45.62	Theft/Loss	254	7.29
			Embezzlement	219	38.33
Total	**765**	**152.08**	**Theft/Loss**	**432**	**21.43**
			Embezzlement	**333**	**130.65**

Out of 432 cases, 98 cases of theft/loss amounting ₹ 1.60 crore pertains to period 1987-88 to 2000-01 and similarly out of 333 cases, 74 cases of embezzlement amounting ₹ 6.74 crore pertains to period 1974-75 to 2000-01. This shows that the concerned departments have not taken desired action to complete the investigation in timely manner.

On detailed analysis of the outstanding embezzlement cases, it was found that these embezzlement cases are mostly related to forgery in cash book, 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, forgery by showing wrong amount in challans which were used for depositing government money, 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.

This shows that due diligence to ensure compliance with various provisions of GF&AR was not made by the concerned departments which has resulted in financial loss to the exchequer.

While replying to PAC, the State Government informed (October-November 2025) about the efforts being made by the department regarding clearing the outstanding cases.

3.14 Follow up action on State Finances Audit Reports

SFAR for the year 2023-24 was presented in State Legislature on 04 September 2025. PAC has so far discussed and made recommendations on the SFAR up to the year 2018-19 (March 2025). During the period April 2024 to March 2025, PAC discussed one para partially of Report for the year 2019-20. Currently, 31 paras related to the Report for the year 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 are pending for discussion/ Report writing. These paras pertain to supplementary Budget and opportunity cost, major policy Pronouncements in Budget and their actual funding for ensuring implementation, review of selected grants, deposit of local funds, delay in submission Utilisation Certificates, Personal Deposit Accounts, submission of accounts/separate audit reports of Autonomous bodies, Departmental Commercial Undertakings/Corporations/Companies, Misappropriation, Losses, Theft etc., Excess/short payment of pension, Collection of cess/surcharge, excess over provision during 2022-23 requiring regularisation, Child budgeting, excess over provision during 2023-24 requiring regularisation and Abstract Contingent bills etc.

A review of the outstanding ATNs on paras revealed that eleven ATNs on paras pertaining to SFAR 2023-24 from 31 departments, six ATNs on para pertaining to SFAR 2022-23 from six departments and four paras pertaining to SFAR 2021-22 from two departments are pending as on November 2025.

3.15 Conclusion

Non-submission of 449 Utilisation Certificates amounting to ₹ 427.34 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.

Continued parking of significant sums in PD Accounts at the close of the financial year dilutes legislative oversight over expenditure, as such balances do not lapse and remain outside the normal budgetary process. In the absence of periodic review and strict justification under Rule 260(1), such practices may weaken transparency and fiscal discipline.

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

Continued retention of sizeable balances in Local Funds indicates scope for strengthening expenditure planning and timely utilisation for intended developmental purposes. Since these funds comprise grants from Finance Commissions and own revenues meant for decentralised governance, delays or uneven spending may affect delivery of local services.

Booking of substantial amounts under the Minor Head 800-Other Expenditure/Receipts negatively impacts the transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

3.16 Good Practices

The good aspects of budgetary management of the State Government are given below:

- 100 *per cent* reconciliation of receipts and expenditure made by all the budget controlling officers
- Improvement in clearance of pending old AC bills by departments.

3.17 Recommendations

- The 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 sanctions and Utilisation Certificates.

- Finance Department may review all PD accounts to ensure that all amounts unnecessarily lying in these PD accounts are immediately remitted to the Consolidated Fund. Further, scheme-wise ledger should be maintained for all the 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.

JAIPUR,
The 23 April, 2026

(RAMAWATAR SHARMA)
Accountant General (Audit-I)
Rajasthan

Countersigned

NEW DELHI,
The 30 April, 2026

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