



सत्यमेव जयते

**State Finances Audit Report  
of  
the Comptroller and Auditor General of India  
for the year ended 31 March 2022**



**SUPREME AUDIT INSTITUTION OF INDIA**  
लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest



**Government of Meghalaya**  
*Report No. 1 of 2023*

**State Finances Audit Report  
of  
the Comptroller and Auditor General of India**

**for the year ended 31 March 2022**

**Government of Meghalaya**  
*Report No.1 of 2023*



## TABLE OF CONTENTS

	<i><b>Paragraph(s)</b></i>	<i><b>Page(s)</b></i>
<b>Preface</b>	v	
<b>Executive Summary</b>	vii	
<b>CHAPTER I</b> <b>Overview</b>		
Profile of the State	1.1	1
Basis and Approach to State Finances Audit Report	1.2	2
Report Structure	1.3	3
Overview of Government Account Structure and Budgetary Processes	1.4	3
Fiscal Balance: Achievement of deficit and total debt targets	1.5	11
Fiscal Policy Statements	1.6	13
Deficits after examination in Audit	1.7	13
Conclusion	1.8	14
Recommendations	1.9	15
<b>CHAPTER II</b> <b>Finances of the State</b>		
Introduction	2.1	17
Major changes in Key fiscal aggregates during 2021-22 <i>vis-à-vis</i> 2020-21	2.2	17
Sources and Application of Funds	2.3	17
Resources of the State	2.4	18
Application of Resources	2.5	32
Public Account	2.6	46
Debt Management	2.7	51
Debt Sustainability Analysis	2.8	56
Conclusion	2.9	59
Recommendations	2.10	61
<b>CHAPTER III</b> <b>Budgetary Management</b>		
Budget Process	3.1	63
Budget projection and gap between expectation and actual	3.1.1	65
Charged and Voted disbursements during the year	3.1.2	66
Sub-optimal utilisation of budgeted funds	3.1.3	67
Expenditure incurred without authority of law	3.1.4	68
Expenditure on New Services/ New Instrument of Service	3.1.5	69
Unnecessary or excessive supplementary Grants	3.1.6	69
Unnecessary or excessive re-appropriation	3.1.7	70
Large savings	3.1.8	72
Surrender of funds	3.1.9	73
Excess expenditure and its regularisation	3.1.10	74
Supplementary Provision and opportunity cost	3.1.11	75

	<i><b>Paragraph(s)</b></i>	<i><b>Page(s)</b></i>
Major policy pronouncements in budget and their actual funding for ensuring implementation	3.1.12	75
Misclassification of expenditure	3.1.13	76
Review of Selected Grants	3.2	76
<i>Review of Grant Number-56- Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges</i>	3.2.1	76
<i>Review of Grant Number-43 - Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Capital Outlay on Housing, Capital Outlay on Crop Husbandry, Investments in Agricultural Financial Institution</i>	3.2.2	79
<i>Review of Grant Number-21 - General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, Sports, Art and Culture, Capital Outlay on North Eastern Areas.</i>	3.2.3	82
Conclusion	3.3	84
Recommendations	3.4	84

#### **CHAPTER IV** **Quality of Accounts and Financial Reporting Practices**

Funds kept outside the Consolidated Fund of the State	4.1	85
Funds transferred directly to State implementing agencies	4.2	87
Funds lying unutilised in the bank account of DDOs	4.3	88
Delay in submission of Utilisation Certificates	4.4	88
Abstract Contingent bills	4.5	90
Personal Deposit Accounts	4.6	90
Indiscriminate use of Minor Head 800	4.7	91
Outstanding balance under major Suspense and DDR heads	4.8	94
Non-reconciliation of Departmental figures	4.9	95
Reconciliation of Cash Balances	4.10	96
Compliance with Accounting Standards	4.11	97
Submission of Accounts/Separate Audit Reports of Autonomous Bodies	4.12	98
Arrears in finalisation of Accounts of PSUs	4.13	98
Non-submission of details of grants / loans given to bodies and authorities	4.14	99
Autonomous District Councils (ADCs)	4.15	99
Timeliness and Quality of Accounts	4.16	101
Misappropriations, losses, thefts, etc.	4.17	102
Follow up action on State Finances Audit Report	4.18	103
Conclusion	4.19	104
Recommendations	4.20	104

## APPENDICES

<b>Appendix No.</b>	<b>Particulars</b>	<b>Page (s)</b>
Appendix 2.1	Time Series Data on State Government Finances	107
Appendix 3.1	Glossary of important Budget related terms	111
Appendix 3.2	Details of cases where Supplementary Provision proved unnecessary	114
Appendix 3.3	Excess/unnecessary Re-appropriation	115
Appendix 3.4	List of Grants having large savings (savings above ₹ 100 crore during the year)	127
Appendix 3.5	Grant-wise utilisation of funds	128
Appendix 3.6	Excess over provision of previous years requiring Regularisation	130
Appendix 3.7	Statement showing the details of incomplete projects where no expenditure was incurred during the year 2021-22	132
Appendix 4.1	Statement showing Funds transferred by Government of India directly to State Implementing Agencies (including Government Departments)	135
Appendix 4.2	Funds lying in bank accounts of eight Drawing and Disbursement Officers	139
Appendix 4.3	Statement showing arrears of Accounts as on 30 September 2022	140
Appendix 4.4	Statement showing names of Autonomous Bodies and Authorities, the accounts of which had not been received under Section 14 (1) and 15	141
Appendix 4.5	Total Number of accounts and accounts excluded from monthly Civil Accounts during 2021-22	143



## PREFACE

This Report on Finances of the State Government of Meghalaya, has been prepared for submission to the Governor of Meghalaya under Article 151 (2) of the Constitution of India for being laid in the Legislature of the State.

1. **Chapter I** describes the basis and approach to the Report and the underlying data, providing an overview of the structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the fiscal/revenue deficits/surplus.
2. **Chapter II** of this Report 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 period from 2017-18 to 2021-22, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
3. **Chapter III** 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.
4. **Chapter IV** provides 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 Departments of the State Government.



# **EXECUTIVE SUMMARY**



## EXECUTIVE SUMMARY

### The Report

The State Finances Audit Report of the Government of Meghalaya for the year ended 31 March 2022 provides an analytical review of the finances of the State Government. This report is primarily based on an analytical assessment of the audited accounts of the Government for the year ended 31 March 2022. The Report has four Chapters:

**Chapter I** gives the Overview of the finances of the State Government.

**Chapter II** is based on the Finance Accounts and makes an assessment of the finances of the State Government as on 31 March 2022.

**Chapter III** is based on audit of Appropriation Accounts and reviews the budgetary management of the State Government.

**Chapter IV** contains observations on the quality of accounts and financial reporting practices.

### 2 Audit Findings

#### 2.1 Fiscal Position

*The fiscal position of the State is reviewed in terms of key fiscal parameters – Revenue Deficit/ Surplus, Fiscal Deficit/ Surplus and the ratio of Outstanding Debt to Gross State Domestic Product (GSDP).*

The State achieved a growth rate of 8.96 *per cent* of GSDP during 2021-22, as compared to negative growth rate of 0.15 *per cent* during 2020-21. The GSDP growth rate indicated that the economy had achieved the growth levels of pre pandemic years during 2018-19 and 2019-20, after the downturn of 2020-21.

However, the increase of GSDP of Meghalaya (8.96 *per cent*) was lower than of national Gross Domestic Product (GDP) (19.51 *per cent*), indicating that there is a need for further infusion of capital investment, especially in the services sector which is a major contributor to the GSDP.

Both revenue receipts and revenue expenditure were higher than the previous year, though in comparison to the budget estimates they fell short by 6.29 *per cent* and 2.41 *per cent* respectively. Higher growth of revenues – both tax and non-tax revenues, and increase in Grants-in-Aid and other contributions, as well as enhanced share of union taxes and duties contributed towards revenue surplus of ₹ 653.92 crore. The budget estimates, however, had projected a surplus of ₹ 1,275.32 crore, indicating that the government had expected a higher revenue collection, but the actual tax revenue fell short by 11 *per cent* and non-tax revenue was short of budget estimates by 24 *per cent*. The overall shortfall in revenue receipts over budget estimates was more than five *per cent* and was

pegged at 6.29 *per cent*. While the state's share in union taxes and duties is a function of overall economic growth at national level leaving little fiscal space for the State government to manoeuvre, the State has a considerable dependence on Grants-in-Aid and other contributions from the Union. Thus, a shortfall of 29 *per cent* in the receipts under grants in aid, over estimated value, is bound to have impacted the allocations to key sectors of the economy. Surplus on revenue account was partly a result of actual revenue expenditure being 2.42 *per cent* lower than the budget estimates.

In the capital budget, the receipts of ₹ 4,044.36 crore exceeded the Budget Estimates (BEs) by ₹ 1,766.65 crore during the year, showing an increase of 78 *per cent* over the estimated values. However, both Capital Expenditure at ₹ 2,837.12 crore and capital outlay at ₹ 2,751.79 crore, were short of the BEs by ₹ 529.75 crore and ₹ 64.71 crore respectively. The overall capital expenditure as percentage of GSDP was 7.50 *per cent*, as compared to 5.23 *per cent* in the previous year. This indicated that borrowed capital was being channelled towards financing of the government's revenue expenditure.

As far as fiscal deficit was concerned, at 5.71 *per cent* during 2021-22, it was higher than the target of 4-4.5 *per cent* set in the Meghalaya Fiscal Responsibility and Budget Management (FRBM) (Amendment) Act, 2022. In monetary terms, the Fiscal Deficit was pegged at ₹ 2,158.79 crore which was higher by ₹ 97.41 crore (4.73 *per cent*) than the assessment made in the BEs of ₹ 2,061.38 crore. The Primary Deficit was pegged at ₹ 1,195.52 crore which was higher by ₹ 181.00 crore (17.84 *per cent*) than the assessment made in the BEs, indicating a growing interest payment burden on the state's finances. Over the last five-year period, the ratio of total outstanding debt as percentage of GSDP has consistently been above the target ratio of 28 *per cent* of GSDP.

### ***Recommendations***

- *In order to achieve comparative growth rate as at the national level, the State Government should make efforts to improve its capital spending which will act as a facilitator for private investment in all sectors of the economy.*
- *State Government needs to make efforts to achieve the projections/ targets on major fiscal parameters, made in the Meghalaya FRBM Act through prudent financial management.*

***(Chapter I)***

## **2.2    Finances of the State**

Analysis of state of finances of the Government of Meghalaya, in terms of its total receipts and expenditure for the financial year (FY) 2021-22 shows that the State turned into a Revenue Surplus State, from being a revenue deficit state during FY 2018-19 to 2020-21.

Revenue Receipts increased by 19.51 *per cent* from ₹ 9,273.48 crore in 2017-18 to ₹ 14,274.14 crore in 2021-22 at an average compound annual growth rate of 11.39 *per cent*. During 2021-22, the state's own revenue contributed approximately 19.79 *per cent* of the Revenue Receipts, while Central Tax Transfers and Grants-in-

Aid together contributed 80.21 *per cent*. The contribution of central tax transfers and grants in aid in the total revenue kitty of the State over the past five years between 2017-22 has ranged between 74.28 *per cent* to 80.41 *per cent*. Thus, while State's own share of revenue has grown by about 20 *per cent* over the past five years, Central Tax Transfers and Grants-in-Aid continued to be the main source of Revenue Receipts for the State of Meghalaya, as for the other North-Eastern States.

Revenue Expenditure during 2021-22 which was ₹ 13,620.22 crore increased by 18.45 *per cent* compared to the previous year. The substantial increase in Revenue Expenditure was due to increased interest payments, medical and public health expenditure, Family Welfare expenditure and assistance to Power sector. Revenue expenditure as a proportion of total expenditure remained above 80 *per cent* indicating that lion's share of Government spending was on current expenditure on payment of wages and salaries, pension, rent and rates and payment of interest on outstanding debt.

Revenue expenditure as percentage of revenue receipts was 95.42 *per cent* indicating that more than 95 *per cent* of revenue receipts went into financing revenue expenditure. However, decrease in Revenue Expenditure as percentage of Revenue Receipts from 107.63 *per cent* in 2020-21 to 95.42 *per cent* in 2021-22 has improved the Fiscal Deficit gap from 7.79 *per cent* in 2020-21 to 5.71 *per cent* in 2021-22.

Capital outlay during 2021-22 was ₹ 2,751.79 crore and increased by 58.69 *per cent* over the previous year. Capital Expenditure as a percentage of total expenditure has remained stagnant at 15 *per cent* over the period 2017-18 to 2021-22.

As on 31 March 2022, there were 124 incomplete projects which had over-shot their schedules by one to more than 10 years. The expenditure incurred on these 124 incomplete projects was ₹ 796.15 crore.

Receipts in public account (₹5,098.35 crore) exceeded the disbursements (₹ 4,948.45 crore) by ₹ 149.90 crore during 2021-22.

As on 31 March 2022, the State Disaster Response Fund (SDRF) had an unutilised balance of ₹ 152.03 crore. As the SDRF is an interest bearing Reserve Fund, the liability of interest payment rests with the State Government. Non-payment of interest amounting to ₹ 0.28 crore resulted in overstatement of Revenue Surplus to that extent.

During 2021-22, the State Government issued guarantees of ₹ 2,980.44 crore. However, the State Government did not receive any amount towards guarantee commission. Guarantee Commission works out to ₹ 15.24 crore during 2021-22. The accumulated balance of outstanding Guarantee Commission Fee was ₹ 79.19 crore as on 31 March 2022.

The prevalence of Fiscal Deficit during 2017-22 indicated continued reliance of the State on borrowed funds, resulting in increased fiscal liabilities of the State over the period 2017-22. Fiscal liabilities increased by ₹ 1,862.35 crore (13.67 *per cent*) during 2021-22 compared to previous year. The fiscal liabilities during 2021-22 stood at 40.92 *per cent*

of the GSDP and exceeded the limit of total outstanding Debt-GSDP ratio target (28 per cent) fixed in the State FRBM Act, 2006.

Cash Balances of the State Government at the end of the current year decreased by ₹ 205.16 crore from ₹ 162.49 crore in 2020-21 to (-) ₹ 42.67 crore in 2021-22. Cash Balance investment decreased from ₹ 81.10 crore in 2020-21 to ₹ 16.87 crore in 2021-22.

#### ***Recommendations***

- *State Government needs to make sincere efforts to augment its own resources and reduce its over-dependence on Government of India (GoI) funds*
- *State Government should take corrective action for quick completion of incomplete projects in order to avoid time and cost overrun besides blockade of funds. Stringent actions should be taken against defaulting contractors in the form of levying penalty clauses and blacklisting of the contractors.*

#### **(Chapter II)**

#### **2.3 Budgetary Management**

Against total budget allocation of ₹ 20,390.22 crore, the expenditure was ₹ 18,883.97 crore (92.61 per cent) of the total budget allocation. Therefore, the supplementary provision of ₹ 2,786.99 crore could not be utilised fully. Out of the gross savings of ₹ 3,086.92 crore, ₹ 2,731.01 crore (88.47 per cent) was surrendered on the last working day of March 2022, in violation of Budget Rules.

There were four instances where expenditure of ₹ 1,249.55 crore was incurred without authority of law, unnecessary supplementary provision of ₹ 213.36 crore in 15 cases.

During the current year, expenditure under four Grants amounting to ₹ 1,580.67 crore (two Grants under Revenue Section and two Grants under Capital Section) was in excess of authorisation and require regularisation under Article 205 of the Constitution. Excess expenditure of ₹ 1,762.38 crore (from 1971-72 to 2020-21) was yet to be regularised as on 31 March 2022.

During the year 2021-22, there was misclassification of expenditure as Government of Meghalaya incorrectly booked expenditure of ₹ 18.11 crore under Capital Section instead of Revenue Section and ₹ 2.00 crore under Revenue Section instead of Capital Section as had been determined from the purpose of expenditure.

#### ***Recommendations***

- *Finance Department may provide supplementary Grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments, to avoid under or overspending by them.*
- *The Grants showing persistent savings may be reviewed by concerned departments to ascertain and address the cause for such savings.*

- *The Finance Department may ensure that the cases of expenditure in excess without budgetary provisions are avoided as it undermines Legislative Authority.*
- *Excess expenditure remaining un-regularised for prolonged periods need to be viewed seriously as this dilutes parliamentary control over the exchequer. The State Government should also ensure that the excess expenditure is regularised at the earliest.*

**(Chapter III)**

## **2.4 Quality of accounts and financial reporting practices**

Audit observed various instances of non-observance of financial rules and procedures and absence of financial controls.

As on 31 March 2022, 307 Utilisation Certificates (UCs) for ₹ 2,373.52 crore were outstanding for submission. Since huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds, the State Government should monitor this aspect closely and not only hold the concerned persons accountable for submission of UCs in a timely manner to the Finance Department as well as PAG (A&E) but review disbursement of further Grants to defaulting Departments.

As of March 2022, 35 Detailed Countersigned Contingent (DCC) bills amounting to ₹ 4.50 crore were outstanding. Major defaulter in this regard is the Election Department where AC bills of ₹ 3.25 crore (*72.22 per cent*) remained outstanding as of 31 March 2022.

During 2021-22, the State Government booked an expenditure of ₹ 2,858.39 crore under Minor Head 800 under 42 Revenue and Capital Major Heads of Accounts, constituting *17.46 per cent* of the total Revenue and Capital Expenditure of ₹ 16,372.02 crore. It was further observed that the State Government was providing budget provision/SGs / re-appropriations and booked expenditure under Minor Head-800 in spite of availability of suitable Sub-Heads. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

In the absence of annual accounts and their audit, proper utilisation of grants and loans disbursed to bodies and authorities and their accounting cannot be assured. It is observed that annual accounts of three autonomous bodies were outstanding since 2016-17 and accounts of Autonomous District Council (ADCs) for two to six years. Similarly, as on 30 September 2022, 35 accounts of 20 working PSEs were in arrears for one to six years. Out of the total arrears of 35 accounts for 2021-22, Meghalaya Transport Corporation (MTC) and Forest Development Corporation of Meghalaya Ltd. has maximum accounts in arrears for six and five years respectively. This requires urgent intervention at the highest level in order to have a realistic and timely assessment of their financial position and review of financial assistance to these bodies, authorities and PSUs due to arrears in their accounts.

There were also 72 instances of theft, misappropriation and loss involving Government money amounting to ₹ 113.87 lakh.

***Recommendations***

- *An accountability framework for submission of UCs in a timely manner to the Finance Department and PAG (A&E) may be put in place. Further disbursal of grants to Departments may strictly be linked to submission UCs.*
- *The Finance Department should, in consultation with the Principal Accountant General (A&E), conduct a comprehensive review of all items presently appearing under Minor Head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.*
- *Finance Department should consider evolving a system to expedite the process of compilation and submission of Annual Accounts by Government Bodies, Authorities, Autonomous Bodies and PSUs in order to have a realistic and timely assessment of their financial position. They should review further financial assistance to those entities who are in arrears of their Annual Accounts.*

***(Chapter IV)***



# **CHAPTER-I**

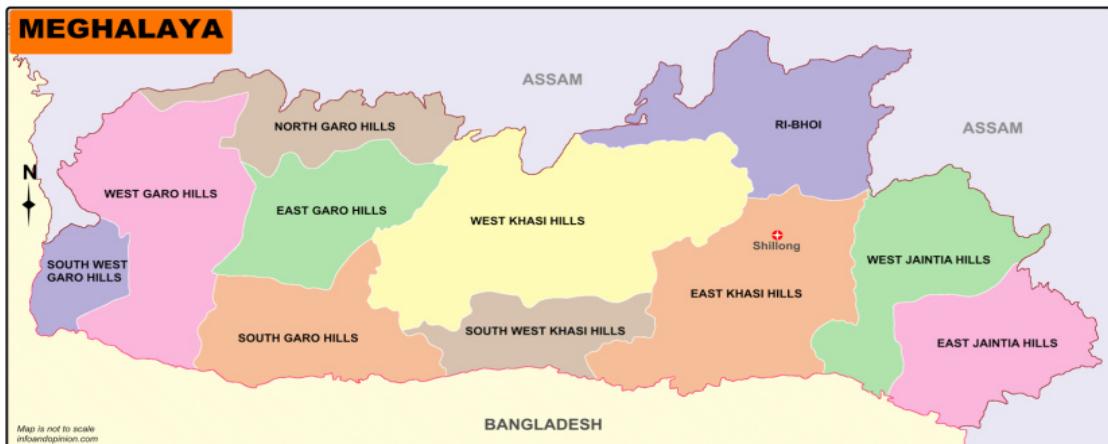
## **OVERVIEW**



# CHAPTER I: OVERVIEW

## 1.1 Profile of the State

Meghalaya is situated in the North Eastern Region of India and is bound in the north and east by Assam and in the south and west by Bangladesh.



**Table 1.1** presents the general data of the State in comparison with all India figures and financial data of the State as detailed below:

**Table 1.1: General data of the State in comparison with all India figures**

Sl. No.	Particulars	Meghalaya	All India
1.	Area in sq km.	22,429	32,87,263
2.	Population in lakh (2022)	33.18	14,172
3.	Density of Population (persons per sq km)	148	418
4.	Population below poverty line ( <i>per cent</i> )	11.87	21.92
5.	Literacy (Census 2011) ( <i>per cent</i> )	74.40	73.00
6.	Infant Mortality ( <i>per 1000 live births</i> )	29	28
7.	Gross State Domestic Product (GSDP)/ Gross Domestic Product (GDP) 2021-22 at current prices (₹ in crore)	37,830	2,36,64,637
8.	GSDP/GDP CAGR (2012-13 to 2021-22)	6.28	10.11
9.	Per capita GSDP/ GDP (2021-22)	90,638	1,46,087

*Source: Data compiled by the Economic Division, O/o the C&AG of India.*

The State is spread over a geographical area of 22,429 sq.km. (0.68 *per cent* of the country's total geographical area) and is home to around 33.18 lakh persons (0.24 *per cent* of the population of the country) as on March 2022. The State has 12 districts<sup>1</sup> and three Autonomous District Councils<sup>2</sup> under Sixth Schedule of the Constitution of India.

The Compound Annual Growth Rate (CAGR) in respect of GSDP of Meghalaya between 2012-13 and 2021-22 was 6.28 *per cent* which was lower than the CAGR of GDP (10.11 *per cent*) during the period. The per capita income of the State at current

<sup>1</sup> East Khasi Hills, West Garo Hills, West Jaintia Hills, West Khasi Hills, East Garo Hills, Ribhoi, South Garo Hills, South West Garo Hills, South West Khasi Hills, East Jaintia Hills, North Garo Hills and Eastern West Khasi Hills.

<sup>2</sup> Khasi Hills Autonomous District Council, Garo Hills Autonomous District Council, and Jaintia Hills Autonomous District Council.

prices was ₹ 90,638 during 2021-22, which was lower than the all-India average of ₹ 1,46,087.

**Table 1.2** presents the financial data of the State in comparison with North Eastern and Himalayan States (NE & HS).

**Table 1.2: Financial data of the State in comparison with ‘North Eastern and Himalayan States’  
(in per cent)**

<b>B. Financial Data (Compound Annual Growth Rate)</b>					
<b>Particulars</b>	<b>2012-13 to 2021-22</b>		<b>2020-21 to 2021-22</b>		
	<b>NE &amp; HS</b>	<b>Meghalaya</b>	<b>NE &amp; HS</b>	<b>Meghalaya</b>	
(a) Revenue Receipts	11.51	11.10	18.08	33.61	
(b) Own Tax Revenue	10.22	11.73	19.62	10.99	
(c) Non-Tax Revenue	7.16	0.88	2.90	0.27	
(d) Total Expenditure	11.47	12.03	16.14	24.28	
(e) Capital Expenditure	7.70	12.86	28.31	56.23	
(f) Revenue Expenditure on General Education	12.17	10.60	8.28	12.50	
(g) Revenue Expenditure on Health & Family Welfare	18.35	19.04	18.04	37.51	
(h) Salaries and Wages	10.67	9.92	7.53	12.16	
(i) Pension	16.34	14.88	25.75	13.38	

*Source: Data compiled by the Economic Division, O/o CAG of India.*

It is evident from the table that Meghalaya has performed significantly better in all financial aspects except for Non-Tax Revenue during 2012-13 to 2021-22. During current financial year also, it has performed better than all NE & HS in all financial aspects except Own Tax Revenue and Non-Tax Revenue.

## **1.2 Basis and Approach to State Finances Audit Report**

In terms of Article 151 (2) of the Constitution of India, the Reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151 (2) of the Constitution of India.

Principal Accountant General (Accounts & Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the State Government, and the statements received from the Reserve Bank of India. These accounts are audited independently by the Principal Accountant General (Audit) and certified by the CAG.

**Finance Accounts and Appropriation Accounts** of the State for the year 2021-22 constitute the core data for this Report. Other sources include the following:

- State Budget of the current year and previous three years, along with the State Financial Responsibility and Budget Management Act for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;

- Results of audit carried out by the Office of the Principal Accountant General (Audit);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other State related statistics; and
- Various audit reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the XV Finance Commission (FC), best practices and guidelines of Government of India. The draft Report is forwarded to the State Government for comments and replies of the Government, where received, are incorporated in this Report at appropriate places.

### 1.3 Report Structure

The SFAR is structured into the following four Chapters:

<b>Chapter - 1</b>	<b>Overview</b> 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 the State's fiscal position including the deficits/ surplus.
<b>Chapter - II</b>	<b>Finances of the State</b> 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 period from 2017-18 to 2021-22, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
<b>Chapter - III</b>	<b>Budgetary Management</b> 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.
<b>Chapter - IV</b>	<b>Quality of Accounts &amp; Financial Reporting Practices</b> 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.

### 1.4 Overview of Government Account Structure and Budgetary Processes

The Accounts of the State Government are kept in three parts:

#### 1. Consolidated Fund of the State (Article 266(1) of the Constitution of India)

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, etc.), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and

in the manner provided by the Constitution of India. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments, etc.), constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

## **2. Contingency Fund of the State (Article 267(2) of the Constitution of India)**

This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

## **3. Public Account of the State (Article 266(2) of the Constitution)**

Apart from the above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayables like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to vote of the Legislature.

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the government in respect of every financial year. This ‘Annual Financial Statement’ constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

**Revenue Receipts** consists of tax revenue, non-tax revenue, share of Union Taxes/Duties, and grants from Government of India.

**Revenue Expenditure** consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government departments and various services, interest payments on debt incurred by the Government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

**Capital Receipts** consist of:

- **Debt receipts:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, etc.
- **Non-debt receipts:** Proceeds from disinvestment, Recoveries of loans and advances.

**Capital Expenditure** includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the government to Public Sector Enterprises (PSEs) and other parties.

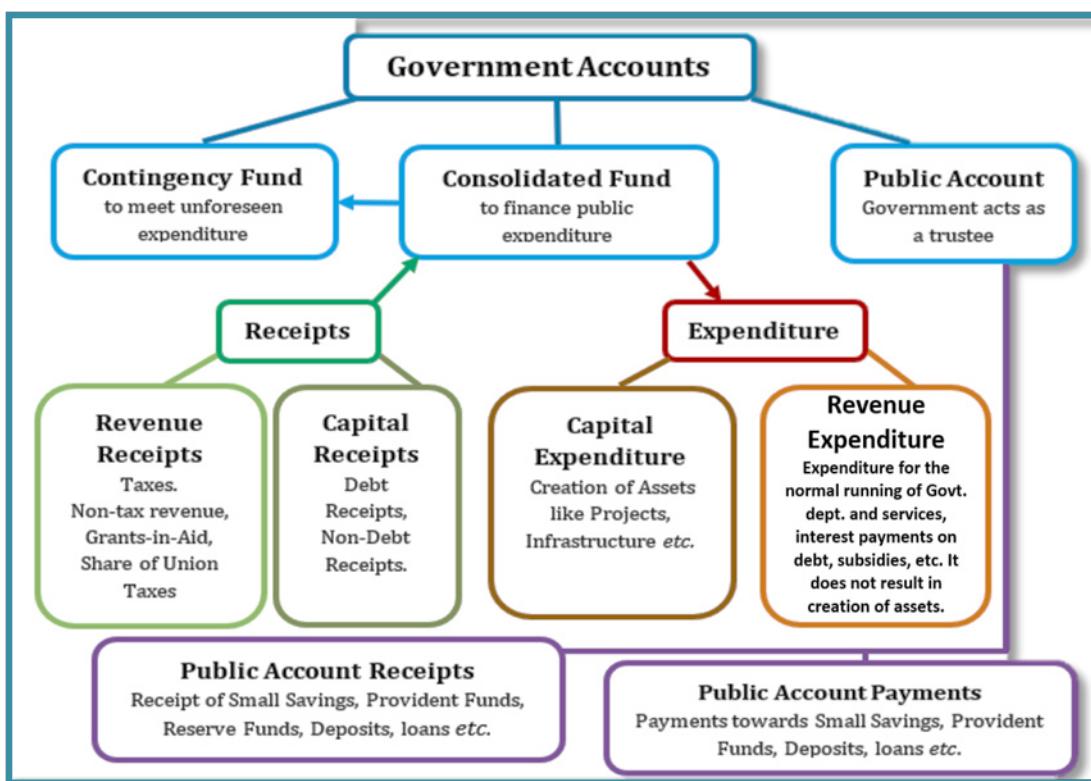
At present, we have an accounting classification system in government that is both functional and economic.

	Attribute of transaction	Classification
Standardised in LMMH by CGA	Function- Education, Health, etc./ Department	Major Head under Grants (4-digit)
	Sub-Function	Sub Major head (2-digit)
	Programme	Minor Head (3-digit)
Flexibility left for States	Scheme	Sub-Head (2-digit)
	Sub scheme	Detailed Head (2-digit)
	Economic nature/Activity	Object Head-salary, minor works, etc. (2-digit)

The functional classification lets us know the department, function, scheme or programme, and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt, etc. Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 is for Revenue Receipts, 2 and 3 for Revenue Expenditure, etc. Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, generally “salary” object head is Revenue Expenditure, “construction” object head is Capital Expenditure. Object head is the primary unit of appropriation in the budget documents.

**Chart 1.1** present the structure of Government Accounts.

**Chart 1.1: Structure of Government Accounts**



### Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of the State shall cause to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State, in the form of an **Annual Financial Statement**. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund. Some States have more than one consolidated Budget – there could be sub-budgets like Gender-based Budget, Agriculture Budget, Weaker sections (SC/ ST) Budget, Disability Budget, Outcome budget, etc.

The State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of the budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

#### 1.4.1 Gross State Domestic Product of the State

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time. **Table 1.3** presents trends in annual growth of India's GDP *vis-à-vis* the State's GSDP at current prices.

**Table 1.3: Trends in GSDP compared to the national GDP at Current Prices**

Year	2017-18	2018-19	2019-20	2020-21	2021-22	(₹ in crore)
GDP (2011-12 Series)	1,70,90,042	1,88,99,668 (3 <sup>rd</sup> RE)	2,00,74,856 (2 <sup>nd</sup> RE)	1,98,00,914 (1 <sup>st</sup> RE)	2,36,64,637 (PE)	
Growth rate of GDP (in per cent)	11.03	10.59	6.22	(-) 1.36	19.51	
State's GSDP (2011-12 Series)	29,508	32,176	34,770	34,719 (Q)	37,830 (A)	
Growth rate of GSDP (in per cent)	7.54	9.04	8.06	(-) 0.15	8.96	

*Source of data: Department of Economics and Statistics, Government of Meghalaya and Ministry of Statistics and Programme Implementation, Government of India's website.*

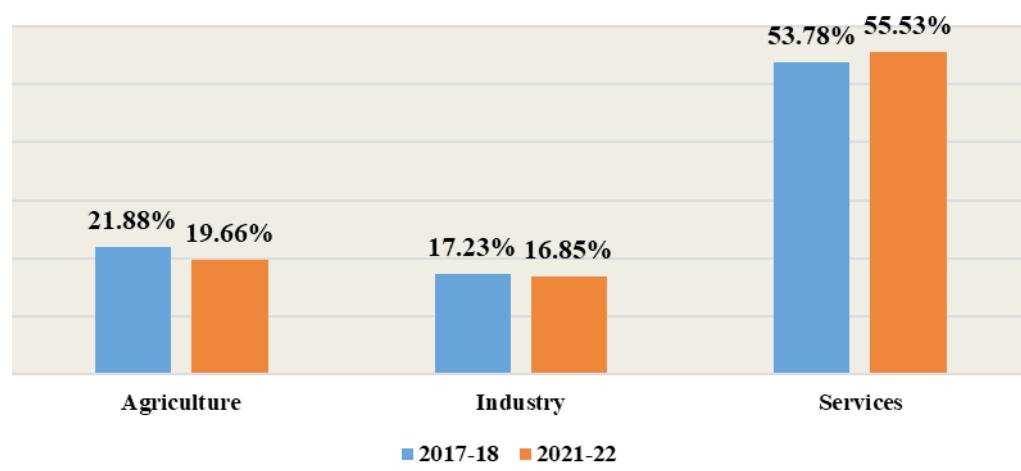
*Q= Quick Estimates, A= Advance Estimates*

The GSDP at current prices increased by 8.96 *per cent*, from ₹ 34,719 crore in 2020-21 to ₹ 37,830 crore in 2021-22 as against the assessed growth of 11.10 *per cent* by the XV FC. However, the increase of GSDP of Meghalaya (8.96 *per cent*) was lower than the National GDP (19.51 *per cent*).

#### Changes in sectoral headings in GSDP

Changes in sectoral contribution to the GSDP is also important to understand the changing structure of the economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture and Allied Activities, Industry and Services sectors. **Charts 1.2 and 1.3** present a sectoral analysis of GSDP of the State of Meghalaya.

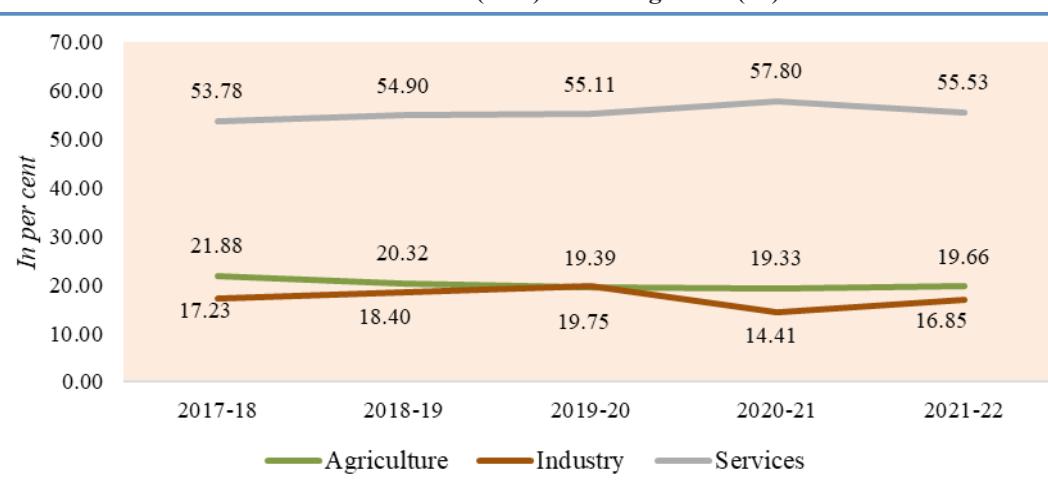
Chart 1.2: Change in sectoral contribution to GSDP (2017-18 and 2021-22)



Source: Information furnished by the Dy. Director, Department of Economic & Statistics, Meghalaya.

\*Apart from Agriculture, Industry and Services Sectors, remaining percentage of contribution towards GSDP was from Taxes on Products (9.51 per cent) and Subsidies on products (1.55 per cent).

Chart 1.3: Year over Year (YoY) Sectoral growth (%) in GSDP



Source: Information furnished by the Dy. Director, Department of Economic & Statistics, Government of Meghalaya.

As seen from the GSDP composition in **Charts 1.2** and **1.3** above, the Service Sectors is the main contributor to the State GSDP, with a contribution of *55.53 per cent* during 2021-22. During 2021-22, the Industry sector recorded growth rate of *16.85 per cent* as against the growth rate of *14.41 per cent* during 2020-21. On the other hand, the share of Services sector fell by *2.27 per cent* in 2021-22. The Agriculture sector contributed *19.66 per cent* to the GSDP in 2021-22, a slight increase from *19.33 per cent* in 2020-21.

#### 1.4.2 Snapshot of Finances

The budget papers presented by the State Government provide estimation of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviation from the Budget Estimates (BEs) indicates non-attainment of the desired fiscal objectives. **Table 1.4** presents the details of actual financial results *vis-à-vis* BEs for the year 2021-22 *vis-à-vis* actuals for 2020-21.

**Table 1.4: Variation in BEs vis-à-vis Actuals**

Sl. No.	Components	2020-21	2021-22		Percentage of Actuals to	
		Actuals	BEs	Actuals	BEs	GSDP
1	Tax Revenue	2,072.56	2,579.23	2,300.38	-10.81	6.08
2	Non-Tax Revenue	523.17	694.03	524.58	-24.42	1.39
3	Share of Union taxes/duties	4,551.63	5,104.88	6,580.63	28.91	17.40
4	Grants-in-Aid and Contributions	3,535.88	6,853.65	4,868.55	-28.96	12.87
<b>5</b>	<b>Revenue Receipts (1+2+3+4)</b>	<b>10,683.24</b>	<b>15,231.79</b>	<b>14,274.14</b>	<b>-6.29</b>	<b>37.73</b>
6	Recovery of Loans and Advances	27.77	30.17	24.41	-19.09	0.06
7	Other Receipts	NIL	NIL	NIL	NIL	NIL
8	Borrowings	2,441.89	2,247.54	4,019.95	78.86	10.63
<b>9</b>	<b>Capital Receipts (6+7+8)</b>	<b>2,469.66</b>	<b>2,277.71</b>	<b>4,044.36</b>	<b>77.56</b>	<b>10.69</b>
<b>10</b>	<b>Total Receipts (5+9)</b>	<b>13,152.90</b>	<b>17,509.50</b>	<b>18,318.50</b>	<b>4.62</b>	<b>48.42</b>
<b>11</b>	<b>Revenue Expenditure</b>	<b>11,498.62</b>	<b>13,956.47</b>	<b>13,620.22</b>	<b>-2.41</b>	<b>36.00</b>
12	of which, Interest payments	858.92	1,046.86	963.27	-7.98	2.55
<b>13</b>	<b>Capital Expenditure</b>	<b>1,815.95</b>	<b>3,366.87</b>	<b>2,837.12</b>	<b>-15.73</b>	<b>7.50</b>
14	Capital outlay	1,734.05	2,816.50	2,751.79	-2.30	7.27
15	Loans and advances	81.90	550.39	85.33	-84.50	0.23
<b>16</b>	<b>Total Expenditure (11+13)</b>	<b>13,314.57</b>	<b>17,323.34</b>	<b>16,457.34</b>	<b>-5.00</b>	<b>43.50</b>
<b>17</b>	<b>Revenue Surplus (+)/ Deficit (-)</b>	<b>-815.38</b>	<b>1,275.32</b>	<b>653.92</b>	<b>-48.73</b>	<b>1.73</b>
<b>18</b>	<b>Fiscal Deficit {(5+6+7)-16}</b>	<b>2,603.56</b>	<b>2,061.38</b>	<b>2,158.79</b>	<b>4.73</b>	<b>5.71</b>
<b>19</b>	<b>Primary Deficit (18-12)</b>	<b>1,744.64</b>	<b>1,014.52</b>	<b>1,195.52</b>	<b>17.84</b>	<b>3.16</b>

From the above table, the following were noticed:

As against estimated Revenue Surplus of ₹ 1,275.32 crore in the BEs of 2021-22, the actual Revenue Surplus was ₹ 653.92 crore as compared to Revenue Deficit of ₹ 815.38 crore during the previous year.

In comparison to the previous year, Government revenue collected was higher under Tax Revenue at ₹ 2,300.38 crore (up by ₹ 227.82 crore over 2020-21), Non-Tax Revenue at ₹ 524.58 crore (up by ₹ 1.41 crore) and Share of Union taxes/ duties at ₹ 6,580.63 crore (up by ₹ 2,029.00 crore). The Grants-in-Aid (GIA) and Contributions from GoI during 2021-22 was ₹ 4,868.555 crore, which was higher by ₹ 1,332.67 crore over the previous year.

Total Receipts of the State stood at ₹ 18,318.50 crore, higher than the BEs of ₹ 17,509.50 crore by 4.62 *per cent*. Revenue Receipts were ₹ 14,274.14 crore as against the BEs of ₹ 15,231.79 crore, showing a shortfall of 6.29 *per cent* (₹ 957.65 crore) over the estimates. Shortfall over BEs was particularly noticeable in Grants-in-Aid and Contributions (₹ 1,985.10 crore, 29 *per cent*), Tax Revenue (₹ 278.85 crore, 11 *per cent*) and Non-Tax Revenue (₹ 169.45 crore, 24 *per cent*).

On the expenditure side, Revenue Expenditure of the State during 2021-22 was ₹ 13,620.22 crore, which was higher by 18.45 *per cent* over the previous year. In comparison to the BEs, it fell short of by 2.41 *per cent*.

Capital Expenditure in 2021-22 was ₹ 2,837.12 crore which was higher by 56 *per cent* over the previous year. However, as percentage of GSDP, capital outlay was a mere 7.50 *per cent*. Similarly, capital outlay of ₹ 2,751.79 crore *vis-à-vis* BEs was less by 2.30 *per cent* (₹ 64.71 crore) during the year.

During 2021-22, a major jump of ₹1,578.06 crore was noticed in Government's borrowings (₹ 4,019.95 crore), an increase of 64.62 *per cent* over the previous year (₹ 2,441.89 crore). It was further noticed that the borrowings during the year exceeded the BEs (₹ 2247.54 crore) by 78.86 *per cent*.

In the overall analysis, it can be seen that the increase in both revenues and expenditure indicated that the state's economic growth was picking up after a two year period of slow down during 2019-20 and 2020-21.

#### 1.4.3 Snapshot of Assets and liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. **Table 1.5** presents the summarised position of assets and liabilities.

**Table 1.5: Summarised position of Assets and Liabilities**

(₹ in crore)

Liabilities					Assets				
		2020-21	2021-22	Increase (per cent)			2020-21	2021-22	Increase (per cent)
<b>Consolidated Fund</b>									
A	Internal Debt	9,931.96	11,244.83	13.22	A	Gross Capital Outlay	16,710.54	19,462.32	16.47
	Market loans	8,619.50	9,917.50	15.06		Investment in shares of Companies, etc.	2,650.39	2,657.07	0.25
	Loans from other institutions	1,312.46	1,327.33	1.13		Other Capital Outlay	14,060.15	16,805.25	19.52
B	Loans and Advances from GoI	430.28 <sup>3</sup>	921.15 <sup>4</sup>	114.08	B	Loans and Advances	920.88	981.81	6.62
<b>Contingency Fund</b>		<b>305.00</b>	<b>505.00</b>	65.57	<b>Contingency Fund</b>		<b>305.00</b>	<b>505.00</b>	-
<b>Public Account</b>									
A	Small Savings, Provident Funds, etc.	2,125.85	2,272.72	6.91	A	Advances	1.81	1.81	0.00
B	Deposits	1,066.64	1,090.37	2.22	B	Remittance	-	-	-
C	Reserve Funds	664.39	899.12	35.33	C	Suspense and Miscellaneous	88.88	139.20	56.62
D	Remittances	82.95	83.43	0.58	<b>Cash balance (incl. investment in Earmarked Fund)</b>		<b>769.12</b>	<b>651.53</b>	-15.29
<b>Total</b>		<b>3,939.83</b>	<b>4,345.64</b>	10.30	<b>Total</b>		<b>859.81</b>	<b>792.54</b>	-7.82
<b>Surplus in Revenue Account</b>		<b>4,189.16</b>	<b>4,725.05</b>						
<b>Total</b>		<b>18,796.23</b>	<b>21,741.67</b>		<b>Total</b>		<b>18,796.23</b>	<b>21,741.67</b>	

Source: Finance Accounts 2021-22.

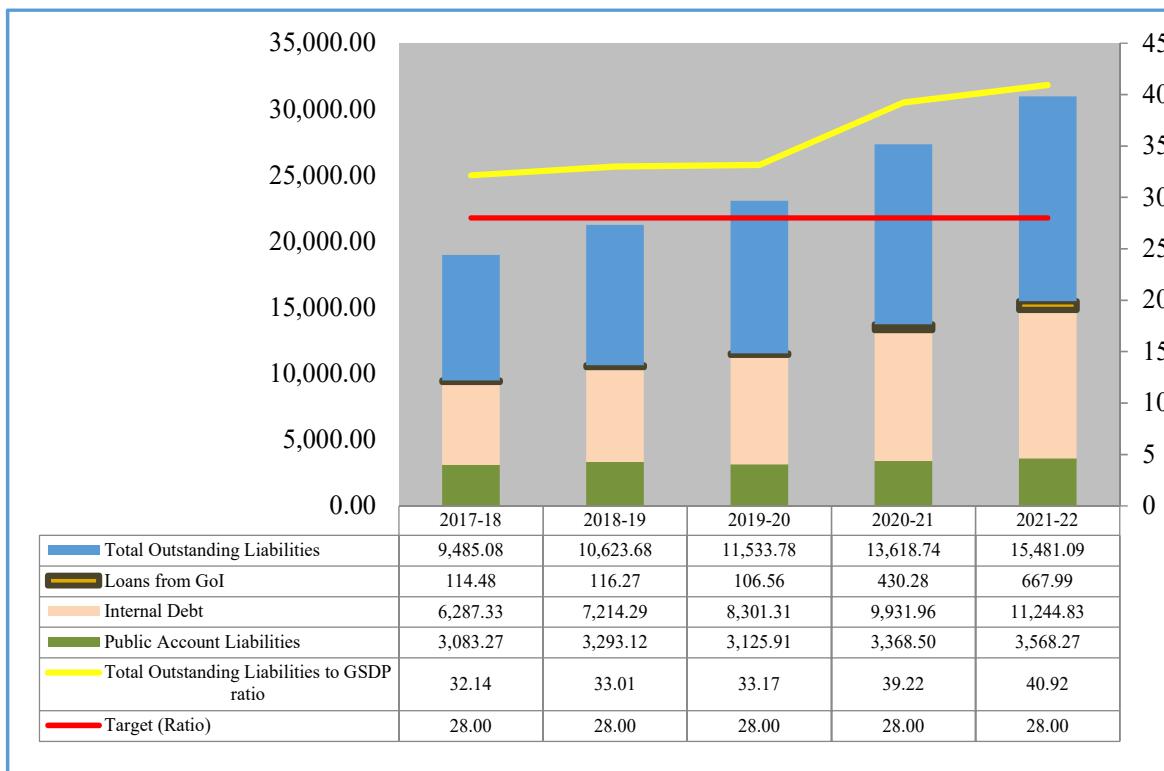
<sup>3</sup> Meghalaya received back-to-back loans of ₹ 112 crore in lieu of GST compensation under the debt receipts with no repayment liability of the State.

<sup>4</sup> Includes an amount of ₹ 253.16 crore (₹ 112 crore in 2020-21 and ₹ 141.16 crore in 2021-22) Back to Back loan by GoI in lieu of GST Compensation shortfall which will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

Liabilities on the Consolidated Fund of State, which include market loans and loans raised from financial institutions as well as loans and advances received from the GoI amounted to ₹ 12,165.98 crore, which is a sum to total internal debt and GoI loans, i.e. (₹ 11,244.83 crore + ₹ 921.15 crore). The increase in total liabilities was 17.41 *per cent*, over the previous year, total liabilities being ₹ 10,362.24 crore (₹ 9,931.96 crore + ₹ 430.28 crore) in 2020-21. This was primarily due to increase in loans and advances from the GoI<sup>5</sup> (114.08 *per cent*) and market loans<sup>6</sup> (15.06 *per cent*). After excluding the back-to-back loan of ₹ 112.00 crore and ₹ 141.16 crore by GoI which will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission during 2020-21 and 2021-22 respectively, the increase in loans and advances from the GoI was significantly higher by ₹ 461.71 crore (145.06 *per cent*) as compared to previous year.

**Charts 1.4** depicts the trends in fiscal liabilities and total liabilities to GSDP ratio during the five-year period 2017-22.

**Chart 1.4: Trends in Fiscal Liabilities and Total Liabilities to GSDP Ratio**



*Source: Finance Accounts 2021-22.*

<sup>5</sup> Loans and advances from GoI includes Loans for State/Union Territory Plan Schemes, Loan under Scheme for Special Assistance to States for Capital Expenditure, Loans for Centrally Sponsored Plan Schemes and Back -to-Back Loan to States in lieu of GST Compensation Shortfall.

<sup>6</sup> Market loans include: Loans from State Bank of India, Life Insurance Corporation, General Insurance Corporation, National Bank for Agriculture and Rural Development, Compensation and other bonds, Ways and Means Advances, Special Securities issued to National Social Security Fund, Loans from NCDC and Loans from other Institutions.

Outstanding liabilities of the State increased from ₹ 9,485.08 crore as on 31 March 2018 to ₹ 15,481.09<sup>7</sup> crore as on 31 March 2022. Compared to previous year, the outstanding liabilities at the end of 2021-22 increased by 13.67 *per cent* (₹ 1,862.35 crore).

The State failed to achieve the target of 28 *per cent* (Total Outstanding Liabilities to GSDP ratio) as set by the Meghalaya Fiscal Responsibility and Budget Management (MFRBM) Act, 2006 during the period 2017-18 to 2021-22.

### 1.5 Fiscal Balance: Achievement of deficit and total debt targets

The objective of prudent budget management is to achieve a healthy fiscal balance which while promoting economic growth prevents the economy from getting into a debt trap. The ways in which the deficit is financed and the resources raised are applied, are important pointers to its fiscal health.

This section presents trends, nature and magnitude of deficits and the manner of financing these deficits, and also the assessment of actual levels of revenue and Fiscal Deficits *vis-à-vis* targets set under MFRBM Act/ Rules for the financial year 2021-22. Three key fiscal parameters – Revenue, Fiscal and Primary Deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period.

**1. Revenue Deficit/Surplus** - Refers to the gap between Revenue Expenditure and Revenue Receipts.

**2. Fiscal Deficit/Surplus** - This is the difference between the Revenue Receipts *plus* Non-Debt Capital Receipts and the Total expenditure. Fiscal Deficit is reflective of the total borrowing requirements of Government.

**3. Primary Deficit/Surplus** - Primary Deficit is measured as Fiscal Deficit less interest payments.

In accordance with the recommendations of XII FC, Government of Meghalaya (GoM) has enacted the MFRBM Act, 2006. The performance of the State during the period 2017-18 to 2021-22 in terms of key fiscal targets set for selected parameters as per the MFRBM Act, as amended<sup>8</sup> *vis-à-vis* achievements are given in **Table 1.6**.

Table 1.6: Compliance with provisions of MFRBM Act

Fiscal Parameters	Fiscal targets set in the Act	Achievement				
		2017-18	2018-19	2019-20	2020-21	2021-22
<b>Revenue Deficit (-) / Surplus (+) (₹ in crore)</b>	Maintain Revenue Surplus	850.80	-537.32	-151.60	-815.38	653.92
		✓	✗	✗	✗	✓
<b>Fiscal Deficit (as percentage of GSDP)</b>	Three <i>per cent</i> (2017-18 to 2018-19)	237.24 (0.80)	2,026.08 (6.30)	1,103.77 (3.18)	2,603.56 (7.79)	2,158.79 (5.71)
	4.1 <sup>9</sup> <i>per cent</i> (2019-20)	✓	✗	✓	✗	✗

<sup>7</sup> Excludes an amount of ₹ 253.16 crore (₹ 112.00 crore + ₹ 141.16 crore) Back to Back loan by GoI in lieu of GST Compensation shortfall which will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission *etc.*

<sup>8</sup> September 2015, March 2020, March 2021 and September 2022.

<sup>9</sup> As per MFRBM (Amendment) Act, 2020.

Fiscal Parameters	Fiscal targets set in the Act	Achievement				
		2017-18	2018-19	2019-20	2020-21	2021-22
	5.00 <sup>10</sup> per cent (2020-21) 4.00-4.5 <sup>11</sup> per cent (2021-22)					
<b>Ratio of total outstanding debt to GSDP (in per cent)</b>	28 per cent	32.14	33.01	33.17	39.22*	40.92 <sup>+</sup>

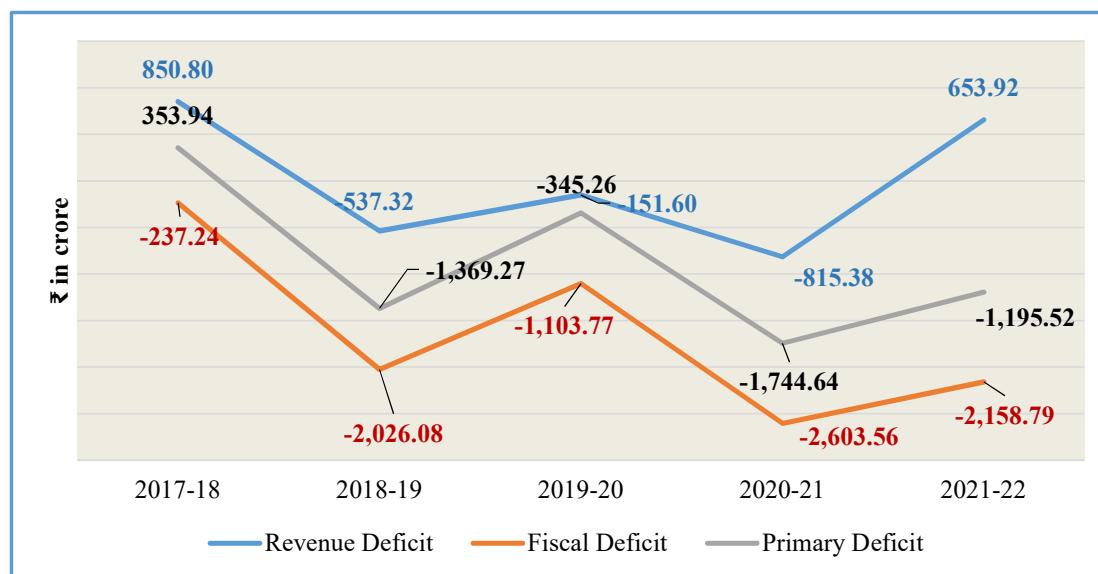
\*Excludes Back to Back loan of ₹ 112 crore.

+Excludes Back to Back loan of ₹ 253.16 crore (₹ 112.00 crore + ₹ 141.16 crore).

The State Government achieved Revenue Surplus of ₹ 653.92 crore during the year after a gap of three years *i.e.*, since 2018-19. However, Fiscal Deficit-GSDP ratio and Debt-GSDP ratio as targeted in the MFRBM could not be met. Fiscal Deficit at 5.71 per cent of GSDP was above the target (4 to 4.5 per cent) set under MFRBM (Amendment) Act, 2022. With regard to Debt-GSDP ratio, the State could not meet the projections in any of the five years since 2017-18.

**Chart 1.5** depicts the trends in surplus/ deficit parameters during the five-year period 2017-22.

**Chart 1.5: Trends in deficit parameters**



During 2021-22, though the Fiscal Deficit as *per cent* to GSDP decreased from 7.79 per cent in 2020-21 to 5.71 per cent, it was higher than the fiscal target of 4 to 4.5 per cent set in the MFRBM (Amendment) Act, 2022.

During the five-year period, the ratio of total outstanding debt as percentage of GSDP has steadily been above the targeted ratio of 28 per cent of GSDP. During 2020-21, it increased to 39.22 per cent over 33.17 per cent in 2019-20. Similarly, during 2021-22, it rose by 1.70 per cent to 40.92 per cent over the previous year.

<sup>10</sup> As per MFRBM (Amendment) Act, 2021.

<sup>11</sup> As per the MFRBM (Amendment) Act, 2022.

## 1.6 Fiscal Policy Statements (FPSs)

As per the MFRBM Act, 2006, the State Government shall in each financial year lay before the State Legislature, Fiscal Policy Statement (FPS) along with the Annual Budget. The FPS has to set forth a three-year rolling target for the prescribed fiscal indicators.

**Table 1.7** indicates the variation between the projections made for 2019-20, 2020-21 and 2021-22 in FPSs presented to the State Legislature along with the Annual Budget for 2019-20, 2020-21 and 2021-22 and Actuals for the year.

**Table 1.7: Actuals *vis-à-vis* projection in FPSs for 2019-22**

(₹ in crore)

Sl. No.	Fiscal Variables	Projection as per MTFPS			Actuals (Variations in <i>per cent</i> )		
		2019-20	2020-21	2021-22	2019-20	2020-21	2021-22
1	Tax Revenue (i + ii)	7,512.17	8,375.96	7,684.11	2,421.36 (-67.77)	2,595.73 (-69.01)	8,881.01 (15.58)
	(i) <i>Own Tax Revenue</i>	2,089.80	2,376.98	2,579.23	1,891.25 (-9.50)	2,072.56 (-12.81)	2,300.38 (-10.81)
	(ii) <i>Share of Central Taxes</i>	5,422.37	5,998.98	5,104.88	530.11 (-90.22)	523.17 (-91.28)	6,580.63 (28.91)
2	Non-Tax Revenue	600.57	690.29	694.03	4,211.78 (601.30)	4,551.63 (559.38)	524.58 (-24.42)
3	GIA from GoI	6,325.22	6,286.34	6,853.65	2,780.38 (-56.04)	3,535.88 (-43.75)	4,868.55 (-28.96)
4	Revenue Receipts (1+2+3)	14,437.96	15,352.59	15,231.79	9,413.52 (-34.80)	10,683.24 (-30.41)	14,274.14 (-6.29)
5	Revenue Expenditure	13,699.48	14,427.58	13,956.47	9,565.12 (-30.18)	11,498.62 (-20.30)	13,620.22 (-2.41)
6	Revenue Deficit (-) / Surplus (+) (4-5)	738.48	925.01	1,275.32	-151.60 (-120.53)	-815.38 (-188.15)	653.92 (-48.73)
7	Fiscal Deficit (-)/ Surplus (+)	-1,322.84	-1,535.62	-1,570.39	-1,103.77 (-16.56)	-2,603.56 (-69.87)	-2,158.79 (37.47)
8	Debt-GSDP ratio ( <i>per cent</i> )	30.64	37.39	39.55	33.17 (8.26)	39.22 (4.89)	40.92 (3.46)
9	GSDP growth rate at current prices ( <i>per cent</i> )	9.48	-8.34	8.89	8.06 (-14.98)	-0.15 (-98.20)	8.96 (0.79)

Source: Finance Accounts 2019-22 and State Budget 2020-23.

As can be seen from the table above, the projections made in FPSs relating to two key fiscal parameters *i.e.*, Revenue Deficit and Fiscal Deficit deviated significantly from (-) 49 *per cent* to (-)188.15 *per cent* and (-)69.87 *per cent* to 37.47 *per cent* respectively during 2019-22 as compared to the projections. Projections relating to Debt-GSDP ratio and growth rate of GSDP could not be met, with the years ending at a higher Debt to GSDP ratio, and with lower growth in GSDP than was projected in the FPSs.

## 1.7 Deficits after examination in Audit

**Table 1.8** depicts the assessment of actual surplus/deficit after taking into account incorrect classifications/ bookings by the State Government in its accounts of 2021-22.

**Table 1.8: Revenue and Fiscal Deficit, post examination by Audit**

Item	Impact on Revenue Surplus		Impact on Fiscal Deficit	
	Over-statement ₹ in crore)	Under-statement ₹ in crore)	Over-statement ₹ in crore)	Under-statement ₹ in crore)
Non-payment of interest on the balances under interest bearing Reserve Funds and Deposits: NPS: ₹ 0.06 crore; SCAF: ₹ 5.47 crore; and SDRF: ₹ 0.28 crore	5.81	-	-	5.81
Misclassification between revenue and capital	18.11	2.00	-	-
Short Government contribution to New-Pension Scheme.	1.29	-	-	1.29
Non-transfer towards State Disaster Mitigation Fund (SDMF)	13.20	-	-	13.20
<b>Total (Net) Impact</b>	<b>36.41 (Overstatement)</b>		<b>20.30 (Understatement)</b>	

*Source: Notes to Accounts of Finance Accounts, 2021-22.*

In view of the above, the Revenue Surplus and Fiscal Deficit of the State which were ₹ 653.92 crore and ₹ 2,158.79 crore would actually be ₹ 617.51 crore and ₹ 2,179.09 crore respectively.

### **1.8 Conclusion**

The State achieved a growth rate of 8.96 *per cent* of GSDP during 2021-22, as compared to negative growth rate of 0.15 *per cent* during 2020-21. The GSDP growth rate indicated that the economy had achieved the growth levels of pre pandemic years during 2018-19 and 2019-20, after the downturn of 2020-21.

However, the increase of GSDP of Meghalaya (8.96 *per cent*) was lower than of national GDP (19.51 *per cent*), indicating that there is a need for further infusion of capital investment, especially in the services sector which is a major contributor to the GSDP.

Both revenue receipts and revenue expenditure were higher than the previous year, though in comparison to the budget estimates they fell short by 6.29 *per cent* and 2.41 *per cent* respectively. Higher growth of revenues – both tax and non-tax revenues, and increase in Grants-in-Aid and other contributions, as well as enhanced share of union taxes and duties contributed towards revenue surplus of ₹ 653.92 crore. The budget estimates, however, had projected a surplus of ₹ 1,275.32 crore, indicating that the government had expected a higher revenue collection, but the actual tax revenue fell short by 11 *per cent* and non-tax revenue was short of budget estimates by 24 *per cent*. The overall shortfall in revenue receipts over budget estimates was more than five *per cent* and was pegged at 6.29 *per cent*. While the state's share in union taxes and duties is a function of overall economic growth at national level leaving little fiscal space for the State government to manoeuvre, the State has a considerable dependence on Grants-in-Aid and other contributions from the Union. Thus, a shortfall of 29 *per cent* in the receipts under grants in aid, over estimated value, is bound to have impacted the allocations to key sectors of the economy. Surplus on revenue

account was partly a result of actual revenue expenditure being *2.42 per cent* lower than the budget estimates.

In the capital budget, the receipts of ₹ 4,044.36 crore exceeded the BEs by ₹ 1,766.65 crore during the year, showing an increase of *78 per cent* over the estimated values. However, both Capital Expenditure at ₹ 2,837.12 crore and capital outlay at ₹ 2,751.79 crore, were short of the BEs by ₹ 529.75 crore and ₹ 64.71 crore respectively. The overall capital expenditure as percentage of GSDP was *7.50 per cent*, as compared to *5.23 per cent* in the previous year. This indicated that borrowed capital was being channelled towards financing of the government's revenue expenditure.

As far as fiscal deficit was concerned, at *5.71 per cent* during 2021-22, it was higher than the target of *4-4.5 per cent* set in the MFRBM (Amendment) Act, 2022. In monetary terms, the Fiscal Deficit was pegged at ₹ 2,158.79 crore which was higher by ₹ 97.41 crore (*4.73 per cent*) than the assessment made in the BEs of ₹ 2,061.38 crore. The Primary Deficit was pegged at ₹ 1,195.52 crore which was higher by ₹ 181.00 crore (*17.84 per cent*) than the assessment made in the BEs, indicating a growing interest payment burden on the state's finances. Over the last five-year period, the ratio of total outstanding debt as percentage of GSDP has consistently been above the target ratio of *28 per cent* of GSDP.

### **1.9 Recommendations**

- *In order to achieve comparative growth rate as at the national level, the State Government should make efforts to improve its capital spending which will act as a facilitator for private investment in all sectors of the economy.*
- *State Government needs to make efforts to achieve the projections/ targets on major fiscal parameters, made in the Meghalaya FRBM Act through prudent financial management.*





## **CHAPTER-II**

## **FINANCES OF THE STATE**



## CHAPTER II

### FINANCES OF THE STATE

#### 2.1 Introduction

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 five year period from 2017-18 to 2021-22, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State. Information has also been obtained from the State Government where necessary.

#### 2.2 Major changes in Key fiscal aggregates during 2021-22 vis-à-vis 2020-21

**Table 2.1** gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2021-22, compared to the previous year.

**Table 2.1: Changes in key fiscal aggregates in 2021-22 compared to 2020-21**

<b>Revenue Receipts</b>	Revenue Receipts increased by ₹ 3,590.90 crore (33.61 <i>per cent</i> ) Own Tax Receipts increased by ₹ 227.82 crore (10.99 <i>per cent</i> ) Non-Tax Receipts increased by ₹ 1.41 crore (0.27 <i>per cent</i> ) State's Share of Union Taxes and Duties increased by ₹ 2,029.00 crore (44.58 <i>per cent</i> ) Grants-in-Aid from Government of India increased by ₹ 1,332.67 crore (37.69 <i>per cent</i> )
<b>Revenue Expenditure</b>	Revenue Expenditure increased by ₹ 2,121.60 crore (18.45 <i>per cent</i> ) Revenue Expenditure on General Services increased by ₹ 452.93 crore (11.32 <i>per cent</i> ) Revenue Expenditure on Social Services increased by ₹ 908.22 crore (20.89 <i>per cent</i> ) Revenue Expenditure on Economic Services increased by ₹ 760.45 crore (24.13 <i>per cent</i> ) Expenditure on Grants-in-Aid increased by ₹ 1,332.67 crore (37.69 <i>per cent</i> )
<b>Capital Expenditure</b>	Capital Expenditure increased by ₹ 1,017.74 crore (58.69 <i>per cent</i> ) Capital Expenditure on General Services increased by ₹ 39.26 crore (29.67 <i>per cent</i> ) Capital Expenditure on Social Services increased by ₹ 654.15 crore (121.22 <i>per cent</i> ) Capital Expenditure on Economic Services increased by ₹ 324.33 crore (30.54 <i>per cent</i> )
<b>Loans and Advances</b>	Disbursement of Loans and Advances increased by ₹ 3.43 crore (4.19 <i>per cent</i> ) Recoveries of Loans and Advances decreased by ₹ 3.36 crore (12.10 <i>per cent</i> )
<b>Public Debt</b>	Public Debt Receipts increased by ₹ 1,578.06 crore (64.62 <i>per cent</i> ) Repayment of Public Debt increased by ₹ 1728.68 crore (354.59 <i>per cent</i> )
<b>Public Account</b>	Public Account Receipts increased by ₹ 299.32 crore (6.24 <i>per cent</i> ) Disbursement of Public Account increased by ₹ 353.89 crore (7.70 <i>per cent</i> )
<b>Cash Balance</b>	Cash Balance decreased by ₹ 205.16 crore (126.26 <i>per cent</i> )

Each of the above fiscal aggregators is analysed in the succeeding paragraphs.

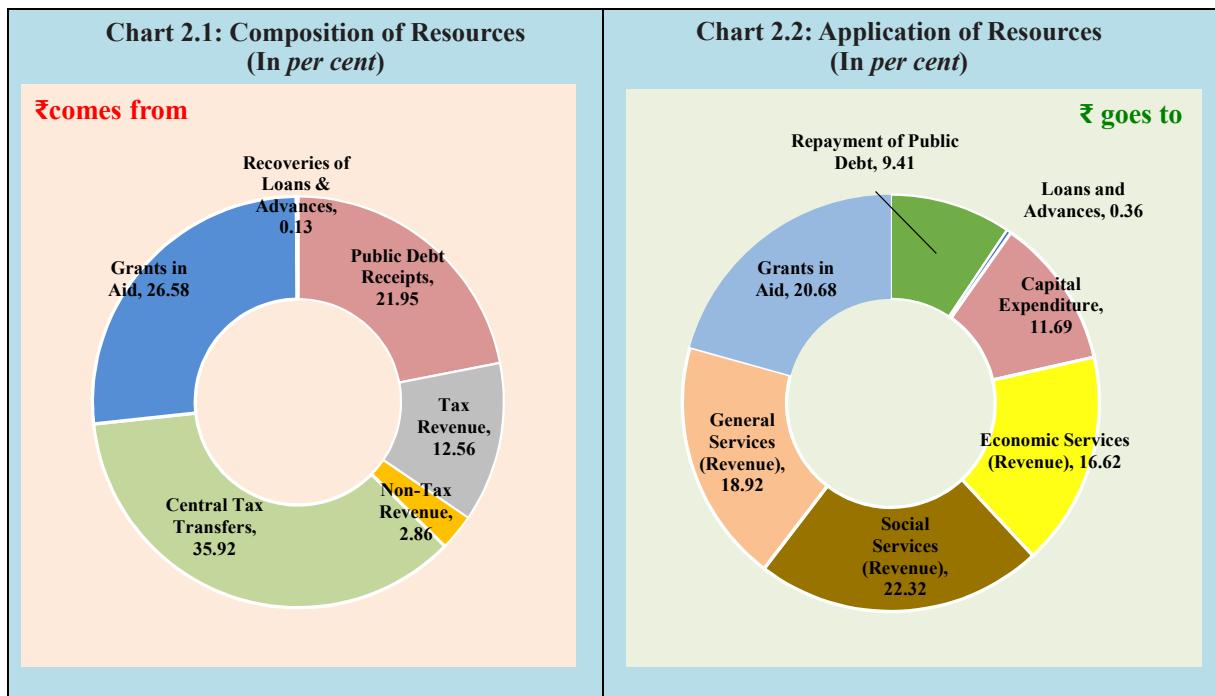
#### 2.3 Sources and Application of Funds

**Table 2.2** compares the sources and application of funds of the State during 2021-22 with 2020-21 in absolute terms, while **Charts 2.1** and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2021-22 in terms of percentages.

**Table 2.2: Details of Sources and Application of funds during 2020-21 and 2021-2022**  
 (₹ in crore)

	Particulars	2020-21	2021-22	Increase (+)/Decrease (-)
<b>Sources</b>	Opening Cash Balance with RBI	605.24	162.49	-442.75
	Revenue Receipts	10,683.24	14,274.14	3,590.90
	Recoveries of Loans and Advances	27.77	24.41	-3.36
	Public Debt Receipts (Net)	1,954.37	1,803.75	-150.62
	Public Account Receipts (Net)	204.48	149.90	-54.58
	Contingency Fund Receipts	1.96	200.00	198.04
	<b>Total</b>	<b>13,477.06</b>	<b>16,614.69</b>	<b>3,137.63</b>
<b>Application</b>	Revenue Expenditure	11,498.62	13,620.22	2,121.60
	Capital Expenditure	1,734.05	2,751.79	1,017.74
	Disbursement of Loans and Advances	81.90	85.34	3.44
	Appropriation to Contingency Fund <sup>6</sup>	-	200.00	200.00
	Contingency Fund disbursement	-	-	0.00
	Closing Cash Balance with RBI	162.49	(-)42.66	-205.15
	<b>Total</b>	<b>13,477.06</b>	<b>16,614.69</b>	<b>3,137.63</b>

*Source: Finance Accounts 2021-22.*



*Source: Finance Accounts 2021-22.*

## 2.4 Resources of the State

The resources of the State are described below:

**Revenue Receipts** consist of Tax Revenue, Non-Tax Revenue, State's share of Union taxes and duties and Grants-in-Aid from Government of India (GoI).

<sup>12</sup> Any Appropriation to Contingency Fund for increasing the Corpus of the Fund also forms part of the Total Expenditure.

**Capital Receipts** comprise debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks), loans and advances from GoI and miscellaneous Capital Receipts such as proceeds from disinvestments, recoveries of loans and advances.

Both Revenue and Capital Receipts form part of the Consolidated Fund of the State.

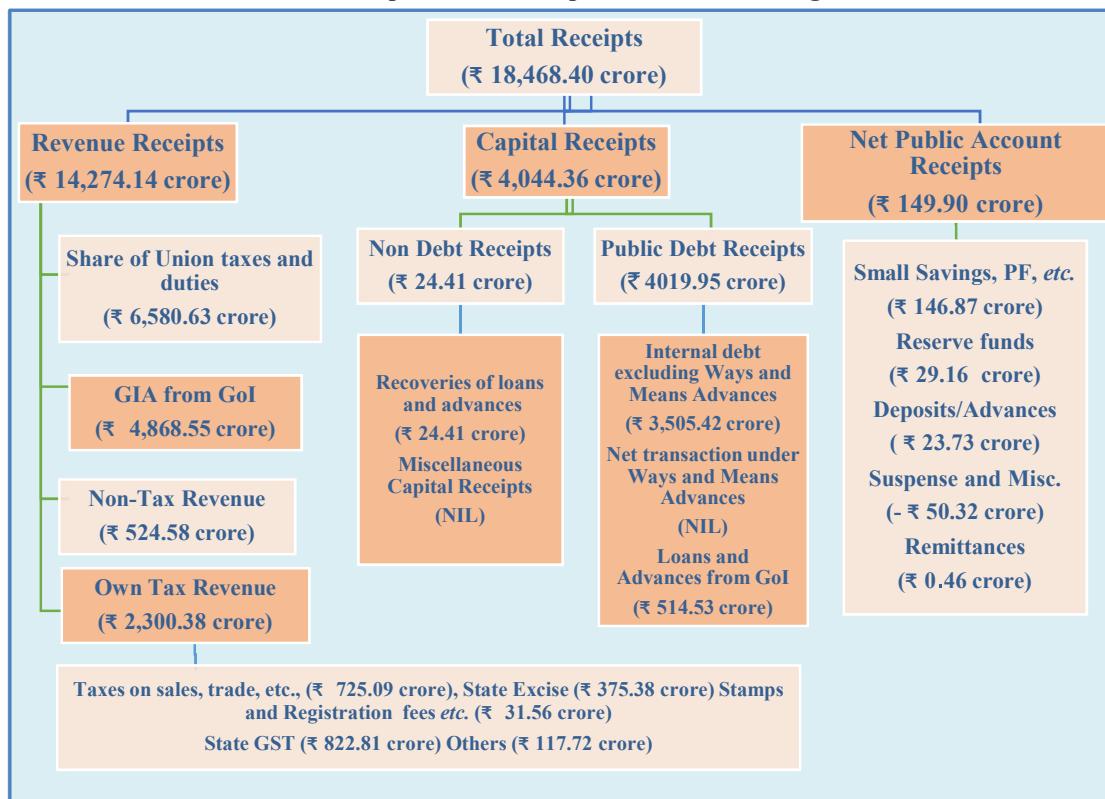
**Net Public Account Receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

#### 2.4.1 Receipts of the State

Chart 2.3 provides the composition of the overall receipts of the State. Besides, the Capital and Revenue Receipts, funds available in the Public Account (net of disbursement made from it) are also utilised by the Government to finance its deficit.

Chart 2.3: Composition of receipts of the State during 2021-22



Total Receipts of the State for 2021-22 was ₹ 18,468.40 crore, of which ₹ 14,274.14 crore (77 per cent) came from Revenue Receipts, while ₹ 4,044.36 crore (22 per cent) came from public debt receipts and recoveries of loans and advances, and ₹ 149.90 crore (one per cent) from net Public Account receipts.

## 2.4.2 State's Revenue Receipts

This section discusses the trends in Revenue Receipts and its components, trends in the receipts bifurcated into receipts from the Central Government and State's own receipts.

### 2.4.2.1 Trends and growth of Revenue Receipts

**Table 2.3** provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2017-22. Further, trends in Revenue Receipts relative to GSDP and components of Revenue Receipts are given in **Charts 2.4** and **2.5** respectively.

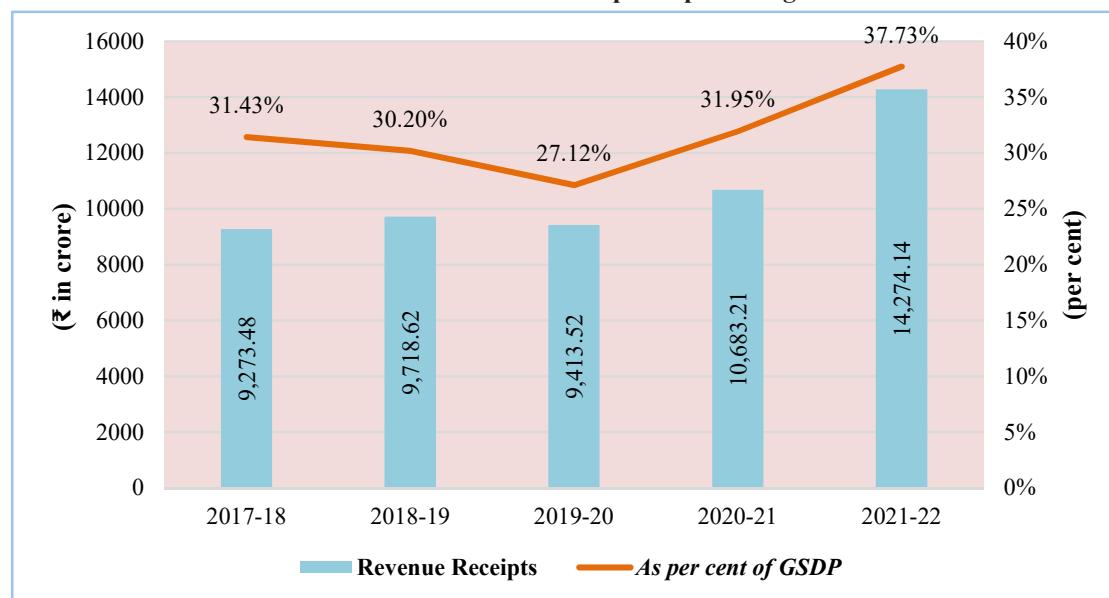
**Table 2.3: Trend in Revenue Receipts**

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Own Tax Revenue	1,450.10	1,793.24	1,891.25	2,072.56	2,300.38
Non-Tax Revenue	366.63	427.70	530.11	523.17	524.58
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) ( <i>per cent</i> )	-2.91	22.25	9.02	7.20	8.83
Revenue Receipts (RR) (₹ in crore)	9,273.48	9,718.62	9,413.52	10,683.24	14,274.14
Rate of growth of RR ( <i>per cent</i> )	3.74	4.80	-3.14	13.49	33.61
GSDP (₹ in crore) (2011-12 Series)	29,508	32,176	34,770	34,719	37,830
Rate of growth of GSDP ( <i>per cent</i> )	7.54	9.04	8.06	(-) 0.15	8.96
RR/GSDP ( <i>per cent</i> )	31.43	30.20	27.12	31.95	37.73
Buoyancy Ratios <sup>13</sup>					
Revenue Buoyancy w.r.t GSDP	0.50	0.53	-0.39	*	3.75
State's Own Revenue Buoyancy w.r.t GSDP	-0.39	2.46	1.12	*	0.99

*Source of GSDP figures: Department of Economics and Statistics, Government of Meghalaya.*

\*Not computed due to negative rate of growth rate of GSDP.

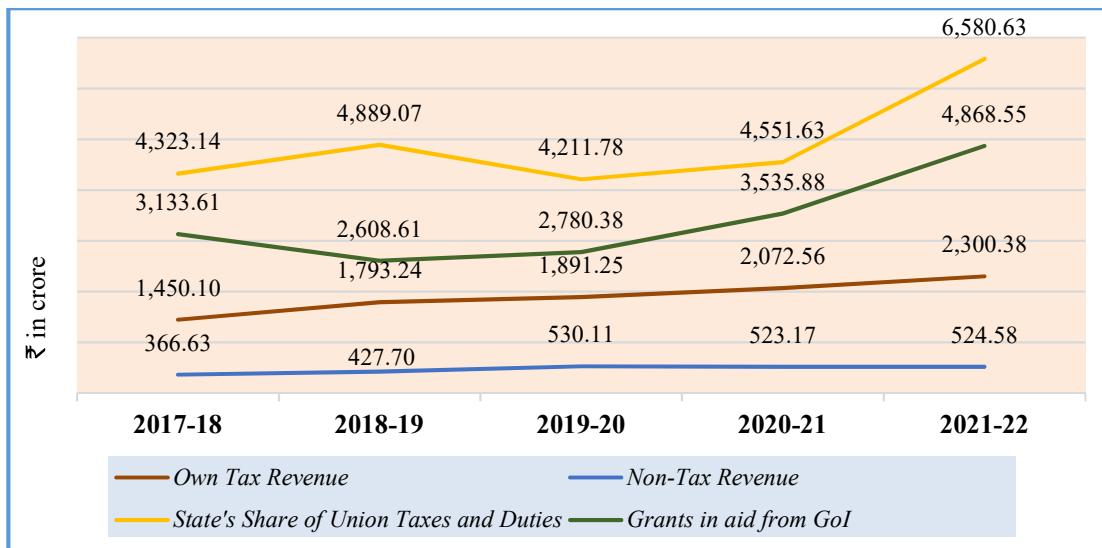
**Chart 2.4: Trend of Revenue Receipts as percentage of GSDP**



*Source: Finance Accounts of respective years.*

<sup>13</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 3.75 implies that Revenue Receipts tend to increase by 3.75 percentage points, if the GSDP increases by one per cent.

Chart 2.5: Trend of components of Revenue Receipts



Source: Finance Accounts of respective years.

#### General trends relating to Revenue Receipts of the State are as follows:

Revenue Receipts increased by 19.51 *per cent* from ₹ 9,273.48 crore in 2017-18 to ₹ 14,274.14 crore in 2021-22 at a compounded annual growth rate of 11.39 *per cent*. In this period, the State's own revenue increased from ₹ 1,816.73 crore to ₹ 2,824.96 crore, at CAGR of 11.67 *per cent*. On an average the State's own resources have contributed 22.45 *per cent* to Revenue Receipts.

During 2021-22, the State's own revenue contributed approximately 19.79 *per cent* of Revenue Receipts, while Central Tax Transfers and Grants-in-Aid together contributed 80.21 *per cent*. In comparison with the previous year, during 2021-22, State's Own Revenue has grown by 8.83 *per cent* compared to 7.20 *per cent* in the previous year. The contribution of Central Tax Transfers and Grants-in-Aid in the total revenue kitty of the State over the past five years between 2017-22 has ranged between 74.28 *per cent* to 80.41 *per cent*. State's share of Union Taxes & Duties and GIA from GoI increased by ₹ 2,029.00 crore (44.58 *per cent*) and ₹ 1,332.67 crore (37.69 *per cent*) respectively during 2021-22 over the previous year.

Thus, while State's own share of revenue has grown by about 20 *per cent* over the past five years, Central Tax Transfers and Grants-in-Aid continued to be the main source of Revenue Receipts for the State of Meghalaya, as for the other North-Eastern States.

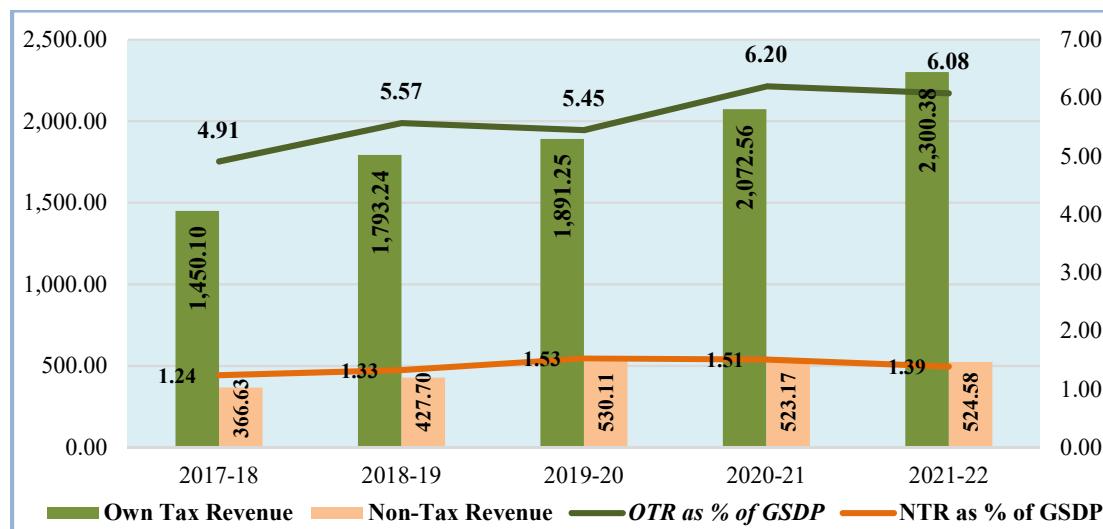
Revenue buoyancy, seen as a percentage point growth in revenue *vis-à-vis* GSDP growth, hovered around 0.50 during 2017-18 and 2018-19. During 2019-20, the same became negative indicating that tax and non-tax collections of the State did not contribute to the growth of the GSDP. Due to the impact of Covid-19 pandemic in 2020-21, revenue buoyancy could not be estimated due to negative growth. However, there is a jump of 3.75 in revenue buoyancy with respect to GSDP during 2021-22, which has also contributed to the Revenue Surplus budget during the year, as discussed in **Chapter-I**.

#### **2.4.2.2 State's Own Resources**

The State's performance in mobilisation of additional resources is assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. State's Own Tax Revenue sources comprises of Sales Tax, SGST, State Excise, Taxes on vehicles, Stamps Duty and Registration fees, Land Revenue, Taxes on goods and passengers and Other taxes, while Non-Tax Revenue sources include Interest Receipts, Dividends and Profits and Other non-tax receipts.

**Chart 2.6** depicts the five-year trend in the gross collections in respect of major Tax and Non-Tax Revenue and their relative share in GSDP during 2017-22. (Please refer to *Appendix 2.1* for details).

**Chart 2.6: Gross collections of Own Tax and Non-Tax Revenue and their share in GSDP during 2017-22**

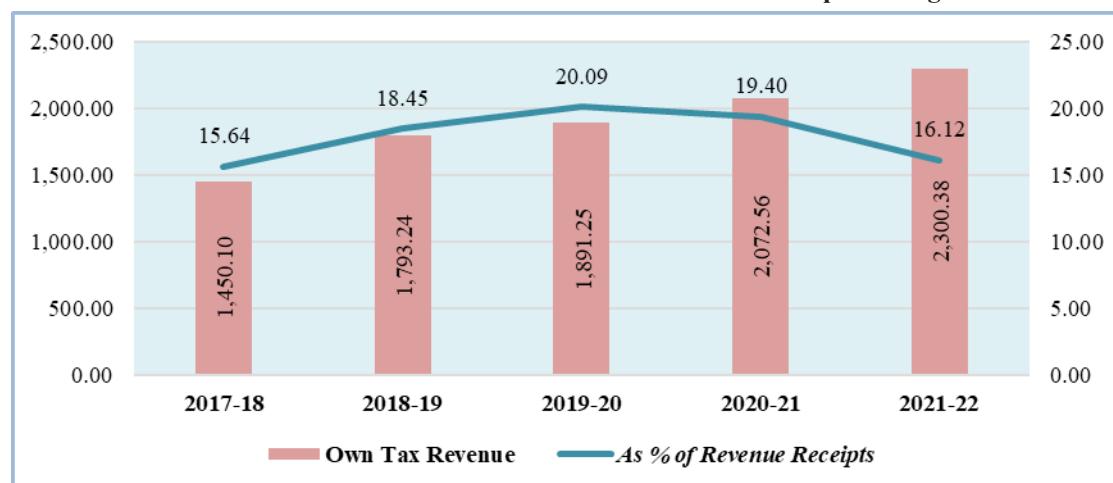


*Source: Finance Accounts of respective years.*

The State's own tax revenue as percentage of GSDP has hovered around five *per cent* to six *per cent* and is the main source of State's own revenues.

**Chart 2.7** presents the trend of growth of Own Tax Revenue of the State during the five-year period 2017-22.

**Chart 2.7: Growth of Own Tax Revenue vis-à-vis Revenue Receipts during 2017-22**



*Source: Finance Accounts of respective years.*

Own Tax Revenue of the State increased by ₹ 850.28 crore from ₹ 1,450.10 crore in 2017-18 to ₹ 2,300.38 crore in 2021-22 at a CAGR of 12.23 *per cent*. The major contributors were SGST (from ₹ 376 crore to ₹ 1,117.94 crore), State Excise (₹ 199.30 crore to ₹ 308.00 crore) and Taxes on vehicles (₹ 67.01 crore to ₹ 99.42 crore). The State also collected a fair share of Tax Revenue from Stamp duty and Registration fees (₹ 20.25 crore to ₹ 27.06 crore), Land Revenue (₹ 2.08 crore to ₹ 9.83 crore) and Taxes on goods and passengers (₹ 7.83 crore to ₹ 12.54 crore). **Table 2.4** presents the growth of major components of the State's own taxes.

**Table 2.4: Components of State's Own Tax Revenue**
*(₹ in crore)*

Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22	
					BEs	Actuals
Taxes on Sales, Trades, etc.	766.63	627.50	567.13	725.09	767.52	718.89
State Goods and Services Tax	376.00	805.96	909.78	822.81	489.30	1,117.94
State Excise	199.30	226.21	276.27	375.38	360.00	308.00
Taxes on Vehicles	67.01	86.95	99.24	78.62	125.00	99.42
Stamp duty and Registration Fees	20.25	26.19	20.34	31.56	21.30	27.06
Land Revenue	2.08	2.73	1.00	21.29	4.51	9.83
Taxes on Goods and Passengers	7.83	8.45	9.13	10.72	10.00	12.54
Other Taxes	11.00	9.25	8.36	7.09	801.60 <sup>14</sup>	6.70
<b>Total</b>	<b>1,450.10</b>	<b>1,793.24</b>	<b>1,891.25</b>	<b>2,072.56</b>	<b>2,579.23</b>	<b>2,300.38</b>

Source: Finance Accounts and Annual Financial Statement, Government of Meghalaya (2021-22).

During 2021-22, the State's Own Tax Revenue comprised 16.12 *per cent* of total Revenue Receipts, of which State Goods and Services Tax at ₹ 1,117.94 crore contributed to 48.60 *per cent* of Total Tax Revenue. Next highest source of Tax Revenue was Taxes on Sales, Trade, *etc.*, (31.25 *per cent*) and State Excise (13.39 *per cent*).

The increase in Own Tax Revenue over the previous year was mainly due to increase in collection of taxes under SGST by ₹ 295.13 crore (35.87 *per cent*) and Taxes on vehicles by ₹ 20.80 crore (26.46 *per cent*). On the other hand, tax collection reduced under State Excise by ₹ 67.38 crore (17.95 *per cent*), Land Revenue by ₹ 11.46 crore (53.83 *per cent*), Stamp Duty and Registration Fees by ₹ 4.50 crore (14.26 *per cent*), other taxes by ₹ 0.39 crore (5.50 *per cent*) and Taxes on Sales, Trades, *etc.* by ₹ 6.20 crore (0.86 *per cent*).

#### 2.4.2.3 State Goods and Services Tax (SGST)

Twelve years after the implementation of Value Added Tax (VAT) in 2005, the Union Government rolled out Goods and Services Tax (GST) on July 01, 2017. The Meghalaya Goods and Services Tax Act, 2017 was passed by the State Legislature on 15 June 2017 and made effective from 01 July 2017.

In the five years during which the GST Act has been in effect, revenue collected by Government of Meghalaya through SGST has risen by ₹ 741.94 crore from ₹ 376.00 crore in 2017-18 to ₹ 1,117.94 crore in 2021-22. The collections during 2021-22 included Advance Apportionment of IGST amounting to ₹ 46.61 crore.

<sup>14</sup> Includes Taxes and duties on electricity, Other taxes and duties on commodities and services and Other taxes on income and expenditure.

### **GST Compensation**

According to GST (Compensation to the States) Act 2017, the Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation to be paid is calculated by taking into account the projected revenue<sup>15</sup> with 2015-16 as the base year. In case of Meghalaya, the revenue during the base year 2015-16 was ₹ 636.17 crore. The projected revenue of the State for the year 2021-22 works out to ₹ 1,396.38 crore.

Details of SGST and compensation received by the State during April 2021 to March 2022 is given in **Table 2.5**.

**Table 2.5: Details of SGST and compensation received by the State**

(₹ in crore)

Particulars	Amount
Projected Revenue for 2021-22	1,396.38
State Goods & Service Tax	1,117.94
Collection of Pre-GST Taxes	10.05
<b>Total Collection</b>	<b>1,127.99</b>
<i>Compensation received (MH 1601)</i>	<i>162.93</i>
<i>Back-to-back loan in lieu of GST Compensation shortfall (MH 6004)</i>	<i>141.16</i>

*Source: Commissioner of Taxes, Government of Meghalaya (Provisional Figures).*

During 2021-22, State Government received compensation of ₹ 162.93 crore as Grant-in-Aid and ₹ 141.16 crore as ‘back-to-back loan in lieu of GST Compensation shortfall’ under debt receipts of the State Government, with no repayment liability to the State. The compensation is provisional and subject to adjustment in subsequent financial year (s) on receipt of audited figures.

### **Registration under Goods and Services Tax (GST)**

The State had 30,599 registered dealers under the Meghalaya Value Added Tax (MVAT) Act as on 30 June 2017. The Taxation Department, during the period from 01 July 2017 to 31 March 2021, registered 30,108 dealers under GST, of which registration of 1,576 dealers under GST were cancelled. Thus, as on 31 March 2021 there were 28,532 registered dealers under GST with the State Taxation Department, out of which 8,586 GST registrations pertained to dealers who had migrated from MVAT to GST and 19,946 GST registrations were new additions.

During 2021-22, the Taxation Department registered 1,940 new dealers while registration of 478 migrated dealers were cancelled. Thus, as on 31 March 2022, there were 29,994 registered dealers under GST with the State Taxation Department, out of which 8,108 GST registrations pertained to dealers who had migrated from MVAT to GST and 21,886 GST registrations were new additions.

### **Filing of GST Returns**

The position of various GSTR returns to be filed and compliance by dealers during the period from 1 July 2017 to 31 March 2022 is as given in **Table 2.6**.

---

<sup>15</sup> Protected revenue is calculated/ arrived at by taking into consideration the revenue collected during the base year (2015-16) plus 14.00 per cent increase for every following year.

**Table 2.6: Position of various GSTR returns**

Returns	Periodicity	Category of dealers to file	Total number of dealers	Total number of returns to be filed	Total number of returns actually filed	Percentage of returns filed
GSTR 1	Monthly	Regular	26,642	26,642	16,491	61.90
GSTR 3B	Monthly	Regular	26,642	26,642	19,606	73.59
GSTR 7	Monthly	TDS	533	533	260	48.78
GSTR 8	Monthly	TCS	92	92	43	46.74
GSTR 9	Annual	Regular	16,571	16,571	9,188	55.45
GSTR 9A	Annual	Composition	2,876	2,876	1,269	44.12

Source: Information provided by Taxation Department.

From the table above, the following observations are made:

The filing of GSTR 1 and GSTR 3B returns is mandated under Section 37 and 39(1) of the Meghalaya Goods and Services Tax (MGST) Act. GSTR 1 and GSTR 3B are monthly returns required to be filed by regular dealers. However, it was seen that the number of GSTR 3B returns filed (*73.59 per cent* of the returns due for submission) were higher than GSTR 1 returns filed (*61.90 per cent*) during the same period. The filing of GSTR 9 and GSTR 9A returns accounted for only *55.45 per cent* and *44.12 per cent* of the returns due for submission respectively.

GSTR 7 (Tax Deducted at Source) and GSTR 8 (Tax Collection at Source *i.e.*, e-commerce dealers) returns filed during the period aggregated only *48.78 per cent* and *46.74 per cent* respectively.

#### ***Arrears of revenue and arrears of assessment***

The arrears of revenue indicate delayed realisation of revenue. Similarly, arrears of assessment indicate potential revenue, which is blocked due to delayed assessment. Both deprive the State of potential Revenue Receipts and ultimately affect the Revenue Deficit.

The arrears of revenue as on 31 March 2022 under some principal heads of revenue were ₹ 117.83 crore, as detailed in **Table 2.7**.

**Table 2.7: Details of arrears of revenue collection**

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2022	Amount outstanding for more than five years as on 31 March 2022
1.	0040-Taxes on Sales, Trade, <i>etc.</i>	105.12	37.06
2.	0039-State Excise	7.68	4.84
3.	8782-Forest Remittance	5.03	5.03
	<b>Total</b>	<b>117.83</b>	<b>46.93</b>

Source: Information received from Taxation, Excise and Forest Departments.

From **Table 2.7**, it may be seen that recovery of ₹ 117.83 crore was pending against three principal heads of revenue, which was *4.17 per cent* of the State's own revenue collection (Own Tax Revenue: ₹ 2,300.38 crore + Non-tax Revenue: ₹ 524.58 crore) for 2021-22. Revenue amounting to ₹ 46.93 crore (*39.83 per cent* of the total revenue arrears) was pending for recovery for more than five years.

The periodical tax returns filed by the dealers under erstwhile Meghalaya Value Added Tax Act, 2003, are subject to assessment by the Taxation Authorities to verify and ascertain their correctness and completeness. The Taxation authorities may take recourse to best judgement assessment in case returns are not furnished by a registered dealer within the prescribed time limit. Since the MVAT has been replaced with Meghalaya SGST *w.e.f.* 01 July 2017, it is important that the assessments under the previous tax regime are completed, and revenue arrears are recovered.

The details of cases of Sales Tax/VAT pending for assessment at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and cases pending for finalisation at the end of the year are shown in **Table 2.8**.

**Table 2.8: Arrears of assessments of VAT**

<b>Head of revenue</b>	<b>Opening balance as on 1 April 2021</b>	<b>New cases due for assessment during 2021-22</b>	<b>Total assessments due</b>	<b>Cases disposed of during 2021-22</b>	<b>Balance at the end of the year</b>
0040-Taxes on Sales, Trade, etc.	84,322	312	84,634	7,571	77,063

*Source: Information received from the Taxation Department.*

From **Table 2.8**, it is seen that only 7,571 cases, *i.e.* 8.95 *per cent* of the total pending cases were disposed of during 2021-22. There were 77,063 cases (91.05 *per cent*) pending for assessment at the end of the year.

Keeping in view the huge pendency in assessment of returns, the State Government needs to complete assessments of the pending cases in a time bound manner, and for recovery of dues before these become time-barred.

#### ***Details of evasion of tax detected by Department***

The cases of evasion of tax detected by the Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Details of evasion of tax detected during the year 2021-22 are given in **Table 2.9**.

**Table 2.9: Evasion of Tax Detected**

<b>Sl. No.</b>	<b>Head of revenue</b>	<b>Cases pending as on 31 March 2021</b>	<b>Cases detected during 2021-22</b>	<b>Total</b>	<b>No. of cases in which assessment/ investigation completed and additional demand with penalty etc. raised</b>		<b>No. of cases pending for finalisation as on 31 March 2022</b>
					<b>No. of cases</b>	<b>Amount (₹ in crore)</b>	
1.	0040 – Taxes on Sales, Trade	Nil	1	1	1	0.01	Nil
2.	0006 – SGST	32	62	94	68	0.36	26
<b>Total</b>		<b>32</b>	<b>63</b>	<b>95</b>	<b>69</b>	<b>0.37</b>	<b>26</b>

*Source: Information furnished by Taxation Department.*

It may be seen from **Table 2.9** that during the year 2021-22, the Department detected 63 cases of evasion of tax. Out of 95 cases, only 69 cases were assessed/ investigated and completed, and an additional demand of ₹ 0.37 crore was raised (March 2022). As on 31 March 2022, 26 cases were still pending.

### Pendency of Refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department. The number of refund cases pending at the beginning of the year 2021-22, claims received during the year, refunds made during the year and cases pending at the end of the year 2021-22, as reported by Taxation Department are given in the **Table 2.10**.

**Table 2.10: Details of refund cases of Sales Tax/VAT& GST**

(₹ in crore)

Sl. No.	Particulars	Sales tax/VAT		GST	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding as on 01 April 2021	15	3.40	34	12.57
2.	Claims received during the year	16	13.60	95	44.37
3.	Refunds made during the year	8	0.90	63	49.22
4.	Refunds rejected during the year	-	-	3	0.07
5.	Balance outstanding at the end of year	23	16.10	32	7.65

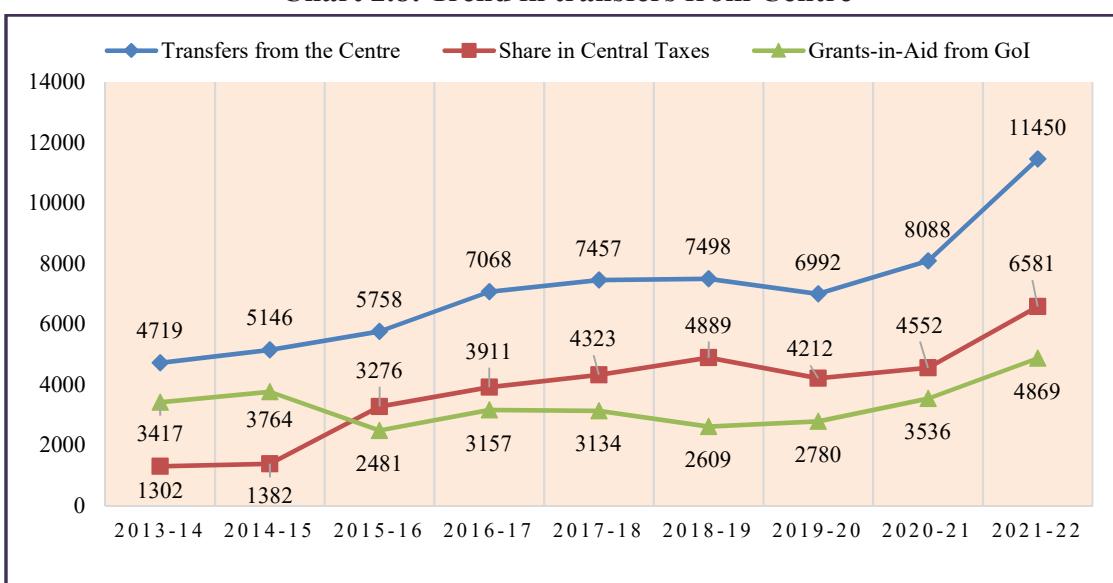
Source: Information furnished by Taxation Department.

It could be seen that out of 31 cases, refunds in only eight cases (25.81 per cent) in case of sales tax/VAT and 63 (48.84 per cent) out of 129 cases in respect of GST, were made during the year. The Meghalaya Value Added Tax Act provides for the payment of interest at the rate of eight per cent per annum, if the amount is not refunded to the dealer within 90 days from the date of any order authorising such refund. The Department should take initiative to dispose the pending refund cases in a time bound manner.

#### 2.4.2.4 Transfers from the Centre

Transfer from the Centre includes Central Tax transfer (Share in Union Taxes) and Grants-in-Aid. Transfers from the Centre constituted 80.21 per cent of total Revenue Receipts during 2021-22. **Chart 2.8** presents the trend in transfers from Government of India.

**Chart 2.8: Trend in transfers from Centre**



Source: Finance Accounts of respective years.

### ***Central tax transfer***

The GoI accepted the recommendations of XIV FC to increase the States' share in the divisible pool of taxes from 32 *per cent* to 42 *per cent* with effect from 2015-16 onwards. This significant increase in the State's share altered the composition of Central transfers in favour of statutory transfers from discretionary transfers made earlier. It also led to greater predictability and certainty in the quantum of funds being transferred to the State.

The XV FC however, recommended an aggregate share of 41 *per cent* of the net proceeds of the Union taxes (divisible pool) to be devolved to States in the year 2020-21. Meghalaya's share in the divisible pool of taxes was fixed at 0.765 *per cent*.

Details of Central tax transfers to the State during 2017-22 are given in **Table 2.11**.

**Table 2.11: Central Tax Transfers**

Head	2017-18	2018-19	2019-20	2020-21	(₹ in crore)	
					BEs	Actuals
Central Goods and Services Tax (CGST)	61.44	1,206.74	1,195.17	1,364.27	1,649.42	1,945.54
Integrated Goods and Services Tax (IGST)	436.56	96.30	Nil	Nil	0.00	0.00
Corporation Tax	1,324.23	1,700.27	1,436.04	1,364.90	1,485.25	1,974.31
Taxes on Income other than Corporation Tax	1,118.20	1,252.18	1,125.24	1,398.24	1,509.29	1,979.29
Customs	436.40	346.56	266.97	249.50	308.46	426.42
Union Excise Duties	456.20	230.32	185.63	154.13	149.37	198.34
Service Tax	490.15	44.70	Nil	17.73	3.15	49.84
Other Taxes <sup>16</sup>	-0.04	12.00	2.73	2.86	-0.06	6.89
<b>Central Tax transfers</b>	<b>4,323.14</b>	<b>4,889.07</b>	<b>4,211.78</b>	<b>4,551.63</b>	<b>5,104.88</b>	<b>6,580.63</b>
<i>Percentage of increase over previous year</i>	10.54	13.09	-13.85	8.07	-	44.58
Central tax transfers as per cent to Revenue Receipts	46.62	50.31	44.74	42.61	-	46.10

*Source: Finance Accounts and Annual Financial Statement, Government of Meghalaya (2021-22).*

Over the five-year period 2017-22, Central tax transfers increased by 52.22 *per cent* from ₹ 4,323.14 crore in 2017-18 to ₹ 6,580.63 crore in 2021-22. The central tax transfers during the year increased by ₹ 2,029.00 crore (44.58 *per cent*) as compared to the previous year.

### ***2.4.2.5 Non-Tax Revenue***

**Table 2.12** presents the component-wise details of Non-Tax Revenue collected during the years 2017-22.

**Table 2.12: Components of State's non-tax revenue**

Revenue Head	2017-18	2018-19	2019-20	2020-21	(₹ in crore)	
					BEs	Actuals
Interest receipts	52.50	58.26	28.91	11.53	34.98	24.65
Dividends and Profits	0.11	0.11	0.14	-	0.16	0.12
Other Non-Tax Receipts	314.02	369.33	501.06	511.64	658.49	499.81
a) Non-ferrous Mining and Metallurgy <sup>*17</sup>	207.88	147.56	322.84	246.44	449.98	239.78
b) Forestry and Wildlife	55.61	78.31	81.27	102.12	120.00	117.34
c) Other Administrative Services	3.76	9.25	41.30	26.98	21.57	3.73

<sup>16</sup> Include Taxes on Wealth (₹0.24 crore) and Other Taxes and Duties on Commodities and Services (₹6.63 crore).

<sup>17</sup> Non-Ferrous Mining and Metallurgy includes mineral concession fees, rents & royalties and Mines Department (MH-0853).

Revenue Head	2017-18	2018-19	2019-20	2020-21	2021-22	
					BEs	Actuals
d) Public Works	17.01	17.64	9.78	7.05	11.83	6.34
e) Police	4.51	16.27	8.17	7.29	9.89	6.62
f) Animal Husbandry	1.85	2.10	1.91	1.96	2.31	2.20
g) Crop Husbandry	4.49	6.71	2.29	2.03	2.77	2.65
h) Others	18.91	91.49	33.50	117.77	40.54	121.15
<b>Total</b>	<b>366.63</b>	<b>427.70</b>	<b>530.11</b>	<b>523.17</b>	<b>694.03</b>	<b>524.58</b>

Source: Finance Accounts and Annual Financial Statement, Government of Meghalaya.

Non-Tax Receipts contributed 3.68 *per cent* to the Revenue Receipts during 2021-22. During 2017-18 to 2021-22, Non-Tax Revenue increased by 43.08 *per cent* from ₹ 366.63 crore in 2017-18 to ₹ 524.58 crore in 2021-22. During 2021-22, it increased by ₹ 1.41 crore (0.27 *per cent*) over the previous year. Interest Receipts increased by ₹ 13.12 crore (113.79 *per cent*) while receipts under dividends and profits were merely ₹ 0.12 crore. Under Other Non-Tax Revenue, royalty and fees collected under Mining concessions was the highest contributor at ₹ 239.78 crore. Similarly, receipts under Forestry and Wildlife<sup>18</sup> was ₹ 117.34 crore.

As per Sixth Schedule of the Constitution, forest and mining royalty collected by the State is shareable with the Autonomous District Councils. It is therefore essential that the Finance Department, in consultation with Principal Accountant General (A&E), opens specific sub heads for a transparent accounting of amounts booked under various types of mining and forest receipts.

#### ***State's performance in mobilisation of resources***

The State's performance in mobilisation of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. **Table 2.13** presents the State's own tax and non-tax receipts for the year 2021-22 *vis-à-vis* projections made by the XV FC and the Budget Estimates (BEs) of the State Government.

**Table 2.13: Tax and non-tax receipts *vis-à-vis* projections**

Particulars	FC projections	Budget Estimates 2021-22	Actuals	Percentage variation of actuals over	
				Budget Estimates	FC projections
Own Tax Revenue	1,988.00	2,579.23	2,300.38	-10.81	15.71
Non-Tax Revenue	483.00	694.03	524.58	-24.42	8.61

During the year, tax revenue was 15.71 *per cent* higher than the assessment made by the XV FC and 10.81 *per cent* lower than the projection made in the BEs. Non-tax revenue was 8.61 *per cent* higher than the projection of XV FC and 24.42 *per cent* lower than the assessment made in the BEs for the year.

#### ***2.4.2.6 Grants-in-Aid from GoI***

Grants-in-Aid (GIA) received by the State Government from GoI during 2017-22 are detailed in **Table 2.14**.

<sup>18</sup> Receipts under Forestry and Wildlife (MH-0406) includes Sale of timber and other forest produce, Receipts from social and farm foresteries, Receipts from environmental forestry and Receipts from Forest Plantations.

**Table 2.14: Grants-in-Aid from Government of India**

Head	2017-18	2018-19	2019-20	2020-21	2021-22	
					BEs	Actuals
Grants for Centrally Sponsored Schemes (CSS)	2,145.85	2,011.17	2,314.17	2,554.41	-	2,955.61
Grants for CSS (Plan <sup>19</sup> ) Schemes	-	-	-	-	4,182.60	-
Finance Commission Grants	499.96	225.60	63.93	708.51	1,546.00	1,494.65 <sup>20</sup>
Other transfers/Grants to States/Union Territories with Legislature	487.80	371.84	402.28	275.96	1,125.05	418.31
Block Grants	-	-	-	-	-	(-)0.02
<b>Total</b>	<b>3,133.61</b>	<b>2,608.61</b>	<b>2,780.38</b>	<b>3,535.88</b>	<b>6,853.65</b>	<b>4,868.55</b>
Percentage of increase over the previous year	-0.73	-16.75	6.58	27.17	-	37.69
Per cent of GIA to Revenue Receipts	33.79	26.84	29.54	33.10	-	34.11

*Source: Finance Accounts and Annual Financial Statement, Government of Meghalaya (2021-22).*

The total amount transferred by the Central Government to the State during the year 2021-22 was ₹ 4,868.55 crore. Grants-in-Aid from GoI increased by ₹ 1,332 crore (37.69 *per cent*) during the year compared to the previous year, constituting 34.11 *per cent* of Revenue Receipts during the year 2021-22. Grants for Centrally Sponsored Schemes (₹ 2,955.61 crore) to the State constituted 60.71 *per cent* of the total grants received during the year. There was a substantial increase in FC Grants (₹ 786.14 crore) during the year as compared to the previous year. FC Grants (₹ 1,494.65 crore) to the State were provided as post-devolution deficit grants<sup>21</sup> and grants for Urban Local Bodies (ULBs) and State Disaster Response Fund (SDRF) constituting 30.70 *per cent* of total grants received during the year.

#### **Fourteen/Fifteenth Finance Commission Grants**

XIV/XV FC grants were provided to the States for local bodies and SDRF. The details of grants recommended by XIV/XV FC and released by GoI to the State during the award period are given in **Table 2.15**.

**Table 2.15: Recommended amount, actual release and transfers of Grants-in-Aid**

Transfers	Recommendation of				Actual release by GoI				Release by State Government			
	XIV FC 2015-20	XV FC 2020-21	XV FC 2021-22	Total	2015-20	2020-21	2021-22	Total	2015-20	2020-21	2021-22	Total
(a) General Basic (Untied) Grant	25.22	44.00	26.40	95.62	25.22	22.00	0.00	47.22	25.22	22.00	0.00	47.22
(b) Performance (Tied) Grant	6.30	44.00	39.60	89.90	-	22.00	-	22.00	-	22.00	-	22.00
<b>Total for ULBs</b>	<b>31.52</b>	<b>88.00</b>	<b>66.00</b>	<b>185.52</b>	<b>25.22</b>	<b>44.00</b>	<b>0.00</b>	<b>69.22</b>	<b>25.22</b>	<b>44.00</b>	<b>0.00</b>	<b>69.22</b>

<sup>19</sup> There are no figures since the nomenclature of plan and non-plan grants was removed with effect from the year 2017-18 and replaced by Grants for CSS, FC Grants and Other Grants to States

<sup>20</sup> Includes Post Devolution Revenue Deficit Grant, Grants for Rural Local Bodies and Urban Local Bodies, GIA for SDRF and SDMF.

<sup>21</sup> The Post Devolution Revenue Deficit Grants are provided to the States under Article 275 of the Constitution, to meet the gap in Revenue Accounts of the States post devolution. The eligibility of States to receive this grant and the quantum of grant for the period from 2020-21 to 2025-26 was decided by the Fifteenth Finance Commission based on the gap between assessment of revenue and expenditure of the State after taking into account the assessed devolution during this period.

Transfers	Recommendation of				Actual release by GoI				Release by State Government			
	XIV FC 2015-20	XV FC 2020-21	XV FC 2021-22	Total	2015-20	2020-21	2021-22	Total	2015-20	2020-21	2021-22	Total
(a) General Basic (Untied) Grant	-	91.00	54.00	145.00	-	91.00	0.00	91.00	-	91.00	0.00	91.00
(b) Performance (Tied) Grant	-	91.00	81.00	172.00	-	91.00	40.50	131.50	-	91.00	-	91.00
<b>Total for RLBs<sup>22</sup></b>	<b>-</b>	<b>182.00</b>	<b>135.00</b>	<b>317.00</b>	<b>-</b>	<b>182.00</b>	<b>40.50</b>	<b>222.50</b>	<b>-</b>	<b>182.00</b>	<b>0.00</b>	<b>182.00</b>
SDRF/SDRMF*	134.00	73.00	73.00	280.00	119.70	66.00	66.00	251.70	133.00	66.00	52.80	251.80
<b>Grand Total</b>	<b>165.52</b>	<b>343.00</b>	<b>274.00</b>	<b>782.52</b>	<b>144.92</b>	<b>292.00</b>	<b>106.50</b>	<b>543.42</b>	<b>158.22</b>	<b>292.00</b>	<b>52.80</b>	<b>503.02</b>

\* Including State share of 10 per cent of total grant.

Source: XIV/XV-FC Report and information furnished by the Departments.

Against total release of ₹ 543.42 crore by GoI to the State Government, actual release by the State Government to the implementing agencies was ₹ 503.02 crore leaving a gap of ₹ 40.40 crore.

### State Finance Commission

The 74<sup>th</sup> Constitutional Amendment Act mandates the constitution of State Finance Commission every five years to determine sharing of revenue between the State and the Local Bodies. As per Section 3(1) of the Act, the State Government shall as soon as may be one year from the enactment of the Act and thereafter at the expiry of every fifth year constitute a body to be known as the Meghalaya State Commission to review the financial position of the traditional bodies, municipalities or municipal boards notwithstanding any term by which ULBs are called in the State.

Though Government of Meghalaya enacted the Meghalaya State Finance Commission Act, 2012 on 30<sup>th</sup> March 2012 and framed the Meghalaya Finance Commission Rules, 2013 (notified in December 2013) as per Section 10 of the Act, the State Government has not constituted the State Finance Commission (August 2022).

#### 2.4.3 Capital Receipts

**Capital Receipts** comprise miscellaneous Capital Receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

**Table 2.16** shows the trend in growth and composition of Capital Receipts.

Table 2.16: Trend in growth and composition of Capital Receipts

(₹ in crore)

Sources of State's Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Capital Receipts</b>	<b>1,242.59</b>	<b>1,342.70</b>	<b>1,527.34</b>	<b>2,469.66</b>	<b>4,044.36</b>
Miscellaneous Capital Receipts	NIL	NIL	NIL	NIL	NIL
Recovery of Loans and Advances	17.45	18.01	31.32	27.77	24.41
<b>Public Debt Receipts</b>	<b>1,225.14</b>	<b>1,324.69</b>	<b>1,496.02</b>	<b>2,441.89</b>	<b>4,019.95</b>
<i>Internal Debt</i>	1,218.47	1,302.28	1,480.24	2,096.53	3,505.42
<i>Growth rate</i>	1.02	6.88	13.67	41.63	67.20

<sup>22</sup> FC Grants for RLB are mainly given to District Council Affairs Department (ADCs).

Sources of State's Receipts	2017-18	2018-19	2019-20	2020-21	2021-22
Loans and advances from GoI	6.67	22.41	15.78	345.36 <sup>23</sup>	514.53 <sup>24</sup>
Growth rate	56.21	235.98	-29.59	2,088.59	48.98
Rate of growth of debt Capital Receipts	1.22	8.13	12.93	63.23	64.62
Rate of growth of non-debt Capital Receipts	-7.23	3.21	73.90	-11.34	-12.10
Rate of growth of GSDP	7.54	9.04	7.89	-3.69	8.96
Rate of growth of Capital Receipts ( <i>per cent</i> )	1.09	8.06	13.75	61.70	63.76

*Source: Finance Accounts.*

Capital Receipts increased by 225.48 *per cent* from ₹ 1,242.59 crore in 2017-18 to ₹ 4,044.36 crore in 2021-22 with a CAGR of 34.32 *per cent*. Major portion of Capital Receipts comprises of Public debt receipts which create future repayment obligation and are taken from Market, Financial Institutions and Central Government.

Capital Receipts increased by 63.76 *per cent* from ₹ 2,469.66 crore in 2020-21 to ₹ 4,044.36 crore in 2021-22 on account of significant rise in internal debt by ₹ 1,408.89 crore (67.20 *per cent*) and loans and advances from GoI by ₹ 169.17 crore (48.98 *per cent*). During the year 2021-22, six market loans were taken as detailed in **Table 2.17**.

**Table 2.17: Details of market loans during 2021-22**

Sl. No.	Details of market loan	Amount (₹ in crore)	Rate of Interest (per cent)	Repayable in Year
1	Meghalaya State Development Loan	100.00	4.69	2023
2		328.00	4.95	2024
3		400.00	6.82	2031
4		80.00	7.27	2032
5		400.00	7.19	2041
6		300.00	7.02	2041
<b>Total</b>		<b>1,608.00</b>		

## 2.5 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector.

### 2.5.1 Growth and composition of expenditure

Total Expenditure, its composition and relative share in GSDP during the years 2017-18 to 2021-22 is presented in **Table 2.18**.

<sup>23</sup> Meghalaya received back-to-back loan of ₹ 112 crore under the debt receipts of the State Government with no repayment liability of the State.

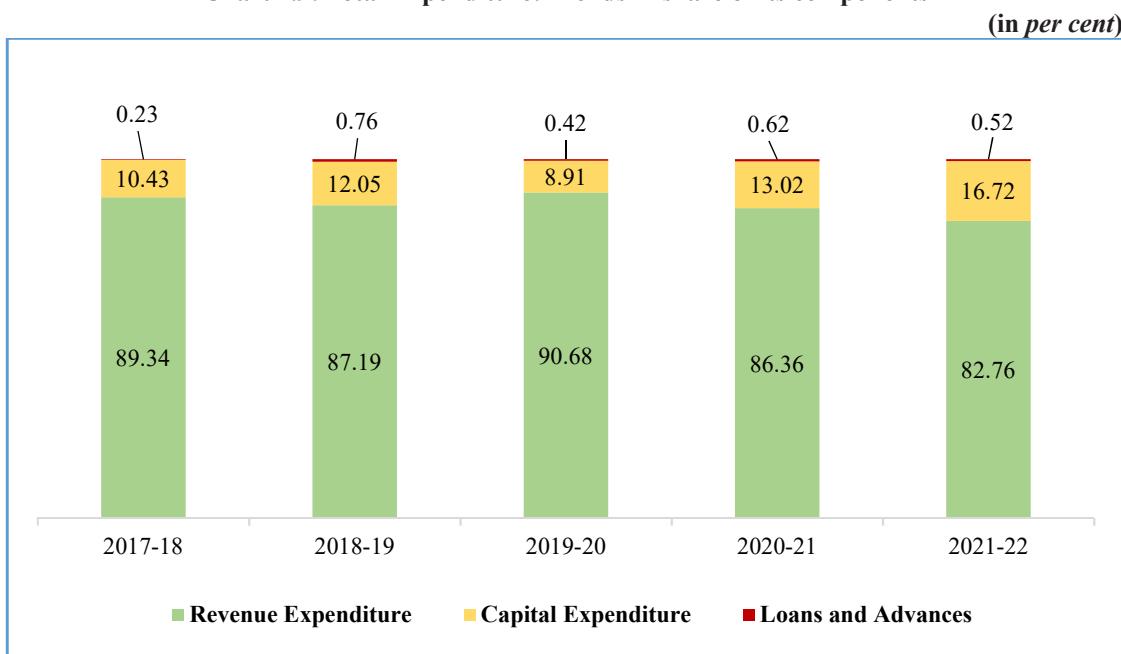
<sup>24</sup> Includes back to back loan of ₹ 141.16 crore under the debt receipts of the State Government with no repayment liability of the State.

**Table 2.18: Total expenditure and its composition**

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE)	9,428.17	11,762.71	10,548.61	13,314.56	16,457.34
Revenue Expenditure (RE)	8,422.68	10,255.94	9,565.12	11,498.62	13,620.22
Capital Expenditure (CE)	983.44	1,417.28	939.71	1,734.05	2,751.79
Loans and Advances	22.05	89.49	43.78	81.90	85.33
<b>As a percentage of GSDP</b>					
TE/GSDP	31.95	36.56	30.39	39.82	43.50
RE/GSDP	28.54	31.87	27.55	34.39	36.00
CE/GSDP	3.33	4.40	2.71	5.19	7.27
Loans and Advances/GSDP	0.07	0.28	0.13	0.25	0.23

**Table 2.18** shows that Total Expenditure (comprising of Revenue Expenditure, Capital Expenditure and disbursement of Loans and Advances) of the State increased by 74.55 *per cent* from ₹ 9,428.17 crore in 2017-18 to ₹ 16,457.34 crore in 2021-22.

**Charts 2.9 and 2.10** present the trend of expenditure, bifurcated into revenue and capital expenditure, during the years 2017-18 to 2021-22.

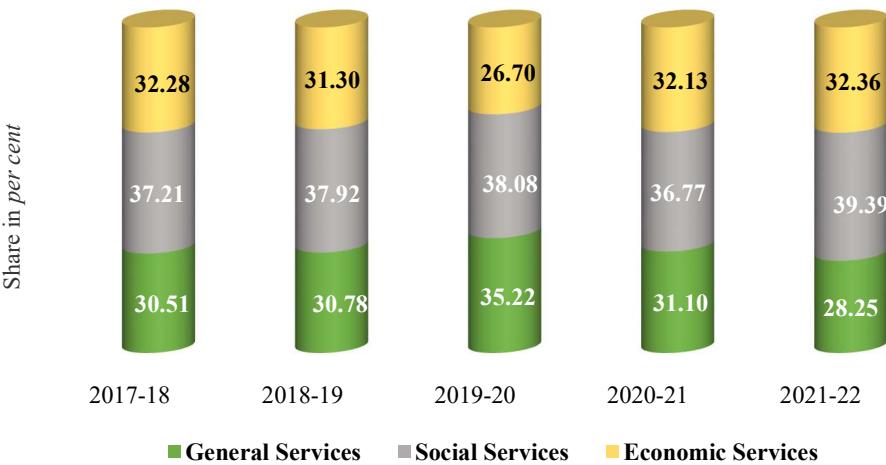
**Chart 2.9: Total Expenditure: Trends in share of its components**


Source: Finance Accounts of respective years.

Revenue expenditure formed bulk of the total expenditure during 2017-18 to 2021-22, being more than 80 *per cent* of the Total Expenditure. There was a decline by about four percentage point in the Revenue Expenditure during 2021-22 over the previous year, but Revenue Expenditure remained at a high of 82.76 *per cent* of the total expenditure. Capital Expenditure, on the other hand, has been less than 15 *per cent* of Total Expenditure during each of the previous four years. During 2021-22, Capital Expenditure was recorded at 16.72 *per cent* over 13.02 *per cent* in 2020-21.

**Chart 2.10** provides an overview of the Total Expenditure segregated by different sectors.

**Chart 2.10: Total expenditure – Expenditure by activities**



*Source: Finance Accounts.*

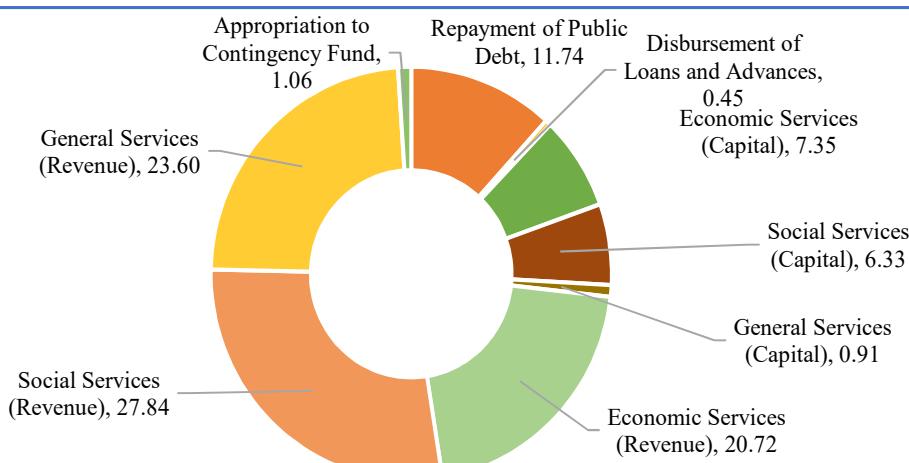
As evident from **Chart 2.10**, proportionate expenditure on social sector was highest, ranging between *36.77 per cent* to *39.39 per cent* during the five-year period up to 2021-22. The expenditure in economic and general sectors comprised of the remaining two thirds of Total Expenditure during this period.

**Chart 2.11** provides further analysis of composition of Total Expenditure during 2021-22, by sectors segregated into Revenue and Capital Expenditure.

In keeping with the overall trend of Total Expenditure during 2021-22, the highest Revenue Expenditure is seen in the social services, followed by general services and economic services respectively. Nature of expenditure under these sectors has been detailed under **Paragraph 2.5.2**.

It is pertinent to note that repayment of public debt including interest on loans and advances comprised *11.74 per cent* of Total Expenditure during 2021-22. Compared to 2020-21, this was more by *8.21 per cent*.

**Chart 2.11: Composition of expenditure during 2021-22 (in per cent)**



*Source: Finance Accounts, 2021-22.*

### 2.5.2 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for past obligations. As such, it does not result in any addition to the State's infrastructure and service network. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy<sup>25</sup> *vis-à-vis* GSDP and Revenue Receipts are indicated in **Table 2.19**.

**Table 2.19: Revenue Expenditure – Basic Parameters**

Parameters	2017-18	2018-19	2019-20	2020-21	2021-22
Total Expenditure (TE) (₹ in crore)	9,428.17	11,762.71	10,548.61	13,314.56	16,457.34
Revenue Expenditure (RE) (₹ in crore)	8,422.68	10,255.94	9,565.12	11,498.62	13,620.22
Rate of Growth of RE ( <i>per cent</i> )	1.03	21.77	-6.74	20.21	18.45
Revenue Expenditure as percentage of TE	89.34	87.19	90.68	86.36	82.76
RE/GSDP ( <i>per cent</i> )	28.54	31.87	27.51	33.12	36.00
RE as percentage of RR	90.83	105.53	101.61	107.63	95.42
<b>Buoyancy of Revenue Expenditure with</b>					
GSDP (ratio)	0.14	2.41	-0.84	-134.73	2.06
Revenue Receipts (ratio)	0.28	4.54	2.15	1.50	0.55

Source: Finance Accounts of respective years.

As seen from **Table 2.19**, while Revenue Expenditure as a proportion of Total Expenditure remained above 80 *per cent*, the rate of growth of Revenue Expenditure has been close to 20 *per cent* per annum during 2020-21 and 2021-22. This indicates that the lion's share of Government spending was on current expenditure on payment of wages and salaries, pension, rent and rates and payment of interest on outstanding debt.

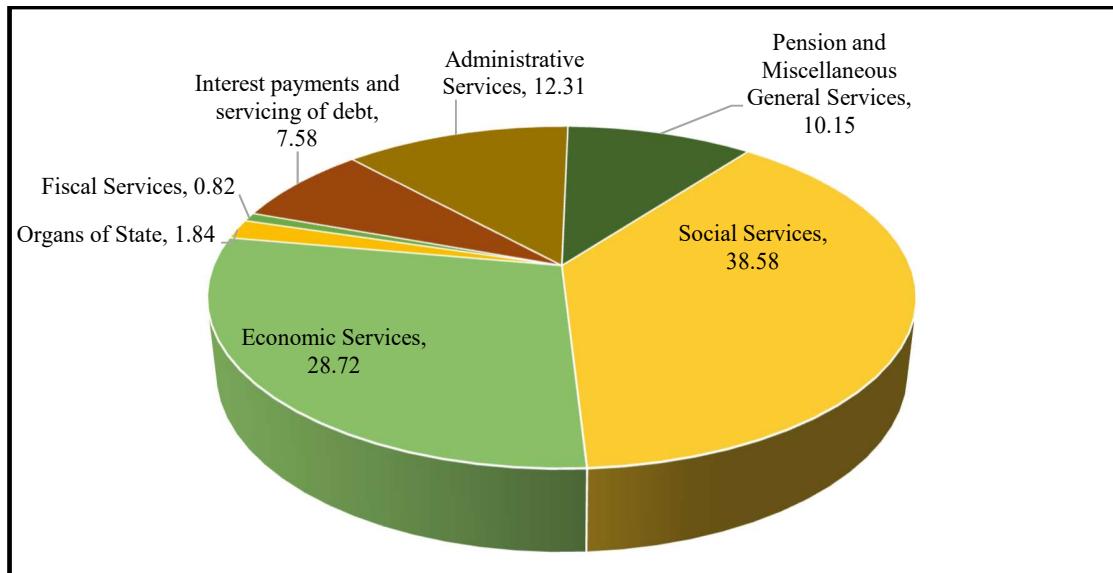
Revenue Expenditure as percentage of Revenue Receipts was 95.42 *per cent* indicating that more than 95 *per cent* of revenue receipts went into financing revenue expenditure. However, decrease in Revenue Expenditure as percentage of Revenue Receipts from 107.63 *per cent* in 2020-21 to 95.42 *per cent* in 2021-22 has improved the Fiscal Deficit gap from 7.79 *per cent* in 2020-21 to 5.71 *per cent* in 2021-22.

Buoyancy of revenue expenditure of 2.06 during 2021-22 indicates that for every percentage growth in GSDP, revenue expenditure grew by approximately two per cent.

Sectoral distribution of Revenue Expenditure pertaining to 2021-22 is given in **Chart 2.12**.

<sup>25</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue expenditure buoyancy with respect to GSDP at 2.06 implies that Revenue expenditure tend to increase by 2.06 percentage points, if the GSDP increases by one *per cent*.

**Chart 2.12: Sector-wise distribution of Revenue Expenditure (in per cent)**



*Source: Finance Accounts.*

On an average, Revenue Expenditure formed 86.75 *per cent* of the Total Expenditure during the period 2017-22. During 2021-22, Revenue Expenditure (₹ 13,620.22 crore) increased by ₹ 2,121.60 crore over the previous year while RE as percentage of GSDP increased to 36.00 *per cent* from 33.12 *per cent*.

An analysis of the reasons for substantial increase in Revenue Expenditure as compared to the previous year showed that an increase of expenditure of more than ₹ 100 crore in five Major Heads under General, Economic and Social Services, led to gross increase of Revenue Expenditure by ₹ 1,485.06 crore. This increase accounted for 70.01 *per cent* of total increase in Revenue Expenditure (₹ 2,121.60 crore) during 2021-22, as detailed in **Table 2.20**:

**Table 2.20: Substantial increase in RE (more than ₹ 100 crore) Major Head-wise**

(₹ in crore)

Sl. No.	Major Head	Expenditure		Increase	
		2020-21	2021-22	Amount	Percentage
<b>General Services</b>					
1.	2049 – Interest Payments	858.91	963.27	104.36	12.15
2.	2071 – Pensions & Other Retirement Benefits	1,193.61	1,365.59	171.98	14.41
<b>Social Services</b>					
1.	2202- General Education	1,884.47	2,096.96	212.49	11.28
2.	2210 – Medical and Public Health	1,104.76	1,536.07	431.31	39.04
<b>Economic Services</b>					
1.	2801 – Power	115.36	680.28	564.92	489.70
	<b>Total</b>	<b>5,157.11</b>	<b>6,642.17</b>	<b>1,485.06</b>	<b>28.80</b>

*Source: Finance Accounts.*

### **Committed Expenditure**

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages, and pensions.

**Table 2.21** presents the trends in the components of committed expenditure during 2017-22.

**Table 2.21: Components of Committed Expenditure**

Components of Committed Expenditure	2017-18	2018-19	2019-20	2020-21	2021-22	(₹ in crore)
Salaries & Wages	2,669.48	3,353.65	3,440.17	3,383.67	3,795.25	
Expenditure on Pensions	750.90	1,004.91	1,131.56	1,193.61	1,365.59	
Interest Payments	591.18	656.81	758.51	858.92	963.27	
<b>Total</b>	<b>4,011.56</b>	<b>5,015.37</b>	<b>5,330.24</b>	<b>5,436.20</b>	<b>6,124.11</b>	
<b>As a percentage of Revenue Receipts (RR)</b>						
Salaries & Wages	28.79	34.51	36.54	31.67	26.59	
Expenditure on Pensions	8.10	10.34	12.02	11.17	9.57	
Interest Payments	6.37	6.76	8.06	8.04	6.75	
<b>Total</b>	<b>43.26</b>	<b>51.61</b>	<b>56.62</b>	<b>50.88</b>	<b>42.91</b>	
<b>As a percentage of Revenue Expenditure (RE)</b>						
Salaries & Wages	31.69	32.70	35.97	29.43	27.86	
Expenditure on Pensions	8.92	9.80	11.83	10.38	10.03	
Interest Payments	7.02	6.40	7.93	7.47	7.07	
<b>Total</b>	<b>47.63</b>	<b>48.90</b>	<b>55.73</b>	<b>47.28</b>	<b>44.96</b>	

Source: Finance Accounts of respective years.

**Table 2.21** shows that the committed expenditure during the current year was 44.96 *per cent* of Revenue Expenditure, while it accounted for 42.91 *per cent* of the Revenue Receipts of the State.

Percentage of committed expenditure to Revenue Expenditure during 2017-22 is given in **Chart 2.13**.

**Chart 2.13: Share of Committed expenditure in total Revenue Expenditure**



The details of various components of the committed expenditure are discussed below.

### **Salaries and Wages**

The expenditure on salary and wages was ₹ 3,795.25 crore during 2021-22, an increase by ₹ 411.58 crore (12.16 *per cent*) compared to the previous year. The reasons for increase included mainly increase in Salaries under Secretariat Administration Department, Water Supply and Sanitation Department, Treasury and Accounts Administration Department, Police Department and Stationery and Printing Department.

### **Interest Payments**

Interest payments amounted to ₹ 963.27 crore, an increase of ₹ 104.35 crore over previous year, and as a percentage of Revenue Expenditure constituted 7.07 *per cent* in 2021-22 while it was 7.47 *per cent* during the previous year.

### **Pension**

Government's expenditure towards pension payments (including other retirement benefits) stood at ₹ 1,365.59 crore. Pension payments have been consistently rising during the five-year period 2017-22. Pension payments during the current year had increased by ₹ 171.98 crore, an increase of 14.41 *per cent* over the previous year.

### **Undischarged liabilities in National Pension System**

Government introduced the 'National Pension System' (NPS) applicable to all new entrants joining State Government Service on or after 01 April 2010. Under this system, employees contribute 10 *per cent* basic pay and dearness allowance, which is matched by the State Government and both employee's and employer's contribution are initially transferred to the Public Account (Major Head '8342-117-Defined Contributory Pension Scheme'). The State Government has the responsibility to deposit both employee's and employer's share with the designated authority i.e., National Securities Depository Limited (NSDL)/trustee bank for further investment as per the guidelines of NPS. The State Government opens a Current Account with the Bank for parking the funds before transfer to NSDL. As on 31 March 2022 there were 18,512 employees under NPS of which 18,494 employees had been allotted Permanent Retirement Account Number (PRAN).

The details of funds under NPS and amount transferred to NSDL during 2017-22 are shown in **Table 2.22**:

**Table 2.22: Details of funds under NPS during 2017-22**

(₹ in crore)

Year	Opening Balance	Contribution			Transfer to NSDL	Less Transfer	Closing Balance
		Employees	Employer	Total			
2017-18	0.53	30.60	31.36	61.96	61.63	0.33	0.86
2018-19	0.86	41.67	41.57	83.24	83.33	-0.09	0.77
2019-20	0.77	52.13	51.98	104.11	104.04	0.07	0.84
2020-21	0.84	60.42	61.52	121.94	121.99	-0.05	0.79
2021-22	0.79	74.24	72.95	147.19	146.10	1.09	1.88

*Source: Finance Accounts.*

During 2021-22, the Government's contribution to the NPS was less by ₹ 1.29 crore, which resulted in understatement of Revenue Deficit and Fiscal Deficit to that extent. As of March 2022, an amount of ₹ 1.88 crore was not transferred to NSDL. In terms of the guidelines, the State Government was liable to pay interest on funds not transferred to NSDL amounting to ₹ 0.06 crore.

### **Subsidies**

There was a decrease in expenditure booked on subsidies during the year 2021-22 as can be seen from the details given in **Table 2.23**. Subsidies booked as a percentage of Revenue Receipts decreased from 0.35 *per cent* in 2020-21 to 0.24 *per cent* in 2021-22. In absolute terms, expenditure on booking of subsidies decreased from ₹ 37.91 crore in 2020-21 to ₹ 34.25 crore in 2021-22.

**Table 2.23 : Expenditure on subsidies during 2017-22**

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Subsidies (₹ in crore)	52.08	58.80	41.72	37.91	34.25
Subsidies as a percentage of Revenue Receipts	0.56	0.61	0.44	0.35	0.24
Subsidies as a percentage of Revenue Expenditure	0.62	0.57	0.44	0.33	0.25

Source: Finance Accounts.

Major departments where subsidy was highest were Power Department ₹ 20.00 crore, Agriculture Department ₹ 10.92 crore and Fisheries Department ₹ 3.06 crore.

### **Financial assistance by the State Government to Local Bodies and Other Institutions**

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans. The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 2.24**.

**Table 2.24 : Financial Assistance to Local Bodies etc.**

(₹ in crore)

Financial Assistance to Institutions	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Local Bodies</b>					
Municipal Corporations and Municipalities	4.81	9.12	6.45	18.32	24.15
Panchayati Raj Institutions	-	-	-	-	-
<b>Total (A)</b>	<b>4.81</b>	<b>9.12</b>	<b>6.45</b>	<b>18.32</b>	<b>24.15</b>
<b>Others</b>					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1,088.08	1,021.99	954.62	915.38	1,079.29
Development Authorities	717.21	235.37	156.33	324.03	328.33
Hospitals and Other Charitable Institutions	144.81	93.26	189.35	311.90	186.17
Other Institutions	603.27	686.75	514.45	986.80	1,447.63
<b>Total (B)</b>	<b>2,553.37</b>	<b>2,037.37</b>	<b>1,814.75</b>	<b>2,538.11</b>	<b>3,041.42</b>
<b>Total (A+B)</b>	<b>2,558.18</b>	<b>2,046.49</b>	<b>1,821.20</b>	<b>2,556.43</b>	<b>3,065.57</b>
Revenue Expenditure	8,422.68	10,255.94	9,565.12	11,498.61	13,620.22
Assistance as percentage of Revenue Expenditure	30.37	19.95	19.04	21.42	22.51

Source: Finance Accounts.

State Government's financial assistance to Municipal bodies consists of assistance towards State Plan/Tribal Sub-Plan schemes. The quantum of financial assistance over the past five years has gone up from a mere ₹ 4.81 crore during 2017-18 to ₹ 24.15 crore in 2021-22. The increase in financial assistance was on account of increase in assistance towards implementation of State Plan/GoI schemes.

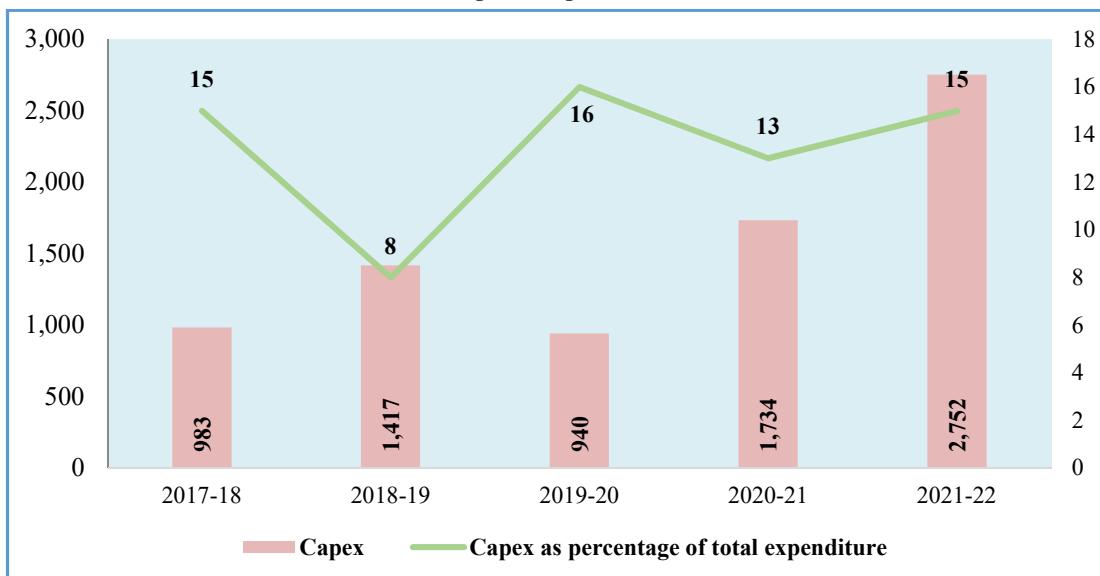
Similarly, Government's financial assistance to other institutions other than local bodies had increased by ₹ 844.36 crore from ₹ 603.27 crore in 2017-18 to ₹ 1,447.63 crore in 2021-22, an increase of 139.96 *per cent*. The financial assistance in 2021-22 over 2020-21 was mainly due to increase in assistance under State's share to *Sarva Shiksha Abhiyaan* (₹ 140.47 crore), financial assistance given to State Department for construction of outdoor and indoor stadiums (₹ 60.41 crore), Special Problems recommended by the Twelfth/Thirteen Finance Commission in Tribal Administration (₹ 51.79 crore), Meghalaya Industrial Development Corporation (₹ 7.50 crore), Institute of Natural Resources (₹ 4.29 crore) and Meghalaya Tourism Development Corporation (₹ 4.00 crore).

### 2.5.3 Capital Expenditure

Capital Expenditure (capex) refers to expenditure on creation of long term assets such as roads, bridges, buildings and other infrastructure, and government's investment in public sector enterprises which leads to revenue generation and economic growth.

Capex of the State during the current year was ₹ 2,751.79 crore. Though in absolute monetary terms it increased by ₹ 1,018 crore over the previous year, as a percentage of total expenditure, it was ranging between eight *per cent* and 16 *per cent* for the period 2017-18 to 2021-22. Details of capex *vis-à-vis* its percentage to total expenditure during the five-year period 2017-22 are given in **Chart 2.14**.

**Chart 2.14: Capital Expenditure in the State**



*Source: Finance Accounts of respective years.*

The increase in capex during 2021-22 by ₹ 1,018 crore over the previous year was mainly on account of increase in expenditure on Capital outlay on Urban development

(₹ 446.99 crore), Roads and Bridges (₹ 271.46 crore), Water Supply and Sanitation (₹ 100.13 crore) and Minor Irrigation (₹ 21.51 crore).

### **2.5.3.1 Quality of Capital Expenditure**

Quality of capital expenditure denotes the productivity of government resources invested in capital projects and state enterprises.

#### **Quality of investments in the Companies, Corporations and other bodies**

Return on investment in share capital invested in PSEs and history of repayment of loans given to various bodies are important determinants of the quality of capital expenditure. Investments made and loans given to companies, corporations, and cooperatives, which are loss making and those where net worth is completely eroded, affect the quality of capital expenditure.

**Table 2.25** shows year-wise details of investment by Government of Meghalaya over the five-year period from 2017-18 to 2021-22.

**Table 2.25: Return on Investment**

(₹ in crore)

Investment /return/ cost of borrowings <sup>26</sup>	2017-18	2018-19	2019-20	2020-21	2021-22
Investment at the end of the year	2,628.56	2,638.43	2,648.49	2,650.39	2,657.07
Return	0.11	0.11	0.14	*	0.12
Return ( <i>per cent</i> )	0.01	0.01	0.01	0	0.01
Average rate of interest on Government Borrowings ( <i>per cent</i> )	6.40	6.53	6.85	6.80	6.62
Difference between interest rate and return ( <i>per cent</i> )	6.39	6.52	6.84	6.80	6.61
<b>Difference between interest on Government borrowings and return on investment<sup>#</sup></b>	168.23	172.29	181.42	180.23	175.10

Source: Finance Accounts.

\*₹ 16,078/- # Investment at the end of the year.

The average return on investment in State PSEs was less than one *per cent* during 2017-22. Government however, paid interest on its borrowings at an average rate of interest of 6.40 *per cent* to 6.85 *per cent* during 2017-22.

The State Government should review the performance of the PSEs. The MFRBM Act, 2006, also provides that the State Government should review the performance of the State PSEs including restructuring of those that are absolutely essential and closing those which are no longer viable.

#### **SPSEs having complete erosion of capital**

Analysis of investment and accumulated losses of 20 working SPSEs revealed that the accumulated losses of eight working SPSEs (₹3,269.31 crore) had completely eroded their paid-up capital (₹ 1,162.48 crore) as detailed in **Table 2.26**.

<sup>26</sup> Difference in previous year figures due to calculation error which has now been rectified.

**Table 2.26: Erosion of Capital of SPSEs**

(₹ in crore)

Sl. No.	Name of SPSE	Latest year of finalised accounts	Total Paid Up Capital	Net Profit (+)/ Loss (-) after interest, tax and dividend	Accumulated Loss	Net Worth	State Government Equity as on 31 March 2022	State Government Loans as on 31 March 2022
1.	Meghalaya Power Distribution Corporation Limited ( <b>MePDCL</b> )	2020-21	858.39	-425.48	2,838.34	-1,979.95	859.27	175.45
2.	Meghalaya Cherra Cements Limited ( <b>MCCL</b> )	2019-20	197.51	-38.04	272.64	-75.13	197.51	147.53
3.	Meghalaya Transport Corporation Limited ( <b>MTC</b> )	2015-16	93.05	-4.43	106.69	-13.64	100.63	Nil
4.	Meghalaya Tourism Development Corporation Limited ( <b>MTDC</b> )	2018-19	7.96	1.18	8.42	-0.46	7.96	2.55
5.	Meghalaya Handloom & Handicrafts Development Corporation Limited ( <b>MHHDC</b> )	2018-19	1.50	-0.08	5.06	-3.56	5.56	Nil
6.	Meghalaya Government Construction Corporation Ltd. ( <b>MGCCL</b> )	2020-21	0.75	-2.72	26.29	-25.54	0.75	Nil
7.	Meghalaya Infrastructure Development and Financial Corporation Ltd. ( <b>MIDFCL</b> )	2020-21	1.00	-4.03	5.52	-4.52	1.00	Nil
8.	Meghalaya Minerals Development Corporation Ltd. ( <b>MMDCCL</b> )	2020-21	2.32	0.65	6.35	-4.03	2.32	Nil
	<b>Total</b>		<b>1,162.48</b>	<b>-472.95</b>	<b>3,269.31</b>	<b>-2,106.83</b>	<b>1,175.00</b>	<b>325.53</b>

*Source: Annual Accounts of SPSEs.*

Accumulation of huge losses by eight out of 20 working SPSEs had eroded public wealth, which is a cause of concern and the State Government needs to either improve the functioning of these SPSEs or take a decision on continuing their operations.

#### ***Loans and Advances by the State Government***

**Table 2.27** presents the outstanding loans and advances, interest receipts *vis-à-vis* interest payments during the last five years.

**Table 2.27: Quantum of loans disbursed and recovered during five years**

(₹ in crore)

Quantum of loans disbursed and recovered	2017-18	2018-19	2019-20	2020-21	2021-22
Opening Balance of loans outstanding	778.21	782.82	854.29	866.75	920.88
Amount advanced during the year	22.06	89.49	43.78	81.90	85.33
Amount recovered during the year	17.45	18.02	31.32	27.77	24.41
Closing Balance of the loans outstanding	782.82	854.29	866.75	920.88	981.80
Net addition	4.60	71.48	12.46	54.14	60.92

Quantum of loans disbursed and recovered	2017-18	2018-19	2019-20	2020-21	2021-22
Interest received	7.61	6.06	6.09	5.64	14.92
Interest received (%) on Loans and Advances (Closing Balance) given by the Government	0.98	0.71	0.70	0.61	1.52
Rate of Interest paid on the outstanding borrowings of the Government	6.40	6.53	6.85	6.80	6.62
Difference between the rate of interest paid and interest received ( <i>per cent</i> )	5.42	5.82	6.15	6.19	5.10

Source: Finance Accounts of respective years.

From the table above, it can be inferred that:

The total outstanding loans and advances as on 31 March 2021 was ₹ 920.88 crore. Out of the loans of ₹ 85.33 crore advanced during 2021-22, ₹ 50.00 crore was given to Government Companies (Power Projects), ₹ 12.27 crore to Co-operative Institutions and ₹ 23.06 crore was given to Government servants.

The current recovery of loan (₹ 24.41 crore) was 28.61 *per cent* of the advances (₹ 85.33 crore) made during the year and was a deterioration over the previous year (₹ 27.77 crore). The actual recovery (₹ 24.41 crore) was also lower than what was estimated in the Budget for recovery (₹ 30.17 crore).

Interest receipts increased from ₹ 7.61 crore in 2017-18 to ₹ 14.92 crore in 2021-22, with percentage of interest received to total outstanding loans and advances increasing from 0.98 *per cent* in 2017-18 to 1.52 *per cent* in 2021-22.

### Capital locked in incomplete projects

As per Appendix IX and Statement 16 of the Finance Accounts for the year 2021-22, there were 124 incomplete projects in the State as on 31 March 2022, which had overshot their scheduled completion dates by over one to more than 10 years. Age profile and department-wise details of these 124 incomplete projects as on 31 March 2022 is given in Tables 2.28 and 2.29.

**Table 2.28 : Age profile of incomplete projects as on 31 March 2022**

Year	No. of incomplete projects	Estimated cost	Expenditure (as on 31 March 2022)	(₹ in crore)
Prior to 2012-13	6	18.36	10.98	
2012-13	5	18.72	12.66	
2013-14	5	2.96	1.25	
2014-15	0	0	0	
2015-16	2	32.04	29.76	
2016-17	3	31.39	30.81	
2017-18	27	79.87	54.83	
2018-19	19	99.85	53.24	
2019-20	18	131.80	82.31	
2020-21	17	286.82	124.43	
2021-22	22	959.49	395.88	
<b>Total</b>	<b>124</b>	<b>1,661.30</b>	<b>796.15</b>	

Source: Finance Accounts.

**Table 2.29 : Department-wise profile of incomplete projects as on 31 March 2022**

Department	No. of incomplete projects	Estimated cost	Expenditure	(₹ in crore)
Public Works	101	596.96	369.65	
Public Health Engineering	23	1,064.34	426.50	
<b>Total</b>	<b>124</b>	<b>1,661.30</b>	<b>796.15</b>	

Source: Finance Accounts.

The expenditure incurred on the 124 incomplete projects was ₹ 796.15 crore. Physical progress of the projects being executed by Public Works Department and Public Health Engineering Department as on 31 March 2022 is detailed in **Table 2.30**.

**Table 2.30 : Range of physical progress of incomplete projects**

<b>Stage of completion (per cent)</b>	<b>No. of incomplete projects</b>
0-20	14
21-50	19
51-98	91
<b>Total</b>	<b>124</b>

It is evident from **Table 2.30** that about one-third projects are lying incomplete with less than 50 *per cent* completion stage. In number of years, 67 projects are delayed beyond three years, and six projects are lying incomplete for more than ten years.

Audit conducted a test check of records of Chief Engineer (PWD) roads, to ascertain possible causes for delays.

1. Scrutiny of the records (November 2022) revealed that five works/projects<sup>27</sup> which were sanctioned in March 2015 and scheduled to be completed by March 2018 are lying abandoned till the date of audit (November 2022). All these works were awarded to M/s CCL International Pvt. Ltd. which specialised in Evocrete CCL (German)/Geocrete Soil Stabilisation technology. Out of the total tendered cost of ₹ 712.00 lakh, an expenditure of ₹ 251.00 lakh has already been incurred by the Department. However, there was no physical progress of the projects till the date of audit (November 2022).

Out of the five works, three works<sup>28</sup> have already been overlapped with other schemes (PMGSY, SPF and RIDF) and in remaining two works, the contractor has not resumed work despite repeated reminders. The above three overlapped works are still incomplete till the date of audit (November 2022).

2. Scrutiny of records (October 2022) revealed that two works<sup>29</sup> which were sanctioned in September 2006 and scheduled to be completed by 2009 remained incomplete till 2012 after incurring an expenditure of ₹ 99.86 lakh due to demise of the contractor (2012). The incomplete portion of these works were re-tendered in July 2013 and work order was issued (September 2016) to M/s R.B. Corporation, Tura after a delay of three years. The cost of works had been revised<sup>30</sup> to ₹ 316.40 lakh and ₹ 252.11 lakh respectively on 14 February 2022. However, these two projects

<sup>27</sup> Construction of five road projects under Special Central Assistance 2014-15 namely i) Kashra to Bashbari with culverts, ii) GA road to Purasinga with culverts and bridges, iii) Domdoma to Gujagata via Agalgre Sanggicham, iv) Bainapara to Dabokgre via Ajongre with culverts and v)GA Road to Bandoraja via Khangrara.

<sup>28</sup> i) GA road to Purasinga with culverts and bridges, ii) Bainapara to Dabokgre via Ajongre with culverts and iii)GA Road to Bandoraja via Khangrara.

<sup>29</sup> (i) Re-construction of R.C.C. Bridge No. 11/3 (Well Foundation) with approaches & sub way on GSB Road. (RIDF XI) and (ii) Re-construction of R.C.C. Bridge No. 15/1 (Well Foundation) with approaches & sub way on GSB Road. (RIDF XI).

<sup>30</sup> The cost of these two works had been revised twice from ₹202.97 lakh to ₹568.51 lakh, an increase of ₹365.54 lakh (180.10 *per cent*).

are still lying incomplete<sup>31</sup> even after lapse of 13 years from their scheduled date of completion (September 2017) after incurring an expenditure of ₹ 531.05 lakh (March 2022).

In respect of the test checked incomplete works, Audit observed that the PWD Department, apart from issuing routine reminders to the contractors, never imposed penalty clauses like levying liquidated damages, recovery of cost-escalations due to abandonment of works and blacklisting of contractors for commencement/ resumption/completion of works. This indicated poor monitoring and supervision of the works by the Department which resulted in undue delay/abandonment of works by the contractors.

Delay in completion of projects not only resulted in unnecessary locking up of capital, but also denied the citizens of the economic benefits of these projects.

#### 2.5.4 Expenditure priorities

Availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. It is important for the State Government to take appropriate expenditure rationalisation by focusing more on Development Expenditure – which is expenditure on Social and Economic Services. Apart from improving the allocation towards development expenditure, the efficiency of expenditure use is also reflected by the ratio of Capital Expenditure to Total Expenditure and the proportion of Revenue Expenditure being spent on Education and Health Sectors. The higher the ratio of these components to Total Expenditure, the quality of expenditure is considered to be better.

**Table 2.31** compares the expenditure priority of the State Government with that of NE & Himalayan States with regard to Health, Education and Capital Expenditure during 2021-22, taking 2017-18 as the base year.

**Table 2.31: Expenditure priority of the State with regards to Health, Education and Capital Expenditure**

	AE/GSDP	CE/AE	Education/AE	Health/ AE	(In per cent)
NE & Himalayan States (2017-18)	26.07	16.10	17.56	6.22	
Meghalaya (2017-18)	31.95	10.66	17.80	7.45	
NE & Himalayan States (2021-22)	27.56	17.46	15.95	7.25	
Meghalaya (2021-22)	43.50	17.24	13.11	10.22	

Source: Data compiled by the Economic Division, C&AG of India

AE: Aggregate Expenditure (Total Expenditure), GSDP: Gross State Domestic Product, CE: Capital Expenditure.

From **Table 2.31**, the following was noticed:

Aggregate Expenditure (AE) as ratio of GSDP of the State was more than that of NE & Himalayan States during both the years 2017-18 and 2021-22.

Capital Expenditure of the State was lower than that of NE & Himalayan States during 2017-18 and 2021-22.

<sup>31</sup> Physical Progress (March 2022): 90 per cent.

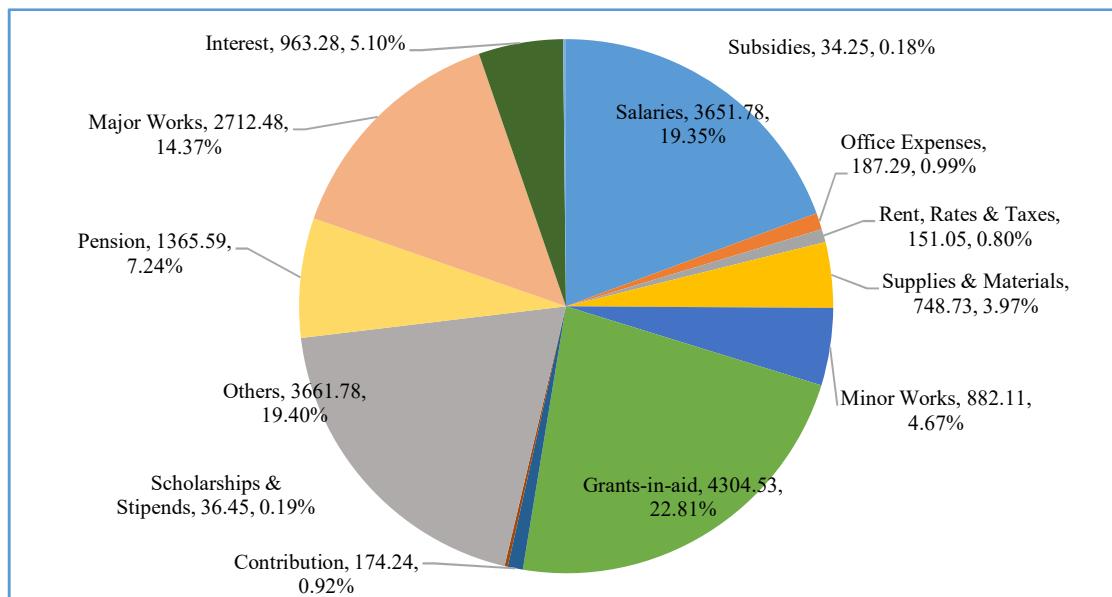
The ratio of education-aggregate expenditure of the State was higher than that of NE & HS during 2017-18, but slumped during 2021-22.

The ratio of health-aggregate expenditure was higher in both 2017-18 and 2021-22 *vis-à-vis* NE & Himalayan States.

### 2.5.5 Object head wise expenditure

As per the Chart of Accounts, the object head wise expenditure captures information about the object/ purpose of the expenditure. Therefore, under each major/minor head representing the capital/revenue, sector/scheme/policy, the object head captures the expenditure incurred on the actual items such as salaries and pension, office expenses, rent/taxes, interest payment, subsidies and so on. Expenditure profile captured at the Object Head Level is given in **Chart 2.15**.

**Chart 2.15: Object head wise expenditure**



Source: Finance Accounts 2021-22.

It is seen from **Chart 2.15** that the highest expenditure was incurred in Grants-in-Aid<sup>32</sup> (22.81 *per cent*) followed by Salaries (19.35 *per cent*), major works (14.37 *per cent*), pension (7.24 *per cent*), interest (5.10 *per cent*) and minor works (4.67 *per cent*).

### 2.6 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances *etc.*, which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

<sup>32</sup> GIA includes Salary: ₹ 1,085.58 crore, Non-salary: ₹ 3,167.80 crore and Capital Assets: ₹ 51.15 crore.

### 2.6.1 Net Public Account Balances

The component-wise net balances in Public Account of the State during the five year period from 2017-18 to 2021-22 is shown in **Table 2.32** and **Chart 2.16**. The analysis of the net balances of various components in the Public Account are given in the respective paragraphs.

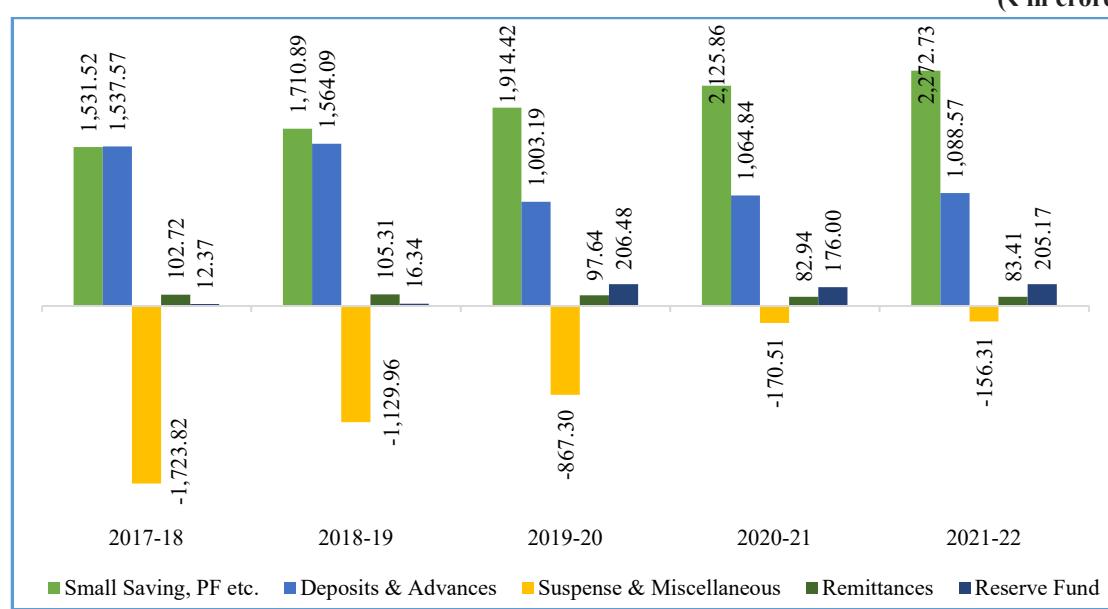
**Table 2.32: Component-wise net balances in Public Account as of 31 March of the year  
(₹ in crore)**

Sector	Sub Sector	2017-18	2018-19	2019-20	2020-21	2021-22
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	1,531.52	1,710.89	1,914.42	2,125.86	2,272.73
J. Reserve Funds	(a) Reserve Funds bearing Interest	4.70	4.70	197.01	168.01	197.34
	(b) Reserve Funds not bearing Interest	7.67	11.64	9.47	7.99	7.83
K. Deposits and Advances	(a) Deposits bearing Interest	0.90	0.81	0.88	0.83	1.93
	(b) Deposits not bearing Interest	1,538.48	1,565.09	1,004.12	1,065.82	1,088.45
	vis-à-vis Advances	-1.81	-1.81	-1.81	-1.81	-1.81
L. Suspense and Miscellaneous	(a) Suspense	-42.45	-59.66	-65.45	-88.88	-139.20
	(b) Other Accounts	-1,681.37	-1,070.30	-801.85	-81.63	-17.11
	(c) Accounts with Governments of Foreign Countries	-	-	-	-	-
	(d) Miscellaneous	-	-	-	-	-
M. Remittances	(a) Money Orders, and other Remittances	99.32	102.34	95.52	79.58	81.42
	(b) Inter- Governmental Adjustment Account	3.40	2.97	2.12	3.36	1.99
<b>Total</b>		<b>1,460.36</b>	<b>2,266.67</b>	<b>2,354.43</b>	<b>3,279.13</b>	<b>3,493.57</b>

Note: +ve denotes debit balance and -ve denotes credit balances.

**Chart 2.16: Yearly changes in composition of Public Account balances**

(₹ in crore)



Source: Finance Accounts of respective year.

## 2.6.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State. The contributions are treated as expenditure under the Consolidated Fund. The expenditure relating to the fund is initially accounted under the Consolidated Fund itself for which the vote of the legislature is obtained. At the end of the year, at the time of closure of accounts, the expenditure relating to the fund is transferred to public account under the concept of gross budgeting through an operation of deduct entry in accounts. The funds are further classified as ‘Funds bearing interest’ and ‘Funds not bearing interest’.

The total accumulated balance as on 31 March 2022 was ₹ 899.12 crore in five active reserve funds, out of which ₹ 315.34 crore was under interest bearing Reserve Fund and ₹ 583.78 crore under non-interest bearing Reserve Fund as given in the following table:

**Table 2.33: Reserve funds**

(₹ in crore)

Sl. No.	Head of Accounts	Balance as on 31 March 2022
<b>Reserve fund bearing interest (active)</b>		
1	8121- General and Other Reserve Fund, 129-State Compensatory Afforestation Fund (SCAF)	163.31
2	8121-General and Other Reserve Fund, 122- State Disaster Response Fund (SDRF).	152.03
<b>Sub-Total</b>		<b>315.34</b>
<b>Reserve fund not bearing interest (active)</b>		
1	8222-Sinking Funds- 101-Sinking Funds	530.78
2	8235-General and Other Reserve Funds-117-Guarantee Redemption Fund (GFR)	52.98
3	8229-Development and Welfare Funds- 123- Consumer Welfare Fund	0.02
<b>Sub-Total</b>		<b>583.78</b>
<b>Grand-Total</b>		<b>899.12</b>

Investment out of these funds was ₹ 693.96 crore, which was 77.18 *per cent* of the accumulated balance (₹ 899.12 crore). The transactions during the year 2021-22 under major Reserve Funds are detailed below:

### 2.6.2.1 *Consolidated Sinking Fund (not bearing interest)*

The Government of Meghalaya set up the Consolidated Sinking Fund for amortisation of loans in 1999-2000. The latest amendment made to the Consolidated Sinking Fund notification issued by the Government, effective from 2018-19, stipulates that the State Government may contribute a minimum of 0.50 *per cent* of their outstanding liabilities (internal debt + public account) as at the end of the previous year to the Consolidated Sinking Fund. In the year 2021-22, Government contributed ₹ 68.65 crore as against minimum required contribution of ₹ 66.50 crore. The total accumulation of the Fund was ₹ 530.78 crore as on 31 March 2022 (₹ 458.98 crore as on 31 March 2021).

### **2.6.2.2 State Disaster Response Fund (interest bearing)**

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 1 April 2010, which is an interest bearing Reserve Fund. In terms of the Guidelines on the Constitution and Administration of the SDRF and National Disaster Response Fund, which was notified in September 2010, the Centre and States are required to contribute to the Fund in the ratio of 90:10. The contributions are to be transferred to the Public Account to Major Head – 8121. No direct expenditure is to be made from the Public Account. The expenditure charged to the SDRF will be shown as a negative entry under Major Head - 2245-05-911.

As per Paragraph 4 of the Guidelines, the State Government shall pay interest to the SDRF at the rate applicable to overdrafts under overdraft Regulation Guidelines of the RBI. The interest will be credited on a half-yearly basis. Further, as per Paragraph 19 of the said Guidelines, the accretions to the SDRF together with the income earned on the investment of SDRF shall be invested in Central Government dated Securities, auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks.

At the beginning of 2021-22, the SDRF had an opening balance of ₹ 122.70 crore. During the year 2021-22, the State Government received ₹ 52.80 crore as Central Government's share. The State Government's share during the year was ₹ 5.86 crore. The State Government transferred ₹ 95.32 crore [(Central Share ₹ 85.80 crore, State Share ₹ 9.52 crore) including outstanding contribution of ₹ 36.66 crore (Central Share ₹ 33.00 crore and State share ₹ 3.66 crore for the year 2020-21)] to the Fund under Major Head 8121-122 SDRF. The State did not receive any grant from the Central Government towards NDRF.

During the year, the State Government disbursed ₹ 65.99 crore directly from the fund under the MH-8121-122-SDRF instead of MH -2245, as provided for in the SDRF guidelines.

As the SDRF is an interest bearing Reserve Fund, the liability of interest payment rests with the State Government. Non-payment of interest amounting to ₹ 0.28 crore<sup>33</sup> resulted in overstatement of Revenue Surplus to that extent.

### **2.6.2.3 State Disaster Mitigation Fund**

As per Clause 48 of the Disaster Management Act, 2005, the State Government shall immediately after notifications issued for constituting the State Authority and the District Authorities, establish the fund to be called “State Disaster Mitigation Fund” and the State shall ensure that the funds established is available to the State Authority. Further, the Central and State Governments are required to contribute to the fund in the proportion of 90:10.

During the year 2021-22, the State Government received ₹ 13.20 crore as Central Government's share. The State's share during the year was ₹ 1.46 crore. However, contrary to the Fund account guidelines, the State Government constituted the State Disaster Mitigation Fund (SDMF) only in March 2022 *i.e* after 17 years of enactment of

<sup>33</sup> ₹ 0.28 crore = Balance of ₹ 4.70 crore X six *per cent* (Average rate of interest of 6 *per cent* *i.e.*, Bank Overdraft rate *i.e.* Bank Repo rate plus two *per cent*).

the Disaster Management Act, 2005. The GoI's share of ₹ 13.20 crore received during the year was shown as Grants-in-Aid (MH 1601-07-105). However, the State Government transferred ₹ 14.66 crore (GoI's share: ₹ 13.20 crore + GoM's share: ₹ 1.46 crore) to SDMF (8121-130) in August 2022.

#### **2.6.2.4 Guarantee Redemption Fund**

State Government constitutes '*Guarantee Redemption Fund*' for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Enterprises or other Bodies and invoked by the beneficiaries. The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government and not paid by the institutions on whose behalf guarantee was issued.

Guarantee Redemption Fund is administered by the RBI. The latest amendment to the Fund notification issued by the State Government, effective from the year 2021-22, stipulates that the State Government shall initially contribute a minimum of one *per cent* and thereafter at the rate of 0.50 *per cent* of outstanding guarantees at the end of the previous year to achieve a minimum level of three *per cent* in the next five years. The Fund shall be gradually increased to a desirable level of five *per cent*.

Accordingly, Government of Meghalaya constituted a Guarantee Redemption Fund (GRF) in 2014-15 with ₹ 11.74 crore for meeting its obligations arising out of the Guarantees issued on behalf of State level bodies, through an Act dated 23 June 2014.

The opening balance of the Fund as on 01 April 2021 was ₹ 37.39 crore. During the year Government contributed only ₹ 15.35 crore as against a minimum required contribution of ₹ 15.24 crore. The total accumulation of the Fund was ₹ 52.98 crore as on 31 March 2022.

Further, Section 4(1)(d) of Meghalaya FRBM Act, 2006 restricts issuing of Guarantee except on selective basis where the quality and viability of the scheme to be guaranteed is properly analysed and is beneficial to the State.

The State Government did not issue any guarantee during the year 2021-22. The cumulative guarantee was ₹ 2,980.44 crore as on 31 March 2022.

A Guarantee Act has not been enacted by the State Government. As per guidelines issued by the Government of Meghalaya Finance (Budget) Department letter No. Fin(B)91/89/53 dated 24<sup>th</sup> April 1989, the State Government is required to levy a Guarantee Commission Fee of one *per cent* of the Guaranteed amount before the execution of the guarantee deed. For the subsequent years, the guarantee fee is fixed at 0.50 *per cent* on amount guaranteed and outstanding on the 31<sup>st</sup> March each year for the next financial year till the guarantee is withdrawn or till the loan is liquidated.

During 2021-22, the State Government did not receive any amount towards Guarantee Commission Fee which works out to ₹ 15.24 crore<sup>34</sup> during 2021-22. The accumulated outstanding balance of Guarantee Commission Fee as on 31 March 2022 was ₹ 79.19 crore<sup>35</sup>.

#### **2.6.2.5 State Compensatory Afforestation Fund**

The Government of Meghalaya, in compliance to the instructions issued by the Ministry of Environment and Forests, Government of India's vide their letter No. 5-1/2009-FC dated 28 April 2009 and guidelines of 2 July 2009, established the State Compensatory Afforestation Fund (SCAF).

The moneys received by the State Government from the user agencies needs to be credited in 'State Compensatory Afforestation Deposits' under interest bearing section in Public Accounts of the State at Minor Head level below the Major Head 8336-Civil Deposits. As per Section 3 (4) of the Compensatory Afforestation Fund Act 2016, 90 *per cent* of the fund needs to be transferred to the Major Head 8121-General and Other Reserve Fund in the Public Account of the State and balance 10 *per cent* shall be credited into the National Fund on yearly basis provided that the credit of 10 *per cent* Central share of funds should be ensured on a monthly basis so that the same is transferred to the National Fund.

During the year 2021-22, the State Government did not receive any amount from the user agencies. No amount was remitted to the National fund during the year 2021-22. The Government also did not receive any amount from National Compensatory Afforestation Deposit. The total balance in the State Compensatory Afforestation Fund as on 31 March 2022 was ₹ 163.31 crore.

As the SCAF is an interest bearing Reserve Fund, the liability of interest payment rests with the State Government. Non-payment of interest amounting to ₹ 5.47 crore<sup>36</sup> resulted in overstatement of Revenue Surplus to that extent.

### **2.7 Debt Management**

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

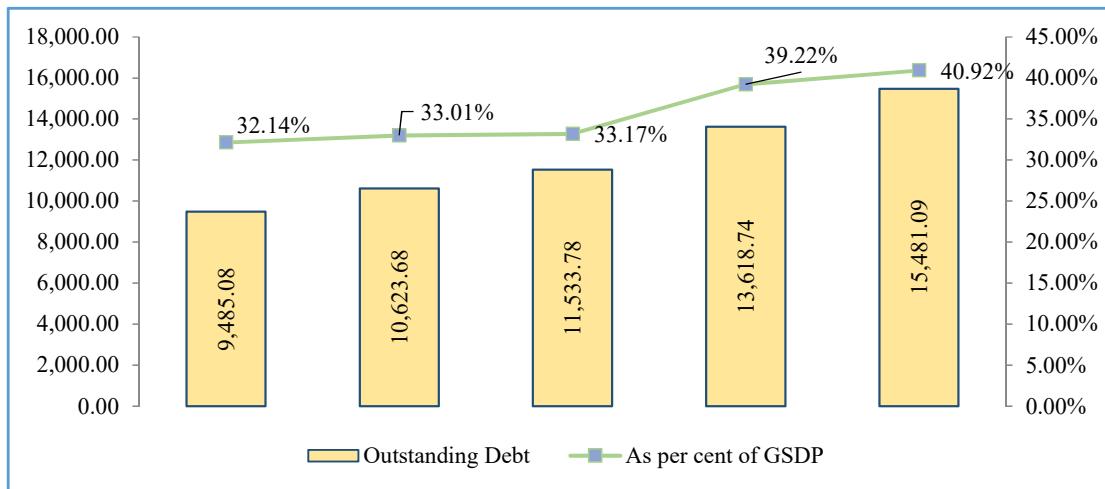
The details relating to total outstanding debt and ratio of debt to GSDP during the five-year period 2017-22 is given in **Chart 2.17**.

<sup>34</sup> Calculated @ 0.5 *per cent* of ₹ 3,047.52 crore.

<sup>35</sup> ₹ 63.93 crore (₹ 79.17 crore - ₹ 15.24 crore) related to outstanding guarantee commission fee up to 2020-21.

<sup>36</sup> As per circulars issued by the Ministry of Environment, Forest & Climate Change.

**Chart 2.17: Trend of overall debt**



In absolute monetary terms, the overall debt of the State of Meghalaya has increased by 63.22 *per cent* from ₹ 9,485.08 crore during 2017-18 to ₹ 15,481.09 crore<sup>37</sup> during 2021-22. As percentage of GSDP, the overall debt was 32.14 *per cent* in 2017-18, but has increased considerably by nearly nine-percentage points to 40.92 *per cent* in 2021-22.

The primary reason for spike in Debt/GSDP ratio during 2021-22 was on account of significant increase in Internal Debt by ₹ 1,312.87 crore (13.22 *per cent*) and Loans from GoI by ₹ 237.71 crore (55.25 *per cent*). The State was not able to achieve the target set forth in the MFRBM Act, 2006 to maintain the Debt-GSDP ratio under 28 *per cent*.

### 2.7.1 Debt profile: Components

Total debt of the State Government typically constitutes of Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, *etc.*), loans and advances from the Central Government and Public Account Liabilities.

The total outstanding debt of the State Government at the end of 2021-22 was ₹ 15,481.09 crore. The component-wise debt trends for the period 2017-18 to 2021-22 and break up of outstanding debt during 2021-22 are given in **Table 2.34** and **Chart 2.18**.

**Table 2.34: Component wise Debt Trends**

(₹ in crore)

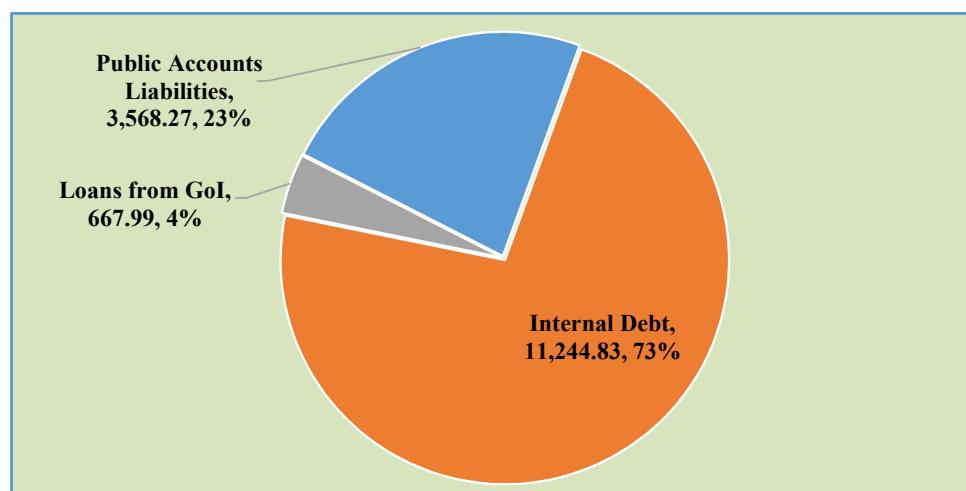
		2017-18	2018-19	2019-20	2020-21	2021-22
<b>Outstanding Overall Debt</b>		9,485.08	10,623.68	11,533.78	13,618.74	15,481.09
Public Debt	Internal Debt	6,287.33	7,214.29	8,301.31	9,931.96	11,244.83
	Loans from GoI	114.48	116.27	106.56	430.28	667.99
<i>Liabilities on Public Account</i>		3,083.27	3,293.12	3,125.91	3,368.50	3,568.27

<sup>37</sup> Excludes an amount of ₹ 253.16 crore (₹ 112.00 crore + ₹ 141.16 crore) Back to Back loan by GoI in lieu of GST Compensation shortfall which will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission *etc.*

	2017-18	2018-19	2019-20	2020-21	2021-22
Rate of growth of outstanding Overall debt ( <i>percentage</i> )	5.58	12.00	8.57	18.08	13.67
Gross State Domestic Product (GSDP)	29,508	32,176	34,770	34,719	37,830
Debt/GSDP ( <i>per cent</i> )	32.14	33.01	33.17	39.22	40.92
Total Debt Receipts	2,954.36	3,189.65	2,941.07	3,736.46	5,373.23
Total Debt Repayments*	3,043.96	2,707.85	2,789.48	2,510.42	3,369.72
Total Debt Available	-89.60	481.80	151.59	1226.04	2003.51
Debt Repayments/Debt Receipts ( <i>percentage</i> )	103.03	84.89	94.85	67.19	62.71

\* Note: Including interest.

**Chart 2.18: Break up of Outstanding Overall Debt at the end of FY 2021-22**



It may be seen from the above that the outstanding debt comprises of internal debt (*73 per cent*), public account liabilities (*23 per cent*) and loans from GoI (*four per cent*). Compared to the previous year, the outstanding debt at the end of 2021-22 increased by *13.67 per cent* (₹ 1,862.35 crore).

### **Components of Fiscal Deficit and its financing pattern**

The financing pattern of the Fiscal Deficit during the five-year period 2017-22 is reflected in **Table 2.35**.

**Table 2.35: Components of Fiscal Deficit and its financing pattern**

(₹ in crore)

Particulars		2017-18	2018-19	2019-20	2020-21	2021-22
<b>Composition of Fiscal Deficit</b>						
1.	Revenue Deficit(-)/Revenue Surplus (+)	850.80	-537.32	-151.60	-815.38	653.92
2.	Net Capital Expenditure	-983.44	-1,417.28	-939.71	-1,734.05	-2,751.79
3.	Net Loans and Advances	-104.60	-71.48	-12.46	-54.13	-60.92
	<b>Total</b>	<b>-237.24</b>	<b>-2,026.08</b>	<b>-1,103.77</b>	<b>-2,603.56</b>	<b>-2,158.79</b>
<b>Financing Pattern of Fiscal Deficit</b>						
1.	Market Borrowings	919.81	862.60	1,070.46	1,587.00	1,298.00
2.	Loans from GOI	-13.67	1.79	-9.71	323.71	490.87
3.	Special Securities issued to NSSF	45.38	-49.62	-53.75	-53.75	-53.75

Particulars		2017-18	2018-19	2019-20	2020-21	2021-22
4.	Loans from Financial Institutions	34.76	113.98	70.31	97.41	68.62
5.	Small Savings, PF, etc.	157.71	179.36	203.54	211.44	146.87
6.	Deposits and Advances	-23.89	3.97	-560.89	61.64	23.73
7.	Suspense and Miscellaneous	-527.76	26.52	-5.78	-23.43	-50.32
8.	Remittances	8.57	-17.21	-7.68	-14.69	0.45
9.	Reserve Fund	4.09	2.59	190.14	-30.48	29.16
10.	Contingency Fund	-	-	-1.96	1.96	200.00
11.	Appropriation to Contingency Fund	-	-	-	-	-200.00
<b>12.</b>	<b>Overall Deficit</b>	<b>605.00</b>	<b>1,123.98</b>	<b>894.68</b>	<b>2,160.81</b>	<b>1,953.63</b>
13.	Increase/Decrease in cash balance	- 467.76	902.10	209.09	442.75	205.16
<b>14.</b>	<b>Gross Fiscal Deficit</b>	<b>237.24</b>	<b>2,026.08</b>	<b>1,103.77</b>	<b>2,603.56</b>	<b>2,158.79</b>

Fiscal Deficits during the five-year period, came down to ₹ 1,103.77 crore during 2019-20 and again peaked at ₹ 2,603.56 crore during 2020-21. However, it decreased to ₹ 2,158.79 crore during 2021-22.

During 2021-22, Fiscal Deficit was primarily financed by net market borrowings (₹ 1,298.00 crore), loans from GoI (₹ 490.87 crore), small savings, provident funds, etc. (₹ 146.87 crore), deposits and advances (₹ 23.73 crore) and cash balances (₹ 205.16 crore).

### 2.7.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Public Debt consists of Internal Debt and Loans and Advances received from GoI. As per Statement 17 of the Finance Accounts for the year 2021-22, the maturity profile of public debt is indicated in **Table 2.36**.

**Table 2.36: Debt Maturity profile of repayment of Public debt**

Year of Maturity	Period of repayment (Years)	Public Debt (₹ in crore)			Percentage (w.r.t. Public debt)
		Internal Debt	Loans and advances from GoI	Total	
By 2022-23	0 – 1	562.22	23.22	585.44	5
Between 2023-24 & 2024-25	1 – 3	1,728.15	46.67	1,774.82	15
Between 2025-26 & 2026-27	3 – 5	2,011.53	23.35	2,034.88	17
Between 2027-28 & 2028-29	5 – 7	3,172.30	15.80	3,188.10	27
2029-30 onwards	7 and above	3,770.63	558.95	4,329.58	36
	<b>Total</b>	<b>11,244.83</b>	<b>667.99<sup>17</sup></b>	<b>11,912.82</b>	<b>100</b>

Source: Finance Accounts 2021-22.

The maturity profile of outstanding stock of public debt as on 31 March 2022 indicated that out of the outstanding public debt of ₹ 11,912.82 crore, 5 per cent (₹ 585.44 crore) is payable within the next one year i.e., 2022-23, 32 per cent (₹ 3,809.70 crore) is

<sup>18</sup> Excluding Back to Back Loan of ₹ 253.16 crore.

payable in the next two to five years, while the remaining 63 per cent (₹ 7,517.68 crore) is to be paid after more than five years.

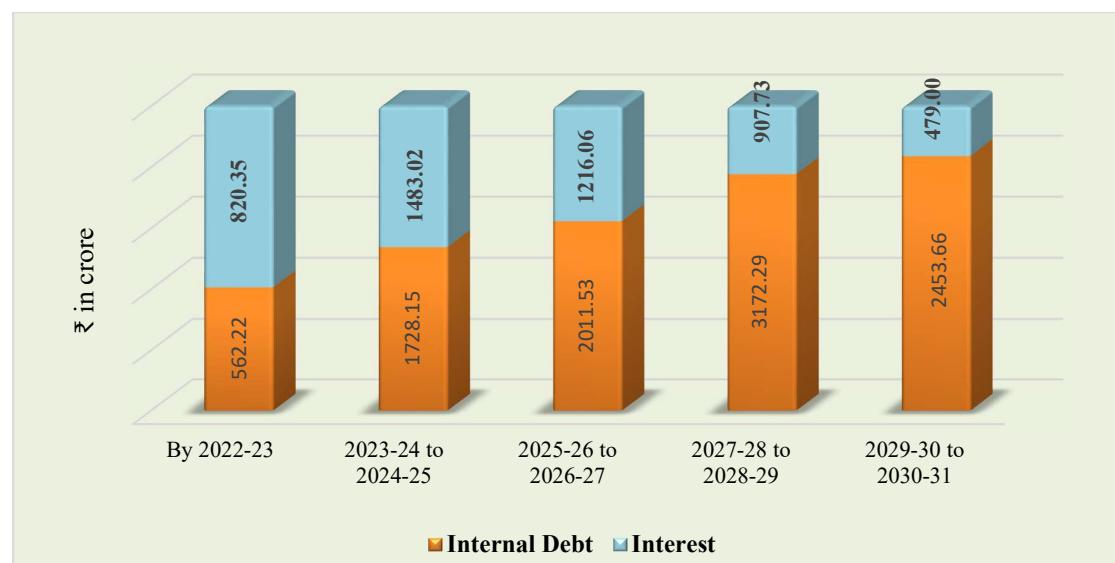
Maturity profile and repayment schedule of Internal Debt and Loans and Advances received from GoI along with interest for the next ten years (2022-23 to 2031-32) is detailed below:

### **Internal Debt of the State-Maturity Profile**

Internal debt consisting of market borrowings, loans from LIC, GIC, NABARD, etc. constituted 94.39 per cent (₹ 11,244.83 crore) of the total outstanding public debt (₹ 11,912.82 crore). During the year, the State Government borrowed ₹ 1,608.00 crore in the form of market loans and paid ₹ 699.55 crore towards interest, which was higher by ₹ 112.66 crore as compared to the previous year. This indicates that substantial portion of fresh market loans are being utilised towards servicing of existing debts which may lead to a debt trap in future.

The repayment schedule of internal debt and interest<sup>39</sup> to be paid thereon over the next nine years (2022-23 to 2030-31) is detailed in **Chart 2.19**.

**Chart 2.19: Repayment schedule of Internal Debt and Interest thereon**



Source: Information furnished by the Finance Department, GoM.

Of the total internal debt, an amount of ₹ 4593.74 crore which includes principal of ₹ 2,290.37 crore<sup>40</sup> and interest of ₹ 2,303.37 crore<sup>41</sup> will become payable in the next three financial years i.e., up to 2024-25. Thereafter, in the next two years up to 2026-27, an amount of ₹ 3,227.59 crore, which includes ₹ 2,011.53 crore as principal and ₹ 1,216.06 crore as interest will become payable. Between 2027-28 and 2030-31, the liability of the State towards principal and interest will be ₹ 7,012.68 crore<sup>42</sup>.

<sup>39</sup> The debt figures are provisional figures based on loans and advances for the year ended 31 March 2022 which are likely to change due to additional loans and change in interest rates in future.

<sup>40</sup> ₹ 562.22 crore + ₹ 1,728.15 crore.

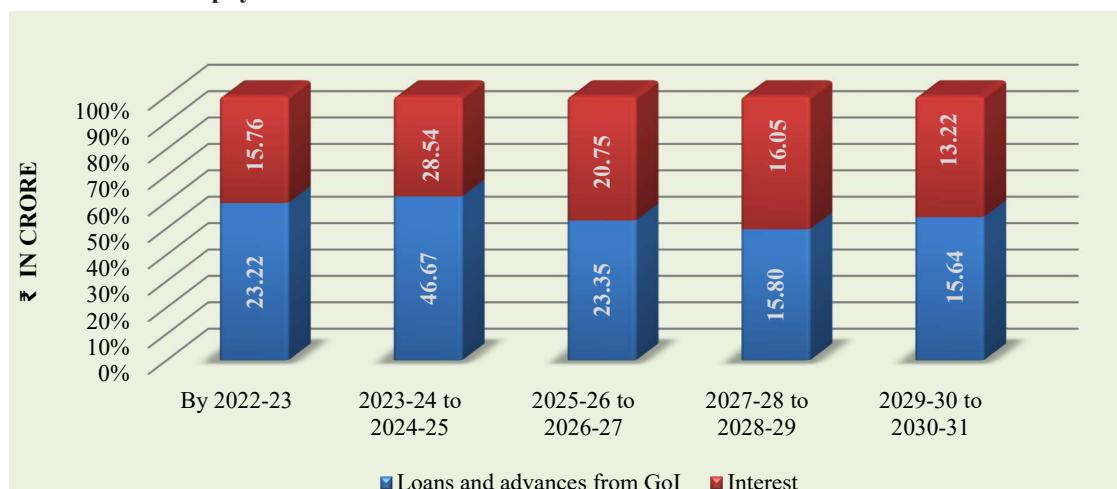
<sup>41</sup> ₹ 820.35 crore + ₹ 1,483.02 crore.

<sup>42</sup> Principal (₹ 3,172.29 crore + ₹ 2,453.66 crore) and Interest (₹ 907.73 crore + ₹ 479.00 crore).

### **Loans and advances from the GoI- Maturity Profile**

Loans and advances from the GoI constituted 5.61 per cent (₹ 667.99 crore) of the total outstanding public debt (₹ 11,912.82 crore). The repayment schedule of the loans and advances from the GoI and interest to be paid thereon over the next nine years (2022-23 to 2030-31) is detailed in **Chart 2.20**.

**Chart 2.20: Repayment schedule of Loans and advances from the GoI and Interest<sup>43</sup> thereon**



*Source: Information furnished by the Finance Department, GoM.*

Of the total loans and advances from the GoI, amount of ₹ 114.19 crore which includes principal of ₹ 69.89 crore<sup>44</sup> and interest of ₹ 44.30 crore<sup>45</sup> will become payable in the next three financial years *i.e.* up to 2024-25. In the next two years up to 2026-27, an amount of ₹ 44.10 crore, which includes ₹ 23.35 crore as principal and ₹ 20.75 crore as interest will become payable. Between 2027-28 and 2030-31, the liability of the State towards principal and interest will be ₹ 60.71 crore<sup>46</sup>.

During 2021-22, public debt as percentage of GSDP accounted for 31.49 per cent which was already higher than the percentage (28 per cent) of overall debt to GSDP prescribed by the MFRBM Act. It is thus inevitable that the State GSDP must grow at a sufficient pace in order to generate enough revenues for future debt servicing if a debt trap is to be avoided.

### **2.8 Debt Sustainability Analysis**

Debt sustainability is defined as the ability of the State to service its debt in future. Sustainability of debt therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings with returns from such borrowings. It means that rise in Fiscal Deficit should match with increase in capacity to service the debt. Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability of the State. This section assesses the sustainability of debt of the

<sup>43</sup> Figures w.e.f 2023-24 are subject to change on receipt of additional loans or dues to refund/write off/debt waiver by GoI.

<sup>44</sup> ₹ 23.22 crore + ₹ 46.67 crore.

<sup>45</sup> ₹ 15.76 crore + ₹ 28.54 crore.

<sup>46</sup> Principal (₹ 15.80 crore + ₹ 15.64 crore) and Interest (₹ 16.05 crore + ₹ 13.22 crore).

State Government in terms of debt/GSDP ratio, burden of interest payments (measured by interest payments to Revenue Receipts ratio), and also the maturity profile of State Government securities as given in **Paragraph 2.7.2**.

**Table 2.37** and **Chart 2.20** analyse public debt sustainability indicators of the State for the five-year period beginning from 2017-18.

**Table 2.37: Trends in Public Debt Sustainability Indicators**

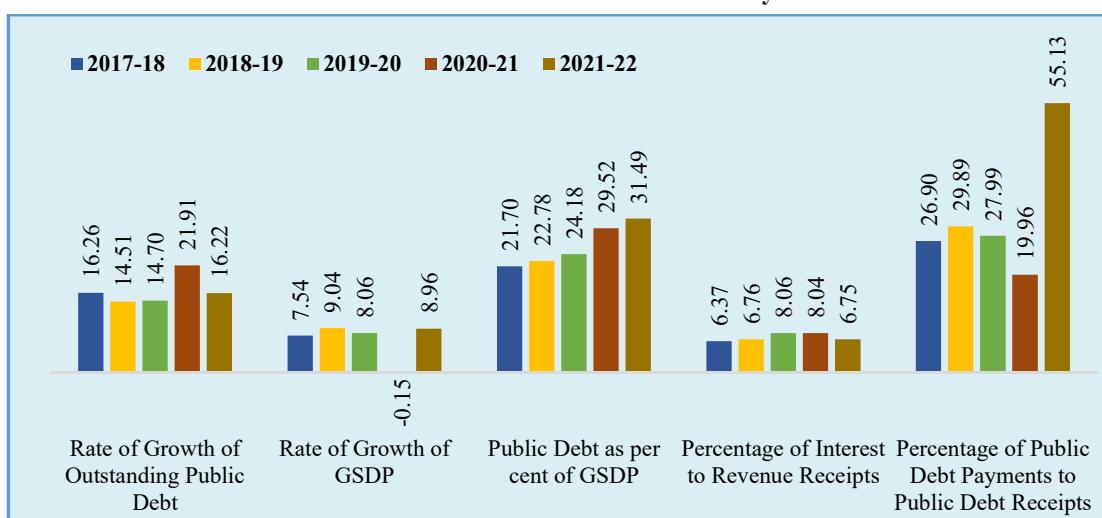
Debt Sustainability Indicators	2017-18	2018-19	2019-20	2020-21	2021-22
Outstanding Public Debt*	6401.81	7330.56	8407.87	10250.24 <sup>47</sup>	11,912.82 <sup>48</sup>
Back to Back Loans	-	-	-	112.00	253.16
Rate of Growth of Outstanding Public Debt	16.26	14.51	14.70	21.91	16.22
GSDP	29,508	32,176	34,770	34,719	37,830
Rate of Growth of GSDP	7.54	9.04	8.06	(-) 0.15	8.96
Public Debt/GSDP	21.70	22.78	24.18	29.52	31.49
Average interest Rate of Outstanding Public Debt ( <i>per cent</i> )	6.40	6.53	6.85	6.80	6.62
Percentage of Interest payment to Revenue Receipt	6.37	6.76	8.06	8.04	6.75
Percentage of Public Debt Repayment to Public Debt Receipt	26.90	29.89	27.99	19.96	55.13
Net Public Debt available to the State <sup>#</sup>	304.34	271.94	318.80	1,095.45	840.13
Net Public Debt available as <i>per cent</i> to Public Debt Receipts	24.84	20.53	21.31	44.86	20.90
Debt Stabilisation (Quantum spread + Primary Deficit)	910.17	-821.09	-225.31	-2691.14	-833.26

Source: Finance Accounts.

\* Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government.

# Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

**Chart 2.21: Trends in Public Debt Sustainability indicators**



<sup>47</sup> The effective Outstanding Public Debt excludes ₹ 112.00 crore received as Back to Back Loan.

<sup>48</sup> The effective Outstanding Public Debt excludes ₹ 253.16 crore received as Back to Back Loan.

From the above it is seen that the ratio of public debt to GSDP ratio ranged between 21.70 *per cent* and 34.79 *per cent* during the five-year period from 2017-18 to 2021-22. In terms of net public debt availability, the State had seen a decrease of 23.31 *per cent* from ₹ 1,095.45 crore in 2020-21 to ₹ 840.13 crore during 2021-22.

### **2.8.1 Status of Guarantees – Contingent Liabilities**

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. Although various State Governments have come out with legislations or instructions with regard to cap on the guarantees however, Government of Meghalaya has not prescribed any ceiling for guarantees to be extended for loans availed by the State Government entities (March 2022).

The details of outstanding guarantees given by the State Government including interest liability during the five-year period from 2017-18 to 2021-22 are shown in **Table 2.38**.

**Table 2.38: Guarantees given by the State Government**

Guarantees	2017-18	2018-19	2019-20	2020-21	2021-22	(₹ in crore)
Criteria as per MFRBM Act, 2006						
Outstanding amount of guarantees (₹ in crore)	1,151.85	1,163.09	1,120.14	3,060.99	2,980.44	

During 2021-22, the outstanding guarantee was 105.50 *per cent* of State Own Tax and Non- Tax Revenue as compared to 1,17.92 *per cent* during 2020-21. Out of the total outstanding guarantees of ₹ 2,980.44 crore for the year 2021-22, guarantees amounting to ₹ 2,959.54 crore (99.30 *per cent*) pertained to the power sector.

### **2.8.2 Management of Cash Balances**

As per an agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/ Special Ways and Means Advances (SWMA)/ Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government is revised by the RBI from time to time.

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head ‘0049-Interest Receipts’. The cash balances are invested in the Consolidated Sinking Fund, Guarantee Redemption Fund as well.

**Table 2.39** depicts the cash balances and investments made by the State Government out of cash balances during the year.

**Table 2.39: Cash Balances and their investment**

(₹ in crore)

	<b>Opening balance on 1 April 2021</b>	<b>Closing balance on 31 March 2022</b>
<b>A. General Cash Balance</b>		
Cash in treasuries	30.45	7.00
Deposits with Reserve Bank of India	50.65	(-) 66.54
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
<b>Total</b>	<b>81.10</b>	<b>(-) 59.54</b>
Investments held in Cash Balance investment account	81.39	16.87
<b>Total (A)</b>	<b>162.49</b>	<b>(-) 42.67</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers viz., Public Works, Forest Officers	0.20	0.20
Permanent advances for contingent expenditure with department officers	0.04	0.04
Investment out of earmarked funds	606.39	693.96
<b>Total (B)</b>	<b>606.63</b>	<b>694.20</b>
<b>Total (A + B)</b>	<b>769.12</b>	<b>651.53</b>
<b>Interest realised</b>	<b>5.90</b>	<b>9.72</b>

*Source: Finance Accounts.*

General Cash Balance of the State Government at the end of the current year decreased by ₹ 205.16 crore from ₹ 162.49 crore in 2020-21 to (-) ₹ 42.67 crore in 2021-22. The State Government earned an interest of ₹ 5.90 crore during 2020-21 from the investments made in GoI Securities and Treasury Bills.

Out of the investment of ₹ 693.96 crore in earmarked funds, ₹ 118.00 crore was invested in the State Disaster Response Fund Investment Account, ₹ 522.98 crore in Sinking Fund Investment Account and ₹ 52.98 crore in Guarantee Fund Investment Account at the end of the year. The cash balance investments of the State during the five-year period 2017-18 to 2021-22 are given in **Table 2.40**:

**Table 2.40: Cash Balance Investment Account (Major Head-8673)**

(₹ in crore)

<b>Year</b>	<b>Opening Balance</b>	<b>Closing Balance</b>	<b>Increase (+) / decrease (-)</b>	<b>Interest earned</b>
2017-18	1,369.24	1,680.66	311.42	44.88
2018-19	1,680.66	1,070.04	-610.62	52.20
2019-20	1,070.04	801.61	-268.43	22.85
2020-21	801.61	81.39	-720.22	5.90
2021-22	81.39	16.87	-64.52	9.72

During the current year, *i.e.*, 2021-22, the cash balance stood at 0.08 *per cent* of the budget (₹ 20,390 crore) of the State.

## 2.9 Conclusion

In conclusion, the analysis of state of finances of the Government of Meghalaya, in terms of its total receipts and expenditure for the financial year (FY) 2021-22 shows that

the State turned into a Revenue Surplus State, from being a revenue deficit state during FY 2018-19 to 2020-21.

Revenue Receipts increased by 19.51 *per cent* from ₹ 9,273.48 crore in 2017-18 to ₹ 14,274.14 crore in 2021-22 at an average compound annual growth rate of 11.39 *per cent*. During 2021-22, the state's own revenue contributed approximately 19.79 *per cent* of the Revenue Receipts, while Central Tax Transfers and Grants-in-Aid together contributed 80.21 *per cent*. The contribution of central tax transfers and grants in aid in the total revenue kitty of the State over the past five years between 2017-22 has ranged between 74.28 *per cent* to 80.41 *per cent*. Thus, while State's own share of revenue has grown by about 20 *per cent* over the past five years, Central Tax Transfers and Grants-in-Aid continued to be the main source of Revenue Receipts for the State of Meghalaya, as for the other North-Eastern States.

Revenue Expenditure during 2021-22 which was ₹ 13,620.22 crore increased by 18.45 *per cent* compared to the previous year. The substantial increase in Revenue Expenditure was due to increased interest payments, medical and public health expenditure, Family Welfare expenditure and assistance to Power sector. Revenue expenditure as a proportion of total expenditure remained above 80 *per cent* indicating that lion's share of Government spending was on current expenditure on payment of wages and salaries, pension, rent and rates and payment of interest on outstanding debt.

Revenue expenditure as percentage of revenue receipts was 95.42 *per cent* indicating that more than 95 *per cent* of revenue receipts went into financing revenue expenditure. However, decrease in Revenue Expenditure as percentage of Revenue Receipts from 107.63 *per cent* in 2020-21 to 95.42 *per cent* in 2021-22 has improved the Fiscal Deficit gap from 7.79 *per cent* in 2020-21 to 5.71 *per cent* in 2021-22.

Capital outlay during 2021-22 was ₹ 2,751.79 crore and increased by 58.69 *per cent* over the previous year. Capital Expenditure as a percentage of total expenditure has remained stagnant at 15 *per cent* over the period 2017-18 to 2021-22.

As on 31 March 2022, there were 124 incomplete projects which had over-shot their schedules by one to more than 10 years. The expenditure incurred on these 124 incomplete projects was ₹ 796.15 crore.

Receipts in public account (₹ 5,098.35 crore) exceeded the disbursements (₹ 4,948.45 crore) by ₹ 149.90 crore during 2021-22.

As on 31 March 2022, the State Disaster Response Fund (SDRF) had an unutilised balance of ₹ 152.03 crore. As the SDRF is an interest bearing Reserve Fund, the liability of interest payment rests with the State Government. Non-payment of interest amounting to ₹ 0.28 crore resulted in overstatement of Revenue Surplus to that extent.

During 2021-22, the State Government issued guarantees of ₹ 2,980.44 crore. However, the State Government did not receive any amount towards guarantee commission. Guarantee Commission works out to ₹ 15.24 crore during 2021-22. The accumulated balance of outstanding Guarantee Commission Fee was ₹ 79.19 crore as on 31 March 2022.

The prevalence of Fiscal Deficit during 2017-22 indicated continued reliance of the State on borrowed funds, resulting in increased fiscal liabilities of the State over the period 2017-22. Fiscal liabilities increased by ₹ 1,862.35 crore (13.67 *per cent*) during 2021-22 compared to previous year. The fiscal liabilities during 2021-22 stood at 40.92 *per cent* of the GSDP and exceeded the limit of total outstanding Debt-GSDP ratio target (28 *per cent*) fixed in the State FRBM Act, 2006.

Cash Balances of the State Government at the end of the current year decreased by ₹ 205.16 crore from ₹ 162.49 crore in 2020-21 to (-) ₹ 42.67 crore in 2021-22. Cash Balance investment decreased from ₹ 81.10 crore in 2020-21 to ₹ 16.87 crore in 2021-22.

## **2.10 Recommendations**

1. *State Government needs to make sincere efforts to augment its own resources and reduce its over-dependence on GoI funds*
2. *State Government should take corrective action for quick completion of incomplete projects in order to avoid time and cost overrun besides blockade of funds. Stringent actions should be taken against defaulting contractors in the form of levying penalty clauses and blacklisting of the contractors.*





## **CHAPTER-III**

## **FINANCES OF THE STATE**



## CHAPTER III

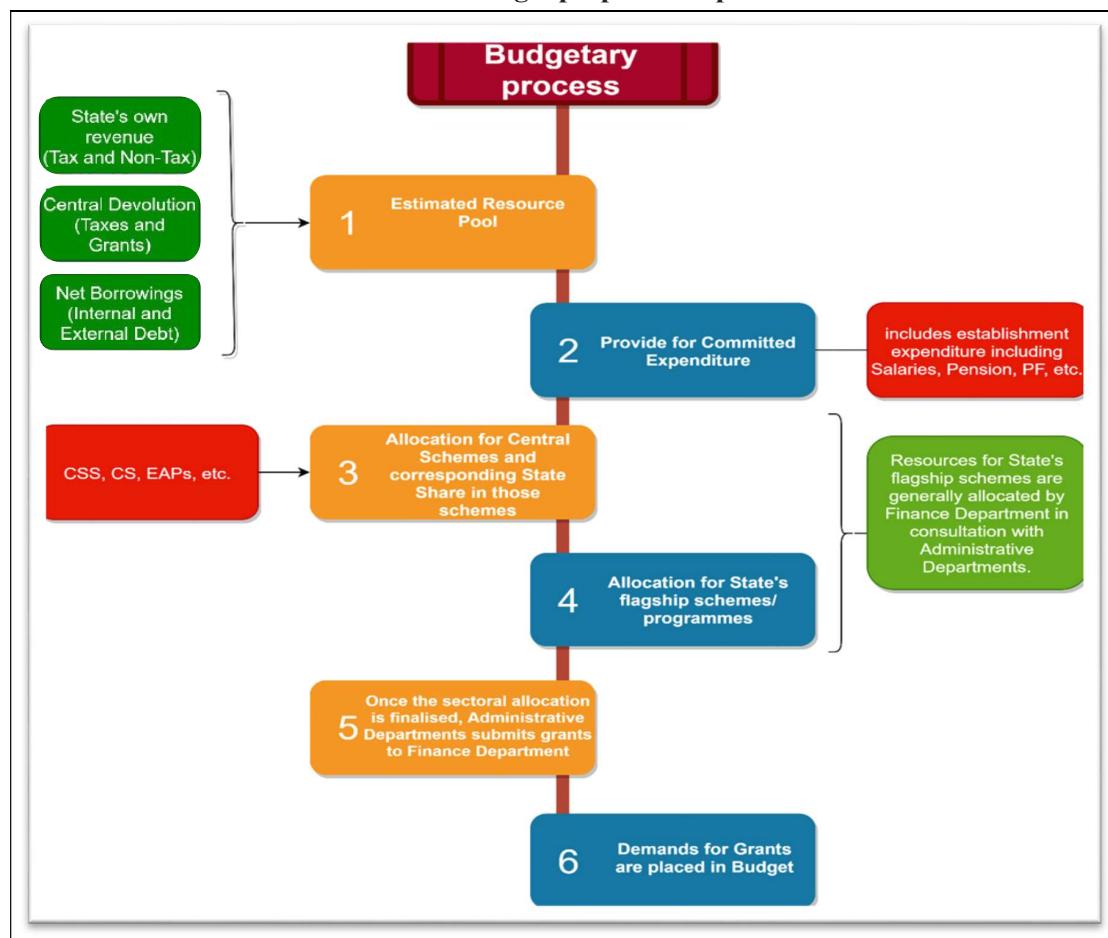
### BUDGETARY MANAGEMENT

#### 3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap of use of public resources as per the development priorities of the Government. Budget glossary is given in *Appendix 3.1*. The budget process commences with the issue of the budget circular, providing guidance to the Departments in framing their estimates, for the next financial year. Finance Department issued the budget circular on 06 October 2020 with the stipulation that the budget estimates (BEs) for the year 2021-22 should be submitted by 16 November 2020. All the Departments had submitted their BEs within the specified time.

A typical budget preparation process in a State is given in **Chart 3.1**:

**Chart 3.1: Budget preparation process**



CSS: Centrally Sponsored Schemes; CS: Central Schemes.

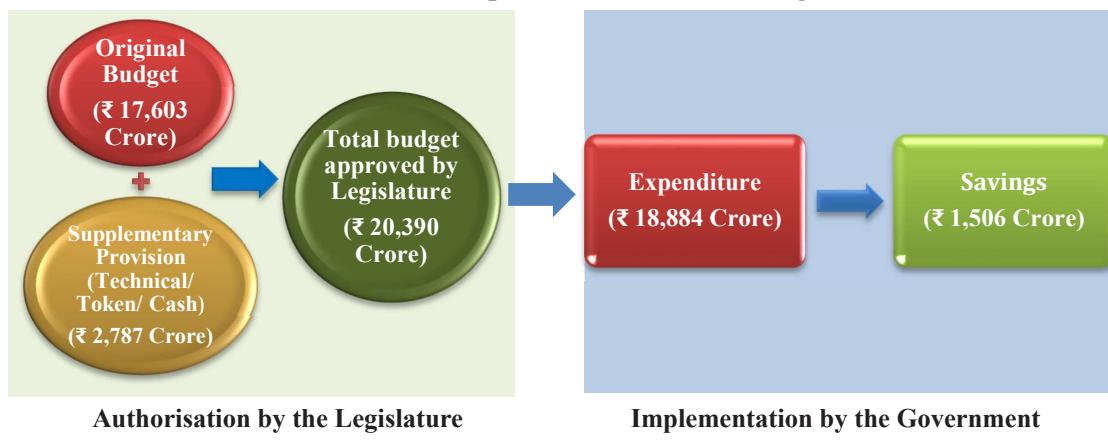
The outlays on the various activities of Government are met from the Consolidated Fund which is made up of (a) Revenue-consisting of receipts heads (Revenue Account) and expenditure heads (Revenue Account), (b) Capital, Public Debt, Loans, etc. – consisting of receipt heads (Capital Account) and Expenditure Heads (Capital Account).

No money (except expenditure charged upon the Consolidated Fund) can be withdrawn from the Consolidated Fund without the authority of the Legislature and for this purpose, necessary Demands for Grants are placed before the Legislature at the beginning of each financial year. The Grants, as and when passed by the Legislature, are incorporated in an Appropriation Act authorising necessary appropriation from the Consolidated Fund. Funds from the Contingency Fund are advanced for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. In Public Account, records are kept for all transactions relating to public moneys other than those of the Consolidated Fund and the Contingency Fund.

As contemplated in Paragraphs 1 and 78 of the State Budget Manual<sup>49</sup>, the duty of preparing Budget Estimates (BEs) (Receipts and Expenditure) and Revised Estimates (REs) for laying before the Legislature vests with the Finance Department. The BEs are prepared on Departmental basis. The budget making process moves from the bottom to the top. As soon as the Departmental estimates and REs are received, the Finance Department scrutinises these and after consultation with the administrative Departments, enters the figures, which it accepts for the BEs and REs. The estimates of receipts should show the amount expected to be actually realised within the year and in case of fluctuating revenue, the estimate should be based upon a comparison of last three years' receipts.

The total amount approved by the State legislature, including the original and supplementary budgets<sup>50</sup>, expenditure and savings during the year are depicted below:

**Chart 3.2: Components of the State Budget**



*Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts.*

The net savings of ₹ 1,506 crore was the result of gross savings of ₹ 3,087 crore in 61 Grants<sup>51</sup> and two Appropriations under Revenue Section and 25 Grants<sup>52</sup> under Capital Section offset by excess of ₹ 1,581 crore in two Grant under Revenue Section and two Appropriations under Capital Section.

<sup>49</sup> Budget Manual of the Government of Assam (Volume I) as adopted by Government of Meghalaya.

<sup>50</sup> Demand for Supplementary Grants were moved by the GoM during September 2021 (₹ 1,471 crore) and March 2022 (₹ 1,316 crore).

<sup>51</sup> Includes voted and charged.

<sup>52</sup> Includes voted and charged.

Further, the second Supplementary Grant of ₹ 1,316 crore (March 2022) was not required as the gross expenditure (₹ 18,884 crore) was only ₹ 190 crore more than the Original Provisions (₹ 17,603 crore) and Supplementary Provision obtained on September 2021 (₹ 1,471 crore). The cases of unnecessary/ excessive supplementary grants (₹ 10 crore and above in each case) taken during the year have been discussed in detail under **Paragraph 3.1.6.**

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of Grants voted and appropriations charged for different purposes, as specified in the Schedules appended to the Appropriation Accounts. Appropriation Accounts facilitates understanding of utilisation of funds, management of finances and monitoring of budgetary provisions. Audit of Appropriation Accounts by the Principal Accountant General (Audit) seeks to ascertain whether the expenditure actually incurred is in accordance with the authorisation under the Appropriation Act. It also ascertains whether expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

Audit comments on the budgetary process and budget management are discussed in the following paragraphs.

### 3.1.1 Budget projection and gap between expectation and actual

Complete accuracy of budget estimates may not always be possible. However, the Administrative and Finance Departments should diligently apply the well-tried check of average of previous actuals with known or reasonably foreseeable facts and modify the average, while arriving at the estimates. Further appropriation which are likely to remain unspent must be reported for surrender as early as possible. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some Departments deprives other Departments of the funds which they could have utilised.

**Table 3.1: Summarised position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) provisions during the financial year**

Nature of expenditure		Original Grant/ App.	Supplementary Grant/ App.	Total	Expenditure	Savings	Excess	Surrender during March	
								Amount	per cent
Voted	I. Revenue	12,821.23	1,528.26	14,349.49	12,552.69	1,932.78	135.98	1,738.19	89.93
	II. Capital	2,847.87	1,054.68	3,902.55	2,837.13	1,065.42	0.00	897.51	84.24
	III. Loans & Advances	23.00	0.51	23.51	23.65	0.00	0.14	0.00	--
	<b>Total</b>	<b>15,692.10</b>	<b>2,583.45</b>	<b>18,275.55</b>	<b>15,413.47</b>	<b>2,998.20</b>	<b>136.12</b>	<b>2,635.70</b>	<b>87.91</b>
Charged	IV. Revenue	1,163.15	3.52	1,166.67	1,077.95	88.72	0.00	95.31	107.43
	V. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	--
	VI. Public Debt-Repayment	748.00	--	748.00	2,192.55	0.00	1,444.55	0.00	--
	<b>Total</b>	<b>1,911.15</b>	<b>3.53</b>	<b>1,914.67</b>	<b>3,270.50</b>	<b>88.72</b>	<b>1,444.55</b>	<b>95.31</b>	<b>107.43</b>
Appropriation to Contingency Fund (if any)		0.00	200.00	200.00	200.00	0.00	0.00	0.00	--
<b>Grand Total</b>		<b>17,603.25</b>	<b>2,786.97</b>	<b>20,390.22</b>	<b>18,883.97</b>	<b>3,086.92</b>	<b>1,580.67</b>	<b>2,731.01</b>	<b>88.47</b>

Source: Appropriation Accounts 2021-22.

The State Legislature approved the total Budget provision of ₹ 20,390.22 crore of which the actual booking of expenditure was ₹ 18,883.97 crore i.e., 92.61 *per cent*. Out of the gross unspent appropriation of ₹ 3,086.92 crore, ₹ 355.91 crore (11.53 *per cent*) was not surrendered which indicated inadequate budgetary control. Major defaulting Departments were Power Department (₹ 101.26 crore), Public Works Department (₹ 42.79 crore) and Health Department (₹ 38.59 crore).

Further, savings of ₹ 2,731.01 crore (88.47 *per cent*) on account of unutilised appropriation were surrendered on the last working day of March 2022. The Finance Department needs to take stringent measures to curb this violation of Budgetary Rules.

### 3.1.2 Charged and Voted disbursements during the year

**Table 3.2** presents the summarised position of total budget provision, disbursement, and savings/excess with its further bifurcation into voted/ charged.

**Table 3.2: Budget provision, disbursement and savings/ excess during the financial year  
₹ in crore**

Total Budget Provision		Disbursements		Savings		Excess	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
18,452.04	1,938.18	15,589.82	3,294.15	2,998.20	88.72	135.98	1,444.69

*Source: Appropriation Accounts 2021-22.*

Out of the expenditure of ₹ 18,883.97 crore, ₹ 15,589.82 crore (82.56 *per cent*) was voted expenditure while ₹ 3,294.15 crore (17.44 *per cent*) was charged on the Consolidated Fund of State.

During 2021-22, an excess expenditure of ₹ 1,444.56 crore under “Public Debt Repayment” in the form of Internal Debt of the State under Capital (Charged) section was incurred as detailed in **Table 3.3**.

**Table 3.3: Details of excess expenditure under Public Debt Repayment**

Sl. No.	Type of the Internal Debt	Original Budget Provision	Re- appropriation	Total	Actual Expenditure	₹ in crore
						Excess (+)/ Savings (-)
1.	Ways and Means Advances (WMA)	280.00	2.87	282.87	570.84	(+) 287.97
2.	Special Drawing Facility (SDA)	0.00	0.00	0.00	657.50	(+) 657.50
3.	Overdraft (OD) State	0.00	0.00	0.00	499.09	(+) 499.09
<b>Total</b>		<b>280.00</b>	<b>2.87</b>	<b>282.87</b>	<b>1,727.43</b>	<b>(+) 1,444.56</b>

*Source: Appropriation Accounts 2021-22.*

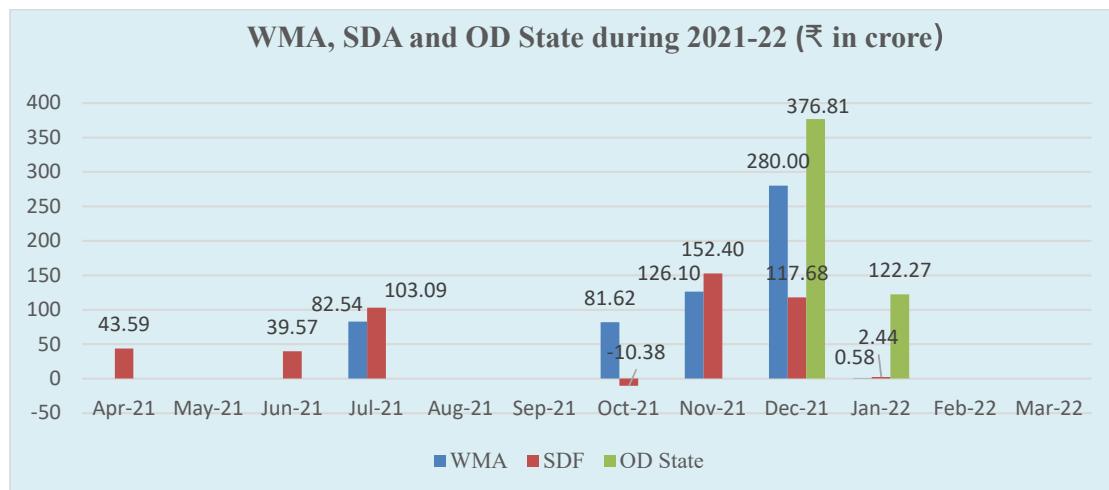
Audit observed that as against the limit of ₹ 209.00 crore prescribed by the RBI for the State of Meghalaya, Government made a total budget provision of ₹ 282.87 crore for WMA and incurred an expenditure of ₹ 570.84 crore, which was 273.12 *per cent* above the limit.

Apart from the WMA, the State Government also resorted to SDA (₹ 657.50 crore) and OD State (₹ 499.09 crore) against the collateral of government securities held by the State and paid an interest of ₹ 2.00 crore<sup>53</sup> during 2021-22 as compared to “Nil”

<sup>53</sup> ₹ 2.00 crore (Interest on SDF: ₹ 0.32 crore + Interest of WMA: ₹ 1.68 crore).

expenditure during the previous year. Month-wise drawal of WMA, SDA and OD State during 2021-22 are detailed in **Chart 3.3**.

**Chart 3.3: Details of WMA, SDA and OD during 2021-22**



Ways and Means advances are meant to pass over temporary mismatches in the cash flow of receipts and payments and are not a source of permanent financial relief. It provides leverage for both the Centre and the States to borrow from the RBI and it, therefore, helps to meet the receipts and payments of the government. However, exceeding the WMA limits and resorting to SDF and OD State reflects poor financial planning of the State Government which resulted in drawal of funds from the RBI to meet exigencies.

### 3.1.3 Sub-optimal utilisation of budgeted funds

Trend analysis of utilisation of budgeted funds by the State over the previous five years shows that it has been sub-optimal every year during the past five years. The extent of utilisation of budget during the five-year period from 2017-18 to 2021-22 is shown in **Table 3.4**.

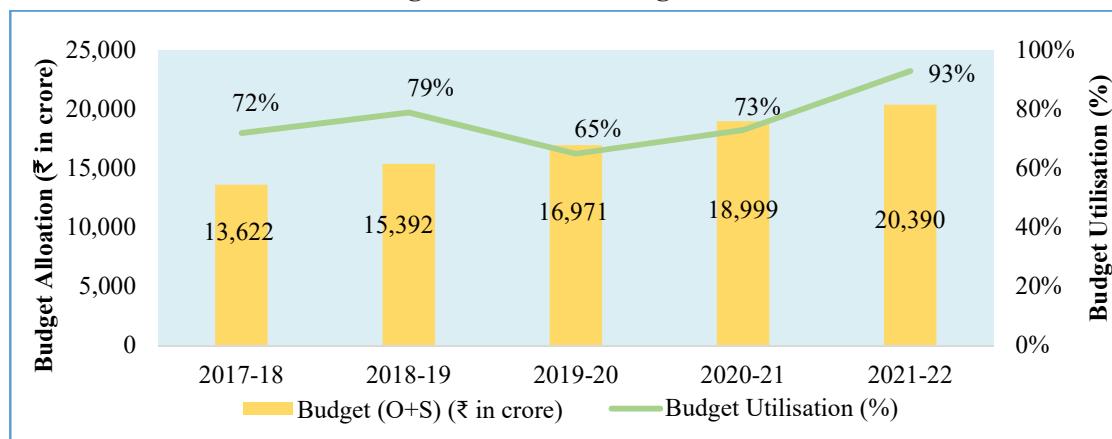
**Table 3.4: Original Budget, Revised Estimates and Actual Expenditure during 2017-22  
(₹ in crore)**

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Original Budget	13,048.23	14,276.89	16,376.94	17,430.23	17,603.25
Supplementary Budget	573.50	1,114.99	593.77	1,569.01	2,786.97
Total Budget	13,621.73	15,391.88	16,970.71	18,999.24	20,390.22
Actual Expenditure	9,856.37	12,159.25	10,967.32	13,802.08	18,883.97
Savings	3,763.36	3,232.63	6,003.39	5,197.16	1,506.25
Percentage of savings	27.63	21.00	35.38	27.35	7.39

Source: Appropriation Accounts 2021-22.

The actual expenditure between 2017-18 and 2020-21 has consistently been lower than the original estimated budget, indicating unrealistically higher estimates. During the current year, while total expenditure was more than the original budget, there was an overall saving of ₹ 1,506.25 crore after the supplementary. Better utilisation of budgetary appropriation is an encouraging sign as it indicates better estimation of receipts and better expenditure management vis-à-vis allocated resources. The Government must continue to endeavour to maintain higher utilisation of the original budget as well as the supplementary.

**Chart 3.4: Budget utilisation during 2017-18 to 2021-22**



*Source: Appropriation Accounts 2021-22.*

As can be seen from **Chart 3.4**, utilisation of budget has rarely exceeded 80 *per cent*, except in the year 2021-22. The amount of savings in 2021-22 declined by ₹ 3,690.92 crore (71.02 *per cent*) in absolute monetary terms, as compared to the previous year. Savings of allocated funds indicate inaccurate assessment of receipts.

### 3.1.4 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution.

It was however noticed that expenditure of ₹ 1,249.55 crore was incurred in two Grants and two Appropriations without any budget provision in the original budget/ supplementary and without any re-appropriation orders to this effect as detailed in **Table 3.5**.

**Table 3.5: Case of expenditure without budget provision during 2021-22**

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health	4210	0.50	01 – Urban Health Services – 110 – Hospital and Dispensaries (02) Visual Impairment and Blindness Control Programme – Sixth Schedule (Part II) Areas.
56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges	3054	90.55	01 – National Highways – 797 Transfers to/from Reserve Fund/ Deposit Account (01) Road Finance from Central Road Fund-8449-Other Deposit–103 Subventions from Central Road Fund – General.
Appropriation – Internal Debt of the State	6003	499.09	5280 - Overdraft State – General.
		657.50	112 - Special Drawing Facility on 91 Days Deposits (01) Special Drawing Facility on 91 Days Deposits – General.
Appropriation – Loans and Advances	6004	1.91	09 – Other Loans for States/Union Territories with Legislature Schemes – 101 – Block Loans (06) Additional Central Assistance for Externally Aided Project – General.
<b>Total</b>		<b>1,249.55</b>	

*Source: Appropriation Accounts 2021-22.*

Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in Government Departments.

### 3.1.5 Expenditure on New Service/New Instrument of Service

New Service implies expenditure arising out of new policy decision, not brought to the notice of the State Legislature earlier, including a new activity or a new form of investment. New Instrument of Service means relatively large expenditure arising out of important expansion of an existing activity.

Expenditure on new scheme should not be incurred without provision of funds. Paragraph 113 (vii) of the Budget Manual states that ‘the re-appropriation is not made for a new service not contemplated in the budget for the year nor for an object not specifically included in that estimates and for which no provision has been made’. It was however noticed that an expenditure of ₹ 66.83 crore was incurred in nine cases without bringing it to the notice of the State Legislature as detailed in **Table 3.6**.

**Table 3.6: Expenditure on new service without provision**

(₹ in crore)

Sl. No.	Grant No.	Major Head	Minor Head	Re-Appropriation	Expenditure
1.	1	4216	01-700 (65) Construction of Residential Buildings etc. at New Assembly Building at Mawdiangdiang (General)	22.67	22.67
2.			01-700 (66) Digitalisation of State Legislative Records at New Assembly Building at Mawdiangdiang (General)	1.88	1.88
3.	32	3456	102-(16) Partnership with World Food Programme (WEP) India for Optimisation Supply Chain Efficient PDS Operations (General)	1.09	1.09
4.	38	3451	800-(85) Meghalaya State Promotion Board (General)	2.00	2.00
5.			800-(86) Implementation of the Schemes Meghalayan Age Limited (General)	30.00	30.00
6.	45	2402	102(12)-Avenue Plantation (Sixth Schedule)	1.54	1.54
7.			102-(28) Meghalaya State Watershed and Wasteland Development Agency (General)	1.23	4.13
8.		4402	102-(02) Natural Resources Improvement Intervention (Sixth Schedule (Part II) Areas)	3.33	3.41
9.	47	2403	107-(37) Establishment/Strengthening of Rabbit Farms (General)	0.11	0.11
<b>Total</b>				<b>63.85</b>	<b>66.83</b>

Source: Appropriation Accounts 2021-22.

As such, expenditure of ₹ 66.83 crore incurred through re-appropriation, without budget provision is indicative of poor budget management and control.

### 3.1.6 Unnecessary or excessive supplementary Grants

Supplementary provision aggregating ₹ 213.36 crore obtained in 15 cases during the year proved unnecessary as the expenditure did not reach the level of the original provision as detailed in *Appendix 3.2*. Out of these 15 cases, significant cases where supplementary provision was more than ₹ 10 crore (in each case) are highlighted in **Table 3.7**.

**Table 3.7: Details of cases where supplementary provision (₹ 10 crore or more in each case) proved unnecessary**

Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Savings out of Original Provision	(₹ in crore)
<b>Revenue (Voted)</b>						
1	16 – Police, Other Administrative Services, Housing, Capital Outlay on Police	1,073.87	28.59	1,060.45	13.42	
2	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development	149.10	18.68	118.54	30.56	
3	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges	580.56	16.19	553.09	27.47	
4	58 – Sports and Youth Services, North Eastern Areas	184.91	49.63	167.06	17.85	
	<b>Total</b>	<b>1,988.44</b>	<b>113.09</b>	<b>1,899.14</b>	<b>89.30</b>	
<b>Capital (Voted)</b>						
1	19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, Capital Outlay on Education, Sports, Art and Culture, etc.	204.16	75.06	148.12	56.04	
	<b>Total</b>	<b>204.16</b>	<b>75.06</b>	<b>148.12</b>	<b>56.04</b>	
	<b>Grand Total</b>	<b>2,192.60</b>	<b>188.15</b>	<b>2,047.26</b>	<b>145.34</b>	

*Source: Appropriation Accounts 2021-22.*

Detailed scrutiny of the Supplementary Grants (SGs) moved by the State Government in September 2021 and March 2022 revealed that these SGs were moved without assessing the actual expenditure incurred (ranged between 7 and 68 *per cent*) under various Major Heads as detailed in **Table 3.8**.

**Table 3.8: Details of cases where supplementary provision was taken without assessing actual expenditure**

Sl. No.	Grant Number	Major Head	Description	Original Grant	Supplementary Grant	Date of Supp. Grant	Expenditure at the end of previous month of Supp. Grant	(₹ in crore)
1.	19	4059	Capital Outlays on Public Works	191.33	30.00 (I) 42.06 (II)	23.9.2021 14.3.2022	38.48 (20%) 99.32 (52%)	
2.	56	5054	Capital Outlay on Roads and Bridges	1,020.95	200.00 (I) 77.00 (II)	23.9.2021	106.70 (10%)	
3.	58	2204	Sport and Youth Services	156.91	33.50 (I) 16.13 (II)	23.9.2021 14.3.2022	11.26 (7%) 60.39 (38%)	
4.	65	4702	Capital Outlay on Minor Irrigation	67.35	106.18	14.3.2022	46.02 (68%)	

*Source: i. List of Supplementary Demands for Grants, Finance Department, GoM.*

*ii. Monthly Civil Accounts of August 2021 & February 2022.*

Seeking supplementary grants without assessment of actual requirement is indicative of poor budgetary management by the State Government. Government may review its Budget management practice and avoid unnecessary excessive budget provision which deprives allocation of resources to those projects which require funds, as detailed in Paragraph 3.1.11.

### 3.1.7 Unnecessary or excessive re-appropriation

Re-appropriation is transfer of funds within a Grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. As

per the Appropriation Accounts, re-appropriation made under 23 Grants and three Appropriations proved excessive or insufficient and resulted in savings/excess of ₹ one crore or above in each case as detailed in *Appendix 3.3*. This indicates that re-appropriation was not done on the basis of actual requirement. Cases where the savings/excess exceeded ₹ 40 crore are highlighted in **Table 3.9**.

**Table 3.9: Cases of excess/unnecessary/insufficient re-appropriation**

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Excess(+)/ Savings(-) (₹ in crore)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, etc., Loans for Power Project – 2801 – Power – 80 – General – 800 Other Expenditure (03) Re-payment of Loan Component and Interest thereto on Account of RGGVY	0.00	65.00	(+11.62	76.62	11.62	(-)65.00
2.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, etc., Loans for Power Project – 6801 – Loans for Power Projects – 800 Other Loans to Electricity Boards (05) State Plan Loans	0.00	86.26	(+)15.00	101.26	0	(-)101.26
3.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 - General Education – 01 – Elementary Education – 102 – Assistance to Non-Government Primary Schools (25) Sarva Shiksha Abhiyan	15.05	0	(+)78.26	93.31	161.89	(+)68.58
4.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> - CSS – 2202 - General Education – 01 – Elementary Education – 102 – Assistance to Non-Government Primary Schools (25) Sarva Shiksha Abhiyan	154.24	0	(+)136.02	290.26	221.67	(-)68.59
5.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 Pension and Other Retirement Benefits – 01 - Civil – 101 – Superannuation and Retirement Allowances (01) Superannuation and Retirement Allowances	520.00	0	(+)48.39	568.39	661.79	(+)93.40
6.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 3054 – Road and Bridges -01 – National Highways – 797 – Transfers to/from Reserve Fund/Deposit Account (01) Road Finance from Central Road Fund – 8449 – Other Deposit – 103 – Subventions from Central Road Funds	69.55	0	(+)34.00	103.55	0	(-)103.55
7.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 3054 – Road and Bridges – 04 – District and Other Roads – 105 – Maintenance and Repairs (01) Work Charged Establishments – Road Works	74.50	5.17	(+)5.08	84.75	191.32	(+)106.57
8.	Appropriation-Internal Debt of the State Government – 6003 – Internal Debt of the State Government – 110 – Ways and Means Advances from the Reserve Bank of India (69) Ways and Means Advances	280.00	0	(+)2.87	282.87	570.84	(+) 287.97

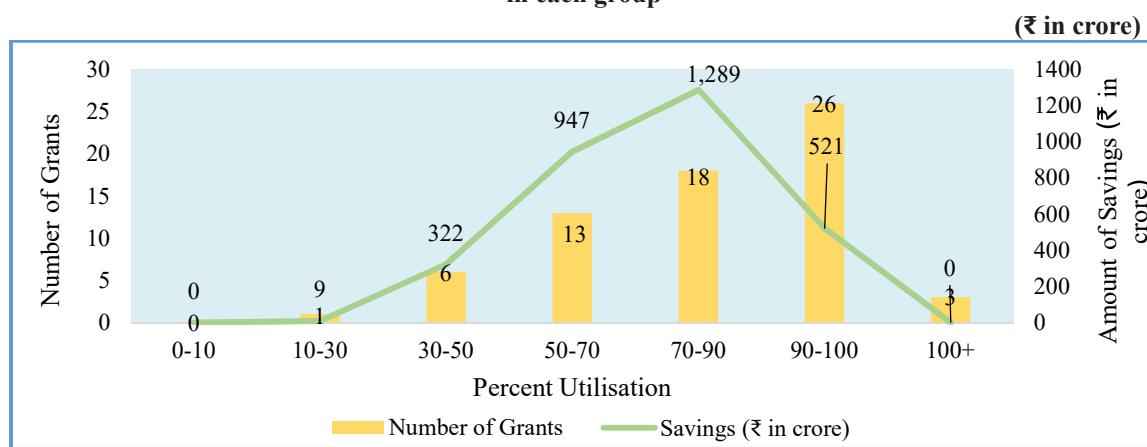
*Source: Appropriation Accounts 2021-22.*

Substantial savings/excess of more than ₹ 40.00 crore and above in respect of four Grants and one Appropriations where re-appropriation was resorted to or not made, reflects poorly on planning and monitoring of budget allocation and its utilisation by the State Government.

### 3.1.8 Large savings

In the year 2021-22, the gross savings was ₹ 3,086.92 crore. Of these, ₹ 1,551.16 crore (50.25 per cent) pertains to eight Grants with savings of more than ₹ 100 crore each of the total provision (*Appendix 3.4*). The distribution of Grants/Appropriations grouped by percentage of savings are given in **Chart 3.5**.

**Chart 3.5: Grants/Appropriations grouped by the percentage of Savings along with total savings in each group**



**Chart 3.5** indicates that the utilisation was below 30 per cent in one Grant, utilisation ranged between 30 and 90 per cent in 36 Grants, while the utilisation was above 90 per cent in the remaining 30 Grants. Details are given in *Appendix 3.5*.

In five cases, during the last five years, there were persistent savings of more than 50 per cent as shown in the table below:

**Table 3.10: Grants/Appropriations with Budget Utilisation less than 50 per cent in 2017-22**  
(₹ in crore)

Sl. No.	Grant	2017-18	2018-19	2019-20	2020-21	2021-22	No. of years*	Budget 2021-22	Total Budget (5 Years)
<b>Revenue – Voted</b>									
1	11 – Other Taxes and Duties on Commodities and Services, Power, etc.	60%	44%	13%	49%	112%	3	617.11	1685.83
2	32 – Civil Supplies, Capital Outlay on Food storage and warehousing	42%	76%	28%	70%	41%	3	78.57	466.43
<b>Capital – Voted</b>									
1	19 – Secretariat General Services, Public Works, etc.	29%	64%	32%	64%	53%	2	279.22	888.70
2	29 – Urban Development, Housing, etc.	17%	36%	30%	19%	86%	4	551.75	1160.49
3	39 – Co-operation, Agriculture Programmes, etc.	47%	88%	1%	5%	99%	3	17.49	86.82

\* Number of years with utilisation below 50 per cent.

Source: Appropriation Accounts 2021-22.

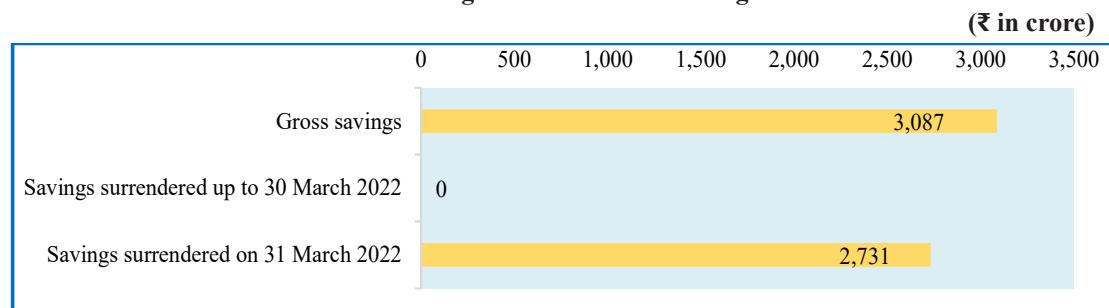
Improving urban infrastructure is a challenge faced by the State, and persistent low utilisation of Grants under Grant No. 29 till 2020-21 was a cause for concern. However, utilisation improved significantly during 2021-22. Similarly, utilisation of Grant No. 39 relating to Agriculture Programmes especially during 2019-20 and 2020-21 was abysmally low but improved significantly during the year 2021-22. Government should make efforts to maintain high utilisation of grants which are indispensable for economic growth and development.

### 3.1.9 Surrender of funds

As per Paragraph 152 (iii) of the Budget Manual, Controlling Officers are to surrender to the Finance Department all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known and, in any case, latest by the 15<sup>th</sup> of March. Scrutiny of the appropriation accounts however revealed the following:

Out of gross savings of ₹ 3,086.92 crore, an amount of ₹ 2,731.01 crore (*88.47 per cent*) crore was surrendered on the last working day of March 2022.

**Chart 3.6: Savings and surrenders during 2021-22**



Substantial surrenders (cases where more than ₹ 100 crore of total provision was surrendered) were made in respect of five Grants on various grounds like non-receipt of sanctions, less expenditure than anticipated, less requirement of funds, etc. In these five cases, out of the total provision of ₹ 5,290.65 crore of above Grants/Appropriations, ₹ 1,097.12 crore was surrendered, details of which are given in **Table 3.11**.

**Table 3.11: Details of Surrender of Funds in Excess of ₹ 100 crore at the end of March**

(₹ in crore)							
Sl. No.	Grant number	Original	Supplementary	Total Provision	Actual	Saving	Amount Surrendered
<b>Revenue (Voted)</b>							
1.	21	2,409.04	0.00	2,409.04	2,127.49	281.55	179.50
2.	34	605.02	0.00	605.02	397.33	207.69	207.21
3.	51	1,196.20	0.00	1,196.20	872.11	324.09	327.68
<b>Total</b>		<b>4,210.26</b>	<b>0.0</b>	<b>4,210.26</b>	<b>3,396.93</b>	<b>813.33</b>	<b>714.39</b>
<b>Capital (Voted)</b>							
1.	19	204.16	75.06	279.22	148.12	131.10	126.76
2.	27	801.17	0.00	801.17	544.89	256.28	255.97
<b>Total</b>		<b>1,005.33</b>	<b>75.06</b>	<b>1,080.39</b>	<b>693.01</b>	<b>387.38</b>	<b>382.73</b>
<b>Grant Total</b>		<b>5215.59</b>	<b>75.06</b>	<b>5,290.65</b>	<b>4,089.94</b>	<b>1,200.71</b>	<b>1,097.12</b>

Source: Appropriation Accounts 2021-22.

Cases where surrender of funds was more than ₹ 200 crore during the year 2021-22 are given in **Table 3.12**.

**Table 3.12: Cases of surrender of funds more than ₹ 200 crore**

(₹ in crore)

Sl. No.	Grant number	Original	Supplementary	Total Provision	Expenditure	Savings	Amount Surrendered
<b>Revenue (Voted)</b>							
1.	34	605.02	-	605.02	397.33	207.69	207.21
2.	51	1,196.20	-	1,196.20	872.11	324.09	327.68
<b>Capital (Voted)</b>							
1.	27	801.17	-	801.17	544.89	256.28	255.97

*Source: Appropriation Accounts 2021-22.*

As shown in **Table 3.12**, savings of more than ₹ 200.00 crore under three Grants was surrendered on the last day of March 2022 which is a violation of the Budget Manual and reflects lack of budgetary control. State Government should ensure timely surrender of unspent funds to meet the objective of efficient budget management.

### 3.1.10 Excess expenditure and its regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a Grant/Appropriation regularised by the State Legislature. Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

#### 3.1.10.1 Excess expenditure relating to current year

During the current year, expenditure under four Grants, amounting to ₹ 1,580.67 crore, was in excess of authorisation and requires regularisation under Article 205 of the Constitution as detailed in **Table 3.13**.

**Table 3.13: Table indicating Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State during the financial year**

(₹ in crore)

Sl. No.	Grant No.	Grant Description	Total Provision	Expenditure	Excess
1	2	3	4	5	6=5-4
<b>Revenue</b>					
1.	11	Other Taxes and Duties on Commodities and Services, Special Programme for Rural Development, etc.	617.11	691.03	73.92
2.	24	Pensions and Other Retirement Benefits, etc	1,303.55	1,365.62	62.06
<b>Total</b>			<b>1,920.66</b>	<b>2,056.65</b>	<b>135.98</b>
<b>Capital</b>					
3.	96	6003-Appropriation - Internal Debt of the State	748.00	2,192.55	1,444.55 <sup>54</sup>
4.	97	6004-Appropriation - Loans and Advances from GoI	23.51	23.65	0.14
<b>Total</b>			<b>771.51</b>	<b>2,216.20</b>	<b>1,444.69</b>
<b>Grant Total</b>			<b>2,692.17</b>	<b>4,272.85</b>	<b>1,580.67</b>

*Source: - Appropriation Account 2021-22.*

<sup>54</sup> ₹ 1,444.55 crore (Ways and Means Advance: ₹ 287.96 crore + Overdraft State: ₹ 499.09 crore + Special Drawing facility on 91 Days deposits: ₹ 657.50 crore).

### 3.1.10.2 Regularisation of excess expenditure of previous financial years

As stated in the Report of the Comptroller and Auditor General of India for the previous years, out of the total excess expenditure of ₹ 2,400.89 crore from 1971-72 to 2018-19, ₹ 949.05 crore, as recommended by the PAC, was regularised by the State Legislature (March 2021). As on 31 March 2022, an amount of ₹ 1,762.38 crore was yet to be regularised as detailed in *Appendix 3.6*.

The excess expenditure over Grants is a serious matter as it is a violation of Article 204 (3) of the Constitution, which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

### 3.1.11 Supplementary Provision and opportunity cost

It was noticed that while unnecessary supplementary provision was made in certain Grants, there were major projects which remained incomplete due to less availability of fund. Cases where unnecessary supplementary provision were made are shown in **Table 3.14**.

**Table 3.14: Unnecessary excessive budget/Supplementary Provision**

(₹ in crore)

Sl. No.	Name of the Grant	Original Allocation	Supplementary	Total	Actual expenditure	Unutilised funds
<b>Capital (Voted)</b>						
1.	19-Capital Outlay on Education, Sports, Art and Culture, etc.	204.16	75.06	279.22	148.12	131.10
	<b>Total</b>	<b>204.16</b>	<b>75.06</b>	<b>279.22</b>	<b>148.12</b>	<b>131.10</b>

*Source: Appropriation Accounts 2021-22.*

From **Table 3.14**, it is seen that an amount of ₹ 148.12 crore (53.05 per cent) only was utilised out of the total allocation of ₹ 279.22 crore. It was further seen that the actual expenditure was lesser than the original allocation and hence the supplementary provision of ₹ 75.06 crore proved unnecessary. At the same time, there were large projects in the State which were stalled due to shortage of funds.

As a result, the unnecessary excessive budget provision deprived allocation of resources to those projects which require funds leading to inordinate delay. The details of projects where no expenditure was incurred during the year is given in *Appendix 3.7*.

### 3.1.12 Major policy pronouncements in budget and their actual funding for ensuring implementation

While presenting the Budget for the year 2021-22 in the State Legislature, the Finance Minister announced outlays for several schemes. Contrary to this, test check of policy pronouncements in the budget revealed that no expenditure on these announced schemes were incurred during the year. The budget allotment and actual expenditure in this regard are given in **Table 3.15**.

**Table 3.15: Details of the schemes for which provision was made but no expenditure was incurred**

(₹ in crore)

Sl. No.	Department Name	Scheme Name	Approved outlay	Revised outlay	Actual expenditure
1.	Health	Meghalaya Health System Strengthening Project	5.00	-	0.00
2.	Transport	Motor Driving Institute	20.00	-	0.00

*Source: Budget Speech and Appropriation Account 2021-22.*

Audit observed that though provision of ₹ 25.00 crore was made, no expenditure was incurred during the year.

### **3.1.13 Misclassification of expenditure**

The Indian Government Accounting Standard-2 was notified by the GOI in 2011 for accounting and classification of Grants-in-Aid received or given by both Central as well as State Governments. As per Indian Government Accounting Standard-2, Grants-in-Aid are payments in the nature of assistance, donations or contributions made by one Government to another Government, body, institutions or individual. Further, expenditure on Grants-in-Aid is recorded as Revenue Expenditure in the books of the Grantor and as Revenue Receipts in the books of the recipient. Capital Expenditure is defined as expenditure incurred with the objective of increasing concrete assets of a material or permanent character, or for reducing recurrent liabilities.

During the year 2021-22, Government of Meghalaya incorrectly booked expenditure of ₹ 18.11 crore under Capital Section instead of Revenue Section and ₹ 2.00 crore under Revenue Section instead of Capital Section as has been determined from the purpose of expenditure leading to overstatement of Revenue Surplus (₹ 653.92 crore) by ₹ 16.11 crore.

## **3.2 Review of Selected Grants**

A review of budgetary procedure and control over expenditure was conducted (October 2022) in respect of ‘**Grant Number-56-** Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges’, ‘**Grant Number-43-** Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Capital Outlay on Housing, Capital Outlay on Crop Husbandry, Investments in Agricultural Financial Institution’ and ‘**Grant Number- 21-** General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, Sports, Art and Culture, Capital Outlay on North Eastern Areas’. The observations noticed during the review are discussed below:

### **3.2.1 Review of Grant Number-56- Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges**

#### **3.2.1.1 Persistent savings/Non surrender of savings**

The overall position of budget provision, actual expenditure, savings/excess, and savings not surrendered under this Grant during the five-year period 2017-18 to 2021-22 is given in **Table 3.16**.

**Table 3.16: Budget and Expenditure of Grant No. 56**

(₹ in crore)

<b>Grant No.</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Total Budget Provision	853.84	1,197.79	1,362.81	1,889.70	1,918.70
Expenditure	619.71	1,108.43	947.49	1,410.58	1,762.19
Savings (-)/Excess (+)	(-)234.13	(-)89.36	(-)415.32	(-)479.12	(-)156.51
Savings (percentage)	<b>(-)27.42</b>	<b>(-)7.46</b>	<b>(-)30.48</b>	<b>(-)25.35</b>	<b>(-)8.16</b>
Savings not surrendered	245.00	29.04	214.22	11.74	42.79
Revenue Provision	<b>162.21</b>	<b>392.49</b>	<b>468.50</b>	<b>509.02</b>	<b>596.75</b>
Expenditure	173.08	357.73	429.11	472.72	553.09
Savings (-)/Excess (+)	(+)10.87	(-)34.76	(-)39.39	(-)36.30	(-)43.66
Savings (percentage)	(+)6.70	(-)8.86	(-)8.41	(-)7.13	(-)7.32
Savings not surrendered	0.00	28.37	8.82	9.60	19.05
Capital Provision	<b>691.63</b>	<b>805.30</b>	<b>894.31</b>	<b>1,380.68</b>	<b>1,321.95</b>
Expenditure	446.63	750.70	518.38	937.86	1,209.10
Savings (-)/Excess (+)	(-)245.00	(-)54.60	(-)375.93	(-)442.82	(-)112.85
Savings (percentage)	(-)35.42	(-)6.78	(-)42.04	(-)32.07	(-)8.54
Savings not surrendered	245.00	0.67	205.40	2.14	23.74

*Source: Appropriation Accounts.*

As can be seen from **Table 3.16**, savings as a percentage of total budget provision was 27.42, 30.48 and 25.35 *per cent* in 2017-18, 2019-20 and 2020-21 respectively. However, significant improvement is seen in utilisation of budgetary allocation during 2021-22, which could be due to lifting of pre-pandemic restrictions. Government should endeavour to maintain maximum utilisation of fund in order to achieve effective budgetary control.

### 3.2.1.2 *Budget provision not utilised*

As per Paragraph 152 (iii) of the Budget Manual, the Controlling Officer should surrender to the Finance Department, all savings anticipated in the Budget under their control as soon as the certainty of non-requirement of fund is known by 15 March at the latest so that the same could be utilised for other purposes. Contrary to the above provisions, it was noticed that 100 *per cent* of the budget provision was not utilised in five cases under the Grant No. 56 during the year 2021-22 as detailed in **Table 3.17**.

**Table 3.17: Cases where no part of budget provisions was utilised**

(₹ in crore)

<b>Major Head and Group Head</b>	<b>Final Grant</b>	<b>Expenditure</b>	<b>Savings</b>
<b>2059-Public Works</b>			
80-General-001-Direction and Administration-08-Divisional and Subordinate Offices (Roads) (General)	0.63	0.00	0.63
80-General-001-Direction and Administration-18-Block Offices (6th Sch)	0.02	0.00	0.02
80-General-052-Machinery & Equipment-04-RC of T&P etc.	0.38	0.00	0.38
80-General-053-Machinery and Equipment-06-Work Charged Establishment (General)	0.21	0.00	0.21
<b>4552-Capital Outlay on NE Areas</b>			
04-N.E.C Scheme-113-Roads & Bridges-04-Construction of Rongjeng Mangsang Adokre Road (6th Sch)	22.00	0.00	22.00
<b>Total</b>	<b>23.24</b>	<b>0.00</b>	<b>23.24</b>

*Source: Appropriation Account 2021-22.*

As is evident from **Table 3.17**, the Department could not utilise the Grant to the tune of ₹ 23.24 crore as per the budget allocation. This indicates poor budget formulation and lack of financial control on part of the Departments.

### **3.2.1.3 Unnecessary Supplementary Provision**

Supplementary provision of ₹ 16.19 crore obtained in one case during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed in **Table 3.18**.

**Table 3.18: Unnecessary supplementary provision**

(₹ in crore)					
Original Provision	Supplementary	Final Grant	Expenditure	Savings	Remarks
<b>580.56</b>	16.19	596.75	553.09	43.66	Revenue

*Source: Appropriation Account 2021-22.*

Unnecessary excessive budget provision deprives allocation of resources to those projects which require funds during the year.

### **3.2.1.4 Expenditure incurred without authority of law**

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this Article 204 of the constitution.

It was however, noticed that expenditure of ₹ 4.39 crore was incurred in two cases without any budget provision in the original budget/ supplementary orders to this effect as detailed in **Table 3.19**.

**Table 3.19: Cases where expenditure was incurred without either any budget/supplementary provisions**

Major Head and Group Head		Original Provision	Re-appropriation	Expenditure	Excess(+)/Savings(-)
<b>5054-Capital Outlay on R&amp;Bs</b>					
04-District & Other Roads-800-Other Expenditure-(23)-Grant Under Article 275(1)		0.00	1.21	1.21	0.00
04-District & Other Roads-337-Road Works-(03) Construction/Upgradation of Roads		0.00	3.18	3.18	0.00
<b>Total</b>		<b>0.00</b>	<b>4.39</b>	<b>4.39</b>	<b>0.0</b>

*Source: Appropriation Account 2021-22.*

Expenditure without budget is indicative of lack of financial discipline in the Departments. This undermined the sanctity of budgeting process and legislative control and leads to breach of the constitutional provision, and needs to be regularised with legislative authorisation.

### **3.2.1.5 Excess over provision**

There was an excess expenditure of ₹ 203.65 crore over the budget provision under seven sub-heads during 2021-22, details of which are given in **Table 3.20**. Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in the Department.

Table 3.20: Excess over provision

(₹ in crore)

Sl. No.	Major Head and Group Head	Final Grant	Expenditure	Excess
<b>2059-Public Works-80-General</b>				
1	001-Direction & Administration-(02)-Chief Engineer and his general establishment (Roads) (General)	9.67	12.86	3.19
2	001-Direction of Administration-(04)-Technical Branch under CE (General)	5.73	6.82	1.09
3	001-Direction of Administration-(05)-Superintending Engineers and their establishments (Roads) (General)	9.33	11.29	1.96
4	052-Machinery and Equipment-(04) R/C of T & P etc (General)	0.60	0.68	0.08
5	053-Machinery and Equipment-(06) Work Charged Establishment (General)	2.55	2.76	0.21
3054-Roads & Bridges				
6	04-District and Other Roads-105-Maintenance and Repairs-01-Work Charged Establishment-Road Works(6th Sch)	84.75	191.32	106.57
<b>Centrally Sponsored Schemes</b>				
7	01-National Highways-797-Transfers to/from Reserve Fund/Deposit Account-(01) Road Finance from Central Road Fund-8449-Other Deposit-103-Subventions from Central Road Fund (General)	0.00	90.55	90.55
<b>Total</b>		<b>112.63</b>	<b>316.28</b>	<b>203.65</b>

Source: Appropriation Account 2021-22.

As shown in the **Table 3.20**, an excess expenditure of ₹ 203.65 crore shows lack of financial control of the Department. In addition to this, expenditure of ₹ 90.55 crore (shown in the Sl. No. 7 of the Table 3.20) was booked without provision though the provision for the expenditure for Central Road Fund was made under 01-National Highways-797-Transfers to/from Reserve Fund/Deposit Account-(01) Road Finance from Central Road Fund-8449-Other Deposit-103-Subventions from Central Road Fund (VI Schedule).

### 3.2.2 Review of Grant Number-43 - Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Capital Outlay on Housing, Capital Outlay on Crop Husbandry, Investments in Agricultural Financial Institution

#### 3.2.2.1 Persistent savings/Non surrender of savings

The overall position of budget provision, actual expenditure, savings/excess, and savings not surrendered under this Grant during the five-year period 2017-18 to 2021-22 is given in **Table 3.21**.

Table 3.21: Budget and Expenditure of Grant No. 43

(₹ in crore)

Grant No.	2017-18	2018-19	2019-20	2020-21	2021-22
Total Budget Provision	588.36	349.10	327.48	375.61	383.11
Expenditure	263.95	217.35	148.32	210.27	256.03
Savings (-)/Excess (+)	(-)324.41	(-)131.75	(-)179.16	(-)165.34	(-)127.08
Savings (percentage)	(-)55.14	(-)37.74	(-)54.71	(-)44.02	(-)33.17
Savings not surrendered	107.81	46.47	52.66	54.09	52.40
Revenue Provision	451.07	344.43	322.10	367.61	377.51
Expenditure	238.91	216.12	148.32	208.47	252.77
Savings (-)/Excess (+)	(-)212.16	(-)128.31	(-)173.78	(-)159.14	(-)124.74

Grant No.	2017-18	2018-19	2019-20	2020-21	2021-22
Savings (percentage)	(-)47.03	(-)37.25	(-)53.95	(-)43.29	(-)33.04
Savings not surrendered	94.59	44.18	52.66	54.03	51.85
Capital Provision	137.29	4.67	5.38	8.00	5.60
Expenditure	25.04	1.23	0.00	1.80	3.26
Savings (-)/Excess (+)	(-)112.25	(-)3.44	(-)5.38	(-)6.20	(-)2.34
Savings (percentage)	(-)81.76	(-)73.66	(-)100.00	(-)77.50	(-)41.79
Savings not surrendered	13.22	2.29	0.00	0.06	0.55

*Source: Appropriation Account 2021-22.*

As can be seen from **Table 3.21**, savings as a percentage of total budget provision ranged between 33 to 55 *per cent* in last five years. During 2021-22, out of total savings of ₹ 127.08 crore (33.17 *per cent*), ₹ 52.40 crore was not surrendered. Persistent large savings is indicative of incorrect assessment of actual needs and calls for a critical review of not only the budget preparation exercise of the Department but also the utilisation of fund.

### **3.2.2.2 Budget provision not utilised**

As per Paragraph 152 (iii) of the Budget Manual, the Controlling Officers should surrender to the Finance Department, all savings anticipated in the Budget under their control as soon as the certainty of non-requirement of fund is known by 15 March at the latest so that the same could be utilised for other purposes. Contrary to the above provisions, it was noticed that 100 *per cent* of the budget provision was not utilised in five cases under Grant No. 43 during the year 2021-22 as detailed in **Table 3.22**.

**Table 3.22: Cases where no part of budget provisions was utilised**

(₹ in crore)

Major Head and Group Head	Original Grant	Expenditure	Savings
<b>2401-Crop Husbandry</b>			
108-Commercial Crops-(70)-National Mission for Sustainable Agriculture (NMSA) (General)	0.85	0.00	0.85
01-Centrally Sponsored Schemes-108-Commercial Crops-(70)-National Mission for Sustainable Agriculture (NMSA) (General)	7.76	0.00	7.76
195-Assistance to Farming Cooperation-(04)-Assistance to KVK (General)	0.24	0.00	0.24
01-Centrally Sponsored Schemes-105-Manures and Fertilisers-(31)-Paramparagat Krishi Vikas Yojana (Agri) (General)	0.15	0.00	0.15
<b>4416-Investments in Agricultural Financial Institutions</b>			
190-Investments in Public Sector and Other Undertakings-(01)-Share Capital Contribution and Investments in Agricultural Institutions (General)	0.25	0.00	0.25
<b>Total</b>	<b>9.25</b>	<b>0.00</b>	<b>9.25</b>

*Source: Appropriation Account 2021-22.*

As is evident from **Table 3.22**, the Department could not utilise the Grant to the tune of ₹ 9.25 crore as per the budget allocation. This indicates poor budget formulation and lack of financial control on part of the Departments.

### **3.2.2.3 Unnecessary Supplementary Provision**

Supplementary provision of ₹ 1.35 crore obtained in one case during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed in **Table 3.23**.

**Table 3.23: Unnecessary supplementary provision**

(₹ in crore)					
Original Provision	Supplementary	Final Grant	Expenditure	Excess (+)/Savings(-)	Remarks
376.16	1.35	377.51	252.77	-124.74	Revenue

Source: Appropriation Account 2021-22.

#### 3.2.2.4 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law.

It was however, noticed that expenditure of ₹ 4.34 crore was incurred in three cases without any budget provision in the original budget/supplementary orders to this effect as detailed in **Table 3.24**.

**Table 3.24: Cases where expenditure was incurred without budget/supplementary provisions**  
 (₹ in crore)

Major Head and Group Head	Original Provision	Re-appropriation	Expenditure	Excess (+)/Savings(-)
<b>2401-Crop Husbandry</b>				
105-Manures and Fertilisers-(34)-Production of Bio-fertilisers (General)	0.00	0.31	0.25	(-)0.06
108-Commercial Crops-51-Organic Manure	0.00	0.07	0.07	0.00
119-Horticulture and Vegetable Crops-47-Mission for integrated development of horticulture (MIDH) (Coconut Development Board) State Share	0.00	0.02	0.02	0.00
Central Sector Scheme-113-Agricultural Engineering-24-Supply /Distribution of Power Tillers	0.00	4.00	4.00	0.00
<b>Total</b>	<b>0.00</b>	<b>4.40</b>	<b>4.34</b>	<b>(-)0.06</b>

Source: Appropriation Account 2021-22.

Expenditure without budget is indicative of lack of financial discipline in the Departments. This undermined the sanctity of budgeting process and legislative control.

#### 3.2.2.5 Excess over provision

There was an excess expenditure of ₹ 2.32 crore over the budget provision under six sub-heads during 2021-22, details of which are given in **Table 3.25**. Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in the Department, and needs regularisation with legislative authorisation.

**Table 3.25: Excess over budget provision**

Major Head and Group Head	Final Grant	Expenditure	Excess
<b>2401-Crop Husbandry</b>			
108-Commercial Crops-(22)-Spices Development (Ginger/Turmeric/Large Cardamom/Black Pepper) (6th Sch)	11.26	11.33	0.07
108-Commercial Crops-(57)-Tea Development Scheme (6th Sch)	1.78	1.8	0.02
109-Extension and Farmer's Training-(47)-National Mission on Agricultural Extension and Trg. (NMAET) (General)	0.81	2.34	1.53

Major Head and Group Head	Final Grant	Expenditure	Excess
119-Horticulture and Vegetable Crops-(07)-Establishment of regional Progeny Orchard cum Horticulture Nursery for Sub-Tropical Fruits (Mynkre) (6th Sch)	0.36	0.38	0.02
<b>2415-Agricultural Research and Education-01-Crop Husbandry</b>			
004-Research-(14)-State Soil Survey Organisation (General)	0.63	1.11	0.48
<b>2435-Other Agricultural Programmes-01-Marketing and quality control</b>			
101-Marketing facilities-(01)-Agricultural marketing organisation including transport subsidy (General)	1.71	1.91	0.20
<b>Total</b>	<b>16.55</b>	<b>18.87</b>	<b>2.32</b>

*Source: Appropriation Account 2021-22.*

### **3.2.3 Review of Grant Number-21 - General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, Sports, Art and Culture, Capital Outlay on North Eastern Areas.**

#### **3.2.3.1 Persistent savings/non surrender of savings**

The overall position of budget provision, actual expenditure, savings/excess, and savings not surrendered under this Grant during the five-year period 2017-18 to 2021-22 is given in **Table 3.26**.

**Table 3.26: Budget and Expenditure of Grant No. 21**

(₹ in crore)

Grant No.	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Total Budget Provision</b>	<b>2,046.81</b>	<b>2,212.49</b>	<b>2,562.88</b>	<b>2,525.91</b>	<b>2,445.90</b>
<b>Expenditure</b>	<b>1,736.34</b>	<b>2,045.28</b>	<b>1,997.33</b>	<b>1,912.81</b>	<b>2,162.53</b>
<b>Savings (-)/Excess (+)</b>	<b>(-)310.47</b>	<b>(-)167.21</b>	<b>(-)565.55</b>	<b>(-)613.10</b>	<b>(-)283.37</b>
<b>Savings (percentage)</b>	<b>(-)15.17</b>	<b>(-)7.56</b>	<b>(-)22.07</b>	<b>(-)24.27</b>	<b>(-)11.59</b>
<b>Savings not surrendered</b>	<b>227.84</b>	<b>4.18</b>	<b>51.46</b>	<b>128.77</b>	<b>101.64</b>
Revenue Provision	2,042.81	2,207.27	2,552.37	2,506.87	2,409.04
Expenditure	1,736.34	2,043.18	1,996.77	1,908.81	2,127.49
Savings (-)/Excess (+)	(-)306.47	(-)164.09	(-)555.60	(-)598.06	(-)281.55
Savings (percentage)	(-)15.00	(-)7.43	(-)21.77	(-)23.86	(-)11.69
Savings not surrendered	223.84	4.18	50.50	127.77	102.05
Capital Provision	4.00	5.22	10.51	19.04	36.86
Expenditure	0.00	2.10	0.56	4.00	35.04
Savings (-)/Excess (+)	(-)4.00	(-)3.12	(-)9.95	(-)15.04	(-)1.82
Savings (percentage)	(-)100.00	(-)59.77	(-)94.67	(-)78.99	(-)4.94
Savings not surrendered	4.00	0.00	0.96	1.00	(-) 0.41*

*Source: Appropriation Accounts. (\* Excess surrender during 2021-22).*

As can be seen from **Table 3.26**, savings as a percentage of total budget provision which was 22.07 *per cent* and 24.27 *per cent* during 2019-20 and 2020-21 respectively, declined considerably to 11.59 *per cent* in 2021-22. However, out of savings of ₹ 283.37 crore during the year, ₹ 101.64 crore was not surrendered. The Government should continue to make efforts to maximise utilisation of the budget provision.

#### **3.2.3.2 Budget provision not utilised**

As per Paragraph 152 (iii) of the Budget Manual, the Controlling Officer should surrender to the Finance Department, all savings anticipated in the Budget under their control as soon as the certainty of non-requirement of fund is known by 15 March at the latest so that the same could be utilised for other purposes. Contrary to the above provisions, it was noticed that 100 *per cent* of the budget provision (more than ₹ 1.00 crore in each case) was not utilised in seven cases during the year 2021-22 as detailed in **Table 3.27**.

**Table 3.27: Cases where no part of budget provision (in excess of ₹ 1.00 crore) was utilised  
(₹ in crore)**

Major Head and Group Head	Final Grant	Expenditure	Savings
<b>2202-General Education</b>			
02-Secondary Education-104-Teachers and Other Services-(03)-Computerised Project management information system (PMIS) of Teachers (General)	2.00	0.00	2.00
80-General-003-Training-(22) Expenditure on Trainees in Basic Training Centres( 6th Sch)	5.36	0.00	5.36
80-General-003-Training-(23) Inservice Training (VI <sup>th</sup> Sch)	2.48	0.00	2.48
80-General-003-Training-(26) Expenditure on Trainees (VI <sup>th</sup> Sch)	2.42	0.00	2.42
80-General-003-Training-(34) Other Programme-Central Assistance for CSS (General)	2.26	0.00	2.26
01-Centrally Sponsored Schemes-80-General-003-Training-(34) Other Programme-Central Assistance for CSS (General)	24.92	0.00	24.92
02-Central Sector Schemes -2-Secondary Education-800-Other Expenditure-(24) Assistance under Article 275(1) (General)	29.34	0.00	29.34
<b>Total</b>	<b>68.78</b>	<b>0.00</b>	<b>68.78</b>

Source: Appropriation Account 2021-22.

As is evident from **Table 3.27**, the Department could not utilise the Grant to the tune of ₹ 68.78 crore as per the budget allocation. This indicates poor budget formulation and lack of financial control on part of the Departments.

### 3.2.3.3 Excess over provision

There was an excess expenditure of ₹ 209.19 crore over the budget provision under 10 sub-heads during 2021-22, details of which are given in **Table 3.28**.

**Table 3.28: Excess over budget provision**

Major Head and Group Head	Final Grant	Expenditure	Excess
<b>2202- General Education</b>			
01 - Elementary Education - 101-Government Primary School - (01) Expenditure on Primary Schools (6th Sch)	264.48	375.72	111.24
01 - Elementary Education -102-Assistance to Non Government Primary Schools-(01) Expenditure on maintenance of primary schools under deficit system (General)	54.00	61.74	7.74
01 - Elementary Education -102-Assistance to Non Government Primary Schools-(02) Expenditure on schools under non deficit system. (6th Sch)	12.61	16.23	3.61
01 - Elementary Education - 102-Assistance to Non Government Primary Schools-(13) Expenditure On U.P. Schools Under Non Deficit System (General)	20.64	21.35	0.71
01 - Elementary Education -102-Assistance to Non Government Primary Schools- (25) Sarva Shiksha Abhiyan (General)	93.31	161.89	68.59
01 - Elementary Education -102-Assistance to Non Government Primary Schools-(34) Meghalaya Aided Schools Employees Death Cum Retirement Gratuities (General)	2.23	2.59	0.35
01 - Elementary Education-104-Inspection-(04) Administrator primary education Garo hills (6th Sch)	1.91	16.99	15.08
01 - Elementary Education -109 - Scholarships and Incentives - (11) Scholarship from Primary School Teachers	0.34	0.35	0.02

<b>Major Head and Group Head</b>	<b>Final Grant</b>	<b>Expenditure</b>	<b>Excess</b>
02-Secondary Education-110-Assistance to Non-Government Secondary Schools- - (04) Expenditure on non-deficit secondary schools for Girls (6th Sch)	37.60	39.06	1.46
80 - General -003-Training-(21) Basic Training Centres Including Guru Training (6th Sch)	1.66	2.04	0.39
<b>Total</b>	<b>488.78</b>	<b>697.97</b>	<b>209.19</b>

Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in the Department.

### 3.3 Conclusion

Against total budget allocation of ₹ 20,390.22 crore, the expenditure was ₹ 18,883.97 crore (92.61 *per cent*) of the total budget allocation. Therefore, the supplementary provision of ₹ 2,786.99 crore could not be utilised fully. Out of the gross savings of ₹ 3,086.92 crore, ₹ 2,731.01 crore (88.47 *per cent*) was surrendered on the last working day of March 2022, in violation of Budget Rules.

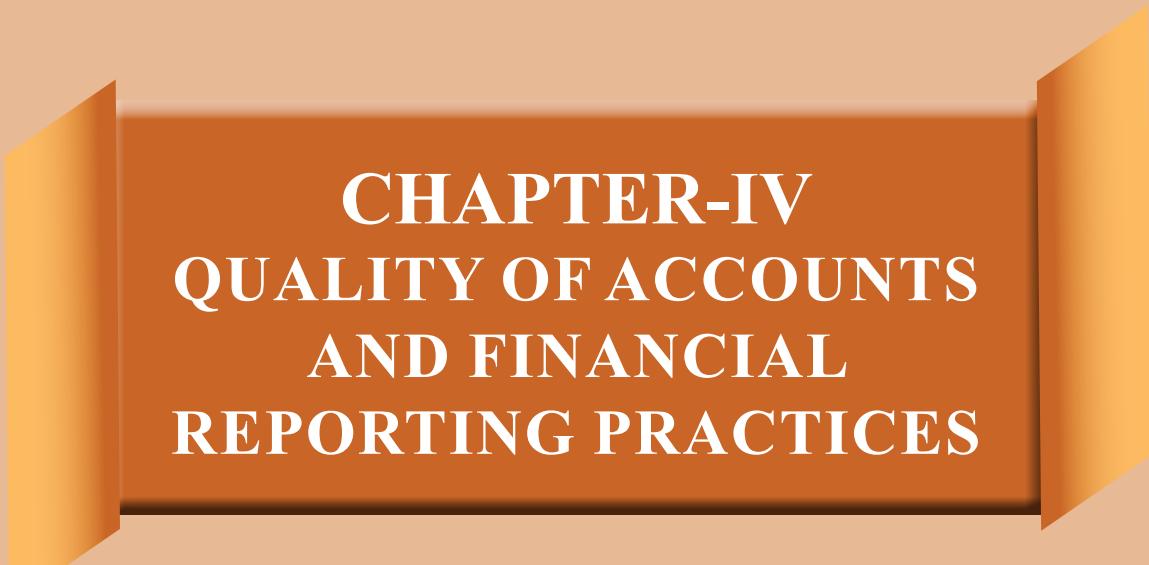
There were four instances where expenditure of ₹ 1,249.55 crore was incurred without authority of law, unnecessary supplementary provision of ₹ 213.36 crore in 15 cases.

During the current year, expenditure under four Grants amounting to ₹ 1,580.67 crore (two Grants under Revenue Section and two Grants under Capital Section) was in excess of authorisation and require regularisation under Article 205 of the Constitution. Excess expenditure of ₹ 1,762.38 crore (from 1971-72 to 2020-21) was yet to be regularised as on 31 March 2022.

During the year 2021-22, there was misclassification of expenditure as Government of Meghalaya incorrectly booked expenditure of ₹ 18.11 crore under Capital Section instead of Revenue Section and ₹ 2.00 crore under Revenue Section instead of Capital Section as had been determined from the purpose of expenditure.

### 3.4 Recommendations

1. *Finance Department may provide supplementary Grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments, to avoid under or overspending by them.*
2. *The Grants showing persistent savings may be reviewed by concerned departments to ascertain and address the cause for such savings.*
3. *The Finance Department may ensure that the cases of expenditure in excess without budgetary provisions are avoided as it undermines Legislative Authority.*
4. *Excess expenditure remaining un-regularised for prolonged periods need to be viewed seriously as this dilutes parliamentary control over the exchequer. The State Government should also ensure that the excess expenditure is regularised at the earliest.*



## **CHAPTER-IV**

### **QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES**



## **CHAPTER IV**

### **QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES**

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

#### **4.1 Funds kept outside the Consolidated Fund of the State**

Article 266 (1) of the Constitution of India, subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by the issue of Treasury Bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled the “Consolidated Fund” of the State. Article 266 (2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State, as the case may be. Thus, funds meant to be credited to the Consolidated Fund or Public Accounts, being credited to bank accounts is violative of the Constitutional intent.

Audit observations on such funds are given below:

##### **4.1.1 Labour Cess**

In line with Section 18 of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the Government of Meghalaya constituted the Meghalaya Building and Other Construction Workers’ Welfare Board (MBOCW WB) vide Government of Meghalaya, Labour Department’s Notification No.LBG.125/96/Pt.Vol.II/121 dated 2<sup>nd</sup> September 2009, to exercise the powers conferred on and perform the functions assigned to it under the said Act.

Further, Section 3(1) of the Building and Other Construction Workers’ Welfare Cess Act, 1996, provides for levy and collection of Labour Welfare Cess at such rate not exceeding two *per cent*, but not less than one *per cent* of the cost of construction incurred by an employer, as the Government may so define from time to time. Rule 5(1) of the Building and Other Construction Workers’ Welfare Cess Rules, 1998 states that the proceeds of the cess so collected shall be transferred by such Government office/ PSEs/ local authority/cess collector, to the Board along with the form of challan prescribed (and in the head of account of the Board), under the accounting procedures of the State, by whatever name they are known.

Audit findings revealed that labour cess collected by the Building and Other Construction Workers’ Welfare Board was being maintained by the Board and deposited in a nationalised bank and investments made in Fixed Deposits in State Bank of India and Vijaya Bank.

During 2017-18 to 2021-22, the total amount of labour cess collected was ₹ 107.07 crore while the total amount spent was only ₹34.73 crore (scheme expenses<sup>55</sup>: ₹ 33.70 crore, administrative expenses on salary : ₹ 0.54 crore and other administrative expenses: ₹ 0.49 crore). The fund position of the Board for the last five years, *i.e.* from 2017-18 to 2021-22 is shown in **Table 4.1**.

**Table 4.1: Labour Cess collected by the Meghalaya Building and Other Construction Workers' Welfare Board during 2017-22**

(₹ in crore)

Year <sup>56</sup>	Receipts			Expenditure			
	Cess collected	Interest Earned	Total	Scheme Expenses	Administrative Expenses on Salary	Other Administrative Expenses	Total
2017-18	21.35	7.72	<b>29.07</b>	0.82	0.07	0.08	<b>0.97</b>
2018-19	17.66	8.52	<b>26.18</b>	1.47	0.10	0.07	<b>1.64</b>
2019-20	23.12	13.20	<b>36.32</b>	3.64	0.11	0.14	<b>3.89</b>
2020-21	20.81	9.92	<b>30.73</b>	22.25	0.13	0.14	<b>22.52</b>
2021-22	24.13	0.34	<b>24.47</b>	5.52	0.13	0.06	<b>5.71</b>
<b>Total</b>	<b>107.07</b>	<b>39.70</b>	<b>146.77</b>	<b>33.70</b>	<b>0.54</b>	<b>0.49</b>	<b>34.73</b>

*Source:* Annual Accounts Meghalaya Building and Other Construction Workers Welfare Board.

As per Section 24(3) of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the administrative expenses of the Board in any financial year shall not exceed five *per cent* of its total expenses during that financial year. However, during the five-year period from 2017-18 to 2021-22, in 2020-21 and 2021-22, the administrative expenses of the Board was within the prescribed limit of five *per cent*.

#### **4.1.2 Meghalaya Environment Protection and Restoration Fund (MEPRF)**

Meghalaya Environment Protection and Restoration Fund (MEPRF) came into being as per Orders of the Hon'ble National Green Tribunal (NGT) in March 2015 wherein it had directed the State Government to collect 10 *per cent* of the market value of Coal per metric tonne and the amount so collected to be deposited in the account titled as 'Meghalaya Environment Protection and Restoration Fund (MEPRF)' to be maintained by the State under the direct control of the Chief Secretary of the State of Meghalaya.

Subsequently, in compliance with the orders of the Hon'ble National Green Tribunal, the Mining and Geology Department, Government of Meghalaya, had issued the Revised Guidelines of Meghalaya Environment Protection and Restoration Fund in August 2020. The Revised Guidelines which was also approved with amendments by the NGT Committee, Meghalaya, categorically stated in clause 1 that the State Government shall notify institutional mechanisms consisting of District Level Executive Committees,

<sup>55</sup> Financial assistance for education, death benefits, funeral assistance, maternity benefits, insurance, marriage assistance, medical assistance, etc.

<sup>56</sup> Annual accounts from 2017-18 to 2020-21 are final and figures of 2021-22 are provisional as annual account is yet to be finalised.

Technical Committee, Steering Committee and Monitoring Group to ensure utilisation of MEPRF in an efficient, effective and transparent manner, for the purpose of restoration of environment in areas affected by coal mining in the State. It also seeks necessary remedial and preventive measures with regard to environment and matter related thereto, including rehabilitation of persons affected by coal mining.

The administration of the Fund as a whole is being discharged by the Directorate of Mineral Resources (DMR), Government of Meghalaya. For this, approval had been conveyed by the Government, which has authorised the DMR to open a separate Current Bank account for the Meghalaya Environment Protection and Restoration Fund (MEPRF), under the direct control of the Chief Secretary, Government of Meghalaya.

Audit findings revealed that the cess collected by the DMR was being deposited in three nationalised banks (SBI, Axis Bank and HDFC Bank) and investments made in Fixed Deposits in Axis Bank and HDFC Bank. As such, the collected Cess to the tune of ₹ 1,193.30 crore (excluding expenditure) during 2017-18 to 2021-22 has not been routed through the Consolidated Fund of the State. The cumulative fund position of the three bank accounts for the last five years, *i.e.* from 2017-18 to 2021-22 is shown in the **Table 4.1**.

**Table 4.2: Cess collected by the Directorate of Mineral Resources during 2017-22**  
(₹ in crore)

Year	Opening Balance	Cess collected during the year	Expenditure incurred	Closing Balance
2017-18	339.97	80.53	-	420.50
2018-19	420.50	503.50	860.00	64.00
2019-20	64.00	412.09	101.18	374.91
2020-21	374.91	7.82	182.51	200.22
2021-22	200.22	189.36	371.54	18.04

*Source:* Information furnished by the DMR, Shillong.

Non-routing of the above receipts through the Consolidated Fund results in fissures where such Revenue Receipts of the Government escapes the notice of the Legislature while not being captured in the desired manner and also will not provide a true picture of the actual revenue *vis-a-vis* the expenditure of the State to determine the fiscal parameters.

#### 4.2 Funds transferred directly to State implementing agencies

GoI has been transferring sizeable quantum of funds directly to the State Implementing Agencies/ Non-Government Organisations (NGOs) for implementing various central schemes/ programmes. As these funds are not routed through the State budget/State Treasury system, these are not reflected in the accounts of the State Government.

The following table provides quantum of fund transferred to the State implementing agencies during the last five years *i.e.*, 2017-22.

**Table 4.3: Direct Transfer of Funds by GoI**

	(₹ in crore)					
Direct transfers to State Implementing Agencies	2017-18	2018-19	2019-20	2020-21	2021-22	Total
<b>Funds transferred</b>	472.78	704.79	944.32	1,345.76	2,192.25	<b>5,659.90</b>

As can be seen from the table above, transfer of funds increased by 62.20 *per cent* from ₹ 1,345.76 crore in 2020-21 to ₹ 2,192.25 crore in 2021-22. Out of total amount of ₹ 2,192.25 crore (*Appendix 4.1*) of direct transfer, ₹ 2,077.10 crore of Central Assistance/ Share was transferred to the intermediaries (*i.e.* Departments, NGOs, Societies, *etc.*) and ₹ 115.15 crore (PM-KISAN) was directly transferred to the beneficiaries.

Further, during the year 2021-22, Central share of ₹ 1,791.62 crore under Centrally Sponsored Schemes were transferred directly to Implementing Agencies of the State. This pertained primarily to two Centrally Sponsored schemes - Jal Jeevan Mission/ National Drinking Water Mission and Mahatma Gandhi National Rural Guarantee Programme, where the amount of direct transfer to the Implementing Agencies of ₹ 908.79 crore and ₹ 882.83 crore respectively represented 79 *per cent* and 73 *per cent* respectively of the total transfer under these schemes.

The direct transfer of ₹ 1,791.62 crore of CSS funds directly to Implementing Agencies of the State constituted 12.55 *per cent* and 36.80 *per cent* of the total Revenue Receipts (₹ 14,274.14 crore) and Grants-in-Aid (₹ 4,868.55 crore) respectively. The State Government accounts for the year 2021-22 depicts only ₹ 2,955.61 crore under Central share of Centrally Sponsored Schemes. Besides underreporting the receipt of the State Government to the extent of ₹ 1,791.62 crore, and of expenditure to the extent actually incurred, the assets created thereby, and goods and services rendered to the public by the implementing agencies remained out of the State Government Accounts rendering it incomplete.

#### **4.3 Funds lying unutilised in the bank account of DDOs**

The Drawing and Disbursing Officers (DDOs) are required to withdraw money from the Government Account/ Consolidated Fund for making payment on behalf of the Government. As on March 2022, funds to the tune of ₹ 52.06 crore were lying unutilised in the bank accounts of 8 DDOs of 8 State Government Departments (*Appendix 4.2*).

Funds to the tune of ₹ 52.06 crore were meant for incurring expenditure on different heads *inter alia*, office expenses, committed liabilities and State schemes. Even though these amounts have already been accounted for as expenditure from the Consolidated fund of the State, they are still lying idle parked outside the Government Accounts. Thus, the expenditure shown in the Finance Accounts cannot be vouched as correct to that extent. Further, information from the remaining DDOs are still awaited (November 2022).

#### **4.4 Delay in submission of Utilisation Certificates**

Rule 515 (*Appendix 14*) of the Meghalaya Financial Rules, 1981, provides that unless otherwise ruled by the State Government, every grant made for a specified object is

subject to the implied conditions that the grant will be spent upon that object within a reasonable time (one year from the date of issue of the letter sanctioning the grant, if no time-limit has been fixed by the sanctioning authority). Grantee Institutions receiving Grants-in-Aid from Government are required to furnish Utilisation Certificates (UCs) to the Principal Accountant General (A&E) countersigned by the disbursing authority after thorough verification. The purpose for which the Grants-in-Aid were utilised can be confirmed only on receipt of UCs which would safeguard against diversion of funds for other purposes. To the extent of non-receipt of UCs, the expenditure shown in the accounts can neither be treated as final nor can it be confirmed that the amount has been utilised for the intended purposes.

Non-submission of the UCs means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against Grants-in-Aid meant for Capital Expenditure. The year-wise details of UCs pending for submission are given in **Table 4.4**.

**Table 4.4: Age-wise arrears in submission of UCs**

(₹ in crore)

Year of Drawal	Opening Balance		Addition During the Year		Disposal		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2017-18	508	2,001.39	382	1,222.10	174	489.81	716	2,733.59
2018-19	716	2,773.59	527	1,892.51	133	326.48	1110	4,299.62
2019-20	1110	4,299.62	180	1,343.12	1075	3,876.88	215	1,765.86
2020-21	215	1,765.86	705	2,060.41	527	845.07	393	2,981.21
2021-22	393	2,981.21	419*	2,086.07*	86	607.70	307	2,373.51

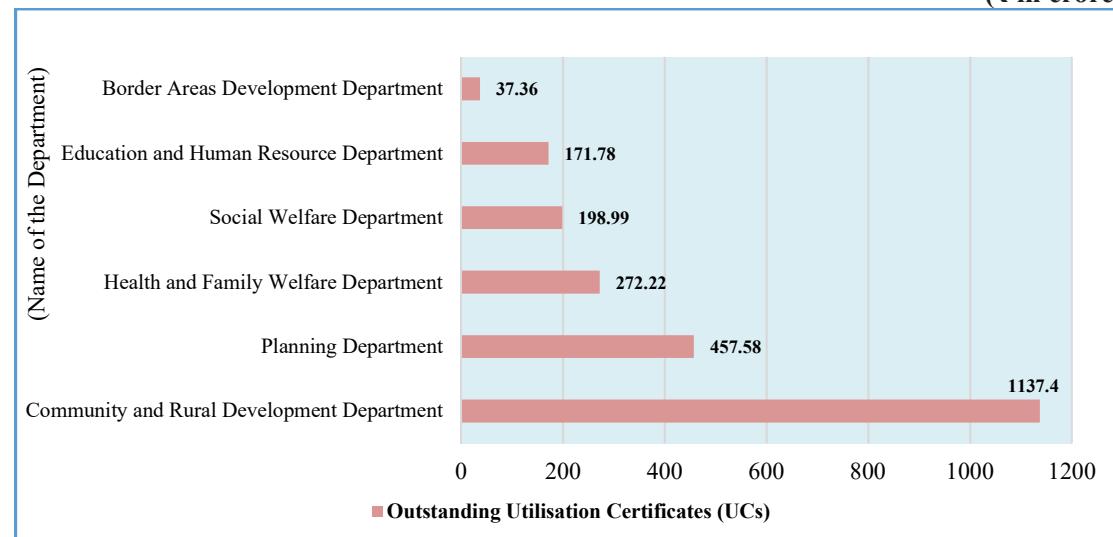
Source: Office of the Principal Accountant General (A&E), Meghalaya, Shillong.

\*UCs would be due in 2022-23.

It was seen that at the close of March 2022, 307 UCs amounting to ₹ 2,373.51 crore remained outstanding in the books of the Principal Accountant General (A&E), Meghalaya.

**Chart 4.1: Major Defaulting Departments**

(₹ in crore)



Major defaulting departments which have not submitted UCs and their percentage out of total outstanding amount under Grants-in-Aid are Community and Rural Development Department (₹ 1137.40 crore, 47.92 *per cent*), Planning Department (₹ 457.58 crore, 19.28 *per cent*), Health and Family Welfare Department (₹ 272.22 crore, 11.47 *per cent*), Social Welfare Department (₹ 198.99 crore, 8.38 *per cent*), Education and Human Resource Department (₹ 171.78 crore, 7.24 *per cent*) and Border Areas Development Department (₹ 37.36 crore, 1.57 *per cent*).

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which these were disbursed. Further, it is likely that the funds received were not spent and were being held in the bank accounts of the respective departments. In the absence of UCs being submitted by the department it is impossible to gauge the implementation status of the scheme for which funds have been received.

Since huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds, it is imperative that the State Government should monitor this aspect closely and not only hold the concerned persons accountable for submission of UCs in a timely manner to the Finance Department as well as PAG (A&E) but review disbursement of further Grants to defaulting Departments.

#### **4.5 Abstract Contingent bills**

According to the Meghalaya Treasury Rules, 1985, the Controlling Officers are required to submit Detailed Countersigned Contingent (DCC) bills against the drawal of Abstract Contingent (AC) bills to the Principal Accountant General (PAG) within a month from the date of receipt of such bills in his office. As of March 2022, 35 DCC bills amounting of ₹ 4.50 crore were outstanding as shown in the table below. Major defaulter in this regard is the Election Department where AC bills for ₹ 3.25 crore (72.22 *per cent*) remained outstanding as of March 2022.

**Table 4.5: Year-wise progress in submission of DCC bills against AC bills**

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Closing Balance	
	Amount	No.	Amount	No.	Amount	No.	Amount	No.
2017-18	-	-	35.60	10	-	-	35.60	10
2018-19	35.60	10	54.25	66	1.76	06	88.09	70
2019-20	88.09	70	28.04	233	22.18	227	93.95	76
2020-21	93.95	76	7.00	56	37.92	71	63.03	61
2021-22	63.03	61	4.94	109	63.47	135	4.50	35

*Source: PAG (A&E), Meghalaya.*

Non-adjustment of advances therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

#### **4.6 Personal Deposit Accounts**

Personal Deposit (PD) Accounts are created for discharging the liabilities of the Government arising out of special enactment. As per Rule 392 of the Meghalaya

Treasury Rules, 1985, if PD accounts are created by transferring funds from the Consolidated Fund for discharging liabilities of the Government arising out of the special enactment, such accounts should be closed at the end of the financial year and the unspent balance should be transferred to the Consolidated Fund. The amount credited to these accounts will be debited to the Consolidated Fund of the State and booked as expenditure of the year. Further, if a PD Account is not operated for a considerable period and there is reason to believe that the need for deposit account has ceased, the same should be closed in consultation with the officer in whose favour the deposit account had been opened.

During 2021-22, an amount of ₹ 6.11 crore was transferred to the PD Accounts. This includes ₹ 0.20 crore transferred in March 2022, of which, ₹ 0.02 crore was transferred on the last working day of March 2022. Administrators of Personal Deposit Accounts had not reconciled and verified their balances with the treasury figures. Details of PD accounts as on 31 March 2022 are given in **Table 4.6**.

**Table 4.6: Details of PD accounts as on 31 March 2022**

(₹ in crore)

Opening Balance as on April 2021		Addition during the year 2021-22		Closed/Withdrawal during the year 2021-22		Closing Balance as on 31 March 2022	
Number of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount
17	17.27	00	6.11	00	5.36	17	18.02

*Source: PAG (A&E), Meghalaya.*

Further, scrutiny of the transactions for the year 2021-22 revealed that there are no inoperative PD accounts.

Non-transfer of unspent balances lying in PD Accounts to the Consolidated Fund entails the risk of misuse of public fund, fraud and misappropriation.

#### 4.7 Indiscriminate use of Minor Head 800

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

During the year 2021-22, ₹ 2,858.39 crore under 42 Major Heads of accounts, constituting 17.46 *per cent* of the total Revenue and Capital expenditure (₹ 16,372.02 crore) was classified under the Minor Head 800-Other Expenditure in the accounts.

Instances of substantial proportion (50 *per cent* or more) of the Expenditure within a given Major Head, classified under the Minor Head 800 – ‘Other Expenditure’, are given below:

**Table 4.7: Significant expenditure booked under Minor Head 800 – Other Expenditure during 2021-22**

<b>Major Head</b>	<b>Description</b>	<b>Details of Expenditure</b>		<b>Per cent</b>
		<b>Total Expenditure</b>	<b>Expenditure Booked under 800</b>	
2225	Welfare of Scheduled Caste, Scheduled Tribe, Other Backward Classes and Minorities	110.34	109.91	99.61
2552	Special Programmes for Rural Development	24.71	18.09	73.21
2853	Non Ferrous Mining and Metallurgical Industries	145.01	127.81	88.14
3451	Secretariat- Economic Services	451.31	426.73	94.55
4235	Capital Outlay on Social Security and Welfare	15.89	11.33	71.30
4401	Capital Outlay on Crop Husbandry	2.61	2.61	100
4885	Other Capital Outlay on Industries and Minerals	0.14	0.14	100
5053	Capital Outlay on Civil Aviation	0.46	0.46	100
5054	Capital Outlay on Roads and Bridges	120.72	117.90	97.66
	<b>Total</b>	<b>871.19</b>	<b>814.98</b>	

*Source: PAG (A&E), Meghalaya.*

With regard to receipts, ₹ 137.68 crore under 33 Major Heads of Account, constituting 0.96 *per cent* of the total Revenue Receipts (₹ 14,274.14 crore) was classified as Receipts in the accounts.

Instances of substantial proportion (50 *per cent* or more) of the Receipts within a given Major Head, classified under the Minor Head 800 – ‘Other Receipts’, are given in **Table 4.8**.

**Table 4.8: Significant Receipts booked under Minor Head 800 – Other Receipts during 2021-22**  
(₹ in crore)

<b>Major Head</b>	<b>Description</b>	<b>Details of Receipts</b>		<b>Per cent</b>
		<b>Total Receipts</b>	<b>Receipts booked under 800</b>	
0049	Interest Receipts	24.65	14.92	60.53
0059	Public Works	6.34	4.35	68.55
0075	Miscellaneous General Services	95.17	95.09	99.92
0210	Medical and Public Health	2.35	1.25	53.06
0217	Urban Development	0.01	0.01	100
0230	Labour and Employment	4.99	3.82	76.60
0702	Minor Irrigation	0.17	0.17	100
0801	Power	3.09	3.09	100
1055	Road Transport	0.21	0.21	100
1456	Civil Supplies	0.02	0.02	100
	<b>Total</b>	<b>137.00</b>	<b>122.93</b>	

*Source: PAG (A&E), Meghalaya.*

During detailed analysis of booking of expenditure under Minor Head-800, Audit observed that:

- i. In respect of the above Major Heads where use of Minor Head-800 for booking of expenditure exceeded 50 *per cent*, Audit observed that the State Government

provisioned for Minor Head-800 in the State Budget as well as approved Supplementary Grants and Re-appropriations as detailed in **Table 4.9**.

**Table 4.9: Provisioning for Minor Head-800 in the State Budget**

Major Head	Description	Original Budget provision under Minor Head-800	Supp. Grant under Minor Head-800	Re-appropriation/ Surrender under Minor Head-800	Final provision under Minor Head-800	Actual expenditure under Minor Head-800	% of actual expenditure against budget provision
2225	Welfare of SCs, STs, OBCs and Minorities	135.71	0.00	-25.80	109.91	109.91	100.00
2575	Other Special Area Programmes	54.72	0.00	-36.04	18.68	18.09	96.84
2853	Non-ferrous Mining and Metallurgical Industries	51.04	76.99	-0.22	127.81	127.81	100.00
3451	Secretariat Economic Services	492.09	0.00	-30.03	462.06	436.73	94.52
4235	Capital Outlay on Social Security and Welfare	13.34	6.10	-8.11	11.33	11.33	100.00
4401	Capital Outlay on Crop Husbandry	3.35	0.00	-0.54	2.81	2.61	92.88
4885	Other Capital Outlay on Industries and Minerals	0.31	0.00	-0.17	0.14	0.14	100.00
5053	Capital Outlay on Civil Aviation	2.00	0.00	-1.54	0.46	0.46	100.00
5054	Capital Outlay on Roads and Bridges	965.95	277.00	-62.53	1,180.42	1,178.96	99.88
<b>Total</b>		<b>1,718.51</b>	<b>360.09</b>	<b>-164.98</b>	<b>1,913.63</b>	<b>1,886.04</b>	<b>98.56</b>

Source: Annual Financial Statement, GoM, 2021-22.

As is evident from the table above, the State Government provisioned for Minor Head-800 to the tune of ₹ 1,913.63 crore in the State Budget as well as approved Supplementary Grants and Re-appropriations. Against the budget provision of ₹ 1,913.63 crore, the State Government incurred an expenditure of ₹ 1,886.04 crore (98.56 per cent) under 9 Major Heads which clearly indicates indiscriminate use of Minor Head-800 in a routine and planned manner.

- ii. Audit further observed that in spite of the availability of suitable Minor Head, booking of expenditure to the tune of ₹ 1,323.22 crore was done under Minor Head-800 as detailed in **Table 4.10**.

**Table 4.10: Booking of expenditure under Minor Head-800 in spite of available suitable Minor Head**

Sl. No.	Name of the Department	Major Head	Sub-Major Head	Minor Head	Sub Head Code	Sub-Head Code	Amount (₹ in crore)	Available Minor Heads
1.	Governor	2012	3	800	4	(04) Maintenance of other residential/non-residential buildings	2.84	103-Household establishment
2.	Transport	2070	0	800	1	(01) Operation of Helicopter Services	7.44	114-Purchase and Maintenance of transport
3.	Education	2202	2	800	25	(25) Upgradation of existing Educational Infrastructure/Setting of residential school in the pattern of Navodaya Vidyalaya	10.00	053-Maintenance of building

Sl. No.	Name of the Department	Major Head	Sub-Major Head	Minor Head	Sub Head Code	Sub-Head Code	Amount (₹ in crore)	Available Minor Heads
4.	Health & Family Welfare	2210	80	800	23	(23) Meghalaya Health Insurance Scheme	75.19	101-PMJAY
			80	800	24	(24) Assistance to Tribal Sub-Scheme	3.85	2225-02-794-Special Central Assistance for Tribal sub-Plan
5.	District Council Affairs	2225	2	800	9	(09) Special Problems Recommended by the Twelfth/Thirteen Finance Commission in Tribal Administration	109.20	
6.	Mining & Geology	2853	2	800	1	(1) Minerals	127.60	102-Mineral exploration
7.	Food and Civil Supplies	3456	0	800	26	(26) Scheme on End-to-End Computerisation of TPDS Schemes	1.00	102-Civil supplies scheme
8.	Public Works	5054	4	800	3	(03) Construction of Rural Roads	484.42	337-Road Works
			4	800	7	(7) PMGSY	457.99	337-Road Works
			4	800	41	(41) Improvement of Critical feeder road and missing Gap (SPA 2013-14)	0.15	337-Road Works
			4	800	42	(42) Replacement of SPT bridges (SPA 2013-14)	3.56	101-Bridges
			4	800	43	(43) Strengthening and Upgradation of link roads under Mahendraganj Town (SPA 2013-14)	0.12	337-Roads Works
			4	800	44	(44) New road connecting Jongchelpara village with ODR Salmanpara-Mellim road (SPA 2013-14)	0.36	337-Road Works
9.	Transport	5055	0	800	1	(01) Capital contribution to Meghalaya Transport Corporation	5.00	190-Investment in Public Sector and other Undertakings
<b>Total</b>							<b>1,080.20</b>	

*Source: PAG (A&E), Meghalaya and LMMH of CGA, GoI.*

Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

#### **4.8 Outstanding balance under major Suspense and DDR heads**

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final Head of Account for some reason or the other. These are finally cleared by minus debit or minus credit when the amount is taken to its final Head of Account. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated resulting in understatement of Government's receipts and payments. Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. During 2021-22 there was an accretion of ₹ 1,419.64 crore under suspense heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/ Works and

Forest Divisions, etc. The position of gross figures under major suspense and remittance heads for the last three years is given in **Table 4.11**.

**Table 4.11: Balances under Suspense and Remittance Heads**

(₹ in crore)

Major Head 8658-Suspence Accounts						
Name of Minor Head	2019-20		2020-21		2021-22	
	Dr	Cr	Dr	Cr	Dr	Cr
101- Pay and Accounts Office -Suspense	65.53	22.41	101.61	41.27	122.05	70.95
<b>Net</b>	Dr 43.12		Dr 60.34		Dr 51.10	
102- Suspense Account (Civil)	4.36	0.09	3.98	0.09	4.44	0.073
<b>Net</b>	Dr 4.27		Dr 3.89		Dr 4.367	
109- Reserve Bank Suspense -Headquarters	29.12	6.99	25.69	7.79	28.04	8.30
<b>Net</b>	Dr 22.13		Dr 17.90		Dr 19.74	
110-Reserve Bank Suspense -Central Accounts Office	133.23	133.84	135.42	128.46	120.82	47.92
<b>Net</b>	Cr 0.61		Dr 6.96		Dr 72.90	
112-Tax Deducted at source (TDS) Suspense	0.04	3.43	0.04	0.18	0.00	8.83
<b>Net</b>	Cr 3.39		Cr 0.14		Cr 8.83	
123- A.I.S Officers' Group Insurance Scheme	0.30	0.36	0.30	0.37	0.3048	0.383
<b>Net</b>	Cr 0.06		Cr 0.07		Cr 0.0782	
	Dr	Cr	Dr	Cr	Dr	Cr
102- Public Works Remittances	23321.16	23460.11	26180.05	26320.01	29447.34	29586.87
<b>Net</b>	Cr 138.95		Cr 139.96		Cr 139.53	
103-Forest Remittances	3290.42	3246.95	3569.75	3509.33	3896.69	3838.61
<b>Net</b>	Dr 43.47		Dr 60.42		Dr 58.08	

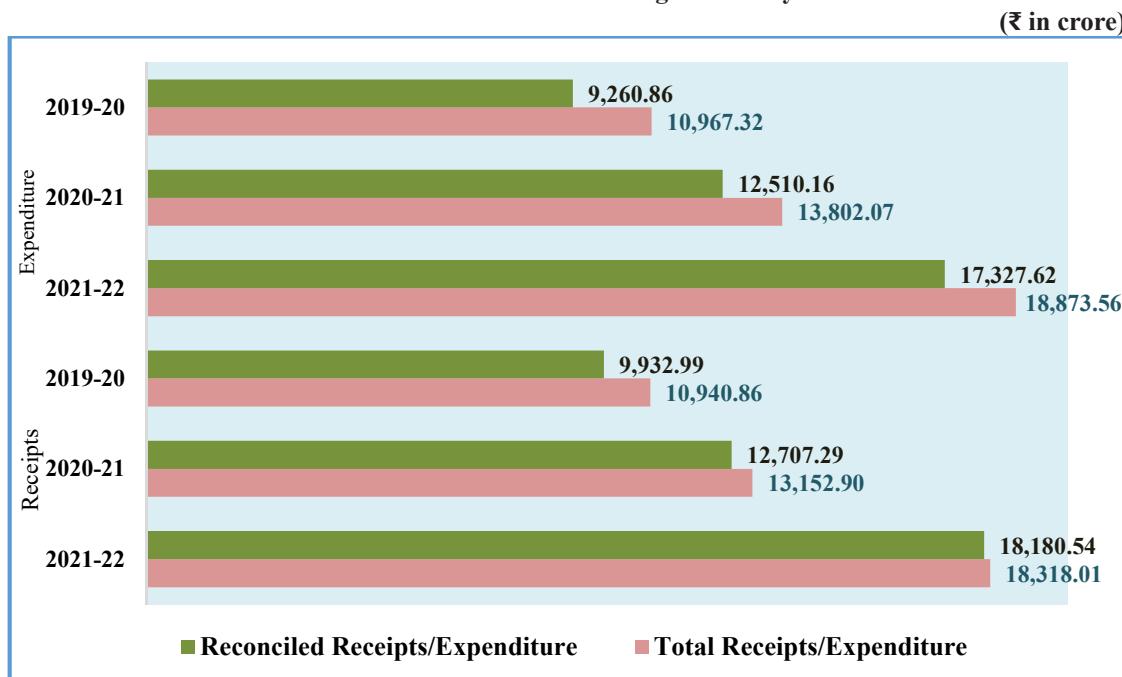
Source: Finance Accounts.

#### 4.9 Non-reconciliation of Departmental figures

To enable Controlling Officers (COs) of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that receipts and expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Principal Accountant General (A&E).

The status of reconciliation of receipts and expenditure figures by the COs during the three years' period 2019-22 is shown in **Chart 4.2** and **Table 4.12**.

**Chart 4.2: Status of reconciliation during the three years 2019-22**



*Source: Information furnished by PAG (A&E), Meghalaya.*

**Table 4.12: Status of Reconciliation of Receipts and Expenditure figures**

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all	Total Expenditure/ Receipts	Percentage of reconciliation
<b>Expenditure</b>						
2019-20	62	9,260.86	Nil	1,706.46	10,967.32	84
2020-21	62	12,510.16	Nil	1,291.91	13,802.07	91
2021-22	63	17,327.62	Nil	1,545.94	18,873.56	92
<b>Receipts</b>						
2019-20	62	9,932.99	Nil	1,007.87	10,940.86	91
2020-21	57	12,707.29	Nil	445.61	13,152.90	97
2021-22	56	18,180.54	48.96	137.47	18,318.01	99

*Source: Information furnished by PAG (A&E), Meghalaya.*

It may be seen from the above table that the percentage of reconciliation of expenditure has increased from 84 *per cent* during 2019-20 to 92 *per cent* during 2021-22. Similarly, the percentage of reconciliation of receipts has also increased from 91 *per cent* during 2019-20 to 99 *per cent* during 2021-22.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of the budgetary process.

#### **4.10 Reconciliation of Cash Balances**

As on 31 March 2022, there was a difference of ₹ 111.46 crore (credit) between the figures reflected in the accounts and that intimated by the Reserve Bank of India. The difference was due to misclassification by bank/treasury and non-receipt of details of adjustment made by RBI as shown in **Table 4.13**.

**Table 4.13: Details of difference between the figures reflected in the accounts and RBI**

1.	Misclassification by Bank/Treasury	Dr. ₹ 45.71 crore
2.	Non-receipt of details of adjustments made by RBI	Cr. ₹ 157.17 crore
<b>Total</b>		<b>Cr. ₹ 111.46 crore</b>

As on 31 August 2022, there was a difference of ₹ 44.32 crore (debit) between the figures reflected in the accounts (₹ 20.25 crore debit) and the figures intimated by the RBI (₹ 24.07 crore debit).

#### **4.11 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, prescribe the form of accounts of the Union and of the States. Further, the Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the Comptroller and Auditor General of India, the President of India has so far notified three Indian Government Accounting Standards (IGAS). The details of these standards and the extent of compliance with these by the Government of Meghalaya in its financial statements for the year 2021-22 are given in **Table 4.14**.

**Table 4.14: Compliance with Indian Government Accounting Standards**

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	<b>IGAS-1:</b> <i>Guarantees Given by the Government – Disclosure requirements</i>	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Complied	Both sector-wise details as well as class-wise details have been disclosed in the Finance Accounts (Statements 9 and 20) of the State of Meghalaya.
2.	<b>IGAS-2:</b> <i>Accounting and Classification of Grants-in- Aid</i>	Grants-in-Aid are to be classified as Revenue Expenditure in the accounts of the grantor and as Revenue Receipts in the accounts of the grantee, irrespective of the end use.	Partly Complied	During the year 2021-22, Government of Meghalaya incorrectly booked expenditure of ₹ 18.11 crore received as GIA under Capital Section instead of Revenue Section.  Detailed information in respect of Grants-in-Aid in kind has not been furnished by the Government of Meghalaya.

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
3.	<b>IGAS-3: Loans and Advances made by Government</b>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Partly Complied	The State government has not furnished figures in respect of certain loans and advances for which they maintain detailed accounts. None of the Loanees have confirmed the balances.

#### **4.12 Submission of Accounts/ Separate Audit Reports of Autonomous Bodies**

Several autonomous bodies have been set up by the State Government in the field of Khadi and Village Industries, Labour, etc. The position of annual accounts of four of the autonomous bodies whose audit was entrusted to the Comptroller and Auditor General of India (CAG) under Section 19 & 20 of DPC Act is given in **Table 4.15**.

**Table 4.15: Position of outstanding annual accounts**

Name of Autonomous Body	Section of DPC Act under which audit is conducted	Due date for submission of Annual Accounts	Year of Annual Accounts received	Outstanding Annual Accounts
Meghalaya Khadi and Village Industries Board	19(3)	June every year	2019-20	2020-21 to 2021-22
Meghalaya Building and Other Construction Workers' Welfare Board	19(2)	- do -	2020-21	2021-22
Meghalaya State Legal Services, Authority	19(2)	- do -	2020-21	2021-22
Special Purpose Vehicle Society	20(1)	-do-	2019-20	2020-21 to 2021-22

*Source: Information furnished by AMG-I, II and III.*

In the absence of annual accounts and their audit, proper utilisation of the grants and loans disbursed to those Bodies/Authorities and their accounting cannot be vouched. The Administrative Departments may take steps to clear the arrears in accounts of these bodies.

#### **4.13 Arrears in finalisation of Accounts of Public Sector Undertakings (PSUs)**

The financial statements of the companies are required to be finalised within six months after the end of the financial year i.e. by September end in accordance with the provisions of Section 96(1) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of the Act. Similarly, in case of Statutory Corporations, their accounts are to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

As on 30 September 2022, 35 accounts of 20 working PSEs were in arrears for one to six years (*Appendix 4.3*). Out of the total arrears of 35 accounts for 2021-22, Meghalaya Transport Corporation (MTC) and Forest Development Corporation of Meghalaya Ltd. has maximum accounts in arrears for six and five years respectively.

In addition to the above, there were arrears of four accounts (2018-19 to 2021-22) as on 30 September 2022 in respect of the sole non-working PSE (Meghalaya Electronics

Development Corporation Limited), which became defunct in 2006 and has been in the process of liquidation since June 2011. The State Government needs to expedite the liquidation process to wind up the above mentioned non-working PSE. The Committee of Public Undertakings (COPU) in its Tenth report which was presented to the Legislature on 05 November 2020 also recommended that the process of liquidation of the non-working PSE should be completed forthwith, within six months.

#### **4.14 Non-submission of details of grants / loans given to bodies and authorities**

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act), the Government/ Heads of the Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions.

Further, Regulation on Audit and Accounts (Amendments), 2020 provides that Governments and HODs, who sanction grants and/or loans to bodies or authorities shall furnish to Audit by the 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.

The annual accounts of 51 bodies/authorities due up to 2021-22 had not been received (November 2022) by the Principal Accountant General (Audit). The details of these accounts are given in *Appendix 4.4* and their age-wise pendency is presented in **Table 4.16**.

**Table 4.16: Age-wise arrears of Annual Accounts due from Government Bodies**

<b>Sl. No.</b>	<b>Delay in number of years</b>	<b>Total No. of Accounts</b>
1.	0 to 1 year	07
2.	Above 1 year to 3 years	09
3.	Above 3 years to 5 years	08
4.	Above 5 years to 7 years	31
5.	Above 7 years to 9 years	158
6.	Above 9 years	201
<b>Total</b>		<b>414</b>

*Source: Information furnished by AMG-I, II and III.*

In the absence of annual accounts and their audit, proper utilisation of the grants and loans disbursed to those bodies and their accounting cannot be vouched. The concerned Administrative Departments may advise these bodies to clear the arrears in accounts.

#### **4.15 Autonomous District Councils (ADCs)**

The United Khasi and Jaintia Hills District Council was set up in June 1952 under Article 244(2) read with the Sixth Schedule to the Constitution of India. The Council was bifurcated in 1967 and the Jowai District Council was carved out of it. In 1973, the United Khasi and Jaintia Hills District Council and the Jowai District Council were renamed as Khasi Hills Autonomous District Council (KHADC) and Jaintia Hills Autonomous District Council (JHADC) respectively. The Garo Hills Autonomous

District Council (GHADC) was set up in June 1952 under Article 244(2) read with the Sixth Schedule to the Constitution of India.

#### ***Non-submission of Annual Accounts***

As per the Fund Rules of JHADC and GHADC, the Annual Accounts were to be submitted to the PAG (Audit) by 30<sup>th</sup> June of each year but no prescribed date was mentioned in the Fund Rules of the KHADC. The annual accounts of the ADCs were in arrears for two to six years, as indicated in **Table 4.17**.

**Table 4.17: Arrears in submission of Annual Accounts**

Name of the ADCs	Due date for submission of Annual Accounts	Year of Annual Accounts received	Outstanding Annual Accounts
KHADC	30 June	2019-20	2020-21 to 2021-22
GHADC	30 June	2015-16	2016-17 to 2021-22
JHADC	30 June	2018-19	2019-20 to 2021-22

Persistent delay in finalisation of accounts is fraught with the risk of fraud and leakage of public money going undetected. The State Government may advise the ADCs to finalise the arrear accounts and submit them to the Principal Accountant General (Audit).

#### ***Utilisation of grants***

During the period 2017-18 to 2021-22, the ADCs received grants (Central and State) for implementation of various development schemes. The details of utilisation of such grants are as given in **Table 4.18**.

**Table 4.18: Utilisation of Central grants**

Name of the ADCs	Year	Name of the Central Grant	Amount Sanctioned	(₹ in crore) Amount for which UCs submitted
KHADC	2017-18	Grant for Areas not included in Pt. IX & IXA of the Constitution from the Ministry of Finance	32.25	32.09
	2018-19		50.18	Nil
	2019-20		50.18	Nil
	2020-21	Recommendation of the 15 <sup>th</sup> Finance Commission	20.48 (tied)	Nil
	2021-22		20.48 (untied)	Nil
JHADC	2017-18	Grant for Areas not included in Pt. IX & IXA of the Constitution from the Ministry of Finance	10.75	6.40
	2018-19		16.73	Nil
	2019-20		16.73	Nil
	2020-21	Recommendation of the 15 <sup>th</sup> Finance Commission	6.83 (tied)	Nil
	2021-22		6.83 (untied)	Nil
GHADC	2017-18	Grant for Areas not included in Pt. IX & IXA of the Constitution from the Ministry of Finance	28.66	24.01
	2018-19		44.60	27.52
	2019-20		44.61	39.61
	2020-21	Recommendation of the 15 <sup>th</sup> Finance Commission	18.20 (tied)	Nil
	2021-22		18.20 (untied)	Nil
<b>Total</b>			<b>385.71</b>	<b>129.63</b>

*Source: Information furnished by Under Secretary to the GoM, DCAD.*

**Table 4.19: Utilisation of State grants**

Name of ADCs	Year	Name of State Grant	(₹ in crore)	
			Amount Sanctioned	Amount for which UCs submitted
KHADC	2017-18	Financial assistance to District Council for financing their own plan schemes	9.67	9.67
		Financial assistance for Rural Road communication, Inspection Bungalows, Repairs etc., to be done by District Council	0.18	0.18
		Special Problems Recommended by the Twelfth/ Thirteen Finance Commission in Tribal Administration	32.25	32.25
	2019-20		27.60	27.60
	2020-21		43.05	0
	2021-22		40.95	0
JHADC	2017-18	Special Problems Recommended by the Twelfth/ Thirteen Finance Commission in Tribal Administration	10.75	10.75
JHADC	2018-19		11.63	0
	2019-20		14.30	0
	2020-21		14.35	0
	2021-22		13.65	0
GHADC	2017-18	Financial assistance for Rural Road communication, Inspection Bungalows, Repairs etc., to be done by District Council	0.16	0
	2018-19	Special Problems Recommended by the Twelfth/ Thirteen Finance Commission in Tribal Administration	28.66	28.66
			31.00	0
			58.21	0
	2020-21	Financial assistance to the District Council for Special Purposes	12.50	0
	2021-22	Special Problems Recommended by the Twelfth/ Thirteen Finance Commission in Tribal Administration	54.60	0
<b>Total</b>			<b>403.51</b>	<b>109.11</b>

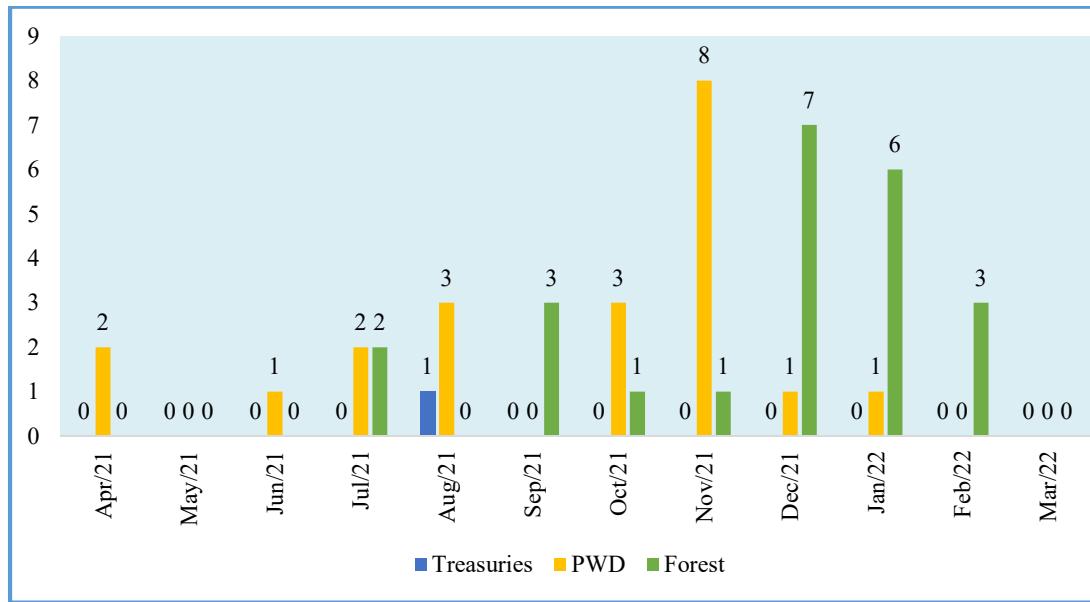
Source: Information furnished by PAG (A&E), Meghalaya.

From **Table 4.18** above it is seen that out of the grants of ₹ 385.71 crore received as Central Grant during 2017-22, the ADCs could submit UCs for only ₹ 129.63 crore (34 per cent) of the total fund allotted. Non-submission of the UCs means that the authorities have not explained as to how funds were spent over the years or they were not spent. The ADCs may be advised to submit the pending UCs.

#### 4.16 Timeliness and Quality of Accounts

The accounts of the State Government are compiled by the Principal Accountant General (A&E) from the initial accounts rendered by district treasuries, sub-treasuries, Resident Commissioner (New Delhi), cyber treasury, public works divisions (PWD) and forest divisions, apart from the RBI advices. There are often delays in rendition of monthly accounts. Due to the failure of the account rendering units to furnish accounts on time, some accounts are excluded from the monthly Civil Accounts by the Principal Accountant General (A&E). The position of exclusion of monthly Civil Accounts during 2021-22 is shown in **Chart 4.3**.

**Chart 4.3: Number of accounts excluded from monthly Civil Accounts during 2021-22**



As can be seen from the above, zero to one account of treasury divisions, zero to eight accounts of PWD and zero to seven accounts of forest divisions were excluded from monthly Civil Accounts during the year (*Appendix 4.5*). Exclusion of accounts not only distorts the budgetary position of the Government, but also impacts its monitoring of fund flow to the last mile of implementation, its planned pacing of expenditure on developmental programmes, providing intended benefits to the targeted beneficiaries, functioning of departments *etc.* during the year. The State Government needs to monitor the position closely and ensure the rendition of accounts by all the account rendering authorities to the Principal Accountant General (A&E) on a timely basis, to manage its own budget more effectively.

#### **4.17 Misappropriations, losses, thefts, etc.**

According to Rule 112 of the Meghalaya Financial Rules, 1981, any defalcation or loss of public money or other property discovered in Government Treasury or other office or department, which is under the audit of the Principal Accountant General, should be immediately reported to the Principal Accountant General, even when such loss has been made good by the person responsible for it. Further, in all cases of theft, misappropriation, fraud and loss involving Government money, the First Information Report (FIRs) should invariably be lodged with the Police Department.

The State Government reported 72 cases of theft, misappropriation and loss involving Government money amounting to ₹ 1.14 crore up to March 2022 on which final action was pending. A break up of pending cases and age-wise analysis is given in **Table 4.20**.

**Table 4.20: Pending cases of misappropriation, losses, theft, etc.**

(₹ in lakh)

Name of Department	Cases of misappropriation/losses /theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.							
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal proceedings finalised but recovery of the amount pending		Pending in the Court of Law	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Public Works	5	17.52	1	-	-	-	4	17.52	-	-
Horticulture	1	21.06	-	-	-	-	1	21.06	-	-
Community & Rural Development	1	3.03	-	-	1	3.03	-	-	-	-
Legislative Assembly	2	44.09	-	-	-	-	1	3.34	1	40.74
Land Record and Survey	1	1.56	-	-	-	-	1	1.56	-	-
Mining & Geology	1	16.55	-	-	-	-	-	-	1	16.55
Finance	1	1.94	-	-	1	1.94	-	-	-	-
Health	3	0.65	-	-	-	-	3	0.65	-	-
Public Health Engineering	57	7.47	46	0.036	6	0.36	5	3.54	-	-
<b>Total</b>	<b>72</b>	<b>113.87</b>	<b>47</b>	<b>0.036</b>	<b>8</b>	<b>5.33</b>	<b>15</b>	<b>47.67</b>	<b>2</b>	<b>57.29</b>

Source: Information furnished by the respective departments.

Out of ₹ 113.87 lakh, the highest amount of misappropriation of ₹ 44.09 lakh pertained to Meghalaya Legislative Assembly involving two cases.

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

The Audit Reports can achieve the desired results only if they evoke positive and adequate response from the administration itself. To ensure accountability of the executive about the issues contained in the Audit Reports, the Public Accounts Committee of Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned administrative departments within one month of presentation of the Audit Reports to the State Legislature.

The State Finances Audit Report for the years from 2008-09 to 2020-21 have been placed before the State Legislature. However, *suo motu* explanatory notes on the observations made in those Audit Reports were not furnished by the Departments. Some departments have submitted partial replies on certain portions of Appendices to these Reports after placing of these Reports in the Legislative Assembly.

The PAC took up the SFAR for the year ending 31 March 2021 for discussion during September 2022.

#### **4.19 Conclusion**

Audit observed various instances of non-observance of financial rules and procedures and absence of financial controls.

As on 31 March 2022, 307 UCs for ₹ 2,373.52 crore were outstanding for submission. Since huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds, the State Government should monitor this aspect closely and not only hold the concerned persons accountable for submission of UCs in a timely manner to the Finance Department as well as PAG (A&E) but review disbursement of further Grants to defaulting Departments.

As of March 2022, 35 DCC bills amounting to ₹ 4.50 crore were outstanding. Major defaulter in this regard is the Election Department where AC bills of ₹ 3.25 crore (72.22 per cent) remained outstanding as of 31 March 2022.

During 2021-22, the State Government booked an expenditure of ₹ 2,858.39 crore under Minor Head 800 under 42 Revenue and Capital Major Heads of Accounts, constituting 17.46 per cent of the total Revenue and Capital Expenditure of ₹ 16,372.02 crore. It was further observed that the State Government was providing budget provision/ SGs /re-appropriations and booked expenditure under Minor Head-800 in spite of availability of suitable Sub-Heads. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

In the absence of annual accounts and their audit, proper utilisation of grants and loans disbursed to bodies and authorities and their accounting cannot be assured. It is observed that annual accounts of three autonomous bodies were outstanding since 2016-17 and accounts of ADCs for two to six years. Similarly, as on 30 September 2022, 35 accounts of 20 working PSEs were in arrears for one to six years. Out of the total arrears of 35 accounts for 2021-22, Meghalaya Transport Corporation (MTC) and Forest Development Corporation of Meghalaya Ltd. has maximum accounts in arrears for six and five years respectively. This requires urgent intervention at the highest level in order to have a realistic and timely assessment of their financial position and review of financial assistance to these bodies, authorities and PSUs due to arrears in their accounts.

There were also 72 instances of theft, misappropriation and loss involving Government money amounting to ₹ 113.87 lakh.

#### **4.20 Recommendations**

1. *An accountability framework for submission of UCs in a timely manner to the Finance Department and PAG (A&E) may be put in place. Further disbursement of grants to Departments may strictly be linked to submission UCs.*

2. *The Finance Department should, in consultation with the Principal Accountant General (A&E), conduct a comprehensive review of all items presently appearing under Minor Head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.*
3. *Finance Department should consider evolving a system to expedite the process of compilation and submission of Annual Accounts by Government Bodies, Authorities, Autonomous Bodies and PSUs in order to have a realistic and timely assessment of their financial position. They should review further financial assistance to those entities who are in arrears of their Annual Accounts.*

**Shillong**  
**The: 06 March 2023**

**(Shefali Srivastava Andaleeb)**  
**Principal Accountant General (Audit), Meghalaya**

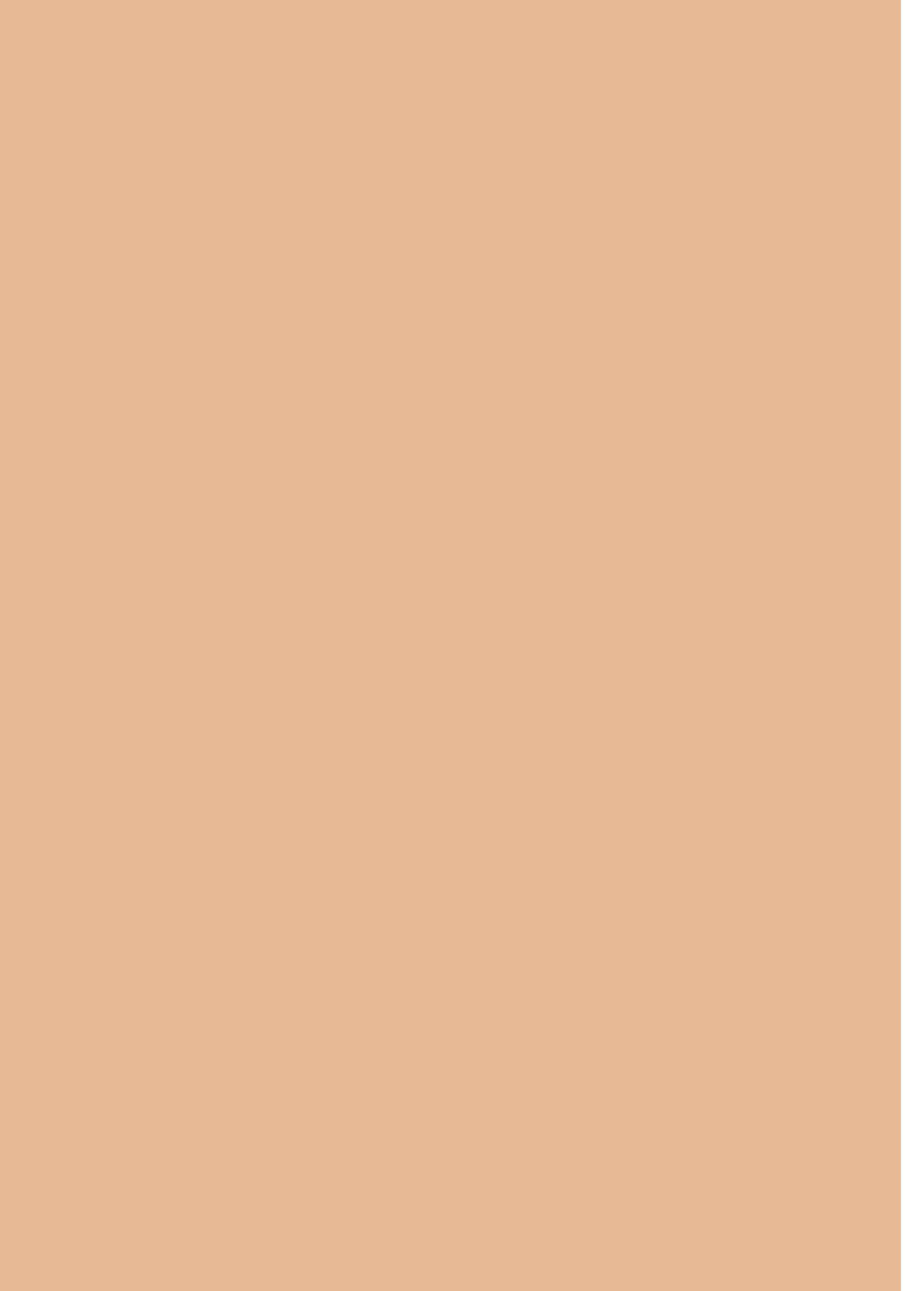
**Countersigned**

**New Delhi**  
**The: 06 March 2023**

**(Girish Chandra Murmu)**  
**Comptroller and Auditor General of India**



## APPENDICES



**APPENDIX 2.1**  
**Time Series Data on State Government Finances**  
*(Reference: Paragraphs 2.4.2.2)*

(₹ in crore)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<i>Part A – Receipts</i>						
<b>1. Revenue Receipts</b>	<b>8938.95</b>	<b>9273.48</b>	<b>9718.62</b>	<b>9413.52</b>	<b>10683.24</b>	<b>14274.14</b>
<i>(i) Tax Revenue</i>	1186.01 (13.27)	1450.10 (15.64)	1793.24 (18.45)	1891.25 (20.09)	2072.56 (19.40)	2300.38 (16.12)
State Goods and Services Tax (SGST)	...	376.00 (25.93)	805.96 (44.95)	909.78 (48.10)	822.81 (39.70)	1117.94 (48.60)
Sales Tax	931.06 (78.50)	766.63 (52.87)	627.50 (34.99)	567.13 (29.99)	725.09 (34.99)	718.89 (31.25)
State Excise	168.98 (14.25)	199.30 (13.74)	226.21 (12.61)	276.27 (14.61)	375.38 (18.11)	308.00 (13.39)
Taxes on Vehicles	48.22 (4.07)	67.01 (4.62)	86.95 (4.85)	99.24 (5.25)	78.63 (3.79)	99.42 (4.32)
Stamps and Registration fees	17.19 (1.45)	20.25 (1.40)	26.19 (1.46)	20.34 (1.08)	31.56 (1.52)	27.06 (1.18)
Land Revenue	1.27 (0.11)	2.08 (0.14)	2.73 (0.15)	1.00 (0.05)	21.29 (1.03)	9.83 (0.43)
Taxes on Goods and Passengers	...	7.83 (0.54)	8.45 (0.47)	9.13 (0.48)	10.72 (0.52)	12.54 (0.55)
Other Taxes	19.29 (1.63)	11.00 (0.76)	9.25 (0.51)	8.36 (0.44)	7.08 (0.34)	6.70 (0.29)
<i>(ii) Non Tax Revenue</i>	685.24 (7.67)	366.63 (3.95)	427.70 (4.40)	530.11 (5.63)	523.17 (4.90)	524.58 (3.68)
<i>(iii) State's share of Union Taxes and Duties</i>	3911.05 (43.75)	4323.14 (46.62)	4889.07 (50.31)	4211.78 (44.74)	4551.63 (42.61)	6580.63 (46.10)
<i>(iv) Grants-in-Aid from Government of India</i>	3156.65 (35.31)	3133.61 (35.46)	2608.61 (26.84)	2780.38 (29.54)	3535.88 (33.10)	4868.55 (34.11)
<b>2. Miscellaneous Capital Receipts</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>3. Recoveries of Loans and Advances</b>	<b>18.81</b>	<b>17.45</b>	<b>18.01</b>	<b>31.32</b>	<b>27.77</b>	<b>24.41</b>
<b>4. Total revenue and Non-debt Capital Receipts (1+2+3)</b>	<b>8957.76</b>	<b>9290.93</b>	<b>9736.63</b>	<b>9444.84</b>	<b>10711.01</b>	<b>14298.55</b>
<b>5. Public Debt Receipts</b>	<b>1210.43</b>	<b>1225.14</b>	<b>1324.69</b>	<b>1496.02</b>	<b>2441.89</b>	<b>4019.95</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1206.16 (99.65)	1218.47 (99.46)	1302.28 (98.31)	1480.24 (98.95)	2096.53 (85.86)	2435.49 (60.58)
Ways and Means Advances and Overdraft	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	1069.93 (26.62)
Loans and Advances from Government of India	4.27 (0.35)	6.67 (0.54)	22.41 (1.69)	15.78 (1.07)	345.36 (14.14)	514.53 (12.80)
<b>6. Total receipts in the Consolidated Fund (4+5)</b>	<b>10168.19</b>	<b>10516.07</b>	<b>11061.32</b>	<b>10940.86</b>	<b>13152.90</b>	<b>18318.50</b>
<b>7. Contingency Fund Receipts</b>	<b>100.00</b>	<b>100.00</b>	<b>NIL</b>	<b>NIL</b>	<b>1.96</b>	<b>200.00</b>
<b>8. Public Accounts Receipts</b>	<b>4636.76</b>	<b>4187.87</b>	<b>4568.43</b>	<b>3866.03</b>	<b>4799.03</b>	<b>5098.35</b>
<b>9. Total receipts of the State (6+7+8)</b>	<b>14904.95</b>	<b>14803.94</b>	<b>15629.75</b>	<b>14806.89</b>	<b>17953.89</b>	<b>23616.85</b>
<i>Part B – Expenditure</i>						
<b>10. Revenue Expenditure</b>	<b>8336.54</b>	<b>8422.68</b>	<b>10255.94</b>	<b>9565.12</b>	<b>11498.62</b>	<b>13620.22</b>
<i>Plan</i>	3695.32 (44.33)	...	...	....	...	...

*State Finances Audit Report for the year ended 31 March 2022*

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Non-Plan</b>	4641.22 (55.67)	...	...	....	...	...
General Services (including Interest payments)	2480.16 (29.75)	2826.87 (33.56)	3535.88 (34.48)	3667.70 (38.34)	4000.97 (34.80)	4453.90 (32.70)
Social Services	3099.11 (37.18)	3147.61 (37.37)	4100.07 (39.98)	3724.26 (38.94)	4346.67 (37.80)	5254.89 (38.58)
Economic Services	2757.27 (33.07)	2448.20 (29.07)	2619.99 (25.55)	2173.16 (22.72)	3150.98 (27.40)	3911.43 (28.72)
<b>11. Capital Expenditure (Capital Outlay)</b>	<b>1289.80</b>	<b>983.44</b>	<b>1417.28</b>	<b>939.71</b>	<b>1734.05</b>	<b>2751.79</b>
<i>Plan</i>	1238.19 (96.00)	...	...	...	...	...
<i>Non-Plan</i>	51.61 (4.00)	...	...	...	...	...
General Services	83.00 (6.44)	49.77 (5.06)	84.98 (6.00)	47.73 (5.08)	132.33 (7.63)	171.59 (6.24)
Social Services	459.36 (35.61)	360.57 (36.66)	360.00 (25.40)	293.08 (31.19)	539.65 (31.12)	1193.80 (43.38)
Economic Services	747.44 (57.95)	573.10 (58.28)	972.30 (68.60)	598.90 (63.73)	1062.07 (61.25)	1386.40 (50.38)
<b>12. Disbursement of Loans and Advances</b>	<b>30.83</b>	<b>22.05</b>	<b>89.49</b>	<b>43.78</b>	<b>81.90</b>	<b>85.33</b>
<b>13. Total Expenditure (10+11+12)</b>	<b>9657.17</b>	<b>9428.17</b>	<b>11762.71</b>	<b>10548.61</b>	<b>13314.57</b>	<b>16457.34</b>
<b>14. Repayments of Public Debt</b>	<b>414.41</b>	<b>329.62</b>	<b>395.94</b>	<b>418.71</b>	<b>487.52</b>	<b>2216.20</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	394.50 (95.20)	309.28 (93.83)	375.32 (94.79)	393.22 (93.91)	465.88 (95.56)	1122.62 (50.65)
Ways and Means Advances and Overdraft	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	1069.92 (48.28)
Loans and Advances from Government of India	19.91 (4.80)	20.34 (6.17)	20.62 (5.21)	25.49 (6.09)	21.64 (4.44)	23.65 (1.07)
<b>15. Appropriation to Contingency Fund</b>	<b>100.00</b>	<b>100.00</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>200.00</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>10171.58</b>	<b>9857.79</b>	<b>12158.65</b>	<b>10967.32</b>	<b>13802.09</b>	<b>18873.54</b>
<b>17. Contingency Fund disbursements</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>1.96</b>	<b>NIL</b>	<b>NIL</b>
<b>18. Public Account disbursements</b>	<b>3589.59</b>	<b>4569.16</b>	<b>4373.19</b>	<b>4049.12</b>	<b>4594.56</b>	<b>4948.45</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>13761.17</b>	<b>14426.95</b>	<b>16531.84</b>	<b>15015.99</b>	<b>18396.65</b>	<b>23621.99</b>
<i>Part C – Deficits</i>						
<b>20. Revenue Surplus (+) /Deficit (-) (1-10)</b>	<b>+602.41</b>	<b>+850.80</b>	<b>-537.32</b>	<b>-151.60</b>	<b>-815.38</b>	<b>653.92</b>
<b>21. Fiscal Deficit (-) (4-13)</b>	<b>- 699.41</b>	<b>-237.24<sup>57</sup></b>	<b>-2026.08</b>	<b>-1103.77</b>	<b>-2603.56</b>	<b>-2158.79</b>
<b>22. Primary Deficit (-)/Surplus (+) (21-23)</b>	<b>- 177.18</b>	<b>+353.94</b>	<b>-1369.27</b>	<b>-345.26</b>	<b>-1744.64</b>	<b>-3122.06</b>
<i>Part D – Other Data</i>						
23. Interest Payments (included in Revenue Expenditure)	522.23	591.18	656.81	758.51	858.92	963.27
24. Financial Assistance to local bodies, etc.	3000.68	2558.18	2046.49	1821.20		
25. Ways and Means Advances/Overdraft availed (days)	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
26. Interest on WMA/Overdraft	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

<sup>57</sup> The Fiscal Deficit is inclusive of ₹ 100.00 crore transferred to Contingency Fund during the year.

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
27. Gross State Domestic Product (GSDP) <sup>58</sup>	27439	29508	32176	34770	34719	37830
28. Rate of Growth of GSDP	9.24	7.54	9.04	8.06	-0.15	8.96
29. Outstanding Debt (year end)	8983.50	9485.08	10623.68	11533.78	13618.73 <sup>59</sup>	15481.09 <sup>60</sup>
30. Rate of Growth of Outstanding Debt	25.56	5.58	12.00	8.57	18.08	13.67
31. Outstanding guarantees (year end) including interest	983.11	820.68	1163.09	1120.14	3060.99	2980.44
32. Maximum amount guaranteed (year end)	860.04	1139.94	1376.74	1369.80	3093.40	3055.44
33. Number of incomplete projects	194	193	218	155	103	124
34. Capital blocked in incomplete projects <sup>61</sup>	734.30 (70)	1040.42 (79)	329.60 (32)	1263.14 (147)	2825.48 (103)	1661.30
35. Total Debt Receipts	3454.69	2954.36	3189.65	2941.07	3848.45	4019.95
36. Total Debt Payments (Including Interest)	2148.10	3043.96	2707.85	2789.48	2510.42	3179.47
37. Net Debt available to the State	1306.59	-89.60	481.80	151.59	1338.03	840.48
<b>Part E – Fiscal Health Indicator (in per cent)</b>						
<b>I. Resource Mobilisation</b>						
Own Tax Revenue/GSDP	4.32	4.91	5.57	5.44	5.97	6.08
Own Non-Tax Revenue/GSDP	2.50	1.24	1.33	1.52	1.51	1.39
Central Transfers <sup>62</sup> /GSDP	25.76	25.27	23.30	20.11	23.29	30.26
<b>II. Expenditure Management</b>						
Total Expenditure/GSDP	35.20	31.95	36.56	30.34	38.35	43.50
Total Expenditure/Revenue Receipts	108.03	101.67	121.03	112.06	124.63	115.29
Revenue Expenditure/Total Expenditure	86.32	89.34	87.19	90.68	86.36	82.76
Expenditure on Social Services/Total Expenditure	36.85	37.21	37.92	38.08	36.70	39.18
Expenditure on Economic Services <sup>63</sup> /Total Expenditure	36.61	32.28	31.30	26.69	32.07	32.57
Capital Expenditure/Total Expenditure	13.36	10.43	12.05	8.91	13.02	16.72
Capital Expenditure on Social and Economic Services/Total Expenditure	12.50	9.90	11.33	8.46	12.03	15.68
<b>III. Management of Fiscal Imbalances</b>						
Revenue Surplus / GSDP	2.20	2.88	-1.67	-0.44	-2.35	1.73
Fiscal Deficit (-) / GSDP	-2.55	-0.80	-6.30	-3.17	-7.50	-5.71
Primary Deficit (-) Surplus (+) / GSDP	-0.65	1.20	-4.26	-0.99	-5.03	-8.25
Revenue Deficit (-) Surplus (+) / Fiscal Deficit	-86.13	-358.62	26.52	13.73	31.32	30.29
Primary Revenue Balance <sup>64</sup> /GSDP	4.10	4.89	-0.37	-2.62	-4.82	-0.82

<sup>58</sup> Source: GSDP as per the Directorate of Economics and Statistics, Government of Meghalaya.

<sup>59</sup> Excludes back to back loans of ₹ 112 crore given by GoI in lieu of compensation of GST without any repayment obligations.

<sup>60</sup> Excludes back to back loans of ₹ 252.16 crore given by GoI in lieu of compensation of GST without any repayment obligations.

<sup>61</sup> Expenditure incurred up to the end of the year on incomplete works (in brackets).

<sup>62</sup> State's share of central taxes and grants-in-aid from Government of India.

<sup>63</sup> Including loans and advances.

<sup>64</sup> Revenue Receipts – (Revenue Expenditure – Interest Payments).

*State Finances Audit Report for the year ended 31 March 2022*

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>IV. Management of Fiscal Liabilities</b>						
Fiscal Liabilities/GSDP	32.74	32.14	33.02	33.17	39.22	40.92
Fiscal Liabilities/RR	100.50	102.28	109.31	122.52	127.48	108.46
Primary Deficit <i>vis-à-vis</i> quantum spread (₹ in crore)	415.23	910.17	-821.09	-225.31	-3173.25	-2741.29
Debt Repayment (Principal +Interest)/ Total Debt Receipts	62.18	103.03	84.89	94.85	65.23	62.71
<b>V. Other Fiscal Health Indicators</b>						
Return on Investment ( <i>per cent</i> )	0.02	0.01	0.01	0.01	0.00	0.01
Balance from Current Revenue (₹ in crore)	1815.33	-2233.77	-3097.11	-2879.43	-4292.84	-4145.98
Financial Assets/Liabilities (Ratio)	1.50	1.55	1.44	1.65	1.40	1.28

*Note: Figures in brackets represent percentages (rounded) to total of each sub-heading.*

**APPENDIX 3.1**  
**Glossary of important Budget related terms**  
*(Reference: Paragraph 3.1)*

**'Accounts' or 'actuals' of a year.** - are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority's books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.

**'Administrative approval' of a scheme, proposal or work.** - is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.

**'Annual financial statement'** – – Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.

**'Appropriation'** - means the amount authorised by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.

**'Charged Expenditure'** - means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.

**'Consolidated Fund of India/ State-** All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.

**'Contingency Fund'** is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive /Government to meet unforeseen expenditure arising in the course of a year pending its authorisation by the Parliament/State Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/State Legislature approves it through the Supplementary Demands.

**'Controlling Officer (budget)'**- means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.

**'Drawing and Disbursing Officer' (DDO)** – means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function

**'Excess Grant'** – Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularisation by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.

**'New Service'** – As appearing in Article 115(1)(a)/205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/State Legislature earlier, including a new activity or a new form of

investment.

**'New Instrument of Service'**- means relatively large expenditure arising out of important expansion of an existing activity.

**'Public Accounts'**- means the Public Account referred to in Article 266(2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, etc. which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.

**'Reappropriation'** - means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.

**'Revised Estimate'**- is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.

**'Supplementary Demands for Grants'**- means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorised in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.

**Cash Supplementary** is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the State.

There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the State Legislature, allows to utilise the savings of one of the Sections for any other Section.

**Token Supplementary** allows to utilise the savings within the same section of the grant.

**'Major Head'** - means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a 'function' of Government such as Agriculture, Education, Health, etc.

**"Sub-Major Head"** - means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head.

**'Minor Head'** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a "programme" undertaken to achieve the objectives of the function represented by the Major Head.

**"Sub-Head"**- means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.

**'Major Work'** - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to

time.

**‘Minor Work’** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.

**“Modified Grant or Appropriation”** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.

**“Supplementary or Additional Grant or Appropriation”** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.

**“Schedule of New Expenditure”** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.

**“Token demand”** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.

**Appendix 3.2**  
**Details of cases where Supplementary Provision proved unnecessary**  
*(Reference: Paragraph 3.1.6)*

(₹ in crore)

Sl. No.	Name of the Grant	Original	Supplementary	Actual	Saving out of Original Provisions
<b>Revenue (Voted)</b>					
1.	9 - Taxes on sales, Trade etc	30.94	0.52	30.04	0.90
2.	10 – Taxes on Vehicles, Other Administrative Services, Capital Outlay on North Eastern Areas, etc.	56.55	2.50	46.08	10.47
3.	16 – Police, Other Administrative Services, Housing, Capital Outlay on Police	1,073.87	28.59	1,060.45	13.42
	23- Secretariat social services	2.21	1.08	2.06	0.15
4.	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development	149.10	18.68	118.54	30.56
5.	31 – Labour, Employment and Skilled Development	135.60	0.06	57.69	77.91
6.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc.	376.16	1.35	252.79	123.37
7.	46 – Other Special Area Programmes	60.11	2.00	24.71	35.40
8.	54 – Village and Small Industries, Capital Outlay on Housing, Capital Outlay on North Eastern Areas, etc.	81.83	0.40	50.75	31.08
9.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges	580.56	16.19	553.09	27.47
10.	58 – Sports and Youth Services, North Eastern Areas	184.91	49.63	167.06	17.85
11.	64 – Arts and Culture, North Eastern Areas, Other Scientific Research, Census, Surveys and Statistics	104.73	5.00	73.24	31.49
	<b>Total</b>	<b>2,836.57</b>	<b>126</b>	<b>2,436.5</b>	<b>400.07</b>
<b>Capital (Voted)</b>					
1.	19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, Capital Outlay on Education, Sports, Art and Culture, etc.	204.16	75.06	148.12	56.04
2.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health, etc.	83.90	9.84	80.99	2.91
3.	54 – Village and Small Industries, Capital Outlay on Housing, Capital Outlay on North Eastern Areas, etc.	16.04	1.85	13.26	2.78
	<b>Total</b>	<b>304.1</b>	<b>86.75</b>	<b>242.37</b>	<b>61.73</b>
<b>Revenue Charged</b>					
1.	4 – Administration of Justice	25.60	0.61	20.01	5.59
	<b>Grand Total</b>	<b>3,166.27</b>	<b>213.36</b>	<b>2,698.88</b>	<b>467.39</b>

**APPENDIX 3.3**  
**Excess/unnecessary Re-Appropriation**  
*(Reference: Paragraph 3.1.7)*

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	4 - Administration of Justice – 2014 – Administration of Justice – 105 Civil and Sessions Courts (01) District and Sessions Judges including Munsif Courts, etc.	9.42	2.03	(-)0.81	10.64	13.35	(+)2.71
2.	4 - Administration of Justice – 2014 – Administration of Justice – 108 Criminal Courts (01) Courts of Deputy Commissioner, his Assistant, etc.	3.35		(-)0.42	2.93	4.32	(+)1.39
3.	4-Administration of Justice – 2014 – Administration of Justice – 102 High Courts (01) Judges of High Court/Bench	7.48		(-)6.38	1.10	2.25	(+)1.15
4.	4 - Administration of Justice – 2014 – Administration of Justice – 102 High Courts (02) High Court/Bench Office	17.07	0.61	(-)3.27	14.41	16.86	(+)2.45
5.	10 – Taxes on Vehicles, Other Administrative Services, Capital Outlay on North Eastern Areas, etc. – 2041 – Taxes on Vehicles – 101 – Collection Charges (01) Establishment of District Transport Officer and Secy., etc.	10.77		(-)1.80	8.97	10.62	(+)1.65
6.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, etc., Loans for Power Project – 2801 – Power – 80 – General – 800 Other Expenditure (03) Re-payment of Loan Component and Interest thereto on Account of RGGVY	0.00	65.00	(+)11.62	76.62	11.62	(-)65.00
7.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, etc., Loans for Power Project – 2801 – Power – 80 – General – 101 Assistance to Electricity Boards (76) Dam Rehabilitation and Improvement Project (DRIP) under External Aided Project	50.00		(-)48.88	1.12	10.00	(+)8.88
8.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, etc., Loans for Power Project – 6801 – Loans for Power Projects – 800 Other Loans to Electricity Boards (05) State Plan Loans	0.00	86.26	(+)15.00	101.26		(-)101.26
9.	14 – District Administration, Other Administrative Services – 2053 – District Administration – 093 District Establishments (01) D.C's Establishment	36.44	4.41	(-)1.40	39.45	40.99	(+)1.54

*State Finances Audit Report for the year ended 31 March 2022*

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
10.	16 – Police, Other Administrative Services, Housing, Capital Outlay on Police – CSS – 4055 – Capital Outlay on Police – 207 State Police (02) Construction of Administrative Building for State Police/Police Station and Outpost, under Modernisation of State Police Force	19.48		(-)1.95	17.53		(-)17.53
11.	17–Jails–2056–Jails–001 Direction and Administration (01) Superintendence	1.48	1.45	(+)0.20	3.13	1.91	(-)1.22
12.	17 – Jails – 2056 – Jails – 800 Other Expenditure (05) Modernisation of Jail Services (including Training and Training Equipment)	2.08		(-)0.40	1.68	0.50	(-)1.18
13.	19 - Secretariat-General Services, Public Works, Housing, Capital Outlay on Public Works, <i>etc.</i> – 2059 – Public Works – 80 – General – 001 Direction and Administration (09) Divisional and Subordinate Offices (Buildings)	21.39		(-)9.16	12.23	14.13	(+)1.90
14.	19 - Secretariat-General Services, Public Works, Housing, Capital Outlay on Public Works, <i>etc</i> - 4059-Capital Outlay on Public Works – 80 – General – 051-Construction - (01) Functional Non-residential Buildings under General Services	31.90	5.00	(-)3.80	33.10	29.94	(-)3.16
15.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 - General Education – 01 – Elementary Education -101 - Government Primary Schools (01) Expenditure on Primary Schools	20.64		(-)0.40	20.24	18.65	(-)1.59
16.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 - General Education – 01 – Elementary Education -101 - Government Primary Schools (03) Government M.E. Schools	35.69		(-)12.86	22.83	33.03	(+)10.20
17.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 - General Education – 01 – Elementary Education – 102 – Assistance to Non-Government Primary Schools (01) Expenditure on Maintenance of Primary Schools under Deficit System	209.60		(+)12.95	222.55	198.99	(-)23.56

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
18.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 01 – Elementary Education – 102 – Assistance to Non-Government Primary Schools (02) Expenditure on Schools under Non-Deficit System	27.05		(-)3.45	23.60	19.82	(-)3.78
19.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 01 – Elementary Education – 102 – Assistance to Non-Government Primary Schools (13) Expenditure on U.P. Schools under Non-Deficit System	96.80		(-)9.98	86.82	67.16	(-)19.66
20.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 01 – Elementary Education – 104 – Inspection (01) Deputy Inspectors of Schools and Staffs	16.93		(-)0.02	16.91	12.95	(-)3.96
21.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 02 – Secondary Education – 001 – Direction and Administration (01) Headquarter	5.28		(-)0.76	4.52	2.40	(-)2.12
22.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 02 – Secondary Education – 101 – Inspection (01) Inspector of Schools and Staff	18.14		(-)0.01	18.13	9.08	(-)9.05
23.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 02 – Secondary Education – 109 – Government Secondary Schools (01) Secondary Schools for Boys	94.90		(-)0.01	94.89	59.14	(-)35.75
24.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 02 – Secondary Education – 109 – Government Secondary Schools (02) Secondary Schools for Girls	19.99		(-)0.01	19.98	15.55	(-)4.43

*State Finances Audit Report for the year ended 31 March 2022*

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
25.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 02 – Secondary Education – 109 – Government Secondary Schools (03) Special Schools	28.13		(-)0.23	27.90	19.27	(-)8.63
26.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 02 – Secondary Education – 110 – Assistance to Non-Government Secondary Schools (03) Expenditure on Non-Deficit Secondary Schools for Boys	8.00		(-)4.40	3.60	0.70	(-)2.90
27.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 02 – Secondary Education – 110 – Assistance to Non-Government Secondary Schools (03) Expenditure on Non-Deficit Secondary Schools for Boys	8.20		(-)3.62	4.58	7.54	(-)2.96
28.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 02 – Secondary Education – 800 – Other Expenditure (30) Intervention for Education Faculty Improvement	15.11		(-)8.06	7.05		(-)7.05
29.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 03 – University and Higher Education – 103 – Government Colleges and Institutes (13) Government College	74.81		(-)54.46	20.35	40.27	(+)19.92
30.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 03 – University and Higher Education – 104 – Assistance to Non-Government Colleges and Institutes (02) Expenditure on College under Non-Deficit System	28.10		(-)23.26	4.84	14.82	(+)9.98
31.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 80 – General – 003 Training (29) D.I.E.T.	6.03		(-)0.06	5.97	3.06	(-)2.91

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
32.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc.- CSS – 2202 - General Education – 02 - Secondary Education – 800 – Other Expenditure (24) Assistance under Article 275(1)	100.00		(-)70.66	29.34		(-)29.34
33.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2203 – Technical Education – 103 – Technical Schools (03) Setting up of Technical University	0.84		(+)2.40	3.24	0.28	(-)2.96
34.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 01 – Elementary Education – 102 – Assistance to Non-Government Primary Schools (03) Expenditure on Pre-Primary (Nursery) Schools	4.93		(+)3.47	8.40	6.15	(-)2.25
35.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 01 – Elementary Education – 102 – Assistance to Non-Government Primary Schools (11) Expenditure on M.E. Schools under Deficit System	60.81		(+)4.56	65.37	64.03	(-)1.34
36.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 01 – Elementary Education – 102 – Assistance to Non-Government Primary Schools (25) Sarva Shiksha Abhiyan	15.05		(+)78.26	93.31	161.89	(+)68.58
37.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 02 – Secondary Education – 110 – Assistance to Non-Government Secondary Schools (04) Expenditure on Non-Deficit Secondary Schools for Girls	37.85		(-)0.25	37.60	39.06	(+)1.46
38.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc.- CSS – 2202 - General Education – 01 – Elementary Education – 102 – Assistance to Non-Government Primary Schools (25) Sarva Shiksha Abhiyan	154.24		(+)136.02	290.26	221.67	(-)68.59

*State Finances Audit Report for the year ended 31 March 2022*

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
39.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc.- 2204 – Sports and Youth Services – 102 – Youth Welfare Programme for Students (06) Boys Scouts and Girls Guides	1.81		(+).1.12	2.93	1.84	(-)1.09
40.	22 – Other Administrative Services, Housing, Social Security and Welfare – 2070 – Other Administrative Services – 800–Other Expenditure (04) Expenditure on Independence Day and Republic Day Celebrations	0.36		(-)0.01	0.35	2.63	(+)2.28
41.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 Pension and Other Retirement Benefits – 01 - Civil – 101 – Superannuation and Retirement Allowances (01) Superannuation and Retirement Allowances	520.00		(+)48.39	568.39	661.79	(+)93.40
42.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 Pension and Other Retirement Benefits – 01 - Civil – 102 – Commuted Value of Pension (01) Commuted Value of Pension	100.00		(+)40.00	140.00	117.18	(-)22.82
43.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 Pension and Other Retirement Benefits – 01 - Civil – 105 – Family Pensions (01) Family Pension for State Government Employees	246.48		(+)32.75	279.23	270.14	(-)9.09
44.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 Pension and Other Retirement Benefits – 01 - Civil – 104 – Gratuities (01) Ordinary Gratuities	120.00		(-)112.13	7.87	2.34	(-)5.53
45.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 Pension and Other Retirement Benefits – 01 - Civil – 104 – Gratuities (02) Death Gratuities	30.00		(-)9.00	21.00	18.64	(-)2.36
46.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 Pension and Other Retirement Benefits – 01 - Civil – 111 – Pensions to Legislators (02) Member to State Legislators	13.00		(-)3.03	9.97	0.03	(-)9.94
47.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 4201 – Capital Outlay on Medical and Public Health – 02 – Rural Health Services – 101 - Health Sub-centres (01) Buildings	9.00		(-)3.25	5.75	2.27	(-)3.48

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
48.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 4201 – Capital Outlay on Medical and Public Health – 02 – Rural Health Services – 103 – Primary Health Centres (01) Buildings	13.50		(-)2.07	11.43	8.15	(-)3.28
49.	38 – North Eastern Areas, Secretariat Economic Services – 3451 – Secretariat Economic Services – 800 – Other Expenditure (47) Meghalaya Livelihood and Access to Market Projects (Meghalaya Lamp) under Externally Aided Programme (EAP) IFAD	100.00		(-)6.00	94.00	95.00	(+)1.00
50.	43 – Housing, Crop Husbandry, Agriculture, Agriculture Research and Education, Capital Outlay on Housing, etc. – 2401 – Crop Husbandry – 001 – Direction and Administration (04) District Offices (Horticulture)	12.31		(-)0.07	12.24	10.45	(-)1.79
51.	43 – Housing, Crop Husbandry, Agriculture, Agriculture Research and Education, Capital Outlay on Housing, etc. – 2401 – Crop Husbandry – 113 –Agricultural Engineering (02) Agricultural Engineering (Mechanical)	8.45		(+)1.28	9.73	7.32	(-)2.41
52.	43 – Housing, Crop Husbandry, Agriculture, Agriculture Research and Education, Capital Outlay on Housing, etc. – 2401 – Crop Husbandry – 113 –Agricultural Engineering (04) Land Reclamation Scheme (Including Subsidy on Hire)	7.27		(-)0.98	6.29	5.02	(-)1.27
53.	43 – Housing, Crop Husbandry, Agriculture, Agriculture Research and Education, Capital Outlay on Housing, etc. – 2401 – Crop Husbandry – 119 – Horticulture and Vegetable Crops (03) Development in Horticulture including Sale of Fruit, etc. at Subsidised Rates	8.80		(-)0.77	8.03	6.28	(-)1.75
54.	43 – Housing, Crop Husbandry, Agriculture, Agriculture Research and Education, Capital Outlay on Housing, etc. CSS – 2401 – Crop Husbandry – 109 – Extension and Farmers' Training (47) National Mission on Agricultural Extension and Trg. (NMAET)	13.34		(-)5.43	7.91	6.38	(-)1.53
55.	43 – Housing, Crop Husbandry, Agriculture, Agriculture Research and Education, Capital Outlay on Housing, etc. CSS – 2401 – Crop Husbandry – 119 – Horticulture and Vegetable Crops (49) Project under Ministry of Tribal Affairs (MoTA)	10.00		(+)0.47	10.47	5.45	(-)5.02

*State Finances Audit Report for the year ended 31 March 2022*

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
56.	43 – Housing, Crop Husbandry, Agriculture, Agriculture Research and Education, Capital Outlay on Housing, etc. CSS – 2435 – Other Agricultural Programmes – 01 – Marketing and Quality Control – 101 – Marketing Facilities (07) Central Assistance for CSS (Hort)	25.00		(-)1.00	24.00	4.23	(-)19.77
57.	43 – Housing, Crop Husbandry, Agriculture, Agriculture Research and Education, Capital Outlay on Housing, etc. CSS – 2435 – Other Agricultural Programmes – 01 – Marketing and Quality Control – 101 – Marketing Facilities (15) Central Assistance for Directorate of Food Processing	5.00		(-)3.04	1.96		(-)1.96
58.	43 – Housing, Crop Husbandry, Agriculture, Agriculture Research and Education, Capital Outlay on Housing, etc. – 2401 – Crop Husbandry – 001 – Direction and Administration (02) District Offices	17.64		(+)6.45	24.09	21.27	(-)2.82
59.	43 – Housing, Crop Husbandry, Agriculture, Agriculture Research and Education, Capital Outlay on Housing, etc. – 2401 – Crop Husbandry – 109 – Extension and Farmers' Training (47) National Mission on Agricultural Extension and Trg. (NMAET)	1.47		(-)0.66	0.81	2.34	(+)1.53
60.	43 – Housing, Crop Husbandry, Agriculture, Agriculture Research and Education, Capital Outlay on Housing, etc. – 2435 – Other Agricultural Programmes – 01 – Marketing and Quality Control – 101 – Marketing Facilities (14) Directorate of Food Processing	8.01		(+)4.70	12.71	11.56	(-)1.15
61.	45 – Housing, Soil and Water Conservation, Agricultural Research and Education, etc. CSS – 2402 – Soil and Water Conservation – 102 – Soil Conservation (23) Accelerated Irrigation Benefits Programme (AIBP)	25.00		(-)14.91	10.09	7.15	(-)2.94
62.	45 – Housing, Soil and Water Conservation, Agricultural Research and Education, etc. – 2402 – Soil and Water Conservation – 102 – Soil Conservation (28) Meghalaya State Watershed and Wasteland Development Agency			(+)1.23	1.23	4.13	(+)2.90
63.	46 – Other Special Area Programmes – 2575 – Other Special Area Programmes – 06 – Border Area Development – 800 – Other Expenditure (01) Border Area Programmes under Border Area Development	5.17		(-)3.55	1.62	4.41	(-)2.79

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
64.	46 – Other Special Area Programmes - CSS – 2575 – Other Special Area Programmes – 06 – Border Area Development – 800 – Other Expenditure (01) Border Area Programmes under Border Area Development	40.50		(-)31.27	9.23	5.85	(-)3.38
65.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2403 – Animal Husbandry – 001 – Direction and Administration (02) District Offices	11.53	0.16	(-)0.02	11.67	9.34	(-)2.33
66.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2403 – Animal Husbandry – 101 – Veterinary Services and Animal Health (25) Veterinary Dispensaries	14.98	0.09	(+)0.12	15.19	12.19	(-)3.00
67.	50 - Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife – 2406 – Forestry and Wildlife – 01 – Forestry – 001 – Direction and Administration (01) Headquarters Organisation	15.84		(-)3.23	12.61	9.93	(-)2.68
68.	50 - Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife – 2406 – Forestry and Wildlife – 01 – Forestry – 001 – Direction and Administration (04) Forest Ranges and Beat Offices	14.39		(-)4.53	9.86	11.21	(+)1.35
69.	50 - Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife – 2406 – Forestry and Wildlife – 102 – Social and Farm Forestry (04) Social Forestry	23.94		(-)7.81	16.13	18.24	(+)2.11
70.	51 – Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, etc. – 2515 – Other Rural Development Programmes – 001 - Direction and Administration (01) Directorate of Community Development	8.32		(-)2.07	6.25	4.57	(-)1.68
71.	51 – Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, etc. – 2515 – Other Rural Development Programmes – 001 - Direction and Administration (05) Stage-II Block Offices	71.72		(-)0.85	70.87	76.35	(+)5.48
72.	53 – Village and Small Industries -CSS – 2851 – Village and Small Industries – 107 Sericulture Industries (64) North Eastern Region – Textile Promotion Scheme	8.00		(-)2.73	5.27		(-)5.27

*State Finances Audit Report for the year ended 31 March 2022*

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
73.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 2059 – Public Works – 80 – General – 001 Direction and Administration (04) Technical Branch under Chief Engineer	7.46		(-)1.73	5.73	6.82	(+)1.09
74.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 2059 – Public Works – 80 – General – 001 Direction and Administration (08) Divisional and Subordinate Offices (Roads)	158.61		(-)16.27	142.34	126.44	(-)15.90
75.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 3054 – Road and Bridges -01 – National Highways – 337 – Road Works (05) Maintenance and Repairs	8.95		(+)1.20	10.15	2.80	(-)7.35
76.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 3054 – Road and Bridges -01 – National Highways – 797 – Transfers to/from Reserve Fund/Deposit Account (01) Road Finance from Central Road Fund – 8449 – Other Deposit – 103 – Subventions from Central Road Funds	69.55		(+)34.00	103.55		(-)103.55
77.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 3054 – Road and Bridges - 03 –State Highways – 103 – Maintenance and Repairs (03) Work Charged Establishment- Road Works	8.48		(-)0.01	8.47	4.68	(-)3.79
78.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 3054 – Road and Bridges - 03 –State Highways – 103 – Maintenance and Repairs (06) Other Maintenance Expenditure – Road Works	21.49		(-)6.29	15.20	18.58	(+)3.39
79.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 2059 – Public Works – 80 – General – 001 Direction and Administration (02) Chief Engineer and his General Establishments (Roads)	11.63	0.31	(-)2.27	9.67	12.86	(+)3.19

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
80.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 2059 – Public Works – 80 – General – 001 Direction and Administration (05) Superintending Engineers and their Establishments (Roads)	10.40	0.15	(-)1.22	9.33	11.29	(+)1.96
81.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 3054 – Road and Bridges – 04 – District and Other Roads – 105 – Maintenance and Repairs (01) Work Charged Establishments – Road Works	74.50	5.17	(+)5.08	84.75	191.32	(+)106.57
82.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 5054 – Capital Outlay on Roads and Bridges – 04 - District and Other Roads – 800 – Other Expenditure (03) Construction of Rural Roads	153.00	277.00	(+)50.52	485.52	484.42	(-)1.10
83.	57 – Tourism, Capital Outlay on North Eastern Areas, Capital Outlay on Tourism – 5452 – Capital Outlay on Tourism – 01 – Tourist Infrastructure – 101 – Tourist Centre (07) Provision for Land Acquisition	0.20		(-)0.20		(-)5.52	(-)5.52
84.	60 – Social Security and Welfare, Loans to Government Servants, <i>etc.</i> – 7610 – Loans to Government Servants, <i>etc.</i> – 800 – Other Advances (02) Advances for Children Education	31.90		(-)7.35	24.55	23.07	(-)1.48
85.	65 – Housing, Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, Capital Outlay on Minor Irrigation, <i>etc.</i> – 4702 – Capital Outlay on Minor Irrigation – 101 – Surface Water (09) Pradhan Mantri Krishi Sinchai Yojana (PMKSY)	6.00	17.66	(-)13.08	10.58	3.00	(-)7.58
86.	65 – Housing, Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, Capital Outlay on Minor Irrigation, <i>etc.</i> - CSS – 4702 – Capital Outlay on Minor Irrigation – 101 – Surface Water (09) Pradhan Mantri Krishi Sinchai Yojana (PMKSY)	54.00	88.52	(-)62.69	79.83	87.41	(+)7.58

*State Finances Audit Report for the year ended 31 March 2022*

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple- mentary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
87.	Appropriation – Interest Payments – 2049 – Interest Payments - 04 – Interest on Loans and Advances from Central Government – 101 Interest on Loans for State/Union Territory Plan Schemes (22) 20 years Consolidated Loan in Terms of Recommendation o the Twelve Finance Commission	4.14		(+).1.30	5.44	7.00	(+)1.56
88.	Appropriation - Internal Debt of the State Government – 6003 – Internal Debt of the State Government – 110 – Ways and Means Advances from the Reserve Bank of India (69) Ways and Means Advances	280.00		(+)2.87	282.87	570.84	(+)287.97
89.	Appropriation – Loans and Advances from Central Government–6004–Loans and Advances from Central Government – 09 – Other Loans for States/Union Territories with Legislatures Schemes – 101 – Block Loans (01) Block Loans	2.32		(-)0.41	1.91		(-)1.91

**APPENDIX 3.4**

**List of Grants having large Savings (Savings above ₹ 100 crore during the year)**  
*(Reference: Paragraph 3.1.8)*

(₹ in crore)

Sl. No.	Number and name of the grant	Original	Supple- mentary	Total	Actual	Savings	Surrender	Savings excluding surrender
<b>Revenue (Voted)</b>								
1.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, etc.	2,409.04	0.00	2,409.04	2,127.49	281.55	179.50	102.05
2.	34 – Social Security and Welfare, Nutrition, Capital Outlay on Social Security and Welfare, etc.	605.02	0.00	605.02	397.33	207.69	207.21	0.48
3.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, etc.	376.16	1.35	377.51	252.79	124.72	72.87	51.85
4.	51 – Housing, Special Programmes for Rural Development, Rural Employment, etc.	1,196.20	0.00	1,196.20	872.11	324.09	327.68	(-)3.59
	<b>Total</b>	<b>4,586.42</b>	<b>1.35</b>	<b>4,587.77</b>	<b>3,649.72</b>	<b>938.05</b>	<b>787.26</b>	<b>150.79</b>
<b>Capital (Voted)</b>								
1.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, new and Renewal Energy, etc.	28.50	136.26	164.76	51.88	112.88	11.62	101.26
2.	19 – Secretariat-General Services, Public Works, Housing, Capital Outlays on Public Works, etc	204.16	75.06	279.22	148.12	131.10	126.76	4.34
3.	27 – Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, etc	801.17	0.00	801.17	544.89	256.28	255.97	0.31
4.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, etc.	1,044.95	277.00	1,321.95	1,209.10	112.85	89.11	23.74
	<b>Total</b>	<b>2,078.78</b>	<b>488.32</b>	<b>2,567.10</b>	<b>1,953.99</b>	<b>613.11</b>	<b>483.46</b>	<b>129.65</b>
	<b>Grand Total</b>	<b>6,665.20</b>	<b>489.67</b>	<b>7,154.87</b>	<b>5,603.71</b>	<b>1,551.16</b>	<b>1,270.72</b>	<b>280.44</b>

**APPENDIX 3.5**  
**Grant-wise utilisation of funds**  
*(Reference: Paragraph 3.1.8)*

<b>Utilisation of funds</b>	<b>Grant Number</b>	<b>Description</b>
Below 30%	44	Capital Outlay on Medium Irrigation and Capital Outlay on Flood Control Projects
Between 30 and 90%	1	Parliament/ State/ Union Territory Legislature and Stationery and Printing
	4	Administration of Justice
	5	Elections
	7	Stamps and Registration
	10	Taxes on Vehicles, Other Administrative Services, etc.
	15	Treasury and Accounts Administration
	17	Jails
	19	Secretariat-General Services, Public Works, etc.
	21	General Education, Technical Education, etc.
	23	Other Administrative Services and Secretariat-Social Services
	25	Miscellaneous General Services
	27	Water Supply and Sanitation, Housing, etc.
	29	Urban Development, Capital Outlay on Housing, etc.
	31	Labour, Employment and Skill Development
	32	Civil Supplies and Capital Outlay on Food Storage and Warehousing
	33	District Administration, Vigilance, etc.
	34	Social Security and Welfare, Nutrition, etc.
	35	Welfare of Scheduled Castes, Scheduled Tribes, etc.
	37	Secretariat-Economic Services
	40	Secretariat-Economic Services, etc.
	42	Housing, Other General Economic Services, etc.
	43	Housing, Crop Husbandry, etc.
	45	Housing, Soil and Water Conservation, etc.
	46	Special Programmes for Rural Development, North Eastern Areas, etc.
	48	Housing, Dairy Development, etc.
	49	Housing, Fisheries, etc.
	50	Forestry and Wild Life, Agricultural Research and Education, etc.
	51	Housing, Special Programmes for Rural Development, etc.
	52	Industries, Capital Outlay Cement and Non-Metallic Mineral Industries, etc.
	53	Village and Small Industries
	54	Village and Small Industries, Capital Outlay on Housing, etc.
	57	North Eastern Areas, Tourism, etc.
	58	Sports and Youth Services and North Eastern Areas
	60	Social Security and Welfare, Loans to Government Servants, etc.
	64	Art and Culture, North Eastern Areas, etc.
	65	Medium Irrigation, Minor Irrigation, etc.

<b>Utilisation of funds</b>	<b>Grant Number</b>	<b>Description</b>
Above 90%	2	President, Vice-President/ Governor, <i>etc.</i>
	3	Council of Ministers and Secretariat-General Services
	6	Land Revenue and Relief on Account of Natural Calamities
	8	State Excise
	9	Taxes on Sales, Trades, <i>etc.</i>
	11	Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, <i>etc.</i>
	12	Other Fiscal Services, Public Service Commission, <i>etc.</i>
	13	Council of Ministers, Secretariat-General Services, <i>etc.</i>
	14	District Administration and Other Administrative Services
	16	Police, Other Administrative Services, <i>etc.</i>
	18	Stationery and Printing and Capital Outlay on Stationery and Printing
	20	Other Administrative Services
	22	Other Administrative Services, Housing, <i>etc.</i>
	24	Pensions and Other Retirement Benefits and Social Security and Welfare
	26	Medical and Public Health, Family Welfare, <i>etc.</i>
	28	Housing and Capital Outlay on Housing
	30	Information and Publicity
	38	North Eastern Areas and Secretariat-Economic Services
	39	Co-operation, Other Agricultural Programmes, <i>etc.</i>
	41	Census Survey and Statistics
	47	Housing, Animal Husbandry, <i>etc.</i>
	55	Non-Ferrous Mining and Metallurgical Industries
	56	Public Works, Roads and Bridges, <i>etc.</i>
	59	Miscellaneous General Services and Secretariat-Economic Services, <i>etc.</i>
	93	Reduction or Avoidance of Debt
	94	Interest Payment
	95	Public Service Commission
	96	Internal Debt
	97	Loans and Advances
	98	Appropriation to Contingency Fund

**APPENDIX 3.6**  
**Excess over Provision of previous years requiring Regularisation**  
*(Reference: Paragraph 3.1.10.2)*

(₹ in crore)

Year	Number of Grant/ Appropriation	Grant(s)/Appropriation(s) numbers	Amount of excess
1971-72	4	64, 79, 80, 88	0.07
1972-73	3/1	12, 16, 71/ Interest on Debt and other obligations	0.01
1973-74	2	10, 64	0.00
1974-75	4	13, 15, 29, 54	0.04
1975-76	3/1	13, 29, 82/Governor	0.06
1976-77	4/1	29, 32, 54, 62/Interest Payment	0.02
1977-78	3/1	7, 13, 54/Governor	0.05
1978-79	2	3, 22	0.05
1979-80	2	13, 22	0.03
1980-81	4/1	13, 20, 30, 39/Governor	0.02
1981-82	7/1	13, 14, 20, 28, 31, 34, 37/Governor	0.06
1982-83	12/2	3, 5, 14, 19, 20, 22, 24, 26, 27, 31, 37, 55/Governor, Administration of Justice	0.12
1983-84	8	3, 8, 27, 31, 37, 40, 45, 56	0.28
1984-85	12	9, 10, 18, 20, 22, 24, 25, 27, 30, 43, 59, 64	0.43
1985-86	9/2	7, 8, 17, 18, 24, 27, 37, 38, 64/ Administration of Justice, Loans and Advances from Central Government	0.02
1986-87	10	7, 8, 9, 24, 25, 27, 29, 39, 55, 56	0.03
1987-88	11/1	1, 11, 13, 16, 20, 24, 28, 36, 38, 48, 54/ Public Service Commission	1.24
1988-89	6/1	9, 15, 20, 24, 36, 54/ Public Service Commission	0.00
1989-90	9/1	8, 11, 22, 24, 29, 36, 41, 48, 54/ Police	3.27
1990-91	10	9, 18, 24, 26, 28, 36, 37, 53, 54, 58	0.18
1991-92	12	5, 7, 8, 9, 18, 24, 26, 30, 33, 36, 54, 61	0.06
1992-93	11/2	5, 7, 8, 9, 13, 20, 24, 26, 33, 49, 54 / Internal Debt of State Government, Governor	0.61
1993-94	7/3	6, 8, 20, 24, 26, 40, 53 / Internal Debt of State Government, Loans and Advances, Public Service Commission	2.01
1994-95	4/3	20, 24, 53, 60/Interest Payment, Public Service Commission, Internal Debt	0.00
1995-96	5/2	1, 14, 24, 47, 53 /Parliament/ State/Union Territory Legislature, Water Supply and Sanitation	0.08
1996-97	14/2	1, 3, 5, 7, 9, 14, 20, 21, 22, 24, 29, 36, 41, 53 / Governor, Administration of Justice	0.68
1997-98	10/1	1, 6, 7, 8, 9, 15, 18, 20, 24, 25 / Governor	0.36
1998-99	5	1, 2, 6, 11, 24	5.59
1999-2000	2/1	9, 18/Governor	0.00
2000-01	2/3	1, 40 / 1, 2, 4	1.69
2001-02	3/2	1, 18, 35/ 1, 2	0.02

<b>Year</b>	<b>Number of Grant/ Appropriation</b>	<b>Grant(s)/Appropriation(s) numbers</b>	<b>Amount of excess</b>
2002-03	4/3	11, 26, 35, 56/ 1, Internal Debt of the State Government, Loans & Advances from Central Government	1.23
2003-04	3/2	1, 20, 56/1 and Loans & Advances from Central Government	0.00
2004-05	5/2	1, 7, 19, 24, 56/ 1, Loans and Advances from the Central Government	0.00
2005-06	5/4	1, 16, 24, 54, 56/ 1, 36, Public Service Commission, Internal Debt of the State Government.	0.71
2006-07	6/2	1, 4, 8, 20, 24, 40/1, Loans and Advances from the Central Government	12.04
2007-08	8/1	1, 4, 8, 16, 20, 24, 26, 40 /1	25.47
2008-09	7/1	1, 4, 8, 20, 24, 35, 44,/ Loans and Advances from the Central Government	0.02
2009-10	8	1,2,20,23,24,26,35,52	36.96
2010-11	11/1	1,2,4,7,9,14,24,26,35,36,44/63- Appropriation to Contingency Fund	203.37
2011-12	10/2	7, 14, 23, 24, 25, 32, 35, 44, 52, 56, Appropriation- Loans and Advances from the Central Government, Public Service Commission	142.52
2012-13	7/3	2, 7, 24, 44, 46, 48, 56/ Appropriation – 12, 16, 19	114.45
2013-14	5/3	7,9,24,26,44,/Appropriation viz. 12,44, Internal Debt of the State Govt.	189.50
2014-15	2/2	7,24,/Appropriation – Public Service Commission, Loans and Advances from the Central Government	114.99
2015-16	6/1	7,20,24,26,27,56/Appropriation – 2 – Governor	167.49
2016-17	4/2	7,24,27,56/21,28	168.06
2017-18	2/2	24,56/47, Appropriation-Interest Payment	33.90
2018-19	1/1	24, Appropriation-Interest Payment	224.05
2019-20	2/2	24,32/ Appropriation-Interest Payment, Loans and Advances from the Central Government	309.80
2020-21	1	2 – President etc.	0.74
<b>Total</b>			<b>1,762.38</b>

### **APPENDIX 3.7**

#### **Statement showing the details of Incomplete Projects where no expenditure was incurred during the year 2021-22**

**(Reference: Paragraph 3.1.11)**

(₹ in lakh)

<b>Sl. No.</b>	<b>Name of the projects/works</b>	<b>Estimated cost of work/ Date of sanction</b>	<b>Year of Commencement</b>	<b>Physical progress of work (in per cent)</b>
1.	5054-NLCPR Reconstruction of Bridges on Kerapara Deku Bazar Road ( Bridge No. 2/5 5/3 & 10/2) in Meghalaya.	852.89 Dt. 02.02.2010	2011	86%
2.	Rehabilitation of a road from Oidoba to Belbari under RIDF XXII	120 Dt. 01.02.2017	2017	92%
3.	Construction of a road from Joyfer to Ampati Hajonggre (3.20 km) under RIDF XXII	300 Dt. 31.01.2017	2017	87%
4.	Improvement of a road from Ponchim Sulguri Secondary School to Jholgaon Katuligaon road. (0.00 - 1.35 km) under RIDF XXIII	149.54 Dt. 31.08.2017	2017	97%
5.	Improvement i/c MBT of Damjonggre Zikabari via Manggapara road under RIDF XXIII	303 Dt. 31.08.2017	2017	92%
6.	Rehabilitation & Widening of Monabari - Kasra road (0.00 - 2.00 km) under RIDF XXIII	170.83 Dt. 31.08.2017	2017	95%
7.	Construction of a road from Chigitchakgre to Dambanbilgittim (0.00 - 2.00) km under RIDF XXIV	163.17 Dt. 29.11.2018	2018	58%
8.	Rehabilitation of a road from Oidoba to Belbari under RIDF XXII	120 Dt. 01.02.2017	2017	92%
9.	Construction of a road from Joyfer to Ampati Hajonggre (3.20 km) under RIDF XXII	300 Dt. 31.01.2017	2017	87%
10.	Construction of road from Kashra to Bashbari with culverts (New Tech) 2.0km Under SCA 2014-15	165 Dt. 31.03.2015	2015	0%
11.	Construction of road from GA Road to Purasinga with bridges and culverts (New Tech) 1.5km Under SCA 2014-15	210 Dt. 31.03.2015	2015	0%
12.	Construction of road from Domdoma to Gujagata via Agalgre Songgitcham (New Tech) 1.5km Under SCA 2014-15	140 Dt. 31.03.2015	2015	0%
13.	Construction of road from Bandoraja PMGSY Road to Gimbleg via Bolchu Ading (New Tech) 2.0Km Under SCA 2014-15	150 Dt. 31.03.2015	2015	10%
14.	Construction of road from Bainapara to Dabokgre via Ajongre with culverts (New Tch) 2.0Km Under SCA 2014-15	180 Dt. 31.03.2015	2015	0%
15.	Construction of road from GA Road to Bandoraja via Khongpara (New Tech) 1.5km Under SCA 2014-15	130 Dt. 31.03.2015	2015	0%
16.	Construction of a road from Borkona to Betasing via Dingjor (3.36 km) under 5054 SPF.	361 Dt. 31.03.2016	2016	0%

Sl. No.	Name of the projects/works	Estimated cost of work/ Date of sanction	Year of Commencement	Physical progress of work (in per cent)
17.	Protection of PMGSY road from Dengnakpara to Rongchadenggre from River Dilni under 5054 SPF (2017-18)	33.97 Dt. 02.01.2018	2018	95%
18.	Construction of a road including missing bridge (Br.1/1) over river Dilni at Rongchadenggre under SPA (2014-15)	700 Dt. 31.03.2015	2015	95%
19.	3. Const. of Rd from Silkigri to Kharukol via Mindikgre (0-5.00) Km [PW/WR/93/96/5/ dated 31/3/86]	69.57	1986	55%
20.	3. Const. of remaining br. & Cul on Gasuapara-Chokpot Rd. (15.00-18.00) Km [PW/WR/325/95/2 Dt. 13/3/96]	98.5	1996	40%
21.	1. Construction of a missing gap on the road from Deku Bazar to Dimapara road.Phase I (11th to 15th km) [PW/WR/303/2004-2005/3 dt 31.03.05]	234.05	2005	40%
22.	5. Improvement including M & BT of Dambuk Aga to Dambuk Apal (0-6 km) PW/WR/2005-06/ 484	180.514	2006	65%
23.	Conversion of Timber Bridge No. 15/1 on 12th mile of TD Road to Chokpot to Rcc double slab culvert. (span= 6.00 Rm)	48.05	2016	90%
24.	Reconstruction of R.C.C. bridge No. 30/3 on from TD road to Chokpot including appproaches under RIDF-XII [PW/WR/23/2007/6 Dt. 20/11/2007]	227.75	2007	98%
25.	Conversion of SPT Br. No.45/6 into Permanent Rcc Box Culvert on Baghmara Moheshkola Road(0-82.40 km)	58.162	2012	65%
26.	Conversion of SPT Br. No.70/1 into Permanent Rcc Box Culvert on Baghmara Moheshkola Road(0-82.40 km)	58.456	2012	65%
27.	Re-Construction of Permanent RCC Bridge No. 1/3 on Gokgulgre to Pedaldoba via Achothongre Road.- CRF	650	2018	55%
28.	Imp. i/c MBT of Jatah - Lakadong village road (2.130 Kms).	54.73 Dt. 06.07.2005	2006	85%
29.	Constn. of Nongkrem - Warbah - Dkong road (Phase - I) 1.00 Km.	66.91 Dt. 21.07.2006	2007	95%
30.	Constn. of a road from Nongkrem to Mawlynnei (App. road to Mawlynnei) - 0.886 Km i/c MBT for 0.540 Km.	69.65 Dt. 14.06.2005	2006	98%
31.	8443 - Dep III ASIDE Scheme (Improvement/ widening i/c M&BT of an Approach rd to Borsora length 0-6.40Km)	1254.49	2006	75%
32.	Construction of Suspension Foot Bridge over River Kynshi(200.00m) and culvert Suspension bridge length 200.00 Rm and width 2.00 Rm	630.969	2018	25%

<b>Sl. No.</b>	<b>Name of the projects/works</b>	<b>Estimated cost of work/ Date of sanction</b>	<b>Year of Commencement</b>	<b>Physical progress of work (in per cent)</b>
33.	Construction including MBT of a road from Nongtrai to Shella (6.28 Km)	1025.92 Dt. 21.07.2008	2009	25%
34.	Const.of Lay Byes at Umiam Shillong Section of N.H 40 at CH.73/300-74/600 Km & 62/500-63/150KM	1588.10 Dt. 31.03.12	2012	60%
35.	Upgradation of Urban Roads within Shillong Central Division.	2390.81 Dt. 31.03.2012	2012	97%
36.	Protection of flood affected areas from Umkaliar Wahingdoh Jaiaw upto Mawlai RCC Bridge from Wah Umkhrah	680.11 Dt. 17.01.2012	2012	0%
37.	Greater Raliang WSS	2156.20 Dt. 31.03.2010	2010	86%
38.	Renovation of Jowai WSS	1541.13 Dt. 06.05.2003	2005	92%
39.	8 mer Tuber Shohshrieh	505.92 Dt. 28.03.2009	2009	95%
40.	Ummulong Moodymmai Combined WSS	2,099.41 Dt. 31.03.2011	2011	89%
41.	Renovation of Dympep Combine and shifting the source of Supply of Mawjrong and Nongthymmai Combine Wss	1243.98 Dt. 31.03.2012	2012	32%
42.	Implementation of Laityngew 12 Shnong Sohra & Neighbouring Villages	24,414.78 Dt. 31.03.2013	2013	19%
43.	Implementation of New Shillong Township Water Supply Project under SPA	32128.00 Dt. 31.03.2014	2014	20%
44.	Implementation of Sustainability of Water Source of Greater Ampati WSS	4,277.28 Dt. 31.03.2011	2011	50%
45.	Huroi Hingaria Wss	616.38 Dt. 31.03.2012	2012	52%
46.	Mawphlang Mawngap Marbisu Wss	3195.61 Dt. 2020-2021	2021	2%

**APPENDIX 4.1**  
**Statement showing Funds transferred by Government of India directly to State Implementing Agencies (including Government Departments)**  
*(Reference: Paragraph 4.2)*

(₹ in crore)

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2020-21	Government of India releases during 2021-22
1.	North Eastern Council	Directorate of Higher & Technical Education Meghalaya	-	2.17
		Meghalaya Tourism Development Corporation Ltd.	1.00	1.70
		Directorate of Tourism, Government of Meghalaya	0.30	0.20
		Bio-Resources Development Corporation Ltd.	-	0.45
		State Sports Council Meghalaya	0.77	2.52
		North East India Mission Association	1.38	-
		Meghalaya Government Construction Corporation Ltd.	5.66	1.11
		Meghalaya Basin Management Agency	-	4.29
		Horticulture Development Officer (TEA)	-	1.01
		DRDA West Khasi Hills	2.80	1.84
		DRDA East Jaintia Hills	0.10	1.91
		DRDA Baghmara	1.20	1.80
		Deputy Commissioner RiBhoi	1.18	-
		Directorate of Horticulture	0.20	9.01
		Directorate of Arts and Culture	-	0.10
		North East India Mission Association	-	0.46
		Meghalaya Industrial Development Corporation Ltd.	5.00	6.91
		Chief Engineer PWD (Buildings), Meghalaya	0.27	0.24
		Directorate of Social Welfare, Meghalaya	1.05	2.51
		Assistant Resident Commissioner	-	0.09
2.	Electronic Governance	Meghalaya Information Technology Society	2.97	-
3.	Solar Power - OFFGRID	Meghalaya Non-Conventional Rural Energy Development Agency	0.85	-
4.	Biogas Programme – OFFGRID	Meghalaya Non-Conventional Rural Energy Development Agency	0.10	-
5.	Grants-in-Aid to Voluntary Organisation Working for the Welfare of Scheduled Tribes	Ramakrishna Mission Ashrama, Meghalaya	8.35	-
		Kayzey Society	0.10	-
6.	MPs Local Area Development Scheme MPLADS	Deputy Commissioner	7.50	4.00
7.	NER-Textile Promotion Scheme	Director of Sericulture and Weaving, Government of Meghalaya	-	2.77
8.	Organic Value Chain Development of NE Region	Directorate of Horticulture	7.14	0.93

<b>Sl. No.</b>	<b>Name of the Schemes of Government of India</b>	<b>Name of the Implementing Agencies</b>	<b>Government of India releases during 2020-21</b>	<b>Government of India releases during 2021-22</b>
9.	Management Support to RD Programmes and Strengthening of District Planning Process in lieu of Programmes	Extension Training Centre Tura	0.20	0.15
		Principal Extension Training Centre, Meghalaya Nongsder	0.90	0.19
		Director State Institute of Rural Development, Meghalaya	2.63	1.85
10.	Beti Bachao Beti Padhao	Deputy Commissioner Ri-Bhoi	0.16	-
		DM BBBP East Khasi Hills	0.24	-
11.	Scheme of Residential Education for Students in High School in Targeted Area (SRESHTA)	Ramakrishna Mission Ashrama Cherrapunjee	-	0.34
12.	National AIDS and STD Control Programme (NACO)	Meghalaya AIDS Control Society	9.44	12.89
13.	Deen Dayal Disabled Rehabilitation Scheme	Montfort Center for Education	0.72	-
		ASHA Rehabilitation Centre, Shillong	0.10	0.12
		Bethany Society	0.21	0.18
		Dwar Jingkyrmen School for Children in Need of Special Education	0.03	-
14.	National Hydrology Project	Water Resources Department, Meghalaya	2.00	4.00
15.	Pradhan Mantri Matru Vandana Yojna	Directorate of Health Services, Meghalaya	5.08	-
16.	National Plan for Diary Development	East Khasi Hills District Co-operative Milk Union Ltd.	8.23	8.11
17.	National Rural Livelihood Mission	Meghalaya State Rural Livelihoods Society, Shillong, Meghalaya	-	0.80
18.	Integrated Development of Tourism Circuits around specific themes (Swadesh Darshan)	Meghalaya Tourism Development Corporation Ltd.	34.09	6.23
			6.53	2.26
19.	Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD)			
20.	E-Court Phase-II	Registrar General, High Court of Meghalaya	2.32	2.23
21.	Training Schemes PPG & P	Meghalaya Administrative Training Institute	0.50	-
22.	Biotechnology Research and Development	Bio-Resources Development Centre	0.07	0.27
		Synod College	0.07	-
		State Council of Science, Technology & Environment (SCSTE), Meghalaya	0.08	0.02
23.	Science &Technology Institutional and Human Capacity Building	State Council of Science, Technology & Environment (SCSTE), Meghalaya	0.30	0.38
		St. Anthonys College	-	0.20
24.	National Rural Employment Guarantee Scheme (MGNREGA) CS	State Rural Employment Society, Shillong, Meghalaya	977.22	882.83

<b>Sl. No.</b>	<b>Name of the Schemes of Government of India</b>	<b>Name of the Implementing Agencies</b>	<b>Government of India releases during 2020-21</b>	<b>Government of India releases during 2021-22</b>
25.	Innovation, Technology Development and Deployment	State Council of Science, Technology & Environment (SCSTE), Meghalaya	0.06	0.17
		Martin Luther Christian University	1.77	-
		University of Science and Technology	0.08	-
26.	Rashtriya Gokul Mission	State Implementing Agency Meghalaya	20.39	7.38
27.	One Stop Centre	One Stop Centre (OSC) EJHD	0.21	0.29
		Deputy Commissioner East Khasi Hills	0.15	0.91
		Deputy Commissioner and Chairman One Stop Centre, North Garo Hills, Resubelpara	0.15	0.39
		Office of the Deputy Commissioner Ri-Bhoi District, One Stop Centre	0.15	0.15
		One Stop Centre, South Garo Hills, Baghmara	0.16	0.39
		One Stop Centre, Ampati	0.15	0.39
		District Magistrate, One Stop Centre, South-West Khasi Hills, Mawkyrwat	0.16	0.15
		Deputy Commissioner, West Garo Hills	0.29	0.15
		Deputy Commissioner, One Stop Centre	0.15	0.15
		One Stop Centre, West Jaintia Hills	0.41	0.15
		One Stop Centre, West Khasi Hills	0.15	0.15
		Ramakrishna Mission, Shillong, Meghalaya	-	7.37
		SAN-KER Charitable Trust	-	0.39
28.	Khelo India	State Sports Council Meghalaya	-	5.00
29.	Pradhan Mantri Kisan Sampada Yojana-Creation/Reation/ Expansion of Food Processing and Preservation Capacities	Himalayan Spices	2.35	2.26
		Directorate of Food Processing	0.47	-
30.	Pradhan Mantri Kisan Samman Nidhi) PM-KISAN)	Department of Agriculture, Meghalaya	101.47	115.15
31.	Kisan Urja Suraksha Evam Utthaan Mahabhiyan OFF GRID (KUSUM)	Meghalaya Non-Conventional and Rural Energy Development Agency	0.28	-
32.	Women's Helpline	Deputy Commissioner, East Khasi Hills District	0.88	-
33.	Domestic Promotion and Publicity Including Marked Development Assistance	Directorate of Tourism	-	0.50
34.	Schemes of differently Able persons	Office of the Commissioner for Persons with Disabilities, Government of Meghalaya	-	0.03
35.	Promotional Services Institutions and Programme	SRCPDA-UDID Shillong	-	0.11
36.	National Animal Disease Control Programme	State Implementing Agency Meghalaya	0.39	-

*State Finances Audit Report for the year ended 31 March 2022*

<b>Sl. No.</b>	<b>Name of the Schemes of Government of India</b>	<b>Name of the Implementing Agencies</b>	<b>Government of India releases during 2020-21</b>	<b>Government of India releases during 2021-22</b>
37.	North East Road Sector Development Scheme	Meghalaya State NSS Cell	1.28	1.60
		Public Works Department (Roads), Meghalaya	0.66	106.15
38.	National Rural Health Mission	Bakdil	2.48	-
39.	Research Training and Studies and Other Road Safety Schemes	Office of the Commissioner of Trans-port	5.65	1.50
40	Human Resource and Capacity Development	Indian Institute of Public Health Shillong Society	0.77	-
41.	Assistance to State Agencies for Intra-State movement of food grains and FPS dealers margin under NFSR	Food Civil Supplies and Consumer Affairs Department, Government of Meghalaya	104.61	38.78
42.	PM Formalisation of Micro Food Processing Enterprises PM-FME	Directorate of Food Processing	0.75	0.13
43.	Agriculture Infrastructure Fund	Agriculture Infrastructure Fund (AIF), Meghalaya	0.25	-
44.	Development of Nursing Services	School of Nursing, Civil Hospital, Shillong, Meghalaya	-	2.00
45.	Grants to Other Institutions	State Cancer Society of Meghalaya	-	6.33
46.	Official Development Assistance for Sustainable Development Goals (EAP Component)	SPV – Aspirational – Ri-Bhoi	-	6.88
47.	Pradhan Mantri Matsya Sampada Yojana (PMMSY)	Directorate of Fisheries	-	0.55
48.	Integrated Management of Public Distribution System	Food Civil Supplies & Consumers Affairs Department Government of Meghalaya	-	0.26
49.	SAMARTHYA (BBBP Creche PMMVY Gender Budget Research Skilling Training etc.)	Directorate of Health Services, Meghalaya	-	5.08
50.	Jal Jeevan Mission (JJM)/National Rural Drinking Water Mission	Deputy Commissioner Ri-Bhoi	-	0.25
		SWSM Meghalaya Shillong	-	908.79
51.	Livestock Health and Disease Control	State Implementing Agency Meghalaya	-	3.27
	<b>Total</b>		<b>1345.76</b>	<b>2192.25</b>

*Source: Finance Accounts.*

**APPENDIX 4.2**  
**Funds lying in bank accounts of eight Drawing and Disbursing Officers**  
*(Reference: Paragraph 4.3)*

(₹ in crore)

Sl. No.	Name of Department/ Office	Sl. No. of DDOs	Designation of DDO	Type of Accounts (Current/Saving)	Balance in the Bank Account as on 31.03.2022 (In ₹)
1.	Director of Urban Affairs	1	Director	Saving	6,66,668.00
2.	Directorate of Arts and Culture, Shillong	2	Director Arts and Culture	Current	24,75,09,247.00
3.	EE (WR) Ampati	3	EE (WR) Ampati	Current	4,80,700.00
4.	Fisheries Department	4	Shri Jonathan H Suchiang Deputy Director of Fisheries, Meghalaya Shillong	Current	17,59,28,692.92
5.	Forest & Environment Department	5	Deputy Conservator of Forest (HQ), Meghalaya, Shillong	Current	1,57,28,172.00
6.	Home (Police) Department	6	The Superintendent of Police, (F&ES), Shillong	Current	1,99,39,100.00
7.	Meghalaya Legislative Assembly	7	Special Officer	Current	20,85,658.00
8.	Transport Department	8	Commissioner of Transport	Current Saving	4,79,25,021.00 1,03,36,225.00
<b>Total</b>					<b>52,05,99,483.92</b>

**APPENDIX 4.3**  
**Statement showing arrears of Accounts as on 30 September 2022**  
*(Reference: Paragraph 4.13)*

<b>Sl. No.</b>	<b>Name of SPSE</b>	<b>Last Audit as on Sept 2022</b>	<b>Arrears of Accounts as on September 2022</b>	<b>No. of Accounts</b>
<b>Working Government Companies/ Statutory Corporations</b>				
1.	Meghalaya Bamboo Chips Limited (MBCL)	2020-21	2021-22	01
2.	Meghalaya Industrial Development Corporation Limited (MIDCL)	2019-20	2020-21 to 2021-22	02
3.	Mawmluh Cherra Cements Limited (MCCL)	2019-20	2020-21 to 2021-22	02
4.	Meghalaya Mineral Development Corporation Limited (MMDCL)	2020-21	2021-22	01
5.	Meghalaya Energy Corporation Limited (MeECL)	2020-21	2021-22	01
6.	Meghalaya Power Generation Corporation Limited (MePGCL)	2020-21	2021-22	01
7.	Meghalaya Power Distribution Corporation Limited (MePDCL)	2020-21	2021-22	01
8.	Meghalaya Power Transmission Corporation Limited (MePTCL)	2020-21	2021-22	01
9.	Meghalaya Tourism Development Corporation Limited (MTDCL)	2018-19	2019-20 to 2021-22	03
10.	Meghalaya Handloom & Handicraft Development Corporation Limited (MHHDCL)	2018-19	2019-20 to 2021-22	03
11.	Meghalaya Basin Management Agency (MBMA)	2020-21	2021-22	01
12.	Meghalaya Infrastructure Development and Finance Corporation Ltd. (MIDFCL)	2020-21	2021-22	01
13.	Forest Development Corporation of Meghalaya Ltd. (FDCM)	2016-17	2017-18 to 2021-22	05
14.	Meghalaya Government Construction Corporation Ltd (MGCCL)	2020-21	2021-22	01
15.	Shillong Smart City Limited (SSCL)	2020-21	2021-22	01
16.	Meghalayan Age Limited (MAL)	First account not yet received	2021-22	01
17.	Livelihood Improvement Finance Company of Meghalaya (LIFCOM)*	First account not yet received	2021-22	01
18.	Meghalaya Transport Corporation (MTC)	2015-16	2016-17 to 2021-22	06
19.	Meghalaya State Warehousing Corporation (MSWC)	2020-21	2021-22	01
20.	Meghalaya Infratech Consultancy and Innovations Limited (MICIL)	2020-21	2021-22	01
<b>Total</b>				<b>35</b>
<b>Non-Working Government Companies/ Statutory Corporations</b>				
21.	Meghalaya Electronics Development Corporation Limited (MEDCL)	2017-18	2018-19 to 2021-22	04
<b>Grand Total</b>				<b>39</b>

\* Incorporated on 27 May 2009; Entrustment on 30 July 2021.

**APPENDIX 4.4**

**Statement showing names of Autonomous Bodies and Authorities, the accounts of which had not been received under Section 14 (1) and 15**  
*(Reference: Paragraph 4.14)*

<b>Sl. No.</b>	<b>Name of the bodies Authorities</b>	<b>Under which Audited</b>	<b>Accounts pending</b>	<b>Number of Accounts Pending</b>
1.	Meghalaya State Social Welfare Board (MSSWB)	14 (1)	2008-2009 to 2021-22	14
2.	State Sports Council, Shillong	14 (1)	June 2020 to 2021-22	02
3.	District Rural Development Agency Shillong	14 (1)	2010-11 to 2021-22	12
4.	District Rural Development Agency Tura	14 (1)	2007-08 to 2021-22	15
5.	District Rural Development Agency Williamnagar	14 (1)	2008-09 to 2021-22	14
6.	District Rural Development Agency Jowai	14 (1)	2010-11 to 2021-22	12
7.	District Rural Development Agency Nongstoin	14 (1)	1998-99 to 2021-22	24
8.	District Rural Development Agency Nongpoh	14 (1)	2009-10 to 2021-22	13
9.	DHTE, Shillong	15	November 2019 to March 2022	03
10.	Project Co-ordinator & Development Strategies North Eastern Region Community Resource Management Project (NERCORMP), Shillong	15	April 2020 to March 2022	02
11.	State Institute of Rural Development (SIRD), Nongsder, Shillong	14 (1)	2016-17 to 2021-22	06
12.	Hospital Management Society, Civil Hospital, Shillong	14 (1)	2018-19 to 2021-22	04
13.	State Rural Employment Society (SRES), Shillong	14 (1)	2013-14 to 2021-22	09
14.	National Rural Health Mission (NRHM), Shillong	14 (1)	2018-19 to 2021-22	04
15.	Meghalaya State Rural Livelihood Society, Shillong	14 (1)	2016-17 to 2021-22	06
16.	Meghalaya State Skill Development Society, Shillong	14 (1)	2016-17 to 2021-22	06
17.	Meghalaya Basin Development Authority	14 (1)	January 2020 to March 2022	02
18.	Commissioner & Secretary District Council Affairs Department	15	August 2021 to March 2022	01
19.	DRDA Khliehriat	14(1)	2012-13 to 2021-22	10
20.	DRDA Mawkyrwat	14(1)	2012-13 to 2021-22	10
21.	DRDA Ampati	14(1)	2012-13 to 2021-22	10
22.	DRDA Resubelpara	14(1)	2012-13 to 2021-22	10
23.	DRDA Baghmara	14(1)	2012-13 to 2021-22	10
24.	State Resource Centre	14(1)	2013-14 to 2021-22	09
25.	State Project Director, State Education Mission Authority	14(1)	01.02.2021 to 31.03.2022	01
26.	District Mission Coordinator Sangra Shiksha Abhiyan (SSA) East Khasi Hills	14(1)	2013-14 to 2021-22	09
27.	District Mission, Nongstoin	14(1)	2013-14 to 2021-22	09
28.	District Mission, Jowai	14(1)	2013-14 to 2021-22	09

*State Finances Audit Report for the year ended 31 March 2022*

<b>Sl. No.</b>	<b>Name of the bodies Authorities</b>	<b>Under which Audited</b>	<b>Accounts pending</b>	<b>Number of Accounts Pending</b>
29.	District Mission, Nongpoh	14(1)	2013-14 to 2021-22	09
30.	District Mission East Garo Hills, Williamnagar	14(1)	2013-14 to 2021-22	09
31.	District Mission West Khasi Hills, Mawkyrwat	14(1)	2013-14 to 2021-22	09
32.	District Mission West Garo Hills, Tura	14(1)	2013-14 to 2021-22	09
33.	District Mission SSA South Garo Hills, Baghmara	14(1)	2013-14 to 2021-22	09
34.	District Mission SSA North Garo Hills, Resubelpara	14(1)	2013-14 to 2021-22	09
35.	District Mission South West Garo Hills, Ampati	14(1)	2013-14 to 2021-22	09
36.	District Mission SSA East Jaintia Hills, Khliehriat	14(1)	2013-14 to 2021-22	09
37.	Ramkrishna Mission Ashram Sohra, Cherrapunji	14(1)	2016-17 to 2021-22	06
38.	Meghalaya Commercial Crop Development Board, Shillong	14(1)	2008-09 to 2021-22	14
39.	CE Standard cum SRRDA	14(1)	January 2022 to March 2022	01
40.	DPIU, Tura	14(1)	January 2022 to March 2022	01
41.	DPIU, Williamnagar	14(1)	January 2022 to March 2022	01
42.	DPIU, Jaintia Hills, Jowai	14(1)	January 2022 to March 2022	01
43.	DPIU, Nongstoin	14(1)	March 2022 onwards	01
44.	DPIU, Shillong	14(1)	November 2013 to March 2022	08
45.	DPIU, Baghmara	14(1)	2000-2001 to 2021-22	22
46.	DPIU, Nongpoh	14(1)	November 2013 to March 2022	08
47.	Meghalaya Urban Development Authority	14(1)	2014-15 to 2021-22	08
48.	Meghalaya State Agricultural Marketing Board	14(1)	2013-14 to 2021-22	09
49.	Secretary, Meghalaya State Disaster Management Authority	14(1)	2011-12 to 2021-22	11
50.	Member Secretary, Meghalaya Information Technology Society	14(1)	2014-15 to 2021-22	08
51.	State Council for Science Technology and Environment	14(1)	2015-16 to 2021-22	07
<b>Total</b>				<b>414</b>

**APPENDIX 4.5**  
**Total Number of accounts and accounts excluded from monthly Civil Accounts**  
**during 2021-22**  
*(Reference: Paragraph 4.16)*

<b>Month</b>	<b>Total Number of Accounts</b>			<b>Accounts excluded from the Monthly Civil Accounts</b>		
	<b>Treasuries</b>	<b>PWD</b>	<b>Forest</b>	<b>Treasuries</b>	<b>PWD</b>	<b>Forest</b>
April 2021	18	91	46	00	02	00
May 2021	18	91+02	46	00	00	00
June 2021	18	91	46	00	01	00
July 2021	18	91+01	46	00	02	02
August 2021	18	91+02	46+02	01	03	00
September 2021	18+01	91+03	46	00	00	03
October 2021	18	91	46+03	00	03	01
November 2021	18	91+03	46+01	00	08	01
December 2021	18	91+08	46+01	00	01	07
January 2022	18	91+01	46+07	00	01	06
February 2022	18	91+01	46+06	00	00	03
March (P) 2022	18	91	46+03	00	00	00
March (S) 2022	18	91	46	00	00	00



© COMPTROLLER AND AUDITOR GENERAL OF INDIA  
[www.cag.gov.in](http://www.cag.gov.in)

<https://cag.gov.in/ag/meghalaya/en>