

## **Press Brief on State Finances Audit Report-2018-19**

In accordance with Article 151 of the Constitution of India, Comptroller and Auditor General of India (CAG) submit his Audit Reports to the Governor of the State for being laid on the table of the Legislature. Accordingly, Report of the Comptroller and Auditor General of India for the year 2018-19 (State Finances) - Government of Rajasthan, has been laid on the table of the State Legislature on 21.08.2020. As per procedure, the Report of the CAG stand referred to the Public Accounts Committee.

The following are some of the highlights of the Audit Report:

### ***Finances of the State Government***

During 2018-19, though the fiscal liability (total outstanding debt) to GSDP ratio (33.51 *per cent*) was within the FRBM target (35.0 *per cent*), however, it was substantially higher than the limit (24.4 *per cent*) recommended by the XIV-FC.

Fiscal deficit as a percentage of GSDP increased from 3.03 *per cent* in 2017-18 to 3.71 *per cent* in 2018-19, which was higher than the target of 3 *per cent* as prescribed under FRBM Act, 2005. The State had a revenue deficit of ₹ 28,900 crore during 2018-19.

***(Paragraphs 1.10.2 and 1.11)***

Revenue receipts increased by ₹ 10,565.84 crore (8.3 *per cent*) over the previous year which was lower than the Budget Estimates and Revised Estimates by ₹ 13,790 crore (9.1 *per cent*) and ₹ 10,311 crore (7.0 *per cent*) respectively.

Revenue expenditure increased by ₹ 20,931.67 crore (14.4 *per cent*) over the previous year which was lower than the Budget Estimates and Revised Estimates by ₹ 2,345 crore (1.4 *per cent*) and ₹ 6,236 crore (3.6 *per cent*) respectively.

***(Paragraph 1.2.2)***

Nil expenditure in one gender based scheme and expenditure of 25 and 42 *per cent* in two other schemes shows lack of emphasis on part of the State Government in implementation of gender responsive budgeting.

***(Paragraph 1.2.3)***

With automation of the collection of Goods and Service Tax (GST) having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all transactions, to fulfill the CAG's Constitutional mandate of certifying the Accounts. The required access to data is yet to be provided. Not having access to the data pertaining to all GST transactions has come in the way of comprehensively auditing the GST receipts. The accounts for the year 2018-19 are, therefore, certified on the basis of test audit, as was done when records were manually maintained, as a one-time exception.

***(Paragraph 1.4.1.2)***

During 2018-19, the capital expenditure was ₹ 19,638.20 crore. The percentage share of capital expenditure in the total expenditure decreased from 12.3 *per cent* in 2017-18 to 10.5 *per cent* during 2018-19. Further, out of Capital Expenditure of ₹ 19,638.20 crore, Government had invested ₹ 4,080.79 crore (21 *per cent* of Capital Expenditure) in Government Companies and Cooperatives/Banks/ Societies during 2018-19. Out of this, Government had invested ₹ 3,822.30 crore (19.5 *per cent* of Capital Expenditure) in five power companies having accumulated losses of ₹ 95,506 crore and negative Net Worth of ₹ 59,097.74 crore.

*(Paragraph 1.7.2)*

An amount of ₹ 26,408.96 crore was spent on 279 incomplete projects which was 14 *per cent* of the cumulative capital outlay (₹ 1,88,108.83 crore) of the State. 43 projects had cost overrun of ₹ 12,510 crore (129 *per cent*). Due to non-completion of projects within the stipulated time, the expected benefits to society were delayed and the cost of the projects increased over the years.

*(Paragraph 1.9.2)*

The investment of the State Government included ₹ 47,711.58 crore in 40 working Government companies, of which only eight companies had declared dividend aggregating to ₹ 44.72 crore against an investment of ₹ 290.77 crore. The State government had invested ₹ 45,265.06 crore in five power sector companies as on 31 March 2019, which was 91 *per cent* of the total investment.

*(Paragraph 1.9.3)*

The State Government has short transferred ₹ 1,564.30 crore in four Reserve fund/Deposit fund during the financial year 2018-19 in violation of rules and, therefore, has deferred its current year liability to future years, which has impact of understating the fiscal deficit by an equivalent amount.

*(Paragraph 1.10.4)*

## **Financial Management and Budgetary Control**

During 2018-19, 35.25 *per cent* (₹ 72,055 crore) of the total expenditure (₹ 2,04,439 crore) was incurred during last quarter of the financial year. However, 33.17 *per cent* (₹ 63,324 crore) of the total receipts (₹ 1,90,898 crore) were received during last quarter only. The expenditure incurred in last quarter of the Financial year 2018-19 has decreased by 5.23 *per cent* (₹ 3,980 crore) when compared to previous year 2017-18.

*(Paragraph 2.3.2)*

During 2018-19, an expenditure of ₹ 2,09,776.27 crore was incurred against total grants and appropriations of ₹ 2,29,078.32 crore leaving savings of ₹ 19,302.05 crore. Departments surrendered ₹ 18,329.95 crore on the last working day of the financial year leaving no scope for utilising these funds for other purposes. Further, in 123 cases, lump sum provision of ₹ 9,069.71 crore was made, out of which ₹ 6,960.31 crore (76.7 *per cent*) remained unutilized.

*(Paragraph 2.2 and 2.3.8)*

## **Financial Reporting**

Utilization Certificates in respect of grant of ₹ 29,868.64 crore released for specific purposes were not submitted by the Departments to the Accountant General (A&E), Rajasthan except two Departments viz. Social Justice and Empowerment Department (SJED) (₹ 44.45 crore) and Science & Technology Department (₹ 1.13 crore). Out of grants provided (₹ 76.56 crore) to these departments upto 2017-18, 195 UCs amounting ₹ 5.97 crore were pending for submission as of March 2019.

***(Paragraph 3.1)***

An amount of ₹ 16,885.63 crore had been invested by the State Government in 10 undertakings at the end of financial year up to which their accounts were finalised. Of these, eight undertakings incurred accumulated loss of ₹ 13,857.86 crore continuously for more than five years.

***(Paragraph 3.3)***

Out of 831 outstanding cases of misappropriation, theft and losses of Government money amounting to ₹ 79.45 crore, departmental and criminal investigation was awaited in 308 cases involving ₹ 39.37 crore. Further, orders for recovery/write off in 447 cases involving ₹ 33.96 crore were also awaited.

***(Paragraph 3.4)***

During 2018-19, an amount of ₹ 31,821.06 crore was transferred to/credited in Personal Deposit Accounts which comprised 16.9 *per cent* of total expenditure (₹ 1,87,524 crore). Out of this, ₹ 5,002.11 crore (20.08 *per cent*) was transferred to/deposited in PD Accounts only in March 2019. Out of total transferred amount, there were unspent balances of ₹ 13,325.59 crore lying in 1899 PD accounts. As of 31 March 2019, total 20 PD Accounts having balance of ₹ 0.18 crore remained inoperative for the last five years (2014-19).

***(Paragraph 3.5)***