

## Executive Summary

### *Background*

This report provides an analytical review of the finances of the Government of Rajasthan based on the audited accounts for the year ended 31 March 2020. The financial performance of the State has been assessed based on the Fiscal Responsibility and Budgetary Management Act, Budget Documents, Economic Review 2019-20, Fourteenth Finance Commission Report and other financial data obtained from various Government Departments and organisations.

### *Report*

The Report is structured in four Chapters:

**Chapter 1-Overview:** This Chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/surplus.

**Chapter 2-Finances of the State:** This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the last five years, debt profile of the State and key Public Account transactions, based mainly on the Finance Accounts of the State.

**Chapter 3-Budgetary Management:** This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.

**Chapter 4-Quality of Accounts & Financial Reporting Practices:** This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.

### *Achievements of the State Government*

The outstanding guarantee to estimated receipts ratio (35.9 *per cent*) during 2019-20 was within the limit fixed under FRBM Act (60.0 *per cent*).

*(Paragraph 2.7.2)*

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

*(Paragraph 4.9)*

## ***Audit findings***

### **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 increased from 3.66 *per cent* in 2018-19 to 3.69 *per cent* in 2019-20, 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 ₹ 36,371 crore during the year 2019-20.

During 2019-20, the fiscal liability (total outstanding debt) to GSDP ratio (34.55 *per cent*) was higher than the FRBM target (34.0 *per cent*).

**(Chapter I)**

### **Finances of the State**

Revenue Receipts increased by ₹ 2,240.79 crore (1.63 *per cent*) over the previous year, however Revenue Expenditure increased by ₹ 9,711.91 crore (5.82 *per cent*) over the previous year leading to an increase in the Revenue Deficit.

Capital Outlay decreased by ₹ 4,920.15 crore (25.05 *per cent*) over the previous year.

**(Chapter II)**

### **Budgetary Management**

Budgetary assumptions of the State Government were not realistic during 2019-20 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.

Budgetary savings of ₹ 24,358 crore (10.03 *per cent*) occurred during the year and Supplementary Grants of ₹ 2,937.12 crore proved unnecessary. 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 Principal 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.

**(Chapter III)**

### **Quality of Accounts & Financial Reporting Practices**

Non-submission of Utilisation Certificates and Detailed Contingent bills by departments for funds drawn for specific developmental programmes/projects and non-submission of accounts by State PSUs was in contravention of prescribed financial rules and directives pointing to inadequate Internal Controls and monitoring mechanism of the State Government.

The Annual Accounts of Rajasthan Building and Other Construction Workers Welfare Board have not been finalised since 2017-18. Despite the availability of significant funds, the State government utilized only a portion of the funds available with the Board for the welfare of construction workers.

**(Chapter IV)**