



सत्यमेव जयते

**State Finances Audit Report  
of  
the Comptroller and Auditor General of India  
for the year ended 31 March 2023**



**SUPREME AUDIT INSTITUTION OF INDIA**

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest



**Government of Meghalaya**

*Report No. 1 of 2024*

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of  
the Comptroller and Auditor General of India**

**for the year ended 31 March 2023**

**Government of Meghalaya**  
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## PREFACE

1. 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.
2. **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.
3. **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 2018-19 to 2022-23, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
4. **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.
5. **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.
6. **Chapter V** discusses the financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies (GCOCs).
7. The Reports of the Comptroller and Auditor General of India containing the findings of Performance Audit and Compliance Audit in various Government departments, observations arising out of audit of Statutory Corporations, Boards and Government Companies and observations on Revenue Receipts are presented separately.



## **EXECUTIVE SUMMARY**



## EXECUTIVE SUMMARY

### ***About the Report***

*This Report of the CAG of India is on the State Finances for the year 2022-23. It provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to State Finances.*

*This executive summary highlights the contents of this report and through snapshots of the important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons for variations and its impact.*

Gross State Domestic Product (GSDP) (at current prices) grew at an average growth rate of 7.83 *per cent* from ₹ 32,176 crore in 2018-19 to ₹ 42,697 crore in 2022-23. Budget Outlay of the State grew at an average growth rate of 10.01 *per cent* from ₹ 15,391.87 crore in 2018-19 to ₹ 21,925.60 crore in 2022-23.

There was 10.09 *per cent* growth in GSDP over 2021-22. The revenue receipts grew at 3.82 *per cent* and the percentage of revenue receipts over GSDP decreased from 36.80 *per cent* in 2021-22 to 34.71 *per cent* in 2022-23. The tax revenue increased by 11.89 *percent* over 2021-22 and the State's own tax revenue increased by 15.23 *percent*. The total expenditure (revenue expenditure, capital expenditure and loans and advances) of the State of Meghalaya increased from ₹ 16,457.34 crore in 2021-22 to ₹ 17,640.57 crore increasing by 7.19 *per cent*. Of this, revenue expenditure showed 9.13 *per cent* increase from 2021-22. Revenue surplus of ₹ 653.92 crore turned into revenue deficit of ₹ 43.90 crore registering 106.71 *per cent* decrease in Revenue Surplus over 2021-22, while fiscal deficit increased from ₹ 2,158.79 crore in 2021-22 to ₹ 2,796.15 crore in 2022-23 increasing by 29.52 *per cent*.

### ***Receipt-Expenditure Mismatch***

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The State has different sources of receipts such as State Own Tax Revenue, Non-tax Revenue, Devolution of States' share in taxes, Grants in aid and transfers from the Union Government and non-debt capital receipts. The State Government's expenditure includes expenditure on revenue account as well as capital expenditure (assets creation, loans and advances, investments, *etc.*).

From 2018-19 to 2022-23, revenue receipts grew from ₹ 9,718.62 crore to ₹ 14,819.97 crore, with an average annual growth rate of 10.52 *per cent*. Capital receipts also increased from ₹ 1,342.70 crore to ₹ 6,245.23 crore during this period. The share of Grants-in-aid in revenue receipts rose from 26.84 *per cent* in 2018-19 to 29.87 *per cent* in 2022-23, indicating increased reliance on support from the

Government of India. The State Government received ₹ 3,253.29 crore as Central share for the Centrally Sponsored Schemes (CSSs) in the year.

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Between 2018-19 and 2022-23, revenue expenditure increased from ₹ 10,255.94 crore (31.87 *per cent* of GSDP) to ₹ 14,863.77 crore (34.81 *per cent* of GSDP). It consistently made up a significant portion (82 to 91 *per cent*) of the total expenditure during this period, growing at an average annual rate of 12.57 *per cent*.

#### ***Result of expenditure beyond means***

The gap between the revenue receipt and revenue expenditure results in revenue deficit. The revenue deficit of the State decreased to ₹ 43.90 crore (0.10 *per cent* of GSDP) in the current year from ₹ 537.32 crore (1.67 *per cent* of GSDP) in the year 2018-19.

The State Government spent ₹ 2,742.28 crore only on capital account. This was 15.54 *per cent* of the total expenditure in the year 2022-23. Capital expenditure was 44 *per cent* of the total borrowings. Thus, half of the borrowed funds were being used mainly for meeting current consumption and repayment of borrowings instead of capital creation/development activities.

The gap between the total expenditure and total non-debt receipt of the State results in fiscal deficit. The fiscal deficit of the State increased to ₹ 2,796.15 crore (6.55 *per cent* of GSDP) in 2022-23 from ₹ 2,026.08 crore (6.30 *per cent* of GSDP) in 2018-19.

Under the revenue expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure on interest payments, salaries and pensions constituted 45-56 *per cent* of revenue expenditure during 2018-19 (49 *per cent*) and 2022-23 (46 *per cent*). The Committed expenditure increased at an compound annual average rate of 7.93 *per cent* i.e. from ₹ 5,015.37 crore in 2018-19 to ₹ 6,806.02 crore in 2022-23 {an increase of 11.13 *per cent* over 2021-22 (₹ 6,124.11 crore)}.

In addition to the committed expenditure, inflexible expenditure decreased from 7.96 *per cent* to 5.75 *per cent* of revenue expenditure during 2018-19 to 2022-23, indicating a decreasing trend. The inflexible expenditure decreased from ₹ 1,033 crore in 2021-22 to ₹ 854 crore in 2022-23 registering a decrease of 17.29 *per cent*. The compound annual growth rate of inflexible expenditure during the period from 2018-19 (₹ 816 crore) to 2022-23 (₹ 854 crore) was 1.15 *per cent*.

Taken together, the committed and inflexible expenditure in 2022-23 was ₹ 7,660.07 crore; 51.54 *per cent* of revenue expenditure. Upward trend on committed

and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

#### ***Subsidies constitute major portion of the non-committed expenditure***

Within the non-committed expenditure, there is a decreasing trend of subsidies, which decreased from ₹ 58.80 crore in 2018 -2019 to ₹ 44.32 crore in 2022-23 *i.e.*, from 0.57 *per cent* of the total revenue expenditure in 2018-19 to 0.30 *per cent* in 2022-23. Subsidies to Food and Civil Supplies and Consumers Affairs Department constituted a significant portion of 64.69 *per cent* during the year.

#### ***Contingent Liabilities on account of Guarantees***

In 2022-23, no guarantees were given by the Government. At the end of the year 2022-23, outstanding guarantees given by the State Government were ₹ 2,977.53 crore.

#### ***Fiscal sustainability***

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of off-budget borrowings, guarantees, subsidies, *etc.* So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests, *etc.* and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes, transfer to reserve funds, transfer to local bodies, *etc.*

#### ***FRBM requirements and compliance with fiscal parameters***

The FRBM Act/Rules prescribes certain limits within which, revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be, and similarly for guarantees as a percentage of revenue receipts of the previous year (this may require change based on the parameter). In 2022-23, revenue deficit was ₹ 43.90 crore as against the target Revenue Surplus; fiscal deficit was 6.55 *per cent* as against the limit of four *per cent*; debt was 43.19 *per cent* as against limit of 28 *per cent*. However, no limit is prescribed for guarantees given by the state government. At the end of the year 2022-23, outstanding guarantees was 6.97 *per cent* of GSDP.

As per the debt stabilisation analysis, the public debt of the Government of Meghalaya has grown on an average at a rate of 17.62 *per cent* annually of the outstanding public debt between 2018-19 to 2022-23. Public debt-GSDP ratio of Meghalaya has increased from 22.78 *per cent* in 2018-19 to 33.69 *per cent* in 2022-23, which indicates that debt stabilisation may not be possible in near future.

During the five-year period from 2018-19 to 2022-23, the State had primary deficit. In the pre Covid period of 2018-19 and 2019-20, the real growth rate of the GSDP

was an average of five *per cent* while Domar gap marginally improved in 2019-20 due to falling interest rate. In the post Covid period, the Domar gap has remained positive during 2021-22 and 2022-23 indicating that real interest rates have remained below the GSDP growth rates. However, the sustainability of public debt depends on whether the state economy maintains the real growth rate in the long run.

### **Budget performance**

#### **Aggregate expenditure outturn**

In Revenue section, deviation in outturn compared with BE was (-) 3.30 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 39 grants and three non-grants. Between ± 25 *per cent* to ± 50 *per cent* in 17 grants, between ± 50 *per cent* to ± 100 *per cent* in four grants and more than or equal to 100 *per cent* in respect of one grant.

In Capital section, deviation in outturn compared with BE was (+) 86.18 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in four grants and one non-grant, between ± 25 *per cent* to ± 50 *per cent* in eight grants, between ± 50 *per cent* to ± 100 *per cent* in 19 grants and more than or equal to 100 *per cent* in two grants and one non-grant. No provision was however made in respect of three grants of the Capital section.

#### **Expenditure composition outturn**

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In Revenue section, deviation in outturn compared with RE was (-) 14.94 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 43 grants and three non-grants, between ± 25 *per cent* to ± 50 *per cent* in 14 grants, between ± 50 *per cent* to ± 100 *per cent* in four grants.

In Capital section, deviation in outturn compared with RE was (+) 46.77 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in seven grants and one non-grant, between ± 25 *per cent* to ± 50 *per cent* in seven grants, between ± 50 *per cent* to ± 100 *per cent* in 18 grants and equal to or more than 100 *per cent* in one grant and one non-grant. No provision was, however, made in respect of three grants (grant 02, 15 and 32) of the Capital section.

It was noticed that supplementary provisions of ₹ 1,440.18 crore during the year 2022-23 in 16 cases (more than ₹ one crore in each case) proved unnecessary, as the expenditure did not come up even to the level of original provisions.

*Overall Budget reliability assessment indicates that the deviations between the actual expenditure and original budget as well as between the actual expenditure and the final budget were between (-)14.94 *per cent* and 86.18 *per cent*. Moreover, it was also*

*noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice should be dealt with such deviations.*

### ***Quality of Accounts and Financial Reporting***

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non- or short – discharging of liabilities and misclassification of transactions and data gaps.

### ***Regularisation of Excess over Grants/ Appropriations***

The State Government has to get excesses over grants/appropriations regularised by the State Legislature as per article 204 and 205 (1) (b) of the constitution. It was observed that in 2022-23 there was excess expenditure of ₹ 3,439.41 crore under seven grants and one non-grant which required regularisation. Further, excess disbursements of ₹ 3,343.05 crore pertaining to from 1971-72 to 2021-22 were yet to be regularised.

### ***Compliance with IGAS***

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government did not make full compliance with IGAS-1: Guarantees Given by the Government- Disclosure requirements, IGAS-2: Accounting and Classification of Grants-in-Aid and IGAS-3: Loans and Advances made by the Government.

### ***Funds to Single Nodal Agency***

The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of the Government of India and the State Government is transferred to the Bank Account of the SNA lying outside the Government Account. As per the PFMS Report, State Government received ₹ 2,639.55 crore being Central share of the Centrally Sponsored Schemes during the year in its Treasury Accounts. As on 31.03.2023, the State Government transferred ₹ 2,496.47 crore being Central share, State share of ₹ 638.65 crore and unclassified amount of ₹ 32.57 crore to the SNAs. There was short transfer of ₹ 143.08 crore of Central Share. As on 31 March 2023, ₹ 1,533.33 crore was lying unspent in the bank account of the SNAs.

However, the State Government intimated that it had received ₹ 2,650.39 crore being Central share during the year and transferred Central share of ₹ 2,529.04 crore, State share of ₹ 606.08 crore and Top-up of ₹ 32.57 crore to the SNAs during the year. Out of total transfer of ₹ 3,167.69 crore, ₹ 1,442.53 crore was transferred

through GIA bills and ₹ 1,725.16 crore through final (expenditure) bill. Detailed vouchers and supporting documents of actual expenditure were not received by office of Principal Accountant General (A&E) from the SNAs. The difference between the figures of SNA report of PFMS and as provided by the State Government needs reconciliation.

#### ***Utilisation Certificates against conditional grants***

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 454 outstanding UCs of ₹ 3,436.01 crore were pending as on 31 March 2023.

#### ***DC bills against AC bills***

Similarly, despite the requirement of submitting Detailed Debit Contingency (DC) Bills against the advance money withdrawn through Abstract Contingency (AC) Bills, 53 AC bills of ₹ 98.25 crore were pending for submission of DC bills as on 31 March 2023, out of which six AC Bills amounting to ₹ 0.81 crore pertained to the period upto 2021-22.

#### ***Working of State Public Sector Undertakings***

As on 31 March 2023, there were 21 State Public Sector Enterprises (SPSEs) in Meghalaya, including two Statutory Corporations and 19 Government Companies (including two non-working Government Companies) under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Audit noticed that the prescribed timelines regarding submission of Financial Statements were not adhered to by 19 SPSEs whose 40 accounts were in arrears. Out of the total profit of ₹ 1.61 crore earned by three working SPSEs, 73.29 *per cent* was contributed by one SPSE (Meghalaya Tourism Development Corporation Limited). During the year 2022-23, around 65 *per cent* (₹ 371.17 crore) of the total loss (₹ 572.28 crore) incurred by 14 working SPSEs was contributed by two Power sector SPSEs (Meghalaya Power Generation Corporation Limited and Meghalaya Power Distribution Corporation Limited).

*The State Government may impress upon the managements of SPSEs to ensure timely submission of their financial statements. In the absence of finalised accounts, Government investments in such SPSEs remain outside the oversight of the State Legislature. The State Government may also analyse the reasons of losses in loss making SPSEs and initiate steps to make their operations efficient and profitable.*



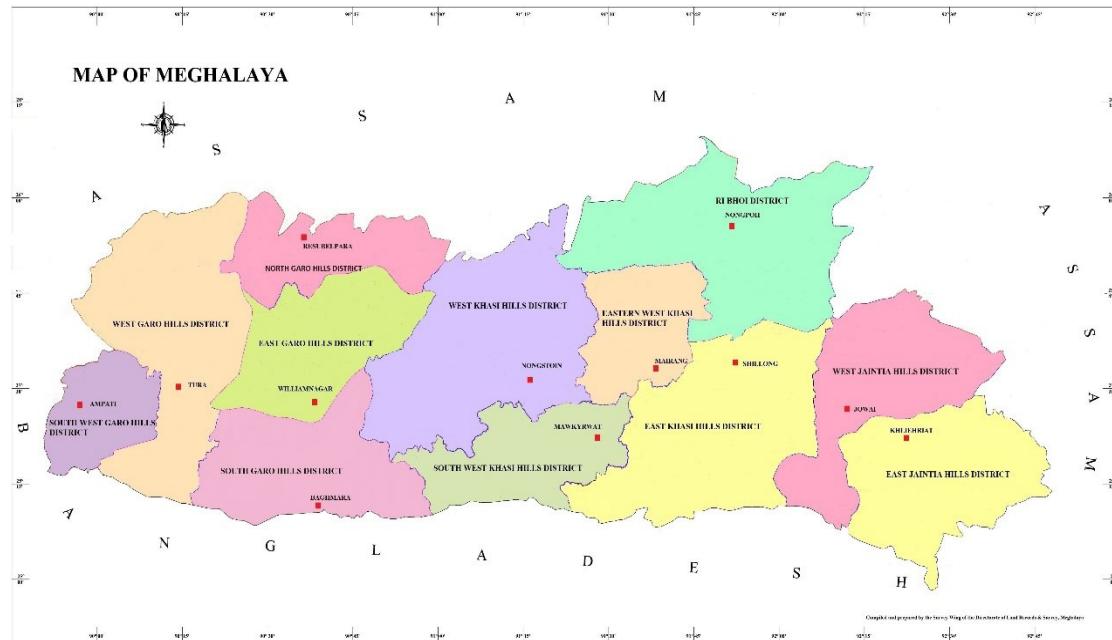
## **CHAPTER-I OVERVIEW**



# 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.



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 29.67 lakh persons (0.25 *per cent* of the population of the country) as per Census 2011. The decadal (2001-2011) growth rate of population for the State was 27.94 *per cent* against the national decadal growth rate of 17.70 *per cent*. The projected population of the State during 2023 was 33.64 lakh. As per census 2011, State's literacy rate is 74.40 *per cent*, higher than all India average of 73.00 *per cent*.

The State has 12 districts<sup>1</sup> and three Autonomous District Councils<sup>2</sup> under Sixth Schedule of the Constitution of India. Meghalaya is one of the ten North Eastern and Himalayan States (as per XV FC Report). In general, the NEHS receive higher share of Central Assistance for implementation of Centrally Sponsored Schemes (CSS) than the General States. The General and Financial data relating to the State is given in Appendix 1.1.

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

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

### 1.1.1 Gross State Domestic Product of the State

Gross State Domestic Product (GSDP) is the monetary value of all the final goods and services produced within the territory 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.

Gross Value Added (GVA) is also being adopted increasingly to measure economic growth as GVA is considered better indicator of economic growth compared to GDP, as it insulates the impact of taxes and subsidies. GVA is defined as the value of output minus the value of intermediate consumption and is a measure of the contribution to GDP made by an individual producer, industry or sector. At its simplest it gives the rupee value of goods and services produced in the economy after deducting the cost of inputs and raw materials used.

Trends in GSDP compared to GDP are shown in **Table 1.1**; and the sectoral contribution and sectoral growth in GSDP during the period 2018-19 to 2022-23 are depicted in **Chart 1.1** and **Chart 1.2** respectively.

**Table 1.1: Trends in GSDP compared to the national GDP at Current Prices**

Year	2018-19	2019-20	2020-21	2021-22	2022-23
<b>INDIA</b>					
GDP at Current Prices	1,88,99,668	2,01,03,593 (3 <sup>rd</sup> RE)	1,98,29,927 (2 <sup>nd</sup> RE)	2,34,71,012 (1 <sup>st</sup> RE)	2,72,40,712 (PE)
GVA	1,71,75,128	1,83,81,117 (3 <sup>rd</sup> RE)	1,81,88,780 (2 <sup>nd</sup> RE)	2,14,38,883 (1 <sup>st</sup> RE)	2,47,42,871 (PE)
Growth rate of GDP over previous year (in per cent)	10.59	6.37	(-)1.36	18.36	16.06
Growth rate of GVA over previous year (in per cent)	10.77	7.02	(-)1.05	17.87	15.41
Per Capita GDP (in ₹)	1,42,424	1,49,915	1,46,301	1,71,498	1,96,983
<b>MEGHALAYA</b>					
GSDP at Current Prices	<b>32,176</b>	<b>34,770</b>	<b>33,776</b>	<b>38,785 (Q)</b>	<b>42,697 (A)</b>
GSVA	30,028	32,444 (3 <sup>rd</sup> RE)	31,373 (2 <sup>nd</sup> RE)	36,658 (1 <sup>st</sup> RE)	40,981 (PE)
Growth rate of GSDP over previous year (in per cent)	9.04	8.06	(-) 2.86	14.83	10.09
Growth rate of GSVA over previous year (in per cent)	9.54	8.05	(-)3.30	16.85	11.79
Per Capita GSDP (in ₹)	92,274	97,615	1,02,259	1,16,366	1,26,924

*Source: Data Compilation by Economic Wing, Office of the C&AG, Ministry of Statistics and Programme Implementation, Government of India and Department of Economics and Statistics, Government of Meghalaya.*

*Q=Quick Estimates, A=Advance Estimates*

*RE=Revised Estimate, PE=Provisional Estimate*

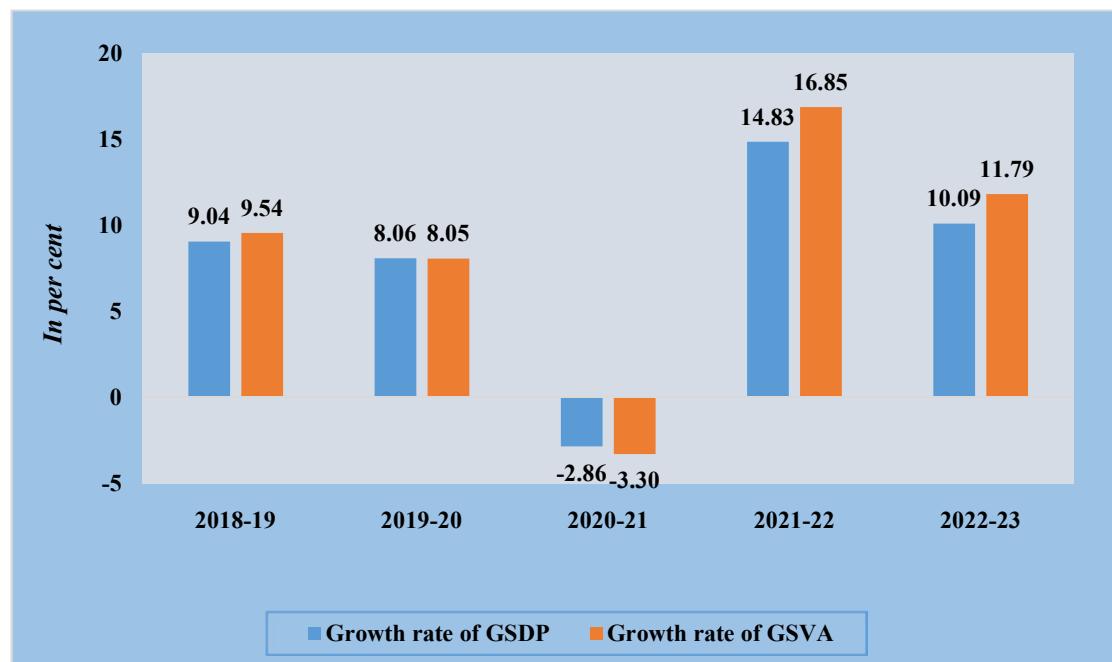
The GSDP at current prices of Meghalaya grew 10.09 *per cent* from ₹ 38,785 crore in 2021-22 to ₹ 42,697 crore in 2022-23. Whereas the GDP of the country at current prices expanded 16.06 *per cent* from ₹ 2,34,71,012 crore in 2021-22 to ₹ 2,72,40,712 crore in 2022-23. In other words, the growth rate of the economy of the state was lower than that of the national economy in terms of GDP/GSDP at current prices. The CAGR of the GSDP of the state during 2018-19 to 2022-23 stood at 7.33 *per cent* while that of the GDP of the country was 9.57 *per cent*.

During 2022-23, the per capita GSDP of the State was ₹ 1,26,924, while that of the country was ₹ 1,96,983. In simpler terms, the per capital GSDP of the state was 35.57 *per cent* lower than the per capita GDP of the country. While Meghalaya registered the 27<sup>th</sup> highest (5<sup>th</sup> lowest) per capita GSDP among the 31 states/UTs in India, the state recorded the 10<sup>th</sup> highest (2<sup>nd</sup> lowest) per capita GSDP in the group of the 11 NE & H states.

While the GVA of the country expanded 15.41 *per cent* from ₹ 2,14,38,883 crore in 2021-22 to ₹ 2,47,42,871 crore in 2022-23, the GSVA of the state grew 11.79 *per cent* from ₹ 36,658 crore in 2021-22 to ₹ 40,981 crore in 2022-23. Put differently, the state economy grew 23.49 *per cent* slower than the national economy in terms of Gross Value Addition. The CAGR of the GSVA of the State during 2018-19 to 2022-23 registered 8.08 *per cent* while that of the GVA of the country was 9.56 *per cent*.

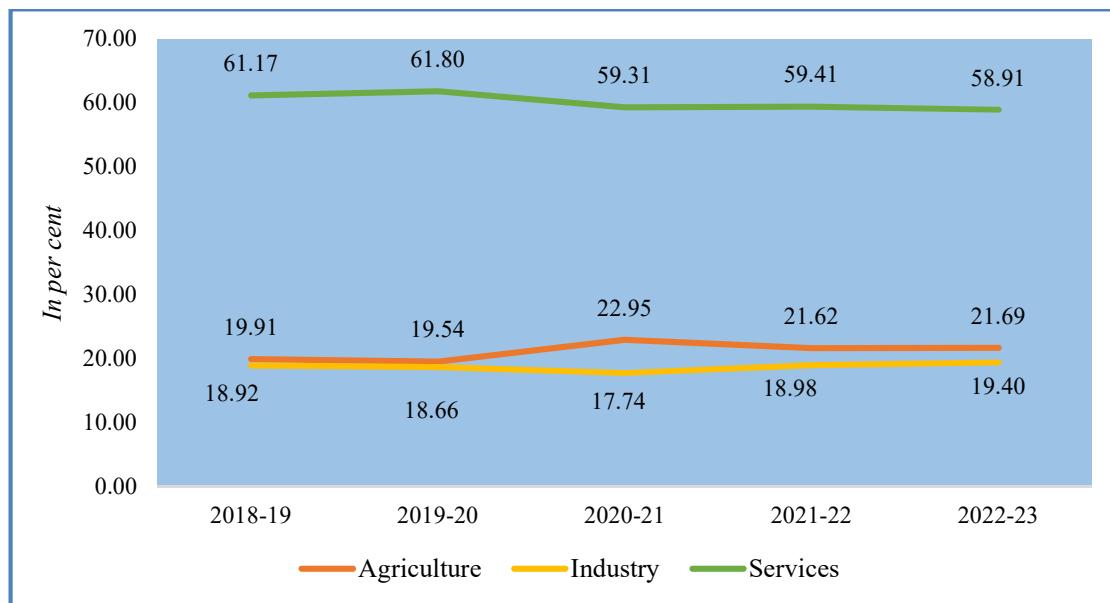
The trends of GSDP and GSVA for the period from 2018-19 to 2022-23 is indicated in **Chart 1.1** below:

**Chart 1.1: Growth rate of GSDP vs GSVA**



Source: Department of Economic & Statistics, Government of Meghalaya and Data compiled by Economic Division, O/o the C&AG of India.

**Chart 1.2: Sectoral Contribution to GSDP during 2018-19 to 2022-23**



*Source: Data Compiled by Economic Wing, Office of the C&AG of India.*

**Chart 1.2** indicates that Services Sector is the main contributor to the State GSDP, with a contribution of *58.91 per cent* during 2022-23 followed by Industry Sector (*21.69 per cent*) and Agriculture Sector (*19.40 per cent*). During 2022-23, the share of Services Sector in the State economy reduced from *59.41 per cent* in 2021-22 to *58.91 per cent*, that of Industry Sector expanded marginally from *21.62 per cent* in 2021-22 to *21.69 per cent* in 2022-23 and that of Agriculture Sector increased from *18.98 per cent* in 2021-22 to *19.40 per cent*.

## 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 (CAG) of India 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.

The Principal Accountant General (Accounts & Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans and initial & 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 2022-23 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 Meghalaya Fiscal Responsibility and Budget Management Act, 2006 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     Overview of Government Account Structure and Budgetary Processes**

Government Accounts comprise of Consolidated Fund, Contingency Fund and Public Accounts as defined below:

#### **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)**

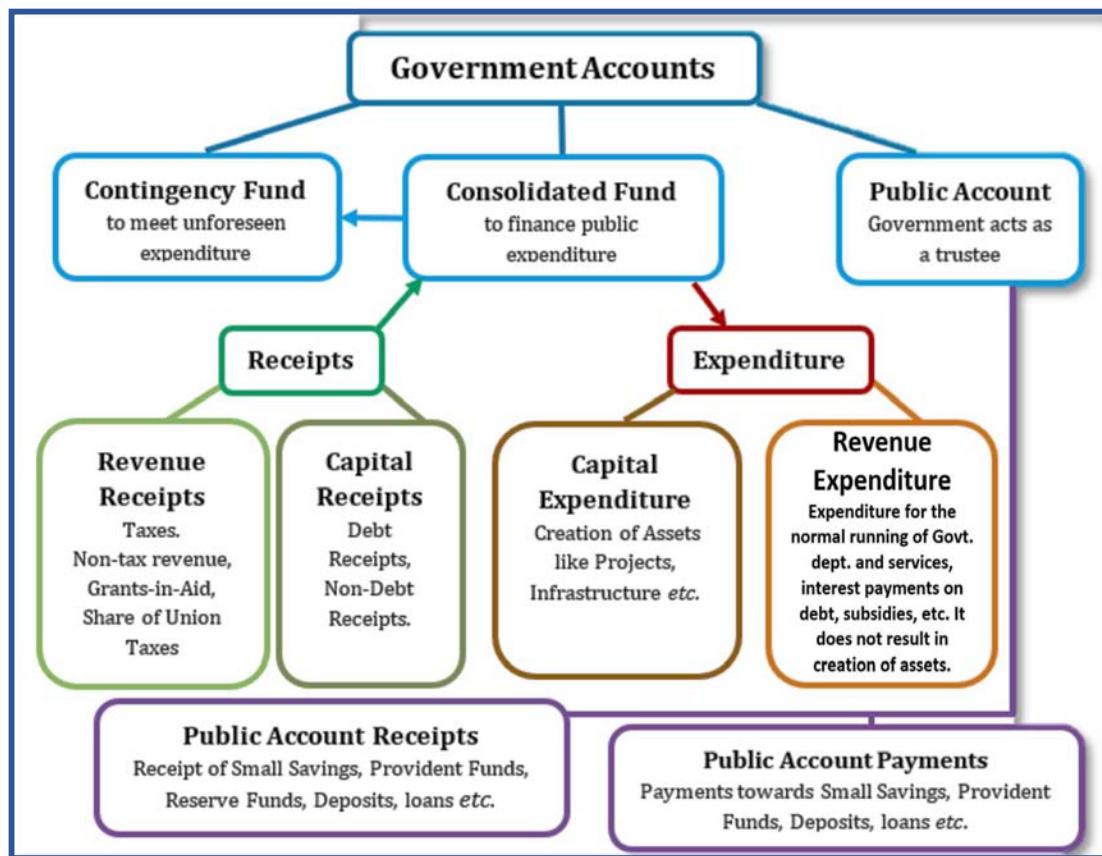
This Fund is in the nature of an **imprest** which is established by the State Legislature by **law**, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped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

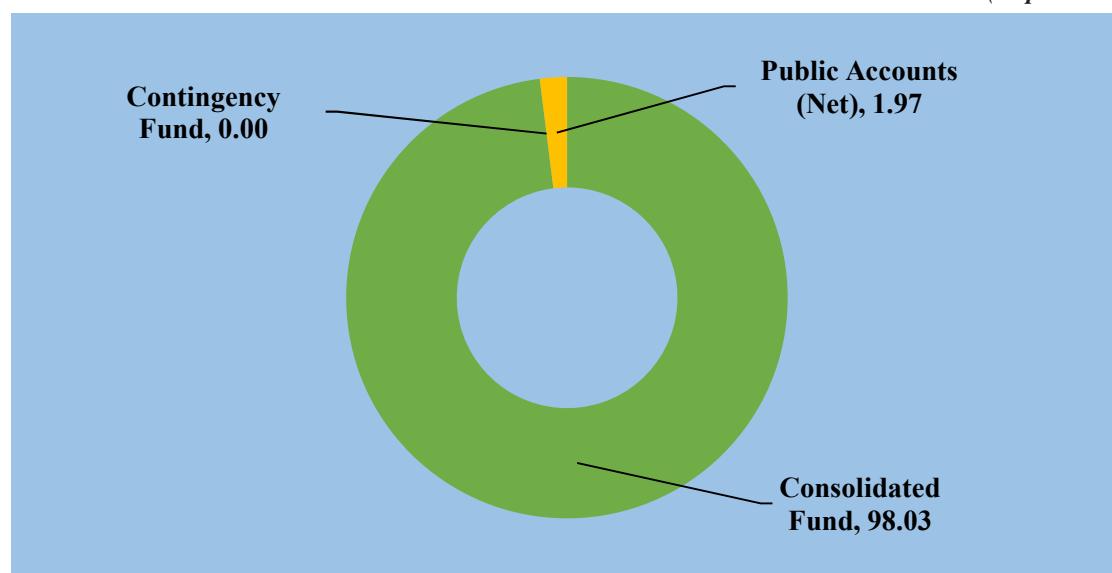
(both of which are transitory heads, pending final booking). The **net cash balance** available with the Government is also included under the Public Account. The Public Account is not subject to vote of the Legislature. **Chart 1.3** present the structure of Government Accounts.

**Chart 1.3: Structure of Government Accounts**



**Chart 1.4: Share of Receipts in Government Accounts during the year**

*(In per cent)*



**Chart 1.4** depicts the composition of receipts into the Government Accounts during 2022-23. The Consolidated Fund of the State received 98.03 *per cent* of the public funds during the year while the net Public Accounts receipts constituted 1.97 *per cent*.

### **(i) Budget Document**

The Constitution of India under article 202 prescribes the Governor of the State to cause to lay before the Legislature of the State a statement of the estimated receipts and expenditure of the state, referred to as the Annual Financial Statement, in respect of every financial year. This ‘Annual Financial Statement’ constitutes the main budget document and is commonly referred to as the Annual Financial Statement. Further, the budget is required to 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.

**Revenue Surplus/Deficits** means the difference between revenue expenditure and total revenue receipts.

**Fiscal Deficit** means the excess of total disbursements, from the Consolidated Fund of the state, excluding repayment of debt, over total receipts into the Fund (excluding the debt receipts), during a financial year. In other words, when total expenditure (excluding debts repayments) is more than total Receipts (excluding borrowing), the gap is referred to as Fiscal Deficit. The Government borrows to bridge this gap.

**Primary Deficit** is defined as Fiscal Deficit less interest payments.

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

	<b>Attribute of transaction</b>	<b>Classification</b>
Standardised in LMMH by CGA	Function- Education, Health, <i>etc.</i> / 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, <i>etc.</i> (2-digit)

Functional classification specifies department, function, program, scheme and object details of expenditure, while economic classification organises payments by revenue, capital, debt, *etc.* Economic classification is determined by the first digit in 4-digit Major Heads. For example, 0 and 1 signify Revenue Receipts, while 2 and 3 denote Revenue Expenditure, and so on. Economic classification is further established through predefined distribution of certain object heads. For example, the “salary” object head is categorised as Revenue Expenditure, while the “construction” object head is classified as Capital Expenditure. The object head constitutes the primary unit for appropriation within budget documents.

### **(ii) Public Debt and Public Liability**

In this Report ‘Public Debt’ has been taken to comprise market borrowings, institutional loans, special securities issued to National Small Savings Fund (NSSF), loan given by Central Government *etc.* For this purpose, the major heads 6003 and 6004 - Public Debt have been taken into consideration.

Further, the transactions relating to ‘Small Savings, Provident Fund, *etc.*’, ‘Reserve Funds’ and ‘Deposit and Advances’ under Public Account are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid. The transactions relating to ‘Remittances’ and ‘Suspense’ under Public Account, includes merely adjusting heads such as transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles.

In this Report, ‘Public Liability’ has been taken to include the transactions under major heads 8001 to 8554 relating to ‘Small Savings, Provident Fund, *etc.*’, ‘Reserve Funds’ and ‘Deposit and Advances’ along with the transactions under major heads 6003 and 6004.

### **(iii) 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 III** of this Report.

### 1.3.1 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 1.2** presents the details of actual financial results *vis-à-vis* BEs for the year 2022-23 *vis-à-vis* actuals for 2021-22.

**Table 1.2: Snapshot of Finances of the State**

Sl. No.	Components	2021-22		2022-23		Percentage of Actuals to	
		Actuals	BEs	Actuals	BEs	GSDP	
1	<b>Tax Revenue</b>	<b>8,881.01</b>	<b>8,839.10</b>	<b>9,936.81</b>	<b>112.42</b>	<b>23.27</b>	
	<i>Own Tax Revenue</i>	2,300.38	2,575.40	2,650.67	102.92	6.21	
	<i>Share of Union taxes/duties</i>	6,580.63	6,263.70	7,286.14	116.32	17.06	
2	Non-Tax Revenue	524.58	730.72	456.61	62.49	1.07	
3	Grants-in-Aid and Contributions	4,868.55	6,465.53	4,426.45	68.46	10.37	
<b>4</b>	<b>Revenue Receipts (1+2+3)</b>	<b>14,274.14</b>	<b>16,035.35</b>	<b>14,819.87</b>	<b>92.42</b>	<b>34.71</b>	
5	Recovery of Loans and Advances	24.41	33.19	24.55	73.97	0.06	
6	Other Receipts	0	0	0	0.00	0.00	
7	Borrowings and other liabilities	4,019.95	2,631.85	6,220.68	236.36	14.57	
<b>8</b>	<b>Capital Receipts (5+6+7)</b>	<b>4,044.36</b>	<b>2,665.04</b>	<b>6,245.23</b>	<b>234.34</b>	<b>14.63</b>	
<b>9</b>	<b>Total Receipts (4+8)</b>	<b>18,318.50</b>	<b>18,700.39</b>	<b>21,065.10</b>	<b>112.65</b>	<b>49.34</b>	
<b>10</b>	<b>Revenue Expenditure</b>	<b>13,620.22</b>	<b>15,375.53</b>	<b>14,863.77</b>	<b>96.67</b>	<b>34.81</b>	
<i>11</i>	<i>of which, Interest payments</i>	963.27	1,110.20	1,028.52	92.64	2.41	
<b>12</b>	<b>Capital Expenditure</b>	<b>2,837.12</b>	<b>2,541.71</b>	<b>2,776.80</b>	<b>109.25</b>	<b>6.50</b>	
<i>13</i>	<i>Capital Outlay</i>	2,751.79	2,462.63	2,742.28	111.36	6.42	
<i>14</i>	<i>Loans and advances (disbursal)</i>	85.33	79.08	34.52	43.65	0.08	
<b>15</b>	<b>Total Expenditure excluding repayment of debts (10+12)</b>	<b>16,457.34</b>	<b>17,917.24</b>	<b>17,640.57</b>	<b>98.46</b>	<b>41.32</b>	
<b>16</b>	<b>Revenue Surplus (+)/ Deficit (-) (4-10)</b>	<b>(+)653.92</b>	<b>(+)659.82</b>	<b>(-)43.90</b>	<b>(-)6.65</b>	<b>(-) 0.10</b>	
<b>17</b>	<b>Fiscal Deficit (-) /Surplus (+) {(4+5+6)-15}</b>	<b>(-) 2,158.79</b>	<b>(-)1,848.70</b>	<b>(-)2,796.15</b>	<b>(-)151.25</b>	<b>(-) 6.55</b>	
<b>18</b>	<b>Primary Deficit (-) / Surplus (+) (17-11)</b>	<b>(-) 1,195.52</b>	<b>(-)738.50</b>	<b>(-)1,767.63</b>	<b>(-)239.35</b>	<b>(-) 4.14</b>	

Source: Finance Accounts of 2018-19 to 2022-23.

**Table 1.2** indicates that the Revenue Receipt of the state expanded by *3.82 per cent* (₹ 545.73 crore) from ₹ 14,274.14 crore in 2021-22 to ₹ 14,819.87 crore in 2022-23. The tax revenue increased by *11.89 per cent* over the previous year. On other hand, the non-tax revenue and Grant-in-Aid decreased by *12.96 per cent* and *9.08 per cent* respectively. The Revenue Receipt was *92.42 per cent* of the BE (₹ 16,035.35 crore).

The borrowings and other liabilities of the State during 2022-23 (₹ 6,220.68 crore) were *136.36 per cent* over the BE (₹ 2,631.85 crore). This is *54.75 per cent* higher than the previous year. While the Revenue Receipts and Recovery of Loans underperformed against the BEs, the Total Receipts (₹ 21,065.10 crore) crossed the BE (₹ 18,700.39 crore) mainly driven by the borrowing substantially exceeding the BE. The Total Receipts was *14.99 per cent* (₹ 2,746.60 crore) higher than the previous year (₹ 18,318.50 crore).

The Revenue Expenditure (RE) of the state during 2022-23 (₹ 14,863.77 crore) was *96.67 per cent* of the BE (₹ 15,375.53 crore). *6.92 per cent* (₹ 1,028.52 crore) constituted interest payments for public debts. The RE during 2022-23 grew *9.13 per cent* over the previous year.

The Capital Expenditure in 2022-23 (₹ 2,776.80 crore) was higher by *2.13 per cent* over the previous year. However, as percentage of GSDP, capital outlay was a mere *6.50 per cent*. Similarly, capital outlay of ₹ 2,742.28 crore exceeded BEs by *11.36 per cent* (₹ 279.65 crore) during the year.

The State registered Fiscal Deficit of ₹ 2,796.15 crore, *29.52 per cent* higher than the previous year (₹ 2,158.79 crore). Further, the Primary Deficit of the state widened *47.85 per cent* from ₹ 1,195.52 crore in 2021-22 to ₹ 1,767.63 crore in 2022-23.

### 1.3.2 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 1.3** presents the summarised position of assets and liabilities.

**Table 1.3: Summarised position of Assets and Liabilities**

Liabilities				Assets			
	2021-22	2022-23	Increase (per cent)		2021-22	2022-23	Increase (per cent)
<b>Consolidated Fund</b>							
A	Internal Debt	11,244.83	12,634.54	12.36	A	Gross Capital Outlay	19,462.32
	<i>Market loans</i>	<i>9,917.50</i>	<i>11,285.50</i>	13.79		<i>Investment in shares of Companies, etc.#</i>	<i>540.81</i>
	<i>Loans from other institutions</i>	<i>1,327.33</i>	<i>1,349.04</i>	1.64		<i>Other Capital Outlay</i>	<i>18,921.52</i>
							21,085.68
							11.44

		Liabilities			Assets				
		2021-22	2022-23	Increase (per cent)		2021-22	2022-23	Increase (per cent)	
B	Loans and Advances from GoI*	921.15*	2,002.58*	117.40	B	Loans and Advances	981.80	991.77	1.02
<b>Contingency Fund</b>									
Contingency Fund		505	505.00						
<b>Public Account</b>									
A	Small Savings, Provident Funds, etc.	2,272.72	2,399.00	5.56	A	Advances	1.81	1.81	-
B	Deposits	1,090.37	1,459.03	33.81	B	Remittance			-
C	Reserve Funds	899.12	989.98	10.11	C	Suspense and Miscellaneous	139.20	144.81	4.03
D	Remittances	83.40	85.45	2.42	<b>Cash balance (incl. investment in Earmarked Fund)</b>		651.53	908.75	39.48
<b>Surplus in Government Account</b>		<b>4,220.07</b>	<b>4,176.16</b>						
Total		21,236.66	24,251.74	14.20	Total	21,236.66	24,251.74	14.20	

Source: Finance Accounts of 2018-19 to 2022-23.

- # This excludes investment of ₹ 2,116.26 crore to Meghalaya Energy Corporation Limited (MeECL) made from Revenue Account and ₹ 5.00 crore adjustment for previous year.
- \* This includes ₹ 253.16 crore Back-to-Back Loans in lieu of GST Compensation Shortfall.

Liabilities on the Consolidated Fund of State include market loans, loans raised from financial institutions and loans and advances received from the Government of India (GoI). During 2022-23, Public Debt liabilities stood at ₹ 14,637.12 crore. This comprises market loans of ₹ 11,285.50 crore, loans from financial institutions of ₹ 1,349.04 crore and ₹ 2,002.58 crore loans and advances from the GoI.

The increase in Public Debt in 2022-23 over 2021-22 (₹ 12,165.98 crore) was 20.31 *per cent*. This was primarily due to increase in loans and advances from the GoI<sup>3</sup> (117.40 *per cent*) and market loans<sup>4</sup> (13.79 *per cent*).

Liabilities on the Consolidated Fund of the State increased by 20.74 *per cent* in 2022-23 over 2021-22 mainly due to increase of market loans<sup>5</sup> by 13.79 *per cent* and Loans and Advances from the GoI<sup>6</sup> by 161.90 *per cent* (excluding Back -to-Back Loan

<sup>3</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>4</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.

<sup>5</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.

<sup>6</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.

to State in lieu of GST Compensation Shortfall of ₹ 253.16 crore) in 2022-23 over 2021-22.

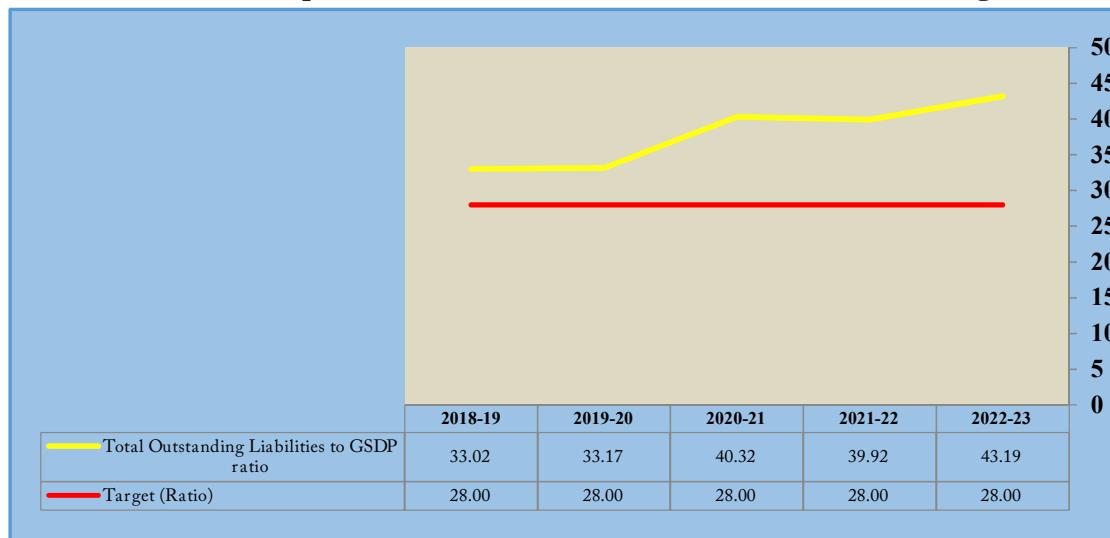
**Chart 1.5** and **Chart 1.6** depict the trends in fiscal liabilities and total liabilities to GSDP ratio during the five-year period 2018-23.

**Chart 1.5: Trends in Liabilities**



Source: Finance Accounts 2022-23.

**Chart 1.6: Comparison of Total Liabilities to GSDP Ratio and the Targets**



Source: Finance Accounts 2022-23 and MFRBM Act 2006.

Outstanding liabilities of the State increased from ₹ 10,623.68 crore as on 31 March 2019 to ₹ 18,442.32<sup>7</sup> crore as on 31 March 2023. Compared to previous year, the outstanding liabilities at the end of 2022-23 increased by 19.13 *per cent* (₹ 2,961.23 crore).

<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.

The State failed to achieve the Total Outstanding Liabilities to GSDP ratio target of 28 *per cent* set by the Meghalaya Fiscal Responsibility and Budget Management (MFRBM) Act, 2006 for the period 2018-19 to 2022-23.

Meghalaya is the fourth highest in the terms of Outstanding liabilities-GSDP ratio among the States/UTs in India. In comparison to 11 North Eastern and Himalayan States, Meghalaya stood at the third position. This indicates mounting liabilities of the State. The state may take proactive measures to address this concern and avoid falling into a potential debt trap.

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

The objective of prudent budget management is to achieve a healthy fiscal balance which prevents the economy from getting into a debt trap while promoting economic growth. 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 2022-23. 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.

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 2018-19 to 2022-23 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 1.4**.

**Table 1.4: Compliance with provisions of MFRBM Act 2006**

Fiscal Parameters	Target	Achievement <i>vis-à-vis</i> targets set in the MFRBM				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Target	Maintain Revenue Surplus				
	Actual	-537.32	-151.60	-815.38	653.92	-43.90
	Status	X	X	X	✓	X
Fiscal Deficit (as percentage of GSDP)	Target	3.25 <sup>^</sup>	4.35 <sup>^</sup>	5.25 <sup>^</sup>	4.00-4.50	4.00
	Actual	2,026.08 (6.30)	1,103.77 (3.17)	2,603.56 (7.71)	2,158.79 (5.57)	2,796.15 (6.55)
	Status	X	✓	X	X	X
Ratio of total outstanding liabilities to GSDP (in <i>per cent</i> )	Target	28.00	28.00	28.00	28.00	28.00
	Actual	33.02	33.17	40.32*	39.92 <sup>+</sup>	43.19 <sup>+</sup>
	Status	X	X	X	X	X

\* Excludes Back-to-Back loan of ₹ 112.00 crore.

<sup>+</sup> Excludes Back-to-Back loan of ₹ 253.16 crore (₹ 112.00 crore + ₹ 141.16 crore).

<sup>^</sup> Increased by 0.25 *per cent* as the total interest paid preceding year is less than/equal to 10 *per cent* of Revenue Receipts. Refer to MFRBM (Amendment) Act 2015.

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

The State Government again slipped into Revenue Deficit during the current year after achieving Revenue Surplus of ₹ 653.92 crore during 2021-22 after three years i.e., since 2018-19. Moreover, the State Government continue to fall short of meeting the target set for Fiscal Deficit-GSDP and Liability-GSDP ratios set in the MFRBM Act, 2006. Fiscal Deficit increased from 5.71 *per cent* in 2021-22 to 6.55 *per cent* of GSDP in 2022-23, which is above the target of 4.00 *per cent* set under MFRBM (Amendment) Act, 2022. Further, the State has failed to achieve the target for total outstanding liability-GSDP ratio prescribed by MFRBM Act since 2018-19. The ratio has not only remained above the prescribed target but also continued to increase over the five-year period.

**Table 1.5** Tracks the performance of the list key fiscal parameters against the targets set by the Fifteenth Finance Commission (15<sup>th</sup> FC) as well as the Budget for 2022-23.

**Table 1.5: Targets vis-à-vis achievements in respect of major fiscal aggregates for the year 2022-23**

Fiscal Variables	Targets as prescribed by 15th FC	Targets in the Budget	Actuals*	Variation of actuals over <sup>#</sup>	
				Targets of 15th FC	Targets in Budget
Revenue Deficit (-)/ Surplus (+)/GSDP ( <i>per cent</i> )	0.80	1.61	(-)0.10	(-)0.90	(-)1.71
Fiscal Deficit (-)/Surplus (+)/GSDP ( <i>per cent</i> )	(-)3.50	(-)4.51	(-)6.55	(-)3.05	(-)2.04
Total outstanding liabilities/ GSDP ( <i>per cent</i> )	40.30	40.23	43.19 <sup>\$</sup>	(-)2.89	(-)2.96

*Source: Recommendations of 15<sup>th</sup> FC, Annual Financial Statement and Finance Accounts.*

\* Calculated on the basis of GSDP figures of ₹ 42,697 (A) crore provide by O/o the Directorate of Economics and Statistics, GoM.

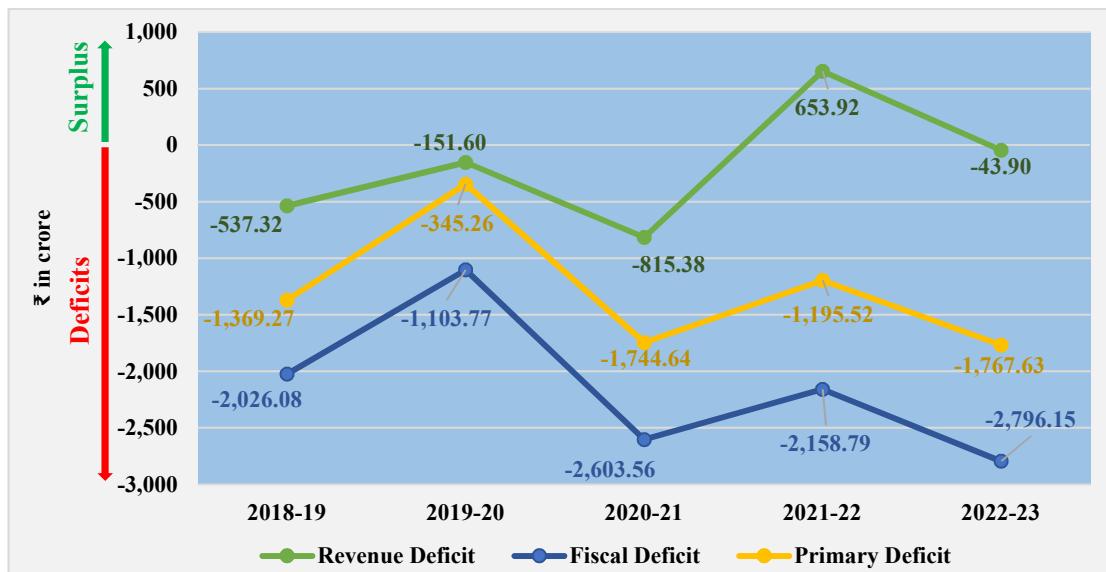
<sup>\$</sup> Excludes Back-to-Back loan of ₹ 253.16 crore (₹ 112.00 crore + ₹ 141.16 crore) received from GoI in lieu of GST compensation shortfall during 2020-22.

<sup>#</sup> Negative indicates that the target was not achieved while Positive Sign indicates that the target was achieved.

During 2022-23, targets recommended by the 15<sup>th</sup> FC as well as targets fixed by the Budget 2022-23 for Revenue Surplus/Deficit as *per cent of GSDP*, Fiscal Deficit as *per cent of GSDP* and Total Outstanding Liabilities as *per cent of GSDP* were not achieved.

**Chart 1.7** depicts the trends in surplus/deficit parameters during last five years.

**Chart 1.7: Trends in deficit parameters**



**Chart 1.7** shows that Revenue, Fiscal and Primary deficits showed a fluctuating trend. While the Fiscal and Primary balances were in deficits during the period, the Revenue balance was in Surplus during 2021-22 before relapsing into deficit in 2022-23.

Overall, the State failed to achieve the projections set for key fiscal performance parameters.

## 1.5 Fiscal Policy Statements (FPSs)

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

**Table 1.6** indicates the variation between the projections made for 2022-23 in MTFPS presented to the State Legislature along with the Annual Budget and Actuals for the year 2022-23.

**Table 1.6: Actuals vis-à-vis projection in FPSs for 2022-23**

(₹ in crore)

Sl. No.	Fiscal Variables	Projection as per MTFPS	Actuals	Variation in per cent
1	Tax Revenue (i + ii)	8,839.10	9,936.81	12.42
	(i) Own Tax Revenue	2,575.40	2,650.67	2.92
	(ii) Share of Central Taxes	6,263.70	7,286.14	16.32
2	Non-Tax Revenue	730.72	456.61	-37.51
3	GIA from GoI	6,465.53	4,426.45	-31.54
4	Revenue Receipts (1+2+3)	16,035.35	14,819.87	-7.58
5	Revenue Expenditure	15,375.53	14,863.77	-3.33
6	Revenue Deficit (-) / Surplus (+) (4-5)	659.82	-43.90	-106.65

Sl. No.	Fiscal Variables	Projection as per MTFPS	Actuals	Variation in per cent
7	Fiscal Deficit (-)/ Surplus (+)	-1,848.70	-2,796.15	51.25
8	Debt-GSDP ratio ( <i>per cent</i> )	40.24	43.19	2.95
9	GSDP growth rate at current prices ( <i>per cent</i> )	9.38	10.09	0.71
10	Fiscal Deficit as a percentage of GSDP	4.51	6.55	(-) 2.04

*Source: Finance Accounts 2022-23 and State Budget 2022-23.*

**Table 1.6** depicts that the Revenue Deficit and Fiscal Deficit deviated significantly from projections made in FPS. During 2020-21, a significant deviation was noticed in Revenue and Fiscal Deficit. While the deviation of Revenue Deficit improved in 2021-22 (48.73 *per cent*), it deteriorated again in 2022-23 (106.65 *per cent*). Further, Debt-GSDP ratio breached the projection of 40.24 *per cent* set by MTFPS.

## 1.6 Deficits and total outstanding Liabilities post examination by Audit

To enhance the portrayal of State Finances, there is a tendency to categorise Revenue Expenditure as Capital Expenditure and engage in off-budget fiscal operations.

### 1.6.1 Deficits post examination by Audit

The MFRBM Act, 2006 requires the State Government to ensure compliance to the targets fixed for the fiscal indicators such as deficits, ceiling on debt and on guarantees, *etc.* The revenue deficit and the fiscal deficit as determined for the State are impacted due to various circumstances such as misclassification of revenue expenditure as capital expenditure and off-budget fiscal operations. Besides, deferment of clear-cut liabilities, not depositing cess/royalty to Consolidated Fund, short contribution to New Pension Scheme, Sinking Fund and guarantee Redemption Fund, *etc.* also impacts the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the effect of misclassification of revenue expenditure/capital outlay and/or any such misclassification needs to be included and the impact of such irregularities needs to be reversed. Analysis of deficits after examination in audit are given in **Table 1.7**.

**Table 1.7: Revenue and Fiscal Deficit, post examination by Audit**

Item	Impact on Revenue Deficit		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: ₹ 0.15 crore; SCAF: ₹ 5.47 crore; and SDRF: ₹ 2.04 crore	-	7.66	-	7.66
Misclassification between revenue and capital	-	0.70	-	-
<b>Total (Net) Impact</b>	<b>8.36 (Understatement)</b>		<b>7.66 (Understatement)</b>	

*Source: Notes to Accounts of Finance Accounts, 2022-23.*

**Table 1.7** Highlights that the revenue deficit (₹ 43.90 crore) and fiscal deficit (₹ 2,796.15 crore) of the State were understated by ₹ 8.36 crore and ₹ 7.66 crore

respectively (as referred in **Paragraph 1.4**). The corrected revenue deficit and fiscal deficit would be ₹ 52.26 crore and ₹ 2,803.81 crore respectively.

### 1.6.2 Total Outstanding Debt post examination by Audit

The MFRBM Act, 2006 defined total liabilities as the liabilities under the Consolidated Fund, the Public Accounts of the State under Article 266 of the Constitution of India and also includes borrowings by the Public Sector Undertakings and Special Purpose Vehicles and other equivalent instruments including guarantees where principal and/or interest are to be serviced out of the State budgets. The position of outstanding liabilities of the state is summarised in **Table 1.8**.

**Table 1.8: Components of outstanding debt/liabilities as on 31 March 2023**

Borrowings and other liabilities as per Finance Accounts	Amount (₹ in crore)
<b>Internal Debt (A)</b>	<b>12,634.54</b>
Market Loans bearing interest	11,285.50
Market Loans not bearing interest	0.00
Compensation and other Bonds	112.50
Loans from Financial Institutions, etc.	814.50
Special Securities issued to the National Small Savings Fund of the Central Government	422.04
<b>Loans and Advances from Central Government (B)</b>	<b>2,002.58</b>
Non-plan Loans	0.59
Loans for State Plan Schemes	62.31
Loans for Centrally Sponsored Plan Schemes	2.28
Loans for Special Schemes	0.35
Others*	1,937.05
<b>Liabilities upon Public Accounts (C)</b>	<b>4,058.36</b>
Small Savings, Provident Funds, etc.	2,399.00
Deposits	1,459.04
Reserve Funds	200.32
<b>Total (A+B+C)</b>	<b>18,695.48</b>

Source: Finance Accounts.

\* Includes back-to-back loans of ₹ 253.16 crore (₹ 112.00 crore in 2020-21 and ₹ 141.16 crore in 2021-22) from GoI in lieu of GST Compensation shortfall.

### 1.7 Conclusion

Following 2.86 *per cent* contraction in Gross State Domestic Product (GSDP) during the fiscal year 2020-21, the State demonstrated a notable recovery, achieving an impressive growth of 14.83 *per cent* in 2021-22. Yet, the GSDP growth for the present year, 2022-23, has declined to 10.09 *per cent*. Moreover, Meghalaya's GSDP growth in 2021-22 and 2022-23 lagged behind the national GDP growth rates of 18.36 *per cent* and 16.06 *per cent*, respectively. Furthermore, Meghalaya's per capita GSDP was lower than the per capita GDP of the country from 2018-19 to 2022-23. This highlights the urgent need for strategic economic initiatives in Meghalaya, including diversification, infrastructure investment, tourism promotion, and prioritising education and skill development.

Revenue receipts and Revenue expenditure rose by *3.82 per cent* and *9.13 per cent*, respectively, from the previous year. However, they fell short of budget estimates by *7.58 per cent* and *3.33 per cent*. Decrease in Grants-in-Aid & contributions, and lower non-tax revenue collection shifted the budget from revenue surplus of ₹ 653.92 crore in 2021-22 to revenue deficit of ₹ 43.90 crore in 2022-23.

The budget projected a surplus of ₹ 659.82 crore, signifying higher expected revenue. However, actual non-tax revenue fell short by *37.51 per cent*, and Grants-in-Aid were *31.54 per cent* below the budget estimates. Tax Revenue collection exceeded the budget estimates by *12.42 per cent*, resulting in an overall *7.58 per cent* shortfall in revenue receipts.

In the capital budget, receipts amounted to ₹ 6,245.23 crore (including WMA & SDF of ₹ 3,164.09 crore), surpassing the Budget Estimates by ₹ 3,580.19 crore - *134.34 per cent* increase. Capital outlay reached ₹ 2,742.28 crore, exceeding the Budget Estimates by ₹ 2,462.63 crore.

Regarding fiscal parameters in 2022-23, the State fell short of maintaining revenue surplus as mandated by the MFRBM Act. The Fiscal Deficit as a percentage of GSDP reached *6.55 per cent*, and the outstanding-GSDP ratio was *43.19 per cent*, missing the FRBM Act targets of *4.00 per cent* and *28.00 per cent*, respectively. Over the past five years, the State failed to meet the targets for Revenue Balance and Fiscal Balance in four years, while the Outstanding liability-GSDP ratio consistently exceeded the *28 per cent* limit.

### **1.8 Recommendations**

- *In order to achieve comparative growth rate as at the national level, the State Government may make efforts to improve its capital spending which will act as a facilitator for private investment in all sectors of the economy.*
- *State Government may 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 2018-19 to 2022-23, 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 2022-23 vis-à-vis 2021-22

**Table 2.1** a bird's eye view of the major changes in key fiscal aggregates of the State during 2022-23, compared to the previous year.

**Table 2.1: Changes in key fiscal aggregates in 2022-23 compared to 2021-22**

<b>Revenue Receipts</b>	Revenue Receipts increased by ₹ 545.73 crore (3.82 per cent) Own Tax Receipts increased by ₹ 350.29 crore (15.23 per cent) Non-Tax Receipts decreased by ₹ 67.97 crore (12.96 per cent) State's Share of Union Taxes and Duties increased by ₹ 705.51 crore (10.72 per cent) Grants-in-Aid from Government of India decreased by ₹ 442.10 crore (9.08 per cent)
<b>Revenue Expenditure</b>	Revenue Expenditure increased by ₹ 1,243.55 crore (9.13 per cent) Revenue Expenditure on General Services increased by ₹ 636.67 crore (14.29 per cent) Revenue Expenditure on Social Services increased by ₹ 357.19 crore (6.80 per cent) Revenue Expenditure on Economic Services increased by ₹ 249.69 crore (6.38 per cent) Expenditure on Grants-in-Aid increased by ₹ 558.62 crore (12.98 per cent)
<b>Capital Receipts</b>	Debt Capital Receipts increased by ₹ 2,200.73 crore (54.74 per cent) Non-debt Capital Receipts increased by ₹ 0.14 crore (0.57 per cent)
<b>Capital Expenditure</b>	Capital Expenditure decreased by ₹ 9.51 crore (0.35 per cent) Capital Expenditure on General Services decreased by ₹ 34.45 crore (20.08 per cent) Capital Expenditure on Social Services decreased by ₹ 319.33 crore (26.75 per cent) Capital Expenditure on Economic Services increased by ₹ 344.27 crore (24.83 per cent)
<b>Loans and Advances</b>	Disbursement of Loans and Advances decreased by ₹ 50.81 crore (59.54 per cent) Recoveries of Loans and Advances increased by ₹ 0.14 crore (0.57 per cent)
<b>Public Debt</b>	Public Debt Receipts increased by ₹ 2200.73 crore (54.75 per cent) Public Debt Disbursement increased by ₹ 1533.34 crore (69.19 per cent)
<b>Public Account</b>	Public Account Receipts decreased by ₹ 263.32 crore (5.16 per cent) Disbursement of Public Account decreased by ₹ 599.94 crore (12.12 per cent)
<b>Cash Balance</b>	Cash Balance increased by ₹ 161.50 crore (376.61 per cent)

Source: Finance Accounts 2022-23.

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

### 2.3 Sources and Application of Funds

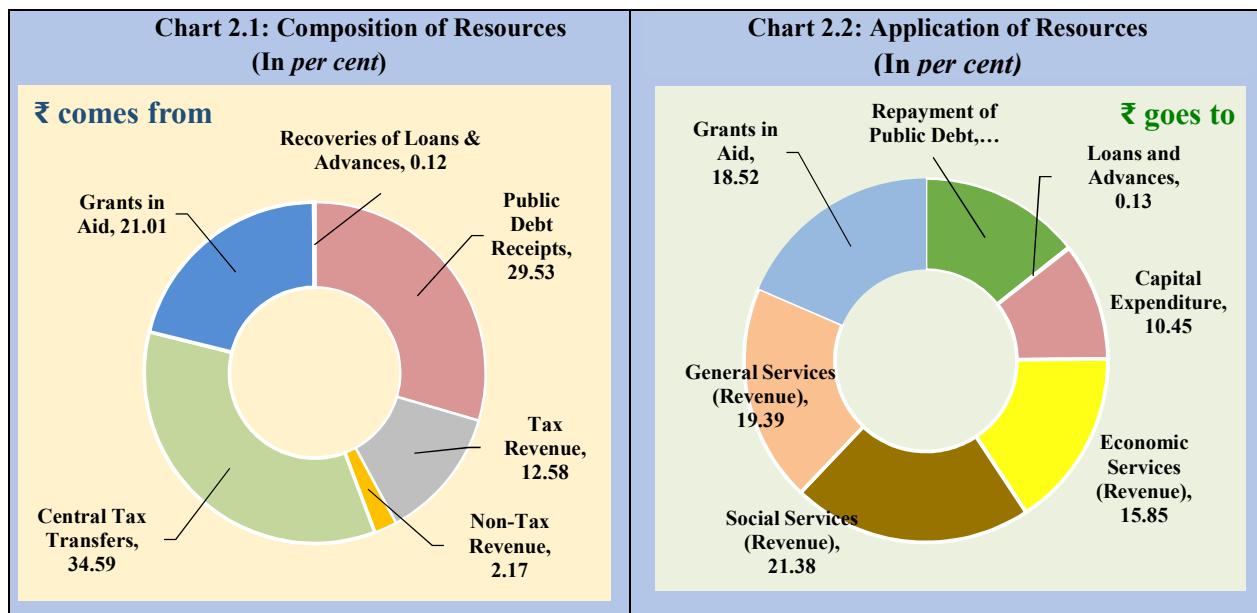
**Table 2.2** compares the sources and application of funds of the State during 2022-23 with 2021-22 in absolute terms, while **Chart 2.1** and **Chart 2.2** give the details of

receipts into and expenditure from the Consolidated Fund during 2022-23 in terms of percentage.

**Table 2.2: Details of Sources and Application of funds during 2021-22 and 2022-23**

	Particulars	2021-22	2022-23	(₹ in crore) Increase (+)/ Decrease (-) (per cent)
<b>Sources</b>	Opening Cash Balance (including investments held in Cash Investment Account and Deposits with RBI)	162.49	(-42.66)	(-205.15 (-126.25)
	Revenue Receipts	14,274.14	14,819.87	545.73 (3.82)
	Recoveries of Loans and Advances	24.41	24.55	0.14 (0.57)
	Public Debt Receipts (Net)	1,803.75	2,471.13	667.39 (37.00)
	Public Account Receipts (Net)	149.90	486.52	336.62 (224.56)
	Contingency Fund Receipts	200.00	-	(-200.00 (-100))
<b>Total</b>		<b>16,614.69</b>	<b>17,759.41</b>	<b>1,144.72</b>
<b>Application</b>	Revenue Expenditure	13,620.22	14,863.77	1,243.55 (9.13)
	Capital Expenditure	2,751.79	2,742.28	(-9.51 (-0.35))
	Disbursement of Loans and Advances	85.34	34.52	(-50.82 (-59.55))
	Appropriation to Contingency Fund <sup>9</sup>	200.00	-	(-200.00 (-100))
	Contingency Fund disbursement	-	-	-
	Closing Cash Balance (including investments held in Cash Investment Account and Deposits with RBI)	(-42.66)	118.84	161.50 (378.57)
<b>Total</b>		<b>16,614.69</b>	<b>17,759.41</b>	<b>1,144.72</b>

Source: Finance Accounts 2022-23.



Source: Finance Accounts 2022-23.

<sup>9</sup> Any Appropriation to Contingency Fund for increasing the Corpus of the Fund also forms part of the Total Expenditure.

## 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).

**Capital Receipts** (debt and non-debt) comprise debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and 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.

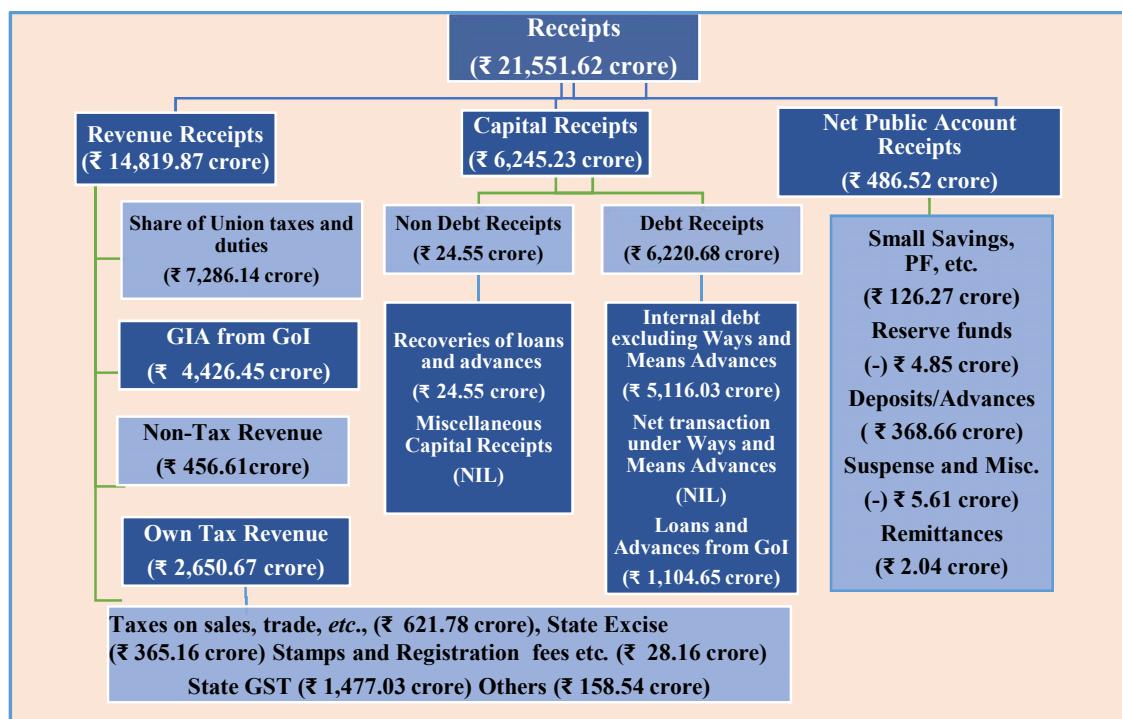
**Net Public Account Receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund.

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

This paragraph 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. The composition of total receipts of the State is depicted in **Chart 2.3**.

**Chart 2.3: Composition of Receipts of the State during 2022-23**



Source: Finance Accounts 2022-23.

Out of the total resources of ₹ 21,551.62 crore of the State Government during the year 2022-23, Revenue Receipts (₹ 14,819.87 crore) constituted 68.76 *per cent*. Capital Receipts (₹ 6,245.23 crore) and net Public Account Receipts (₹ 486.52 crore) constituted 28.98 *per cent* and 2.26 *per cent* of the total resources respectively.

## 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 2018-23.

**Table 2.3: Trend in Revenue Receipts**

Table Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Revenue Receipts (RR)</b>	<b>9,718.62</b>	<b>9,413.52</b>	<b>10,683.24</b>	<b>14,274.14</b>	<b>14,819.87</b>
Rate of growth of RR ( <i>per cent</i> )	4.80	(-)3.14	13.49	33.61	3.82
<b>Tax Revenue</b>	<b>6,682.31</b>	<b>6,103.03</b>	<b>6,624.19</b>	<b>8,881.01</b>	<b>9,936.81</b>
<i>Own Tax Revenue</i>	1,793.24	1,891.25	2,072.56	2,300.38	2,650.67
<i>State's share in Union taxes and duties</i>	4,889.07	4,211.78	4,551.63	6,580.63	7,286.14
<b>Non-Tax Revenue</b>	<b>427.7</b>	<b>530.11</b>	<b>523.17</b>	<b>524.58</b>	<b>456.61</b>
<b>Grants-in aid from GoI</b>	<b>2,608.61</b>	<b>2,780.38</b>	<b>3,535.88</b>	<b>4,868.55</b>	<b>4,426.45</b>
Own Revenue (Own Tax and Non-tax Revenue)	2,220.94	2,421.36	2,595.73	2,824.96	3,107.28
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) ( <i>per cent</i> )	22.25	9.02	7.2	8.83	9.99
GSDP	32,176	34,770	33,776	38,785 (Q)	42,697 (A)
Rate of growth of nominal GSDP ( <i>per cent</i> )	9.04	8.06	(-) 2.86	14.83	10.09
RR/GSDP ( <i>per cent</i> )	30.20	27.07	31.63	36.80	34.71
2Buoyancy Ratios <sup>10</sup>					
Revenue Buoyancy w.r.t GSDP	0.53	**	*	2.27	0.38
State's Own Revenue Buoyancy w.r.t GSDP	2.46	1.12	*	0.60	0.99

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

\*Not computed due to negative growth of GSDP; \*\*Not computed due to negative growth of RR;

\*\*\* Not computed due to negative growth of Grants-in-Aid

Q = Quick Estimates, A = Advance Estimates

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

**Table 2.3** shows that the Revenue Receipts increased by 52.49 *per cent* from ₹ 9,718.62 crore in 2018-19 to ₹ 14,819.87 crore in 2022-23. During five-year period, these increased at an average annual growth rate of 11.12 *per cent*. As compared to 2021-22, Revenue Receipts grew 3.82 *per cent*, while Tax Revenue increased by 11.89 *per cent* (₹ 1,055.80 crore), Non-tax Revenue decreased by 12.96 *per cent*

<sup>10</sup> Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

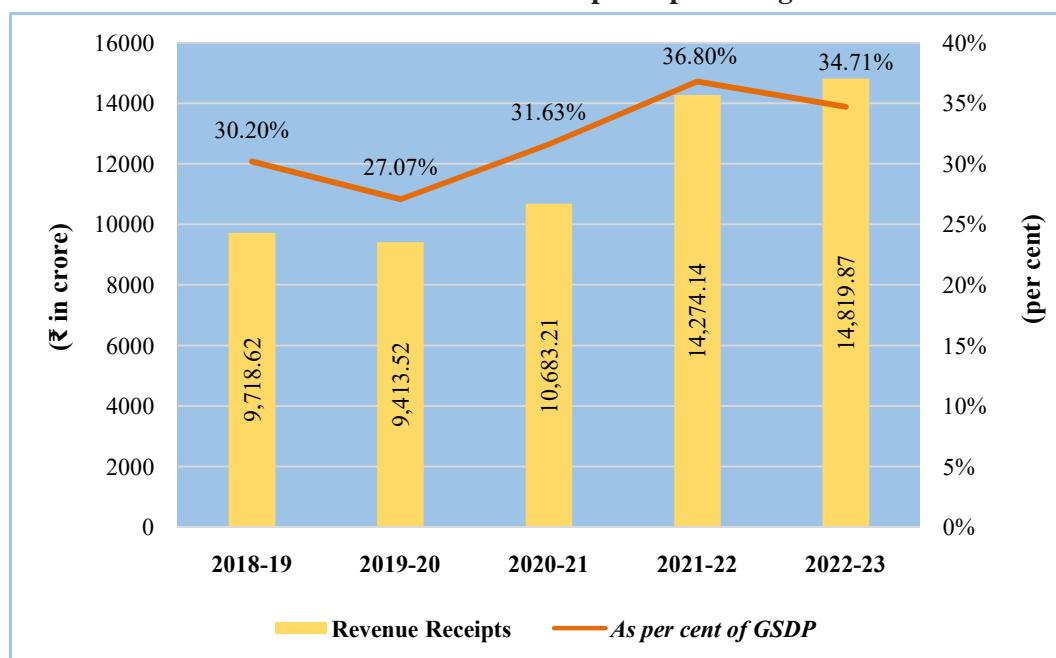
(₹ 67.97 crore) in 2022-23 as compared to 2021-22. Further, Grants-in-Aid from GoI decreased by ₹ 442.10 crore (9.08 *per cent*) in 2022-23 as compared to 2021-22.

Growth rate of revenue can be better explained in terms of revenue buoyancy. The revenue buoyancy, a measure of how tax/non-tax revenues change as a result of growth in GSDP, indicates the underlying attributes of the State economy including efficiency of tax collection and impact of fiscal measures. A value of less than one reflects higher fiscal deficit whereas values more than one reflects that revenue collection rate is higher than the rate of growth of GSDP and therefore a lower need to resort to fiscal financing. Revenue buoyancy vis-à-vis the State GDP growth was 0.53 in 2018-19 indicating that for every one *per cent* growth of GSDP, revenue collected increased by approximately half *per cent*. Post pandemic, there was a dramatic improvement in tax buoyancy with a score of 2.27 in 2021-22, before score slumped to 0.38 in 2022-23, partly explained by the slower GSDP growth rate 10.09 *per cent* in 2022-23 compared to about 14.83 *per cent* in 2021-22. Nonetheless, sharp decline witnessed in revenue buoyancy in 2022-23 over 2021-22 is a cause of concern. GoM needs to take corrective measures not only for improving its tax collection by preventing revenue leakages but also to widen the tax base.

Revenue Buoyancy of the State in 2022-23 was 0.38 *per cent* as compared to 2.27 *per cent* in 2021-22. In other words, growth in Revenue Receipts with growth in GSDP in 2022-23 was slower than that in 2021-22. This is primarily due to decrease in Non-tax Revenue in 2022-23 as compared to 2021-22. State's Own Revenue (Tax and Non-tax) buoyancy decreased from 2.46 in 2018-19 to 0.99 in 2022-23.

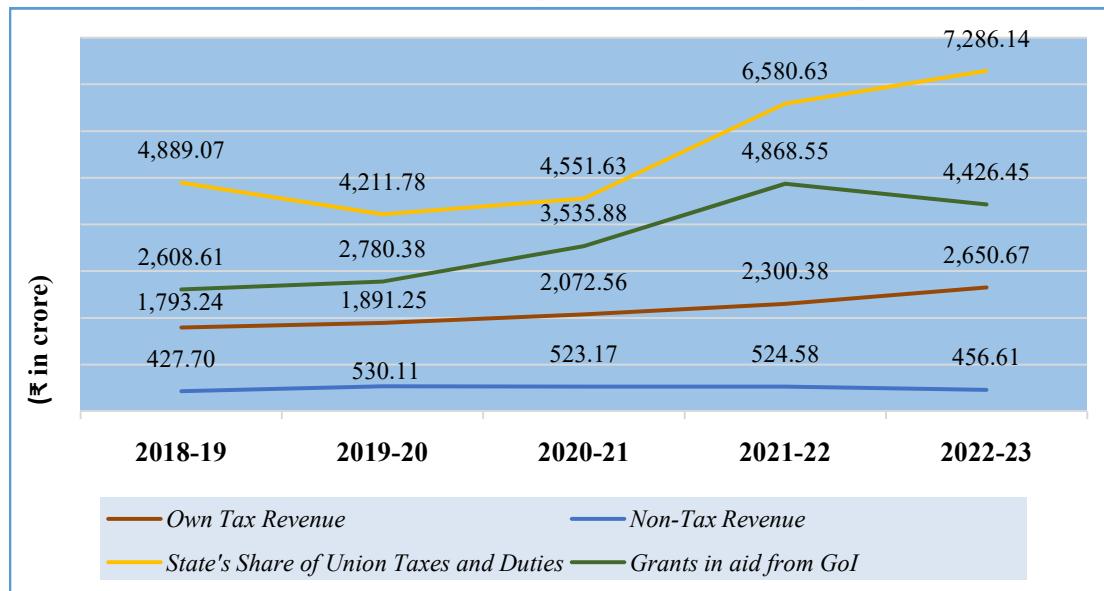
Trends in Revenue Receipts relative to GSDP and components of Revenue Receipts are given in **Charts 2.4** and **2.5** respectively.

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



Source: Finance Accounts of 2018-19 to 2022-23.

**Chart 2.5: Trend of components of Revenue Receipts**



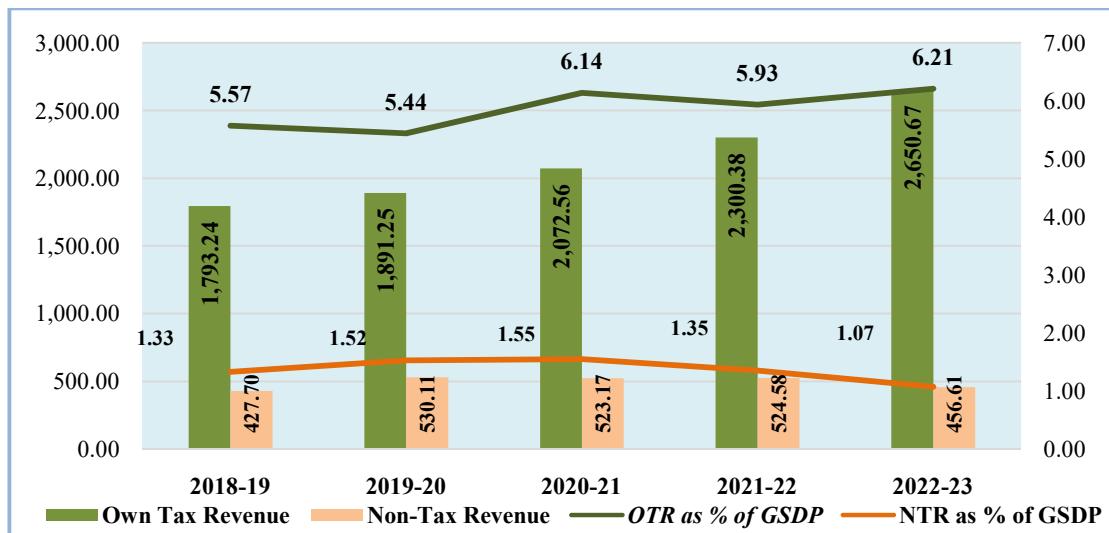
Source: Finance Accounts of 2018-19 to 2022-23.

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

The State's performance in mobilisation of additional resources is assessed in terms of its own revenue, derived from both tax and non-tax sources. State's Own Tax Revenue (OTR) sources comprise 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 (NTR) 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 2018-23 (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 2018-23**

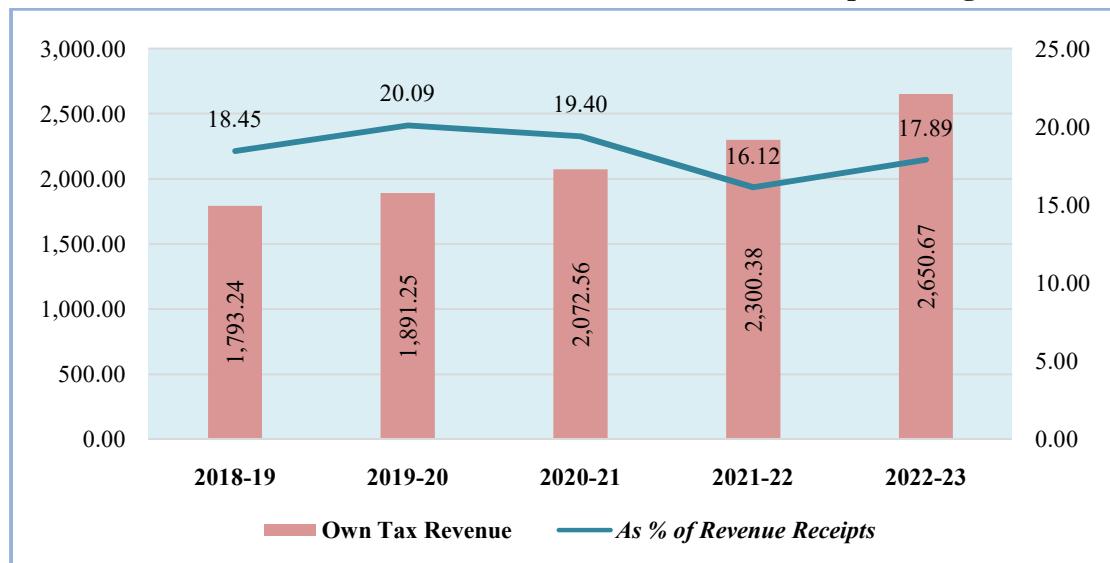


Source: Finance Accounts of 2018-19 to 2022-23.

The State's own tax revenue as percentage of GSDP has hovered around five *per cent* to six *per cent* and it 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 2018-23.

**Chart 2.7: Growth of Own Tax Revenue *vis-à-vis* Revenue Receipts during 2018-23**



Source: Finance Accounts of 2018-19 to 2022-23.

Own Tax Revenue of the State increased by ₹ 857.43 crore from ₹ 1,793.24 crore in 2018-19 to ₹ 2,650.67 crore in 2022-23 at a CAGR<sup>11</sup> of 10.26 *per cent*. The major contributors were SGST (from ₹ 805.96 crore to ₹ 1,477.03 crore), State Excise (₹ 226.21 crore to ₹ 365.16 crore) and Taxes on vehicles (₹ 86.95 crore to ₹ 131.51 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**

Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	
					BEs	Actuals
Taxes on Sales, Trades, etc.	627.50	567.13	725.09	718.89	747.51	621.78
State Goods and Services Tax	805.96	909.78	822.81	1,117.94	1,316.01	1,477.03
State Excise	226.21	276.27	375.38	308.00	350.03	365.16
Taxes on Vehicles	86.95	99.24	78.62	99.42	100.12	131.51
Stamp duty and Registration Fees	26.19	20.34	31.56	27.06	38.18	28.16
Land Revenue	2.73	1.00	21.29	9.83	4.51	4.91
Taxes on Goods and Passengers	8.45	9.13	10.72	12.54	11.00	14.05
Other Taxes	9.25	8.36	7.09	6.70	8.04 <sup>12</sup>	8.07
<b>Total</b>	<b>1,793.24</b>	<b>1,891.25</b>	<b>2,072.56</b>	<b>2,300.38</b>	<b>2,575.40</b>	<b>2,650.67</b>

Source: Finance Accounts and Annual Financial Statement, Government of Meghalaya (2022-23).

<sup>11</sup> Compounded Annual Growth Rate (CAGR) refers the average annual growth rate of a parameter over a specified number of years. and is calculated as  $(\text{Final Value}/\text{Initial Value})^{1/n}$  (no. of years) – 1

<sup>12</sup> Includes Taxes and duties on electricity, other taxes and duties on commodities and services and Other taxes on income and expenditure.

During 2022-23, the State's Own Tax Revenue comprised 17.89 *per cent* of total Revenue Receipts, of which State Goods and Services Tax at ₹ 1,477.03 crore contributed to 55.72 *per cent* of Own Tax Revenue. Next highest source of Tax Revenue was Taxes on Sales, Trade, *etc.*, (23.46 *per cent*) and State Excise (13.78 *per cent*).

The increase in Own Tax Revenue over the previous year was primarily on account of increase in collection of taxes under SGST by ₹ 359.09 crore (32.12 *per cent*), State Excise by ₹ 57.16 crore (18.56 *per cent*) and Taxes on Vehicles by ₹ 32.09 crore (32.28 *per cent*). This is partially offset by decrease in Taxes on Sales, Trades, *etc.* by 97.11 crore (13.51 *per cent*).

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

The Government of India rolled out the Goods and Services Tax (GST) on 01 July 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.

As per the Finance Accounts 2022-23, the amount of SGST is ₹ 1,477.03 crore.

##### **(i) 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 2023 were ₹ 89 crore, as detailed in **Table 2.5**.

**Table 2.5: Details of arrears of revenue collection**

*(₹ in crore)*

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2023	Amount outstanding for more than five years as on 31 March 2023
1.	0040-Taxes on Sale, Trade, <i>etc.</i>	89	37
	<b>Total</b>	<b>89</b>	<b>37</b>

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

**Table 2.5** indicates that recovery of ₹ 89 crore was pending against head 0040-Taxes on Sales, Trade, *etc.* of revenue, which was 2.86 *per cent* of the State's own revenue collection of ₹ 3,107.28 crore for 2022-23. Revenue amounting to ₹ 37 crore (41.57 *per cent* of the total revenue arrears) was pending for recovery for more than five years.

Further, 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 2.6**.

**Table 2.6: Arrears of assessments of VAT**

Head of revenue	Opening balance as on 1 April 2022	New cases due for assessment during 2022-23	Total assessments due	Cases disposed of during 2022-23	Balance at the end of the year
0040-Taxes on Sales, Trade, etc.	77,063	505	77,568	7,071	70,497

Source: Information received from the Taxation Department.

**Table 2.6** shows that only 7,071 cases, i.e., 9.12 per cent of the total pending cases were disposed of during 2022-23. There were 70,497 cases (90.88 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 recover dues before these become time barred.

### (ii) 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 2022-23 are given in **Table 2.7**.

**Table 2.7: Evasion of Tax Detected**

Sl. No.	Head of revenue	Cases pending as on 31 March 2023	Cases detected during 2022-23	Total	No. of cases in which assessment/ investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalisation as on 31 March 2022
					No. of cases	Amount (₹ in crore)	
1	0006 – SGST	47	79	126	73	0.11	53
	<b>Total</b>	<b>47</b>	<b>79</b>	<b>126</b>	<b>73</b>	<b>0.11</b>	<b>53</b>

Source: Information furnished by Taxation Department.

**Table 2.7** presents that during the year 2022-23, the Department detected 79 cases of evasion of tax. Out of 126 cases, only 73 cases were assessed/ investigated and completed, and an additional demand of ₹ 0.11 crore was raised. As on 31 March 2023, 53 cases were still pending.

### (iii) 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 2022-23, claims received during the year, refunds made during the year and cases

pending at the end of the year 2022-23, as reported by Taxation Department are given in **Table 2.8**.

**Table 2.8: Details of refund cases of Sales Tax/VAT & GST**

Sl. No.	Particulars	Sales tax/VAT		GST	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding as on 01 April 2022	23	16.10	32	7.65
2.	Claims received during the year	20	26.87	114	42.70
3.	Refunds made during the year	29	29.42	66	32.06
4.	Refunds rejected during the year	Nil	Nil	21	11.99
5.	Balance outstanding at the end of year	14	13.55	59	6.3

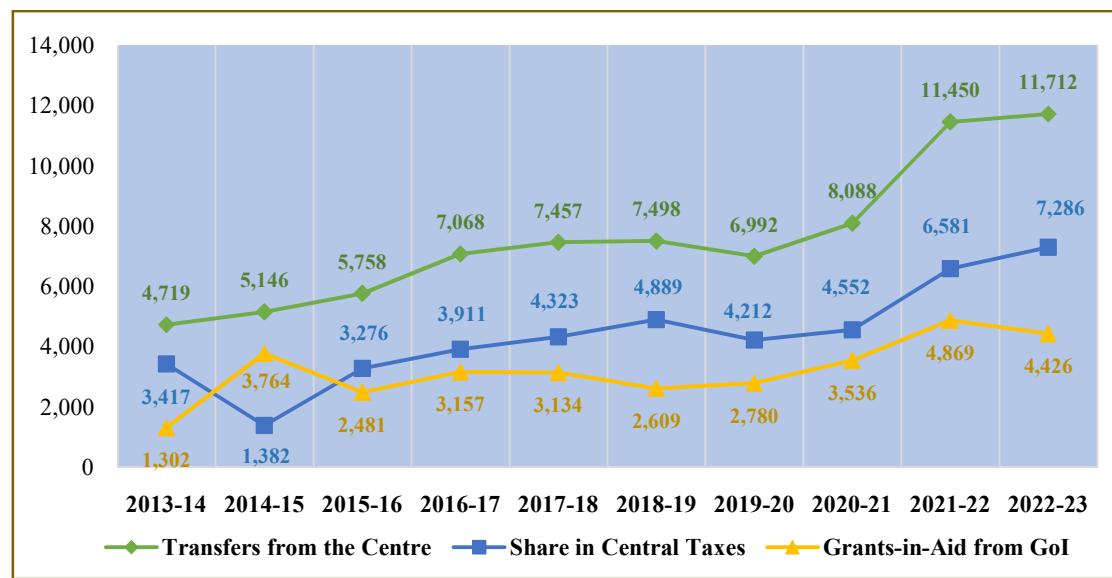
*Source: Information furnished by Taxation Department.*

It could be seen that out of 43 cases, refunds in 29 cases involving monetary value of ₹ 29.42 crore in case of sales tax/VAT and 66 (45.20 *per cent*) out of 146 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 79.03 *per cent* of total Revenue Receipts during 2022-23. **Chart 2.8** presents the trend in transfers from Government of India.

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



*Source: Finance Accounts of 2018-19 to 2022-23.*

#### **(i) Central tax transfer**

The actual release of share in Union taxes and duties to State Government *vis-à-vis* projections made by Fourteenth Finance Commission and Fifteenth Finance Commission

during the period from 2015-16 to 2022-23 is detailed in **Table 2.9** and head wise central tax transfer during the years 2018-23 are given in **Table 2.10**.

**Table 2.9: State's share in Union taxes and duties: Actual devolution vis-à-vis Finance Commission projections**

FC	Year	Finance Commission projections	Projections in FCR	Actual tax devolution	(₹ in crore)	
					Amount	per cent
					[(5-4)/4]	
1	2	3	4	5	6	
FC-XIV	2015-16	0.642 <i>per cent</i> of net proceeds of all shareable taxes excluding service tax and 0.650 <i>per cent</i> of net proceeds of sharable service tax	3,728.00	3,276.46	(-)451.54	(-)12.11
	2016-17		4,302.00	3,911.05	(-)390.95	(-)9.09
	2017-18		4,971.00	4,323.14	(-)647.86	(-)13.03
	2018-19		5,751.00	4,889.07	(-)861.93	(-)14.99
	2019-20		6,661.00	4,211.78	(-)2,449.22	(-)36.77
<b>Total</b>			<b>25,413.00</b>	<b>20,616.50</b>	<b>(-)4,801.50</b>	<b>(-)18.89</b>
FC-XV	2020-21	0.765 <i>per cent</i> of net proceeds of all shareable taxes	6,542.00	4,551.63	(-)1,990.37	(-)30.42
	2021-22	0.767 <i>per cent</i> of net proceeds of all shareable taxes	5,051.00	6,580.63	1,529.63	30.28
	2022-23		5,619.00	7,286.14	1,667.14	29.67

Source: XIV<sup>th</sup> and XV<sup>th</sup> Finance Commission Report (FCR), Finance Accounts and Annual Financial Statements.

\*(+) indicates a higher devolution of taxes than projection, while (-) indicates a lesser devolution of taxes than projection.

**Table 2.9**, shows that the overall devolution of taxes from the Centre in XIV<sup>th</sup> FC was less by 18.89 *per cent* than projected in the FCR. However, during 2022-23, the actual devolution of taxes was higher by ₹ 1,667.14 crore (29.67 *per cent*) compared to FCR projection for 2022-23.

**Table 2.10: Central Tax Transfers**

Head	2018-19	2019-20	2020-21	2021-22	(₹ in crore)	
					BEs	Actuals
Central Goods and Services Tax (CGST)	1,206.74	1,195.17	1,364.27	1,945.54	2,056.70	2,058.15
Integrated Goods and Services Tax (IGST)	96.30	Nil	Nil	0.00	0.00	0.00
Corporation Tax	1,700.27	1,436.04	1,364.90	1,974.31	1,955.76	2,444.48
Taxes on Income other than Corporation Tax	1,252.18	1,125.24	1,398.24	1,979.29	1,888.86	2,383.99
Customs	346.56	266.97	249.50	426.42	271.57	286.34
Union Excise Duties	230.32	185.63	154.13	198.34	84.59	89.80
Service Tax	44.70	Nil	17.73	49.84	6.29	11.39
Other Taxes	12.00	2.73	2.86	6.89	-0.07	11.99
<b>Central Tax transfers</b>	<b>4,889.07</b>	<b>2.73</b>	<b>4,551.63</b>	<b>6,580.63</b>	<b>6,263.70</b>	<b>7,286.14</b>
<i>Percentage of increase over previous year</i>	13.09	(-)13.85	8.07	44.58	-	10.72
Central tax transfers as per cent to Revenue Receipts	50.31	44.74	42.61	46.10	-	49.16

Source: Finance Accounts and Annual Financial Statement, Government of Meghalaya (2022-23).

Over the five-year period 2018-23, Central tax transfers increased by 49.03 *per cent* from ₹ 4,889.07 crore in 2018-19 to ₹ 7,286.14 crore in 2022-23. The central tax transfers during the year increased by ₹ 705.51 crore (10.72 *per cent*) as compared to the

previous year. During the year, the actuals receipt from central tax transfers was higher by ₹ 1,022.44 crore than the BEs.

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

**Table 2.11** presents the component-wise details of Non-Tax Revenue collected during the years 2018-23.

**Table 2.11: Components of State's non-tax revenue**

Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	
					BEs	Actuals
Interest receipts	58.26	28.91	11.53	24.65	13.95	8.81
Dividends and Profits	0.11	0.14	-	0.12	0.18	0.35
Other Non-Tax Receipts	369.33	501.06	511.64	499.81	716.59	447.46
a) Non-ferrous Mining and Metallurgy* <sup>13</sup>	147.56	322.84	246.44	239.78	500.00	263.38
b) Forestry and Wildlife	78.31	81.27	102.12	117.34	120.00	129.76
c) Other Administrative Services	9.25	41.30	26.98	3.73	32.65	6.33
d) Public Works	17.64	9.78	7.05	6.34	8.53	9.86
e) Police	16.27	8.17	7.29	6.62	8.82	8.82
f) Animal Husbandry	2.10	1.91	1.96	2.20	2.54	1.99
g) Crop Husbandry	6.71	2.29	2.03	2.65	2.46	2.78
h) Others	91.49	33.50	117.77	121.15	41.59	24.53
<b>Total</b>	<b>427.70</b>	<b>530.11</b>	<b>523.17</b>	<b>524.58</b>	<b>730.72</b>	<b>456.62</b>

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

Non-Tax Receipts contributed 3.08 *per cent* to the Revenue Receipts during 2022-23. Under Non-Tax Revenue, royalty and fees collected under Mining concessions was the highest contributor at 57.68 *per cent* (₹ 263.38 crore) followed by receipts under Forestry and Wildlife<sup>14</sup> at 28.42 *per cent* (₹ 129.76 crore).

Non-Tax Revenue rose by 6.76 *per cent* from 2018-19 (₹ 427.70 crore) to 2022-23 (₹ 456.61 crore). However, during 2022-23, it declined by ₹ 67.97 crore (12.96 *per cent*) over the previous year. As compared to BEs, actual was 62.49 *per cent* during current year. Interest Receipts decreased by ₹ 15.84 crore (64.26 *per cent*).

As per Sixth Schedule of the Constitution, forest and mining royalty collected by the State is shareable with the Autonomous District Councils. However, collection of royalty for mining concession of minor minerals (collected by the Forest Department) is shown under a common accounting sub head of forest revenues. It is, therefore essential that 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.

<sup>13</sup> Non-Ferrous Mining and Metallurgy includes mineral concession fees, rents & royalties, and Mines Department (MH-0853).

<sup>14</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.

### (i) 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 2.12** presents the State's own tax and non-tax receipts for the year 2022-23 *vis-à-vis* projections made by the XV FC and the Budget Estimates (BEs) of the State Government.

**Table 2.12: Tax and non-tax receipts vis-vis projections.**

Particulars	FC projections	Budget Estimates 2022-23	Actuals	Percentage variation of actuals over	
				Budget Estimates	FC projections
Own Tax Revenue	2,180	2,575.40	2,650.67	2.92	21.59
Non-Tax Revenue	528	730.72	456.61	-37.51	-13.52

During the year, own tax revenue was 21.59 *per cent* and 2.92 *per cent* higher than the assessment made by the XV FC and in BEs respectively. Whereas Non-tax revenue was 13.52 *per cent* and 37.51 *per cent* lower than the projection of XV FC and assessment made in BEs respectively.

#### 2.4.2.6 Grants-in-Aid from Government of India

Trend of Grants-in-aid (GIA) from GoI and its components are shown in **Table 2.13**.

**Table 2.13: Grants-in-Aid from Government of India**

Head	2018-19	2019-20	2020-21	2021-22	2022-23	
					BEs	Actuals
Grants for Centrally Sponsored Schemes (CSS)	2,011.17	2,314.17	2,554.41	2,955.61	4,058.66	3,253.29
Finance Commission Grants	225.60	63.93	708.51	1,494.65 <sup>15</sup>	1,310.00	1,144.70 <sup>16</sup>
Other transfers/Grants to States/Union Territories with Legislature	371.84	402.28	275.96	418.31	1,096.88	28.46
Block Grants	-	-	-	(-)0.02	-	-
<b>Total</b>	<b>2,608.61</b>	<b>2,780.38</b>	<b>3,535.88</b>	<b>4,868.55</b>	<b>6,465.54</b>	<b>4,426.45</b>
Percentage of increase over the previous year	-16.75	6.58	27.17	37.69	-	(-)9.08
Per cent of GIA to Revenue Receipts	26.84	29.54	33.10	34.11	-	29.87

Source: Finance Accounts, Finance Accounts 2022-23 and Annual Financial Statement, Government of Meghalaya (2022-23).

The total amount transferred by the Central Government to the State during the year 2022-23 was ₹ 4,426.45 crore. Grants-in-Aid from GoI decreased by ₹ 442.10 crore (9.08 *per cent*) during the year compared to the previous year, constituting 29.87 *per cent* of Revenue Receipts. Grants for Centrally Sponsored Schemes to the State constituted 73.50 *per cent* (₹ 3,253.29 crore) of the total grants received during the year. It increased 10.07 *per cent* in 2022-23 w.r.t. 2021-22. There was a substantial

<sup>15</sup> Includes Post Devolution Revenue Deficit Grant, Grants for Rural Local Bodies and Urban Local Bodies, GIA for SDRF and SDMF.

<sup>16</sup> Includes Post Devolution Revenue Deficit Grant of ₹ 1,033 crore.

decrease in Other Transfers/Grants to States of 93.20 per cent (₹ 389.85 crore) during the year as compared to the previous year due to non-receipt of grants under Central pool of Resources for NER, Schemes of NEC, compensation for loss of Revenue arising out of implementation of GST and Special components plan for Scheduled Castes.

**(i) Single Nodal Agency**

The Government of India, Ministry of Finance, Department of Expenditure, New Delhi vide Office Memorandum No. 1(13)/PFMS/FCD/2020 dated 8 December 2021 provided that every State Government is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The Single Nodal Agency will open Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorised to conduct business by the State Government. Further, as per the new procedure, it is the responsibility of the State Government concerned to ensure that the entire unspent amount is returned by all the Implementing Agencies (AIs) to the Single Nodal Account of the Single Nodal Agency.

As per PFMS report<sup>17</sup>, 115 bank accounts related to SNAs has been linked as on 31 March 2023. The State Government received ₹ 2,639.55 crore being Central share of the Centrally Sponsored Schemes during the year in its Treasury Accounts. As on 31.03.2023, the State Government transferred ₹ 2,496.47 crore being Central share, State share of ₹ 638.65 crore and unclassified amount of ₹ 32.57 crore to the SNAs. There was short transfer of ₹ 143.08 crore of Central Share. As on 31 March 2023, ₹ 1,533.33 crore was lying unspent in the bank account of the SNAs.

However, the State Government intimated that it had received ₹ 2,650.39 crore being Central share during the year and transferred Central share of ₹ 2,529.04 crore, State share of ₹ 606.08 crore and Top-up of ₹ 32.57 crore to the SNAs during the year. Out of total transfer of ₹ 3,167.69 crore, ₹ 1,442.53 crore was transferred through GIA bills and ₹ 1,725.16 crore through final (expenditure) bill. Detailed vouchers and supporting documents of actual expenditure were not received by office of Principal Accountant General (A&E) from the SNAs. The difference between the figures of SNA report of PFMS and as provided by the State Government needs reconciliation.

**(ii) Interest earned on savings bank Accounts of SNAs**

As per PFMS report<sup>18</sup>, during the current year, a total amount of ₹ 47.06 crore interest was earned and credited to SNA's Account.

**(iii) Fifteenth Finance Commission Grants**

XV FC grants were provided to the States for local bodies, State Disaster Risk Mitigation Funds (SDRMF), Post Devolution Revenue Deficit and health sector. Details of grants recommended by XV FC and provided by GoI to the Government of Meghalaya (GoM) during 2022-23 are given in **Table 2.14**.

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<sup>17</sup> SNA 04 Report.

<sup>18</sup> SNA Report 04-Interest Earned.

**Table 2.14: Recommended amount, actual release and transfers of Grants-in-Aid**

Transfers	Recommendation of XV FC	Actual release by GoI	Released by State Government	
			Amount	Percentage of Release by GoI
A	B	C	D	E
<b>(i) Grants to RLBs</b>				
(a) Untied Grant		56.00	0.00	0.00
(b) Tied Grant		84.00	40.50 <sup>#</sup>	40.50 <sup>@</sup> 100.00
<b>Total for RLBs</b>		140.00	<b>40.50</b>	
<b>(ii) Grants to ULBs</b>				
(a) Untied Grant for Non-Million Plus Cities		27.60	22.00 <sup>##</sup>	22.00 100.00
(b) Tied Grant for Non-Million Plus Cities		41.40	22.00 <sup>##</sup>	22.00 100.00
<b>Total for ULBs</b>		69.00	44.00	<b>44.00</b> <b>100.00</b>
<b>Total for Local Bodies</b>		<b>209.00</b>	<b>84.50</b>	-
SDRMF* (SDRF + SDMF)	Central Share State Share	68.00 8.00	27.20 -	27.20 100.00 3.20 -
Grants for Health Sector		59.00	0.00	-
Post Devolution Revenue Deficit Grant		1033.00	1033.00	-

Source: XV-FC 2021-26 Report, Government of India and Government of Meghalaya.

<sup>@</sup> FC Grants for RLB are transferred to Autonomous District Councils (ADCs).

<sup>#</sup> Rural Local Bodies Grant for the year 2021-22 released in 2022-23 on 28.06.2022.

<sup>##</sup> Urban Local Bodies Grant for the year 2020-21 released in 2022-23 on 01.09.2023.

\* State Disaster Risk Mitigation Funds (SDRMF) = State Disaster Response Fund (SDRF): 80.00 per cent and State Disaster Mitigation Fund (SDMF): 20 per cent.

- As against ₹ 209.00 crore recommended by the 15<sup>th</sup> FC in respect of Rural Local Bodies (RLBs) and Urban Local Bodies (ULBs), ₹ 84.50 crore was released by the GoI during 2022-23. The Amount released by GoI was released by GoM during the same year.
- In respect of SDRMF, 15<sup>th</sup> FC recommended Central Share of ₹ 68.00 crore and State Share of ₹ 8.00 crore for the year 2022-23. GoI released its entire share during 2022-23. GoM released ₹ 30.40 crore (Central Share: ₹ 27.20 crore + State Share: ₹ 3.20 crore).
- Against ₹ 59.00 crore recommended by the 15<sup>th</sup> FC for 2022-23 as Grants for Health Sector for the State, no fund was released during 2022-23.
- In respect of Post-Devolution Revenue Deficit Grants, the State received the entire amount of ₹ 1,033.00 crore recommended by the 15<sup>th</sup> FC for the year 2022-23. This was 23.34 per cent of the total GIA received from the Government of India during 2022-23.

#### **(iv) State Finance Commission**

The **Meghalaya State Finance Commission Act, 2012** mandates constitution of the Meghalaya State Finance Commission every five years to review the financial position of the Traditional Bodies, Municipal Boards and the Autonomous District Councils (ADCs). It recommends sharing of revenue between the State and the Traditional Bodies,

Municipal Boards and the Autonomous District Councils (ADCs). As per Section 3(1) of the Act, the State Government shall as soon as 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 Act 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 (November 2023).

#### 2.4.3 Capital Receipts

**Table 2.15** shows the trend in growth and composition of Capital Receipts.

**Table 2.15: Trend in growth and composition of Capital Receipts**

(₹ in crore)

Sources of State's Receipts	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Capital Receipts</b>	<b>1,342.70</b>	<b>1,527.34</b>	<b>2,469.66</b>	<b>4,044.36</b>	<b>6,245.23</b>
Miscellaneous Capital Receipts	NIL	NIL	NIL	NIL	NIL
Recovery of Loans and Advances	18.01	31.32	27.77	24.41	24.55
Public Debt Receipts	1,324.69	1,496.02	2,441.89	4,019.95	6,220.68
Internal Debt	1,342.7	1,480.24	2,096.53	3,505.42	5,116.03
Growth rate	6.88	13.67	41.63	67.20	45.95
Loans and advances from GoI	22.41	15.78	345.36 <sup>19</sup>	514.53 <sup>20</sup>	1,104.65
Growth rate	235.98	-29.59	2,088.59	48.98	114.69
Rate of growth of debt Capital Receipts	8.13	12.93	63.23	64.62	54.74
Rate of growth of non-debt Capital Receipts	3.21	73.90	-11.34	-12.10	0.57
Rate of growth of GSDP	9.04	8.06	-2.86	14.83	10.09
Rate of growth of Capital Receipts (per cent)	8.06	13.75	61.70	63.76	54.42

Source: Finance Accounts of 2018-19 to 2022-23.

Capital Receipts increased by 365.12 *per cent* from ₹ 1,342.70 crore in 2018-19 to ₹ 6,245.23 crore in 2022-23 with a CAGR of 46.86 *per cent*. Major portion of Capital Receipts comprises of Public Debt Receipts (99.61 *per cent*) which create future repayment obligation and are taken from Market (28.07 *per cent*), Financial Institutions and Central Government.

Capital Receipts increased by 54.42 *per cent* from ₹ 4,044.36 crore in 2021-22 to ₹ 6,245.23 crore in 2022-23 on account of significant rise in internal debt by ₹ 1,610.61 crore (45.95 *per cent*) and loans and advances from GoI by ₹ 590.12 crore (114.69 *per cent*). During the year 2022-23, market loans obtained is detailed in **Table 2.16**.

<sup>19</sup> Meghalaya received back-to-back loan of ₹ 112.00 crore under the debt receipts of the State Government with no repayment liability of the State.

<sup>20</sup> Meghalaya received back-to-back loan of ₹ 141.16 crore under the debt receipts of the State Government with no repayment liability of the State.

**Table 2.16: Details of market loans during 2022-23**

Sl. No.	Details of market loan	Amount ₹ in crore)	Rate of Interest (per cent)	Repayable in Year
1	Meghalaya State Development Loan	200.00	6.94	2025
2		200.00	7.80	2031
3		200.00	7.78	2031
4	Meghalaya Government Stock	413.00	7.39	2026
5		354.00	7.49	2027
6		300.00	7.63	2025
7		86.00	7.40	2027
<b>Total</b>		<b>1,753.00</b>		

Source: Finance Accounts 2022-23.

During 2022-23, an excess expenditure of ₹ 2,786.55 crore under “Public Debt Repayment” in the form of Internal Debt of the State under Capital (Charged) section was incurred as detailed in **Table 2.17**.

**Table 2.17: Details of excess expenditure under Public Debt Repayment**

Sl. No.	Type of the Internal Debt	Original Budget Provision	Re-appropriation	Total	Actual Expenditure	Excess (+)/ Savings (-) (₹ in crore)
1.	Ways and Means Advances (WMA)	280.00	(+) 1.74	281.74	1,572.91	(+) 1,291.17
2.	Special Drawing Facility (SDF)	95.80	0.00	95.80	1,361.02	(+) 1,265.22
3.	Overdraft (OD) State	0.00	0.00	0.00	230.16	(+) 230.16
	<b>Total</b>	<b>375.80</b>	<b>1.74</b>	<b>377.54</b>	<b>3,164.09</b>	<b>(+) 2,786.55</b>

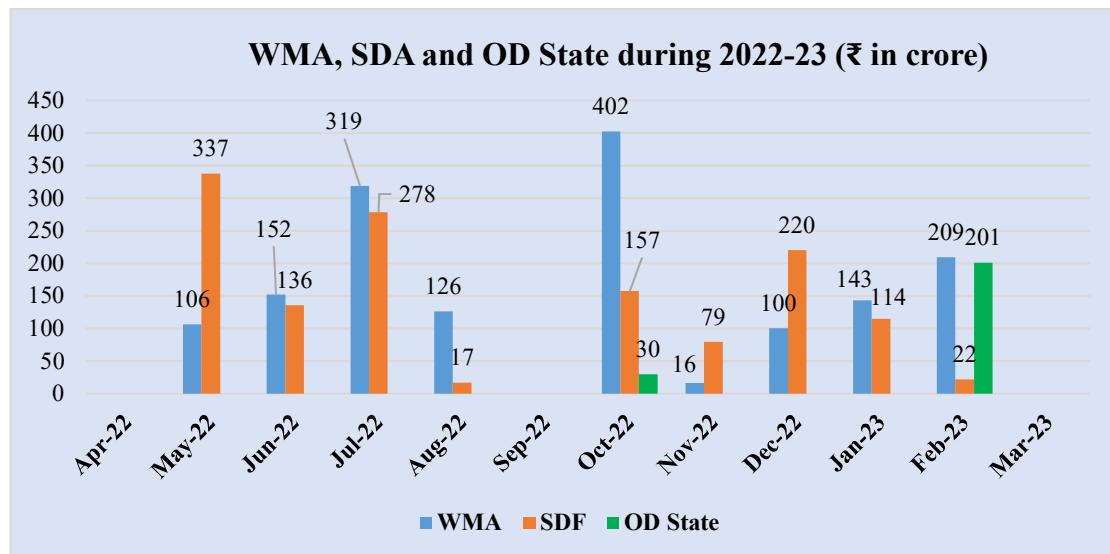
Source: Appropriation Accounts 2022-23.

Audit observed that during the year 2022-23, the Government of Meghalaya made provision of ₹ 280.00 crore for WMA, surpassing the ₹ 209 crore limit set by RBI. Further, the actual expenditure incurred amounted to ₹ 1,572.91 crore which was 752.59 per cent of the above limit.

Apart from the WMA, the State Government also resorted to SDF (₹ 1,361.02 crore) and OD State (₹ 230.16 crore) against the collateral of government securities held by the State and paid an interest of ₹ 2.33 crore<sup>21</sup> during 2022-23 as compared to ₹ 2.00 crore during the previous year. Month-wise drawal of WMA, SDA and OD State during 2022-23 are detailed in **Chart 2.9**.

<sup>21</sup> ₹ 2.33 crore (Interest on SDF: ₹ 1.05 crore + Interest of WMA: ₹ 1.28 crore).

**Chart 2.9: Details of WMA, SDA and OD during 2022-23**



Ways and Means advances are meant to tide 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 necessitating drawal of funds from the RBI to meet exigencies.

## 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

**Revenue Expenditure:** Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organisation, including establishment and administrative expenses shall be classified as revenue expenditure.

**Capital Expenditure:** All charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also charges for such further additions and improvements may be sanctioned under the rules made by competent authority shall be classified as capital expenditure.

**Loan and Advances:** Loans and advances by the Government to Public Sector Undertakings (PSU) and other parties.

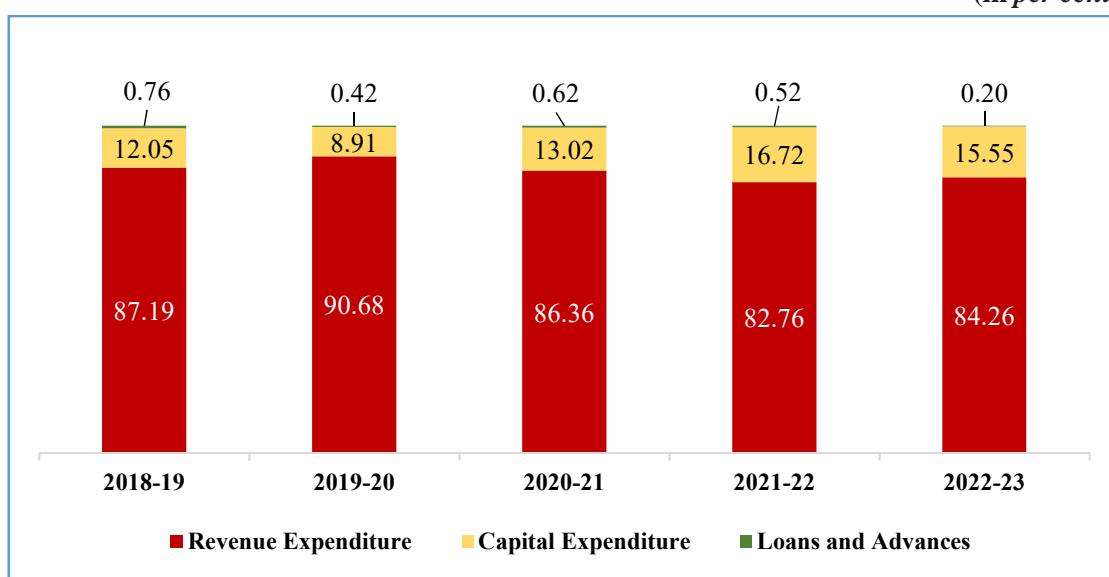
Total Expenditure, its composition and relative share in GSDP during the years 2018-19 to 2022-23 is presented in **Table 2.18**.

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

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE)	11,762.71	10,548.61	13,314.56	16,457.34	17,640.57
Revenue Expenditure (RE)	10,255.94	9,565.12	11,498.62	13,620.22	14,863.77
Capital Expenditure (CE)	1,417.28	939.71	1,734.05	2,751.79	2,742.28
Loans and Advances	89.49	43.78	81.90	85.33	34.52
<b>As a percentage of GSDP</b>					
TE/GSDP	36.56	30.34	39.42	42.43	41.32
RE/GSDP	31.87	27.51	34.04	35.12	34.81
CE/GSDP	4.40	2.70	5.13	7.09	6.42
Loans and Advances/GSDP	0.28	0.13	0.24	0.22	0.08

**Table 2.18** shows that Total Expenditure (comprising of Revenue Expenditure, Capital Expenditure and Disbursement of Loans and Advances) of the State increased by 49.97 *per cent* from ₹ 11,762.71 crore in 2018-19 to ₹ 17,640.57 crore in 2022-23 which ranged between 36.56 *per cent* to 42.43 *per cent* of the GSDP during the five-year period.

**Charts 2.10** present the trend of expenditure, bifurcated into revenue and capital expenditure, during the years 2018-19 to 2022-23.

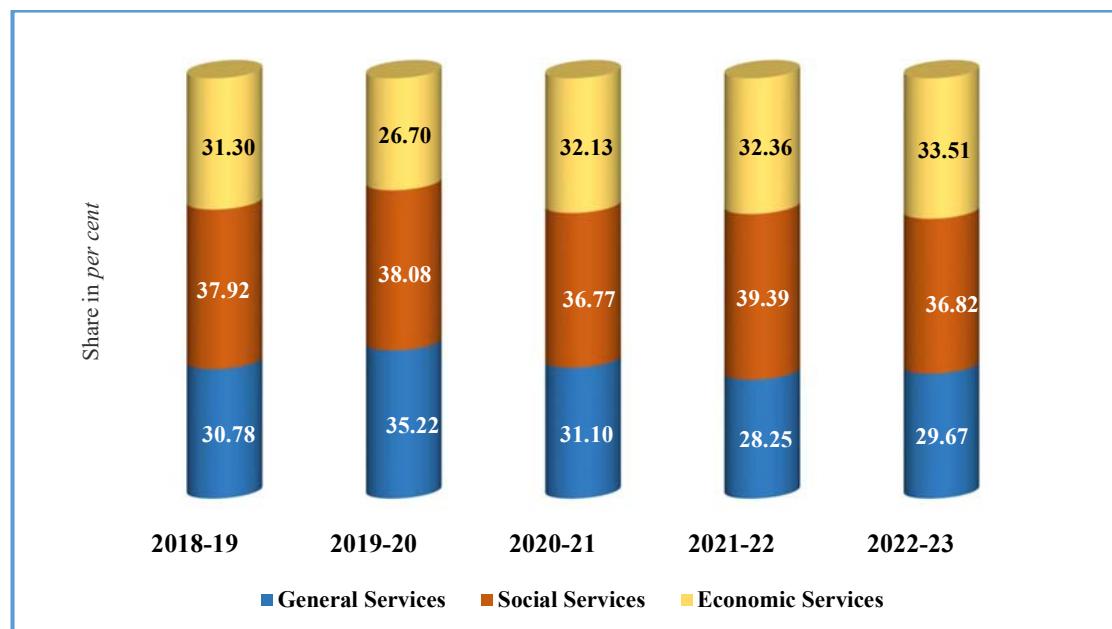
**Chart 2.10: Trends in share of its components (Total Expenditure)**(in *per cent*)

Source: Finance Accounts of 2018-19 to 2022-23.

Revenue expenditure formed bulk of the total expenditure during 2018-19 to 2022-23, being more than 80 *per cent* of the Total Expenditure. The share of Revenue Expenditure rose from 82.76 *per cent* in 2021-22 to 84.26 *per cent* in 2022-23. Thus, the share of Revenue Expenditure remains high. However, the rate of increase of Revenue Expenditure in 2022-23 (9.13 *per cent*) was lower than that in 2021-22 (18.45 *per cent*). The share of Capital Expenditure, on the other hand, has declined from 16.72 *per cent* in 2021-22 to 15.55 *per cent* in 2022-23. During last five years, on three occasions, the Capital Expenditure was less than 15 *per cent* of Total Expenditure.

**Chart 2.11** provides an overview of Total Expenditure segregated by different sectors.

**Chart 2.11: Total expenditure<sup>22</sup> – Expenditure by activities**



*Source: Finance Accounts of 2018-19 to 2022-23.*

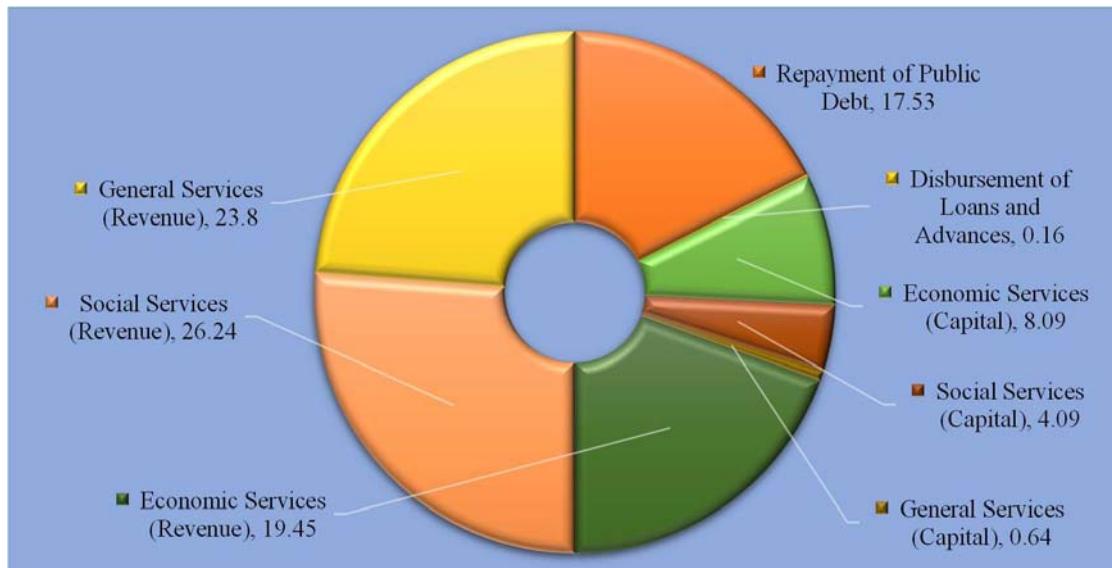
**Chart 2.11** highlights that relative share of expenditure on General, Economic and Social Services in the Total Expenditure from the Consolidated Fund of the State (CFS) excluding Repayment of Public Debt and Disbursal of Loans and Advances during the five-year period from 2018-19 to 2022-23. While the share of the Economic Services increased from 31.30 *per cent* in 2018-19 to 33.51 *per cent* in 2022-23, Social Services and General Services decreased from 37.92 *per cent* in 2018-19 to 36.82 *per cent* in 2022-23 and 30.78 *per cent* in 2018-19 to 29.67 *per cent* in 2022-23 respectively. The Social Services retained the largest share of expenditure ranging between 36.77 *per cent* and 39.39 *per cent* during the period.

**Chart 2.12** provides further analysis of composition of Total Expenditure (including Repayment of Public Debt and Disbursal of Loans and Advances) from the CFS during 2022-23, in terms of sectors segregated into Revenue and Capital Expenditure.

The highest share (26.24 *per cent*) of the Total Expenditure from the CFS was spent on Social Services followed by General Services (23.80 *per cent*) and Economic Services (19.45 *per cent*). Further, repayment of public debt as share of Total Expenditure from the CFS increased from 2021-22 (11.74 *per cent*) to 2022-23 (17.53 *per cent*) and disbursement of loans and advances as share of Total Expenditure slightly decreased from 0.45 *per cent* (2021-22) to 0.16 *per cent* (2022-23).

<sup>22</sup> Excluding Repayment of Public Debt and Disbursal of Loans and Advances.

**Chart 2.12: Composition of expenditure from the Consolidated Fund during 2022-23  
(in per cent)**



Source: Finance Accounts, 2022-23.

### 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>23</sup> vis-à-vis GSDP and Revenue Receipts are indicated in **Table 2.19**.

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

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23	(₹ in crore)
Total Expenditure (TE)	11,762.71	10,548.61	13,314.56	16,457.34	17,640.57	
Revenue Expenditure (RE)	10,255.94	9,565.12	11,498.62	13,620.22	14,863.77	
Rate of Growth of RE (per cent)	21.77	(-) 6.74	20.21	18.45	9.13	
Revenue Expenditure as percentage of TE	87.19	90.68	86.36	82.76	84.26	
RE/GSDP (per cent)	31.87	27.51	34.04	35.12	34.81	
Revenue Receipts	9,718.62	9,413.52	10,683.24	14,274.14	14,819.87	
Rate of Growth of RR (per cent)	4.80	(-) 3.14	13.49	33.61	3.82	
RE as percentage of RR	105.53	101.61	107.63	95.42	100.29	
Rate of Growth of GSDP (per cent)	9.04	8.06	(-) 2.86	14.83	10.09	
<b>Buoyancy of Revenue Expenditure with</b>						
GSDP (ratio)	2.41	*	**	1.24	0.91	
Revenue Receipts (ratio)	4.54	2.15	1.50	0.55	2.39	

Source: Finance Accounts of 2018-19 to 2022-23.

\* RE is Negative; \*\* Rate of Growth of GSDP is Negative.

As seen from **Table 2.19**, while Revenue Expenditure as a proportion of Total Expenditure remained above 80 per cent. This indicates that the lion's share of

<sup>23</sup> Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable.

Government spending was on current expenditure on payment of wages and salaries, pension, rent and rates and payment of interest on outstanding debt. However, the rate of growth of Revenue Expenditure has decreased to 9.13 *per cent* during 2022-23 from 20.21 *per cent* and 18.45 *per cent* in 2020-21 and 2021-22 respectively.

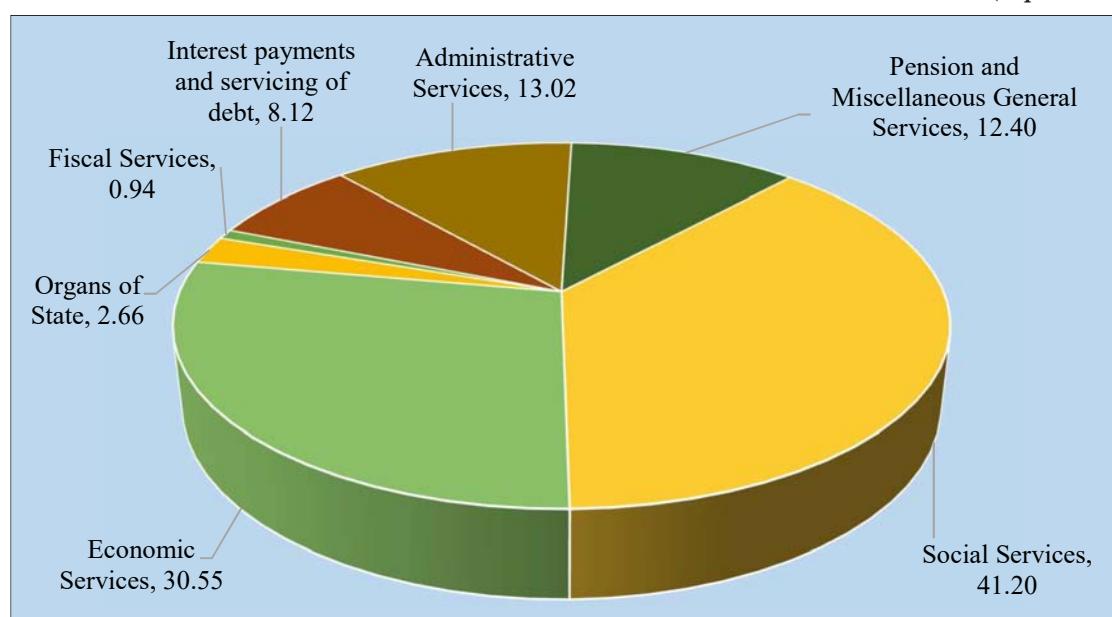
Revenue Expenditure as percentage of Revenue Receipts was 100.29 *per cent* indicating that the Revenue Receipts of the State is not sufficient for its Revenue Expenditure. The increase in Revenue Expenditure as percentage of Revenue Receipts from 95.42 *per cent* in 2021-22 to 100.29 *per cent* in 2022-23 resulted in Revenue Deficit Budget for the year 2022-23. This deviated from the Revenue Surplus as prescribed by the Meghalaya Fiscal Responsibility and Budgetary Management Act, 2006 (as amended in 2015).

Buoyancy of revenue expenditure of 0.91 during 2022-23 indicates that for every percentage growth in GSDP, revenue expenditure grew by approximately one *per cent*. Buoyancy of revenue expenditure with reference to revenue receipts was 2.39 *per cent* in 2022-23. It implies that for every percentage growth in revenue receipts, revenue expenditure grew by more than two *per cent*.

Sectoral distribution of Revenue Expenditure pertaining to 2022-23 is given in **Chart 2.13**.

**Chart 2.13: Sector-wise distribution of Revenue Expenditure**

(in *per cent*)



Source: Finance Accounts 2022-23.

#### **2.5.2.1 Major changes in revenue expenditure**

Revenue Expenditure increased substantially by ₹ 1,243.55 crore in 2022-23 mainly due to rise in expenditure by more than ₹ 100 crore across five Major Heads under General, Economic and Social Services as shown 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	
		2021-22	2022-23	Amount	Percentage
<b>General Services</b>					
1.	2071 – Pensions & Other Retirement Benefits	1,365.59	1,672.50	306.91	22.47
<b>Social Services</b>					
1.	2202- General Education	2,096.96	2,681.80	584.84	27.89
2.	2216- Housing	90.32	192.72	102.40	113.38
<b>Economic Services</b>					
1.	2505- Rural Employment	467.48	720.88	253.40	54.20
2.	3451-Secretariat-Economic Services	549.20	956.40	407.20	74.14
	<b>Total</b>	<b>4,569.55</b>	<b>6,224.30</b>	<b>1,654.76</b>	<b>36.21</b>

Source: Finance Accounts 2022-23.

### 2.5.2.2 Committed Expenditure

The committed expenditure of the State Government on revenue account consists of interest payments, expenditure on salaries and wages, and pensions. It has first charge on Government resources.

Apart from above, there are certain items of inflexible expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure *etc.* For example, the following items may be considered as inflexible expenditure:

- i. Devolution to local bodies: Statutory devolutions to local bodies for pay and allowances (devolution / transfer for capital expenditure).
- ii. Statutory requirements of contribution to Reserve Funds: Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF). State Disaster Mitigation / Response Fund (SDMF/SDRF), *etc.*
- iii. Recoupment of Contingency Fund: Amount recouped within the year.
- iv. Transfer of cess to reserve fund / other body, which are statutorily required.
- v. Share contribution of CSS against the Central Fund received: Amount of State share to be transferred to SNAs / spent by the State.
- vi. Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure - interest Payment.

Upward trend on committed expenditure leaves the Government with reduced flexibility in spending especially on the development sector. Trend analysis of committed and inflexible expenditure and its components is depicted in **Table 2.21** and share of committed expenditure in revenue expenditure is shown in **Chart 2.14**.

**Table 2.21: Components of Committed and Inflexible Expenditure**

Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23	(₹ in crore)
Salaries & Wages	3,353.65	3,440.17	3,383.67	3,795.25	4,105.00	
Expenditure on Pensions	1,004.91	1,131.56	1,193.61	1,365.59	1,672.50	
Interest Payments	656.81	758.51	858.92	963.27	1,028.52	
<b>Total</b>	<b>5,015.37</b>	<b>5,330.24</b>	<b>5,436.20</b>	<b>6,124.11</b>	<b>6,806.02</b>	
<b>Components of Inflexible Expenditure</b>						
Statutory devolution to local bodies	-	-	-	-	-	
Contribution to Reserve Funds	70.98	262.43	117.79	182.72	142.43	
Recoupment of Contingency Fund	0.00	(-)1.96	1.96	200.00	0.00	
Transfer of cess to reserve fund / other body	-	-	-	-	-	
Share contribution of CSS against the Central Fund Received (Appendix -VA Finance Accounts)	744.64	307.93	561.24	644.07	703.96	
Payment of interest on the balances of the interest-bearing funds#	0.35	0.35	17.00	5.81	7.66	
<b>Total</b>	<b>815.97</b>	<b>568.75</b>	<b>697.99</b>	<b>1,032.60</b>	<b>854.05</b>	
<b>As a percentage of Revenue Receipts (RR)</b>						
<b>Committed expenditure</b>						
Salaries & Wages	34.51	36.54	31.67	26.59	27.70	
Expenditure on Pensions	10.34	12.02	11.17	9.57	11.29	
Interest Payments	6.76	8.06	8.04	6.75	6.94	
<b>Total</b>	<b>51.61</b>	<b>56.62</b>	<b>50.89</b>	<b>42.90</b>	<b>45.92</b>	
<b>Inflexible expenditure</b>						
Statutory devolution to local bodies	-	-	-	-	-	
Contribution to Reserve Funds	0.73	2.79	1.10	1.28	0.96	
Recoupment of Contingency Fund	0.00	(-)0.02	0.02	1.40	0.00	
Transfer of cess to reserve fund / other body	-	-	-	-	-	
Share contribution of CSS against the Central Fund Received	7.66	3.27	5.25	4.51	4.75	
Payment of interest on the balances of the interest-bearing funds#	0.00	0.00	0.16	0.04	0.05	
<b>Total</b>	<b>8.40</b>	<b>6.04</b>	<b>6.53</b>	<b>7.23</b>	<b>5.76</b>	
<b>As a percentage of Revenue Expenditure (RE)</b>						
Salaries & Wages	32.70	35.97	29.43	27.86	27.62	
Expenditure on Pensions	9.80	11.83	10.38	10.03	11.25	
Interest Payments	6.40	7.93	7.47	7.07	6.92	
<b>Total</b>	<b>48.90</b>	<b>55.73</b>	<b>47.28</b>	<b>44.96</b>	<b>45.79</b>	
<b>Inflexible expenditure</b>						
Statutory devolution to local bodies	-	-	-	-	-	
Contribution to Reserve Funds	0.69	2.74	1.02	1.34	0.96	
Recoupment of Contingency Fund	0.00	(-)0.02	0.02	1.47	0.00	
Transfer of cess to reserve fund / other body	-	-	-	-	-	
Share contribution of CSS against the Central Fund Received	7.26	3.22	4.88	4.73	4.74	
Payment of interest on the balances of the interest-bearing funds#	0.00	0.00	0.15	0.04	0.05	
<b>Total</b>	<b>7.96</b>	<b>5.95</b>	<b>6.07</b>	<b>7.58</b>	<b>5.75</b>	

Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
Non-committed RE	5,240.57	4,234.88	6,062.42	7,496.11	8,057.75
Percentage of RE	51.10	44.27	52.72	55.04	54.21
Percentage of TE	44.55	40.15	45.53	45.55	45.68
Subsidies	58.80	41.72	37.91	34.25	44.32
Subsidies as percentage of non-committed expenditure	1.12	0.99	0.63	0.46	0.55

Source: Finance Accounts of 2018-19 to 2022-23.

# As if they could have been invested and payment of interest on public debt as charged expenditure – Interest payment

**Table 2.21** shows that the committed expenditure during the current year was 45.79 *per cent* of Revenue Expenditure, while it accounted for 45.92 *per cent* of the Revenue Receipts of the State.

Percentage of committed expenditure to Revenue Expenditure during 2018-23 is given in **Chart 2.14**.

**Chart 2.14: Share of Committed expenditure in total Revenue Expenditure**



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

#### (i) Salaries and Wages

The expenditure on salary and wages was ₹ 4,105.00 crore during 2022-23, an increase by ₹ 309.75 crore (8.16 *per cent*) compared to the previous year. The reasons for increase in salary and wages is mainly increase in Salaries under Secretariat Administration Department, Rural Employment Department, Education Department, Police Department and Animal Husbandry.

#### (ii) Interest Payments

Interest payments amounted to ₹1,028.52 crore, an increase of ₹ 65.25 crore over previous year, and as a percentage of Revenue Expenditure constituted 6.92 *per cent* in 2022-23 while it was 7.07 *per cent* during the previous year.

**(iii) Pension**

Government's expenditure towards pension payments (including other retirement benefits) stood at ₹ 1,672.50 crore. Pension payments have been consistently rising during the five-year period 2018-23. Pension payments during the current year had increased by ₹ 292.26 crore, an increase of 21.40 *per cent* over the previous year.

**(iv) 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 2023 there were 20,823 employees under NPS of which 20,814 employees had been allotted Permanent Retirement Account Number (PRAN). Remaining nine employees have not been allocated PRAN due to non-submission of subscriber registration form.

The details of funds under NPS and amount transferred to NSDL during 2018-23 are shown in **Table 2.22**:

**Table 2.22: Details of funds under NPS during 2018-23**

(₹ in crore)

Year	Opening Balance	Contribution			Transfer to NSDL	Less (+) / Excess(-) Transfer	Closing Balance
		Employees	Employer	Total			
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
2022-23	1.88	93.40	93.90	187.30	188.06	-0.76	1.12

*Source: Finance Accounts of 2018-19 to 2022-23.*

During 2022-23, the Government's contribution to the NPS was excess by ₹ 0.50 crore, due to AIS Officers' contribution at the rate of 14 *per cent* and release of arrear Government contribution. As of March 2023, an amount of ₹ 1.12 crore was not transferred to NSDL, which is a deferred liability of the State Government. In terms of the guidelines, the State Government was liable to pay interest on funds not transferred to NSDL amounting to ₹ 0.15 crore during the year.

**(v) Inflexible expenditure**

The components of Inflexible expenditure which include among others Statutory devolution to local bodies and contribution to Reserve Funds hovered around ₹ 568.75 crore to ₹ 1,032.60 crore during the period 2018-19 to 2022-23. As a percentage

of revenue expenditure, the inflexible expenditure decreased from 7.96 *per cent* to 5.75 *per cent*. Further, the inflexible expenditure (₹ 854.05 crore) decreased by 17.29 *per cent* during 2022-23 over the previous year (₹ 1,032.60 crore).

#### 2.5.2.3 Subsidies

**Table 2.23** depicts the expenditure on subsidies during the period 2018-23. The subsidies during the current year increased by 29.40 *per cent* (₹ 10.07 crore) mainly due to rise in subsidies to the Food and Civil Supplies and Consumers Affairs Department by 100 *per cent* (₹ 28.67 crore) and Fisheries Department by 143.15 *per cent* (₹ 4.38 crore). However, subsidies to the Power Department and the Agriculture Department current year declined by 100.00 *per cent* (₹ 20.00 crore) and 36.72 *per cent* (₹ 4.01 crore) respectively over the previous year.

**Table 2.23: Expenditure on subsidies during 2018-23**

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	(₹ in crore)
Subsidies	58.80	41.72	37.91	34.25	44.32	
Subsidies as a Percentage of Revenue Receipts	0.61	0.44	0.35	0.24	0.30	
Subsidies as a percentage of Revenue Expenditure	0.57	0.44	0.33	0.25	0.30	
Subsidies as a percentage of Total Expenditure	0.50	0.40	0.28	0.21	0.25	

Source: Finance Accounts of 2018-19 to 2022-23.

#### 2.5.2.4 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 2022-23 compared to the previous years is presented in **Table 2.24**.

**Table 2.24: Financial Assistance to Local Bodies and other institutions**

Financial Assistance to Institutions	2018-19	2019-20	2020-21	2021-22	2022-23	(₹ in crore)
<b>(A) Local Bodies</b>						
Municipal Corporations and Municipalities	9.12	6.45	18.32	24.15	35.20	
Panchayati Raj Institutions	-	-	-	-	-	
<b>Total (A)</b>	<b>9.12</b>	<b>6.45</b>	<b>18.32</b>	<b>24.15</b>	<b>35.20</b>	
<b>(B) Others</b>						
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1,021.99	954.62	915.38	1,079.29	1,163.12	
Development Authorities	235.37	156.33	324.03	328.33	268.13	
Hospitals and Other Charitable Institutions	93.26	189.35	311.90	186.17	201.48	
Other Institutions	686.75	514.45	986.80	1,447.63	1,875.97	
<b>Total (B)</b>	<b>2,037.37</b>	<b>1,814.75</b>	<b>2,538.11</b>	<b>3,041.42</b>	<b>3,508.70</b>	
<b>Total (A+B)</b>	<b>2,046.49</b>	<b>1,821.20</b>	<b>2,556.43</b>	<b>3,065.57</b>	<b>3,543.90</b>	
GIA on Salary	1,357.26	1,498.16	1,598.86	1,085.58	1,172.61	
GIA for creation of Capital assets	0.58	6.65	3.09	51.15	9.55	

Financial Assistance to Institutions	2018-19	2019-20	2020-21	2021-22	2022-23
GIA for non-salary	1,919.35	1,376.54	2,207.07	3,167.80	3,680.98
GIA given in kind	<i>Information has not been furnished by State Government</i>				
Revenue Expenditure	10,255.94	9,565.12	11,498.61	13,620.22	14,863.77
Assistance as percentage of Revenue Expenditure	19.95	19.04	21.42	22.51	23.84

*Source: Finance Accounts of 2018-19 to 2022-23.*

State Government's financial assistance to Municipal Bodies consists of assistance towards State Plan/Tribal Sub-Plan schemes. During the year 2022-23, it went up by ₹ 11.05 crore (45.76 *per cent*). Over five years, it increased from ₹ 9.12 crore to ₹ 35.20 crore (285.96 *per cent*). The increase in financial assistance was on account of increase in assistance towards implementation of State Plan/GoI schemes.

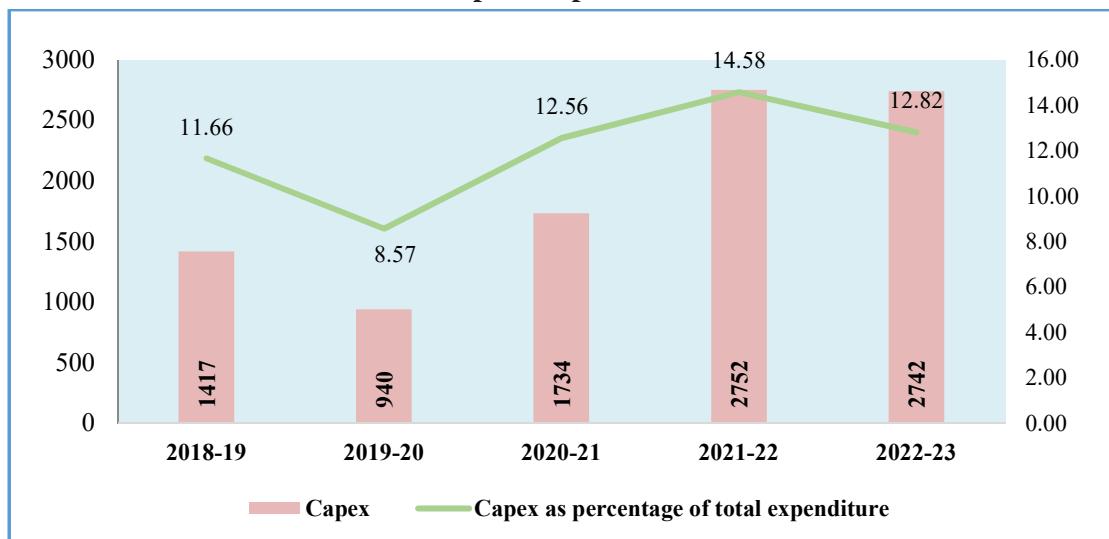
Similarly, Government's financial assistance to institutions other than local bodies had increased by ₹ 467.28 crore (15.36 *per cent*) during current year, and over last five years, it increased by ₹ 1,471.33 crore (72.22 *per cent*) from ₹ 2,037.37 crore in 2018-19 to ₹ 3,508.70 crore in 2022-23.

Financial assistance given for creation of capital assets purpose during 2022-23 decreased over the previous year, whereas the financial assistance on Salary and non-Salary had shown an increase. It was further noted that assistance on salary and non-salary components had showed an increasing trend in four years during the last five years. Moreover, share of financial assistance on Salary, creation of Capital assets and for non-salary purpose was given at an average rate of 35.08 *per cent*, 0.37 *per cent* and 64.55 *per cent* respectively.

### 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.

**Chart 2.15** shows that the capital expenditure fluctuated during the five years period. It slightly declined by 0.35 *per cent* (₹ 9.51 crore) from ₹ 2,751.79 crore (14.58 *per cent* of the Total Expenditure from the Consolidated Fund of the State) in 2021-22 to ₹ 2,742.48 crore (12.82 *per cent* of Total Expenditure) in 2022-23. The Capex as share of the Total Expenditure ranged between 9 and 15 *per cent* for last five years from 2018-19 to 2022-23.

**Chart 2.15: Capital Expenditure in the State**

Source: Finance Accounts of 2018-19 to 2022-23.

#### **2.5.3.1 Major changes in capital expenditure**

Major changes in capital expenditure during 2022-23 compared to 2021-22 are depicted in **Table 2.25**.

**Table 2.25: Capital expenditure during 2022-23 compared to 2021-22**

Major Head of Accounts	2021-22	2022-23	Increase (+) / Decrease (-)
4801 - Capital Outlay on Power Projects	0.00	575.00	575.00
4202 - Capital Outlay on Education, Sports, Art and Culture	37.99	173.48	135.49
5475 - Capital Outlay on other General Economic Services	0.00	50.00	50.00
4055 - Capital Outlay on Police	13.13	0.00	-13.13
5055 - Capital Outlay on Road Transport	15.60	0.00	-15.60
4059 - Capital Outlay on Public Works	148.97	131.27	-17.70
4702 - Capital Outlay on Minor Irrigation	95.44	65.15	-30.29
4210 - Capital Outlay on Medical and Public Health	80.99	32.17	-48.82
4215 - Capital Outlay on Water Supply and Sanitation	542.77	355.13	-187.64
5054 - Capital Outlay on Roads and Bridges	1,207.23	998.19	-209.04
4217 - Capital Outlay on Urban Development	475.03	243.64	-231.39

Source: Finance Accounts 2022-23.

**Chart 2.15** shows that the capital expenditure declined by 0.35 per cent (₹ 9.51 crore) from ₹ 2,751.79 crore in 2021-22 to ₹ 2,742.48 crore in 2022-23. The decrease in overall capital expenditure was mainly due to major decrease in Capital Outlay on Urban Development – ₹ 231.39 crore, Capital Outlay on Roads and Bridges – ₹ 209.04 crore and Capital Outlay on Water Supply and Sanitation – ₹ 187.64 crore.

#### **2.5.3.2 Quality of Capital Expenditure**

If the State Government keeps on making investments in loss making Government companies, whose net worth has completely eroded, there are no chances of return on investment. Similarly, experience has shown the inevitability of write-off of the loans

given to loss making corporations and other bodies. Requisite steps have to be taken to infuse transparency in such financial operations. This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year.

#### **(i) 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 whose net worth is completely eroded, affect the quality of capital expenditure.

**Table 2.26** shows year-wise details of investment by Government of Meghalaya over the five-year period from 2018-19 to 2022-23.

**Table 2.26: Return on Investment**

*(₹ in crore)*

Investment/return/ cost of borrowings	2018-19	2019-20	2020-21	2021-22	2022-23
Investment at the end of the year	2,638.43	2,648.49	2,650.39	2,657.07	3,240.18
Return	0.11	0.14	*	0.12	0.35
Return ( <i>per cent</i> )	0.01	0.01	0	0.01	0.01
Average rate of interest on Government Borrowings ( <i>per cent</i> ) **	7.48	7.77	7.47	7.30	6.56
Difference between interest rate and return ( <i>per cent</i> ) @	(-)7.47	(-)7.76	(-)7.47	(-)7.29	(-)6.55
Difference between cost on Government borrowings and return on investment#	(-)197.09	(-)205.52	(-)197.98	(-)193.70	(-)212.23

*Source: Finance Accounts of 2018-19 to 2022-23.*

\* ₹ 16,078/-

\*\* Average Interest Rate = {Interest Payments/ [(Opening Balance of Public Debt + Closing Balance of Public Debt)/2]} \*100

# (Investment at the end of the year X Difference between interest rate and return) ÷100

@ -ve indicates that the average interest rate on borrowings is higher than return on investment (*per cent*).

During 2022-23, the return on investment was ₹ 0.35 crore (0.01 *per cent*). The average rate of return on investment was between 0.00 to 0.01 *per cent* only during 2018-23. However, the average rate of interest paid by the State Government on its borrowings was between 6.56 *per cent* to 7.77 *per cent* during the same period. Over the past five-year period 2018-23, the difference in the return on investments and the cost of Government borrowings for the investments amounted to ₹ 1,006.52 crore.

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.

### (ii) 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.**

Quantum of loans disbursed and recovered	2018-19	2019-20	2020-21	2021-22	2022-23	(₹ in crore)
Opening Balance of loans outstanding	782.82	854.29	866.75	920.88	981.80	
Amount advanced during the year	89.49	43.78	81.90	85.33	34.52	
Amount recovered during the year	18.02	31.32	27.77	24.41	24.55	
Closing Balance of the loans outstanding	854.29	866.75	920.88	981.80	991.77	
Net addition	71.48	12.46	54.14	60.92	9.97	
Interest received	6.06	6.09	5.64	14.92	6.84	
Interest received (%) on Loans and Advances (Closing Balance) given by the Government	0.71	0.70	0.61	1.52	0.68	
Average Rate of Interest paid on the outstanding borrowings of the Government*	7.68	7.65	7.47	7.28	6.56	
Difference between the rate of interest paid and interest received ( <i>per cent</i> )	6.97	6.95	6.86	5.76	5.88	

Source: Finance Accounts of 2018-19 to 2022-23.

\* Interest paid/ (Debt Outstanding at the end of the Previous Year +Debt Outstanding at the end of the Current).

**Table 2.27** shows that the total outstanding loans and advances as on 31 March 2023 was ₹ 981.80 crore. Out of the loans of ₹ 34.52 crore advanced during 2022-23, ₹ 23.54 crore was given to Government servants and ₹ 10.98 crore to Co-operative Institutions for Piggery Mission under National Cooperative Development Corporation (NCDC) Development Scheme.

During 2022-23, an amount of ₹ 24.55 crore was recovered out of which ₹ 24.29 crore was from Government Servants. The actual recovery (₹ 24.55 crore) was also lower than what was estimated in the Budget (₹ 33.19 crore).

Interest receipts decreased from ₹ 14.92 crore in 2021-22 to ₹ 6.84 crore in 2022-23, with percentage of interest received to total outstanding loans and advances decreased from 1.52 *per cent* in 2021-22 to 0.68 *per cent* in 2022-23.

### (iii) Capital locked in incomplete projects

An assessment of trends in capital blocked in incomplete capital works also indicates quality of capital expenditure. Blocking of funds in incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years lead to extra burden in terms of servicing of debt and interest liabilities. As on 31 March 2023, 235 incomplete projects have overshot their respective scheduled completion timelines by over 1-34 years. Age profile and department-wise details of these 235 incomplete projects as on 31 March 2023 are given in **Table 2.28** and **Table 2.29** respectively.

**Table 2.28: Age profile of incomplete projects as on 31 March 2023**  
(₹ in crore)

Year	No. of incomplete projects	Estimated cost	Expenditure (as on 31 March 2023)
Prior to 2012-13	17	35.43	30.07
2012-13	4	9.72	3.08
2013-14	5	14.24	6.05
2014-15	16	12.00	10.02
2015-16	10	24.78	13.57
2016-17	11	76.07	67.08
2017-18	5	9.32	9.18
2018-19	54	158.08	130.32
2019-20	29	113.80	83.14
2020-21	36	133.30	95.59
2021-22	48	219.55	165.85
<b>Total</b>	<b>235</b>	<b>806.30</b>	<b>613.95</b>

*Source: Finance Accounts 2022-23.*

The expenditure incurred on the 235 incomplete projects was ₹ 613.95 crore. Physical progress of the projects being executed by Public Works Department and Public Health Engineering Department as on 31 March 2023 is detailed in **Table 2.30**.

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

Stage of completion (per cent)	No. of incomplete projects	Percentage of Incomplete Projects
0-20	11	4.68
21-50	11	4.68
51-99	213	90.64
<b>Total</b>	<b>235</b>	<b>100.00</b>

**Table 2.30** indicates that 9.36 *per cent* of the projects are lying incomplete with less than 50 *per cent* completion. In number of years, 17 projects are delayed between **11 and 34 years**, and **218 projects** are lying incomplete between one and 10 years.

#### 2.5.4 Expenditure priorities

Availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The State Government is required to prioritise Development Expenditure, specially expenditure on Social and Economic Services. The efficiency of expenditure is also reflected by the ratio of Capital Expenditure to Total Expenditure and the proportion of Revenue Expenditure allocated to 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 fiscal priority<sup>24</sup> of the State Government with that of NE & Himalayan States with regard to Health, Education and Capital Expenditure during 2022-23, taking 2018-19 as the base year.

<sup>24</sup> Ratio of expenditure in the respective category with respect to the Total Expenditure (TE).

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

	(In per cent)			
	TE/GSDP	CE*/TE	Education/TE	Health/ TE
NE & Himalayan States (2018-19)	27.30	16.11	17.70	6.48
Meghalaya (2018-19)	36.56	12.81	17.33	9.06
NE & Himalayan States (2022-23)	27.24	15.52	15.77	6.95
Meghalaya (2022-23)	41.32	15.74	16.34	8.43

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

TE: Total Expenditure, GSDP: Gross State Domestic Product, CE: Capital Expenditure.

\* CE includes disbursement of loans and advance.

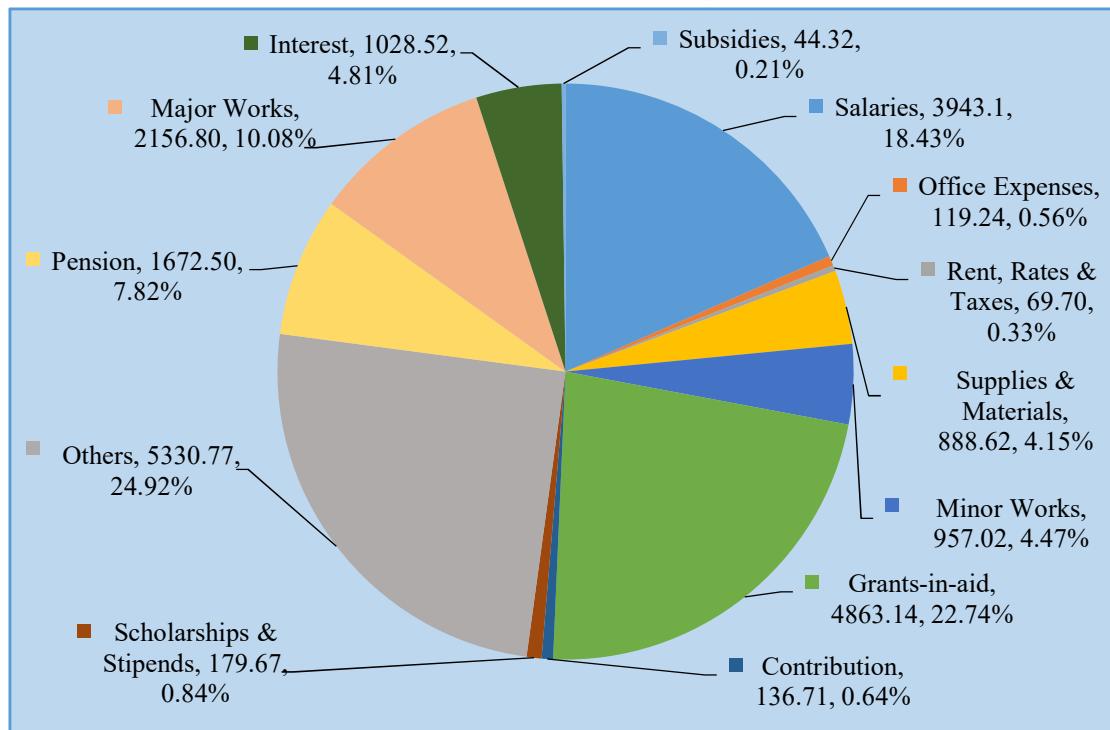
**Table 2.31** shows that:

- Total Expenditure (TE) as ratio of GSDP of the State in 2022-23 (*41.32 per cent*) was higher than that of NE & Himalayan States (*27.24 per cent*) during the same period. This ratio for the State increased from *36.56 per cent* in 2018-19 to *41.32 per cent* in 2022-23 while that of NE & Himalayan States decreased from *27.30 per cent* in 2018-19 to *27.24 per cent* in 2022-23.
- Capital Expenditure as ratio of Total Expenditure of the State in 2022-23 (*15.74 per cent*) was marginally higher than that of the NE & Himalayan States (*15.52 per cent*) during the same period. This ratio for the State decreased from *12.81 per cent* in 2018-19 to *15.74 per cent* in 2022-23 while that of NE & Himalayan States decreased from *16.11 per cent* in 2018-19 to *15.52 per cent* in 2022-23.
- Revenue Expenditure on Education as ratio of Total Expenditure of the State in 2022-23 (*16.34 per cent*) was higher than that of the NE & Himalayan States (*15.77 per cent*) during the same period. This ratio for the State decreased from *17.33 per cent* in 2018-19 to *16.34 per cent* in 2022-23 while that of NE & Himalayan States decreased from *17.70 per cent* in 2018-19 to *15.77 per cent* in 2022-23.
- Revenue Expenditure on Health as ratio of Total Expenditure of the State in 2022-23 (*8.43 per cent*) was higher than that of the NE & Himalayan States (*6.95 per cent*) during the same period. This ratio for the State decreased from *9.06 per cent* in 2018-19 to *8.43 per cent* in 2022-23 while that of NE & Himalayan States increased from *6.48 per cent* in 2018-19 to *6.95 per cent* in 2022-23.

#### 2.5.5 Object head wise expenditure

The object head wise expenditure captures information about the object/ purpose of the expenditure. **Chart 2.16** shows object head-wise expenditure.

**Chart 2.16: Object head wise expenditure**



*Source: Finance Accounts 2022-23.*

**Chart 2.16** shows that the highest expenditure was incurred in Grants-in-Aid<sup>25</sup> (22.74 per cent) followed by Salaries (18.43 per cent), major works (10.08 per cent), pension (7.82 per cent), interest (4.81 per cent) and minor works (4.47 per cent).

#### **2.5.6 Financial Data Comparison with North Eastern & Himalayan States (NE&HS)**

The Compound Annual Growth Rate (CAGR)<sup>26</sup> of Meghalaya's Gross State Domestic Product (GSDP) was 7.15 per cent for a period of 10 years between 2013-14 and 2022-23 which was lower than the CAGR of National GDP at 10.34 per cent during the same period.

**Table 2.32** presents the financial data of the State in comparison with North Eastern and Himalayan States (NE & HS).

**Table 2.32: Financial data of the State in comparison with 'North Eastern and Himalayan States (NE&HS)'**

(in per cent)

FINANCIAL DATA (Compound Annual Growth Rate)			
	Particulars	2012-13 to 2022-23	
		NE & HS	Meghalaya
(a)	Revenue Receipts	10.66	10.35
(b)	Own Tax Revenue	10.59	12.08
(c)	Non-Tax Revenue	9.07	(-)0.62

<sup>25</sup> GIA includes Salary: ₹ 1,172.61 crore, non-salary: ₹ 3,680.98 crore and Capital Assets: ₹ 9.55 crore.

<sup>26</sup> CAGR refers to the average annual growth rate of a parameter over a specified number of years and is calculated as  $(\text{Final Value}/\text{Initial Value})^{1/n}$  (no. of years) – 1.

FINANCIAL DATA (Compound Annual Growth Rate)			
Particulars		2012-13 to 2022-23	
		NE & HS	Meghalaya
(d)	Total Expenditure	11.46	11.47
(e)	Capital Expenditure	11.04	11.26
(f)	Revenue Expenditure on Education	10.40	12.07
(g)	Capital Expenditure on Education	10.00	48.09
(h)	Revenue Expenditure on Health & Family Welfare	14.82	15.86
(i)	Capital Expenditure on Health & Family Welfare	12.83	(-)6.50
(j)	Salaries and Wages	9.28	10.42
(k)	Pension	15.72	15.72

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

During 2012-13 to 2022-23, trend of growth of revenue receipts in Meghalaya was similar to other NE&HS states. However, the state fared better than other NE&HS states in garnering a better growth rate of its own Tax Revenue, which grew at CAGR of 12.08 *per cent* compared to 10.59 *per cent* for NE&HS. On the expenditure side, Meghalaya's performance in average annual spending on education sector, both revenue and capital, was at a higher rate than the NE&HS.

Meghalaya's average annual growth of non-tax revenue, which includes royalty from major and minor minerals, was declined by 0.62 *per cent*, compared to other NE & HS which saw their non-tax revenue grow at CAGR of 9.07 *per cent*.

The state's performance in selected economic parameters over the last two years, compared to other NE&HS states shows a similar trend, as per **Table 2.33**.

**Table 2.33: Financial data of the State in comparison with 'North Eastern and Himalayan States' compared to previous year**

(in *per cent*)

FINANCIAL DATA (CHANGE OVER THE PREVIOUS YEAR)			
Particulars		2021-22 to 2022-23	
		NE & HS	Meghalaya
(a)	Revenue Receipts	10.93	3.82
(b)	Own Tax Revenue	17.39	15.23
(c)	Non-Tax Revenue	32.79	(-)12.96
(d)	Total Expenditure	13.10	7.19
(e)	Capital Expenditure	0.65	(-)2.13
(f)	Revenue Expenditure on Education	11.59	27.82
(g)	Capital Expenditure on Education	19.94	356.65
(h)	Revenue Expenditure on Health & Family Welfare	9.15	(-)9.17
(i)	Capital Expenditure on Health & Family Welfare	2.93	(-)60.28
(j)	Salaries and Wages	9.81	3.92
(k)	Pension	10.74	22.47

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

**Table 2.33** shows how the listed fiscal parameters changed during 2022-23 as compared to 2021-22. While the Revenue Receipts of NE & HS grew at an average rate of 10.93 *per cent*, it stood at 3.82 *per cent* for Meghalaya. In other words, the revenue receipts of Meghalaya grew at one-third of the rate for NE & HS. This is attributable

to sharp decline of 12.96 *per cent* in non-tax revenue during 2022-23 as against 32.79 *per cent* growth of non-tax revenue for NE & HS.

Capital Expenditure, which denotes government spending on long-term economic assets, in Meghalaya declined by 2.13 *per cent* while it rose marginally for NE & HS by 0.65 *per cent*. However, capital expenditure on Education in Meghalaya expanded by 356.64 *per cent* vis-à-vis 19.94 *per cent* for NE & HS. Capital expenditure on health sector was a cause of concern since it declined by almost 60 *per cent*, compared to NE & HS where it grew by an average of 3.00 *per cent*.

Growth of Pension Expenditure for Meghalaya (22.47 *per cent*) was double that for NE & HS (10.74 *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.

### 2.6.1 Net Public Account Balances

The component-wise net balances in Public Account of the State during the five-year period from 2018-19 to 2022-23 is shown in **Table 2.34** and **Chart 2.17**. The analysis of the net balances of various components in the Public Account are given in the respective paragraphs.

**Table 2.34: Component-wise net balances in Public Account as of 31 March of the year**

(₹ in crore)

Sector	Sub Sector	2018-19	2019-20	2020-21	2021-22	2022-23
Small Savings, Provident Funds, <i>etc.</i>	Small Savings, Provident Funds, <i>etc.</i>	1,710.89	1,914.42	2,125.86	2,272.73	2,399.00
Reserve Funds	(a) Reserve Funds bearing Interest	4.70	197.01	168.01	197.34	190.82
	(b) Reserve Funds not bearing Interest	11.64	9.47	7.99	7.83	9.50
Deposits and Advances	(a) Deposits bearing Interest	0.81	0.88	0.83	1.93	1.16
	(b) Deposits not bearing Interest	1,565.09	1,004.12	1,065.82	1,088.45	1,457.88
	(c) Advances	-1.81	-1.81	-1.81	-1.81	-1.81
Suspense and Miscellaneous	(a) Suspense	-59.66	-65.45	-88.88	-139.20	-144.81
	(b) Other Accounts	-1,070.30	-801.85	-81.63	-17.11	-80.16
	(c) Accounts with Governments of Foreign Countries	-	-	-	-	-
	(d) Miscellaneous	-	-	-	-	-

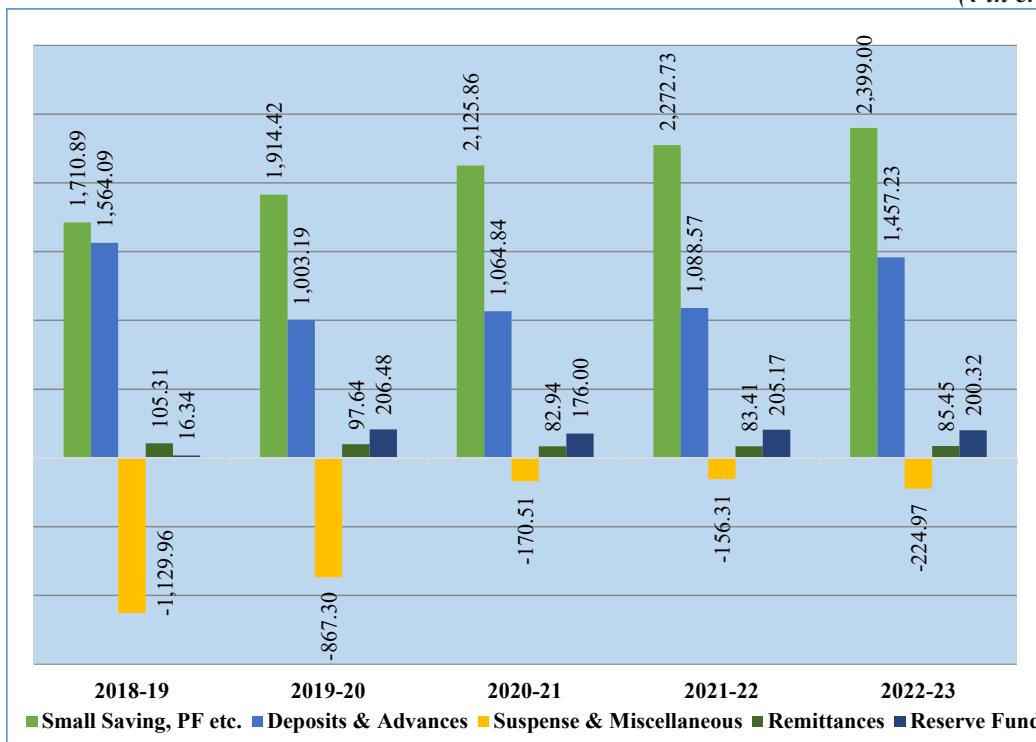
Sector	Sub Sector	2018-19	2019-20	2020-21	2021-22	2022-23
Remittances	(a) Money Orders, and other Remittances	102.34	95.52	79.58	81.42	84.14
	(b) Inter- Governmental Adjustment Account	2.97	2.12	3.36	1.99	1.31
<b>Total</b>		<b>2,266.67</b>	<b>2,354.43</b>	<b>3,279.13</b>	<b>3,493.57</b>	<b>3,976.39</b>

Source: Finance Accounts of respective years & Finance Accounts 2022-23.

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

**Chart 2.17: Yearly changes in composition of Public Account balances**

(₹ in crore)



Source: Finance Accounts of respective years & Finance Accounts 2022-23.

## 2.6.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under 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 2023 was ₹ 989.97 crore in five active reserve funds, out of which ₹ 308.82 crore was under interest bearing Reserve Fund and ₹ 681.15 crore under non-interest-bearing Reserve Fund as given in the following table:

**Table 2.35: Reserve funds**

Sl. No.	Head of Accounts	Balance as on 31 March 2023 (₹ in crore)
<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).	130.85
3	8121-General and Other Reserve Fund, State Disaster Mitigation Fund	14.66
<b>Sub-Total</b>		<b>308.82</b>
<b>Reserve fund not bearing interest (active)</b>		
1	8222-Sinking Funds- 101-Sinking Funds	613.13
2	8235-General and Other Reserve Funds-117-Guarantee Redemption Fund (GFR)	68.00
3	8229-Development and Welfare Funds- 123- Consumer Welfare Fund	0.02
<b>Sub-Total</b>		<b>681.15</b>
<b>Grand-Total</b>		<b>989.97</b>

*Source: Finance Accounts 2022-23.*

Investment out of these funds was ₹ 789.67 crore, which was 80.97 *per cent* of the accumulated balance (₹ 989.97 crore). The transactions during the year 2022-23 under major Reserve Funds are detailed below:

#### **2.6.2.1 Consolidated Sinking Fund**

Government of Meghalaya set up 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.

At the beginning of the current year, opening balance of the Fund stood at ₹ 530.78 crore. As on 31 March 2023, the outstanding liabilities (internal debt + public account) of Government of Meghalaya were ₹ 14,813.10 crore. Accordingly, the State Government was required to contribute a minimum of ₹ 74.07 crore (0.50 *per cent* of ₹ 14,813.10 crore) during 2022-23 against which the State Government had made contribution of ₹ 77.41 crore to the Fund which had earned interest of ₹ 4.95 crore. As the result, the total accumulation of the Fund was ₹ 613.13 crore as on 31 March 2023.

#### **2.6.2.2 State Disaster Response Fund**

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 of SDRF notified on 12 January 2022, the Centre and North-Eastern and Himalayan States (NE & HS) 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.

The State Governments are required to pay interest to the SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI. 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 Interest earning deposits and Certificates with Scheduled Commercial Banks.

The State Government did not provide the updated status of investments/ disinvestment out of the available balances under SDRF. In the absence of details of investments made or funds utilised out of the reported investments during the year, entries in the Annual Accounts were made based on the latest information provided by the State Government on 20 November 2020. Accordingly, SDRF had an opening balance of ₹ 152.03 crore at the beginning of 2022-23. As on 31 March 2023, the balance of the SDRF stood at ₹ 130.86 crore out of which, ₹ 118.00 crore has been invested while ₹ 12.86 crore remained to be invested.

As per SDRF Guidelines, the total SDRF allocation of Meghalaya for 2022-23 is ₹ 60.80 crore with ₹ 54.40 crore as the Central Share and ₹ 6.40 crore as the State Share. During the year 2022-23, the State Government received ₹ 27.20 crore as Central Government's share. The State Government's share during the year was ₹ 3.20 crore. The State Government transferred ₹ 30.40 crore (Central Share ₹ 27.20 crore, State Share ₹ 3.20 crore) only (approximately 50 *per cent* of the total allocation of ₹ 60.40 crore for 2022-23) 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 made total disbursement of ₹ 51.58 crore from the fund. Out of this, ₹ 22.25 crore was recouped as per the SDRF guidelines by showing a negative entry under Major Head 2245-05-911, against the expenditure incurred on relief work booked under MH-2245. Remaining funds of ₹ 29.33 crore were debited directly from the Public Account (MH-8121-122-SDRF) in violation of the SDRF guidelines.

Further, the State Government was required to pay interest amounting to ₹ 2.04 crore on un-invested SDRF balance of ₹ 34.03 crore (as on 31 March 2022) at the rate of 6.00 *per cent* (Overdraft Rate) during 2022-23. As the interest was not paid, Revenue Deficit for the year is understated to that extent.

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

The State Disaster Mitigation Fund (SDMF) is to be constituted under section 48 (1) (c) of the Disaster Management Act, 2005. This Fund is exclusively for the purpose of mitigation project in respect of disaster covered under State Disaster Response Fund (SDRF)/National Disaster Response Fund (NDRF) guidelines and the State specific local disaster notified by the State Government from time to time. Further, the accretions to the SDMF together with the income earned on the investment of SDMF shall be invested in Central Government dated Securities, auctioned Treasury Bills and Interest earning deposits and Certificates of Deposits with Scheduled Commercial Banks. Also,

the State Governments are required to pay interest to the SDRF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI.

The State Government has created the SDMF vide Notification dated 02 March 2022, under Major Head 8121-130 State Disaster Mitigation Fund. The SDMF allocation of Meghalaya for 2022-23 is ₹ 15.20 crore (Central Share: ₹ 13.60 crore and State Share: ₹ 1.60 crore).

During the year 2022-23, the State Government did not receive any amount from Central Government for SDMF. However, Central share of ₹ 13.20 crore received during 2021-22 was transferred during 2022-23 along with State share of ₹ 1.46 crore to the Fund under Major head 8121-130 SDMF. The Central Share of the SDMF amounting to ₹ 13.60 crore for the current year was not released. As on 31<sup>st</sup> March 2023, SDMF balance amounting to ₹ 14.66 crore is yet to be invested.

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

The State Government constituted a Guarantee Redemption Fund (GRF) vide Notification dated 10 June 2021, for meeting its obligations arising out of the 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. GRF is administered by the RBI.

Effective from 2021-22, the State Government is required to 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*.

The opening balance of the Fund as on 01 April 2022 was ₹ 52.98 crore. During the year, the Government contributed the prescribed amount of ₹ 14.90 crore (0.50 *per cent* of the total outstanding guarantees of ₹ 2,980.44 crore as on 31 March 2022) to the GRF. The total accumulation of the Fund was ₹ 68.00 crore as on 31 March 2023 including accrued interest of ₹ 0.12 crore for 2022-23. The Fund has achieved 2.28 *per cent* of the total outstanding guarantees of ₹ 2,977.53 crore as on 31 March 2023. The target of the Fund for achieving 3.00 *per cent* is by 2025-26. The State Government did not issue any guarantee during the year 2022-23. The entire fund had been invested by RBI.

As per guidelines dated 24 April 1989, the State Government is required to levy a Guarantee 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 March for the next financial year till the guarantee is withdrawn or till the loan is liquidated.

The outstanding Guarantee Fees as on 31 March 2022 was ₹ 71.88 crore. Further, as on 31 March 2022, outstanding guarantees stood at ₹ 2,980.44 crore. As such, the

Guarantee Fee for 2022-23 amounting to ₹ 14.90 crore (0.50 *per cent* of the total outstanding guarantees of ₹ 2,980.44 crore as on 31 March 2022) was to be levied within 30 April 2023. However, no Guarantee Fee was received during 2022-23. Thus, as on 31 March 2023, outstanding Guarantee Fees amounts to ₹ 86.08 crore (₹ 71.88 crore + ₹ 14.90 crore).

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

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 dated 02 July 2009, established 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 Account 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.

The balance of the Fund on 01 April 2022 was ₹ 163.31 crore. During the year 2022-23, the State Government did not receive any amount from the user agencies. No amount was remitted to the National Fund during the year 2022-23. The Government also did not receive any amount from National Compensatory Afforestation Fund. The total balance in the State Compensatory Afforestation Fund as on 31 March 2023 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>27</sup> resulted in understatement of Revenue Deficit to that extent.

#### **2.6.2.6 Central Road and Infrastructure Fund (CRIF):**

The erstwhile Central Road Fund (CRF) has been renamed as the Central Road and Infrastructure Fund (CRIF) vide GoI's Gazette Notification dated 31 March 2018. The CRIF will be used for development and maintenance of National Highways, Railway projects, improvement of safety in Railways, State and Rural roads and other infrastructure.

In terms of the extant accounting procedure, the grants received by the State from the Centre are to be initially booked as Revenue Receipts under Major Head 1601. Thereafter, the amount so received is to be transferred by the State Government to the Public Account under Major Head 8449-103-Subventions from Central Road and Infrastructure Fund through functional Major Head(s).

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<sup>27</sup> As per circulars issued by the Ministry of Environment, Forest & Climate Change.

During the year 2022-23, the State Government received grants of ₹ 43.08 crore towards CRIF and the State Government transferred entire amount (₹ 43.08 crore) to the Fund in the Public Account.

#### **2.6.2.7 Funds outside the Consolidated Fund/Public Account of the State and dedicated Funds**

##### **(i) Building and Other Construction Workers' Welfare Cess (BOCW)**

Government of Meghalaya constituted the Meghalaya Building and Other Construction Workers' Welfare Board (MBOCWWB) vide Notification dated 2 September 2009, as mandated under Section 18 of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

Further, Section 3(1) of the Building and Other Construction Workers' Welfare Cess Act, 1996, provides for levy and collection of Building and Other Construction Workers' Welfare Cess on the cost of construction incurred by an employer at the rate of one *per cent*. Rule 5(1) of the Building and Other Construction Workers' Welfare Cess Rules, 1998 requires the proceeds of the Cess collected by Government office, Public Sector Undertakings, local authority or cess collector, to be transferred to the MBOCWWB.

During 2018-19 to 2022-23, the total amount of BOCW cess received was ₹ 153.73 crore while total amount spent was ₹ 49.27 crore (scheme expenses<sup>28</sup>: ₹ 48.12 crore, administrative expenses on salary: ₹ 0.61 crore and other administrative expenses: ₹ 0.54 crore). The fund position of the MBOCWWB for the last five years, *i.e.* from 2018-19 to 2022-23 is shown in **Table 2.36**.

**Table 2.36: BOCW Cess received by MBOCWWB during 2018-23**

(₹ in crore)

Year <sup>29</sup>	Receipts			Expenditure			
	Cess received	Interest Earned	Total	Scheme Expenses	Administrative Expenses on Salary	Other Administrative Expenses	Total
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	9.57	<b>33.70</b>	5.52	0.13	0.06	<b>5.71</b>
2022-23	68.01	11.21	<b>79.22</b>	15.24	0.14	0.13	<b>15.51</b>
<b>Total</b>	<b>153.73</b>	<b>52.42</b>	<b>206.15</b>	<b>48.12</b>	<b>0.61</b>	<b>0.54</b>	<b>49.27</b>

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

**Table 2.36** shows that the share of administrative expenses in the total expenditure of the MBOCWWB during 2022-23 adhered to the five *per cent* limit prescribed under Section 24(3) of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

<sup>28</sup> Financial assistance for education, death benefits, funeral assistance, maternity benefits, insurance, marriage assistance, medical assistance, etc.

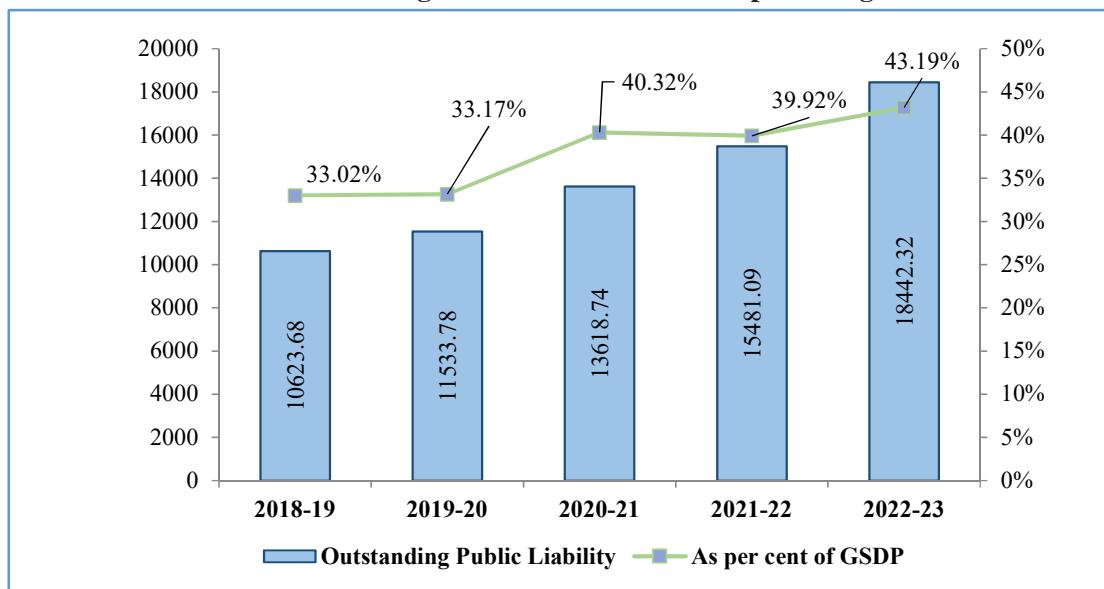
<sup>29</sup> Annual accounts from 2017-18 to 2020-21 are final and figures of 2021-22 are provisional as annual account is yet to be finalised.

## 2.7 Public Liability Management

Management of public liability is the process of establishing and executing a strategy for managing the Government's liabilities 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 liabilities of State along with its percentage to GSDP during the five year- period 2018-23 is depicted in **Chart 2.18**.

**Chart 2.18: Outstanding Public Liabilities and its percentage to GSDP**



In absolute monetary terms, the overall liability of State of Meghalaya has increased by 73.60 *per cent* from ₹ 10,623.68 crore in 2018-19 to ₹ 18,442.32 crore<sup>30</sup> in 2022-23. As percentage of GSDP, the overall outstanding liabilities was 33.02 *per cent* in 2018-19 which increased to 43.19 *per cent* in 2022-23.

The primary reason for spike in public liability/GSDP ratio during 2022-23 was significant increase in Internal Debt by ₹ 1,389.71 crore (12.36 *per cent*) while increase in Loans from GoI by ₹ 1,081.43 crore (161.89 *per cent*) and increase in Public Account liabilities by ₹ 490.13 crore (13.74 *per cent*) also contributed to the same. The State was not able to achieve the target set forth in the MFRBM Act, 2006 to maintain the public liabilities-GSDP ratio under 28 *per cent*.

### 2.7.1 Liability profile: Components

Total public liabilities of the State Government typically comprise Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to

<sup>30</sup> Excludes an amount of ₹ 253.16 crore (₹ 112.00 crore in 2020-21 + ₹ 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.

National Small Savings Fund and loans from financial institutions, etc.), loans and advances from the Central Government and Public Account Liabilities.

The total outstanding public liabilities of the State Government at the end of 2022-23 was ₹ 18,442.32 crore excluding Back-to-Back Loans ₹ 253.16 crore. The component-wise liabilities trends for the period 2018-19 to 2022-23 are depicted in **Table 2.37** and **Chart 2.19**.

**Table 2.37: Component wise liability Trends**

(₹ in crore)

Components of fiscal liability	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Outstanding Total Liabilities</b>	<b>10,623.68</b>	<b>11,533.78</b>	<b>13,618.74</b>	<b>15,481.09</b>	<b>18,442.32</b>
Public Debt	7,330.56	8,407.87	10,250.24	11,912.82	14,383.96
Internal debt	7,214.29	8,301.31	9,931.96	11,244.83	12,634.54
Loan from GOI*	116.27	106.56	318.28	667.99	1,749.42
<b>Public Account Liabilities</b>	<b>3,293.12</b>	<b>3,125.91</b>	<b>3,368.50</b>	<b>3,568.27</b>	<b>4,058.36</b>
Small Savings, Provident Funds, etc.	1,710.88	1,914.42	2,125.86	2,272.73	2,399.00
Reserve Funds bearing Interest	4.70	197.01	168.01	197.34	190.82
Reserve Funds not bearing Interest	11.64	9.47	7.99	7.83	9.50
Deposits bearing Interest	0.81	0.88	0.82	1.92	1.16
Deposits not bearing Interest	1,565.09	1,004.13	1,065.82	1,088.45	1,457.88
<b>Rate of growth of outstanding total liability (per cent)</b>	<b>12.00</b>	<b>8.57</b>	<b>18.08</b>	<b>13.67</b>	<b>19.13</b>
Gross State Domestic Product (GSDP)	32,176	34,770	33,776	38,785	42,697
Liability/GSDP (per cent)	33.02	33.17	40.32	39.92	43.19
<b>Borrowings and Other Liabilities (as per Statement 6 of Finance Accounts)</b>					
Total Receipts	3,189.65	2,941.07	3,736.45	5,232.08	7,940.08
Total Repayments	2,051.05	2,030.97	1,651.50	3,369.72	4,978.85
Net funds Available	1,138.60	910.10	2,084.95	1,862.36	2,961.23
Repayments/Receipts (per cent)	64.30	69.06	44.20	64.40	62.71

Source: Finance Accounts of 2018-19 to 2022-23.

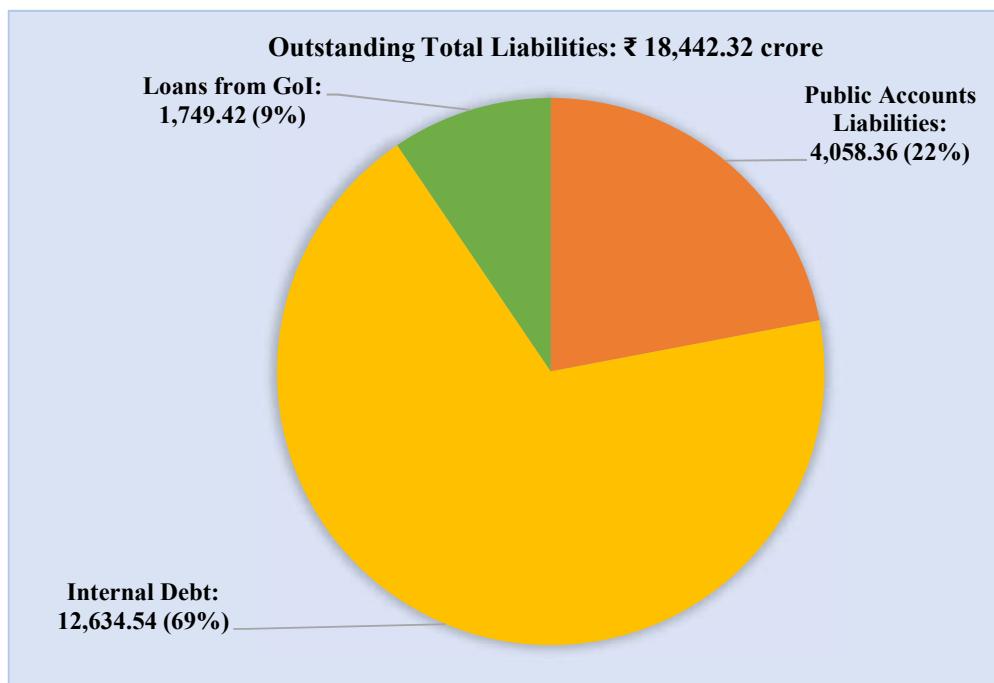
\* Excludes an amount of ₹ 112.00 crore in 2020-21 and ₹ 141.16 crore in 2021-22 for Back-to-Back loan by GoI in lieu of GST Compensation shortfall which will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

Public Debt increased by ₹ 7,053.40 crore (96.22 per cent) during the period 2018-23, wherein internal debt increased by ₹ 5,420.25 crore (75.13 per cent) and Loan from GoI significantly increased by ₹ 1,633.15 crore (1,404.62 per cent).

Public Account liabilities increased by ₹ 765.24 crore (23.24 per cent) over the period from 2018-19 2022-23. During the period, major increase was under Small Savings, Provident Funds, etc. (₹ 688.12 crore) and Reserve Funds bearing Interest (₹ 186.12 crore).

Break-up of outstanding total liabilities at the end of 2022-23 is shown in **Chart 2.19**.

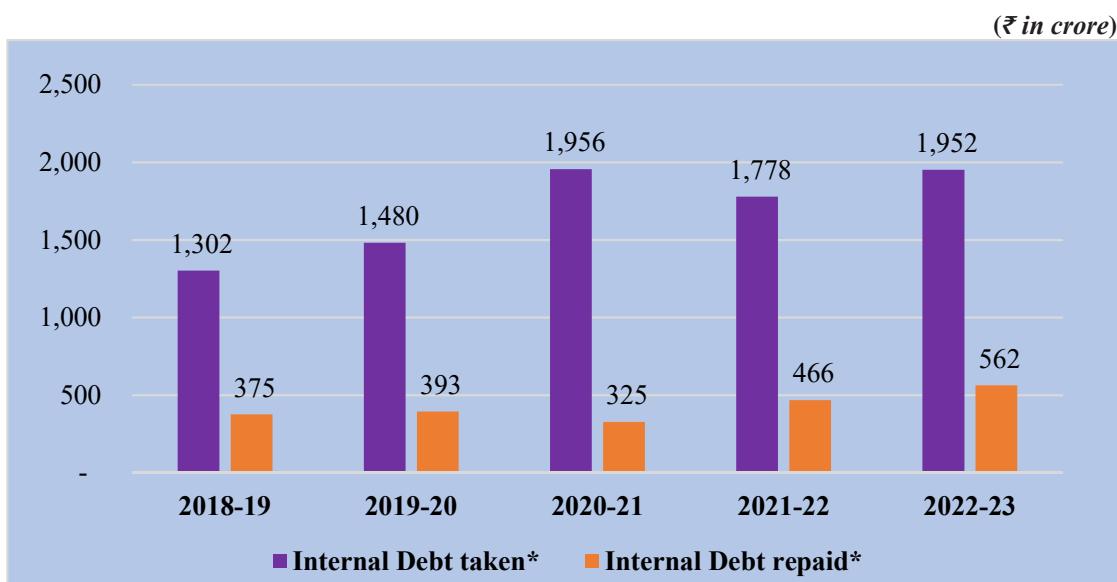
**Chart 2.19: Break-up of outstanding total liabilities at the end of 2022-23**



Source: Finance Accounts 2022-23.

**Chart 2.20** depicts the quantum of internal debt taken *vis-à-vis* repaid during the period of five years *i.e.*, 2018-23.

**Chart 2.20: Internal Debt taken *vis-à-vis* repaid**



\* Ways and Means Advances from the Reserve bank of India and Special Drawing Facility on 91 Days Deposits of ₹ 140.88, ₹ 1,727.42 crore and ₹ 3,164.09 crore taken and repaid during the year 2020-21, 2021-22 and 2022-23 respectively has been excluded.

**Chart 2.20** indicates that more than one-fourth of the internal debt taken in the recent years was utilised for servicing the existing internal debt to the Government. During 2022-23, the State Government utilised 72.18 per cent of total internal debt

(₹ 1,951.94 crore) taken to repay internal debt amounting to ₹ 1,409 crore (principal ₹ 562.23 crore and interest ₹ 847.18 crore).

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

**Table 2.38** depicts financing pattern of the fiscal deficit during 2018-19 to 2022-23.

**Table 2.38: Components of Fiscal Deficit and its financing pattern**

Particulars		2018-19	2019-20	2020-21	2021-22	2022-23	(₹ in crore)
<b>Composition of Fiscal Deficit</b>							
1.	Revenue Deficit (-)/ Revenue Surplus (+)	-537.32	-151.60	-815.38	653.92	-43.90	
2.	Net Capital Expenditure	-1,417.28	-939.71	-1,734.05	-2,751.79	-2,742.28	
3.	Net Loans and Advances	-71.48	-12.46	-54.13	-60.92	-9.97	
	<b>Total</b>	<b>-2,026.08</b>	<b>-1103.77</b>	<b>-2,603.56</b>	<b>-2,158.79</b>	<b>-2,796.15</b>	
<b>Financing Pattern of Fiscal Deficit</b>							
1.	Market Borrowings	862.60	1,070.46	1,587.00	1,298.00	1,368.00	
2.	Loans from GOI	1.79	-9.71	323.71	490.87	1,081.43	
3.	Special Securities issued to NSSF	-49.62	-53.75	-53.75	-53.75	-54.82	
4.	Loans from Financial Institutions	113.98	70.31	97.41	68.62	89.03	
5.	Bonds	-	-	-	-	(-)12.50	
6.	Small Savings, PF, etc.	179.36	203.54	211.44	146.87	126.27	
7.	Deposits and Advances	3.97	-560.89	61.64	23.73	368.66	
8.	Suspense	26.52	-5.78	-23.43	-50.32	(-)5.61	
9.	Remittances	-17.21	-7.68	-14.69	0.45	2.04	
10.	Reserve Fund	2.59	190.14	-30.48	29.16	(-)4.85	
11.	Contingency Fund	-	-1.96	1.96	200.00	-	
12.	Appropriation to Contingency Fund	-	-	-	-200.00	-	
<b>12.</b>	<b>Overall Deficit</b>	<b>1,123.98</b>	<b>894.68</b>	<b>2,160.81</b>	<b>149.89</b>	<b>2,970.15</b>	
13.	Increase (-)/Decrease (+) in cash balance	902.10	209.09	442.75	205.16	(-)161.50	
<b>14.</b>	<b>Gross Fiscal Deficit</b>	<b>2,026.08</b>	<b>1,103.77</b>	<b>2,603.56</b>	<b>2,158.79</b>	<b>2,796.15</b>	

*Source: Finance Accounts of 2018-19 to 2022-23.*

Trend analysis of fiscal situation of the state over past five years shows that the gross fiscal deficit was least in 2019-20 at about ₹ 1,104 crore. However, it reached its peak at ₹ 2,796.15 crore during 2022-23 over last five-year span.

During 2022-23, Fiscal Deficit was primarily financed by net market borrowings (₹ 1,368.00 crore), loans from GoI (₹ 1,081.43 crore), small savings, provident funds, etc. (₹ 126.27 crore), deposits and advances (₹ 368.66 crore) and cash balance (₹ 161.50 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. Debt maturity profile of the State is depicted in **Table 2.39**.

**Table 2.39: 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 2023-24	0 – 1	638.69	24.56	663.25	5
Between 2024-25 & 2025-26	1 – 3	2,494.94	42.30	2,537.24	17
Between 2026-27 & 2027-28	3 – 5	3,307.59	18.04	3,325.63	23
Between 2028-29 & 2029-30	5 – 7	2,663.00	22.19	2,685.19	19
2030-31 onwards	7 and above	3,530.32	1,642.33	5,172.65	36
<b>Total</b>		<b>12,634.54</b>	<b>1,749.43<sup>31</sup></b>	<b>14,383.96</b>	<b>100</b>

Source: Finance Accounts 2022-23.

The maturity profile of outstanding stock of public debt as on 31 March 2023 indicated that out of the outstanding public debt of ₹ 14,383.96 crore, five *per cent* (₹ 663.25 crore) is payable within the next one year *i.e.*, 2023-24, 40 *per cent* (₹ 5,862.87 crore) is payable in the next two to five years, while the remaining 55 *per cent* (₹ 7,857.84 crore) is to be paid after five years. In the coming five years, the State Government is required to repay a sizable portion of public debt *i.e.*, ₹ 6,526.12 crore (45 *per cent*).

Maturity profile and repayment schedule of Internal Debt and Loans and Advances received from GoI along with interest for the next 11 years (2023-24 to 2033-34) is detailed below:

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

As on 31 March 2023, Internal debt (₹ 12,634.54 crore) consisting of market borrowings, loans from LIC, GIC, NABARD, *etc.* constituted 87.84 *per cent* of the total outstanding public debt (₹ 14,383.96 crore) and 68.51 *per cent* of outstanding public liabilities (₹ 18,442.32 crore). During the current year, the State Government borrowed ₹ 1,951.94 crore<sup>32</sup> as Market Loans and Loans from Financial Institutions and repaid ₹ 1,406.88 crore (Principal ₹ 562.03 crore<sup>33</sup> and Interest ₹ 844.85 crore<sup>34</sup>), *i.e.*, 72.08 *per cent* of total internal borrowings. This indicates that substantial portion of fresh 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>35</sup> to be paid thereon over the next 11 years (2023-24 to 2033-34) is detailed in **Chart 2.21**.

<sup>31</sup> Excluding Back-to-Back Loan of ₹ 253.16 crore.

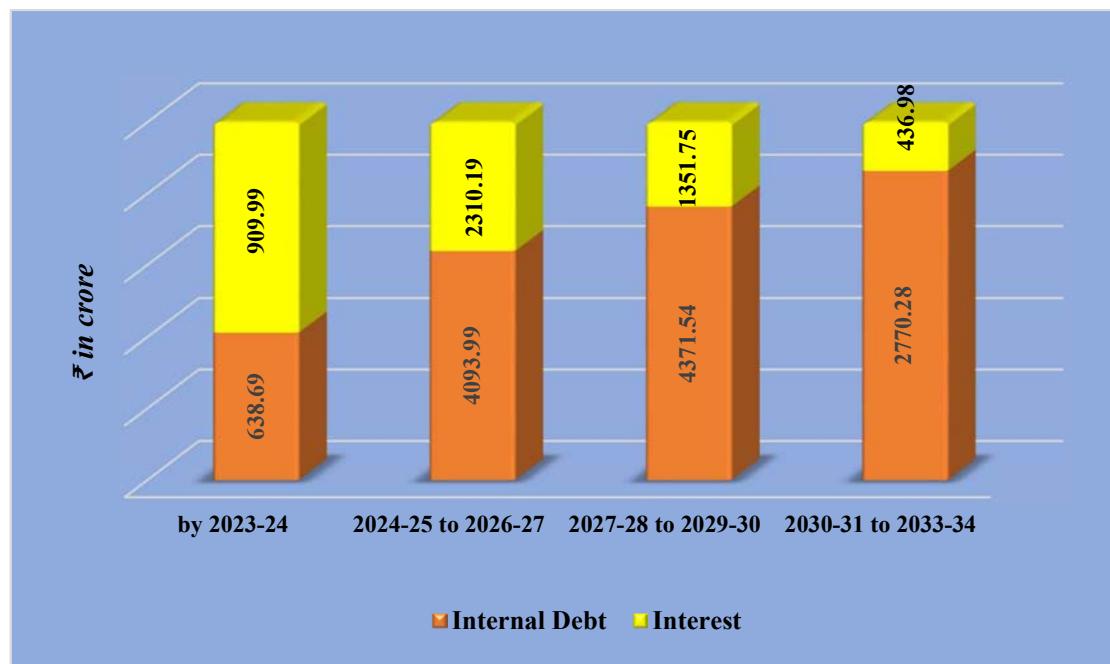
<sup>32</sup> Excluding Ways and Means Advances (WMA) of ₹ 1,803.07 crore and Special Drawing Facility (SDF) of ₹ 1,361.02 crore availed during the current year.

<sup>33</sup> Excluding WMA repayment of ₹ 1,803.07 crore and SDF repayment of ₹ 1,361.02 crore during the current year.

<sup>34</sup> Excluding interest payment of ₹ 1.28 crore on WMA and ₹ 1.05 crore on SDF during the current year.

<sup>35</sup> The debt figures are provisional figures based on loans and advances for the year ended 31 March 2023 which are likely to change due to additional loans and change in interest rates in future.

**Chart 2.21: Repayment schedule of Internal Debt and Interest thereon**



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

**Chart 2.21** indicates that out of total internal debt of ₹ 16,883.41 crore (Principal ₹ 11,883.50 crore and Interest ₹ 5,008.91 crore) payable by 2033-34, internal debt of ₹ 1,548.68 crore which includes principal of ₹ 638.69 crore and interest of ₹ 909.99 crore will become payable by financial year 2023-24. Thereafter, in the next three years up to 2026-27, an amount of ₹ 6,404.18 crore, which includes ₹ 4,093.99 crore as principal and ₹ 2,310.19 crore as interest will become payable. Between 2027-28 and 2033-34, the liability of the State towards principal and interest will be ₹ 8,930.55 crore<sup>36</sup>. On an average, the State Government has to repay ₹ 1,680.56 crore of internal debt including interest each year till 2033-34.

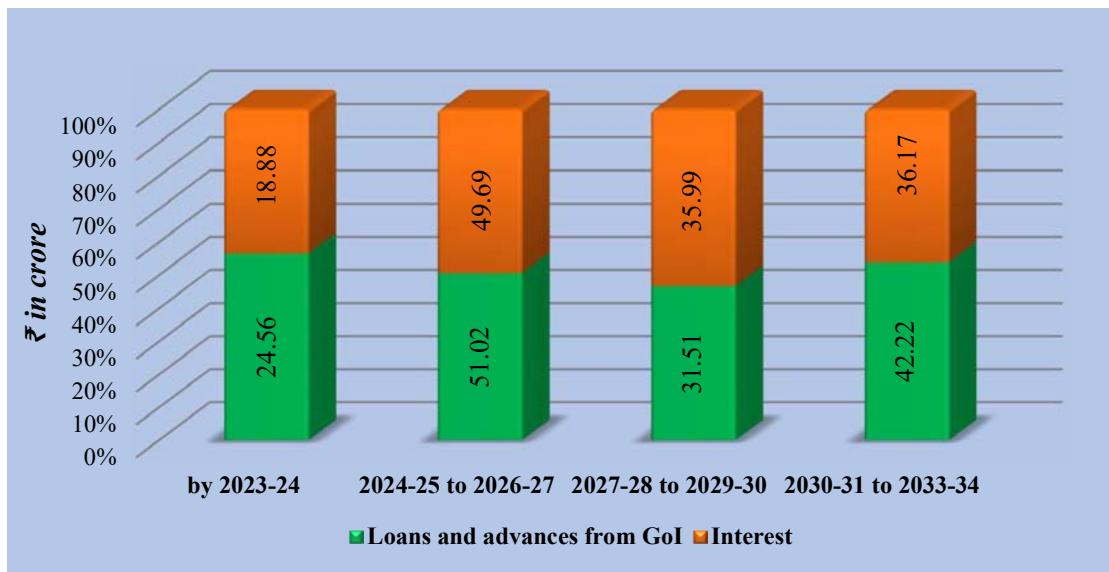
#### **2.7.2.2 Loans and advances from the GoI- Maturity Profile**

As on 31 March 2023, Loans and Advances from the GoI (₹ 1,749.42 crore<sup>37</sup>) constituted 12.16 *per cent* of the total outstanding public debt (₹ 14,383.96 crore) and 9.49 *per cent* of the total outstanding public liabilities (₹ 18,442.32 crore). During the current year, the State Government borrowed ₹ 1,104.65 crore from Government of India and repaid ₹ 38.98 crore (Principal ₹ 23.22 crore and Interest ₹ 15.76 crore).

<sup>36</sup> Principal (₹ 4,371.54 crore + ₹ 2,770.28 crore) and Interest (₹ 1,351.75 crore + ₹ 436.98 crore).

<sup>37</sup> Excluding Back-to-Back Loan of ₹ 253.16 crore.

**Chart 2.22: Repayment schedule of Loans and advances from the GoI and Interest<sup>38</sup> thereon**



Source: Information furnished by the Finance Department, GoM.

**Chart 2.22** shows that 14.98 per cent (₹ 43.44 crore: Principal ₹ 24.56 crore + Interest ₹ 18.88 crore) of the total loans from the Government of India (₹ 290.04 crore: Principal ₹ 149.31 crore + Interest ₹ 140.73 crore) has to be repaid by 2023-24. During the three-year period from 2024-25 to 2026-27, the State Government has to repay ₹ 100.71 crore (Principal ₹ 51.02 crore + Interest ₹ 49.69 crore). On an average, the State Government has to repay ₹ 26.37 crore of Loans from the Government of India including interest each year till 2033-34.

As on 31 March 2023, public debt (₹ 14,383.96 crore) as percentage of GSDP (₹ 42,697 crore) accounted for 33.69 per cent which was already higher than the percentage (28 per cent) of overall liabilities to GSDP prescribed by the MFRBM Act. Further, overall Liabilities (₹ 18,442.32 crore) as percentage of GSDP accounted for 43.19 per cent as at the end of the year. It is thus inevitable that the State GSDP must grow at a sufficient pace in order to generate enough revenues for future debt servicing to avoid debt trap.

#### 2.7.2.3 Repayment of borrowing and its interest

During the year 2022-23, the Government of Meghalaya repaid ₹ 1,448.38 crore<sup>39</sup> (Principal ₹ 585.44 crore and Interest ₹ 862.94 crore). This repayment accounted 47.39 per cent of total borrowings (Public Debt) of ₹ 3,056.59 crore<sup>40</sup> during the year. This indicates that around half of the borrowings were utilised for servicing of borrowings and its interest during the year which could be utilised for the generation of assets.

<sup>38</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>39</sup> This excludes repayment of ₹ 3,164.09 crore for WMA/SDF during the year 2022-23.

<sup>40</sup> This excludes borrowings of ₹ 3,164.09 crore by WMA/SDF during the year 2022-23.

## 2.8 Debt Sustainability Analysis

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters; Domar approach and compliance of macro-fiscal parameters to the respective FRBM targets. The results of the analysis are given in the following paragraphs:

**(A)** 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. **Table 2.40** and **Chart 2.23** analyse public debt sustainability indicators of the State for the five-year period beginning from 2018-19.

**Table 2.40: Trends in Public Debt Sustainability Indicators**

Debt Sustainability Indicators	2018-19	2019-20	2020-21	2021-22	2022-23	(₹ in crore)
Outstanding Public Debt* (as on 31 <sup>st</sup> March of the year)	7,330.56	8,407.87	10,250.24 <sup>41</sup>	11,912.82 <sup>42</sup>	14,383.96	
<i>Back-to-Back Loans</i>	-	-	112	253.16	253.16	
Rate of Growth of Outstanding Public Debt	14.51	14.70	21.91	16.22	20.74	
GSDP at Current Prices	32,176	34,770	33,776	38,785	42,697	
Rate of Growth of GSDP at Current Prices	9.04	8.06	-2.86	14.83	10.09	
Public Debt/GSDP at Current Prices	22.78	24.18	30.35	30.72	33.69	
Debt maturity profile of repayment of State Debt - including default history if any	394.73	407.65	346.64	487.94	585.44	
Average interest Rate of Outstanding Public Debt ( <i>per cent</i> ) <sup>^</sup>	7.48	7.77	7.47	7.30	6.56	
Interest payment on Public Debt	513.01	611.28	696.62	809.50	862.94	
Revenue deficit (-) /surplus (+) without Interest payment on Public Debt	-24.31	459.68	-118.76	1463.42	819.04	
Percentage of Interest payment on Public Debt to Revenue Receipt	5.28	6.40	6.52	5.65	5.82	
Percentage of Public Debt Repayment to Public Debt Receipt	29.89	27.99	19.96	55.13	60.28	
Net Public Debt available to the State <sup>#</sup>	271.94	318.80	1095.45	840.13	1442.62	

<sup>41</sup> The effective Outstanding Public Debt excludes ₹ 112.00 crore received as Back-to-Back Loan.

<sup>42</sup> The effective Outstanding Public Debt excludes ₹ 253.16 crore received as Back-to-Back Loan.

Debt Sustainability Indicators	2018-19	2019-20	2020-21	2021-22	2022-23
Net Public Debt available as <i>per cent</i> to Public Debt Receipts	20.53	21.31	44.86	20.90	23.19
Primary deficit (-) /Surplus (+)	-1,369.27	-345.26	-1,744.64	-1,195.52	-1,767.63
Debt Stabilisation (Quantum spread <sup>s</sup> + Primary Deficit)	-1,254.29	-320.55	-2,803.08	-299.07	-1,260.84

Source: Finance Accounts of 2018-19 to 2022-23.

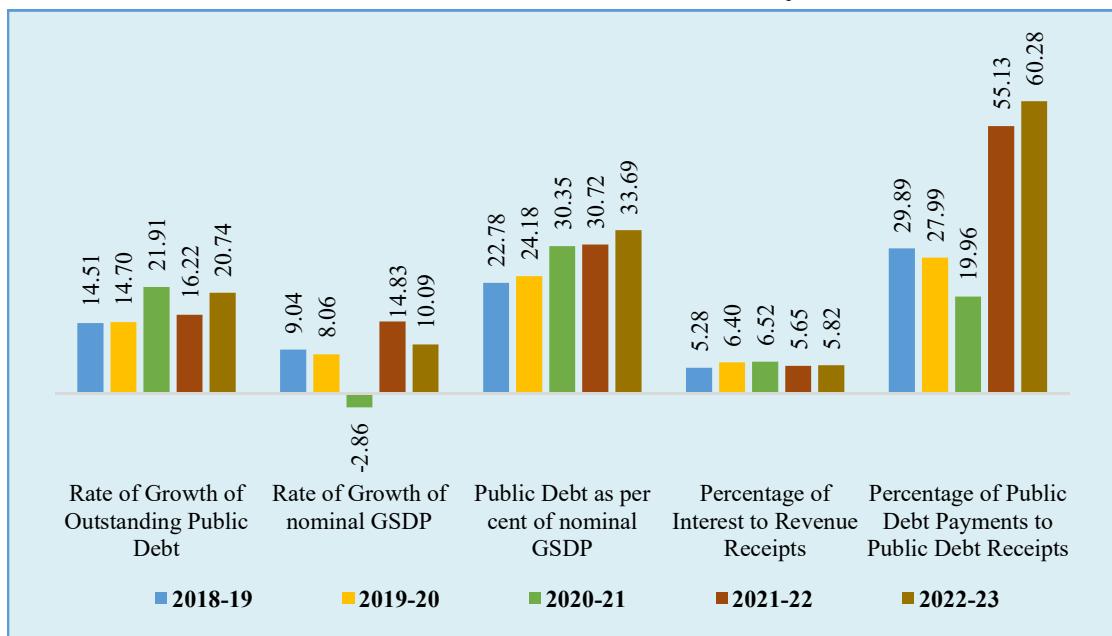
\* Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government.

# 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.

^ Average Interest Rate = {Interest Payments/ [(Opening Balance of Public Debt + Closing Balance of Public Debt)/2]} \*100.

§ Quantum Spread = Debt\*(GSDP growth rate-Interest rate).

Chart 2.23: Trends of Public Debt Sustainability indicators



From the above, it is seen that the ratio of public debt to nominal GSDP ratio ranged between 22.78 *per cent* and 33.69 *per cent* during the five-year period from 2018-19 to 2022-23. During the year, it increased by around three *percentage* point and public debt availability increased by 71.71 *per cent* from ₹ 840.13 crore in 2021-22 to ₹ 1,442.62 crore.

**(B)** An analysis on debt sustainability was carried out based on a study by E.D Domar<sup>43</sup> [Domar, 1994]. The Domar model states that the necessary premise for ensuring sustainability of government's debt financing is that the interest rate on government loans should not exceed the growth rate of GDP.

<sup>43</sup> Domar model does not take into account maturity profile, composition, cost and risk characteristics of debt stock.

The dynamics of **public debt** depending on the interest rate, growth rate of GSDP and the Primary Budget Balance<sup>44</sup> are as follows:

<b>Primary Balance g-r</b>	<b>PB (Primary Balance) &lt;0 i.e., Primary Deficit (PD)</b>	<b>PB (Primary Balance) &gt;=0 i.e., Primary Surplus (PS)</b>
<b>If g-r&gt;0</b> i.e., Real economic growth exceeds real interest rate <b>(strong economic growth)</b>	Provided that the PD is stable and consistent with debt/GSDP, Public Debt is sustainable.	Debt/GSDP ratio shall decrease and Public Debt tends towards stable level and is therefore sustainable.
<b>If g-r&lt;0</b> i.e., Real economic growth is lower than real interest rate <b>(slow economic growth)</b>	Debt tends to increase without limitations and becomes unsustainable.	Debt is no longer sustainable provided that it is not decreased in the medium or long run.

g: Real Economic growth rate; r: Real Interest rate.

PB: Primary Balance, PB<0: Primary Deficit (PD), PB>0: Primary Surplus (PS).

The results of applying the above parameters in the case of Meghalaya, are shown in **Table 2.41**.

**Table 2.41: Debt sustainability analysis based on Domar Model**

Year	Real Growth <sup>*</sup> (g)	Real Interest <sup>#</sup> (r)	g-r (Domar gap)		Primary Deficit (-) / Surplus (+)		Inference as per Domar Model for Debt Sustainability
			Value	Nature of 'g-r'	Value	Nature of Primary Balance 'PB'	
2018-19	5.12	5.25	(-0.16)	<0	(-1,369.27)	Primary Deficit (PB<0)	As (g-r) < 0 and PB < 0, Public Debt tends to increase without limitations and becomes unsustainable.
2019-20	5.08	4.99	0.11	>0	(-345.26)		As (g-r) > 0 and PB < 0, provided that the PD is stable and consistent with debt/GSDP, Public Debt is sustainable.
2020-21	(-7.85)	(-1.03@)	(-6.12)	<0	(-1,744.64)		As (g-r) < 0 and PB < 0, Public Debt tends to increase without limitations and becomes unsustainable.
2021-22	5.66	4.04	1.36	>0	(-1,195.52)		As (g-r) > 0 and PB < 0, provided that the PD is stable and consistent with debt/GSDP, Public Debt is sustainable.
2022-23	3.88	2.28	1.62	>0	(-1767.63)		As (g-r) > 0 and PB < 0, provided that the PD is stable and consistent with debt/GSDP, Public Debt is sustainable.

*Source: Handbook of Statistics on Indian States 2022-23 by the Reserve Bank of India, Data Compiled by Economic Wing, O/o C&AG of India.*

\* Calculated based on GSDP at constant prices (2011-12).

# Real Interest Rate = Nominal Interest Rate – Inflation (CPI). Nominal Interest Rate is the average interest rate on outstanding Public Debt.

@ Average CPI Index for ten months has been taken due to unavailability of CPI data for the months of April and May 2020.

<sup>44</sup> Primary Budget Balance refers to the fiscal balance excluding interest payments for government borrowings.

During the five-year period from 2018-19 to 2022-23, the State had primary deficit. In the pre Covid period of 2018-19 and 2019-20, the real growth rate of the GSDP was an average of five *per cent* while Domar gap marginally improved in 2019-20 due to falling interest rate. In the post Covid period, the Domar gap has remained positive during 2021-22 and 2022-23 indicating that real interest rates have remained below the GSDP growth rates. However, the sustainability of public debt depends on whether the state economy maintains the real growth rate in the long run.

Details of the achievements *vis-à-vis* targets set in the MTFPS<sup>45</sup> under MFRBM Act, 2006 are given in **Table 2.42**.

**Table 2.42: Achievements vis-à-vis targets set in the MTFPS**

Fiscal Parameter	Achievement vis-à-vis targets set in the MTFPS				
	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (RD) (-) / Surplus (RS) (+)-GSDP Ratio ( <i>in percent</i> )	Target	1.43	2.04	2.13	3.31
	Achieved	-1.67	-0.44	-2.41	1.69
Fiscal Deficit (FD) (-) / Surplus (FS) (+)-GSDP Ratio ( <i>in percent</i> )	Target	-3.33	-3.65	-3.53	-4.07
	Achieved	-6.30	-3.17	-7.71	-5.57
Ratio of total outstanding liability to GSDP ( <i>in per cent</i> )	Target	30.03	31.12	30.62	36.58
	Achieved	33.02	33.17	40.32*	39.92 <sup>+</sup>
<i>*Excludes Back-to-Back loan of ₹ 112.00 crore.</i>					
<i>+Excludes Back-to-Back loan of ₹ 253.16 crore (₹ 112.00 crore + ₹ 141.16 crore)</i>					

The ratio of revenue deficit-GSDP decreased from 1.67 *per cent* to 0.10 *per cent* and fiscal deficit-GSDP increased from 6.30 *per cent* to 6.55 *per cent*. The State Government was unable to meet the targets of RS/RD-GSDP and FD-GSDP during the period from 2018-19 to 2022-23 except RD-GSDP in 2022-23 and FD-GSDP in 2019-20. Also, the outstanding liability-GSDP ratio was not achieved during 2018-19 to 2022-23.

As per the macro fiscal parameters, such as ceiling on public debt, revenue and fiscal deficit in a particular year and as on 31 March of that year, the government's fiscal sustainability is of concern as indicated by the rising ratios of revenue deficit-GSDP, fiscal-GSDP and outstanding liability-GSDP. Although the revenue deficit-GSDP ratio remained within targets during the year 2022-23, the Government failed to meet the targets for Fiscal-GSDP and outstanding liability-GSDP ratio.

On the basis of the above, it is inferred that the State fiscal sustainability is at risk in the short to medium term unless remedial measures are taken to rationalise expenditure, explore further sources of revenue, expand revenue base and invest in revenue generating assets.

### 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

<sup>45</sup> Medium Term Fiscal Policy Statement.

State Governments have come out with legislations or instructions with regard to cap on the guarantees, the Government of Meghalaya has not prescribed any ceiling for guarantees to be extended for loans availed by the State Government entities (March 2023).

The details of outstanding guarantees given by the State Government including interest liability during the five-year period from 2018-19 to 2022-23 are shown in **Table 2.43**.

**Table 2.43: Guarantees given by the State Government**

Guarantees	2018-19	2019-20	2020-21	2021-22	2022-23	(₹ in crore)
Criteria as per MFRBM Act, 2006						Restrict issuing of guarantees, except on selective basis where the quality and viability of the scheme to be guaranteed is properly analysed (there is no statutory limit)-Section 4(d), MFRBM Act, 2006
Amount of outstanding guarantees (₹ in crore)	1,163.09	1,120.14	3,060.99	2,980.44	2,977.53	

*Source: Finance Accounts of respective years & Finance Accounts 2022-23.*

During 2022-23, the outstanding guarantee declined to 95.82 *per cent* of State Own Tax and Non- Tax Revenue as compared to 105.50 *per cent* during 2021-22. As on 31 March 2023, 99.39 *per cent* (₹ 2,959.54 crore) of the total outstanding guarantees (₹ 2,977.53 crore) 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 2.44** depicts the cash balances and investments made by the State Government out of cash balances during the year.

**Table 2.44: Cash Balances and their investment**

Particulars	Opening balance on 01 April 2022	Closing balance on 31 March 2023	(₹ in crore)
<b>A. General Cash Balance</b>			
Cash in treasuries	7.00	7.00	
Deposits with Reserve Bank of India	(-) 66.53	31.92	
Deposits with other Banks	0.00	0.00	
Remittances in transit – Local	0.00	0.00	
<b>Total</b>	<b>(-) 59.53</b>	<b>38.92</b>	

Particulars	Opening balance on 01 April 2022	Closing balance on 31 March 2023
Investments held in Cash Balance investment account	16.87	79.92
<b>Total (A)</b>	<b>(-) 42.67</b>	<b>118.84</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	693.96	789.67
<b>Total (B)</b>	<b>694.20</b>	<b>789.91</b>
<b>Total (A + B)</b>	<b>651.54</b>	<b>908.75</b>

Source: Finance Accounts 2022-23.

General Cash Balance of the State Government at the end of the current year increased by ₹ 161.51 crore from ₹ (-)42.67 crore in 2021-22 to ₹ 118.84 crore in 2022-23. The State Government earned an interest of ₹ 9.72 crore and ₹ 1.96 crore during 2021-22 and 2022-23 respectively from the investments made in GoI Treasury Bills.

Out of the investment of ₹ 789.67 crore in earmarked funds, ₹ 603.66 crore in Sinking Fund Investment Account, ₹ 118.00 crore was invested in the State Disaster Response Fund Investment Account and ₹ 68.00 crore in Guarantee Redemption Fund Investment Account at the end of the year. The cash balance investments of the State during the five-year period 2018-19 to 2022-23 are given in **Table 2.45**.

**Table 2.45: Cash Balance Investment Account (Major Head-8673)**

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
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
2022-23	16.87	79.92	63.05	1.96

Source: Finance Accounts of 2018-19 to 2022-23.

## 2.9 Conclusion

In conclusion, the analysis of the state of finances of the Government of Meghalaya, focusing on revenue receipts and expenditure for the financial year (FY) 2022-23, shows that the State has again turned into a Revenue Deficit (₹ 43.90 crore) State, after achieving revenue surplus during last years.

During the current year, Revenue Receipts increased by 3.82 *per cent*, while comparative increase over the previous five year period was 52.49 *per cent* from ₹ 9,718.62 crore in 2018-19 to ₹ 14,819.87 crore in 2022-23 at an average compound annual growth rate of 11.12 *per cent*. During 2022-23, the state's own revenue contributed approximately 20.97 *per cent* of the Revenue Receipts, while Central Tax Transfers and Grants-in-Aid together contributed 79.03 *per cent*. Over the past five years, the contribution of central tax transfers and grants in aid ranged between 74.28 *per cent* and 80.21 *per cent*. The

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.

During the year 2022-23, Revenue Expenditure increased by 9.13 *per cent* from ₹ 13,620.22 crore in 2021-22 to ₹ 14,863.77 crore in 2022-23. The increase in Revenue Expenditure was mainly due to an increase in expenditure on Elections, Housing, Secretariat economic services Rural Employment, Soil and Water Conservation. Revenue expenditure as a proportion of total expenditure remained above 80 *per cent* indicating that the lion's share of Government spending was on current expenditure on payment of salaries and wages, pension, rent and rates and payment of interest on outstanding debt.

Expenditure on Capital outlay during 2022-23 decreased by 0.35 *per cent* to ₹ 2,742.48 crore over the previous year. Capital Expenditure as a percentage of total expenditure has decreased from 15 *per cent* to 13 *per cent* during the year 2022-23.

As on 31 March 2023, 235 incomplete projects had over-shot their schedules by more than one year to 34 years. The expenditure incurred on these 235 incomplete projects was ₹ 613.95 crore.

During the year 2022-23, ₹ 51.57 crore was disbursed from State Disaster Response Fund (SDRF) out of which ₹ 29.33 crore was directly withdrawn from the fund violating the SDRF guidelines. As on 31 March 2023 closing balance of the fund was ₹ 130.86 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 ₹ 2.04 crore resulted in an under statement of the Revenue Deficit to that extent.

During the current year, no guarantees were given by the State Government. At the end of the year 2022-23, outstanding guarantees given by the State Government were ₹ 2,977.53 crore. The State Government did not receive any amount towards the guarantee commission. Guarantee Commission works out to ₹ 14.90 crore during 2022-23. The accumulated balance of the outstanding Guarantee Commission Fee was ₹ 86.08 crore as on 31 March 2023.

The Fiscal Deficit of the State ranged between ₹ 1,103.77 crore to ₹ 2,793.15 crore over the past five years with an increasing trend. Consistent and increasing trend of Fiscal Deficit shows the state's growing dependency on borrowings to sustain its financial operations. The outstanding liabilities reached to ₹ 18,442.32 crore, increased by ₹ 2,961.23 crore (16.06 *per cent*) compared to the previous year. The outstanding liabilities during 2022-23 stood at 43.19 *per cent* of the GSDP and exceeded the limit of the total outstanding Debt-GSDP ratio target (28 *per cent*) fixed in the State FRBM Act, 2006.

Out of the total outstanding public debt of ₹ 14,637.12 crore, an amount of ₹ 1,592.12 crore (including interest) is payable by 2023-24 and an amount of ₹ 6,504.89 crore (including interest) is payable between 2024-25 and 2026-27.

Cash Balances of the State Government at the end of the current year decreased by ₹ 161.51 crore from (-) ₹ 42.67 crore in 2021-22 to ₹ 118.84 crore in 2022-23. Cash Balance investment increased from ₹ 16.87 crore in 2021-22 to ₹ 79.92 crore in 2022-23.

## **2.10 Recommendations**

1. *Government should consider broadening and strengthening revenue collection mechanism to improve its revenue buoyancy on one hand, and to reduce fiscal deficit, on the other hand.*
2. *Government may prioritise capital spending, especially on sectors like education and health.*
3. *Government should ascertain reasons for infrastructure projects lying incomplete for several years and take corrective steps for completion of these projects in order to prevent wasteful expenditure.*





## **CHAPTER-III**

### **BUDGETARY MANAGEMENT**



## CHAPTER III

# BUDGETARY MANAGEMENT

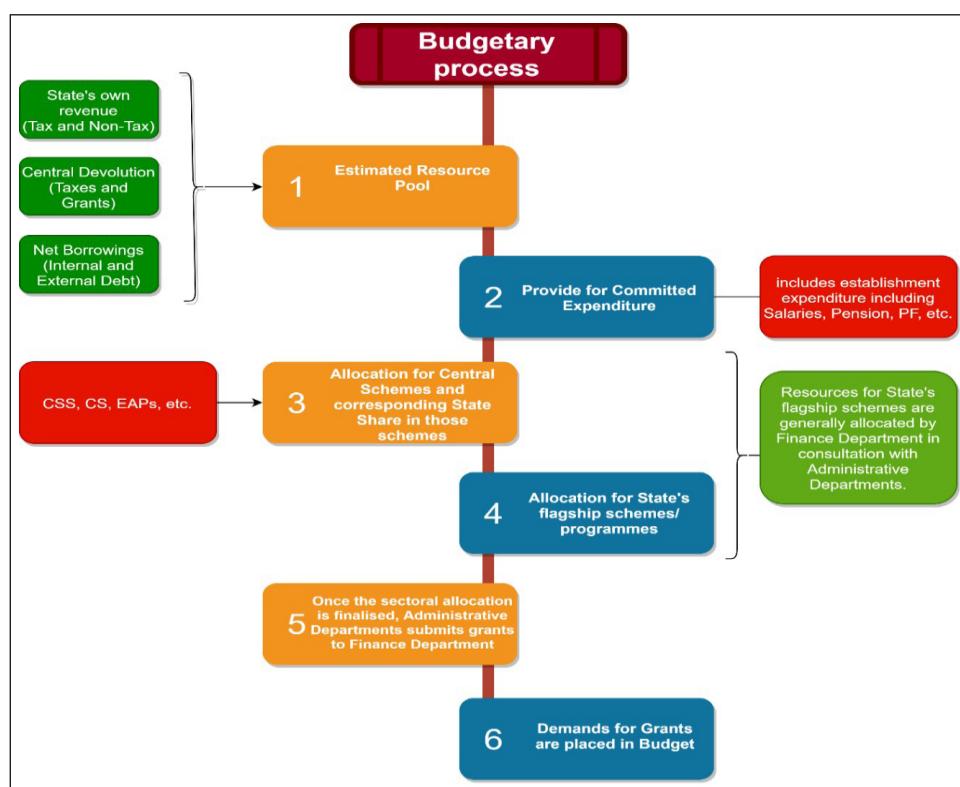
### 3.1 Budget Process

In compliance with Article 202 of the Constitution of India, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that year, called the “annual financial statement (Budget)” is to be laid before the State Legislature. The estimates of the expenditure show ‘charged’ and ‘voted’ items of expenditure separately and distinguish expenditure on revenue account from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the State Government.

As per Rule 37 of Rules of Execution Business of the Government of the State of Meghalaya, 1972, the Financial Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called ‘Demand for Grants’. Budget glossary is given in *Appendix 3.1*.

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.

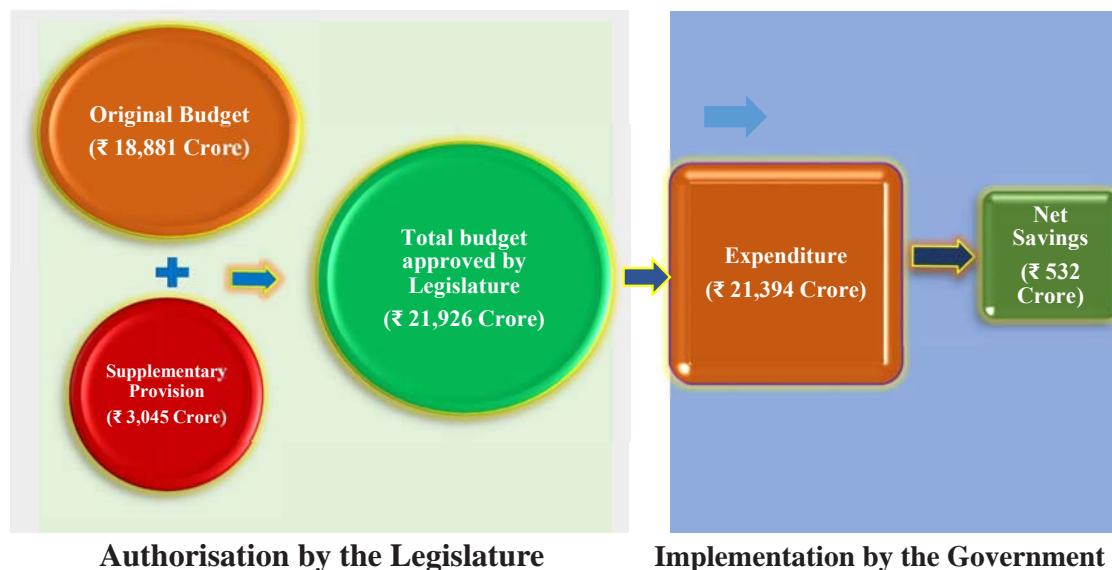
As contemplated in Paragraphs 1 and 78 of the State Budget Manual<sup>46</sup>, the duty of preparing Budget Estimates (BEs) (Receipts and Expenditure) and Revised Estimates (REs) for laying before the Legislature vests with the Finance Department. The BEs are prepared on Departmental basis. The budget 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.

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

### 3.1.1 Summary of total provisions, actual disbursements and savings during financial year

The total amount approved by the State legislature, including the original and supplementary budgets<sup>47</sup>, expenditure and net savings during 2022-23 are depicted below:

**Chart 3.2: Overview of Budget and Expenditure of Meghalaya during 2022-23**



*Source: Appropriation Accounts 2022-23.*

The net savings of ₹ 532 crore was the result of gross savings of ₹ 3,971 crore offset by excess expenditure of ₹ 3,439 crore.

A summarised position of total budget provision, disbursements and savings/excess with bifurcation into voted and charged during the year 2022-23 is given in **Table 3.1**.

<sup>46</sup> Budget Manual of the Government of Assam (Volume I) as adopted by Government of Meghalaya.

<sup>47</sup> Demand for Supplementary Grants were moved by the GoM during September 2022 (₹ 1,240.25 crore) and March 2023 (₹ 1,804.35 crore).

**Table 3.1: Summarised Position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) Provisions during the Financial Year**

(₹ in crore)			
Voted/Charged	Total Budget provision	Disbursements	Net Savings (-) /Excess (+)
Voted	19,711.29	16,481.89	-3,229.40
Charged	2,214.31	4,911.89	2,697.58
<b>Total</b>	<b>21,925.60</b>	<b>21,393.78</b>	<b>-531.82</b>

Source: Appropriation Accounts 2022-23.

### 3.1.2 Charged and Voted Disbursements during the year

The break-up of total disbursement into charged and voted during 2021-22 and 2022-23 is given in **Table 3.2**.

**Table 3.2: Trend of Disbursement into Charged and Voted during 2021-22 and 2022-23**

Year	Disbursements			Net Savings (-)/ Excess (+)		
	Voted	Charged	Total	Voted	Charged	Total
2021-22	15,589.82	3,294.15	18,883.97	(-)2,862.22	1355.97	(-)1,506.25
2022-23	16,481.89	4,911.89	21,393.78	42,787.56	42,787.56	(-)531.82

Source: Appropriation Accounts 2022-23.

Total expenditure during the year 2022-23 was ₹ 21,393.78 crore out of which ₹ 16,481.89 crore (77.04 per cent) was voted expenditure while ₹ 4,911.89 crore (22.96 per cent) was charged expenditure. During the previous year, the proportion of voted and charged expenditures were 82.56 per cent and 17.44 per cent respectively.

### 3.1.3 Budget Marksmanship

#### 3.1.3.1 Aggregate Budget Outturn

Aggregate Budget Outturn<sup>48</sup> measures the extent to which the aggregate budget expenditure outturn/actual expenditure reflects the amount originally approved, both in terms of less than approved and in excess of approved. In simpler terms, Aggregate Budget Outturn assesses how closely the actual expenditure amount matches the initially approved budget amount.

**Table 3.3: Aggregate Budget Outturn**

Description	Original Approved Budget (BE)	Actual Outturn	Difference between actual and BE*	Percentage Difference between Actual and BE
(1)	(2)	(3)	(4)	(5)
Revenue	15,375.53	14,867.44	(-) 508.08	-3.30
Capital	3,505.47	6,526.34	(+) 3,020.86	86.18
<b>Total</b>	<b>18,881.00</b>	<b>21,393.78</b>	<b>(+) 2,512.78</b>	<b>13.31</b>

\* Excess of actuals over original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figures.

<sup>48</sup> **Outturn:** - Outturn refers to the actual expenditure made in the financial year. It represents actual expenses, revenues, and other financial aspects compared to initially budgeted or estimated.

In Revenue section, deviation in outturn compared with BE was (-) 3.30 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 39 grants and three non-grants. Between ± 25 *per cent* to ± 50 *per cent* in 17 grants, between ± 50 *per cent* to ± 100 *per cent* in four grants and more than or equal to 100 *per cent* in respect of one grant.

In Capital section, deviation in outturn compared with BE was (+) 86.18 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in four grants and one non-grant, between ± 25 *per cent* to ± 50 *per cent* in eight grants, between ± 50 *per cent* to ± 100 *per cent* in 19 grants and more than or equal to 100 *per cent* in two grants and one non-grant. No provision was however made in respect of three grants of the Capital section.

### **3.1.3.2 Expenditure Composition Outturn**

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition.

**Table 3.4: Expenditure Composition Outturn**

(₹ in crore)

Description	Original Approved Budget (BE)	Revised (RE)	Actual Outturn	Difference between BE & RE	Difference between Actual and RE*	Percentage Difference between Actual and RE
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue	15,375.53	17,479.09	14,867.44	2,103.56	(-)2,611.64	(-)14.94
Capital	3,505.47	4,446.51	6,526.34	941.05	(+)2,079.82	(+) 46.77
<b>Total</b>	<b>18,881.00</b>	<b>21,925.60</b>	<b>21,393.78</b>	<b>3,044.61</b>	<b>(-)531.82</b>	<b>(-) 2.43</b>

\* Excess of actuals over RE is denoted as (+) figure and shortage of actuals over RE is denoted as (-) figures.

In Revenue Budget, deviation in outturn compared with RE was (-) 14.94 *per cent* while in Capital Budget, deviation in outturn compared with RE was (+) 46.77 *per cent*.

In Revenue section, deviation in outturn compared with RE was (-) 14.94 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 43 grants and three non-grants, between ± 25 *per cent* to ± 50 *per cent* in 14 grants, between ± 50 *per cent* to ± 100 *per cent* in four grants.

In Capital section, deviation in outturn compared with RE was (+) 46.77 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in seven grants and one non-grant, between ± 25 *per cent* to ± 50 *per cent* in seven grants, between ± 50 *per cent* to ± 100 *per cent* in 18 grants and equal to or more than 100 *per cent* in one grant and one non-grant. No provision was, however, made in respect of three grants (grant 02, 15 and 32) of the Capital section.

## **3.2 Appropriation Accounts**

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 Act passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual Capital and Revenue Expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the Comptroller and Auditor General (C&AG) of India seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

### 3.3 Integrity of Budgetary and Accounting Process

#### 3.3.1 Expenditure incurred without authority of law.

As per Para 95 of Volume I of the Budget Manual of the Government of Assam, 1960 (adopted by Meghalaya), no expenditure under a particular head (Major, Minor or Sub-Head) against which no provision exists, in the Budget as passed by the Assembly can be incurred and the provision under a grant can never be exceeded.

On test check of Detailed Appropriation Accounts 2022-23, it is found that ₹ 574.74 crore was expended in 15 cases without legislative approval as outlined in **Table 3.5.**

**Table 3.5: Case of expenditure without legislative approval during 2022-23**

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
6 – Administration of Land Revenue, Land Ceilings etc.	2245	14.75	<b>02-</b> Floods, Cyclone etc. <b>101</b> -Gratuitous. Relief <b>(01)-</b> Financial Assistance of the Victims of Natural Calamities - General.
6 – Administration of Land Revenue, Land Ceilings etc.	2245	1.03	<b>02-</b> Floods, Cyclone etc. <b>104</b> -Supply of fodder <b>(01)-</b> Financial Assistance of the Victims of Natural Calamities - General.
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.32	<b>02-</b> Floods, Cyclone etc. <b>105</b> -Veterinary Care <b>(01)-</b> Financial Assistance of the Victims of Natural Calamities - General.
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.08	<b>02</b> -Floods, Cyclone etc. <b>111</b> - Ex-gratia payments to bereaved families. <b>(01)</b> Financial Assistance to Victims of Natural calamities
6 – Administration of Land Revenue, Land Ceilings etc.	2245	4.76	<b>02</b> -Floods, Cyclone etc. 113-Assistance for Repairs/ Reconstruction of Houses. <b>(01)</b> -Financial Assistance to Victims of Natural Calamities.-. General

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.42	<b>02</b> -Floods, Cyclone etc. <b>114</b> -Assistance to Farmers for purchase of Agricultural inputs (01)-Financial Assistance of Victims of Natural Calamities.- General.
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.58	<b>02</b> -Floods, Cyclone etc. <b>116</b> -Assistance to Farmers for Repairs of Damaged Tube Wells, Pump etc. (01)-Financial Assistance to Victims of Natural Calamities.. General.
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.03	<b>02</b> -Floods, Cyclone etc. <b>117</b> -Assistance to Farmers for purchase of livestock (01)- Financial Assistance to Victims of Natural calamities.
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.03	<b>02</b> -Floods, Cyclone etc. <b>118</b> -Assistance for Repairs/ Replacement of damaged boats and equipment for fishing (01)- Financial Assistance to Victims of Natural calamities.
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.25	<b>02</b> -Floods, Cyclone etc. <b>193</b> -Assistance to Local Bodies and Other Non-Government Bodies/ Institutions. (01)-Financial Assistance to Victims of Natural Calamities. - General.
11 – Administration of Electricity Acts and Rules, Power Department Services etc.	4801	550.00	<b>05</b> -Transmission and Distribution <b>190</b> - Investments in Public Sector and Other Undertakings (02) –Ujwal Discom Assurance Yojana (UDAY) for Operational and Financial turnaround of Power Distribution Companies (Equity)- General
21 – Administration of the Education Department	2203	0.80	105-Polytechnics (09)-Up-gradation of Existing/ Setting up New Polytechnics-. Central Sector Schemes-General
24 – Administration of Pension and Other Retirement Benefits and Social Services	2071	0.49	<b>01</b> -Civil <b>106</b> -Pensionary Charges in respect of High Court Judges. (02)-Payment of Pension-General
56 – Administration of Roads and Bridges	5054	0.20	<b>04</b> -District and Other Roads. <b>337</b> -Road Works. (53)-North East Special Infrastructure Development Schemes (NESID)-Sixth Schedule
56 – Administration of Roads and Bridges	3451	1.00	<b>092</b> -Other Offices. (35)-Credit Guarantee Fund Trust for Small and Micro Enterprises-General
<b>Total</b>		<b>574.74</b>	

*Source: Detailed Appropriation Accounts 2022-23.*

Expenditure from the Consolidated Fund of the State without legislative approval as mandated by the Constitution, infringes constitutional stipulations. This undermines fiscal discipline and the ability of governments to control the total budget and, subsequently, to manage risk. This also affects governments' ability to effectively and predictably allocate resources to strategic policy priorities.

### 3.3.2 Misclassification of expenditure

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 2022-23, the Government of Meghalaya incorrectly booked expenditure of ₹ 0.70 crore under Capital Section instead of Revenue Section (Minor Work). This resulted in understatement of Revenue Deficit (₹ 43.90 crore) by ₹ 0.70 crore.

### 3.3.3 Unnecessary or excessive supplementary Grants

During the year 2022-23, supplementary provision of ₹ 3,044.60 crore was obtained in 47 instances (Revenue-38 and Capital-9). However, out of these, under 16 cases supplementary provision of ₹ 1,440.18 crore proved unnecessary as the actual expenditure did not even reach to the level of the original provision as detailed in **Appendix 3.2**. This indicates poor budgetary management by the State Government. Such unnecessary allocation of resources could have been allocated to activities where funds were spent in excess of budget allocation.

Out of these 16 cases, significant cases where supplementary provision was more than ₹ 10 crore (in each case) are highlighted in **Table 3.6**.

**Table 3.6: 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	(₹ in crore) Savings out of Original Provision
<b>Revenue (Voted)</b>					
1	6—Administration of Land Revenue, Land Ceilings etc.	101.12	42.86	64.67	36.45
2	11—Administration of Electricity Acts and Rules, 9—Power Department Services etc.	459.98	316.85	298.58	161.40
3	16—Administration of Civil Police and Fire Protection Services.	1,198.47	55.79	1,116.54	81.93
4	26—Administration of Medical, Public Health and Family Welfare services	1,557.92	304.90	1,454.64	103.28
5	29—Administration of Urban Development	159.05	19.70	121.66	37.39
6	34—Administration of Social Welfare	575.31	17.30	325.94	249.37
7	51—Administration of Community and Rural Development	1,261.14	195.09	1,170.45	90.69
<b>Total</b>		<b>5,312.99</b>	<b>952.49</b>	<b>4,552.48</b>	<b>760.51</b>
<b>Capital (Voted)</b>					
1	19—Administration of Public Works Department.	136.29	34.01	94.82	41.47
2	56—Administration of Roads and Bridges	1,128.72	425.00	998.19	130.53
<b>Total</b>		<b>1,265.01</b>	<b>459.01</b>	<b>1,093.01</b>	<b>172.00</b>
<b>Grand Total</b>		<b>6,578.00</b>	<b>1,411.50</b>	<b>5,645.49</b>	<b>932.51</b>

Source: Appropriation Accounts 2022-23.

### 3.3.4 Unnecessary or insufficient 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.

Audit noticed that during the year 2022-23, re-appropriation was made under 49 Grants and four Appropriations, out of which under 11 grants and one appropriation proved excessive or insufficient and resulted in savings or excess (₹ one crore or above) as detailed in *Appendix 3.3*. This indicates that re-appropriation was not carried out on the basis of actual requirement. This reflects poor planning and monitoring of budget allocation and its utilisation by the State Government. Cases where the savings/excess exceeded ₹ 20 crore are highlighted in **Table 3.7**.

**Table 3.7: Cases of excess/unnecessary/insufficient re-appropriation**

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.	<b>Gr. No. 11 –2801-80-General.</b> 101-Assistance to Electricity Boards. (84)-Grant to Me.E.C.L for Repayment of loans (6 <sup>th</sup> Schedule)	0.00	250.00	170.00	420.00	0.00	(-)420.00
2.	<b>Gr. No. 21– 2202-01-</b> Elementary Education 101- Government Primary School (01) Expenditure on Primary Schools.. (6 <sup>th</sup> Schedule)	401.54	0.00	0.07	401.61	440.94	(+) 39.33
3.	<b>Gr. No. 21– 2202-01-</b> Elementary Education 102-Assistance to Non-Government Primary Schools (01) Expenditure on Maintenance of Primary Schools under Deficit System (6 <sup>th</sup> Schedule)	192.44	0.00	55.96	248.40	205.64	(-) 42.76
4.	<b>Gr. No. 21– 2202-01-</b> Elementary Education 111- Sarva Shiksha Abhiyan. (01) Samagra Shiksha Abhiyan. (General)	34.50	30.26	17.73	82.49	171.57	(+) 89.07
5.	<b>Gr. No. 21– 4202-01-</b> General Education 201- Elementary Education (01) Construction of Educational Building. (General)	0.00	37.98	10.00	47.98	10.00	(-) 37.98
6.	<b>Gr. No. 26– 2210-80-</b> General 800 Other Expenditure (21)- National Health Mission (NHM) (General)	70.00	30.76	18.91	119.67	76.75	(-)42.92
7.	<b>Gr. No. 56– 2059 -80</b> –General 001- Direction and Administration (08) Divisional and Subordinate Offices (Roads) (6 <sup>th</sup> Schedule)	144.94	20.72	0.60	166.26	144.17	(-) 22.09
8.	<b>Major Head 6003 – 110-</b> Ways and Means Advances from the Reserve Bank of India (69) Ways and Means Advances (General)	280.00	0.00	1.74	281.74	1,572.91	(+)1,291.17

*Source: Detailed Appropriation Accounts 2022-23.*

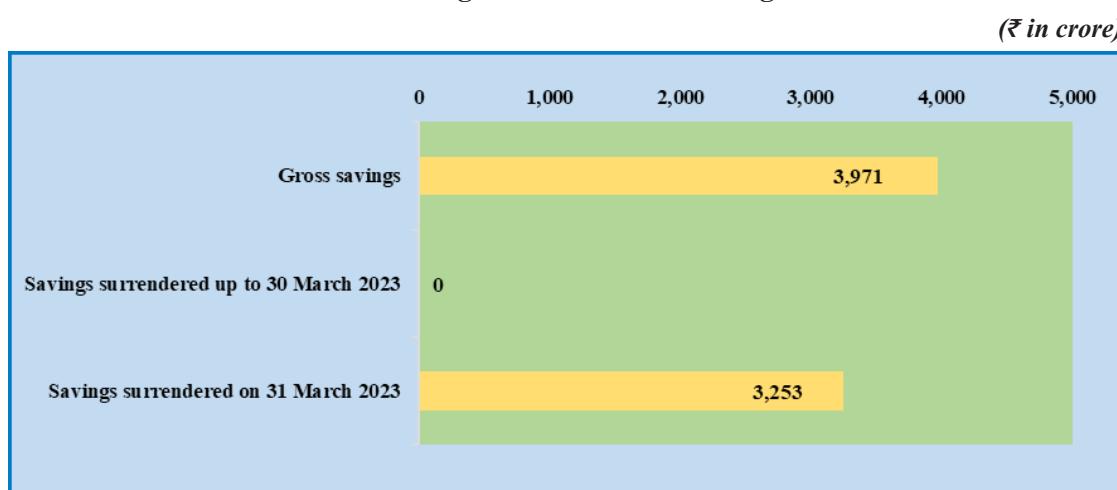
The State Government may develop and deploy a mechanism to improve accuracy of assessment for requirement of funds through re-appropriation with the objective of preventing under-allocation or over-allocation of funds through re-appropriations.

### 3.3.5 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. Known savings in the budget should not be left un-surrendered in time.

Scrutiny of the Appropriation Accounts 2022-23 revealed that out of gross savings of ₹ 3,971.22 crore, an amount of ₹ 3,252.82 crore (81.91 *per cent*) was surrendered. The entire surrendered amount was surrendered on the last working day of March 2023.

**Chart 3.3: Savings and surrenders during 2022-23**



Source: Appropriation Accounts 2022-23.

Substantial surrenders (cases where more than ₹ 100 crore of total provision was surrendered) were made in respect of five Grants (revenue section) and one Grant (capital section) on various grounds like non-receipt of sanctions, less expenditure than anticipated, less requirement of funds, non-requirement of fund, etc. In these six cases, out of the total provision of ₹ 9,602.94 crore of above Grants/Appropriations, ₹ 1,611.72 crore was surrendered, details of which are given in **Table 3.8**.

**Table 3.8: Details of Surrender of Funds in Excess of ₹ 100 crore at the end of March 2023**

(₹ in crore)							
Sl. No.	Grant number	Original	Supplementary	Total Provision	Actual Expenditure	Saving	Amount Surrendered
<b>Revenue</b>							
1.	16	1,198.64*	55.79	1,254.43	1,116.58	137.85	130.32
2.	21	2,545.36	337.77	2,883.13	2,718.22	164.91	236.32
3.	26	1,557.92	304.90	1,862.82	1,454.64	408.18	109.05
4.	34	575.31	17.30	592.61	325.94	266.66	266.57
5.	51	1,261.14	195.09	1,456.23	1,170.45	285.78	276.69
<b>Total</b>		<b>7,138.37</b>	<b>910.85</b>	<b>8,049.22</b>	<b>6,785.83</b>	<b>1,263.38</b>	<b>1,018.95</b>

Sl. No.	Grant number	Original	Supplementary	Total Provision	Actual Expenditure	Saving	Amount Surrendered
<b>Capital</b>							
1.	56	1,128.72	425.00	1,553.72	998.19	555.52	592.77
	<b>Grant Total</b>	<b>8,267.09</b>	<b>1,335.85</b>	<b>9,602.94</b>	<b>7,784.02</b>	<b>1,818.90</b>	<b>1,611.72</b>

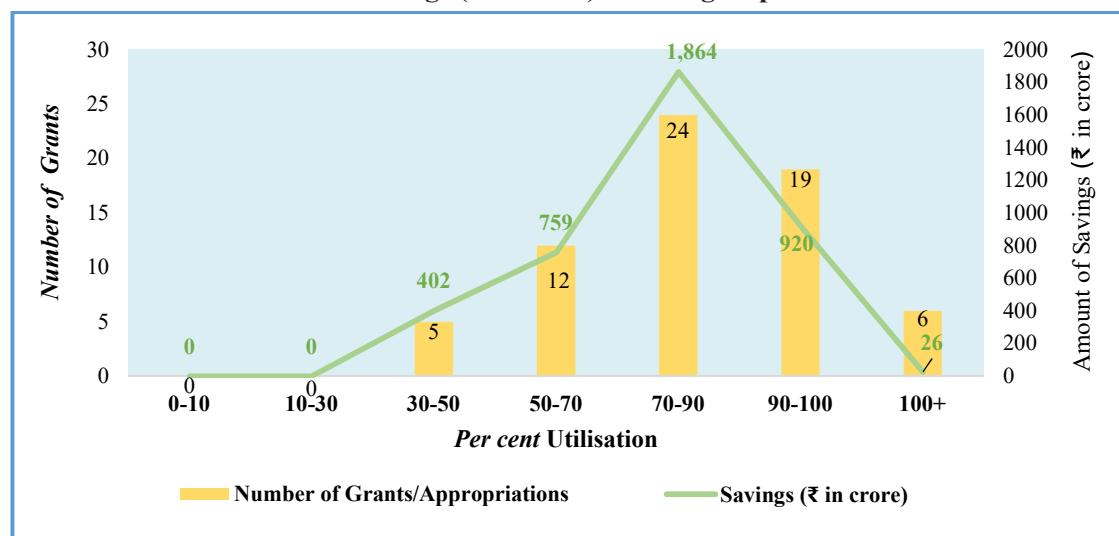
Source: Appropriation Accounts 2022-23, \*Includes Charged.

As shown in **Table 3.8**, savings of more than ₹ 100.00 crore under five Grants (revenue section) and one Grant (capital section) were surrendered on the last day of March 2023 which is a violation of the Budget Manual and reflects lack of budgetary control. The State Government should ensure timely surrender of unspent funds to meet the objective of efficient budget management.

### 3.3.6 Large savings

In the year 2022-23, there was a gross savings of ₹ 3,971.22 crore. Of which, ₹ 2,297.00 crore (57.84 per cent) corresponds to seven Grants (Revenue: 06; Capital: 01) with savings of more than ₹ 100 crore in each of the total provision as detailed in **Appendix 3.4**. The distribution of Grants/Appropriations grouped by percentage of savings are given in **Chart 3.4**.

**Chart 3.4: Grants/Appropriations grouped by the percentage of Savings along with total savings (₹ in crore) in each group**



Source: Appropriation Accounts 2022-23, '100+' denotes excess expenditure.

**Chart 3.4** indicates that, during the year 2022-23, utilisation of provision was below 50 per cent in five Grants, utilisation crossed 50 per cent upto 100 per cent in 55 Grants, while the utilisation was above 100 per cent in the remaining six Grants. Grant-wise details are given in **Appendix 3.5**.

During the year 2022-23, utilisation in respect of four Grants (revenue section) and 10 Grants (capital section) was below 50 per cent as detailed in **Table 3.9**.

**Table 3.9: Grants/Appropriations with Budget Utilisation less than 50 per cent in 2022-23**

(₹ in crore)

Sl. No.	Grant no. and Description	Budget	Expenditure	Utilisation (in per cent)
<b>Revenue</b>				
1	6-Administration of Land Revenue, Land Ceilings etc.	143.98	64.68	45
2	11-Administration of Electricity Acts and Rules, Power Department Services etc.	776.82	298.58	38
3	35-Administration of Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	173.84	86.00	49
4	37-Administration of Information Technology	90.55	40.50	45
<b>Capital</b>				
1	1-Administration of the State Legislature	105.00	17.26	16
2	10-Administration of Transport Services	43.11	1.00	2
3	16-Administration of Civil Police and Fire Protection Services	37.00	0	0
4	18-Stationery and Printing	7.20	0.87	12
5	21-Administration of the Education Department	80.85	35.59	44
6	34-Administration of Social Welfare	41.40	17.08	41
7	45-Administration of Soil and Water Conservation	6.50	1.13	17
8	47-Administration of Animal Husbandry and Veterinary Department	52.37	10.98	21
9	54-Administration of Village and Small Scale Industries	83.76	10.79	13
10	57-Administration of Tourist Organisation	36.10	9.8	27

Source: Appropriation Accounts 2022-23.

The underutilisation of Grant no. 21 (Education) only 44 *per cent* and 34 (Social Welfare) only 41 *per cent* impacts significantly the educational opportunities and wellbeing for the people of the state. Similarly, the utilisation of Grant No. 10 at two *per cent* (Transport Services) and Grant No. 57 at 27 *per cent* (Tourism Organisation) exhibited a suboptimal level, significantly impacting the overall development of infrastructure. Ensuring efficient utilisation of allocated funds, especially in capital grants, holds the promise of advancing infrastructure development, a crucial element for the sustainable growth of the state. The state government may examine the reasons for suboptimal utilisation of allocated funds in these grants and take appropriate corrective action.

### 3.3.7 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).

#### 3.3.7.1 Excess expenditure relating to current year

During the current year, expenditure under four Grants/appropriation in Revenue and four grants/appropriation in Capital, amounting to ₹ 3,439.41 crore, was in excess

of authorisation and required regularisation under Article 205 of the Constitution as detailed in **Table 3.10**.

**Table 3.10: Grant-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.	24	Administration of Pension and other Retirement Benefits and Social Services.	1,469.00	1,672.62	203.62
2.	32	Administration of Civil Supplies	56.53	58.41	1.88
3.	60	Administration of Advances to Government Servants and Other Social Services	1.28	1.80	0.52
4.	20	Administration of Civil Defence and Home Guards	52.05	52.20	0.15
<b>Total</b>			<b>1,578.86</b>	<b>1,785.03</b>	<b>206.17</b>
<b>Capital</b>					
1.	11	Administration of Electricity Acts and Rules, Power Department Services etc.	192.90	575.47	382.57
2.	58	Administration of Sports and Youth	87.97	137.00	49.03
3.	29	Administration of Urban Development	228.59	243.68	15.08
4.	-	6003-Administration of Public Debts	939.76	3,726.32	2,786.56 <sup>49</sup>
<b>Total</b>			<b>1449.22</b>	<b>4,682.47</b>	<b>3,233.24</b>
<b>Grant Total</b>			<b>3,028.08</b>	<b>6,467.49</b>	<b>3,439.41</b>

Source: - Appropriation Account 2022-23.

### **3.3.7.2 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 2011-12, ₹ 949.05 crore, as recommended by the PAC, was regularised by the State Legislature (March 2021). As on 31 March 2023, an amount of ₹ 3,343.05 crore pertaining to year upto 2021-22 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 of the State 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.

### **3.3.7.3 Supplementary Provision and opportunity cost**

During 2022-23, supplementary grants were approved while even the original appropriation was not fully utilised as shown in **Table 3.11**.

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<sup>49</sup> ₹ 2,786.56 crore (Ways and Means Advance: ₹ 1,291.17 crore + Overdraft State: ₹ 230.16 crore + Special Drawing facility on 91 Days deposits: ₹ 1,265.22 crore).

**Table 3.11: Unnecessary excessive budget/Supplementary Provision**

Sl. No.	Name of the Grant	Original Allocation	Supplementary	Total	(₹ in crore)	
					Actual expenditure	Unutilised funds
<b>Capital (Voted)</b>						
1	19-Administration of Public Work Department	136.29	34.01	170.30	94.82	75.48
2	56 – Administration of Roads and Bridges	1,128.72	425.00	1,553.72	998.19	555.52
<b>Total</b>		<b>1,265.01</b>	<b>459.01</b>	<b>1,724.02</b>	<b>1093.01</b>	<b>631.00</b>

Source: Appropriation Accounts 2022-23.

**Table 3.11** shows that an amount of ₹ 1,093.01 crore (63.40 *per cent*) only was utilised out of the total allocation of ₹ 1,724.02 crore. It was further seen that the actual expenditure was lesser than the original allocation and hence the supplementary provision of ₹ 459.01 crore proved unnecessary.

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**.

### 3.4 Effectiveness of Budgetary and Accounting Process

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

Efficient management of tax administration/ other receipts and public expenditure holds the key for achievement of various fiscal indicators. 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.

The summarised position of the budget including supplementary budget, actual expenditure, and excess/ savings during 2022-23 against 66 Grants/ Appropriations (61 Grants and five Appropriations) is given in **Table 3.12** as well as in **Chart 3.5**.

**Table 3.12: 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	Excess (+)/ Savings (-)	Surrender during March	
							Amount	Per cent
Voted	I. Revenue	14,148.45	2,080.08	16,228.53	13,705.09	(-)2,523.44	2,022.42	74.09
	II. Capital	2,541.71	941.04	3,482.75	2,776.80	(-)705.95	1,141.57	99.04
	<b>Total</b>	<b>16,690.16</b>	<b>3,021.12</b>	<b>19,711.28</b>	<b>16,481.89</b>	<b>(-)3,229.39</b>	<b>3,163.99</b>	<b>81.50</b>
Charged	III. Revenue	1,227.08	23.47	1,250.55	1,162.36	(-)88.19	88.05	99.83
	IV. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	V. Public Debt Repayment	963.76	0.00	963.76	3749.54	2,785.78	0.78	100
	<b>Total</b>	<b>2,190.84</b>	<b>23.47</b>	<b>2,214.31</b>	<b>4,911.90</b>	<b>2,697.59</b>	<b>88.83</b>	<b>99.83</b>

Nature of Expenditure	Original Grant/App.	Supplementary Grant/App.	Total	Expenditure	Excess (+)/ Savings (-)	Surrender during March	
						Amount	Per cent
Appropriation to Contingency Fund (if any)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Grand Total</b>	<b>18,881.00</b>	<b>3,044.59</b>	<b>21,925.59</b>	<b>21,393.79</b>	<b>(-)531.80</b>	<b>3,252.82</b>	<b>81.91</b>

*Source: Appropriation Accounts 2022-23.*

**Table 3.12** outlines that during the year 2022-23, Government of Meghalaya (GoM) incurred expenditure of ₹ 21,393.79 crore against the total grants and appropriations of ₹ 21,925.59 crore resulting in net savings of ₹ 531.80 crore.

The extent of utilisation of budget during the five-year period from 2018-19 to 2022-23 is shown in **Table 3.13**.

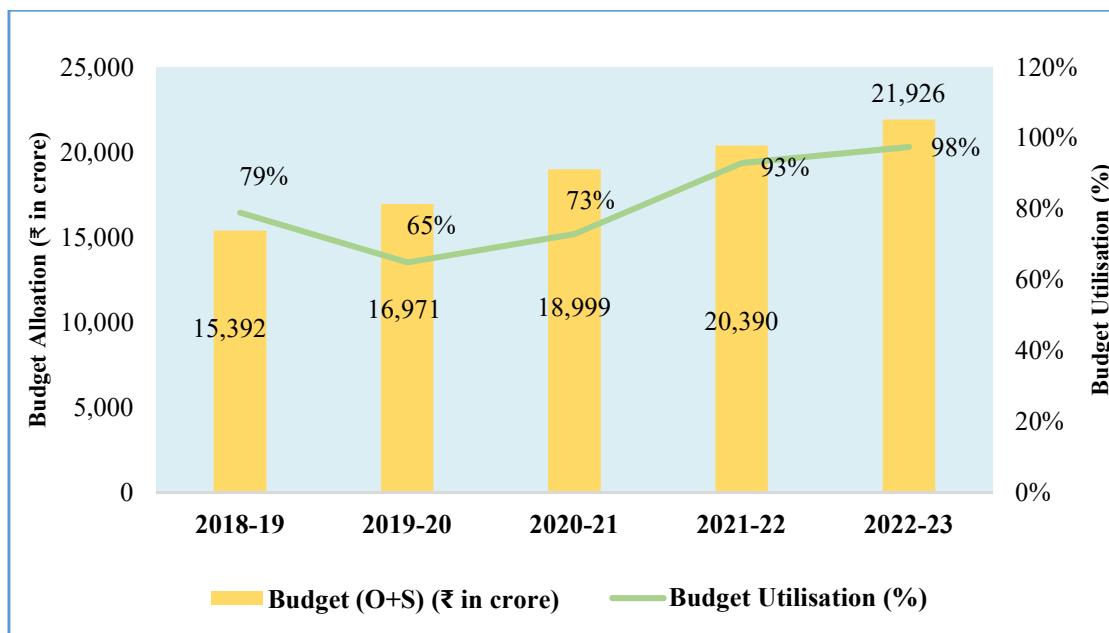
**Table 3.13: Original Budget, Revised Estimates and Actual Expenditure during 2018-23**

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Original Budget	14,276.88	16,376.94	17,430.23	17,603.35	18,881.00
Supplementary Budget	1,114.99	593.77	1,569.02	2,786.89	3,044.60
Total Budget (TB)	15,391.87	16,970.71	18,999.25	20,390.24	21,925.60
Revised Estimate (RE)	14,268.81	16,376.94	17,432.14	17,603.28	23,280.09
Actual Expenditure (AE)	12,159.24	10,967.33	13,802.08	18,883.98	21,393.79
Savings (TB-AE)	3,232.63	6,003.38	5,197.17	1,506.26	531.81
Percentage of supplementary to the original provision	7.81	3.63	9.00	15.83	16.13
Percentage of overall saving/excess to the overall provision	21.00	35.37	27.35	7.39	2.43
TB-RE	1,123.06	593.77	1,567.11	2,786.96	(-)1,354.49
RE-AE	2,109.57	5,409.61	3,630.06	(-)1,280.70	1,886.30
(TB-RE) as % of TB	7.30	3.50	8.25	13.67	(-)6.18
(RE-AE) as % of TB	13.71	31.88	19.11	(-)6.28	8.60

*Source: Budget, RE and Appropriation Accounts.*

**Table 3.13** depicts that during the five-year period from 2018-19 to 2022-23, the actual expenditure has consistently been lower than the original estimated budget during 2018-19 to 2020-21, however, during 2021-22 and 2022-23, actual expenditure surpassed the original budget. Savings during the year 2022-23 decreased to ₹ 531.81 crore from ₹ 1,506.26 crore. However, the gross savings increased to ₹ 3,971.22 crore from ₹ 3,086.92 crore in 2021-22. This indicates unrealistically higher estimates. 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.

**Chart 3.5: Budget utilisation during 2018-19 to 2022-23**

Source: Appropriation Accounts 2022-23.

**Chart 3.5** depicts utilisation of budget during 2018-19 to 2022-23. The budget utilisation was under 80 *per cent* during 2018-19 to 2020-21. However, during 2021-22 and 2022-23, the utilisation of provision surpassed 90 *per cent*.

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

While presenting the Budget for the year 2022-23 in the State Legislature, the Finance Minister announced ₹ 30.00 crore (₹ 10 crore each) for implementation of Skills Meghalaya, Ginger Mission and Spice Mission during the year. However, Audit found that no provision was made, and no expenditure was incurred on these schemes during the year. The budget announcement, allotment and actual expenditure in this regard are given in **Table 3.14**.

**Table 3.14: Details of the schemes for which provision was made but no expenditure was incurred.**

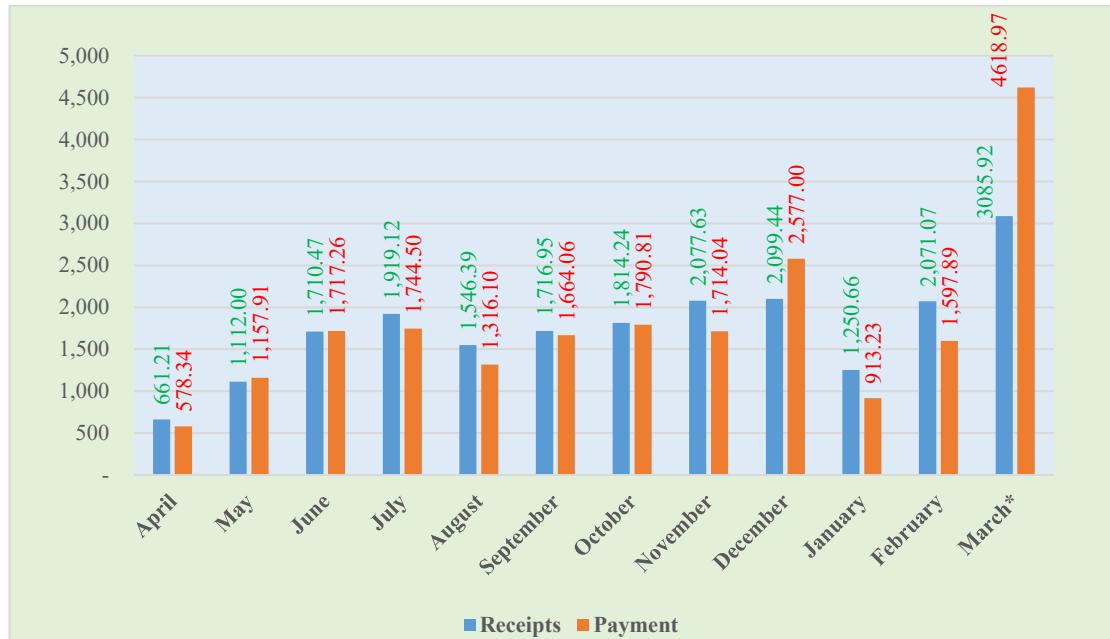
Sl. No.	Scheme Name	Announcement in Budget Speech	(₹ in crore)		
			Approved outlay	Revised outlay	Actual expenditure
1.	Skills Meghalaya	10.00	-	-	0.00
2.	Ginger Mission	10.00	-	-	0.00
3.	Spice Mission	10.00	-	-	0.00

Source: Budget Speech and Appropriation Account 2022-23.

#### 3.4.3 Trend of expenditure

The monthly flow of receipt and expenditure of the Government of Meghalaya during 2022-23 are outlined in **Chart 3.6**.

**Chart 3.6: Statement showing month wise receipt and expenditure for the State during 2022-23**



*Source: Monthly Civil Accounts.*

\* Includes March Supplementary Adjustment.

Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure. Government funds should be spent evenly throughout the year. The State Government has not furnished (January 2024) any information regarding quarter-wise percentage limit for incurring expenditure during the year. Regulating the expenditure in a phased manner helps to provide a structured and disciplined approach to budget management, enabling government to effectively allocate resources, monitor spending, and achieve financial objectives.

The quarter wise expenditure for the State during the year 2022-23 is detailed in **Table 3.15**.

**Table 3.15: Statement showing quarter wise expenditure for the State during 2022-23**

Particulars	Budget Allocation (O+S)	Expenditure				In March 2023	Total Expenditure during 2022-23
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr		
Amount (₹ in crore)	21,925.60	3,453.52	4,724.65	6,081.84	7,130.10	4,481.28	21,390.11*
Percentage of Total Expenditure in 2022-23	-	15.75	21.55	27.74	32.52	20.95	-

*Source: Information furnished by A&E office*

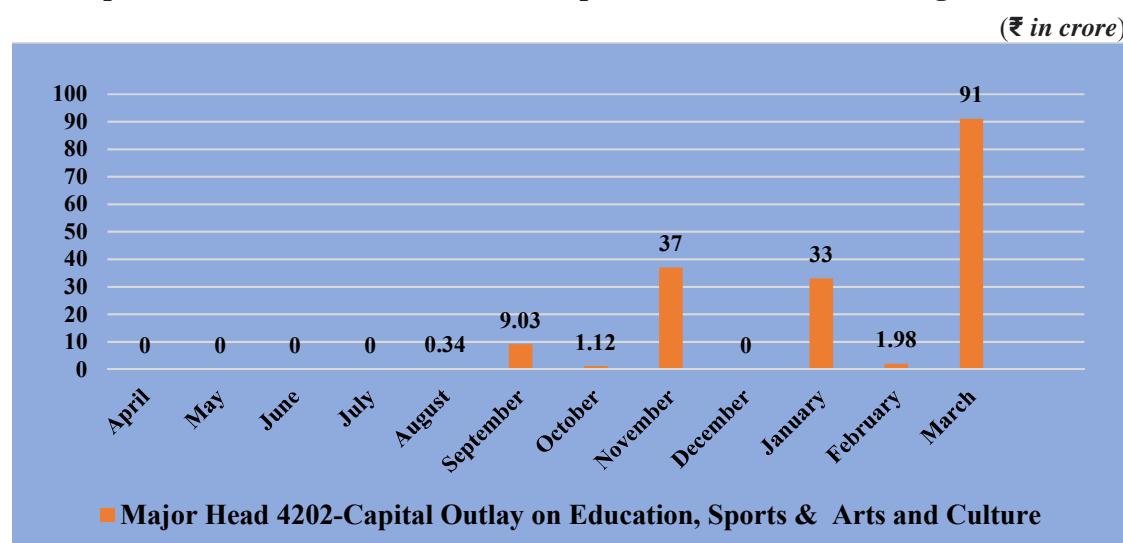
\*Net total expenditure (excluding total recoveries, Appendix 1 Appropriation Accounts 2022-23).

**Table 3.15** shows that during 2022-23, the highest share (32.52 per cent) of expenditure was incurred during the 4th Quarter followed by the 3rd Quarter (27.74 per cent), 2nd Quarter (21.55 per cent), and 1st Quarter (15.75 per cent). The share of expenditure made during the month of March 2023 in the total expenditure stood at 20.95 per cent.

Further, the Audit analysis revealed that over 50 *per cent* of expenditure under 31 Major Heads during the year was made in the January-March Quarter of 2022-23 as given in *Appendix 3.8*. During 2022-23, 100 *per cent* of the expenditure amounting to ₹ 128.71 crore under 11 Major Heads was spent in March 2023 (*Appendix 3.9*). Out of this, expenditure amounting to ₹ 42.39 crore (32.93 *per cent*) under 09 Major Heads were Capital Expenditure. Audit further noticed that during the year 2022-23 entire expenditure of ₹ 703.97 crore in 234 sub-heads was incurred in the month of March 2023 alone. The cases of expenditure of ₹ five crore and above in March 2023 alone detailed in *Appendix-3.10*.

Test check of Major Head 4202-Capital Outlay on Education, Sports & Arts and Culture revealed 52.46 *per cent* (₹ 91.00 crore) of the total expenditure (₹ 173.48 crore) was incurred in March 2023. Month wise expenditure under Major Head 4202 during the year 2022-23 is depicted in **Chart 3.7**.

**Chart 3.7: Month wise expenditure under Major Head 4202-Capital Outlay on Education, Sports & Arts and Culture under the Department of Education during 2022-23**



Source: A&E office (*Monthly Civil Accounts*).

#### 3.4.4 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. In simpler words, New Service is an activity which has not been brought to the notice of the State Legislature. New Instrument of Service means relatively large expenditure arising out of important expansion of an existing activity.

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’. In other words, expenditure for New Service through re-appropriation is barred. However, Audit found that an expenditure of ₹ 109.75 crore was incurred in 11 New Services which were not brought to the notice of the State Legislature as detailed in **Table 3.16**.

**Table 3.16: Expenditure on new service without provision**

(₹ in crore)

Sl. No	Grant No	Major Head	Minor Head	Re- appropriation	Expenditure
1	11	2801	<b>80-101-(81)-</b> Construction of 220 KV D/C Line from Mawngap to Nangalibra along with 220 KV line bays. (General)	0.76	0.76
2	11	2801	<b>80-101-(82)-</b> Replacement of 80 MVAR Bus Reactor at 400/220/132 KV Sub Station Killing. (General)	2.22	2.22
3	26	2210	<b>01-001-(22)-</b> Payment for Medical Treatment and Advance.(Sixth Schedule)	0.27	0.20
4	26	2210	<b>06-113-(01)-</b> Corpus Fund.(General)	20.00	20.00
5	26	2210	<b>80-101-(01)-</b> National Health Mission. (General)	3.47	3.47
6	26	2210	<b>80-101-(01)-</b> National Health Mission. (General) <b>Centrally Sponsored Scheme</b>	21.54	31.19
7	29	2217	<b>80-192-(10)-</b> Up-gradation of the Standard of Administration Awarded by the Fifteen Finance Commission. (General)	47.04	47.04
8	43	2216	<b>07-053-(08) –</b> Other Maintenance Expenditure (Hort) (Sixth Schedule)	0.48	0.11
9	45	2402	<b>102-(29)-</b> Nursery (Sixth Schedule)	0.56	0.56
10	45	2402	<b>102-(30)-</b> Sloping Agriculture Land Technology (SALT) (Sixth Schedule)	3.15	3.15
11	Non-Grant	2049	<b>131- (01)-</b> Interest on Special Drawing Facility (Charge) (General)	1.05	1.05
<b>Total</b>				<b>100.54</b>	<b>109.75</b>

*Source: Appropriation Accounts 2022-23.*

As such, expenditure of ₹ 109.75 crore (₹ 100.54 crore through re-appropriation and ₹ 9.21 crore excess over re-appropriation) was incurred without budget provision. This indicates bypassing legislative control.

The State Government may ensure that the expenditure required for New Service is duly approved by the State Legislature through Original or Supplementary Grant as mandated by the Constitution of India.

### 3.5 Review of Selected Grants

A review of budgetary procedure and control over expenditure was conducted in respect of ‘**Grant Number-26**– Administration of Medical, Public Health and Family Welfare Services’ and ‘**Grant Number-34**- Administration of Social Welfare’. The observations noticed during the review are discussed below:

#### 3.5.1 Review of Grant Number-26- Administration of Medical, Public Health and Family Welfare Services

##### 3.5.1.1 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 2018-19 to 2022-23 is given in **Table 3.17**.

**Table 3.17: Budget and Expenditure of Grant No. 26**

<b>Grant No.</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<i>(₹ in crore)</i>
<b>Total Budget Provision</b>	<b>1,237.50</b>	<b>1,148.91</b>	<b>1,395.64</b>	<b>1,753.24</b>	<b>1,922.82</b>	
Expenditure	1,069.54	866.29	1,214.37	1,682.40	1,486.81	
Savings (-)/Excess (+)	(-)167.96	(-)282.62	(-)181.27	(-)70.84	(-)436.01	
Savings (percentage)	(-)13.57	(-)24.60	(-)12.99	(-)4.04	(-)22.68	
Savings not surrendered	163.97	87.01	84.52	50.43	326.24	
<b>Revenue Provision</b>	<b>1,190.42</b>	<b>1,092.97</b>	<b>1,277.94</b>	<b>1,659.50</b>	<b>1,862.82</b>	
Expenditure	1,027.03	816.90	1,167.16	1,601.41	1,454.64	
Savings (-)/Excess (+)	(-)163.39	(-)276.07	(-)110.78	(-)58.09	(-)408.18	
Savings (percentage)	(-)13.73	(-)25.26	(-)8.67	(-)3.50	(-)21.91	
Savings not surrendered	159.40	80.46	74.74	38.58	299.13	
<b>Capital Provision</b>	<b>47.08</b>	<b>55.94</b>	<b>117.70</b>	<b>93.74</b>	<b>60.00</b>	
Expenditure	42.51	49.39	47.21	80.99	32.17	
Savings (-)/Excess (+)	(-)4.57	(-)6.55	(-)70.49	(-)12.75	(-)27.83	
Savings (percentage)	(-)9.71	(-)11.71	(-)59.89	(-)13.60	(-)46.38	
Savings not surrendered	4.57	6.55	9.78	11.85	27.11	

Source: Appropriation Accounts 2018-2023.

**Table 3.17** shows that savings as a percentage of revenue provision was 13.73, 25.26 and 21.91 *per cent* in 2018-19, 2019-20 and 2022-23 respectively and savings as a percentage of capital provision was 59.89 *per cent* and 46.38 *per cent* in 2020-21 and 2022-23 respectively. The savings during 2022-23 was mainly on account of allocations for providing training to healthcare personnel, improving access to healthcare facilities in remote areas through various initiatives under National Health Mission (NHM), strengthening maternal health and operation of rural healthcare facilities. Therefore, substantial savings indicated non-achievement of planned healthcare infrastructure development as well as skill development of the healthcare personnel.

### 3.5.1.2 Budget provision not utilised

Audit analysis revealed that 100 *per cent* of the budget provision (original + supplementary) of ₹ 60.34 crore in 11 cases was not utilised under the Grant No. 26 during the year 2022-23. The cases where the final provision was more than rupees one lakh are detailed in **Table 3.18**.

**Table 3.18: Cases where no part of budget provisions was utilised Grant No. 26**

<b>Major Head and Group Head</b>	<b>Original + Supplementary</b>	<b>Re-appropriation*</b>	<b>Final Grant</b>	<b>Expenditure</b>	<b>Savings</b>	<i>(₹ in crore)</i>
<b>2210-Medical and Public Health</b>						
<b>06-104-(04)-Strengthening of State Drug Regulatory System (General)</b>	2.50	0.00	2.50	0.00	2.50	
<b>80-004-(02)-Vital Statistics for births and deaths in Medical and Public Health Hospital centres and non-Government Institutions (General)</b>	0.11	0.00	0.11	0.00	0.11	
<b>02-101-(06)-Ayush Services under NHM (General) CSS</b>	50.10	(-)9.65	40.45	0.00	40.45	

Major Head and Group Head	Original + Supplementary	Re-appropriation*	Final Grant	Expenditure	Savings
<b>2211-Family Welfare</b>					
<b>103-(08)-</b> Pradhan Mantri Matru Vandhana Yojana (PMMVY) Maternity Benefit Programme (General) CSS	4.22	(-)0.62	3.60	0.00	3.60
<b>4210-Capital Outlay on Medical and Public Health</b>					
<b>01-110-(23)</b> Upgradation of State T.B. Office to State T.B. Cum Demonstration and Training centre Shillong. (Sixth Schedule)	0.36	0.00	0.36	0.00	0.36
<b>01-110-(27)</b> Renovation and Improvement of Mairang Hospital (Sixth Schedule)	0.36	(-)0.03	0.33	0.00	0.33
<b>01-110-(37)-</b> Strengthening of Diagnostic Services, State of the Art Diagnostic Centre at Pasteur Institute Shillong (Sixth Schedule)	1.42	(-)0.33	1.09	0.00	1.09
<b>02-800-(05)-</b> Construction of Staff quarters for women and children hospital, SDO's Office and staff quarters, DMO Office at Tura (Sixth Schedule)	0.36	0.00	0.36	0.00	0.36
<b>03-200-(02)</b> Construction of Ayurvedic/ Homeopathic Dispensaries, etc. (Sixth Schedule)	0.21	0.00	0.21	0.00	0.21
<b>04-106-(03)-</b> Renovation and Improvement of Pasteur Institute (General)	0.72	0.00	0.72	0.00	0.72
<b>Total</b>	<b>60.36</b>	<b>(-)10.63</b>	<b>49.73</b>	<b>0.00</b>	<b>49.73</b>

Source: Detailed Appropriation Account 2022-23 and Surrender Orders.

\*(+) denotes re-appropriation for augmentation of provision and (-) denotes re-appropriation for decrease of provision.

As is evident from **Table 3.18**, the Department could not utilise the Grant to the tune of ₹ 60.36 crore as per the budget allocation. This indicates poor budget formulation and lack of financial control on part of the Departments.

### 3.5.1.3 Unnecessary Supplementary Provision

Supplementary provision of ₹ 304.90 crore obtained in revenue head during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed in **Table 3.19**.

**Table 3.19: Unnecessary supplementary provision Grant No. 26**

(₹ in crore)

Original Provision	Supplementary	Final Grant	Expenditure	Savings	Savings w.r.t Original Provision
<b>Revenue</b>					
1,557.92	304.90	1,862.82	1,454.64	408.18	103.28

Source: Appropriation Account 2022-23.

**Table 3.19** shows that excess budget provision has resulted in the diversion of scarce resources from projects that need funding during the year. This indicates a suboptimal

allocation of resources. It is recommended that future budget allocations should be assessed based on actual requirements of fund to ensure optimal utilisation of resources.

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

Audit findings, however, revealed that expenditure of ₹ 61.22 crore was incurred in six cases contrary to para 113(vii) of the Budget Manual by re-appropriation without any budget provision in the original budget/supplementary orders to this effect as detailed in **Table 3.20**.

**Table 3.20: Cases where expenditure was incurred through Re-appropriation, without either any budget/supplementary provisions Grant No. 26**

Major Head and Group Head	Total Provision (O+S)	Re-appropriation	Expenditure	(₹ in crore) Excess (+)/ Savings (-)
<b>2210-Medical and Public Health</b>				
01-001-(22)-Payment for Medical Treatment And Advance (sixth schedule)	0.00	0.27	0.20	(-) 0.07
01-110-(23)-District Project on National Cancer Control (sixth schedule)	0.00	0.15	0.13	(-) 0.02
06-113-(01)-Corpus Fund (General)	0.00	20.00	20.00	0.00
80-101-(01) National Health Mission (General)	0.00	3.47	3.47	0.00
80-101-(01) National Health Mission (General) CSS	0.00	21.54	31.19	(+ 9.65
<b>4210-Capital Outlay on Medical and Public Health</b>				
02-104-(02) Rural Infrastructure Developmental Fund Scheme under NABARD (sixth schedule)	0.00	7.67	6.23	(-) 1.44
<b>Total</b>	<b>0.00</b>	<b>53.10</b>	<b>61.22</b>	<b>(+8.12</b>

*Source: Detailed Appropriation Account 2022-23.*

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.

#### **3.5.1.5 Excess over provision**

The detailed audit analysis revealed that during the year 2022-23, there was an excess expenditure of ₹ 10.87 crore over the budget provision under 10 sub-heads, details of which are given in **Table 3.21**. Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This indicates lack of financial discipline in the Department.

**Table 3.21: Excess over provision Grant No. 26**

Sl. No.	Major Head and Group Head	Final Grant	Expenditure	(₹ in crore)	Excess
				2210-Medical and Public Health	
1	01-001-(03)-District Medical Officer (Civil Surgeon's offices) (Sixth Schedule)	11.93	12.09		0.16
2	01-001-(17)-Establishment of Acquire Immune Deficiency (Sixth Schedule)	0.27	0.32		0.05
3	01-001-(18) Establishment of Joint Director of Health Services Offices (in the Divisions) (Sixth Schedule)	0.62	0.74		0.12
4	01-109-(01) School Health Unit (Sixth Schedule)	0.47	0.51		0.04
5	01-110-(06) Leper Hospital Colony (Sixth Schedule)	0.40	0.42		0.02
6	05-105-(02) Education (General)	0.84	0.90		0.06
7	06-101-(01) Malaria (General)	1.37	1.43		0.05
8	06-101-(01) Malaria (Sixth Schedule)	19.21	19.41		0.20
9	80-101-(01) National Health Mission (General) CSS	21.54	31.19		9.65
4210-Capital Outlay on Medical and Public Health					
1	01-110-(18) Upgradation/Improvement of Tura Civil Hospital (Sixth Schedule)	1.42	1.94		0.52
<b>Total</b>		<b>58.07</b>	<b>68.95</b>		<b>10.87</b>

Source: Detailed Appropriation Account 2022-23.

**Table 3.21** indicates that an excess expenditure of ₹ 10.87 crore shows lack of financial control of the Department.

### 3.5.1.6 Unnecessary/Insufficient 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.

The detailed audit analysis revealed that during the year 2022-23, under Grant no 26-Medical, Public Health and Family Welfare, re-appropriation to augment provision was made in 33 sub-heads amounting to ₹ 102.38 crore. However, out of this, re-appropriation under 29 sub-heads (*Appendix-3.11*) it proved excessive or insufficient and resulted in savings/excess. This indicates that re-appropriation was not carried out on the basis of actual requirement and reflects poor planning and monitoring of budget allocation and its utilisation by the Department. Cases causing savings/excess of rupees one crore or above are detailed in **Table 3.22**.

**Table 3.22: Unnecessary/Insufficient Re-appropriation Grant No.-26**

Major Head and Group Head	Budget Provision (O+S)	Re-Appropriation	Final Provision	Expenditure	(₹ in crore)	Savings (-)/Excess (+)
					2210-Medical and Public Health	
01-110-(01) Shillong Civil Hospital (including improvement thereof) (Sixth schedule)	52.06	1.50	53.56	51.00		-2.56
01-110-(02) Ganesh Das Hospital (including improvement thereof) (Sixth schedule)	35.86	0.08	35.94	32.68		-3.26
01-110-(03) R.P. Chest Hospital (including improvement thereof) (General)	14.29	0.03	14.32	13.05		-1.27
01-110-(04) Jowai Civil Hospital (including improvement thereof) (Sixth schedule)	13.77	0.26	14.03	12.46		-1.57

Major Head and Group Head	Budget Provision (O+S)	Re-Appropriation	Final Provision	Expenditure	Savings (-)/Excess (+)
01-110-(05) Tura Civil Hospital (including improvement thereof) (Sixth schedule)	25.16	1.62	26.78	24.46	-2.32
01-110-(31) Mairang Civil Hospital (Including Improvement thereof) (Sixth schedule)	1.04	2.10	3.14	1.04	-2.10
01-110-(32) Mawkyrwat Civil Hospital (Including Improvement thereof) (Sixth schedule)	3.40	0.13	3.53	0.89	-2.64
01-200-(03) Contribution toward NGO's under PPP (Recurring and Non Recurring) (General)	11.53	9.70	21.23	16.90	-4.33
03-103-(01) Other Existing and new Primary Health Centres with indoor facilities (Sixth schedule)	156.23	3.44	159.67	156.08	-3.59
03-104-(01) Up-gradation of Primary Health Centres to 30 bedded Hospitals- (Sixth schedule)	62.45	2.50	64.95	63.59	-1.36
80-800-(21) National Health Mission (NHM) (General)	100.76	18.91	119.67	76.75	-42.92
80-101-(01) National Health Mission (General) CSS	0.00	21.54	21.54	31.19	9.65
<b>4210 – Capital Outlay on Education, Sports Art and Culture (Capital)</b>					
02-104-(02) Rural Infrastructure Developmental Fund Scheme under NABARD (Sixth schedule)	0.00	7.67	7.67	6.23	-1.44
<b>Total</b>	<b>476.53</b>	<b>69.48</b>	<b>546.04</b>	<b>486.33</b>	<b>(-) 69.36 (+) 9.65</b>

Source: Detailed Appropriation Accounts 2022-23 and Surrender orders.

### 3.5.2 Review of Grant Number-34 - Administration of Social Welfare

#### 3.5.2.1 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 2018-19 to 2022-23 is given in **Table 3.23**.

**Table 3.23: Budget and Expenditure of Grant No. 34**

Grant No.	2018-19	2019-20	2020-21	2021-22	2022-23	(₹ in crore)
Total Budget Provision	632.35	577.56	803.82	708.37	634.01	
Expenditure	461.88	315.74	433.64	412.52	343.03	
Savings (-)/Excess (+)	(-)170.47	(-)261.82	(-)370.18	(-)295.85	(-)290.98	
Savings (percentage)	(-)26.96	(-)45.33	(-)46.05	(-)41.76	(-)45.90	
Savings not surrendered	49.50	Nil	Nil	0.48	0.09	
<b>Revenue Provision</b>	<b>580.84</b>	<b>516.36</b>	<b>728.03</b>	<b>605.02</b>	<b>592.61</b>	
Expenditure	433.13	314.02	427.02	397.33	325.94	
Savings (-)/Excess (+)	(-)147.72	(-)202.33	(-)301.01	(-)207.69	(-)266.67	
Savings (percentage)	(-)25.43	(-)39.18	(-)41.35	(-)34.33	(-)45.00	
Savings not surrendered*	(-)1.55	(-)1.89	(-)0.06	0.48	0.09	
<b>Capital Provision</b>	<b>51.51</b>	<b>61.20</b>	<b>75.79</b>	<b>103.36</b>	<b>41.40</b>	
Expenditure	28.75	1.72	6.62	15.19	17.08	
Savings (-)/Excess (+)	(-)22.76	(-)59.49	(-)69.17	(-)88.17	(-)24.32	
Savings (percentage)	(-)44.18	(-)97.21	(-)91.27	(-)85.30	(-)58.74	
Savings not surrendered	0.50	Nil	Nil	Nil	Nil	

Source: Appropriation Account 2018-19 to 2022-23.

\* During the year 2018-19, 2019-20 and 2020-21 surrender was excess by ₹1.55 crore, ₹1.89 crore and ₹0.06 crore respectively.

**Table 3.23** shows that savings as a percentage of total provision and revenue provision ranged between 26.96 and 45.90 *per cent*, while the savings in the capital section were significantly high up to 97 *per cent* in the last five-year period. Substantial savings were observed in allocations for providing supplementary nutrition, assistance to persons with disabilities, constructing Working Women's Hostel, providing assistance to widows, rehabilitation for drug abuse, safety and security of children. This has delayed assistance to the vulnerable sections of the State.

### **3.5.2.2 Budget provision not utilised**

Audit analysis revealed that 100 *per cent* of the budget provision (original +supplementary) of ₹ 136.62 crore in 38 cases (**Appendix-3.12**) was not utilised under the Grant No. 34 during the year 2022-23. It was also noticed that under one sub-head provision was augmented by re-appropriation of ₹ 0.04 crore and decreased in eight sub-heads by re-appropriation of ₹ 24.75 crore. The cases where the final provision was more than ₹ one crore are detailed in **Table 3.24**.

**Table 3.24: Cases where no part of budget provisions was utilised Grant No. 34**

(₹ in crore)

Major Head and Group Head	Original + Supplementary	Re-appropriation*	Final Provision	Expenditure	Savings
<b>2235-Social Security and Welfare</b>					
<b>02-101-(07)</b> Organisation of Sports and Games for Persons with Disabilities Seminar/Workshop on Special Problems of Persons with Disabilities. (General)	4.00	0.00	4.00	0.00	4.00
<b>02-103-(15)</b> Grant for construction of Working Women's Hostel (General)	1.00	(+0.04	1.04	0.00	1.04
<b>02-101-(05)</b> Implementation of PWD Act (SIPDA) (General) CSS	20.00	(-)1.23	18.77	0.00	18.77
<b>02-101-(19)</b> Universal Disability Identity Card (UDID) (General) CSS	1.00	0.00	1.00	0.00	1.00
<b>02-102-(30)</b> Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG) Sabla (Sixth schedule) CSS	1.05	0.00	1.05	0.00	1.05
<b>02-102-(31)</b> National Creche Scheme for the Children of Working Mother (General) CSS	1.50	0.00	1.50	0.00	1.50
<b>02-103-(16)</b> Implementation of State Resource Centre for Women (General) CSS	5.88	(-)1.89	3.99	0.00	3.99
<b>02-200-(01)</b> Multi Sectoral Development Programme (MSDP) (General) CSS	15.00	0.00	15.00	0.00	15.00
<b>02-102-(32)</b> Programme Implementation Services (General) Central Sector Schemes	6.00	0.00	6.00	0.00	6.00
<b>02-106-(15)</b> Grant under 1st Provision to Article 275 (I) of the Constitution (General) Central Sector Schemes	4.95	0.00	4.95	0.00	4.95
<b>02-200-(03)</b> Financial Assistance From Ministry of Minority Affairs (General) Central Sector Schemes	2.00	0.00	2.00	0.00	2.00
<b>02-102-(32)</b> Programme Implementation Services (General) EAP	10.00	0.00	10.00	0.00	10.00

Major Head and Group Head	Original + Supplementary	Re-appropriation*	Final Provision	Expenditure	Savings
<b>2236-Nutrition</b>					
02-101-(03) National Nutrition Mission Under ICDS Scheme (General) CSS	1.72	0.00	1.72	0.00	1.72
02-101-(03) National Nutrition Mission Under ICDS Scheme (Sixth schedule) CSS	12.45	0.00	12.45	0.00	12.45
02-101-(06) Rajiv Gandhi Scheme for empowerment of Adolescent girls (RGSEAG)-SABLA (Sixth schedule) CSS	6.00	0.00	6.00	0.00	6.00
<b>4235-Capital Outlay on Social Security and Welfare</b>					
02-102-(01) Construction Anganwadi Centre under ICDS Scheme- Central Assistance for CSS in respect of ICDS (General) CSS	20.00	(-)3.50	16.50	0.00	16.50
<b>Total</b>	<b>112.55</b>	<b>(-)6.58</b>	<b>105.97</b>	<b>0.00</b>	<b>105.97</b>

Source: Detailed Appropriation Account 2022-23.

\*(+) denotes re-appropriation for augmentation of provision and (-) denotes re-appropriation for decrease of provision.

As is evident from **Table 3.24**, the Department could not utilise the Grant to the tune of ₹ 112.55 crore as per the budget allocation. This indicates poor budget formulation and lack of financial control on part of the Departments.

### 3.5.2.3 Unnecessary Supplementary Provision

Supplementary provision of ₹ 17.30 crore obtained in Revenue Section during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed in **Table 3.25**.

**Table 3.25: Unnecessary supplementary provision Grant No. 34**

(₹ in crore)					
Original Provision	Supplementary	Final Grant	Expenditure	Savings	Remarks
575.31	17.30	592.61	325.94	266.66	Revenue

Source: Appropriation Account 2022-23.

From the table above it can be seen that excess budget provision has resulted in the diversion of critical resources from projects that need funding during the year. This indicates a suboptimal allocation of resources. It is recommended that future budget allocations should be assessed based on actual requirements of funds to ensure optimal utilisation of resources.

### 3.5.2.4 Expenditure incurred without authority of law

The Audit findings however revealed that expenditure of ₹ 16.29 crore was incurred in three cases contrary to para 113(vii) of the Budget Manual by re-appropriation without any budget provision in the original budget/supplementary orders to this effect as detailed in **Table 3.26**.

**Table 3.26: Cases where expenditure was incurred without budget/supplementary provisions Grant No. 34**

Major Head and Group Head	Total Provision (O+S)	Re-appropriation	Expenditure	Excess (+)/ Savings (-)
<b>2235-Social Security and Welfare</b>				
02-101-(19) Universal Disability Identity Card (UDID) Voted (General)	0.00	1.08	1.08	0.00
<b>4235-Capital Outlay on Social Security and Welfare</b>				
02-107-(14) Pradhan Mantri Jan Vikas Karyakaram (PMJVK) Voted (General)	0.00	1.52	1.52	0.00
02-107-(14) Pradhan Mantri Jan Vikas Karyakaram (PMJVK) Voted (General) CSS	0.00	13.69	13.69	0.00
<b>Total</b>	<b>0.00</b>	<b>16.29</b>	<b>16.29</b>	<b>0.00</b>

*Source: Appropriation Account 2022-23.*

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

#### **3.5.2.5 Unnecessary or Insufficient 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.

The detailed audit analysis revealed that during the year 2022-23, under Grant no. 34-Administration of Social Welfare, re-appropriation for augmentation of provision was made in 16 sub-heads amounting to ₹ 54.71 crore however, out of which under eight sub-heads it proved excessive or insufficient and resulted in savings/excess. This indicates that re-appropriation was not carried out on the basis of actual requirement and reflects poor planning and monitoring of budget allocation and its utilisation by the Department. Cases where re-appropriation proved excessive/insufficient is given in **Table 3.27**.

**Table 3.27: Unnecessary/Insufficient Re-appropriation Grant No.-34**

Major Head and Group Head	Budget Provision (O+S)	Re-Appropriation	Final Provision	Expenditure	Savings (-) / Excess (+)
<b>2235-Social Security and Welfare</b>					
02-101-(14) Implementation of PWD Act. 1995 Appointment of Commission of Disability Act. Voted (General)	1.47	0.15	1.62	1.29	-0.33
02-101-(21) Grant-in-aid to NGOs running special Schools for children with Special Needs Voted (General)	0.39	1.34	1.63	1.70	-0.04

Major Head and Group Head	Budget Provision (O+S)	Re-Appropriation	Final Provision	Expenditure	Savings (-) / Excess (+)
<b>02-102-(12)</b> Integrated Child Development Service Schemes – Voted (General)	1.53	0.13	1.66	1.35	-0.31
<b>02-102-(12)</b> Integrated Child Development Service Schemes- Voted (6 <sup>th</sup> Schedule)	18.88	3.08	21.96	18.40	-3.56
<b>02-102-(32)</b> Programme Implementation Services -Voted (General)	5.93	11.18	17.11	1.98	-15.13
<b>02-103-(15)</b> Grant for construction of Working Women’s Hostel -Voted (General)	1.00	0.04	1.04	0.00	-1.04
<b>02-104-(03)</b> National Plan of Action for Women Grants-in-aid to voluntary organisations for care of Destitute Widows Aged and infirm Women -Voted (General)	0.25	0.15	0.40	0.30	-0.10
<b>02-104-(09)</b> Chief Minister’s Social Assistance to the Infirm and Widows -Voted (General)	75.30	7.03	82.33	79.25	-3.08
<b>Total</b>	<b>104.75</b>	<b>23.1</b>	<b>127.75</b>	<b>104.27</b>	<b>-23.59</b>

Source: Detailed Appropriation Accounts 2022-23.

### 3.6 Conclusion

A detailed Audit analysis revealed multiple instances of non-observance of financial rules and procedures along with a lack of financial controls.

During the year 2022-23, a total expenditure of ₹ 21,393.78 crore was incurred against the total budget allocation of ₹ 21,925.60 crore. The net savings of ₹ 531.82 crore were the result of gross savings of ₹ 3,971.22 crore minus excess expenditure of ₹ 3,439.40 crore. Out of gross savings of ₹ 3,971.22, ₹ 3,252.82 crore (81.91 *per cent*) were surrendered on the last working day of March 2023, in violation of prescribed Rules.

Expenditure of ₹ 574.74 crore in 15 cases was incurred without the authority of law and another expenditure of ₹ 109.75 crore was incurred through the re-appropriation on 11 new services/New instruments of service in violation of prescribed re-appropriation rules.

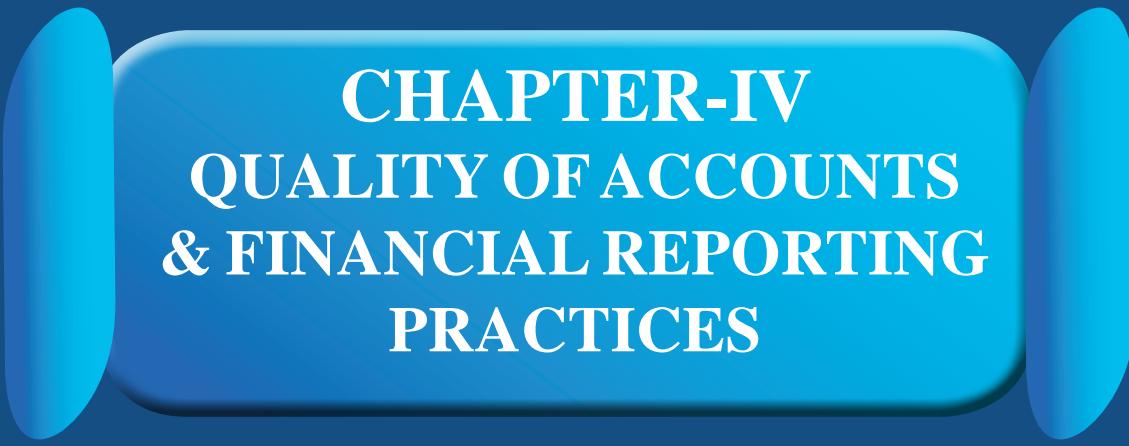
During the year 2022-23, supplementary provision of ₹ 1,440.18 crore in 16 cases proved unnecessary as even the original provision was not fully utilised. Moreover, re-appropriation made under 11 grants and one appropriation proved excessive or insufficient as it resulted in savings/excess. This indicates that the supplementary provision and re-appropriation were not conducted based on the actual requirement of funds, reflecting poor planning and monitoring of budget allocation and its utilisation by the State Government as well as Departments.

During the current year, under 12 grants, 50-100 per cent of expenditure was made during the 4th quarter of the year 2022-23. Moreover, the entire expenditure of ₹ 703.97 crore under 234 sub-heads was incurred in the month of March 2023 alone.

During the current year, expenditure under eight grants/appropriations amounting to ₹ 3,439.41 crore (four Grants under Revenue Section and four Grants under Capital Section) was in excess of authorisation and required regularisation under Article 205 of the Constitution. Moreover, excess expenditure of ₹ 3,343.05 crore (from 1971-72 to 2021-22) was yet to be regularised as on 31 March 2023.

### **3.7 Recommendations**

1. *Finance Department may provide supplementary Grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments, to avoid underspending or overspending by them.*
2. *The Grants showing persistent savings may be reviewed by departments concerned to ascertain and address the cause for such savings.*
3. *Finance Department may ensure that the expenditure from the Consolidated Fund of the State is made with due approval of the Legislature as mandated constitutionally. Excess expenditure remaining un-regularised for prolonged periods may be viewed seriously to uphold legislative control over the exchequer. The State Government may ensure that the excess expenditure is regularised at the earliest.*



**CHAPTER-IV**

**QUALITY OF ACCOUNTS**

**& 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. Thus, compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

### **4.1 Funds transferred directly to State implementing agencies**

Government of India (GoI) has been transferring sizeable quantum of funds directly to the State Implementing Agencies/Beneficiaries for implementing various central schemes. Through Budget Circular 2022-23, the GoI issued the following instructions:

- (a) Central Sector Schemes (CS's) are all those schemes which entirely funded and implemented by the Central Agencies. However, in exceptional cases where the Department of Expenditure has given specific approval, such schemes may be allowed to be implemented through the State Implementing Agencies concerned. In such cases, the transfer of funds will be done directly to the implementing agencies and not through the State Treasuries.
- (b) Centrally Sponsored Scheme (CSS's) are schemes which are implemented by the State/UT Government with the sharing pattern as approved by the GoI. The central share for the schemes will be routed entirely through the State/UT treasuries as grants in aid under various **object heads**, except in the case of Direct Benefit Transfers where the **functional heads** could be used.

**Table 4.1** depicts quantum of funds directly transferred to the State implementing agencies/beneficiaries during the last five years *i.e.*, 2018-23.

**Table 4.1: Direct Transfer of Funds by GoI**

(₹ in crore)

Direct transfers to State Implementing Agencies	2018-19	2019-20	2020-21	2021-22	2022-23	Total
<b>Funds transferred</b>	704.79	944.29	1,345.76	2,192.25	2,036.90	<b>7,223.99</b>

Source: Finance Accounts 2022-23.

**Table 4.1** shows a 7.09 *per cent* decline in direct fund transfers by the GoI, decreasing from ₹ 2,192.25 crore in 2021-22 to ₹ 2,036.90 crore in 2022-23. The fund directly transferred during 2022-23 comprised ₹ 1,815.06 crore for Centrally Sponsored

Schemes (CSS) and ₹ 221.85 crore for Central Sector Scheme (CS). Funds transferred directly to State Implementing Agencies/Beneficiaries during 2022-23 are given at (*Appendix 4.1*).

Out of total amount of ₹ 2,036.90 crore transferred directly to the State Implementing Agencies/Beneficiaries during 2022-23, 38.61 *per cent* (₹ 786.52 crore) was transferred directly to the beneficiaries through Direct Benefit Transfer (DBT) Mode.

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

The State Government has authorised Drawing and Disbursing Officers (DDOs) to open a zero balance current account in the State bank of India/United Bank of India (merged with Punjab National Bank) under the official designation of the DDOs to facilitate temporary parking of fund pertaining to payment/dues of Government employees before payment is actually made by account payee system to their respective bank accounts. The current account may also be operated by miscellaneous contingent expenditures where endorsement of bills / cheques to the concerned parties of payees is not immediately feasible under normal rules. During 2022-23, test check of Appropriation Accounts of 2022-23 revealed that out of ₹ 591.15 crore transferred to Bank Accounts of 127 DDOs, only ₹ 463.12 crore was utilised by 88 DDOs during the year. As on 31 March 2023, amount of ₹ 130.90 crore was lying unutilised in the bank accounts of 99 DDOs with balance ranging up to ₹ 37.67 crore. Cases where more than ₹ 1.00 crore was found lying unspent in the bank accounts of DDOs are detailed in *Appendix-4.2*. Further, information from the remaining 1,064 DDOs is still awaited (November 2023).

While the unspent balances have been officially recognised as expenditures 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.

#### **4.3 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 special 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. In other words, unless the State Government specifies otherwise, any grant for a particular purpose must be used for that purpose within one year from the date of sanction. The purpose for which the Grants-in-Aid were utilised can be confirmed only on receipt of UCs. This serves as a 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 4.2**.

**Table 4.2: Age-wise arrears in submission of UCs as on 31 March 2023**

Year	Opening Balance *		UCs which become due during the year		UCs submitted during the year		Closing Balance**		GIA disbursed during the year***		(₹ in crore)
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	
	1	2	3	4	5= (2+3-4)	6					
2021-22	215	1,765.85	178	1215.36	86	607.70	307	2373.51	419	2086.07	
2022-23	307	2,373.51	419	2,086.07	272 <sup>#</sup>	1,023.57	454	3436.01	606 <sup>#</sup>	4,024.83	

Source: Finance Accounts.

\* UCs which have already become due as on 1<sup>st</sup> April of the respective year.

\*\* UCs which remain overdue/outstanding as on 31<sup>st</sup> March of the respective year.

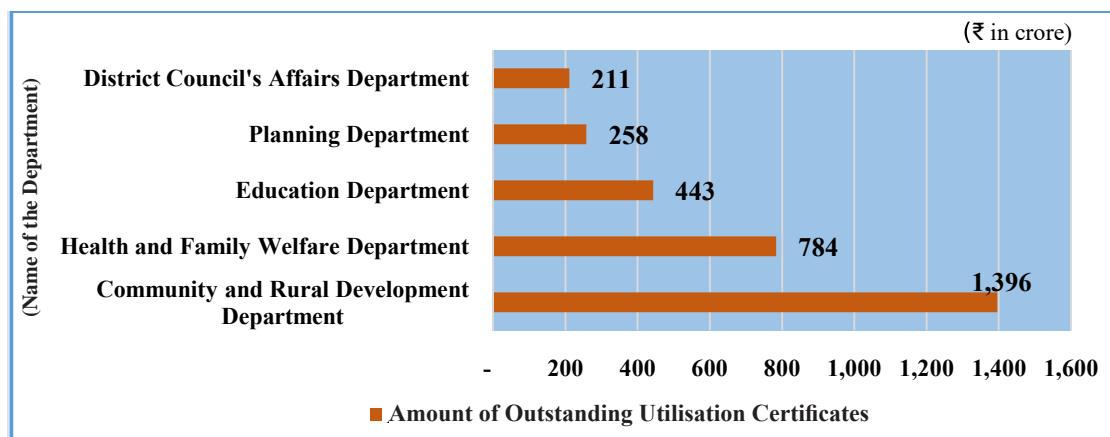
\*\*\* UCs which will become due in the subsequent year.

# This excludes 14 UCs amounting to ₹ 1.28 crore (disbursed in 2022-23) to be due in 2023-24 but submitted in 2022-23 itself.

During 2022-23, 726 UCs amounting to ₹ 4,459.58 crore (307 amounting to ₹ 2,373.51 crore overdue from previous years + 419 UCs amounting to ₹ 2,086.07 crore which became due in 2022-23) were outstanding. Out of this, only 37.46 per cent (272 UCs amounting to ₹ 1,023.57 crore) were submitted. Further, 14 UCs amounting to ₹ 1.28 crore for grants disbursed in 2022-23, which will become due in 2023-24, were also submitted in 2022-23. Thus, total 286 UCs amounting ₹ 1,024.85 crore were submitted.

As on 31 March 2023, 454 UCs amounting ₹ 3,436.01 crore remained outstanding. This is 47.88 per cent over the last year in terms of the numbers of UCs and 44.76 per cent more than the last year in terms in amount of the outstanding UCs. Total of 1,060 UCs amounting to ₹ 7,460.84 crore (Overdue<sup>50</sup>: 454 UCs amounting to ₹ 3,436.01 crore + Addition<sup>51</sup>: 606 UCs amounting to ₹ 4,024.83 crore) are yet to be disposed as on 31 March 2023.

**Chart 4.1: Major Defaulting Departments for UCs due as on 31 March 2023**



Source: O/o PAG (A&E), Meghalaya.

<sup>50</sup> Due in 2022-23 but not disposed as on 31 March 2023.

<sup>51</sup> Will become due in 2023-24.

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 (₹ 1,396.93 crore, 40.63 *per cent*), Health and Family Welfare Department (₹ 783.55 crore, 22.80 *per cent*), Education Department (₹ 443.00 crore, 12.89 *per cent*), and Welfare of SC/ST, OBC & Minorities Department (₹ 210.58 crore, 6.13 *per cent*).

In the absence of UCs, it could not be ascertained whether the recipients had actually utilised the grants and whether it had been utilised for the purposes for which the grants were disbursed. Further, in the absence of UCs required to be submitted by the departments, assessing the status and progress of the scheme's implementation, for which funds have been disbursed, is not feasible.

The substantial backlog in the submission of UCs poses a significant risk of potential fraud and misappropriation of funds. The State Government needs to monitor this aspect closely and may review disbursement of further Grants to the Grantees that are not in compliance to prescribed conditions and timelines with respect to furnishing of UCs to the Finance Department as well as Principal Accountant General (A&E).

- ***Year-wise Break-up of outstanding UCs***

Year-wise break-up of outstanding Utilisation Certificate for the year 2013-2022 is given below:

**Table 4.3: Year-wise Break-up of outstanding UCs**

Year	No. of UCs	Amount
2012-13	17	54.01
2013-14	8	89.70
2014-15	1	2.25
2015-16	2	20.41
2016-17	10	136.17
2017-18	17	152.23
2018-19	20	301.41
2019-20	24	232.56
2020-21	113	777.02
2021-22	242	1,670.25
<b>Total</b>	<b>454</b>	<b>3,436.01</b>

#### **4.4 Abstract Contingent bills**

Rule 232 of the Meghalaya Treasury Rules (MTR), 1985 allows drawing of contingent charges<sup>52</sup> from the treasury by presenting Abstract Contingent (AC) Bills. In other words, Drawing and Disbursing Officers (DDOs) are authorised to draw money from the treasury for meeting contingent charges by presenting AC Bills. Further, Rule 232 requires submission of Detailed Contingent (DC) Bills by the DDOs to the Controlling

<sup>52</sup> Incidental and other expenses which are incurred for the management of an office as an office or for the technical working of a department, other than those which under prescribed rules of classification of expenditure fall under certain head of expenditure. In simpler terms, contingent charges refer to expenses required for incidental or emergent matters in the working of the government.

Officers for countersignature and transmission of the same to the Principal Accountant General (A&E), Meghalaya. As per Rule 233, timeline for transmission DC Bills by the DDOs to the Controlling Officer, is one month from the drawal. Additionally, as per Rule 235, the Controlling Officers are required to forward Detailed Countersigned Contingent (DCC) bills against the drawal of Abstract Contingent (AC) bills to the Principal Accountant General (A&E) within a month from the date of receipt of such bills in his office.

As on 31 March 2023, 53 DCC bills amounting of ₹ 98.25 crore were yet to be received by the Principal Accountant General (A&E) as shown in **Table 4.4**. Major contributors are Election and Police departments with unadjusted AC bills of ₹ 75.50 crore and ₹ 21.49 crore respectively, constituting 98.72 *per cent* of total unadjusted AC bills as on 31 March 2023. Further, out of 85 AC bills amounting to ₹ 113.11 crore drawn during the year 2022-23, 61 AC bills amounting to ₹ 82.80 crore (73.20 *per cent*) were drawn in March 2023.

**Table 4.4: Age-wise arrears in submission of DCC bills against AC bills**

Year of Drawal of AC Bills	No. of AC Bills	Amount (₹ in crore)
Upto 2021-22	06	0.81
2022-23	47	97.44
<b>Total</b>	<b>53</b>	<b>98.25</b>

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

To the extent of non-submission of DCC bills, the expenditure shown in the Finance Accounts cannot be assessed as being correct or final. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring. The State Government may devise and implement an effective mechanism to ensure timely submission of DC Bills by the DDOs to the Controlling Officers and subsequent transmission of DCC Bills to the Principal Accountant General (A&E) within the timeline as prescribed.

#### 4.5 Personal Deposit Account

PD Accounts are accounts kept at the treasury in the nature of a banking deposit account wherein receipts and payments are recorded in personal ledger. As per Rule 392 of the Meghalaya Treasury Rules (MTR), 1985, Personal Deposit (PD) Accounts are created by transferring fund from the Consolidated Fund for discharging the liabilities of the Government arising out of special enactment. The PD accounts enable designated Drawing Officers to incur expenditure for specific purposes pertaining to a scheme. Further, the Rule *ibid* requires PD Accounts created by debit to Consolidated Fund, to be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund. In simpler terms, such accounts should be closed at the end of the financial year and the unspent balance should be transferred to the Consolidated Fund. 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 2022-23, an amount of ₹ 9.07 crore was transferred to 13 PD Accounts. This includes ₹ 0.55 crore transferred in March 2023. Details of PD accounts as on 31 March 2023 are given in **Table 4.5**.

**Table 4.5: Details of PD accounts as on 31 March 2023**

(₹ in crore)

Opening Balance as on April 2022		Addition during the year 2022-23		Closed/Withdrawal during the year 2022-23		Closing Balance as on 31 March 2023	
Number of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount
17	18.02	01	9.07	00	8.87	18	18.22

*Source: Finance Accounts 2022-23.*

Further, scrutiny of the transactions for the last three years revealed that out of 18 Personal Deposit active Accounts, no transaction occurred in one PD account (District Legal Service Authority, Khliehriat) during the period 2021-23 and no transaction occurred in one PD accounts (District Legal Service Authority, Tura) during the current year 2022-23.

As on 31 March 2023, ₹ 18.22 crore of unspent balance was recorded across 18 PD Accounts. Non-closure of PD Accounts at the end of the financial year, violates Rule 392 of the MTR.

#### **4.6 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 obscure.

During 2022-23, ₹ 2,657.82 crore, under 36 Major Heads of accounts, constituting 15.10 *per cent* of the total Revenue and Capital expenditure (₹ 17,606.05 crore) was classified under the Minor Head 800-Other Expenditure in the accounts.

Instances of substantial proportion (50 *per cent* or more) of expenditure made from Minor Head 800 – ‘Other Expenditure’ under the respective Major Heads are summarised in **Table 4.6**:

**Table 4.6: Significant expenditure booked under Minor Head 800 – Other Expenditure (2022-23)**

(₹ in crore)

Major Head	Description	Details of Expenditure		Per cent
		Total Expenditure	Expenditure Booked under 800	
4401	Capital Outlay on Crop Husbandry (Share Capital)	0.29	0.29	100.00
3451	Secretariat- Economic Services	956.40	873.22	91.30
2853	Non-Ferrous Mining and Metallurgical Industries	136.42	114.48	83.92
5054	Capital Outlay on Roads and Bridges	998.19	789.41	79.08
5053	Capital Outlay on Civil Aviation	1.00	0.76	76.00
2575	Other Special Area Programme	23.76	16.74	70.45
	<b>Total</b>	<b>2,116.06</b>	<b>1,794.90</b>	<b>84.82</b>

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

With regard to receipts, **₹ 86.45 crore under 30 Major Heads of Account**, constituting 0.58 *per cent* of the total Revenue Receipts (₹ 14,819.87 crore) was classified as Other Receipts in the accounts.

Instances of substantial proportion (50 *per cent* or more) of receipts in Minor Head 800 – ‘Other Receipts’ under the respective Major Heads are given in **Table 4.7**.

**Table 4.7: Significant Receipts booked under Minor Head 800 – Other Receipts (2022-23)**

(₹ in crore)

Major Head	Description	Details of Receipts		Per cent
		Total Receipts	Receipts booked under 800	
0049	Interest Receipts	8.81	6.79	77.07
0059	Public Works	9.86	8.55	86.71
0075	Miscellaneous General Services	3.31	3.31	100.00
0210	Medical and Public Health	0.54	0.29	53.70
0217	Urban Development	0.09	0.09	100.00
0230	Labour and Employment	2.19	1.16	52.97
0702	Minor Irrigation	0.89	0.89	100.00
0801	Power	3.09	3.09	100.00
1055	Road Transport	0.05	0.05	100.00
1456	Civil Supplies	0.02	0.02	100.00
	<b>Total</b>	<b>28.85</b>	<b>24.24</b>	<b>84.02</b>

Source: O/o PAG (A&E), Meghalaya.

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

- In respect of the Major Heads listed at **Table 4.6**, State Government made provisions for Minor Head-800 in the State Budget as well as approved Supplementary Grants and Re-appropriations as detailed in **Table 4.8**.

**Table 4.8: Provisioning for Minor Head-800 in the State Budget**

(₹ in crore)

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
2575	Other Special Area Programmes	30.22	0.00	-13.48	16.74	16.74	100.00
2853	Non-Ferrous Mining and Metallurgical Industries	100.21	17.75	-3.48	114.48	114.48	100.00
3451	Secretariat-Economic services	746.36	200.17	-73.30	873.22	873.22	100.00
4401	Capital outlay on Crop Husbandry	1.43	0.00	-0.83	0.60	0.29	47.51
5053	Capital outlay on Civil Aviation	1.75	0.00	-0.99	0.76	0.76	100.00
5054	Capital outlay on Roads & Bridges	1053.71	241.00	-545.29	749.42	789.41	105.34
	<b>Total</b>	<b>1,933.68</b>	<b>458.92</b>	<b>-637.37</b>	<b>1,755.22</b>	<b>1,794.90</b>	<b>102.26</b>

Source: Annual Financial Statement, GoM, 2022-23.

**Table 4.8** illustrates that the State Government provisioned for Minor Head-800 to the tune of ₹ 2,392.60 crore (Original ₹ 1,933.68 crore +Supplementary ₹ 458.92 crore) in the State Budget as well as approved Supplementary Grants. Out of this, ₹ 637.37 crore was re-appropriated/surrendered. Against the final provision of ₹ 1,755.22 crore, State Government booked an expenditure of ₹ 1,794.90 crore (102.26 *per cent*) under Minor Head-800 of the respective six Major Heads which clearly indicates indiscriminate use of Minor Head-800 in a routine manner.

- ii. Audit examined selected cases of booking under Minor Head 800, and noted that in four instances, a valid Minor Head, other than 800, was available in the List of Major and Minor Heads of Account (LMMHA), for booking these transactions amounting to ₹ 631.36 crore as detailed in **Table 4.9**.

**Table 4.9: 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	Public Works	5054	04	800	03	(03) Construction of Rural Roads	369.40	337-Road Works
			04	800	07	(7) PMGSY & PMGSY CSS	230.70	337-Road Works
2	Community and Rural Development	2515	01	800	10	(10) National Social Assistance Prog. (NSAP) Old Age Pension	28.33	101-National Old Age Pension Scheme under MH 2235
3	Education	2202	02	800	14	(13) Rashtriya Madhyamik Shiksha Abhijan (RMSA)	2.93	113-Samagra Shiksha
<b>Total</b>							<b>631.36</b>	

*Source: Detailed Appropriation Accounts 2022-23.*

Booking of large expenditure under the omnibus Minor Head 800-Other Expenditure can significantly undermine transparency, making it difficult to assess allocative priorities, analyse the quality of expenditure and allocate resources effectively. The State Government should consider allocating funds under available suitable Minor Heads and reduce allocating and booking expenditure under Minor Head 800 for optimised resource allocation and transparency.

#### **4.7 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. 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 4.10**.

**Table 4.10: Balances under Suspense and Remittance Heads**

Name of Minor Head	2020-21		2021-22		2022-23		<i>(₹ in crore)</i>
	Dr	Cr	Dr	Cr	Dr	Cr	
<b>Major Head 8658: Suspense Accounts</b>							
101- Pay and Accounts Office -Suspense	101.61	41.27	122.05	70.95	162.99	101.29	
<b>Net</b>	Dr 60.34		Dr 51.10		Dr.61.70		
102- Suspense Account (Civil)	3.98	0.09	4.44	0.07	4.72	0.06	
<b>Net</b>	Dr 3.89		Dr 4.37		Dr. 4.66		
109- Reserve Bank Suspense - Headquarters	25.69	7.79	28.04	8.30	23.45	9.67	
<b>Net</b>	Dr 17.90		Dr 19.74		Dr.13.78		
110-Reserve Bank Suspense - Central Accounts Office	135.42	128.46	120.82	47.92	122.19	48.09	
<b>Net</b>	Dr 6.96		Dr 72.90		Dr.74.10		
112-Tax Deducted at source (TDS) Suspense	0.04	0.18	0.00	8.83	0.01	9.36	
<b>Net</b>	Cr 0.14		Cr 8.83		Cr.9.35		
123- A.I.S Officers' Group Insurance Scheme	0.30	0.37	0.30	0.38	0.31	0.40	
<b>Net</b>	Cr 0.07		Cr 0.08		Cr.0.09		
<b>Major Head: 8782 Cash Remittances</b>							
101 Cash Remittances between Treasuries and Currency Chests	993.05	993.09	1,097.47	1,097.44	1,097.47	1,097.47	
<b>Net</b>	Cr. 0.04		Dr. 0.03		Dr. 0.03		
102- Public Works Remittances	26180.05	26320.01	29447.34	29586.87	32081.96	32223.18	
<b>Net</b>	Cr 139.96		Cr 139.53		Cr.141.22		
103- Forest Remittances	3569.75	3509.33	3896.69	3838.61	34441.50	34522.91	
<b>Net</b>	Dr 60.42		Dr 58.08		Cr.81.41		

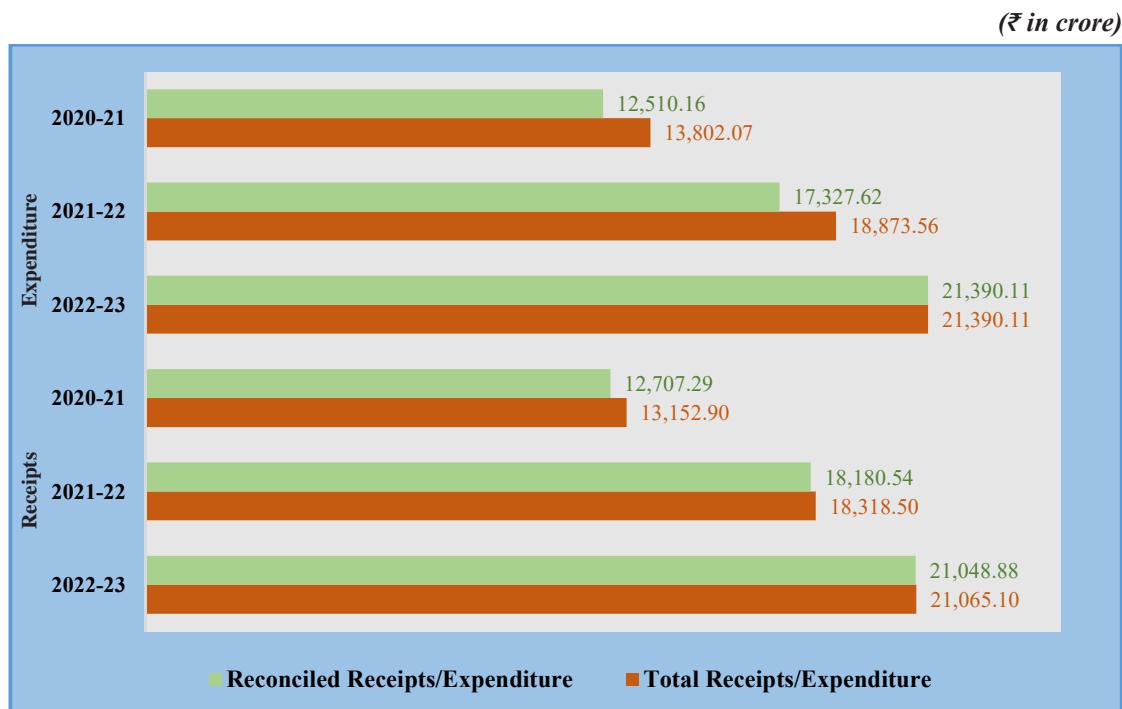
*Source: O/o PAG (A&E), Meghalaya.*

#### 4.8 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 2020-23 is shown in **Chart 4.2** and **Table 4.11**.

**Chart 4.2: Status of reconciliation during the three years 2020-23**



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

**Table 4.11: 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>						
2020-21	62	12,510.16	Nil	1,291.91	13,802.07	90.64
2021-22	62	17,327.62	Nil	1,545.94	18,873.56	91.81
2022-23	63	21,390.11	Nil	-	21,390.11	100.00
<b>Receipts</b>						
2020-21	57	12,707.29	Nil	445.61	13,152.90	96.61
2021-22	57	18,180.54	0.49	137.47	18,318.50	99.25
2022-23	55	21,048.88	15.07	1.15	21,065.10	99.92

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

It may be seen from the above table that expenditure has been fully reconciled (100 *per cent*) during 2022-23. Similarly, the reconciliation of receipts has also been nearly 100 *per cent* during the current year. The Departments should endeavour to maintain 100 *per cent* reconciliation of receipts and expenditure.

#### 4.9 Reconciliation of Cash Balances

As on 31 March 2023, there was a difference of ₹ 45.03 crore (Debit) 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 4.12**.

**Table 4.12: Details of difference between the figures reflected in the accounts and RBI**

1.	Misclassification by Bank/Treasury	Dr ₹ 31.92 crore
2.	Non-receipt of details of adjustments made by RBI	Dr ₹ 13.11 crore
	<b>Total</b>	<b>Dr ₹ 45.03 crore</b>

As on 31 October 2023, there was a difference of ₹ 44.37 crore (debit) between the figures reflected in the accounts (₹ 31.54 crore debit) and the figures intimated by the RBI (₹ 12.83 crore debit).

#### 4.10 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, prescribes 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 four 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 2022-23 are given in **Table 4.13**.

**Table 4.13: Compliance with Indian Government Accounting Standards**

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
1.	<b>IGAS-1:</b> <i>Guarantees Given by the Government – Disclosure requirements</i>	This standard requires the government to disclose the maximum number of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partly Complied -Statement 9 and 20 in Finance Accounts	Details like no. of Guarantees in respect of each sector and class are not indicated.
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 - Statement 10 of Finance Accounts	Information on GIA in kind has not been furnished by State Government

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	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 -Statement 7 & 18 of Finance Accounts	Loans against which principal repayments and interest payments are in arrears for over 10 years, as per records of the Principal Accountant General (A&E), Meghalaya, were not furnished.
4.	<b>IGAS-4: Prior Period Adjustments</b>	This Standard relates to disclosure of adjustments of errors in the current period (the financial year) under the cash basis of accounting.		Notified only on 02 March 2023

#### **4.11 Submission of Accounts 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 4.14**.

**Table 4.14: 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 up to	Outstanding Annual Accounts
Meghalaya Khadi and Village Industries Board	19(3)	30 June of every year	2021-22	2022-23
Meghalaya Building and Other Construction Workers' Welfare Board	19(2)	- do -	2020-21	2021-22 & 2022-23
Meghalaya State Legal Services, Authority	19(2)	- do -	2020-21	2021-22 & 2022-23
Special Purpose Vehicle Society	20(1)	-do-	2021-22	2022-23

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.

#### **4.12 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 2022-23 had not been received (November 2023) by the Principal Accountant General (Audit). The details of these accounts are given in **Appendix 4.3** and their age-wise pendency is presented in **Table 4.15**.

**Table 4.15: Age-wise arrears of Annual Accounts due from Government Bodies**

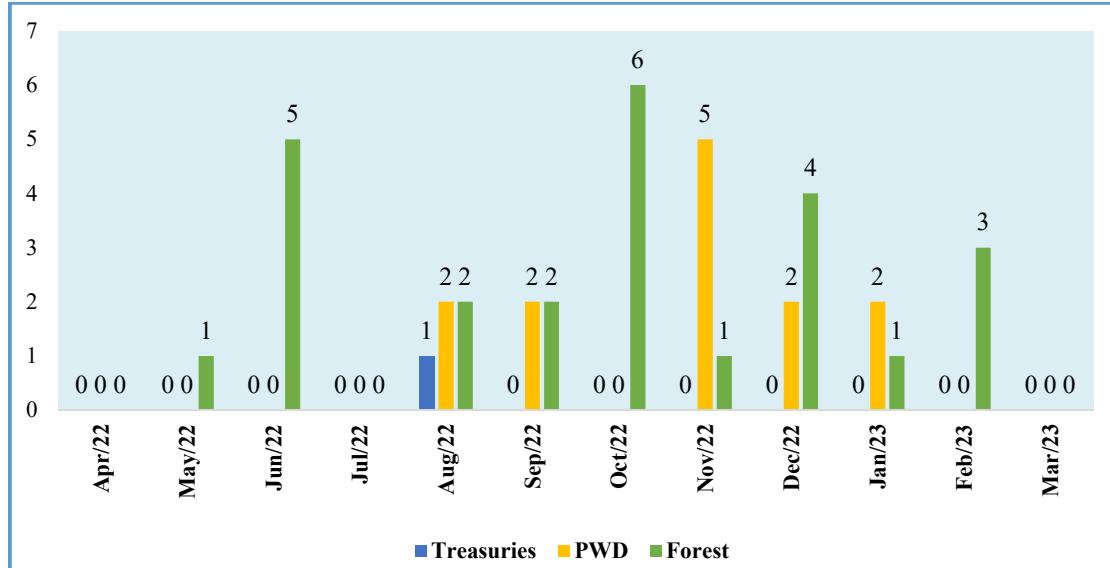
Sl. No.	Delay in number of years	Total No. of Accounts
1.	0 to 1 year	03
2.	Above 1 year to 3 years	18
3.	Above 3 years to 5 years	09
4.	Above 5 years to 7 years	28
5.	Above 7 years to 9 years	44
6.	Above 9 years	342
<b>Total</b>		<b>444</b>

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.

#### 4.13 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 advice. 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 2022-23 is shown in **Chart 4.3**.

**Chart 4.3: Number of accounts excluded from monthly Civil Accounts during 2022-23**



Source: O/o PAG (&E), Meghalaya.

As can be seen from the above, one account of treasury divisions, two to five accounts of PWD and one to six accounts of forest divisions were excluded from monthly Civil Accounts during the year (*Appendix 4.4*). 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.

#### 4.14 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 2023 on which final action was pending. A breakup of pending cases and age-wise analysis is given in **Table 4.16**.

**Table 4.16: 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	44.08	-	-	-	-	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	3.56	6	0.36	5	3.54	-	-
<b>Total</b>	<b>72</b>	<b>113.85</b>	<b>47</b>	<b>3.56</b>	<b>8</b>	<b>5.33</b>	<b>15</b>	<b>47.67</b>	<b>2</b>	<b>57.29</b>

Source: Respective Departments of the Government of Meghalaya.

Two cases involving the Meghalaya Legislative Assembly saw the highest misappropriation, with a total of ₹ 44.08 lakh out of the total ₹ 113.85 lakh.

#### 4.15 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 (PAC) 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 (SFAR) for the year ended 31 March 2022 was placed before the State Legislature on 28 March 2023. The Departments have started submitting *suo motu* explanatory notes on the observations made thereof. As per the PAC's instructions above, the administrative departments concerned are required to submit the *suo moto* explanatory notes within one month from 28 March 2023, the date of presentation of the Audit Report to the State Legislature.

The PAC has not taken up the Audit Report for discussion yet (December 2023).

#### 4.16 Conclusion

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

As on 31 March 2023, 454 UCs for ₹ 3,436.01 crore were outstanding for submission. Major defaulting departments which have not submitted UCs are Community and Rural Development Department (₹ 1,396.93 crore, 40.63 *per cent*), Health and Family Welfare Department (₹ 783.55 crore, 22.80 *per cent*) and Education Department (₹ 443.00 crore, 12.89 *per cent*).

As of March 2023, 53 DCC bills amounting to ₹ 98.25 crore were outstanding. Major defaulting departments in this regard are the Election Department and Police Department where AC bills of ₹ 75.50 crore and ₹ 21.49 crore remained unadjusted.

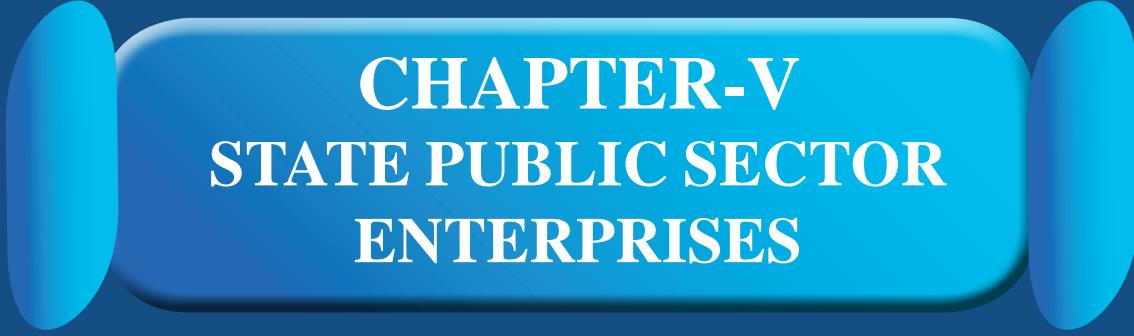
During 2022-23, the State Government booked an expenditure of ₹ 2,657.82 crore under Minor Head 800 under 36 Revenue and Capital Major Heads of Accounts, constituting 15.10 *per cent* of the total Revenue and Capital Expenditure of ₹ 17,606.05 crore. It was further observed that the State Government was providing budget provision/ Supplementary/ 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 the grants and loans disbursed to those bodies and their accounting cannot be vouched.

There were also 72 instances of theft, misappropriation and loss involving Government money amounting to ₹ 113.85 lakh.

#### **4.17 Recommendations**

1. *An accountability framework for submission of UCs in a timely manner to the Finance Department and Principal Accountant General (A&E) may be put in place. Further disbursal of grants to Departments may strictly be linked to submission UCs.*
2. *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 and Autonomous Bodies 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-V**

### **STATE PUBLIC SECTOR ENTERPRISES**



# CHAPTER-V

## STATE PUBLIC SECTOR ENTERPRISES

This chapter discusses the financial performance of State Public Sector Enterprises (SPSEs), which consist of Government Companies, Statutory Corporations and Government Controlled Other Companies (GCOCs). Impact of significant comments issued as a result of supplementary/sole audit of the Financial Statements of these SPSEs conducted by the Comptroller and Auditor General (CAG) of India for the year 2022-23 (or of earlier years which were finalised during the current year) has also been discussed.

### **5.1    Definition of Government Companies**

A Government Company is defined in Section 2 (45) of the Companies Act, 2013 as a company in which not less than *51 per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company.

Besides, any other company<sup>53</sup> owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies.

### **5.2    Mandate of Audit**

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG of India under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit of the company's financial statements. The statutes governing some Statutory Corporations require their accounts to be audited solely by the CAG.

### **5.3    SPSEs and their contribution to the GSDP of the State**

SPSEs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2023, there were 21 SPSEs including two<sup>54</sup> Statutory Corporations and 19 Government Companies (including two non-working Government companies which

<sup>53</sup> Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs *vide* Gazette Notification dated 4 September 2014.

<sup>54</sup> Meghalaya Transport Corporation and Meghalaya State Warehousing Corporation.

are under process of liquidation<sup>55)</sup> under the audit jurisdiction of the CAG. None of the Government companies was listed on the stock exchange, which means that the shares of the SPSEs cannot be traded in the stock exchange.

A ratio of turnover of the SPSEs to the Gross State Domestic Product (GSDP) shows the extent of activities of the SPSEs in the State economy. The details of turnover of working SPSEs are given in *Appendix 5.1*. Turnover of working SPSEs and GSDP for a period of three years ending 31 March 2023 are given in **Table 5.1**.

**Table 5.1: Details of turnover of SPSEs vis-à-vis GSDP of Meghalaya**

Particulars	2020-21	2021-22	2022-23
<b>Turnover</b>			
Power Sector SPSEs	1,289.79	1,255.86	1,300.30
Non Power SPSEs	96.35	110.89	147.42
<b>Total</b>	<b>1,386.14</b>	<b>1,366.75</b>	<b>1,447.72</b>
<b>GSDP of Meghalaya</b>	33,776.16	38,784.70	42,697.08
<i>Percentage of Turnover to GSDP of Meghalaya</i>			
Power Sector SPSEs	3.82	3.24	3.04
Non Power SPSEs	0.28	0.28	0.35
<b>Total</b>	<b>4.10</b>	<b>3.52</b>	<b>3.39</b>

Source: *SPSE-Turnover as per latest finalised accounts of SPSEs and GSDP as per Ministry of Statistics & Programme Implementation, Government of India.*

As seen from **Table 5.1** above, though the overall turnover of SPSEs during last three years had appreciated by 4.44 per cent (₹ 61.58 crore) from ₹ 1,386.14 crore (2020-21) to ₹ 1,447.72 crore (2022-23), the contribution of SPSE-turnover to GSDP had decreased from 4.10 per cent (2020-21) to 3.39 per cent (2022-23). This indicates that the increase in the SPSE-turnover during 2020-21 to 2022-23 was not in commensurate with the growth in GSDP during the same period. The major contributors to SPSEs-turnover during 2022-23 were three power sector SPSEs namely, Meghalaya Power Distribution Corporation Limited (₹ 1,099.25 crore), Meghalaya Power Generation Corporation Limited (₹ 144.50 crore) and Meghalaya Power Transmission Corporation Limited (₹ 56.55 crore) and one infrastructure SPSE namely Meghalaya Government Construction Corporation Limited (₹ 87.54 crore). However, the contribution of power sector SPSEs to the GSDP during last three years had shown a diminishing trend and was decreased from 3.82 per cent (2020-21) to 3.04 per cent (2022-23).

As per information furnished by the SPSEs, State Government made an investment of ₹ 3,885.07 crore (Equity ₹ 3,291.06 crore and long-term loans ₹ 594.01 crore) in 21 SPSEs<sup>56</sup> as on 31 March 2023. In addition, the State Government had also provided Grants/subsidies aggregating ₹ 797.67 crore to 13 SPSEs<sup>57</sup> during the year 2022-23.

<sup>55</sup> Meghalaya Electronics Development Corporation since 1986 and Meghalaya Bamboo Chips Limited since 2021.

<sup>56</sup> Including six SPSEs (serial no. A9, A10, A11, A17, C20 and C21 of *Appendix 5.1*), where State Government had no direct equity investment as on 31 March 2023.

<sup>57</sup> SPSEs at serial no. A1, A3, A4, A5, A7, A9, A10, A11, A13, A14, A16, A17 and B18 of *Appendix 5.1*.

## 5.4 Investment in SPSEs and Budgetary Support

### 5.4.1 Equity holding and Loans in SPSEs

The details of Total Investment (Equity and Long Term Loans) in 21 SPSEs (19 working and two non-working) under power and non-power sectors and contribution by the State Government towards the Equity and Long-Term Loans of these SPSEs as on 31 March 2023 is given below in **Table 5.2**.

**Table-5.2: Sector-wise investment in SPSEs**

Particulars	Total Equity	State Government Equity	Investment <sup>58</sup>		Total Equity and Long Term Loans	Sector-wise investment to total investment (per cent)
			Total Long Term Loans	State Government Loans		
Power Sector SPSEs	5,334.28	2,789.59	3,121.49	477.98	8,455.77	93.04
Non Power SPSEs	515.87	501.47	116.83	116.03	632.70	6.96
<b>Total</b>	<b>5,850.15</b>	<b>3,291.06</b>	<b>3,238.32</b>	<b>594.01</b>	<b>9,088.47</b>	<b>100</b>

Source: Information provided by the SPSEs.

As can be noticed from **Table 5.2** above, the thrust of total SPSEs-investment was mainly in power sector SPSEs, which had received as much as 93.04 *per cent* (₹ 8,455.77 crore) of total investment (₹ 9,088.47 crore) as on 31 March 2023. The State Government contributed around 42.75 *per cent* (₹ 3,885.07 crore) of the total investment (₹ 9,088.47 crore).

### 5.4.2 Reconciliation with Finance Accounts

The figures in respect of equity and loans provided by the State Government as per the records of SPSEs should agree with the corresponding figures appearing in the Finance Accounts of the State. In case of differences in the figures, the SPSEs concerned and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2023 is given in **Table 5.3**.

**Table 5.3: Equity, Loans outstanding as per the Finance Accounts vis-à-vis records of SPSEs**

Particulars	Investment as per		Difference
	Finance Accounts	SPSEs' records	
Equity	3,123.57	3,291.06	167.49
Long Term Loans	774.05	594.01	180.04

Source: State Finance Accounts 2022-23 and the information provided by the SPSEs.

From **Table 5.3** above, it can be noticed that as on 31 March 2023, there were unreconciled differences in the figures of Equity (₹ 167.49 crore) and Loan (₹ 180.04 crore) as per two sets of records. The differences in Equity occurred in respect of 11 SPSEs<sup>59</sup> falling under Power Sector (one SPSE) and non-power Sector (ten SPSEs).

<sup>58</sup> Investment figures are provisional and as provided by the SPSEs except for two SPSEs (serial no. B19 and C21 Appendix 5.1), which have finalised their Accounts for the year 2022-23.

<sup>59</sup> SPSEs at Sl. Nos. A1, A2, A4, A5, A6, A8, A13, A14, A15, A16 and B18 of *Appendix 5.1*.

As regards Loan figures, the Finance Department disburses the loans to various Departments of the State Government for different sectoral activities and booked the amount sector-wise in the Finance Accounts. In turn, the Departments disburse these loans to respective SPSEs functioning under their administrative control. Hence, SPSE-wise figures of State Government loans provided to various SPSEs were not available in the State Finance Accounts. However, the State Government loan figure booked in the Finance Accounts (₹ 774.05 crore) pertained to the projects under Power Sector (₹ 772.79 crore), Tourism Sector (₹ 1.20 crore) and Social Sector (₹ 0.06 crore).

***The State Government and the SPSEs concerned may take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of recording the funding provided to SPSEs in the State Finance Accounts and the Finance Accounts be updated.***

#### **5.4.3 Market Capitalisation of equity investment in SPSEs**

None of the SPSEs were listed on the stock exchange as on 31 March 2023.

#### **5.4.4 Disinvestment, Restructuring and Privatisation**

During the year 2022-23, there was no case of disinvestment, restructuring and privatisation of working as well as in-active SPSEs.

### **5.5 Returns from SPSEs**

#### **5.5.1 Profit earned by SPSEs**

During 2022-23, only three SPSEs<sup>60</sup> earned profit as compared to five<sup>61</sup> SPSEs, which earned profit during 2021-22. The profit earned by SPSEs during 2022-23 was decreased to ₹ 1.61 crore from ₹ 3.13 crore earned during 2021-22.

The details of the major contributors to SPSE-profits during the year 2022-23 have been summarised in **Table 5.4**.

**Table 5.4: SPSEs which contributed maximum profit during 2022-23**

Name of SPSE	Year of Accounts	Net profit (₹ in crore)	Contribution to total SESE-profits (per cent)
Meghalaya Tourism Development Corporation Limited	2018-19	1.18	73.29
<b>Total</b>		<b>1.18</b>	<b>73.29</b>

*Source: Latest Financial Statements of SPSE.*

<sup>60</sup> Meghalaya Tourism Development Corporation Limited (₹ 1.18 crore); Meghalaya State Warehousing Corporation (₹ 0.40 crore) and Meghalaya Mineral Development Corporation Limited (₹ 0.03 crore).

<sup>61</sup> Meghalaya Tourism Development Corporation Limited (₹ 1.18 crore); Meghalaya Mineral Development Corporation Limited (₹ 0.65 crore); Meghalaya State Warehousing Corporation (₹ 0.47 crore); Forest Development Corporation of Meghalaya Limited (₹ 0.46 crore) and Shillong Smart City Limited (₹ 0.37 crore).

As could be noticed from **Table 5.4** above, the SPSE had contributed as much as 73.29 *per cent* of the total SPSE-profit (₹ 1.61 crore) earned during 2022-23.

Net Profit Ratio<sup>62</sup> assesses a company's ability to earn profits from its sales (turnover). A higher net profit ratio indicates that a company is more efficient at converting sales into actual profit. Net Profit Ratio of 5 *per cent* is considered to be a low margin, 10 *per cent* a healthy margin, while 20 *per cent* or more is a high margin.

Net profit ratio of working SPSEs during the year 2022-23 is depicted in **Table 5.5**.

**Table 5.5: Net Profit Ratio of SPSEs**

Sector	No. of SPSEs	Net Profit (+)/ Loss (-)	Turnover	(₹ in crore) Net profit Ratio (per cent)
Power	04	(-) 518.24	1300.30	Negative
Non power	15	(-) 52.43	147.42	Negative
<b>Total</b>	<b>19</b>	<b>(-) 570.67</b>	<b>1,447.72</b>	<b>Negative</b>

As can be seen from **Table 5.5** above, the SPSEs under both the sectors (power and non-power sectors) had incurred overall losses during the year 2022-23 leading to 'negative' Net Profit ratio, which indicated absence of reasonable level of efficiency in the overall operations of these SPSEs.

### 5.5.2 Dividend paid by SPSEs

The Thirteenth Finance Commission had recommended (December 2009) that a minimum dividend of five *per cent* on Government equity should be paid by all enterprises. There was, however, no information available on record regarding the existence of any specific policy of the State Government on payment of minimum dividend by the SPSEs. As per their latest finalised accounts as on 30 September 2023, none of the three SPSEs, which earned aggregate profit of ₹ 1.61 crore had declared any dividend during 2022-23.

## 5.6 Debt Servicing

### 5.6.1 Interest Coverage Ratio

Interest Coverage Ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's Earnings before Interest and Taxes (EBIT) by Interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in SPSEs which had interest burden are given below in **Table 5.6**.

<sup>62</sup> Net Profit/Turnover\*100.

**Table 5.6: Interest coverage ratio of SPSEs**

Year	Particulars	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of SPSEs having liability of loans from Government, and other financial institutions	Number of companies having interest coverage ratio more than one	Number of companies having interest coverage ratio less than one
2020-21	Power Sector SPSEs	229.72	(-)289.99	4	0	4
	Non Power Sector SPSEs	11.85	(-)12.13	2	1	1
	<b>Total</b>	<b>241.57</b>	<b>(-)302.12</b>	<b>6</b>	<b>1</b>	<b>5</b>
2021-22	Power Sector SPSEs	289.57	(-)386.58	4	0	4
	Non Power Sector SPSEs	12.83	(-)23.69	2	1	1
	<b>Total</b>	<b>302.40</b>	<b>(-)410.27</b>	<b>6</b>	<b>1</b>	<b>5</b>
2022-23	Power Sector SPSEs	309.69	(-)208.55	4	0	4
	Non Power Sector SPSEs	12.83	(-)23.69	2	1	1
	<b>Total</b>	<b>322.52</b>	<b>(-)232.24</b>	<b>6</b>	<b>1</b>	<b>5</b>

*Source: As per their latest Financial Statement of SPSEs.*

It can be noticed from **Table 5.6** above that during all the three years (2020-21 to 2022-23), out of six SPSEs having long term debts, only one SPSE<sup>63</sup> (non-power Sector) had Interest Coverage Ratio of more than one. The remaining five SPSEs (power sector: four; non-power sector: one) had Interest Coverage Ratio of more than one. This indicated that these five SPSEs were not generating sufficient revenues to meet their expenses on interest consecutively for last three years.

## 5.7 Financial performance of SPSEs

### 5.7.1 Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed<sup>64</sup>. The details of RoCE during the period from 2020-21 to 2022-23 are given below in **Table 5.7**.

<sup>63</sup> Meghalaya Tourism Development Corporation Limited.

<sup>64</sup> Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure.

**Table 5.7: Return on Capital Employed**

<b>Year</b>	<b>Particulars</b>	<b>EBIT (₹ in crore)</b>	<b>Capital Employed (₹ in crore)</b>	<b>RoCE (in per cent)</b>
<b>2020-21</b>	Power Sector SPSEs	(-)289.99	3,126.09	(-)9.28
	Non Power Sector SPSEs	(-)23.08	188.45	(-)12.25
	<b>Total</b>	<b>(-)313.07</b>	<b>3,314.54</b>	<b>(-)9.45</b>
<b>2021-22</b>	Power Sector SPSEs	(-)386.58	3,298.30	(-)11.72
	Non Power Sector SPSEs	(-)34.20	145.21	(-)25.55
	<b>Total</b>	<b>(-)420.78</b>	<b>3,443.51</b>	<b>-12.22</b>
<b>2022-23</b>	Power Sector SPSEs	(-)208.55	3,627.34	(-)5.75
	Non Power Sector SPSEs	(-)39.26	150.44	(-)26.10
	<b>Total</b>	<b>(-)247.81</b>	<b>3,777.78</b>	<b>(-)6.56</b>

Source: Latest Financial Statement of working SPSEs.

It can be observed from **Table 5.7** above that RoCE of the working SPSEs under power and non-power sectors was negative in all three years (2020-21 to 2022-23). The RoCE of working SPSEs under non-power sector showed a deteriorating trend and was worst during 2022-23 mainly because of poor (negative) EBIT (-₹ 25.44 crore) of one SPSE (Mawmluh Cherra Cement Limited). The RoCE of SPSEs under power sector, however, had slightly improved during three years from (-) 9.45 *per cent* (2020-21) to (-) 6.56 *per cent* (2022-23).

### 5.7.2 Return on Equity by SPSEs

Return on Equity<sup>65</sup> (RoE) is a measure of financial performance to assess how effectively a company's assets are being used to create profits. RoE is calculated by dividing Net Income (*i.e.* net profit after taxes) by Shareholders' Fund. It is expressed as a percentage and can be calculated for any company if Net Income and Shareholders' Fund are both positive numbers. 'Shareholders' Fund is calculated by adding 'paid up capital' and 'free reserves & surplus/accumulated profits' *minus* 'accumulated losses' and 'deferred revenue expenditure'.

The Shareholders' Fund reveals how much would be left for a company's shareholders if all assets were sold and all debts paid. A positive Shareholders' Fund indicates that the company has enough assets to cover its liabilities while negative Shareholders Fund means liabilities exceed assets.

During 2022-23, the Return on Equity<sup>66</sup> (RoE) of two<sup>67</sup> out of three profit earning working SPSEs was not workable due to complete erosion of their net worth while the

<sup>65</sup> Return on equity= (Net Profit after Tax/ Shareholder's Equity) X 100 where Shareholder's equity= paid up capital + free reserves - accumulated losses- deferred revenue expenditure.

<sup>66</sup> Return on Equity= (Net Profit after Tax÷ Shareholders' Fund) X 100; where Shareholders' Fund represents paid up capital plus free reserves& accumulated profits minus accumulated losses and deferred revenue expenditure.

<sup>67</sup> Meghalaya Mineral Development Corporation Limited and Meghalaya Tourism Development Corporation Limited.

RoE of third profit earning SPSE<sup>68</sup> was 5.38 *per cent*. RoE of five<sup>69</sup> out of 14<sup>70</sup> loss making working SPSEs was not workable due to negative net worth while the RoE of remaining nine loss making working SPSEs remained negative due to their negative net income (loss) during 2022-23.

The details of Shareholders' Fund and RoE relating to working SPSEs under power and non-power sectors for last three years (2020-21 to 2022-23) are given below in **Table 5.8**.

**Table 5.8: Return on Equity relating to SPSEs**

Year	Particulars	Net Income (₹in crore)	Shareholders' Fund (₹in crore)	ROE (per cent)
2020-21	Power	(-)518.58	1,365.70	Negative
	Non-power	(-)35.29	32.18	Negative
	<b>Total</b>	<b>(-)553.87</b>	<b>1,397.88</b>	<b>Negative</b>
2021-22	Power	(-)676.15	701.02	Negative
	Non-power	(-)47.37	(-)11.07	Not workable
	<b>Total</b>	<b>(-)723.52</b>	<b>689.95</b>	<b>Negative</b>
2022-23	Power	(-)518.24	573.88	Negative
	Non-power	(-)52.43	(-)5.83	Not workable
	<b>Total</b>	<b>(-)570.67</b>	<b>568.05</b>	<b>Negative</b>

*Source:* As per latest finalised accounts of SPSEs.

As can be noticed from **Table 5.8** above, the RoE of working SPSEs under power sector was negative during all the three years under reference. The RoE of SPSEs under non-power sector was also ‘negative’ during 2020-21 but it was not workable during subsequent two years (2021-22 and 2022-23) due to complete erosion of its ‘net worth/Shareholders’ Fund’ by accumulated losses. Further, during last three years, despite increase (₹ 31.27 crore) in the overall equity capital of power sector SPSEs, the Shareholders’ Fund (net worth) of these SPSEs had eroded by around 58 *per cent* (₹ 791.82 crore) due to increase (₹ 823.09 crore) in the accumulated losses from ₹ 3,027.36 crore (2020-21) to ₹ 3,850.45 crore (2022-23).

### 5.7.3 Rate of Return on the basis of Present Value of Investment

The Rate of Real Return (RORR) measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for the time value. To determine the Rate of Real Return on Government Investment (RORR), the investment of State Government in the form of equity, interest free loans and grants/ subsidies given by the State Government for operational and management expenses less disinvestments (if any) has been considered, and indexed to their Present Value (PV) and summated. The RORR is then calculated by dividing the ‘profit after tax’ (PAT) by the sum of the PV of the Government investment.

<sup>68</sup> Meghalaya State Warehousing Corporation (net worth: ₹ 7.44 crore; net profit after tax: ₹ 0.40 crore)

<sup>69</sup> SPSEs at serial no. A3, A4, A6, A10 and B18 of *Appendix 5.1*.

<sup>70</sup> Excluding two SPSEs at serial no. A14 (functioning on ‘no profit no loss’ basis) and A17 (not submitted since 2018-19 after it was covered under the definition of a Government company) of *Appendix 5.1*.

During 2022-23, out of 17 working SPSEs<sup>71</sup>, 14 PSEs incurred losses (₹ 572.28 crore) and only three SPSEs earned profits (₹ 1.61 crore) as per their latest finalised accounts as on 30 September 2023. On the basis of return on historical value, the State Government investment eroded by 9.96 *per cent* during 2022-23. On the other hand, the Rate of Real Return where the present value of investment is considered, the State Government investment eroded by 6.24 *per cent* as shown in *Appendix 5.2*. This difference in the percentage of investment erosion was on account of adjustments made in the investment amount for the time value of money.

## 5.8 SPSEs incurring losses

### 5.8.1 Losses incurred

During the year 2022-23, 14 working SPSEs incurred losses of ₹ 572.28 crore as compared to the losses of ₹ 555.90 crore incurred by 12 SPSEs during the year 2020-21. The losses of working SPSEs was mainly driven by the losses incurred by the power sector SPSEs. A comparative position of the loss incurring SPSEs under power and non-power sectors during last three years from 2020-21 to 2022-23 has been given below in **Table 5.9**.

**Table 5.9: Number of Working SPSEs that incurred losses during 2020-21 to 2022-23**

(₹ in crore)

Year	Particulars	No of loss making SPSEs	Total investment	Net loss for the year	Accumulated loss	Net Worth <sup>72</sup>
<b>2020-21</b>	Power Sector SPSEs	4	6,153.45	518.58	3027.36	(+) 1365.70
	Non Power Sector SPSEs	8	627.82	37.32	423.88	(+) 32.02
	<b>Total</b>	<b>12</b>	<b>6,781.27</b>	<b>555.90</b>	<b>3,451.24</b>	<b>(+) 1,397.72</b>
<b>2021-22</b>	Power Sector SPSEs	4	7,017.87	676.15	3,719.57	(+) 701.02
	Non Power Sector SPSEs	7	627.50	50.50	469.47	(-) 13.31
	<b>Total</b>	<b>11</b>	<b>7,645.37</b>	<b>726.65</b>	<b>4,189.04</b>	<b>(+) 687.71</b>
<b>2022-23</b>	Power Sector SPSEs	4	7,477.79	518.24	3,850.45	(+) 573.88
	Non Power Sector SPSEs	10	635.30	54.04	476.19	(-) 8.81
	<b>Total</b>	<b>14</b>	<b>8113.09</b>	<b>572.28</b>	<b>4,326.64</b>	<b>(+) 565.07</b>

Source: As per latest finalised accounts of SPSEs.

It can be noticed from **Table 5.9** above that during last three years, the overall accumulated losses of SPSEs under power and non-power sectors showed an increasing trend, which correspondingly deteriorated their net worth position from ₹ 1,397.72 crore (2020-21) to ₹ 565.07 crore (2022-23). Further, during the year 2022-23, around 65 *per cent* (₹ 371.17 crore) of total SPSE-losses (₹ 572.28 crore)

<sup>71</sup> Excluding two SPSEs at serial no. A14 (functioning on ‘no profit no loss’ basis) and A17 (not submitted since 2018-19 after it was covered under the definition of a Government company) of *Appendix 5.1*.

<sup>72</sup> Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits but do not include reserves created out of revaluation of assets and write back of depreciation provision.

was contributed by two Power sector SPSEs (Meghalaya Power Generation Corporation Limited and Meghalaya Power Distribution Corporation Limited).

### 5.8.2 Erosion of Capital in SPSEs

During 2022-23, 15 out of 17 working SPSEs<sup>73</sup> had the accumulated losses of ₹ 4,341.71 crore as per their latest finalised accounts as on 30 September 2023 (*Appendix 5.1*). Of these, 13 SPSEs incurred losses amounting to ₹ 572.26 crore as per latest finalised accounts.

Analysis further revealed that the equity (₹ 1,164.85 crore) of 7 out of the 15 working SPSEs had been completely eroded by their accumulated losses (₹ 3,057.36 crore) and their net worth was ‘negative’ as per their latest finalised accounts as on 30 September 2023. Out of seven SPSEs whose capital had eroded, while two SPSEs<sup>74</sup> had earned profit of ₹ 1.21 crore during 2022-23. Three<sup>75</sup> out of seven SPSEs whose capital had eroded have received ₹ 16.84 crore during 2022-23 for their establishment expenses. As on 31 March 2023, seven SPSEs had total Government Investment of ₹ 605.04 crore by way of equity (₹ 313.56 crore) and long term loans (₹ 291.48 crore) as detailed in **Table 5.10**.

**Table 5.10: Details of SPSEs whose net worth was eroded as per their latest finalised accounts**

(₹ in crore)

Sl. No.	Name of the SPSE	Year of Accounts	Total paid up Capital	Income <sup>76</sup>	Expen- diture <sup>77</sup>	Net Profit(+)/ loss (-)	Accumulated Loss	Net Worth	Period Since when Net Worth remained negative	State Government’s Investment* as on 31 March 2023	
										Equity	Loans
1	2	3	4	5	6	7	8	9	10	11	12
1	Meghalaya Power Distribution Corporation Limited	2021-22	859.26	1197.42	1350.25	-152.83	2627.66	-1768.40	2014-15	0	175.45
2	Mawmluh Cherra Cements Limited	2019-20	197.51	28.79	66.83	-38.04	272.84	-75.33	-	197.40	113.48
3	Meghalaya Government Construction Corporation Limited	2021-22	3.75	88.79	91.95	-3.62	29.91	-26.16	-	4.25	0.00
4	Meghalaya Transport Corporation	2015-16	93.05	0.55	4.98	-4.43	106.69	-13.64	-	100.63	0.00

<sup>73</sup> Excluding two SPSEs at serial no. A14 (functioning on ‘no profit no loss’ basis) and A17 (not submitted since 2018-19 after it was covered under the definition of a Government company) of *Appendix 5.1*.

<sup>74</sup> SPSEs at serial no. A7 and A12 of *Appendix 5.1*.

<sup>75</sup> Meghalaya Transport Corporation (₹ 14.06 crore), Meghalaya Government Construction Corporation Limited (₹ 1.83 crore) and Meghalaya Mineral Development Corporation Limited (₹ 0.95 crore).

<sup>76</sup> Income includes revenue from operation and other income.

<sup>77</sup> This includes total expenditure as reflected in Annual accounts.

Sl. No.	Name of the SPSE	Year of Accounts	Total paid up Capital	Income <sup>76</sup>	Expen- diture <sup>77</sup>	Net Profit(+)/ loss (-)	Accumulated Loss	Net Worth	Period Since when Net Worth remained negative	State Government's Investment* as on 31 March 2023	
										Equity	Loans
1	2	3	4	5	6	7	8	9	10	11	12
5	Meghalaya Infrastructure Development and Financial Corporation Limited	2020-21	1.00	22.04	26.07	-4.03	5.52	-4.52	2019-20	1.00	0.00
6	Meghalaya Mineral Development Corporation Limited	2021-22	2.32	1.27	1.24	0.03	6.32	-4.00	-	2.32	0.00
7	Meghalaya Tourism Development Corporation Limited	2018-19	7.96	20.41	19.23	1.18	8.42	-0.46	2017-18	7.96	2.55
<b>Total</b>			<b>1,164.85</b>	<b>1359.27</b>	<b>1560.55</b>	<b>-201.74</b>	<b>3057.36</b>	<b>1892.51</b>	--	<b>313.56</b>	<b>291.48</b>

\*Figures are provisional and as provided by the SPSEs.

## 5.9 Audit of State Public Sector Enterprises

CAG appoints the statutory auditors of a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the Legislature.

## 5.10 Appointment of statutory auditors of State Public Sector Enterprises by the CAG

Sections 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year.

The statutory auditors of the above Companies for the year 2022-23 were appointed by the CAG up to September 2023.

## 5.11 Submission of accounts by State Public Sector Enterprises

### 5.11.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting<sup>78</sup> (AGM). As soon as may be after such preparation, the Annual Report

<sup>78</sup> In case of the first AGM, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case within a period of six months, from the date of closing of the financial year i.e. 30 September.

must be laid before Legislature, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary Legislative control over the utilisation of public funds invested in the Companies from the Consolidated Fund of State.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statements for the financial year have to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

The annual accounts of various SPSEs were pending as on 30 September 2023, as detailed in the following paragraph.

#### **5.11.2 Timeliness in preparation of accounts by Government companies**

As of 31 March 2023, there were 21 SPSEs under the purview of CAG's audit. Of these, accounts for the year 2022-23 were due from 21 SPSEs including two under liquidation. However, only two SPSEs (including one SPSE under liquidation) submitted their accounts for the year 2022-23 for audit by CAG by 30 September 2023. Further, 40 Accounts of 19 SPSEs were in arrears as on 30 September 2023, as detailed in *Appendix 5.3* for various reasons. Details of arrears in submission of accounts of Government companies are given in **Table 5.11**.

**Table 5.11: Details of arrears in submission of accounts**

Particulars	SPSEs	Number of Accounts
Total number of Companies under the purview of CAG's audit as on 31 March 2023	19	--
Less: New Companies from which accounts for 2022-23 were not due	0	0
Number of companies from which accounts for 2022-23 were due	19	19
Number of companies which presented the accounts for the year 2022-23 for CAG's audit by 30 September 2023	1	1
<b>Number of accounts in arrears</b>	<b>18</b>	<b>33</b>
Break- up of Arrears		
(i) Under Liquidation	1	1
(ii) Others	17	32
Age-wise analysis of arrears against 'Others' category		
One year (2022-23)	10	10
Two years (2021-22 and 2022-23)	03	06
Three years and more	04	16

*Source: Compiled on the basis of annual accounts received in the office of PAG (Audit) Meghalaya.*

### 5.11.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of two<sup>79</sup> Statutory corporations is conducted by the CAG and out of these, one Statutory corporation (Meghalaya Transport Corporation), CAG is sole auditor. During the year (October 2022 to September 2023) Meghalaya State Warehousing Corporation submitted two account (2021-22 and 2022-23). As on 30 September 2023, total seven Accounts (2016-17 to 2022-23) of one Statutory corporation (Meghalaya Transport Corporation) were pending finalisation.

## 5.12 CAG's oversight - Audit of accounts and supplementary audit

### 5.12.1 Financial reporting framework

Companies are required to prepare the Financial Statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards renamed as National Financial Reporting Authority<sup>80</sup>. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such Corporations.

### 5.12.2 Audit of accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power to:

- issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013; and
- supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

### 5.12.3 Supplementary Audit of accounts of Government Companies

The primary responsibility for preparation of Financial Statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The statutory auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the Financial Statements under section 143 of the Companies Act, 2013 based on an independent audit in accordance

<sup>79</sup> Meghalaya Transport Corporation and Meghalaya State Warehousing Corporation.

<sup>80</sup> Effective from 01 October 2018.

with the Standard Auditing Practices of Institute of Chartered Accountants of India and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the AGM.

### **5.13 Result of CAG's oversight role**

#### **5.13.1 Audit of accounts of SPSEs**

During 1 October 2022 to 30 September 2023, 16 SPSEs submitted their 25 Financial Statements (Accounts) for current (2022-23) and previous years. Twenty three Financial Statements of 15 SPSEs were reviewed in audit by the CAG and Non-Review Certificate was issued for the two accounts one<sup>81</sup> SPSE. The results of the review are detailed below:

#### **5.13.2 Amendment of Financial Statements**

During 2022-23 there is no case of SPSEs amending their Financial Statements before laying the same in the AGM.

#### **5.13.3 Revision of Auditors Report**

During 2022-23, there is no case of revision of statutory auditors' report as a result of supplementary audit of the Financial Statements conducted by the CAG.

### **5.14 Conclusion**

As on 31 March 2023, there were 21 SPSEs (including two Statutory Corporation) in the State of Meghalaya under the audit purview of CAG. Out of 21 SPSEs, two SPSEs (Government companies) was inactive and under liquidation. SPSEs did not adhere to the prescribed timeline regarding submission of their Financial Statements. There were 40 Accounts of 19 SPSEs in arrears (33 Accounts of 18 Government companies and seven Accounts of one Statutory Corporation) as on 30 September 2023.

Out of the total profit of ₹ 1.61 earned by three working SPSEs during 2022-23, 73.29 *per cent* was contributed by one SPSE (Meghalaya Tourism Development Corporation Limited). Similarly, during the year 2022-23, around 65 *per cent* (₹ 371.17 crore) of the total loss (₹ 572.28 crore) incurred by 14 working SPSEs was contributed by two Power sector SPSEs (Meghalaya Power Generation Corporation Limited and Meghalaya Power Distribution Corporation Limited).

Further, none of the three SPSEs which earned profits as per the latest finalised accounts had declared dividend.

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<sup>81</sup> Meghalaya Bamboo Chips Limited.

## 5.15 Recommendations

- (i) *State Government may impress upon the managements of SPSEs to ensure timely submission of their Financial Statements. As many as 40 Accounts of 19 SPSEs were in arrears. In the absence of finalised accounts, Government investments in such SPSEs remain outside the oversight of the State Legislature.*
- (ii) *The two inactive SPSEs under the process of liquidation were neither contributing to State economy nor meeting the intended objectives. The State Government needs to expedite the liquidation process to wind up these non-working SPSEs.*
- (iii) *Accumulation of huge losses by seven out of 15 working SPSEs had eroded public wealth, which is a cause of concern due to the burden on the exchequer to support their operations. The State Government needs to analyse the viability of continuing with the SPSEs and review the working of these SPSEs to either improve their profitability or close their operations.*
- (iv) *The State Government and the SPSEs concerned may take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of recording the funding provided to SPSEs in the State Finance Accounts and the Finance Accounts be updated.*

Shillong  
The: 02 May 2024

(Shefali Srivastava Andaleeb)  
Principal Accountant General (Audit), Meghalaya

Countersigned

New Delhi  
The: 06 May 2024

(Girish Chandra Murmu)  
Comptroller and Auditor General of India



## **APPENDICES**



**Appendix 1.1**  
**State Profile**  
*(Reference: Paragraph 1.1)*

<b>A. General Data</b>			
<b>Sl. No.</b>	<b>Particulars</b>	<b>Unit</b>	<b>Meghalaya</b>
1.	Area	sq. km.	22,429
2.	Population (2011 Census) (India:	Numbers	29,66,889
3.	Density of Population ( <b>All India Average:382</b> )	Per sq km	132
4.	Literacy ( <b>All India Average:73.0</b> )	Per cent	74.40
5.	Gross State Domestic Product (GSDP) 2022-23 at current prices	Crore	42,697
6.	Per capita NSDP of the State, 2022-23	In ₹	1,12,737
7.	Population Below Poverty Line (BPL) 2011-12 ( <b>All India Average:21.92 per cent</b> )	Per cent	11.87
8.	Infant mortality ( <b>All India Average = 28 per 1000 live births</b> ) (2019)	Per 1000 live births	29

<b>Financial Data</b>					
<b>Particulars</b>		<b>CAGR from 2012-13 to 2022-23</b>		<b>Growth in 2022-23 over 2021-22</b>	
		<b>NE &amp; HS</b>	<b>Meghalaya</b>	<b>NE &amp; HS</b>	<b>Meghalaya</b>
(a)	Revenue Receipts	10.66	10.35	10.93	3.82
(b)	Own Tax Revenue	10.59	12.08	17.39	15.23
(c)	Non-Tax Revenue	9.07	(-)0.62	32.79	(-)12.96
(d)	Total Expenditure	11.46	11.47	13.10	7.19
(e)	Capital Expenditure	11.04	11.26	0.65	(-)2.13
(f)	Revenue Expenditure on Education	10.40	12.07	11.59	27.82
(g)	Capital Expenditure on Education	10.00	48.09	19.94	356.65
(h)	Revenue Expenditure on Health & Family Welfare	14.82	15.86	9.15	(-)9.17
(i)	Capital Expenditure on Health & Family Welfare	12.83	(-) 6.50	2.93	(-)60.28
(j)	Salaries and Wages	9.28	10.42	9.81	3.92
(k)	Pension	15.72	15.72	10.74	22.47

Source: Data Compilation by Economic Wing, O/o the C&AG of India.

**APPENDIX 2.1**  
**Time Series Data on State Government Finances**  
*(Reference: Paragraph 2.4.2.2)*

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
<b><i>Part A – Receipts</i></b>					
<b>1. Revenue Receipts</b>	<b>9718.62</b>	<b>9413.52</b>	<b>10683.24</b>	<b>14274.14</b>	<b>14819.87</b>
<i>(i) Own Tax Revenue</i>	1793.24 (18.45)	1891.25 (20.09)	2072.56 (19.40)	2300.38 (16.12)	2650.67 (17.89)
State Goods and Services Tax (SGST)	805.96 (44.94)	909.78 (48.10)	822.81 (39.70)	1117.94 (48.60)	1477.03 (55.72)
Sales Tax	627.50 (34.99)	567.13 (29.99)	725.09 (34.99)	718.89 (31.25)	621.78 (23.46)
State Excise	226.21 (12.61)	276.27 (14.61)	375.38 (18.11)	308.00 (13.39)	365.16 (13.78)
Taxes on Vehicles	86.95 (4.85)	99.24 (5.25)	78.63 (3.79)	99.42 (4.32)	131.51 (4.96)
Stamps and Registration fees	26.19 (1.46)	20.34 (1.08)	31.56 (1.52)	27.06 (1.18)	28.16 (1.06)
Land Revenue	2.73 (0.15)	1.00 (0.05)	21.29 (1.03)	9.83 (0.43)	4.91 (0.19)
Taxes on Goods and Passengers	8.45 (0.47)	9.13 (0.48)	10.72 (0.52)	12.54 (0.55)	14.05 (0.53)
Other Taxes	9.25 (0.52)	8.36 (0.44)	7.08 (0.34)	6.70 (0.29)	8.07 (0.30)
<i>(ii) Non-Tax Revenue</i>	427.70 (4.40)	530.11 (5.63)	523.17 (4.90)	524.58 (3.68)	456.61 (3.08)
<i>(iii) State's share of Union Taxes and Duties</i>	4889.07 (50.31)	4211.78 (44.74)	4551.63 (42.61)	6580.63 (46.10)	7286.14 (49.16)
<i>(iv) Grants-in-Aid from Government of India</i>	2608.61 (26.84)	2780.38 (29.54)	3535.88 (33.10)	4868.55 (34.11)	4426.45 (29.87)
<b>2. Miscellaneous Capital Receipts</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>18.01</b>	<b>31.32</b>	<b>27.77</b>	<b>24.41</b>	<b>24.55</b>
<b>4. Total revenue and Non-debt Capital Receipts (1+2+3)</b>	<b>9736.63</b>	<b>9444.84</b>	<b>10711.01</b>	<b>14298.55</b>	<b>14844.42</b>
<b>5. Public Debt Receipts</b>	<b>1324.69</b>	<b>1496.02</b>	<b>2441.89</b>	<b>4019.95</b>	<b>6220.68</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1302.28 (98.31)	1480.24 (98.95)	2096.53 (85.86)	2435.49 (60.59)	3312.96 (53.26)
Ways and Means Advances and Overdraft	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	1069.93 (26.62)	1803.07 (28.99)
Loans and Advances from Government of India	22.41 (1.69)	15.78 (1.05)	345.36 (14.14)	514.53 (12.80)	1104.65 (17.76)
<b>6. Total receipts in the Consolidated Fund (4+5)</b>	<b>11061.32</b>	<b>10940.86</b>	<b>13152.90</b>	<b>18318.50</b>	<b>21065.10</b>
<b>7. Contingency Fund Receipts</b>	<b>NIL</b>	<b>NIL</b>	<b>1.96</b>	<b>200.00</b>	<b>NIL</b>
<b>8. Public Accounts Receipts</b>	<b>4568.43</b>	<b>3866.03</b>	<b>4799.03</b>	<b>5098.35</b>	<b>4835.03</b>
<b>9. Total receipts of the State (6+7+8)</b>	<b>15629.75</b>	<b>14806.89</b>	<b>17953.89</b>	<b>23616.85</b>	<b>25900.13</b>
<b><i>Part B – Expenditure</i></b>					
<b>10. Revenue Expenditure</b>	<b>10255.94</b>	<b>9565.12</b>	<b>11498.62</b>	<b>13620.22</b>	<b>14863.77</b>
<i>Plan</i>	...	....	...	...	...
<i>Non-Plan</i>	...	....	...	...	...
General Services (including Interest payments)	3535.88 (34.48)	3667.70 (38.34)	4000.97 (34.80)	4453.90 (32.70)	5090.57 (34.25)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Social Services	4100.07 (39.98)	3724.26 (38.94)	4346.67 (37.80)	5254.89 (38.58)	5612.08 (37.76)
Economic Services	2619.99 (25.55)	2173.16 (22.72)	3150.98 (27.40)	3911.43 (28.72)	4161.12 (28.00)
<b>11. Capital Expenditure (Capital Outlay)</b>	<b>1417.28</b>	<b>939.71</b>	<b>1734.05</b>	<b>2751.79</b>	<b>2742.28</b>
<i>Plan</i>	...	...	...	...	-
<i>Non-Plan</i>	...	...	...	...	-
General Services	84.98 (6.00)	47.73 (5.08)	132.33 (7.63)	171.59 (6.24)	137.14 (5.00)
Social Services	360.00 (25.40)	293.08 (31.19)	539.65 (31.12)	1193.80 (43.38)	874.47 (31.89)
Economic Services	972.30 (68.60)	598.90 (63.73)	1062.07 (61.25)	1386.40 (50.38)	1730.67 (63.11)
<b>12. Disbursement of Loans and Advances</b>	<b>89.49</b>	<b>43.78</b>	<b>81.90</b>	<b>85.33</b>	<b>34.52</b>
<b>13. Total Expenditure (10+11+12)</b>	<b>11762.71</b>	<b>10548.61</b>	<b>13314.57</b>	<b>16457.34</b>	<b>17640.57</b>
<b>14. Repayments of Public Debt</b>	<b>395.94</b>	<b>418.71</b>	<b>487.52</b>	<b>2216.20</b>	<b>3749.54</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	375.32 (94.79)	393.22 (93.91)	465.88 (95.56)	1122.62 (50.66)	1923.25 (51.29)
Ways and Means Advances and Overdraft	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	1069.92 (48.28)	1803.07 (48.09)
Loans and Advances from Government of India	20.62 (5.21)	25.49 (6.09)	21.64 (4.44)	23.65 (1.07)	23.22 (0.62)
<b>15. Appropriation to Contingency Fund</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>200.00</b>	<b>NIL</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>12158.65</b>	<b>10967.32</b>	<b>13802.09</b>	<b>18873.54</b>	<b>21390.11</b>
<b>17. Contingency Fund disbursements</b>	<b>NIL</b>	<b>1.96</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>18. Public Account disbursements</b>	<b>4373.19</b>	<b>4049.12</b>	<b>4594.56</b>	<b>4948.45</b>	<b>4348.51</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>16531.84</b>	<b>15018.40</b>	<b>18396.65</b>	<b>23821.99</b>	<b>25738.62</b>
<b>Part C – Deficits</b>					
<b>20. Revenue Surplus (+) /Deficit (-) (1-10)</b>	<b>-537.32</b>	<b>-151.60</b>	<b>-815.38</b>	<b>653.92</b>	<b>-43.90</b>
<b>21. Fiscal Deficit (-) (4-13)</b>	<b>-2026.08</b>	<b>-1103.77</b>	<b>-2603.56</b>	<b>-2158.79</b>	<b>-2796.15</b>
<b>22. Primary Deficit (-)/Surplus (+) (21-23)</b>	<b>-1369.27</b>	<b>-345.26</b>	<b>-1744.64</b>	<b>-1195.52</b>	<b>-1767.63</b>
<b>Part D – Other Data</b>					
23. Interest Payments (included in Revenue Expenditure)	656.81	758.51	858.92	963.27	1028.52
24. Financial Assistance to local bodies, etc.	2046.49	1821.20	2556.43	3065.57	3543.90
25. Ways and Means Advances/Overdraft availed (days)	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	42	130
26. Interest on WMA/Overdraft	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	1.68	1.28
27. Gross State Domestic Product (GSDP) <sup>1</sup>	32176	34770	33776	38785	42697
-28. Rate of Growth of GSDP	9.04	8.06	-2.86	14.83	10.09
29. Outstanding liabilities (year-end)	10623.68	11533.78	13618.73 <sup>2</sup>	15481.09 <sup>3</sup>	18,442.32 <sup>3</sup>
30. Rate of Growth of Outstanding Debt	12.00	8.57	18.08	13.67	19.13
31. Outstanding guarantees (year-end) including interest	1163.09	1120.14	3060.99	2980.44	2977.53

<sup>1</sup> Source: GSDP as per the Directorate of Economics and Statistics, Government of Meghalaya.

<sup>2</sup> Excludes back-to-back loans of ₹ 112 crore given by GoI in lieu of compensation of GST without any repayment obligations.

<sup>3</sup> Excludes back-to-back loans of ₹ 253.16 crore given by GoI in lieu of compensation of GST without any repayment obligations.

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
32. Maximum amount guaranteed (year-end)	1376.74	1369.80	3093.40	3055.44	2980.44
33. Number of incomplete projects <sup>4</sup>	218	155	103	124	235
34. Capital blocked in incomplete projects <sup>5</sup>	329.60	1263.14	2825.48	1661.30	613.95
35. Total Debt Receipts	3189.65	2941.07	3848.45	4019.95	6220.68
36. Total Debt Payments (Including Interest)	2707.85	2789.48	2510.42	3179.47	4778.06
37. Net Debt available to the State (35-36)	481.80	151.59	1338.03	840.48	1442.62
<b>Part E – Fiscal Health Indicator (in per cent)</b>					
<b>I. Resource Mobilisation</b>					
Own Tax Revenue/GSDP	5.57	5.44	6.14	5.93	6.21
Own Non-Tax Revenue/GSDP	1.33	1.52	1.55	1.35	1.07
Central Transfers <sup>6</sup> /GSDP	23.30	20.11	23.94	29.52	27.43
<b>II. Expenditure Management</b>					
Total Expenditure/GSDP	36.56	30.34	39.42	42.43	41.32
Total Expenditure/Revenue Receipts	121.03	112.06	124.63	115.29	119.03
Revenue Expenditure/Total Expenditure	87.19	90.68	86.36	82.76	84.26
Expenditure on Social Services/Total Expenditure	37.92	38.08	36.70	39.18	36.77
Expenditure on Economic Services <sup>7</sup> /Total Expenditure	31.30	26.69	32.26	32.71	33.59
Capital Expenditure/Total Expenditure	12.05	8.91	13.02	16.72	15.55
Capital Expenditure on Social and Economic Services/Total Expenditure	12.05	8.91	13.02	16.72	15.55
<b>III. Management of Fiscal Imbalances</b>					
Revenue Surplus / GSDP	-1.67	-0.44	-2.41	1.69	-0.10
Fiscal Deficit (-) / GSDP	-6.30	-3.17	-7.71	-5.57	-6.55
Primary Deficit (-) Surplus (+) / GSDP	-4.26	-0.99	-5.17	-3.08	-4.14
Revenue Deficit (-) Surplus (+) / Fiscal Deficit	26.52	13.73	31.32	-30.29	1.57
Primary Revenue Balance <sup>8</sup> /GSDP	0.37	1.75	0.13	4.17	2.31
<b>IV. Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	33.02	33.17	40.32	39.92	43.19
Fiscal Liabilities/RR	109.31	122.52	127.48	108.46	126.15
Primary Deficit <i>vis-à-vis</i> quantum spread <sup>9</sup> (₹ in crore)	(-)1,254.29	(-)320.55	(-)2,803.08	(-)299.07	(-)1,260.84
Debt Repayment (Principal +Interest)/ Total Debt Receipts	68.62	68.85	48.49	75.27	74.15
<b>V. Other Fiscal Health Indicators</b>					
Return on Investment ( <i>per cent</i> )	0.01	0.01	0.00	0.01	0.01
Balance from Current Revenue (₹ in crore)	-3097.11	-2879.43	-4292.84	-4220.05	-4176.16
Financial Assets/Liabilities (Ratio)	1.44	1.65	1.40	1.25	1.21
Grant-in Aid by State Government	3277.18	2881.35	3809.02	4304.53	4863.14

*Note: Figures in brackets represent percentages (rounded) to total of each sub-heading.*

<sup>4</sup> Projects delayed by more than one year from the target date of completion.

<sup>5</sup> Expenditure incurred up to the end of the year on incomplete works (in brackets no. of projects).

<sup>6</sup> State's share of central taxes and grants-in-aid from Government of India.

<sup>7</sup> Including loans and advances.

<sup>8</sup> Revenue Receipts – (Revenue Expenditure – Interest Payments).

<sup>9</sup> Quantum Spread = Debt\*(GSDP growth rate-Interest rate)

**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.

**'Re-appropriation'** - 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 3.3.3)*

(₹ in crore)

Sl. No.	Name of the Grant	Original provisions	Supplemen- tary	Actual	Saving out of Original Provisions
<b>Revenue (Voted)</b>					
1.	6 – Administration of Land Revenue, Land Ceiling etc.	101.12	42.86	64.68	36.45
2.	9 – Administration and collection of Sales Tax and other Taxes and Duties etc.	32.14	1.90	30.59	1.55
3.	11– Administration of Electricity Acts and Rules, Power Department Services etc.	459.98	316.85	298.58	161.40
4	16- Administration of Civil Police and Fire Protection Services	1,198.47	55.79	1,116.54	81.93
5	22 – Administration of Guest Houses, Government Hostels etc, and Other Administrative Services.	59.21	4.19	58.11	1.10
6.	26– Administration of Medical Public Health and Family Welfare Services.	1,557.92	304.90	1,454.64	103.28
7	29- Administration of Urban Development.	159.05	19.70	121.66	37.39
8	34- Administration of Social Welfare	575.31	17.30	325.94	249.36
9	39 – Administration of Co-operation Department	29.80	1.34	29.19	0.61
10	43 – Administration of Agriculture and Allied Services	313.04	6.64	233.75	79.29
11	50 – Administration of Forests	257.07	8.81	178.56	78.51
12.	51 – Administration of community and Rural development.	1,261.14	195.09	1,170.45	90.69
13	59 – Governments Investments, Miscellaneous General and Economic Services	17.10	2.80	16.52	0.58
14	64 - Administration of Arts and Culture	51.60	3.00	33.94	17.66
	<b>Total</b>	<b>6,072.95</b>	<b>981.17</b>	<b>5,133.14</b>	<b>939.81</b>
<b>Capital (Voted)</b>					
1.	19- Administration of Public Works Department	136.29	34.01	94.82	41.47
2.	56 – Administration of Roads and Bridges	1,128.72	425.00	998.19	130.53
	<b>Total</b>	<b>1,265.01</b>	<b>459.01</b>	<b>1,093.01</b>	<b>172.00</b>
	<b>Grand Total</b>	<b>7,337.96</b>	<b>1,440.18</b>	<b>6,226.15</b>	<b>1,111.81</b>

*Source: Appropriation Accounts 2022-23.*

**APPENDIX 3.3**  
**Excess/unnecessary or insufficient Re-Appropriation**  
**(Savings/Excess of ₹ one crore and above)**  
**(Reference: Paragraph 3.3.4)**

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-) (₹ in crore)
		Original	Supplementary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	<b>Gr. No. 05– 2015-103-Preparation and Printing of Electoral Rolls. (03)-Expenditure on Booth Level Officer and Assistance Booth Level Officer (General)</b>	3.78	0.00	2.19	5.96	0.00	(-)5.96.
2.	<b>Gr. No. 05 – 2015-106-Charges for Conduct of Elections to State/Union Territory Legislature. (01) \ Expenditure on Election to State Legislative Assembly. (6<sup>th</sup> Schedule)</b>	3.28	31.19	17.09	53.56	50.97	(-)2.60
3.	<b>Gr. No. 11 –2801-80-General. 101-Assistance to Electricity Boards. (84)-Grant to Me.E.C.L for Repayment of loans (General)</b>	0.00	250.00	170.00	420.00	0.00	(-)420.00
4.	<b>Gr. No. 16 – 2055-003-Education and Training-109-District Police. (01) District Executive Police. (6<sup>th</sup> Schedule)</b>	398.14	31.34	13.78	443.26	439.50	(-)3.76
5.	<b>Gr. No. 19 – 4216-01-Government Residential Buildings. 700-Other Housing (12)-Construction and Maintenance of Departmental Residential Buildings. (6<sup>th</sup> Schedule)</b>	0.70	10.00	0.69	11.39	24.65	(+)13.26
6	<b>Gr. No. 21– 2202-01- Elementary Education 101- Government Primary School (01) Expenditure on Primary Schools. (6<sup>th</sup> Schedule)</b>	401.54	0.00	0.07	401.61	440.94	(+)39.33
7	<b>Gr. No. 21– 2202-01- Elementary Education 102-Assistance to Non-Government Primary Schools (01) Expenditure on Maintenance of Primary Schools. Under Deficit System (6<sup>th</sup> Schedule)</b>	192.44	0.00	55.96	248.40	205.64	(-)42.76
8	<b>Gr. No. 21– 2202-01 –Elementary Education 102 Assistance to Non-Government Primary Schools. (34)-Meghalaya Aided Schools Employees death cum Retirement Gratuities.(General)</b>	2.41	0.00	3.09	5.50	2.41	(-)3.10

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
9	<b>Gr. No. 21– 2202-01-</b> Elementary Education 111- Sarva Shiksha Abhiyan. (01) Samagra Shiksha Abhiyan .(General)	34.50	30.26	17.73	82.49	171.57	(+)89.07
10	<b>Gr. No. 21– 2202-02-</b> Secondary Education. 110- Assistance to Non-Government Secondary Schools. (09)-Improvement Facilities for Teaching of Science in High Schools. (6 <sup>th</sup> Schedule)	11.44	0.00	2.59	14.03	11.38	(-)2.64
11	<b>Gr. No. 21– 4202-01</b> -General Education 201- Elementary Education (01) Construction of Educational Building. (General)	0.00	37.98	10.00	47.98	10.00	(-)37.98
12	<b>Gr. No. 26– 2210-01</b> -Urban Health Services-Allopathy 110 Hospital and Dispensaries (01)- Shillong Civil Hospital (including improvement thereof) (6 <sup>th</sup> Schedule)	52.06	0.00	(+)1.14	53.20	51.00	(-)2.20
13	<b>Gr. No. 26– 2210-01</b> -Urban Health Services-Allopathy 110 Hospital and Dispensaries (04)- Jowai Civil Hospital (including improvement thereof) (6 <sup>th</sup> Schedule)	2.52	11.25	0.12	13.90	12.46	(-)1.44
14	<b>Gr. No. 26– 2210-01</b> -Urban Health Services-Allopathy 110 Hospital and Dispensaries (05)- Tura Civil Hospital (including improvement thereof) (6 <sup>th</sup> Schedule)	25.16	0.00	1.62	26.78	24.46	(-)2.32
15	<b>Gr. No. 26– 2210-01</b> -Urban Health Services-Allopathy 110 Hospital and Dispensaries (31)- Mairang Civil Hospital (including improvement thereof) (6 <sup>th</sup> Schedule)	1.04	0.00	2.10	3.15	1.04	(-)2.10
17	<b>Gr. No. 26– 2210-01</b> -Urban Health Services-Allopathy. 200-Other Health Schemes (03)-Contribution toward NGOs under PPP(Recurring and Non-recurring) (General)	7.20	4.33	9.70	21.22	16.90	(-)4.33
18.	<b>Gr. No. 26– 2210-03</b> -Rural Health Services-Allopathy 103 Primary Health Centres(01)- Other Existing and New Primary Health Centres with Indoor Facilities. (6 <sup>th</sup> Schedule)	156.23	0.00	2.94	159.17	156.08	(-)3.08

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
19.	Gr. No. 26– 2210-03-Rural Health Services-Allopathy 104 –Community Health Centres (01)-Up-gradation of Primary Health Centres to 30 Bedded Hospitals (6 <sup>th</sup> Schedule)	62.45	0.00	2.37	64.85	63.59	(-)1.24
20	Gr. No. 26– 2210-80-General 800 Other Expenditure (21)- National Health Mission (NHM) (General)	70.00	30.76	18.91	119.67	76.75	(-)42.92
21.	Gr. No.26 – 2210-80-General. 101- Ayushman Bharat-Pradhan Mantri Jan arogya Yojana. (PMJAY) (01)-National Health Mission. (General) Centrally sponsored schemes	0.00	0.00	21.54	21.54	31.19	(+)9.65
22.	Gr. No. 26– 4210-02-Rural Health Services-Allopathy 104- Community Health Centres. (020- Rural Infrastructure Developmental Fund Schemes under NABARD. (6 <sup>th</sup> Schedule)	0.00	0.00	7.67	7.67	6.23	(-)1.45
23.	Gr. No. 43– 2401-001-Direction and Administration. (02)-District Offices. (6 <sup>th</sup> Schedule)	24.42	0.00	0.40	24.83	23.65	(-)1.17
24.	Gr. No.43– 2401-119-Horticulture and Vegetable Crops. (50)- Apiculture mission General Areas during 2022-23. (6 <sup>th</sup> Schedule)	0.00	0.00	0.22	0.22	5.62	(+)5.40
25.	Gr. No. 51– 2515 -001 – Direction and Administration (05) Stage-II Block Offices (6 <sup>th</sup> Schedule)	87.05	0.00	1.48	88.53	81.48	(-)7.05
26.	Gr. No. 56– 2059 -80 –General 001-Direction and Administration (08) Divisional and Subordinate Offices (Roads) (6 <sup>th</sup> Schedule)	144.94	20.72	0.60	166.26	144.17	(-)22.09
27	Gr. No. 56– 3054-01- National Highways. 797-Transfer to/from Reserve Fund/Deposit Account. (01)-Road Finance from Central Road Fund-8449- Other Deposits-103-Subventions from Central Road Fund (6 <sup>th</sup> Schedule)	0.00	0.00	8.00	8.00	0.00	(-)8.00

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re- appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
28	<b>Gr. No. 56– 3054-04-</b> District and Other Roads 105-Maintenance and Repairs (02)-Other Maintenance Expenditure-Road Works. (6 <sup>th</sup> Schedule)	154.80	0.00	29.79	184.59	180.47	(-)4.13
29	<b>Gr. No. 58– 2204 -104</b> –Sports and Games (33) Cash Incentives for Medal Winners in Different Sports Discipline (General)	0.05	0.00	0.36	0.41	3.71	(+)3.30
30.	<b>Gr. No. 65– 2702 -80</b> –General 001 Direction and Administration (04) Strengthening of Surface Water-Mi nor Irrigation or (Investigation Divn) (6 <sup>th</sup> Schedule)	11.75	0.00	0.15	11.90	13.18	(+)1.28
31.	<b>Major Head 6003 – 110-</b> Ways and Means Advances from the Reserve Bank of India (69) Ways and Means Advances (General)	280.00	0.00	1.74	281.74	1,572.91	(+)1,291.17

*Source: Detailed Appropriation Accounts 2022-23.*

**APPENDIX 3.4**

**List of Grants having large Savings (Savings above ₹ 100 crore during the year)**  
*(Reference: Paragraph 3.3.6)*

(₹ in crore)

Sl. No.	Number and name of the grant	Original	Supple- mentary	Total	Actual	Savings	Surren- der	Savings excluding surrender
<b>Revenue (Voted)</b>								
1.	11 – Administration of Electricity Acts and Rules, Power Department Services etc,	459.98	316.85	776.82	298.58	478.24	98.22	380.02
2.	16 – Administration of Civil Police and Fire Protection Services	1,198.47	55.79	1,254.25	1,116.54	137.71	130.19	7.53
3.	21 – Administration of the Education Department	2,545.36	337.77	2,883.13	2,718.22	164.91	236.32	(-) 71.41
4.	26 – Administration of Medical, Public Health and Family Welfare Services	1,557.92	304.90	1,862.82	1,454.64	408.18	109.05	299.14
5	34 – Administration of Social Welfare	575.31	17.30	592.61	325.94	266.66	266.57	0.09
6	51 – Administration of Community and Rural Development	1,261.14	195.09	1,456.23	1,170.45	285.78	276.69	9.09
<b>Total</b>		<b>7,598.18</b>	<b>1,227.70</b>	<b>8,825.86</b>	<b>7,084.37</b>	<b>1,741.48</b>	<b>1,117.04</b>	<b>624.46</b>
<b>Capital (Voted)</b>								
1.	56 – Administration of Roads and Bridges	1,128.72	425.00	1,553.72	998.19	555.52	592.77	(-) 37.25
	<b>Total</b>	<b>1,128.72</b>	<b>425.00</b>	<b>1,553.72</b>	<b>998.19</b>	<b>555.52</b>	<b>592.77</b>	<b>(-) 37.25</b>
	<b>Grand Total</b>	<b>8,726.90</b>	<b>1,652.70</b>	<b>10,379.58</b>	<b>8,082.56</b>	<b>2,297.00</b>	<b>1,709.81</b>	<b>587.21</b>

Source: Appropriation Accounts 2022-23.

**APPENDIX 3.5**  
**Grant-wise utilisation of funds**  
*(Reference: Paragraph 3.3.6)*

<b>Utilisation of funds</b>	<b>Grant Number</b>	<b>Description</b>
Below 30%	Nil	N/A
Between 30 and 70%	1	Administration of the State Legislature
	6	Administration of Land Revenue, Land Ceilings etc.
	10	Administration of Transport Services
	18	Stationery and Printing
	19	Administration of Public Works Department
	23	Administration of Social Services
	31	Administration of Labour Department
	34	Administration of Social Welfare
	35	Administration of Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes
	37	Administration of Information Technology
	46	Administration of Rural Development Programmes
	49	Administration of Fisheries
	50	Administration of Forests
	54	Administration of Village and Small-Scale Industries
	57	Administration of Tourist Organisation
Between 70 and 90%	64	Administration of Arts and Culture
	65	Administration of Water Resources
	5	Administration of Election
	7	Stamps and Registration Department
	9	Administration and collection of Sales Tax and other Taxes and Duties etc
	12	Administration of Small Savings Organisation
	14	Administration of the Administrative Services
	16	Administration of Civil Police and Fire Protection Services
	17	Administration of Jails
	25	Administration of State Lotteries
	26	Administration of Medical, Public Health and Family Welfare Services
	28	Administration of Housing Schemes and Loans and Advances for Housing Schemes
	29	Administration of Urban Development
	33	Administration of the Administrative Services and Other Social Services
	40	Administration of Programme Implementation
	42	Administration of Weights and Measures
	43	Administration of Agriculture and Allied Services
	44	Administration of Execution of Irrigation Schemes
	45	Administration of Soil and Water Conservation
	47	Administration of Animal Husbandry and Veterinary Department
	48	Administration of Dairy Development
	51	Administration of Community and Rural Development
	52	Administration of Industries Department
	53	Administration of Textile Department
	56	Administration of Roads and Bridges
	59	Government Investments, Miscellaneous General and Economic Services

<b>Utilisation of funds</b>	<b>Grant Number</b>	<b>Description</b>
Above 90%	2	Establishment of the Head of States
	3	Council of Ministers
	4	Administration of Justice
	8	Administration of State Excise
	11	Administration of Electricity Acts and Rules, Power Department Services etc.
	13	Administration of Secretariat – General and Economic Services
	15	Treasury and Accounts Administration
	20	Administration of Civil Defence and Home Guards
	21	Administration of the Education Department
	22	Administration of Guest Houses, Government Hostels etc. And Other Administrative Services
	24	Administration of Pension and Other Retirement Benefits and Social Services
	27	Administration of Public Health Engineering
	30	Administration of Directorate of Information and Public Relations
	32	Administration of Civil Supplies
	38	Administration of Planning Organisation
	39	Administration of Co-operation Department
	41	Administration of Economic Advice and Statistics
	55	Administration of Mines and Minerals
	58	Administration of Sports and Youth Services
	60	Administration of Advances to Government Servants and Other Social Services
	2048	Appropriation for Reduction or Avoidance of Debt
	2049	Payments of Interest on Debt and Other Obligations
	2051	Administration of State Public Service Commission
	6003	Administration of Public Debts
	6004	Administration of Public Debts

*Source: Appropriation Accounts 2022-23.*

**APPENDIX 3.6**  
**Excess over Provision of previous years requiring Regularisation.**  
*(Reference: Paragraph 3.3.7.2)*

(₹ 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

Year	Number of Grant/ Appropriation	Grant(s)/Appropriation(s) numbers	Amount of excess
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
2021-22	2/2	11,24/ Appropriation - Internal Debt of the State Govt., -Loans and Advances from the Central Government	1,580.67
<b>Total</b>			<b>3,343.05</b>

Source: Appropriation Accounts 1971-2023.

**APPENDIX 3.7**

**Statement showing the details of Incomplete Projects where no expenditure was incurred during the year 2022-23**  
*(Reference: Paragraph 3.3.7.3)*

**(₹ 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	Reconstruction of State Guest House at Taraghar Shillong	1,534.23 Dt.13.09.2021	14.09.2022	5%
2	Construction of Polytechnic at Nongkhrah, Mawbri Village, Ri-Bhoi District	800.38 Dt.18.07.2018	26.11.2018	40%
3	Construction of Engineering College at Ampati South West Garo Hills District Under S.P.A..	4,600.00 EDN.56/2017/187 Dt. 6-12-17	2018	22%
4	Construction of Polytechnic at Gasuapara.	808.57 EDN.338/2009/Pt.I/70A Dt. 30-10-2017	2018	21%
5	Construction of College of Architecture at Balalgre. (RUSA)	2,600.00	2017	94%
6	Construction of Composite Residential Building for South West Garo Hills, Ampati.	5,619.27 GAA.134/2013/290 Dt. 31/3/2017	2014	13%
7	Construction including Metalling & Black Topping from Mawpun Umlingka to Tyllong - Um including approach road to Balang Presbyterian Umlingka (L = 1000.00 m)	274.66 PW/WR/210/2021/6, Dt. 11.03.2022	2022	20%
8	Construction of an approach road from South Garo Hills in Chokpot to Jetra (Jetragre) (0 to 17th km) in Meghalaya under NLCPR for the year 2014-15	Dt. 17/02/2015 ₹.1764.76	2015	98%
9	3. Const. of Rd from Silkigri to Kharukol via Mindikgre (0-5.00) Km [PW/WR/93/96/5/ dated 31/3/86]	Dt. 13/3/96 ₹.69.57	1986	55%
10	3. Const. of remaining br. & Cul on Gasuapara-Chokpot Rd. (15.00-18.00) Km [PW/WR/325/95/2 Dt. 13/3/96]	98.50 Dt. 13/3/96	1996	40%

Sl. No.	Name of the projects/works	Estimated cost of work/ date of sanction	Year of Commencement	Physical progress of work (in per cent)
11	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 Dt. 31.03 05	2005	40%
12	5. Improvement including M & BT of Dambuk Aga to Dambuk Apal (0-6 km) PW/WR/2005-06/484	180.51 Dt.31.3.2006	2006	65%
13	L022-Bolsal Adingga to Mitap Bodolagre Stage-II	623.77	2019	23%
14	L029-Rongara to Taidang Stage-I&II	1625.11	2028	60%
15	T01-Nokatgre to Chokpot Bazar PMGSY II	365.79	2019	63%
16	Construction including MBT of a road from Umlyngka Kynton Mynnar to Lawmei Portion : 5765.00 m - 9130.00 m (L = 3.365 Km) Phase - I	2,200.00 PWD/0826/2223/ CON/186 Dt. 11-01-2023	2023	0%
17	Construction of additional works on Pynursla Latangriwan road towards Mawlynnong. (L = 12.781 Km)	600.00 PWD/0779/2223/ CON/106 Dt. 28-11-2022	2022	0%
18	Improvement and rehabilitation of pavement including widening to intermediate lane of Mawphlang Cart (MC) Road from Ch: 6810.00m to 13150.00m and Mawphlang Balat (MB) road from Ch: 0.00m to 22560.00m (Portion from Wah Umpamthiah to Weiloi, Length = 28.90 Km) under RIDF - XXVIII	4,492.81 PWD/0681/2223/CON/3 Dt. 20-12-2022	2022	0%
19	Improvement including MBT of a road from Rajaballa NEC road to Jongnagre PWD road via Batabari Mengapara and Misimandagre (0/000-8/000 km) Under SPF	560.00	2016	95%

Sl. No.	Name of the projects/works	Estimated cost of work/ date of sanction	Year of Commencement	Physical progress of work (in per cent)
20	"Replacement of weak timber bridges into permanent RCC bridges on MBGM road (Br. No 10/1 span = 37.50 m, Br. No 14/1 span = 12.50 m, Br. No.14/2 span = 5.37 m, Br. No 14/3 span = 24.75 m, Br. No 15/1 span = 10.37 m & Br. No 16/1 span = 7.37 m) Total span = 97.86 m under CRF for the year 2017-18".	1,369.00	2018	88%
21	Improvement including Metalling & Black Topping of Nongjri - Nongkulang road (L = 8.14 Km) Under Central Roads Fund (CRF) during the year 2017-18 in the State of Meghalaya	809.25	2018	90%
22	Augmentation of Mawlieh Comb. Wss	560.98 2020-21	Mar-22	50%
23	Augmentation of Umbir Comb. Wss	789.00 2020-21	Mar-22	40%

*Source: Finance Accounts 2022-23 (Appendix IX).*

**APPENDIX 3.8**  
**Major Head wise expenditure more than 50 per cent during the 4<sup>th</sup> quarter of**  
**2022-23**  
*(Reference: Paragraph 3.4.3)*

<b>Major Head</b>	<b>Major Head Description (Department)</b>	<b>Expenditure</b>			<b>Expenditure in 4th Quarter as percentage of total expenditure</b>	<b>Expenditure in March as percentage of total expenditure</b>
		<b>4th Quarter</b>	<b>In March 2023</b>	<b>Total Expenditure during 2022-23</b>		
2015	Elections (Election & Finance)	99.64	64.92	116.09	85.83	55.93
2041	Taxes on Vehicles (Transport)	26.69	25.22	51.83	51.50	48.65
2048	Appropriation for Reduction or Avoidance of Debt (Finance)	77.41	77.41	77.41	100.00	100.00
2062	Vigilance (Secretariat Administration)	0.51	0.25	0.96	53.17	25.73
2075	Miscellaneous General Services (Excise, Secretariat Administration, Finance,)	15.12	15.02	16.11	93.86	93.23
2204	Sports and Youth Services (Sports & Education)	90.67	62.01	169.68	53.44	36.55
2211	Family Welfare (Health and Family Welfare, Finance)	38.37	30.17	70.41	54.49	42.85
2217	Urban Development (Urban Affairs)	80.24	72.20	121.66	65.96	59.35
2220	Information and Publicity (Information and Public Relations, Finance)	26.27	6.62	42.66	61.59	15.51
2236	Nutrition (Social Welfare)	63.65	6.49	99.57	63.93	6.52
2810	New and Renewable Energy (Power)	8.91	8.91	8.91	100.00	100.00
3456	Civil Supplies (Food and Civil Supplies and Consumers Affairs)	42.38	40.19	58.39	72.57	68.83
4058	Capital Outlay on Stationery and Printing (Printing and Stationery, Assembly Secretariat)	5.87	5.87	5.87	100.00	100.00
4202	Capital Outlay on Education, Sports, Art and Culture (Education, Public Works)	125.98	91.00	173.48	72.62	52.46
4210	Capital Outlay on Medical and Public Health (Health and Family Welfare, Public Works)	20.54	17.93	32.17	63.85	55.73

Major Head	Major Head Description (Department)	Expenditure			Expenditure in 4th Quarter as percentage of total expenditure	Expenditure in March as percentage of total expenditure
		4th Quarter	In March 2023	Total Expenditure during 2022-23		
4215	Capital Outlay on Water Supply and Sanitation (Public Health Engineering)	192.43	166.47	355.13	54.19	46.87
4217	Capital Outlay on Urban Development (Urban Affairs)	132.60	122.21	243.64	54.43	50.16
4235	Capital Outlay on Social Security and Welfare	17.08	17.08	17.08	100.00	100.00
4250	Capital Outlay on other Social Services (Social Welfare)	2.05	2.05	2.05	100.00	100.00
4402	Capital Outlay on Soil and Water Conservation (Soil Conservation)	1.13	1.13	1.13	100.00	100.00
4406	Capital Outlay on Forestry and Wild Life (Forest and Environment)	0.31	0.31	0.31	100.00	100.00
4425	Capital Outlay on Co-operation (Co-operation)	2.15	2.15	2.15	100.00	100.00
4435	Capital Outlay on other Agriculture Programmes (Co-operation)	1.80	1.80	1.80	100.00	100.00
4515	Capital Outlay on other Rural Development Programmes (Community Rural Development)	11.00	11.00	11.00	100.00	100.00
4702	Capital Outlay on Minor Irrigation (Water Resources)	38.35	0.84	65.15	58.87	1.28
4801	Capital Outlay on Power Projects (Power)	575.00	25.00	575.00	100.00	4.35
5053	Capital Outlay on Civil Aviation (Transport)	1.00	1.00	1.00	100.00	100.00
5452	Capital Outlay on Tourism (Tourism)	5.40	0.00	9.80	55.09	0.00
5465	Investment in General Financial and Trading Institutions (Public Works)	0.50	0.00	0.50	100.00	0.00
5475	Capital Outlay on Other General Economic Services	45.00	20.00	50.00	90.00	40.00
7610	Loans to Government Servants etc.	23.52	6.00	23.54	99.89	25.49

*Source: O/o the Pr. Accountant General (A&E), Meghalaya.*

**APPENDIX 3.9**  
**Major Head wise expenditure of 100 per cent in the month of March 2023 alone**  
*(Reference: Paragraph 3.4.3)*

Major Head	Major Head Description	Expenditure			Expenditure in 4th Quarter as percentage of total expenditure	Expenditure in March as percentage of total expenditure
		4th Quarter	In March 2023	Total Expenditure during 2022-23		
2048	Appropriation for Reduction or Avoidance of Debt	77.41	77.41	77.41	100.00	100.00
2810	New and Renewable Energy	8.91	8.91	8.91	100.00	100.00
4058	Capital Outlay on Stationery and Printing	5.87	5.87	5.87	100.00	100.00
4235	Capital Outlay on Social Security and Welfare	17.08	17.08	17.08	100.00	100.00
4250	Capital Outlay on other Social Services	2.05	2.05	2.05	100.00	100.00
4402	Capital Outlay on Soil and Water Conservation	1.13	1.13	1.13	100.00	100.00
4406	Capital Outlay on Forestry and Wild Life	0.31	0.31	0.31	100.00	100.00
4425	Capital Outlay on Co-operation	2.15	2.15	2.15	100.00	100.00
4435	Capital Outlay on other Agriculture Programmes	1.80	1.80	1.80	100.00	100.00
4515	Capital Outlay on other Rural Development Programmes	11.00	11.00	11.00	100.00	100.00
5053	Capital Outlay on Civil Aviation	1.00	1.00	1.00	100.00	100.00

*Source: A&E Office.*

**APPENDIX 3.10**  
**Sub Head wise expenditure of 100 per cent in the month of March 2023 alone**  
*(Reference: Paragraph 3.4.3)*

<b>Sl. No.</b>	<b>Grant No.</b>	<b>Head of Accounts and Description</b>	<b>Expenditure</b>
1	1	4058-00-103-01-Meghalaya Legislative Assembly Press (General)	5.00
2	6	2245-08-797-01-Transfer to Meghalaya State Disaster Mitigation (General)	14.66
3	10	2041-00-101-02-Expenditure on account of District Councils Share etc.- (sixth Schedule)	19.52
4	11	2801-80-101-05-Grants to SE (EAP) (General) Externally Aided Project	28.48
5	11	4801-01-190--01-Share of Capital Contribution (General)	25.00
6	16	2055-00-109-04-Payments towards charges for requisition of CRP/ Outside Battalion (Sixth Schedule)	6.16
7	16	2055-00-109-31-Police Infrastructure Renovation Fund (Sixth Schedule)	6.00
8	21	2202-02-800-25-Upgradation of existing Educational Infrastructure/Setting of residential school in the pattern of Navodaya Vidyalaya (General)	14.93
9	21	2202-03-800-13-Rashtriya Uchchatar Shiksha Abhiyan (RUSA) Central Assistance under CSS inclusive State Share (General)	29.25
10	21	4202-01-202-06-Construction of Secondary Education Buildings, Govt. Special Schools i.e. Shillong, Tura, Jowai Public and Pine Mount School Shillong (General)	5.00
11	27	4215-02-102-03-Central Rural Sanitation Programme (General)	18.42
12	29	2217-80-192-10-Upgradation of the Standard of Administration Awarded by the Fifteenth Finance Commission(General)	47.04
13	29	4217-60-051-19-Special Plan Assistance (SPA) (General)	45.87
14	31	2230-03-003-31-Enhancing Skill Development Infrastructure In North Eastern States & Sikkim (General)	5.19
15	32	3456-00-102-06-Expenditure on Intra-State Movement & handling of Food grain and Fair Price Shop Dealer's Margin, etc under the Scheme-National Food Security Act, 2013 (General)	28.67
16	32	3456-00-800-26-Scheme on End-to-End Computerization of TPDS Schemes (General)	9.00
17	34	4235-02-107-14-Pradhan Mantri Jan Vikas Karyakaram (PMJVK) (General)	15.21
18	43	2401-00-001-12-Meghalaya Farmer's Commission (General)	6.44
19	45	2402-00-102-23-Accelerated Irrigation Benefits Programme (AIBP) (General)	10.02

<b>Sl. No.</b>	<b>Grant No.</b>	<b>Head of Accounts and Description</b>	<b>Expenditure</b>
20	50	2406-04-103-01-Meghalaya State Authority (General + Sixth schedule)	8.72
21	51	2505-01-702-03-Indira Gandhi Awass Yojana (IAY) (Sixth Schedule)	118.26
22	51	4515-00-102-01-Construction, Renovation & Maintenance Of Govt. Residential/Non-Residential Buildings for the Existing Blocks & New Blocks (Sixth Schedule)	10.00
23	59	2075-00-797-01-Guarantees Redemption Fund-administered by Finance (Economic Affairs) Deptt (General)	14.90
24	93	2048-00-200-01-Scheme for Contribution and Administration of Consolidated Sinking Fund (General)	77.41
25	96	6003-00-106-03- 7.45% Meghalaya Special Bonds 2023 (General)	12.50

*Source: O/o the Pr. Accountant General (A&E), Meghalaya.*

**APPENDIX 3.11**  
**Unnecessary/Insufficient Re-appropriation in Grant No.-26**  
*(Reference: Paragraph 3.5.1.6)*

<b>Major Head and Group Head</b>	<b>Budget Provision (O+S)</b>	<b>Re-Appropriation</b>	<b>Final Provision</b>	<b>Expenditure</b>	<b>Savings (-) /Excess (+)</b>
<b>2210-Administration of the Education Department (Revenue)</b>					
01-001-(01) Health Directorate (General)	7.58	0.06	7.64	6.94	-0.70
01-001-(03) District Medical Officer (Civil Surgeon's offices) (sixth schedule)	11.32	0.60	11.92	12.09	0.17
01-001-(13) Payment due to Me.PDCL/Municipal Board/Telephone Bill (BSNL) (General)	0.47	0.28	0.75	0.74	-0.01
01-001-(13) Payment due to Me.PDCL/Municipal Board/Telephone Bill (BSNL) (sixth schedule)	3.32	3.72	7.04	6.59	-0.45
01-001-(17) Establishment of Acquire Immune Deficiency Syndrome. (sixth schedule)	0.15	0.12	0.27	0.32	0.05
(20) Expenditure of Chairman/Deputy Chairman/Vice Chairman Me gha laya State Health Advisory Board (General)	0.38	0.54	0.92	0.55	-0.37
01-001-(22) Payment for Medical Treatment And Advance (sixth schedule)	0.00	0.27	0.27	0.20	-0.07
01-110-(01) Shillong Civil Hospital (including improvement thereof) (sixth schedule)	52.06	1.50	53.56	51.00	-2.56
01-110-(02) Ganesh Das Hospital (inc improvement thereof) (sixth schedule)	35.86	0.08	35.94	32.68	-3.26
01-110-(03) R.P. Chest Hospital (including improvement thereof) (General)	14.29	0.03	14.32	13.05	-1.27
01-110-(04) Jowai Civil Hospital (including improvement thereof) (sixth schedule)	13.77	0.26	14.03	12.46	-1.57
01-110-(05) Tura Civil Hospital (including improvement thereof) (sixth schedule)	25.16	1.62	26.78	24.46	-2.32
(07) Establishment of T.B. Centre and isolation beds (General)	0.64	0.17	0.81	0.73	-0.08
01-110-(22) Women and Child Hospital (sixth schedule)	15.39	0.02	15.41	14.66	-0.75
01-110-(23) District Project on National Cancer Control Programmes (sixth schedule)	0.00	0.15	0.15	0.13	-0.02
01-110-(31) Mairang Civil Hospital (Including Improvement thereof) (sixth schedule)	1.04	2.10	3.14	1.04	-2.10

<b>Major Head and Group Head</b>	<b>Budget Provision (O+S)</b>	<b>Re-Appropriation</b>	<b>Final Provision</b>	<b>Expenditure</b>	<b>Savings (-) /Excess (+)</b>
01-110-(32) Mawkyrwat Civil Hospital (Including Improvement thereof) (sixth schedule)	3.40	0.13	3.53	0.89	-2.64
01-200-(03) Contribution toward NGO's under PPP (Recurring and Non-Recurring) (General)	11.53	9.70	21.23	16.90	-4.33
03-103-(01) Other Existing and new Primary Health Centres with indoor facilities (sixth schedule)	156.23	3.44	159.67	156.08	-3.59
(01) Up-gradation of Primary Health Centres to 30 bedded Hospitals- (sixth schedule)	62.45	2.50	64.95	63.59	-1.36
03-110-(03) Mobile Unit/Vehicles/Staff (sixth schedule)	3.38	0.94	4.32	3.72	-0.60
05-105-(01) Other Expenditure (General)	0.94	0.59	1.53	1.18	-0.35
05-105-(03) Training (General)	0.68	0.43	1.11	0.76	-0.35
06-104-(01) Drug control establishment- (sixth schedule)	0.82	0.26	1.08	0.97	-0.11
80-800-(21) National Health Mission (NHM) (General)	100.76	18.91	119.67	76.75	-42.92
80-101-(01) National Health Mission (General) CSS	0.00	21.54	21.54	31.19	9.65
<b>4210 – Capital Outlay on Education, Sports Art and Culture (Capital)</b>					
01-110-(31) Construction of TB Centres & Isolation Beds (sixth schedule)	0.14	0.33	0.47	0.14	-0.33
02-104-(02) Rural Infrastructure Developmental Fund Scheme under NABARD (sixth schedule)	0.00	7.67	7.67	6.23	-1.44
04-106-(05) Construction of the Office of the Commissioner of Food Safety (General)	0.71	0.31	1.02	1.01	-0.01
<b>Total</b>	<b>522.48</b>	<b>78.27</b>	<b>600.75</b>	<b>537.07</b>	<b>(-) 7,354.46 (+) 986.30</b>

Source: Detailed Appropriation Accounts 2022-23.

**APPENDIX 3.12**  
**Cases where no part of budget provisions was utilised Grant No. 34**  
*(Reference: Paragraph 3.5.2.2)*

Sl. No.	Sub Head Description	Original + Supplementary	Re- appropriation	Final Provision	Expenditure	Savings
<b>2235-Social Security and Welfare</b>						
1	02-001-(04) Training Research/ Seminar and purchase of equipment -(General)	0.02	0.00	0.02	0.00	0.02
2	02-001-(12) Expenditure Relating to Chairman/Vice Chairman/Deputy Chairman (General)	0.04	0.00	0.04	0.00	0.04
3	02-101-(07) Organisation of Sports and Games for Persons with Disabilities Seminar/ Workshop on Special Problems of Persons with Disabilities. (General)	4.00	0.00	4.00	0.00	4.00
4	02-101-(12) Rehabilitation Treatment for the Persons with Disabilities (General)	0.27	0.00	0.27	0.00	0.27
5	02-101-(18) Implementation of Swavlamban Scheme for Persons with Disabilities (General)	0.20	0.00	0.20	0.00	0.20
6	02-102-(13) Integrated Child Development Scheme Enhancement Of Honorarium To Aganwadi Workers And Helpers (General)	12.00	(-)11.16	0.84	0.00	0.84
7	02-102-(23) Scheme for wedding assistance for orphaned girls (General)	0.25	0.00	0.25	0.00	0.25
8	02-102-(30) Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG) Sabla (sixth Schedule)	0.03	0.00	0.03	0.00	0.03
9	02-102-(31) National Creche Scheme for the Children of Working Mother (General)	0.65	0.00	0.65	0.00	0.65
10	02-103-(07) National Plan of Action on Women's Policy and Empowerment- (General)	0.22	0.00	0.22	0.00	0.22
11	02-103-(15) Grant for construction of Working Women's Hostel (General)	1.00	(+)0.04	1.04	0.00	1.04
12	02-103-(17) Grant for construction of Integrated Social Facilitation Centre (General)	0.10	(-)0.04	0.06	0.00	0.06
13	02-104-(06) Medical Treatment for the aged (General)	0.20	0.00	0.20	0.00	0.20

Sl. No.	Sub Head Description	Original + Supplementary	Re-appropriation	Final Provision	Expenditure	Savings
14	02-104-(07) National plan of action for older persons (General)	0.10	0.00	0.10	0.00	0.10
15	02-104-(08) International Day Of Older Persons (General)	0.20	0.00	0.20	0.00	0.20
16	02-106-(10) Implementation of Domestic Violence Act - Establishment of Shelter Home (General)	0.20	0.00	0.20	0.00	0.20
17	02-107-(02) Matching grants to cultural organization for construction of community hall centres and gymnasium (General)	0.10	0.00	0.10	0.00	0.10
18	02-200-(01) Multi Sectoral Development Programme (MSDP) (General)	0.80	0.00	0.80	0.00	0.80
19	02-101-(05) Implementation of PWD Act (SIPDA) (General) CSS	20.00	(-1.23	18.77	0.00	18.77
20	02-101-(18) Implementation of Swavlamban Scheme for Persons with Disabilities (General) CSS	0.20	0.00	0.20	0.00	0.20
21	02-101-(19) Universal Disability Identity Card (UDID) (General) CSS	1.00	0.00	1.00	0.00	1.00
22	02-102-(30) Rajiv Gandhi Scheme for Empowerment of Adolescent girls (RGSEAG) Sabla (sixth schedule) CSS	1.05	0.00	1.05	0.00	1.05
23	02-102-(31) National Creche Scheme for the Children of Working Mother (General) CSS	1.50	0.00	1.50	0.00	1.50
24	02-103-(16) Implementation of State Resource Centre for Women (General) CSS	5.88	(-1.89	3.99	0.00	3.99
25	02-200-(01) Multi Sectoral Development Programme (MSDP) (General) CSS	15.00	0.00	15.00	0.00	15.00
26	02-102-(32) Programme Implementation Services (General) Central Sector Schemes	6.00	0.00	6.00	0.00	6.00
27	02-106-(15) Grant under 1st Provision to Article 275 (I) of the Constitution (General) Central Sector Schemes	4.95	0.00	4.95	0.00	4.95
28	02-200-(03) Financial Assistance From Ministry of Minority Affairs (General) Central Sector Schemes	2.00	0.00	2.00	0.00	2.00

Sl. No.	Sub Head Description	Original + Supplementary	Re-appropriation	Final Provision	Expenditure	Savings
29	02-102-(32) Implementation Services (General) EAP	10.00	0.00	10.00	0.00	10.00
<b>2236-Nutrition</b>						
30	02-101-(03) National Nutrition Mission Under ICDS Scheme(sixth schedule)	0.43	0.00	0.43	0.00	0.43
31	02-101-(03) National Nutrition Mission Under ICDS Scheme (General) CSS	1.72	0.00	1.72	0.00	1.72
32	02-101-(03) National Nutrition Mission Under ICDS Scheme (Sixth schedule) CSS	12.45	0.00	12.45	0.00	12.45
33	02-101-(06) Rajiv Gandhi Scheme for empowerment of Adolescent girls (RGSEAG)-SABLA (Sixth schedule) CSS	6.00	0.00	6.00	0.00	6.00
<b>4235-Capital Outlay on Social Security and Welfare</b>						
34	02-102-(03) Construction of Anganwadi Centres Funded under NABARD Loan (General)	0.55	0.00	0.55	0.00	0.55
35	02-800-(02) Construction of District Social Welfare Officer office building and Staff quarters (General)	2.75	(-2.68)	0.07	0.00	0.07
36	02-800-(03) Construction of office building of the Directorate of Social Welfare (General)	1.10	(-0.91)	0.19	0.00	0.19
37	02-800-(13) Fencing and Construction on Department Lands (General)	3.67	(-3.34)	0.33	0.00	0.33
38	02-102-(01) Construction Anganwadi Centre under ICDS Scheme- Central Assistance for CSS in respect of ICDS (General) CSS	20.00	(-3.50)	16.50	0.00	16.50
	<b>Total</b>	<b>136.62</b>	<b>(-24.71)</b>	<b>111.92</b>	<b>0.00</b>	<b>111.92</b>

*Source: Detailed Appropriation Accounts 2022-23.*

**APPENDIX 4.1**  
**Statement showing Funds transferred by the Government of India directly to**  
**State Implementing Agencies /Beneficiaries**  
*(Reference: Paragraph 4.1)*

(₹ in crore)

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2021-22	Government of India releases during 2022-23
1	Management Support to Rural Development Programs and Strengthening of District Planning Process	Director State Institute of Rural Development Meghalaya	-	2.35
2	North Eastern Council	Directorate of Higher & Technical Education Meghalaya	2.17	-
		Meghalaya Tourism Development Corporation ltd.	1.70	-
		Directorate of Tourism, Government of Meghalaya Shillong	0.20	-
		Bio-Resources Development Centre	0.45	-
		State Sports Council Meghalaya	2.52	-
		North East India Mission Association	-	-
		Meghalaya Government Construction Corporation Ltd.	1.11	-
		Meghalaya Basin Management Agency	4.29	-
		Horticulture Development Officer(TEA)	1.01	-
		DRDA West Khasi Hills	1.84	-
		DRDA East Jaintia Hills	1.91	-
		DRDA Baghmara	1.80	-
		Deputy Commissioner Ri-Bhoi	-	-
		Directorate of Horticulture	9.01	-
		Directorate of Arts and Culture	0.10	-
3	North Eastern Council	North East India Mission Association	0.46	-
		Meghalaya Industrial Development Corporation Ltd.	6.91	-
		Chief Engineer PWD (Buildings) Meghalaya	0.24	-
		Directorate of Social Welfare, Meghalaya	2.51	-
		Assistant Resident Commissioner	0.09	-
4	NER-Textile Promotion Scheme	Director of Sericulture and Weaving, Govt. of Meghalaya	2.77	-
	Management Support to RD Programmes and Strengthening of District Planning Process in lieu of Programmes	Principal Extension Training Centre Meghalaya Nongsdak	0.19	-
		Extension Training Centre Tura	0.15	-
		Director State Institute of Rural Development Meghalaya	1.85	-

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2021-22	Government of India releases during 2022-23
5	Scheme of Residential Education for Students in High School in Targeted Area (SRESHTA)	Ramakrishna Mission Ashrama Cherrapunjee	0.34	0.22
6	National AIDS and STD Control Programme (NACO)	Meghalaya AIDS Control Society	12.89	-
7	Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD)	Meghalaya Tourism Development Corporation Ltd.	2.26	-
	Integrated development of Tourist Circuits around specific themes (Swadesh Darshan)		6.23	-
8	E-Court Phase-II	Registrar General, High Court of Meghalaya	2.23	-
9	Biotechnology Research and Development	Bio-Resources Development Centre	0.27	-
		Synod College	-	-
		State Council of Science, Technology & Environment(SCSTE),Meghalaya	0.02	-
10	Science & Technology Institutional and Human Capacity Building	State Council of Science, Technology & Environment(SCSTE),Meghalaya	0.38	-
		St. Anthonys College	0.20	-
11	Innovation, Technology Development and Deployment	State Council of Science, Technology & Environment(SCSTE),Meghalaya	0.17	-
		Martin Luther Christian University	-	-
		University of Science and Technology	-	-
12	AID to Voluntary Organisations working for the Welfare of Scheduled Tribes	Ramakrishna Mission, Shillong, Meghalaya	7.37	-
		SAN-KER Charitable Trust	0.39	-
13	Domestic Promotion and Publicity Including Marked Development Assistance	Director of Tourism	0.50	-
14	Khelo India	State Sports Council Meghalaya	5.00	3.27
15	Pradhan Mantri Kisan Sampada Yojana-Creation /Reation/ Expansion of Food Processing and Preservation Capacities	Himalayan Spices	2.26	-
		Directorate of Food Processing	-	-
16	Schemes for differently Abled persons	Office of the Commissioner for Persons with Disabilities, Government of Meghalaya	0.03	-
		SRCD-A-UDID Shillong	0.11	-

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2021-22	Government of India releases during 2022-23
17	National Service Scheme	Meghalaya State NSS Cell	1.60	1.40
18	North East Road Sector Development Scheme	Public Works Department (Roads), Meghalaya	106.15	-
19	National Rural Health Mission	Bakdil	-	-
20	Research Training and Studies and Other Road Safety Schemes	Office of the Commissioner of Transport	1.50	-
21	Assistance to State Agencies for intra-state movement of foodgrains and FPS dealers margin under NFSA	Food Civil Supplies & Consumers Affairs Department Government of Meghalaya	38.78	-
22	Official Development Assistance for Sustainable Development Goals (EAP Component)	SPV - Aspirational - Ribhoi	6.88	-
23	Grants to Other Institutions	State Cancer society of Meghalaya	6.33	-
24	Integrated Management of Public Distribution System	Food Civil Supplies & Consumers Affairs Department Government of Meghalaya	0.26	0.52
25	Livestock Health and Disease Control	State Implementing Agency Meghalaya	3.27	-
26	MPs Local Area Development Scheme MPLADS	Deputy Commissioner	4.00	9.50
27	Deen Dayal Disabled Rehabilitation Scheme	Montfort Center for Education	-	0.44
		ASHA Rehabilitation Centre Shillong	0.12	0.11
		Bethany Society	0.18	0.09
		Dwar Jingkyrmen School for Children in Need of Special Education	-	0.19
		The Society for the Welfare of the Disabled	-	0.19
28	National Hydrology Project	Water Resources Department, Meghalaya	4.00	5.18
29	Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	Department of Agriculture, Meghalaya	115.15	13.62
30	Development of Nursing Services	School of Nursing, Civil Hospital, Shillong, Meghalaya	2.00	2.50
31	Trade Infrastructure for Export Schemes (TIES)	Meghalaya Industrial Development Corporation Ltd.	-	2.41
32	Consumer Welfare Fund	Directorate Food Civil supplies & Consumer Affairs	-	2.00
33	National Digital Health Mission	State Health Society, Meghalaya	-	0.71

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2021-22	Government of India releases during 2022-23
34	Blood Transfusion Services	Meghalaya AIDS Control Society	-	0.61
35	Infrastructure Development and Capacity Building	Directorate of Commerce & Industries, Meghalaya, Shillong	-	0.57
36	Scheme for Usage of Geotextiles in North East	Public Works Department (Roads), Meghalaya	0.00	1.36
37	Universal Services Obligation Fund (USOF) Compensation	Bharti Hesacom Limited	-	174.61
38	Electronic Governance	Meghalaya Information Technology Society	-	-
39	Solar Power-OFFGRID	Meghalaya Non-Conventional Rural Energy Development Agency	-	-
40	Biogas Programme-OFFGRID	Meghalaya Non-Conventional Rural Energy Development Agency	-	-
41	Grants in Aid to Voluntary Organisation Working for the Welfare of Scheduled Tribes	Ramakrishna Mission Ashrama,Meghalaya	-	-
		Kayzey Society	-	-
42	Organic Value Chain Development of NE Region	Directorate of Horticulture	0.93	6.22
43	Beti Bachao Beti Padhao	Deputy Commissioner RI-Bhoi DM BBBP East Khasi Hills	- -	- -
44	Pradhan Mantri Matru Vandana Yojna	Directorate of Health Services, Meghalaya	-	-
45	National Programme for Dairy Development	East Khasi Hills District Co-operative Milk Union Ltd.	8.11	14.64
	National Rural Livelihood Mission	Meghalaya State Rural Livelihoods Society, Shillong, Meghalaya	0.80	-
46	Training Schemes PPG & P	Meghalaya Administrative Training Institute	-	-
47	Biotechnology Research and Development	Bio-Resources Development Center	-	-
	National Rural Employment Guarantee Scheme (MGNREGA) CS	State Rural Employment Society, Shillong Meghalaya	882.83	691.44
48	Rashtriya Gokul Mission	State Implementing Agency Meghalaya	7.38	-
49	SAMBAL (Beti Bachao Beti Padhao One Stop Centre Mahila Police Volunteer Women helpline Nari Adalat etc)	One Stop Centre (OSC) EJHD	0.29	0.09
		Deputy Commissioner, East Khasi Hills District	0.91	0.64
		Deputy Commissioner and Chairman, One Stop Centre, North Garo Hills, Resubelpara	0.39	0.16

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2021-22	Government of India releases during 2022-23
50	SAMBAL (Beti Bachao Beti Padhao One Stop Centre Mahila Police Volunteer Women helpline Nari Adalat, etc)	Deputy Commissioner, Ribhoi District, One Stop Centre	0.15	0.15
		One Stop Centre, South Garo Hills, Baghmara	0.39	0.13
		One Stop Centre, Ampati	0.39	0.04
		District Magistrate, One Stop Centre, South-West Khasi Hills, Mawkyrwat	0.15	-
		Deputy Commissioner, West Garo Hills	0.15	0.32
		Deputy Commissioner, One Stop Centre	0.15	0.11
		One Stop Centre, West Jaintia Hills	0.15	-
		One Stop Centre, West Khasi Hills	0.15	-
51	Kisan Urja Suraksha Evam Utthaan Mahabhiyan OFF GRID (KUSUM)	Meghalaya Non Conventional & Rural Energy Development Agency	-	-
52	Womens Helpline	Deputy Commissioner, East Khasi Hills District	-	-
53	National Animal Disease Control Programme	State Implementing Agency Meghalaya	-	-
54	Human Resource and Capacity Development	Indian Institute of Public Health Shillong Society	-	-
55	PM Formalization of Micro Food Processing Enterprises PM-FME	Directorate of Food Processing	0.13	-
56	Agriculture Infrastructure Fund	Agriculture Infrastructure Fund (AIF), Meghalaya	-	-
57	Agriculture Census and Statistics	Directorate of Agriculture Meghalaya	-	0.32
58	Pradhan Mantri Matsya Sampada Yojana (PMMSY)	Directorate of Fisheries	0.55	-
59	SAMARTHYA (BBBP Creche PMMVY Gender Budget Research Skilling Training etc)	Directorate of Health Services, Meghalaya	5.08	6.26
60		Deputy Commissioner, Ri-Bhoi	0.25	-
61	Jal Jeevan Mission (JJM)/National Rural Drinking Water Mission	SWSM Meghalaya Shillong	908.79	1,047.00
		University of Science and Technology	-	0.24
62	Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY)	State Nodal Agency, Megha Health Insurance Scheme, Meghalaya, Shillong.	-	47.31
<b>Total</b>			<b>2,192.25</b>	<b>2,036.90</b>

Source: Finance Accounts.

**APPENDIX 4.2**  
**Funds lying in bank accounts of Drawing and Disbursing Officers**  
*(more than one crore)*  
**(Reference: Paragraph 4.2)**

Sl. No.	Name of the DDO	Grant No.	Major Head	Amount Transferred during 2022-23	Amount spent out of total amount transferred during 2022-23	Unspent amount as on 31st March 2023	<i>(₹ in crore)</i>
1	Shri. Jesto Khongkai, Deputy Secretary, Meghalaya Legislative Assembly	1	4216	6.26	1.40	4.86	
2	Shri. Shanborlang Warjri, Deputy Secretary to the Govt. of Meghalaya	3	2013	59.22	53.69	5.53	
3	Shri. D. Lyngdoh, Jt. Secretary to the Govt. of Meghalaya, Law (A) Department	4	2014	4.12	1.88	2.24	
4	Deputy Commisioner (Election), East Jaintia Hills District, Khliehriat	5	2015	1.87	0.18	1.69	
5	Smti. M.S. Kshir, MCS, Deputy Commissioner, Nongpoh	14	2053	4.97	3.99	1.67	
6	Dr. Joram Beda, IAS & Member Secretary, Bio - Resources Development Centre	24	3451	2.01	1.27	4.05	
7	Smti. Mary T. Sangma, Director of Housing, Shillong	28	4216	1.62	0.00	1.62	
8	Executive Engineer, Urban Affairs, Shillong	29	4217	1.29	0.04	1.25	
9	Director, Food and Civil Supplies, Shillong	32	3456	37.67	0.00	37.67	
10	Director of Sports & Youth Affairs, Shillong	58	2204	50.05	48.31	1.74	
11	Assistant Inspector General of Police (A), Shillong	16	2055	2.31	0.01	2.30	
12	Superintendent of Police, Shillong	16	2055	14.24	14.39	1.05	
13	Dr.(Mrs) H.C. Lyndem, Director of Health Services (MI), Shillong	26	2210	36.89	33.67	3.22	
14	Dr. Joram Beda, IAS & Member Secretary, Bio-Resources Development Centre	38	3451	1.00	0.21	2.79	
15	A.S. Suting, OSD, Shillong Science Centre	38	3451	3.16	1.60	1.55	
16	Smti.Ruby Z.Das, Dy. Director of School Education & Literacy, Shillong	21	2202	182.50	146.30	36.20	
17	Joint Director of Soil & Water Conservation (Research & Training), Conservation Training Institute, Byrnihat	45	NA	0.00	0.95	1.35	
18	Director of Fisheries, Shillong	49	2405	13.51	8.49	5.03	
<b>Total</b>				<b>422.69</b>	<b>316.37</b>	<b>115.81</b>	

*Source: Appropriation Accounts 2022-23.*

**APPENDIX 4.3**

**Statement showing names of Autonomous Bodies and Authorities, the accounts of which had not been received under Section 14 (1) and 15**  
*(Reference: Paragraph 4.12)*

<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 2022-23	15
2.	State Sports Council, Shillong	14 (1)	2020-21 to 2022-23	03
3.	District Rural Development Agency Shillong	14 (1)	2010-11 to 2022-23	13
4.	District Rural Development Agency Tura	14 (1)	2007-08 to 2022-23	14
5.	District Rural Development Agency Williamnagar	14 (1)	2008-09 to 2022-23	15
6.	District Rural Development Agency Jowai	14 (1)	2010-11 to 2022-23	13
7.	District Rural Development Agency Nongstoin	14 (1)	1998-99 to 2022-23	25
8.	District Rural Development Agency Nongpoh	14 (1)	2009-10 to 2022-23	14
9.	DHTE, Shillong	15	2019-20 to 2022-23	04
10.	Project Co-ordinator & Development Strategies North Eastern Region Community Resource Management Project (NERCORMP), Shillong	15	2020-21 to 2022-23	03
11.	State Institute of Rural Development (SIRD), Nongsder, Shillong	14 (1)	2016-17 to 2022-23	07
12.	Hospital Management Society, Civil Hospital, Shillong	14 (1)	2018-19 to 2022-23	05
13.	State Rural Employment Society (SRES), Shillong	14 (1)	2013-14 to 2022-23	10
14.	National Rural Health Mission (NRHM), Shillong	14 (1)	2022-23	01 (09 months)
15.	Meghalaya State Rural Livelihood Society, Shillong	14 (1)	2016-17 to 2022-23	07
16.	Meghalaya State Skill Development Society, Shillong	14 (1)	2016-17 to 2022-23	07
17.	Meghalaya Basin Development Authority	14 (1)	2022-23	01
18.	Commissioner & Secretary District Council Affairs Department	15	February 2023 to March 2023	01 (2 months)
19.	DRDA Khliehriat	14(1)	2012-13 to 2022-23	11
20.	DRDA Mawkyrwat	14(1)	2012-13 to 2022-23	11
21.	DRDA Ampati	14(1)	2012-13 to 2022-23	11
22.	DRDA Resubelpara	14(1)	2012-13 to 2021-22	11
23.	DRDA Baghmara	14(1)	2012-13 to 2022-23	11
24.	State Resource Centre	14(1)	2013-14 to 2022-23	10
25.	State Project Director, State Education Mission Authority	14(1)	01.02.2021 to 31.03.2023	02
26.	District Mission Coordinator Sangra Shiksha Abhiyan (SSA) East Khasi Hills	14(1)	2013-14 to 2022-23	10
27.	District Mission, Nongstoin	14(1)	2013-14 to 2022-23	10

<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>
28.	District Mission, Jowai	14(1)	2013-14 to 2022-23	10
29.	District Mission, Nongpoh	14(1)	2013-14 to 2022-23	10
30.	District Mission East Garo Hills, Williamnagar	14(1)	2013-14 to 2022-23	10
31.	District Mission West Khasi Hills, Mawkyrwat	14(1)	2013-14 to 2022-23	10
32.	District Mission West Garo Hills, Tura	14(1)	2013-14 to 2022-23	10
33.	District Mission SSA South Garo Hills, Baghmara	14(1)	2013-14 to 2022-23	10
34.	District Mission SSA North Garo Hills, Resubelpara	14(1)	2013-14 to 2022-23	10
35.	District Mission South West Garo Hills, Ampati	14(1)	2013-14 to 2022-23	10
36.	District Mission SSA East Jaintia Hills, Khliehriat	14(1)	2013-14 to 2022-23	10
37.	Ramkrishna Mission Ashram Sohra, Cherrapunji	14(1)	2016-17 to 2022-23	07
38.	Meghalaya Commercial Crop Development Board, Shillong	14(1)	2008-09 to 2022-23	15
39.	CE Standard cum SRRDA	14(1)	January 2022 to Mach 2023	02
40.	DPIU, Tura	14(1)	January 2022 to Mach 2023	02
41.	DPIU, Williamnagar	14(1)	February 2022 to Mach 2023	02
42.	DPIU, Jaintia Hills, Jowai	14(1)	January 2022 to Mach 2023	02
43.	DPIU, Nongstoin	14(1)	March 2022 to March 2023	02
44.	DPIU, Shillong	14(1)	November 2013 to March 2023	09
45.	DPIU, Baghmara	14(1)	2000-2001 to 2021-23	23
46.	DPIU, Nongpoh	14(1)	November 2013 to March 2023	09
47.	Meghalaya Urban Development Authority	14(1)	2014-15 to 2022-23	09
48.	Meghalaya State Agricultural Marketing Board	14(1)	2013-14 to 2022-23	10
49.	Secretary, Meghalaya State Disaster Management Authority	14(1)	2011-12 to 2022-23	12
50.	Member Secretary, Meghalaya Information Technology Society	14(1)	2014-15 to 2022-23	09
51.	State Council for Science Technology and Environment	14(1)	2015-16 to 2022-23	08
<b>Total</b>				<b>444</b>

**APPENDIX 4.4**  
**Total Number of accounts and accounts excluded from monthly Civil Accounts**  
**during 2022-23**  
*(Reference: Paragraph 4.13)*

Month	Total Number of Accounts			Accounts excluded from the Monthly Civil Accounts		
	Treasuries	PWD	Forest	Treasuries	PWD	Forest
April 2022	18	90	46	00	00	00
May 2022	18	90	46	00	00	01
June 2022	18	90	46+1	00	00	05
July 2022	18	90	46+5	00	00	00
August 2022	17	90	46	01	02	02
September 2022	17	90+2	46+2	00	02	02
October 2022	17	90+2	46+2	00	00	06
November 2022	17	90	46+6	00	05	01
December 2022	17	90+5	46+1	00	02	04
January 2023	17	90+2	46+4	00	02	01
February 2023	17	90+2	46+1	00	00	03
March 2023	17	90	46+3	00	00	00

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

**APPENDIX 5.1**  
**Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2023**  
*(Reference: Paragraphs (5.3 and 5.8.2)*  
*(Figures in columns (5) to (11) are ₹ in crore)*

Sl. No.	Sector/Name of the SPSE	Period of Accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit (+)/ loss(-)	Turnover	Net profit (+)/loss (-)	Capital employed	Return on capital employed	Percentage of return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12
<b>A. WORKING COMPANIES</b>											
<b>AGRICULTURE AND ALLIED</b>											
1	Forest Development Corporation of Meghalaya Limited	2018-19	2023-24	1.97	0	-0.23	1.02	-0.52	1.74	-0.52	-29.89
	<b>Sector Wise Total</b>			<b>1.97</b>	<b>0.00</b>	<b>-0.23</b>	<b>1.02</b>	<b>-0.52</b>	<b>1.74</b>	<b>-0.52</b>	<b>-29.89</b>
<b>INFRASTRUCTURE</b>											
2	Meghalaya Industrial Development Corporation Limited	2020-21	2023-24	157.94	0	-53.80	0.23	-0.74	104.84	-0.74	-0.71
3	Meghalaya Government Construction Corporation Limited	2021-22	2023-24	3.75	0	-29.91	87.54	-3.62	-26.16	-3.62	Not workable
4	Meghalaya Infrastructure Development and Finance Corporation Limited	2020-21	2022-23	1.00	0	-5.52	0	-4.03	-4.52	-4.03	Not workable
5	Meghalaya Infratech Consultancy and Innovation Limited	2021-22	2023-24	0.15	0	-0.02	0	-0.02	0.13	-0.02	-15.38
	<b>Sector Wise Total</b>			<b>162.84</b>	<b>0.00</b>	<b>-89.25</b>	<b>87.77</b>	<b>-8.41</b>	<b>74.29</b>	<b>-8.41</b>	<b>-11.32</b>
<b>MANUFACTURING</b>											
6	Mawmluh Cherra Cement Limited	2019-20	2021-22	197.51	147.53	-272.84	32.80	-38.04	72.20	-25.44	-35.24
7	Meghalaya Mineral Development Corporation Limited	2021-22	2023-24	2.32	0	-6.32	0	0.03	-4.00	0.03	Not workable
	<b>Sector Wise Total</b>			<b>199.83</b>	<b>147.53</b>	<b>-279.16</b>	<b>32.80</b>	<b>-38.01</b>	<b>68.20</b>	<b>-25.41</b>	<b>-37.26</b>

Sl. No.	Sector/Name of the SPSE	Period of Accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/loss (-)	Capital employed	Return on capital employed	Percentage of return on capital employed
<b>POWER</b>											
8	Meghalaya Energy Corporation Limited	2021-22	2023-24	2214.12	389.30	-321.26	0.00	-65.28	2282.16	-14.45	-0.63
9	Meghalaya Power Generation Corporation Limited	2021-22	2023-24	925.36	996.92	-733.86	144.50	-218.34	1188.42	-108.50	-9.13
10	Meghalaya Power Distribution Corporation Limited	2021-22	2023-24	859.26	1623.40	-2627.66	1099.25	-152.83	-145.00	-10.24	Not workable
11	Meghalaya Power Transmission Corporation Limited	2021-22	2023-24	425.59	43.84	-167.67	56.55	-81.79	301.76	-75.36	-24.97
<b>Sector Wise Total</b>				<b>4424.33</b>	<b>3053.46</b>	<b>-3850.45</b>	<b>1300.30</b>	<b>-518.24</b>	<b>3627.34</b>	<b>-208.55</b>	<b>-5.75</b>
<b>SERVICE</b>											
12	Meghalaya Tourism Development Corporation Limited	2018-19	2020-21	7.96	8.35	-8.42	19.67	1.18	7.89	1.75	17.87
<b>Sector Wise Total</b>				<b>7.96</b>	<b>8.35</b>	<b>-8.42</b>	<b>19.67</b>	<b>1.18</b>	<b>7.89</b>	<b>1.75</b>	<b>17.87</b>
<b>MICELLANEOUS</b>											
13	Meghalaya Handloom & Handicrafts Development Corporation Limited	2021-22	2023-24	6.16	0.39	-5.34	0.10	-0.45	1.21	-0.45	-37.19
14	Meghalaya Basin Management Agency	2021-22	2023-24	0.05	0	0	0	0	0.05	0	0.00
15	Shillong Smart City Limited	2021-22	2023-24	0.10	0	0.33	0	-0.02	0.43	-0.02	-4.65
16	Meghalayan Age Limited	2020-21	2023-24	1.00	0	-2.17	0	-2.17	2.83	-2.17	-76.68
17	Livelihood Improvement Finance Company of Meghalaya	2017-18								No accounts submitted after becoming (2018-19) a Government company.	
<b>Sector Wise Total</b>				<b>7.31</b>	<b>0.39</b>	<b>-7.18</b>	<b>0.10</b>	<b>-2.64</b>	<b>4.52</b>	<b>-2.64</b>	<b>-58.41</b>

Sl. No.	Sector/Name of the SPSE	Period of Accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/loss (-)	Capital employed	Return on capital employed	Percentage of return on capital employed
	<b>Total A (All sector wise working Government Companies)</b>			4804.24	3209.73	-4234.69	1441.66	-566.64	3783.98	-243.78	-6.44
<b>B. WORKING STATUTORY CORPORATIONS SERVICE</b>											
18	Meghalaya Transport Corporation	2015-16	2020-21	93.05	0	-106.69	4.88	-4.43	-13.64	-4.43	Not workable
	<b>Sector Wise Total</b>			<b>93.05</b>	<b>0.00</b>	<b>-106.69</b>	<b>4.88</b>	<b>-4.43</b>	<b>-13.64</b>	<b>-4.43</b>	<b>32.48</b>
<b>MISCELLANEOUS</b>											
19	Meghalaya State Warehousing Corporation	2022-23	2023-24	6.07	0.00	1.37	1.18	0.40	7.44	0.40	5.38
	<b>Sector Wise Total</b>			<b>6.07</b>	<b>0.00</b>	<b>1.37</b>	<b>1.18</b>	<b>0.40</b>	<b>7.44</b>	<b>0.40</b>	<b>5.38</b>
	<b>Total B (All sector wise working Statutory Corporation)</b>			<b>99.12</b>	<b>0.00</b>	<b>-105.32</b>	<b>6.06</b>	<b>-4.03</b>	<b>-6.20</b>	<b>-4.03</b>	<b>Not workable</b>
	<b>Total A+B (All sector wise working SPSE)</b>			<b>4903.36</b>	<b>3209.73</b>	<b>-4340.01</b>	<b>1447.72</b>	<b>-570.67</b>	<b>3777.78</b>	<b>-247.81</b>	<b>-6.56</b>
<b>C. NON-WORKING COMPANIES</b>											
20	Meghalaya Electronics Development Corporation Limited	2021-22	2023-24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Sector Wise Total</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>AGRICULTURE AND ALLIED</b>											
21	Meghalaya Bamboo Chips Limited	2022-23	2023-24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Sector Wise Total</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total C (All sector wise non working Government Companies)</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Grand Total (A+B+C)</b>			<b>4903.36</b>	<b>3209.73</b>	<b>-4340.01</b>	<b>1447.72</b>	<b>-570.67</b>	<b>3777.78</b>	<b>-247.81</b>	<b>-6.56</b>

**NB:**

1. **Earnings before Interest and Tax (EBIT)** has been derived by adding back the Interest and Tax Expenses to the ‘Net Profit/Loss for the year’ as reported in the Profit and Loss Account.
2. **Net worth** means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits but do not include committed reserves, reserves created out of revaluation of assets and write back of depreciation provision.
3. **Capital Employed** represents Shareholders’ Fund *plus* Long Term Borrowings where, Shareholders Fund represents ‘Paid up Share Capital *plus* Free Reserves and Surplus *minus* Accumulated Loss *minus* Deferred Revenue Expenditure.
4. **Return on Capital Employed** depicts the EBIT as a percentage of the Capital Employed.
5. The **paid up capital** of SPSEs included ‘share application money pending allotment’.
6. Two SPSEs (serial no. 2 and 16) had ‘Free Reserves’ of ₹ 0.70 crore (Meghalaya Industrial Development Corporation Limited) and ₹ 4.00 crore (Meghalayan Age Limited) respectively.
7. EBIT in respect of SPSE at serial no. A12 (Meghalaya Tourism Development Corporation Limited) has been arrived at after adding back the Tax (0.34 crore) and Interest on long term loans (₹ 0.23 crore) to the Net Profit (₹ 1.18 crore).
8. SPSE at serial no A14 (Meghalaya Basin Management Agency), a ‘no profit no loss’ Company was engaged in implementing livelihood schemes funded through Grants received from International Fund for Agricultural Development (IFAD) and Work Bank routed through GoI and GoM along with State Government (GoM) share. The SPSE books these grants under Long Term Liabilities and recoups the annual scheme expenditure from said funds/grants (Long Term Liabilities). Hence, all the figures against this SPSE (other than Equity Capital) are ‘nil’.
9. SPSE at serial no. A17 (incorporated in May 2009) had not submitted its Accounts since it was covered (2018-19) under the definition of a Government company.

**APPENDIX 5.2**  
**Statement showing Rate of Real Return on Government Investment**  
*(Reference: Paragraph 5.7.3)*

Financial Year	Present Value of total investment at the beginning of the year	Equity infused by the State Government during the year ( <i>less disinvestments</i> )	Net interest free loan given by the State Government during the year	Grants/ subsidies given by the State government for operational and administrative expenditure	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	(₹ in crore)												
										A	B	C	D	E	F	G	H	I	J	K=I x (1+J÷100)	L= I x J÷100	M
Upto 2012-13**	-	2136.62	0.00	62.33	2198.95	2198.95	6.24	2336.16	137.21													-82.08
2013-14	2336.16	89.56	0.00	100.52	190.08	2526.24	6.61	2693.23	166.98													-128.11
2014-15	2693.23	164.38	0.00	165.39	329.77	3023.00	6.22	3211.03	188.03													-221.84
2015-16	3211.03	3.31	0.00	25.02	28.33	3239.36	6.70	3456.40	217.04													-390.16
2016-17	3456.40	38.90	0.00	97.12	136.02	3592.42	6.47	3824.85	232.43													-266.93
2017-18	3824.85	90.47	0.00	115.52	205.99	4030.84	6.40	4288.81	257.97													-410.83
2018-19	4288.81	31.19	0.00	222.31	253.50	4542.31	7.47	4881.62	339.31													-419.16
2019-20	4881.62	135.65	0.00	125.30	260.95	5142.57	7.77	5542.15	399.58													-514.75
2020-21	5542.15	31.26	0.00	204.00	235.26	5777.41	7.47	6208.98	431.57													-553.87
2021-22	6208.98	13.43	0.00	503.58	517.01	6725.99	7.30	7216.99	491.00													-723.52
2022-23	7216.99	577.77	0.00	793.67	1371.44	8588.43	6.56	9151.83	563.40													-570.67
<b>Total</b>	<b>3,312.54</b>			<b>2,414.76</b>	<b>5,727.30</b>	<b>49,387.51</b>																

\*These are cumulative figures upto 2012-13 for columns C, D, F and H.

Year	Total Earnings/ Loss in 2022-23	Investment by the State Government as per total of the column H above	Return on State Government investment on the basis of historical value (per cent)	Present value of State Government investment at the end of 2022-23	Real return on State Government investment considering the present value of investments (per cent)		
					C	D	E
2022-23	-570.67	5727.30	-9.96	9151.83			-6.24

**APPENDIX 5.3**  
**Information regarding accounts in arrears of State Public Sector Enterprises**  
*(Reference: Paragraph 5.11.2)*

Sl. No.	Name of SPSE	Year for which Accounts are in arrear	No. of Accounts in Arrear	Status of the SPSEs
1	Meghalaya Transport Corporation	2016-17 to 2022-23	7	Working
2	Livelihood Improvement Finance Company of Meghalaya	2018-19 to 2022-23	5	Working
3	Meghalaya Tourism Development Corporation Limited	2019-20 to 2022-23	4	Working
4	Forest Development Corporation of Meghalaya Limited	2019-20 to 2022-23	4	Working
5	Mawmluh Cherra Cement Limited	2020-21 to 2022-23	3	Working
6	Meghalaya Industrial Development Corporation Limited	2021-22 to 2022-23	2	Working
7	Meghalaya Infrastructure Development and Finance Corporation Limited	2021-22 to 2022-23	2	Working
8	Meghalayan Age Limited	2021-22 to 2022-23	2	Working
9	Meghalaya Government Construction Corporation Limited	2022-23	1	Working
10	Meghalaya Infratech Consultancy and Innovation Limited	2022-23	1	Working
11	Meghalaya Mineral Development Corporation Limited	2022-23	1	Working
12	Meghalaya Energy Corporation Limited	2022-23	1	Working
13	Meghalaya Power Generation Corporation Limited	2022-23	1	Working
14	Meghalaya Power Distribution Corporation Limited	2022-23	1	Working
15	Meghalaya Power Transmission Corporation Limited	2022-23	1	Working
16	Meghalaya Handloom & Handicrafts Development Corporation Limited	2022-23	1	Working
17	Meghalaya Basin Management Agency	2022-23	1	Working
18	Shillong Smart City Limited	2022-23	1	Working
19	Meghalaya Electronics Development Corporation Limited	2022-23	1	Non working (under liquidation)
<b>Total</b>			<b>40</b>	



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