

Press Brief on State Finances Audit Report- 2021-22

In accordance with Article 151 of the Constitution of India, Comptroller and Auditor General of India (CAG) submits his Audit Reports to the Governor of the State for being laid in the Legislature. Accordingly, Report of the Comptroller and Auditor General of India for the year ended 31 March 2022 (State Finances)-Government of Rajasthan, has been laid in the Legislature on 19.07.2023. As per procedure, the Report of the CAG stands referred to the Public Accounts Committee of the State Legislature.

Achievements of the State Government

- The outstanding guarantee to estimated receipts ratio (38.83 *per cent*) during 2021-22 was within the limit fixed under FRBM Act (60.00 *per cent*).

(Paragraph 2.7.2)

- The State Government accomplished 100 *per cent* reconciliation of expenditure and receipts with office of the Accountant General (A&E) through controlling officers during the last five years.

(Paragraph 4.9)

Audit findings are highlighted below:

Fiscal Position

- The fiscal position of the State is viewed in terms of three key fiscal parameters - Revenue Deficit/Surplus, Fiscal Deficit/Surplus and the ratio of Outstanding Debt to GSDP.
- Fiscal Deficit as a percentage of GSDP decreased from 5.86 *per cent* in 2020-21 to 4.03 *per cent* in 2021-22, which was higher than the target of three *per cent* as prescribed under FRBM Act, 2005.
- As per FRBM Act, the State Government was to achieve Zero Revenue Deficit from the financial year 2011-12 and thereafter maintain it or attain revenue surplus. However, the Revenue Deficit of the State Government was ₹ 25,870 crore during the year 2021-22.

(Paragraph 1.5)

Finances of the State

- Revenue Receipts increased by ₹ 49,612 crore (36.94 *per cent*) over the previous year and Revenue Expenditure increased by ₹ 31,481 crore (17.66 *per cent*) over the previous year.

(Paragraphs 2.3.2.1 and 2.4.2)

- Capital Expenditure increased by ₹ 8,881.11 crore (58.16 *per cent*) over the previous year.

(Paragraph 2.4.3.1)

- During 2021-22, there was short transfer of Employee contribution to NPS by ₹ 641.89 crore. Further, there is a deferred liability of ₹ 809.00 crore on the part of State Government due to short transfer of employee contribution by ₹ 778.28 crore and legacy amount of ₹ 30.72 crore.

(Paragraph 2.4.2.3)

Budgetary Management

- Budgetary assumptions of the State Government were not realistic during 2021-22 and despite carrying out an elaborate pre-budget exercise to bring out efficiency and transparency in budget formulation and execution, budgetary estimates were off the mark to a considerable extent, and control over the execution and monitoring of budget was inadequate.
- During the year 2021-22, budgetary savings of ₹ 32,628.83 crore (9.86 per cent) and Supplementary Grants of ₹ 72,779.09 crore proved excessive. Further, during the period 2017-18 to 2019-20 the supplementary provisions continuously proved unnecessary while in 2020-21 and 2021-22 the supplementary provision was excessive. Despite flagging these issues every year over the last several years, the State Government has failed to take corrective measures in this regard.
- Explanations were not provided to the Accountant General (A&E) for variations in expenditure vis-à-vis allocations. Instances of persistent savings under grants were noticed during the year despite PAC recommendations in this regard.

(Paragraph 3.5.1)

Quality of Accounts & Financial Reporting Practices

- State Government short transferred ₹6,767.15 crore in five Reserve funds/Deposit funds upto 31 March 2022 in violation of rules.
- (Paragraph 4.1)*
- Various departments did not submit 770 UCs aggregating to ₹1,833.21 crore pertaining to the period 2010-11 to 2020-21 to the office of the AG (A&E) as on 31 March 2022. Non-submission of Utilisation Certificates within the specified period not only weakens the financial accountability mechanism but also indicates failure of the departmental officers to comply with the rules.
- (Paragraph 4.4)*
- State Government reported 745 cases of misappropriation and theft/loss of the Government money across various departments amounting to ₹118.50 crore up to 31st March 2022 on which final action was pending till 30th June 2022.

(Paragraph 4.12)

Financial Performance of State Public Sector Undertakings

- The contribution of PSUs to GSDP of Rajasthan declined from 8.29 *per cent* in 2019-20 to 7.44 *per cent* in 2021-22.

(Paragraph 5.3)

- Out of 42 Government Companies and Statutory Corporations, 27 PSUs earned profit, 12 PSUs reported losses and three PSUs had neither profit nor loss during the year 2021-22. As on 31 March 2022, 23 PSUs had accumulated losses of ₹ 1,07,318.60 crore.

(Paragraph 5.5)

- As on 31 march 2022 the networth of 15 out of 23 loss making PSUs had been completely eroded by accumulated losses. The total networth of these 15 PSUs was negative at ₹ 62,749.66 crore against the paid up capital of ₹ 34,596.22 crore.

(Paragraph 5.5.3)

- Forty nine accounts of 24 PSUs including one Statutory Corporation were in arrears.

(Paragraph 5.6.2.2)