

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

for the year ended 31 March 2021



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

GOVERNMENT OF MEGHALAYA
Report No. 1 of 2022

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

for the year ended 31 March 2021

GOVERNMENT OF MEGHALAYA
Report No. 1 of 2022

TABLE OF CONTENTS

	<i>Paragraph(s)</i>	<i>Page(s)</i>
Preface		v
Executive Summary		vii
CHAPTER I		
Overview		
Profile of the State	1.1	1
Basis and Approach to State Finances Audit Report	1.2	2
Report Structure	1.3	3
Overview of Government Account Structure and Budgetary Processes	1.4	3
Fiscal Balance: Achievement of deficit and total debt targets	1.5	10
Deficits after examination in Audit	1.6	12
Conclusion	1.7	13
Recommendations	1.8	13
CHAPTER II		
Finances of the State		
Introduction	2.1	15
Major changes in Key fiscal aggregates during 2020-21 <i>vis-à-vis</i> 2019-20	2.2	15
Sources and Application of Funds	2.3	15
Resources of the State	2.4	16
Application of Resources	2.5	29
Public Account	2.6	41
Debt Management	2.7	46
Debt Sustainability Analysis	2.8	49
Conclusion	2.9	53
Recommendations	2.10	55
CHAPTER III		
Budgetary Management		
Budget Process	3.1	57
Budget projection and gap between expectation and actual	3.1.1	58
Expenditure incurred without authority of law	3.1.4	61
Expenditure on New Services/ New Instrument of Service	3.1.5	62
Excess expenditure and its regularisation	3.1.10	67
Review of selected Grants	3.2	69
Conclusion	3.3	72
Recommendations	3.4	73
CHAPTER IV		
Quality of Accounts and Financial Reporting Practices		
Funds kept outside the Consolidated Fund of the State	4.1	75
Funds transferred directly to State implementing agencies	4.2	77
Funds lying unutilised in the current account of DDOs	4.3	78
Delay in submission of Utilisation Certificates	4.4	78
Abstract Contingent bills	4.5	80

	<i>Paragraph(s)</i>	<i>Page(s)</i>
Personal Deposit Accounts	4.6	81
Indiscriminate use of Minor Head 800	4.7	81
Outstanding balance under major Suspense and DDR heads	4.8	83
Non-reconciliation of Departmental figures	4.9	84
Reconciliation of Cash Balances	4.10	85
Compliance with Accounting Standards	4.11	85
Submission of Accounts/Separate Audit Reports of Autonomous Bodies	4.12	86
Non-submission of details of grants / loans given to bodies and authorities	4.13	86
Autonomous District Councils (ADCs)	4.14	87
Timeliness and Quality of Accounts	4.15	89
Misappropriations, losses, thefts, etc.	4.16	89
Follow up action on State Finances Audit Report	4.17	90
Conclusion	4.18	91
Recommendations	4.19	91
CHAPTER V		
Functioning of State Public Sector Enterprises		
Introduction	5.1	93
Mandate	5.2	93
Working and non- working SPSEs	5.3	93
Investment in SPSEs	5.4	94
Budgetary assistance to SPSEs	5.5	95
Returns from Government Companies and Corporations	5.6	96
Long Term Debt of SPSEs	5.7	97
Operating Efficiency of SPSEs	5.8	97
Return on Capital Employed	5.9	98
Return on Equity	5.10	99
SPSEs incurring losses	5.11	99
SPSEs having complete erosion of capital	5.12	100
Performance of Power Sector SPSEs	5.13	101
Audit of State Public Sector Enterprises (SPSEs)	5.14	104
Appointment of statutory auditors of SPSEs by CAG	5.15	104
Submission of accounts by SPSEs	5.16	104
Timeliness in preparation of accounts by working SPSEs	5.17	105
Arrears in finalisation of Accounts	5.18	105
CAG's oversight - Audit of accounts and supplementary audit	5.19	106
Audit of accounts of Government Companies by Statutory Auditors	5.20	106
Supplementary Audit of accounts of Government Companies	5.21	107
Result of CAG's oversight role	5.22	107
Management Letters	5.23	109
Conclusion	5.24	110
Recommendations	5.25	111

APPENDICES

Appendix No.	Particulars	Page (s)
Appendix 2.1	Time Series Data on State Government Finances	113
Appendix 3.1	Glossary of important Budget related terms	116
Appendix 3.2	Details of cases where supplementary provision (₹ 50 lakh or more in each case) proved unnecessary	119
Appendix 3.3	Excess/unnecessary/insufficient re-appropriation	121
Appendix 3.4	List of Grants having large savings (savings above ₹ 100 crore during the year)	135
Appendix 3.5	Grant-wise utilisation of funds	136
Appendix 3.6	Details of surrender of funds in excess of (₹ 100 crore) at the end of March	138
Appendix 3.7	Excess over provision of previous years requiring regularisation	139
Appendix 3.8	Statement showing the details of incomplete projects where no expenditure was incurred during the year 2020-21	141
Appendix 3.9	Excess expenditure over budget provisions	143
Appendix 4.1	Statement showing Funds transferred by Government of India directly to State Implementing Agencies (including Government Departments)	144
Appendix 4.2	Funds lying in current account of 26 Drawing and Disbursement Officers	147
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	148
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 2021	149
Appendix 5.2	Statement showing arrears of Accounts as on 30 September 2021	153
Appendix 5.3	Statement showing investments made by State Government in PSEs whose accounts were in arrears	154



PREFACE

This Report has been prepared for submission to the Governor of Meghalaya under Article 151 of the Constitution for being placed in the Meghalaya Legislative Assembly.

2. Chapter I gives the overview of the finances of the State Government.
3. Chapter II is based on the Finance Accounts and makes an assessment of the finances of the State Government as on 31 March 2021.
4. Chapter III is based on audit of Appropriation Accounts and reviews the budgetary management of the State Government.
5. Chapter IV gives the status of the quality of accounts and financial reporting practices.
6. Chapter V presents the financial performance of the State Public Sector Enterprises (SPSEs).

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Report

The State Finances Audit Report of the Government of Meghalaya for the year ended 31 March 2021 provides an analytical review of the finances of the State Government. This report is primarily based on an analytical assessment of the audited accounts of the Government for the year ended 31 March 2021. The Report has five Chapters:

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

Chapter II is based on the Finance Accounts and makes an assessment of the finances of the State Government as on 31 March 2021.

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

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

Chapter V presents the financial performance of the State Public Sector Enterprises (SPSEs) which consist of 'Government Companies', 'Statutory Companies', 'Statutory Corporations' and 'Government Controlled Other Companies'.

2 Audit Findings

2.1 Fiscal Position

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

The GSDP at current prices contracted by 3.69 *per cent*, from ₹ 34,716 crore in 2019-20 to ₹ 33,436 crore in 2020-21 as against the assessed growth of 9.50 *per cent* by the XV Finance Commission. The contraction of GSDP of Meghalaya (-3.69 *per cent*) was higher than the national GDP (-2.97 *per cent*).

The main driver of the state GSDP is the Services sector, contributing by more than half to the GSDP.

The State's Revenue Receipts (₹ 10,683.24 crore) as well as the Revenue Expenditure (₹ 11,498.62 crore) fell short of the BEs by ₹ 4669.35 crore (30 *per cent*) and ₹ 2928.96 crore (20 *per cent*) respectively. Similarly, Capital Expenditure (₹ 1815.85 crore) fell short of the BEs by ₹ 1013.60 crore. However, Capital Receipts of ₹ 2469.66 crore exceeded the BEs by ₹ 447.69 crore during the year.

Though the State Government had projected a Revenue Surplus of ₹ 925.01 crore in the BEs, the year ended with a Revenue Deficit of ₹ 815.38 crore. The Fiscal Deficit (₹ 2603.56 crore) was higher than the assessment made in the BEs (₹ 1877.11 crore) by

₹ 726.45 crore (39 *per cent*) while the Primary Deficit (₹ 1744.64 crore) was higher than the assessment made in the BEs (₹ 1033.94 crore) by ₹ 710.70 crore (69 *per cent*).

The State failed to achieve the targets set in the MFRBM Act. The Fiscal Deficit of 7.79 *per cent* in 2020-21 was higher than the fiscal target of 5 *per cent*. During the five-year period, the ratio of total outstanding debt as percentage of GSDP has steadily been above the target ratio of 28 *per cent* of GSDP up to 2019-20 and 37.39¹ *per cent* of GSDP during 2020-21. During 2020-21, it rose by 9 *per cent* to 40.73 *per cent* over 31.54 *per cent* in 2019-20.

Recommendations

- *As the Services sector was the main driver of GSDP, the State Government should continue to act as a facilitator for private investment in this sector and create infrastructure for tourism development which will further augment the economic growth of the State.*
- *The State needs to make efforts to achieve the targets set under MFRBM Act for better fiscal Management.*

(Chapter I)

2.2 Finances of the State

Revenue Receipts during 2020-21 were ₹ 10,683.24 crore and had increased by 13.49 *per cent* (₹ 1269.72 crore) over the previous year and the own tax revenue of the State (₹ 2072.56 crore) increased by 9.59 *per cent* (₹ 181.31 crore). The Goods and Services Tax (GST) registered a decrease of ₹ 86.97 crore (9.56 *per cent*), over the previous year and the collections were ₹ 822.81 crore. The Central tax transfers increased by ₹ 339.85 crore (8.07 *per cent*) during 2020-21 compared to previous year. The Central tax transfers, however, contributed 42.61 *per cent* of the Revenue Receipts during the year, indicating their predominance in Revenue Receipts of the State.

The Revenue Expenditure during 2020-21 which was ₹ 11,498.62 crore increased by 20.21 *per cent* compared to the previous year. Revenue Expenditure as percentage of total expenditure decreased from 90.68 *per cent* in 2019-20 to 86.36 *per cent* in the current year. Expenditure on salaries and wages was ₹ 3383.67 crore (29.43 *per cent*). The pension payments, including other retirement benefits, were ₹ 1193.61 crore, an increase of 5.48 *per cent* over the previous year. The interest payments were ₹ 858.92 crore which was 7.47 *per cent* of the total Revenue Expenditure. During 2020-21, Revenue Expenditure has increased over the previous year by ₹ 1933.50 crore. The substantial increase in Revenue Expenditure was due to increased interest payments, medical and public health expenditure due to Covid-19 pandemic, rural employment guarantee schemes and various projects (Externally Aided Projects, Community Development Programmes, *etc.*) under Secretariat Economic Services.

¹ Set by the Medium Term Fiscal Policy and Strategy Statement of State Budget 2020-21.

Capital outlay during 2020-21 was ₹ 1734.05 crore and increased by 84.53 *per cent* over the previous year. Capital Expenditure as a percentage of total expenditure has remained stagnant at 13 *per cent* over the period 2016-17 to 2020-21.

Out of the 103 incomplete projects as on 31 March 2021, 62 projects had over-shot their schedules by one to more than 10 years. The expenditure incurred on the 103 incomplete projects was ₹ 841.85 crore.

Receipts in public account (₹ 4799.03 crore) exceeded the disbursements (₹ 4594.56 crore) by ₹ 204.47 crore during 2020-21.

As on 31 March 2021, the State Disaster Response Fund (SDRF) had an unutilised balance of ₹ 122.70 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 ₹ 11.38 crore resulted in understatement of Revenue Deficit to that extent.

Under Guarantee Redemption Fund, there was short contribution of ₹ 0.22 crore, resulting in understatement of Revenue and Fiscal Deficit by ₹ 0.22 crore.

During 2020-21, the State Government issued guarantees of ₹ 1975.92 crore. However, the State Government did not receive any amount towards guarantee commission. As such, Guarantee Commission fee of ₹ 25.29 crore (₹ 19.76 crore on the guaranteed amount during the year 2020-21 and ₹ 5.53 crore on outstanding guarantees as on 31 March 2020) was receivable during the year.

The prevalence of Fiscal Deficit during 2016-21 indicated continued reliance of the State on borrowed funds, resulting in increased fiscal liabilities of the State over the period 2016-21. Fiscal liabilities increased by ₹ 2196.95 crore (19.05 *per cent*) during 2020-21 compared to previous year. The fiscal liabilities during 2020-21 stood at 41 *per cent* of the GSDP and exceeded the limit of total outstanding Debt-GSDP ratio target fixed in the State FRBM Act, (28 *per cent* upto 2019-20 and 37.39 *per cent* during 2020-21).

Cash Balances of the State Government at the end of the current year decreased by ₹ 442.75 crore from ₹ 605.24 crore in 2019-20 to ₹ 162.49 crore in 2020-21. Cash Balance investment decreased from ₹ 801.61 crore in 2019-20 to ₹ 81.10 crore in 2020-21.

Recommendations

- *State Government needs to make stringent efforts to mobilise additional revenue resources in order to reduce dependence on debt financing.*
- *The State Government should formulate guidelines for quick completion of incomplete projects and strictly monitor reasons for time and cost overrun with a view to take corrective action. In addition, it should give priority to works nearing completion.*

(Chapter II)

2.3 Budgetary Management

Against original budget allocation ₹ 18,999.24 crore, the expenditure was only ₹ 13,802.08 crore (72.65 per cent) of the original allocation. Therefore, the supplementary provision of ₹ 1569.01 crore totally proved unnecessary. Out of the savings of ₹ 5197.16 crore, ₹ 4550.93 crore (85.57 per cent) was surrendered on the last working day of March 2021, in violation of Budget Rules.

The savings of ₹ 5197.16 crore may be seen in the context to over estimation of Receipts of ₹ 17,374.56 crore by the State Government and the estimation on the expenditure side being ₹ 18,999 crore during the year 2020-21. As against the estimated Receipts, the actual Receipts were ₹ 13,152.90 crore only thereby restricting the total expenditure to ₹ 13,802 crore. This implied that the savings were notional, as the funds were not actually available for expenditure.

There were three instances where expenditure of ₹ 104.44 crore was incurred without authority of law, unnecessary supplementary provision of ₹ 1022.48 crore in 21 cases and unnecessary re-appropriations.

During the year, expenditure of ₹ 0.74 crore was incurred in excess of authorisation under one Grant under Revenue Section which requires regularisation as per Constitutional provisions. Excess expenditure of ₹ 1761.64 crore (from 1971-72 to 2019-20) was yet to be regularised as on 31 March 2021.

Recommendations

- *The budgetary exercise requires urgent streamlining by the Finance Department in the State, on account of huge unutilised funds over the years. The Government should consider over hauling the preparation of estimates, which largely remained ambitious and also augment the capacity of the spending departments to utilise earmarked funds on time.*
- *The grants showing persistent savings may be reviewed by concerned Departments to ascertain and address the cause for such savings.*
- *An Expenditure of ₹ 104.44 crore was incurred without any budget provision in the original budget/ supplementary and without any re-appropriation orders to this effect. The Finance Department may ensure that such cases are covered by providing adequate supplementary provision to avoid expenditure without provision in future as it undermines Legislative Authority.*
- *Excess expenditure remaining un-regularised for prolong period needs to be viewed seriously as this dilutes parliamentary control over the exchequer. The State Government should also ensure that the excess expenditure of ₹ 1762 crore is regularised at the earliest.*
- *Re-appropriation for expenditure of ₹ 169.28 crore incurred without provision in the budget needs regularisation by the State Legislature.*

(Chapter III)

2.4 Quality of accounts and financial reporting practices

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

A substantial amount of GoI funds (₹ 1345.76 crore) were received directly by the State implementing agencies, despite GoI decision to route all assistance to CSS and ACA under various schemes, through the State Budget and treasury system. As a consequence, the actual State receipt and expenditure as well as other fiscal variables did not present a complete picture to that extent.

As on 31 March 2021, 215 UCs for ₹ 1765.86 crore were outstanding for submission. Huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds, it is imperative that the State Government should monitor this aspect closely.

As of March 2021, 61 DCC bills amounting to ₹ 63.03 crore were outstanding. Major defaulter in this regard is the Election Department where AC bills of ₹ 62.84 crore remained outstanding as of March 2021.

During 2020-21, the State Government booked an expenditure of ₹ 2071.82 crore under Minor Head 800 under 45 Revenue and Capital Major Heads of Accounts, constituting 15.66 *per cent* of the total Revenue and Capital Expenditure of ₹ 13,232.66 crore. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

In the absence of annual accounts and their audit, proper utilisation of grants and loans disbursed to bodies and authorities and their accounting cannot be assured. It is observed that annual accounts of three autonomous bodies were outstanding since 2016-17 and accounts of ADCs for two to five years. This requires urgent intervention at the highest level in order to have a realistic and timely assessment of their financial position and review of financial assistance to these bodies due to arrears in their accounts.

There were also 72 instances of theft, misappropriation and loss involving Government money amounting to ₹ 1.15 crore.

Recommendations

- *An accountability framework for submission of UCs in a timely manner may be put in place. Further disbursement of grants to defaulting Departments may only be allowed after receipt of pending UCs.*
- *The Finance Department should, in consultation with the Accountant General (A&E), conduct a comprehensive review of all items presently appearing under Minor Head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.*
- *Finance Department should consider evolving a system to expedite the process of compilation and submission of Annual Accounts by Autonomous Bodies in*

order to have a realistic and timely assessment of their financial position. They should review further financial assistance to ADCs who are in arrears of their Annual Accounts.

(Chapter IV)

2.5 Functioning of State Public Sector Enterprises

As on 31 March 2021, the State of Meghalaya had 18 SPSEs, which included 16 Government companies (15 working and one non-working) and two Statutory Corporations (all working). As on 31 March 2021, there was a difference of ₹ 559.46 crore in the investment figures of the State Government (Equity: ₹ 163.39 crore; Long-term Loans: ₹ 396.07 crore) as per State Finance Accounts *vis-à-vis* records of SPSEs.

During 2020-21 the State Government has provided budgetary support of ₹ 342.43 crore to SPSEs in the form of Equity (₹ 31.26 crore), Loans (₹ 107.17 crore) and Grants/subsidy (₹ 204.00 crore). The major recipients of budgetary assistance during 2019-20 were four power sector companies, which received budgetary allocation of ₹ 233.71 crore (68.25 *per cent*) in the form of Equity (₹ 13.76 crore), Loans (₹ 107.17 crore) and Grants/subsidies (₹ 112.78 crore).

During 2020-21, out of 17 working SPSEs, 4 SPSEs earned profits (₹ 2.03 crore) as per their latest finalised accounts as on 30 September 2021. Further, the accumulated losses of eight working SPSEs (₹ 2783.61 crore) had completely eroded their paid-up capital (₹ 1154.31 crore)

The overall losses of power sector SPSEs in last five years have increased by more than two folds from ₹ 234.92 crore (2016-17) to ₹ 518.58 crore (2020-21). Further, the net worth of one SPSE (Meghalaya Power Distribution Company Limited) was negative due to complete erosion of its equity capital by the accumulated losses.

As on 30 September 2021, all 17 working SPSEs had a total arrear of 30 Accounts ranging from one to five years. The highest number of accounts pending finalisation pertained to Meghalaya Transport Corporation (five Accounts) and Forest Development Corporation of Meghalaya Limited (four Accounts).

Recommendations

- *The State Government and the SPSEs concerned should take concrete steps to reconcile the differences in the investment figures (Equity and Long Term Loans) of the State Government as appearing in the State Finance Accounts vis-à-vis SPSE records in a time-bound manner.*
- *Accumulation of huge losses by 8 out of 17 working SPSEs had eroded public wealth, which is a cause of concern and the State Government needs to review improve their working or fully review the working of these SPSEs for continuing their operations.*
- *The functioning of the Power Sector Companies needs to be reviewed so as to increase their revenue and decrease their operational costs.*

- *The Administrative Departments overseeing the SPSEs having backlog of Accounts need to ensure that these SPSEs finalise and adopt their Accounts within the stipulated period, failing which financial support to them be reviewed.*

(Chapter V)

CHAPTER-I

OVERVIEW

Chapter I: Overview

1.1 Profile of the State

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

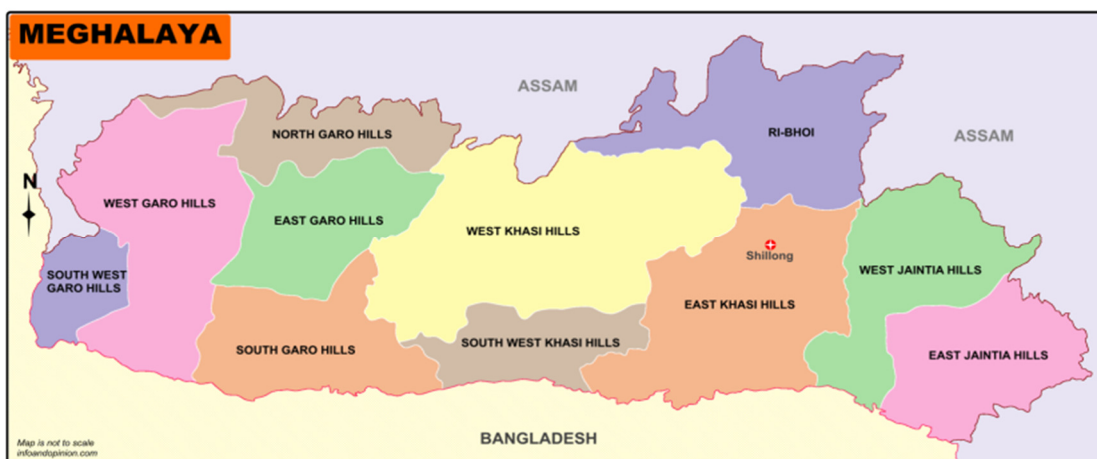


Table 1.1 presents the general data of the State in comparison with all India figures and financial data of the State as detailed below:

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

Sl. No.	Particulars	Meghalaya	All India
1.	Area in sq km.	22,429	32,87,240
2.	Population in lakh (As per Census 2011)	29.67	12,108.55
3.	Density of Population (Census 2011) (persons per sq km)	132	382
4.	Population below poverty line	11.87%	21.92%
5.	Literacy (Census 2011)	74.40%	73.00%
6.	Infant Mortality (per 1000 live births)	33	30
7.	Gross State Domestic Product (GSDP)/ Gross Domestic Product (GDP) 2020-21 at current prices (₹ in crore)	33,436	1,97,45,670
8.	GSDP CAGR (2011-12 to 2020-21)	5.92	9.48
9.	Per capita GDP/ GSDP (2020-21)	91,907	1,45,680

Source: Central Statistical Officer (CSO), Ministry of Statistics and Programme Implementation.

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 average compound annual growth rate in respect of GSDP for Meghalaya between 2011-12 and 2020-21 was 5.92 *per cent* which was lower than the all India average (9.48 *per cent*). The per capita income of the State at current prices was ₹ 91,907 during 2020-21, which was lower than the all India average of ₹ 1,45,680.

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

Table 1.2: Financial data of the State in comparison with ‘North Eastern and Himalayan States’

B. Financial Data (Compound Annual Growth Rate)		Figures (in per cent)			
Particulars		2011-12 to 2020-21		2019-20 to 2020-21	
		NE & HS	Meghalaya	NE & HS	Meghalaya
(a)	Revenue Receipts	9.85	9.67	6.95	13.49
(b)	Own Tax Revenue	9.28	12.86	2.97	9.59
(c)	Non-Tax Revenue	6.01	3.98	-14.64	-1.31
(d)	Total Expenditure	10.44	9.79	4.04	26.22
(e)	Capital Expenditure	9.42	8.01	9.97	84.64
	Capital Outlay	9.86	8.17	11.39	84.53
(f)	Revenue Expenditure on General Education	10.51	7.92	3.06	-4.47
(g)	Revenue Expenditure on Health & Family Welfare	14.54	16.89	15.09	42.65
(h)	Salaries and Wages	9.58	8.63	0.34	-1.63
(i)	Pension	15.23	13.70	11.48	5.48

It is evident from the table that Meghalaya has performed significantly better in all financial aspects except for Revenue Expenditure on General Education during 2019-20 to 2020-21.

1.2 Basis and Approach to State Finances Audit Report

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

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

Finance Accounts and Appropriation Accounts of the State constitute the core data for this Report. Other sources include the following:

- Budget of the State: 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 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), State Financial Responsibility and Budget Management Act, best

practices and guidelines of the Government of India. The draft Report is forwarded to the State Government for comments and replies of the Government, where received, are incorporated in this Report at appropriate places.

1.3 Report Structure

The SFAR is structured into the following five Chapters:

Chapter - I	Overview This Chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/ surplus.
Chapter - II	Finances of the State This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2016-17 to 2020-21, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
Chapter - III	Budgetary Management This Chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.
Chapter - IV	Quality of Accounts & Financial Reporting Practices This Chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.
Chapter V	Functioning of the State Public Sector Enterprises (PSEs) This Chapter presents the financial performance of 'Government Companies', 'Statutory Corporations' and 'Government Controlled Other Companies'.

1.4 Overview of Government Account Structure and Budgetary Processes

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

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

This Fund comprises all revenues received by the State Government, all loans raised by the State Government (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, *etc.*), Ways and Means advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (*e.g.*, salaries of Constitutional authorities, loan repayments, *etc.*), constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

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

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

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

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

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

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

Revenue Expenditure consists of all those expenditure 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).

The **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 PSEs and other parties.

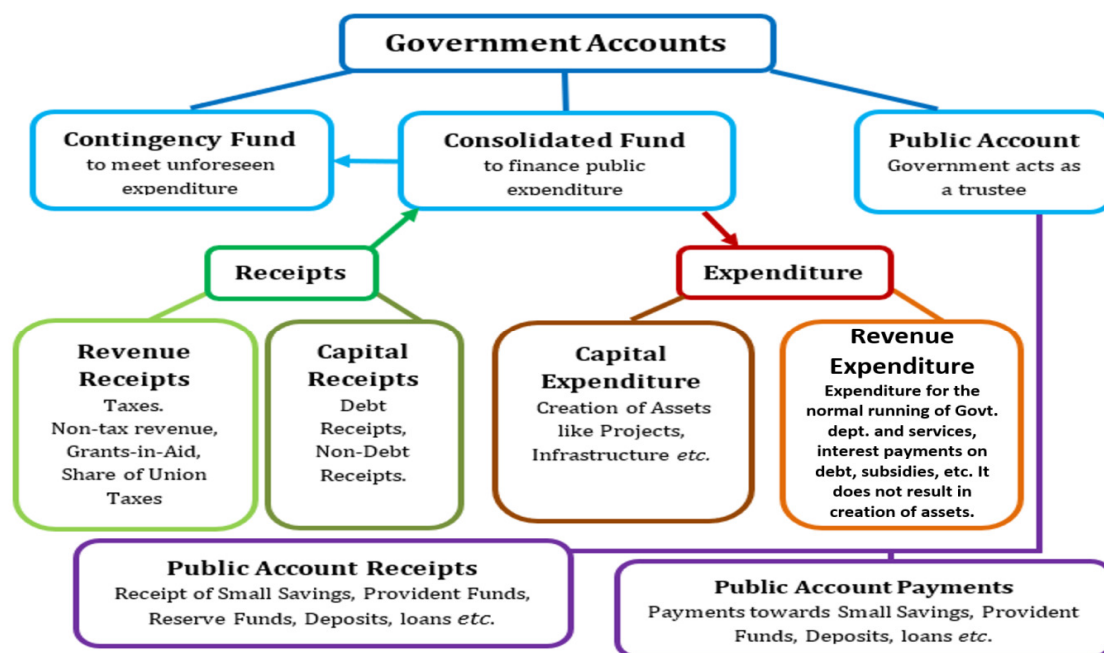
At present, we have an accounting classification system in government that is both functional and economic.

	Attribute of transaction	Classification
Standardised in LMMH by CGA	Function- Education, Health, <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)

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

Chart 1.1 present the structure of Government Accounts.

Chart 1.1: Structure of Government Accounts



Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of 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 Child 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 budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

1.4.1 Gross State Domestic Product of the State

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

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

(₹ in crore)					
Year	2016-17	2017-18	2018-19	2019-20	2020-21
GDP (2011-12 Series)	1,53,91,669	1,70,90,042	1,88,86,957	2,03,51,013	1,97,45,670
Growth rate of GDP (in per cent)	11.76	11.03	10.51	7.75	(-) 2.97
State's GSDP (2011-12 Series)	27,439	29,508	32,176	34,716	33,436
Growth rate of GSDP (in per cent)	9.24	7.54	9.04	7.89	(-) 3.69

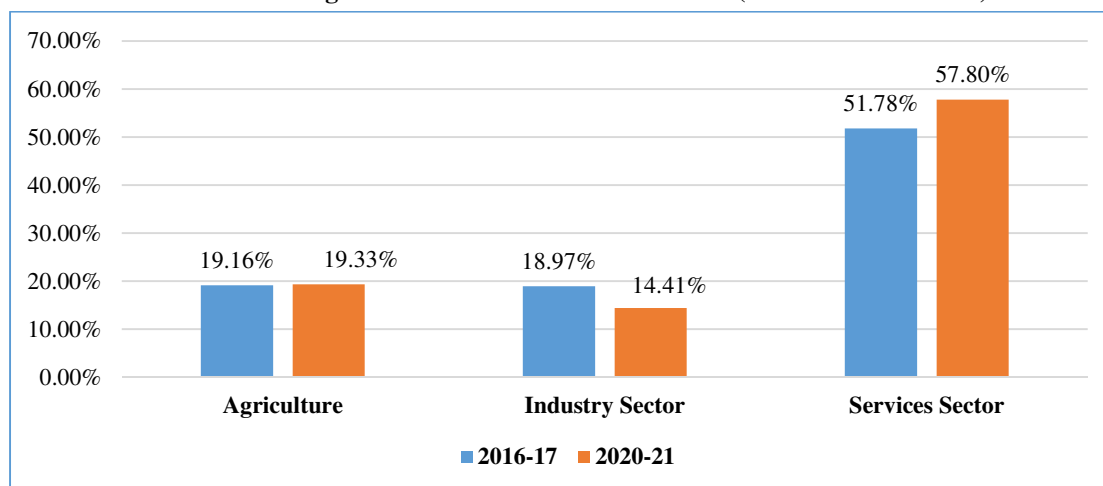
Source of data: Department of Economics and Statistics, Government of Meghalaya and Ministry of Statistics and Programme Implementation, Government of India's website.

The GSDP at current prices contracted by 3.69 *per cent*, from ₹ 34,716 crore in 2019-20 to ₹ 33,436 crore in 2020-21 as against the assessed growth of 9.50 *per cent* by the XV Finance Commission (FC). The contraction of GSDP of Meghalaya (-3.69 *per cent*) was higher than of national GDP (-2.97 *per cent*).

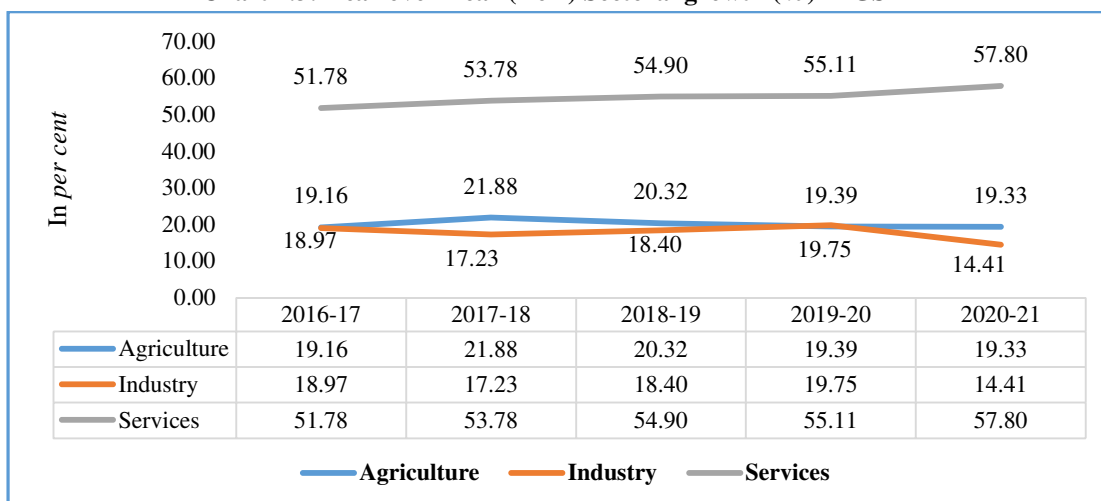
Changes in sectoral headings in GSDP

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

Chart 1.2: Change in sectoral contribution to GSDP (2016-17 and 2020-21)



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

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

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

As seen from the GSDP composition in **Charts 1.2** and **1.3** above, the main driver of the State GSDP is the Services sector, with more than half of the GSDP being generated from this Sector. During 2020-21, the Services Sector recorded visible growth rate of 4.88 *per cent* as against the growth rate of 0.38 *per cent* during 2019-20. On the other hand, the share of Industry Sector fell sharply by 27.04 *per cent* from 19.75 *per cent* of the total GSDP during 2019-20 to 14.41 *per cent* in 2020-21. The Agriculture Sector contributed 19.33 *per cent* to the GSDP in 2020-21, a slight decline from 19.39 *per cent* in 2019-20. The gradual decline in the share of Agriculture Sector in GSDP is an area of concern as agriculture and horticulture are important economic activities for the Primary Sector of the State's economy.

1.4.2 Snapshot of Finances

The budget papers presented by the State Government provide estimation of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviation from the Budget Estimates (BEs) indicates non-attainment of the desired fiscal objectives. **Table 1.4** presents the details of actual financial results *vis-à-vis* BEs for the year 2020-21 *vis-à-vis* actuals for 2019-20.

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

Sl. No.	Components	2019-20 (Actuals)	2020-21 (BEs)	2020-21 (Actuals)	₹ in crore)	
					Percentage of Actuals to BEs	Percentage of Actuals to GSDP
1	Tax Revenue	1891.25	2376.98	2072.56	-12.81	6.20
2	Non-Tax Revenue	530.11	690.29	523.17	-24.21	1.56
3	Share of Union taxes/duties	4211.78	5998.98	4551.63	-24.13	13.61
4	Grants-in-Aid and Contributions	2780.38	6286.34	3535.88	-43.75	10.58
5	Revenue Receipts (1+2+3+4)	9413.52	15352.59	10683.24	-30.41	31.95
6	Recovery of Loans and Advances	31.32	27.43	27.77	1.24	0.08
7	Other Receipts	NIL	NIL	NIL	NIL	NIL

Sl. No.	Components	2019-20 (Actuals)	2020-21 (BEs)	2020-21 (Actuals)	Percentage of Actuals to BEs	Percentage of Actuals to GSDP
8	Borrowings and other Liabilities (a)	1496.02	1994.54	2441.89	22.43	7.30
9	Capital Receipts (6+7+8)	1527.34	2021.97	2469.66	22.14	7.39
10	Total Receipts (5+9)	10940.86	17374.56	13152.90	-24.30	39.34
11	Revenue Expenditure	9565.12	14427.58	11498.62	-20.30	34.39
12	Interest payments	758.51	843.17	858.92	1.87	2.57
13	Capital Expenditure	983.49	2829.55	1815.95	-35.82	5.43
14	Capital outlay	939.71	2382.45	1734.05	-27.22	5.19
15	Loan and advances	43.78	447.10	81.90	-81.68	0.24
16	Total Expenditure (11+13)	10548.61	17257.13	13314.57	-22.85	39.82
17	Revenue Surplus (+)/ Revenue Deficit (-) (5-11)	-151.60	925.01	-815.38	-188.15	2.44
18	Fiscal Deficit {(5+6+7) - 16}	1103.77	1877.11	2603.56	38.70	7.79
19	Primary Deficit (18-12)	345.26	1033.94	1744.64	68.74	5.22

(a) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

From the above table, the following were noticed:

Though a revenue surplus of ₹ 925.01 crore was estimated in the budget estimates of 2020-21, the actual figures depict Revenue Deficit of ₹ 815.38 crore. One of the key factors for Revenue Deficit is the shortfall in Revenue Receipts. The actual tax revenue of ₹ 2072.56 crore fell short of the BEs of ₹ 2376.98 crore by 13 *per cent*.

The total receipts of the State (₹ 13,152.90 crore), including Capital Receipts fell short by 24.30 *per cent* as against the BEs of (₹ 17,374.56 crore). The actual Revenue Receipts were ₹ 10,683.24 crore as against the BEs of ₹ 15,352.59 crore resulting in a shortfall of 30.41 *per cent* (₹ 4669.35 crore) over the estimates.

Further, though actual tax revenue (₹ 2072.56 crore), Share of Union taxes/ duties (₹ 4551.63 crore) and Grants-in-Aid (GIA) and Contributions (₹ 3535.88 crore) in 2020-21 increased over the previous year by ₹ 181.31 crore, ₹ 339.85 crore and ₹ 755.50 crore, non-tax revenue (₹ 523.17 crore) fell short over the previous year figure of ₹ 530.11 crore by ₹ 6.94 crore. In 2019-20, the actual GIA received was ₹ 2780.38 crore. While the BEs 2020-21 projected ₹ 6286.34 crore as receipts from Grants-in-Aid and other Contributions from the Centre, the actual receipts fell short by a whopping 44 *per cent* (₹ 2750.46 crore).

The Revenue Expenditure of the State Government during 2020-21 also fell short of the budget estimate by 20.30 *per cent* (₹ 2928.96 crore) though it increased by 20.21 *per cent* (₹ 1933.50 crore) over the previous year.

Similarly, capital outlay of ₹ 1734.05 crore *vis-à-vis* budget estimate was less by 27.22 *per cent* (₹ 648.40 crore), actual Capital Expenditure in 2020-21 was higher by ₹ 794.34 crore over the previous year (₹ 939.71 crore). However, as percentage of GSDP, capital outlay was a mere 5.19 *per cent*.

Borrowings and other liabilities increased by 63.23 *per cent* over the previous year. As percentage of BEs, the actual borrowings exceeded by 22.43 *per cent* (₹ 447.35 crore).

1.4.3 Snapshot of Assets and liabilities of the Government

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

Table 1.5: Summarised position of Assets and Liabilities

(₹ in crore)

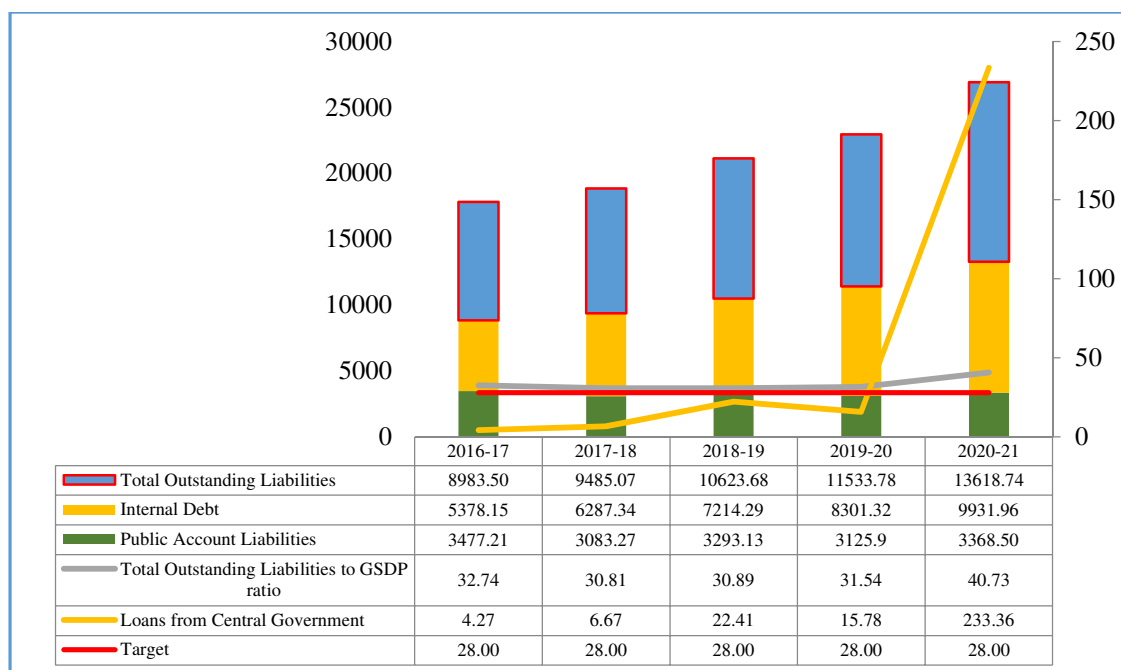
Liabilities					Assets				
		2019-20	2020-21	Per cent increase			2019-20	2020-21	Per cent increase
Consolidated Fund									
A	Internal Debt	8301.30	9931.96	20	A	Gross Capital Outlay	14976.49	16710.54	12
	Market loans	7032.50	8619.50			Investment in shares of Companies, etc.	2648.49	2650.39	
	Loans from other institutions	1268.80	1312.46			Other Capital Outlay	12328.00	14060.15	
B	Loans and Advances from GoI	106.57	430.28 ¹	304	B	Loans and Advances	866.76	920.88	14
Contingency Fund		303.04	305.00	1			305.00	305.00	-
Public Account									
A	Small Savings, Provident Funds, etc.	1914.42	2125.85	11	A	Advances	1.81	1.81	-
B	Deposits	1005.00	1066.64	6	B	Remittance	-	-	-
C	Reserve Funds	630.89	664.39	5	C	Suspense and Miscellaneous	65.45	88.88	36
D	Remittances	97.64	82.95	-15	Cash balance (including investment in Earmarked Fund)		1029.88	769.12	-25
	Total	3647.95	3939.83	8	Total		1097.14	859.81	-22
Surplus in Revenue Account		4886.53	4189.16						-
Total		17245.39	18796.23	18	Total		17245.39	18796.23	18

As Compared to previous year, the liabilities on the Consolidated Fund of State increased by 23.24 *per cent* from ₹ 8407.87 crore (₹ 8301.30 crore + ₹ 106.57 crore) in 2019-20 to ₹ 10,362.24 crore (₹ 9931.96 crore + ₹ 430.28 crore) in 2020-21. This was primarily due to increase in market loans (22.57 *per cent*) and loans and advances from the GoI (303.57 *per cent*).

¹ Meghalaya received back to back loans of ₹ 112 crore in lieu of GST compensation under the debt receipts with no repayment liability of the State.

Charts 1.4 depicts the trends in fiscal liabilities and total liabilities to GSDP ratio during the five-year period 2016-21.

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



Outstanding liabilities of the State increased from ₹ 8983.50 crore as on 31 March 2017 to ₹ 13,618.74 crore² as on 31 March 2021. Compared to previous year, the outstanding liabilities at the end of 2020-21 increased by 18.08 *per cent* (₹ 2084.96 crore).

Liabilities on the consolidated fund and public account increased by 23.24 *per cent* and 7.76 *per cent* respectively during 2020-21 as compared to the previous year. This was due to increase in increase in market loans (22.57 *per cent*) and loans and advances from the GoI (303.57 *per cent*).

State failed to achieve the target of 28 *per cent* (Total Outstanding Liabilities to GSDP ratio) as set by the MFRBM Act, 2006 during the period 2016-17 to 2020-21.

1.5 Fiscal Balance: Achievement of deficit and total debt targets

Deficit is an indicator of prudent fiscal management of the Government. Further, 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 2020-21. Three key fiscal parameters – Revenue, Fiscal and Primary Deficits - indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period.

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

² ₹ 13,730.74 *minus* ₹ 112 crore as Meghalaya State received back to back loan of ₹ 112 crore in lieu of GST compensation under debt receipts with no repayment liability of the State.

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

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

In accordance with the recommendations of XII FC, Government of Meghalaya (GoM) has enacted the Meghalaya Fiscal Responsibility and Budget Management (MFRBM) Act, 2006. The performance of the State during the period 2016-17 to 2020-21 in terms of key fiscal targets set for selected parameters as per the MFRBM Act, as amended in 2015, 2020 and 2021 *vis-à-vis* achievements are given in Table 1.6.

Table 1.6: Compliance with provisions of MFRBM Act

Fiscal Parameters	Fiscal targets set in the Act	Achievement				
		2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Maintain Revenue Surplus	602.41	850.80	-537.32	-151.60	-815.38
		✓	✓	✗	✗	✗
Fiscal Deficit (as percentage of GSDP)	Three <i>per cent</i> (2016-17 to 2018-19)	699.41 (2.55)	237.24 (0.80)	2026.08 (6.30)	1103.77 (3.18)	2603.56 (7.79)
	4.1 ³ <i>per cent</i> (2019-20)	✓	✓	✗	✓	✗
	5.00 ⁴ <i>per cent</i> (2020-21)					
Ratio of total outstanding debt to GSDP (in <i>per cent</i>)	28 <i>per cent</i> up to 2019-20 & 37.39 <i>per cent</i> ⁵ for 2020-21	32.74	32.14	31.73	31.54	40.73*
		✗	✗	✗	✗	✗

*Back to back loan of ₹ 112 crore received from GoI during the year 2020-21 in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP. As per GoI clarification⁶, this borrowing would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.

State Government was unable to maintain Revenue Surplus since 2018-19. Fiscal Deficit-GSDP ratio and Debt-GSDP ratio as targeted in the MFRBM were also not met. Fiscal Deficit at 7.79 *per cent* of GSDP was above the revised target (5 *per cent*) set under MFRBM Act, 2021. With regard to Debt-GSDP ratio, the State could not meet the projections in any of the years since 2016-17. Thus, the State Government is not paying any attention to financial prudence and consolidation.

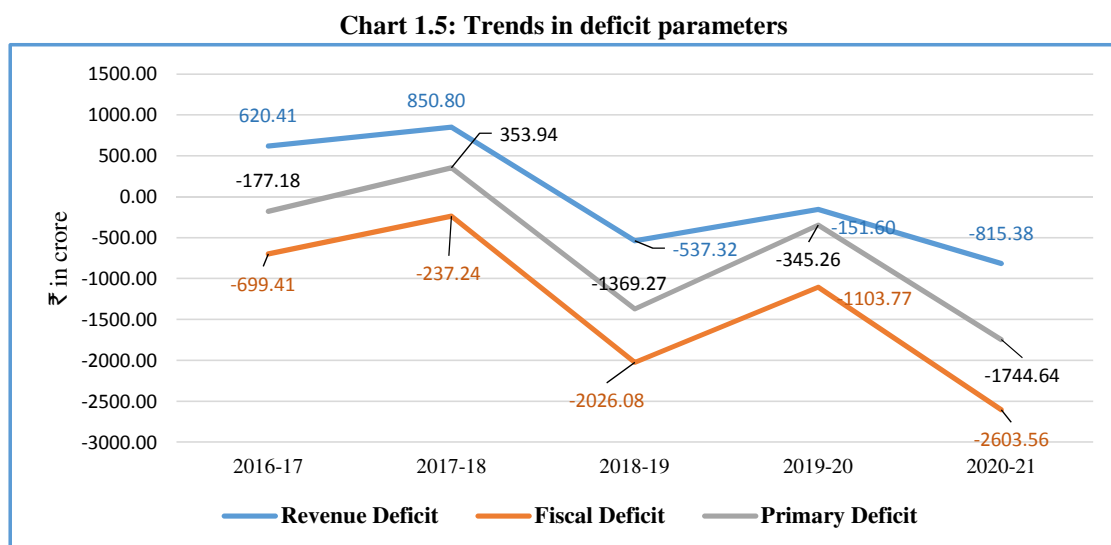
³ As per MFRBM (Amendment) Act, 2020.

⁴ As per MFRBM (Amendment) Act, 2021.

⁵ Target set by the Medium Term Fiscal Policy and Strategy Statement of State Budget 2020-21.

⁶ Government of India, Ministry of Finance, Department of Expenditure letter no. F. No.40(1) PF-S/2021-22 dated 10 December 2021.

Charts 1.5 depicts the trends in surplus/ deficit parameters during the five-year period 2016-21.



The State became Revenue Deficit during 2018-19 and the trend continued during 2019-20 and 2020-21 from a Revenue Surplus State in 2017-18, due to decrease in Revenue Receipts. During 2020-21, the Fiscal Deficit as *per cent* to GSDP increased to 7.79 *per cent* from 3.18 *per cent* in 2019-20. The Fiscal Deficit of 7.79 *per cent* in 2020-21 was higher than the fiscal target of 5 *per cent* set in the MFRBM (Amendment) Act, 2021.

During the five-year period, the ratio of total outstanding debt as percentage of GSDP has steadily been above the targeted ratio of 28 *per cent* of GSDP. During 2020-21, it rose by nine *per cent* to 40.73 *per cent* over 31.54 *per cent* in 2019-20.

1.6 Deficits after examination in Audit

Table 1.7 depicts the assessment of actual surplus/deficit after taking into account incorrect classifications/ bookings by the State Government in its accounts of 2020-21.

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

Item	Impact on Revenue Deficit		Impact on Fiscal Deficit	
	Overstatement (₹ in crore)	Understatement (₹ in crore)	Overstatement (₹ in crore)	Understatement (₹ in crore)
Non-payment of interest on the balances under interest bearing Reserve Funds and Deposits: NPS: ₹ 0.07 crore; SCAF: ₹ 5.55 crore; and SDRF: ₹ 1.91 crore	-	7.53	-	7.53
Short transfer to SDRF (Central and State share)	-	36.34	-	36.34
Total (Net) Impact	43.87 (Understatement)		43.87 (Understatement)	

Source: Notes to Accounts of Finance Accounts, 2020-21.

In view of the above, the Revenue Deficit and Fiscal Deficit of the State which were ₹ 815.38 crore and ₹ 2603.56 crore would actually be ₹ 859.25 crore and ₹ 2647.43 crore respectively.

1.7 Conclusion

The GSDP at current prices contracted by 3.69 *per cent*, from ₹ 34,716 crore in 2019-20 to ₹ 33,436 crore in 2020-21 as against the assessed growth of 9.50 *per cent* by the XV Finance Commission. The contraction of GSDP of Meghalaya (-3.69 *per cent*) was higher than the national GDP (-2.97 *per cent*).

The main driver of the state GSDP is the Services sector, contributing by more than half to the GSDP.

The State's Revenue Receipts (₹ 10,683.24 crore) as well as the Revenue Expenditure (₹ 11,498.62 crore) fell short of the BEs by ₹ 4669.35 crore (30 *per cent*) and ₹ 2928.96 crore (20 *per cent*) respectively. Similarly, Capital Expenditure (₹ 1815.85 crore) fell short of the BEs by ₹ 1013.60 crore. However, Capital Receipts of ₹ 2469.66 crore exceeded the BEs by ₹ 447.69 crore during the year.

Though the State Government had projected a Revenue Surplus of ₹ 925.01 crore in the BEs, the year ended with a Revenue Deficit of ₹ 815.38 crore. The Fiscal Deficit (₹ 2603.56 crore) was higher than the assessment made in the BEs (₹ 1877.11 crore) by ₹ 726.45 crore (39 *per cent*) while the Primary Deficit (₹ 1744.64 crore) was higher than the assessment made in the BEs (₹ 1033.94 crore) by ₹ 710.70 crore (69 *per cent*).

The State failed to achieve the targets set in the MFRBM Act. The Fiscal Deficit of 7.79 *per cent* in 2020-21 was higher than the fiscal target of 5 *per cent*. During the five-year period, the ratio of total outstanding debt as percentage of GSDP has steadily been above the target ratio of 28 *per cent* of GSDP up to 2019-20 and 37.39⁷ *per cent* of GSDP during 2020-21. During 2020-21, it rose by 9 *per cent* to 40.73 *per cent* over 31.54 *per cent* in 2019-20.

1.8 Recommendations

As the Services sector was the main driver of GSDP, the State Government should continue to act as a facilitator for private investment in this sector and create infrastructure for tourism development which will further augment the economic growth of the State.

The State needs to make efforts to achieve the targets set under MFRBM Act for better fiscal Management.

⁷ Set by the Medium Term Fiscal Policy and Strategy Statement of State Budget 2020-21.

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 period from 2016-17 to 2020-21, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State. Information was also obtained from the State Government where necessary. Information was also obtained from the State Government where necessary.

2.2 Major changes in Key fiscal aggregates during 2020-21 vis-à-vis 2019-20

Table 2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2020-21, compared to the previous year.

Table 2.1: Changes in key fiscal aggregates in 2020-21 compared to 2019-20

Revenue Receipts	Revenue Receipts increased by ₹ 1269.68 crore (13.49 per cent) Own Tax Receipts increased by ₹ 181.31 crore (9.58 per cent) Non-Tax Receipts decreased by ₹ 6.94 crore (1.31 per cent) State's Share of Union Taxes and Duties increased by ₹ 339.85 crore (8.07 per cent) Grants-in-Aid from Government of India increased by ₹ 755.50 crore (27.17 per cent)
Revenue Expenditure	Revenue Expenditure increased by ₹ 1933.50 crore (20.21 per cent) Revenue Expenditure on General Services increased by ₹ 333.27 crore (9.09 per cent) Revenue Expenditure on Social Services increased by ₹ 622.41 crore (16.71 per cent) Revenue Expenditure on Economic Services increased by ₹ 977.82 crore (45 per cent) Expenditure on Grants-in-Aid increased by ₹ 927.67 crore (32.20 per cent)
Capital Expenditure	Capital Expenditure increased by ₹ 832.46 crore (84.64 per cent) Capital Expenditure on General Services increased by ₹ 84.60 crore (177.25 per cent) Capital Expenditure on Social Services increased by ₹ 246.57 crore (84.13 per cent) Capital Expenditure on Economic Services increased by ₹ 1003.17 crore (167.50 per cent)
Loans and Advances	Disbursement of Loans and Advances increased by ₹ 38.12 crore (87.07 per cent) Recoveries of Loans and Advances decreased by ₹ 3.55 crore (11.34 per cent)
Public Debt	Public Debt Receipts increased by ₹ 945.87 crore (63.23 per cent) Repayment of Public Debt increased by ₹ 68.81 crore (16.43 per cent)
Public Account	Public Account Receipts increased by ₹ 933.00 crore (24.13 per cent) Disbursement of Public Account increased by ₹ 545.44 crore (13.47 per cent)
Cash Balance	Cash Balance decreased by ₹ 442.75 crore (73.15 per cent)

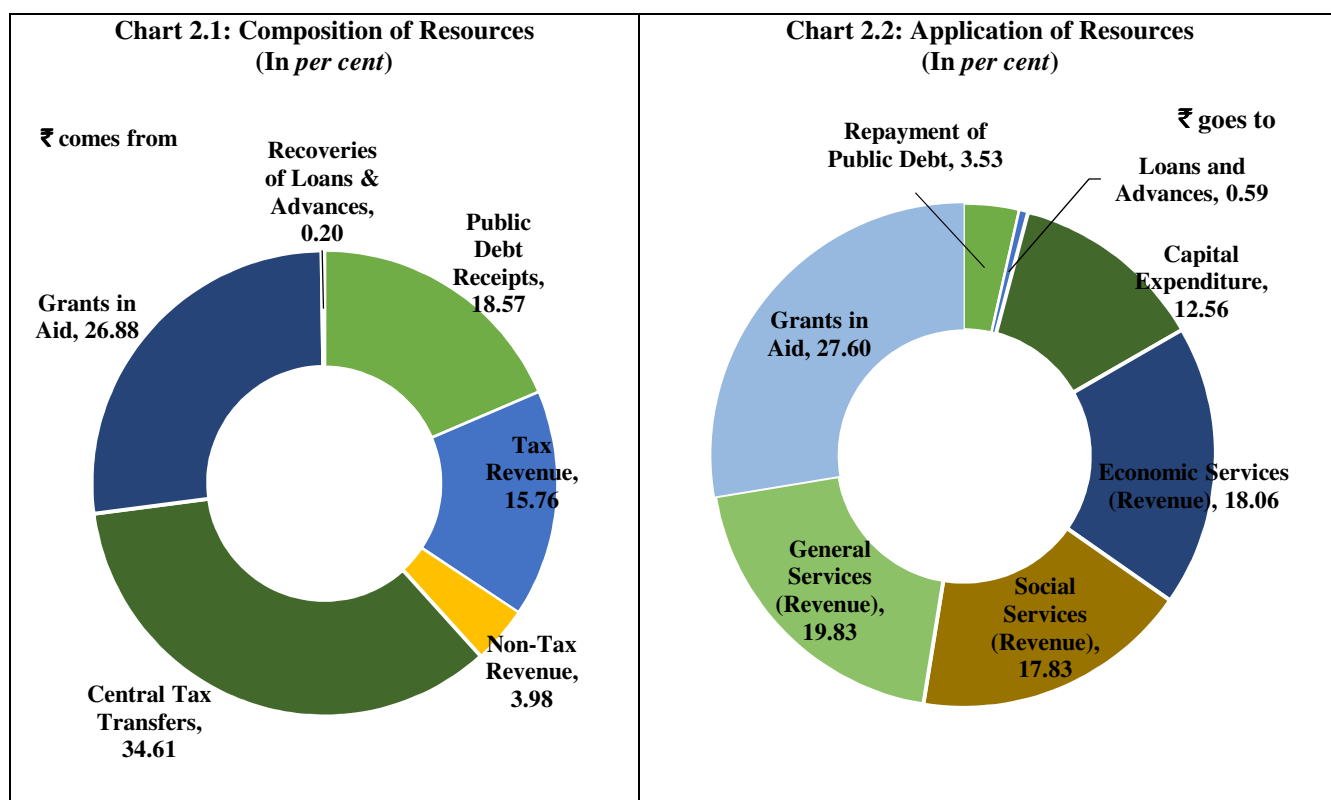
Each of the above fiscal aggregators are analysed in the succeeding paragraphs.

2.3 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2020-21 with 2019-20 in figures, while **Charts 2.1** and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2020-21 in terms of percentages.

Table 2.2: Details of Sources and Application of funds during 2019-20 and 2020-21

(₹ in crore)				
	Particulars	2019-20	2020-21	Increase (+)/ Decrease (-)
Sources	Opening Cash Balance with RBI	814.33	605.24	-209.09
	Revenue Receipts	9413.52	10683.24	1269.72
	Recoveries of Loans and Advances	31.32	27.77	-3.55
	Public Debt Receipts (Net)	1077.31	1954.37	877.06
	Public Account Receipts (Net)	-180.67	204.48	385.15
	Contingency Fund Receipts	-	1.96	1.96
	Total	11155.81	13477.06	2321.25
Application	Revenue Expenditure	9565.12	11498.62	1933.50
	Capital Expenditure	939.71	1734.05	794.34
	Disbursement of Loans and Advances	43.78	81.90	38.12
	Contingency Fund disbursement	1.96	-	-1.96
	Closing Cash Balance with RBI	605.24	162.49	-442.75
	Total	11155.81	13477.06	2321.25



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 the Government of India (GoI).

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

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

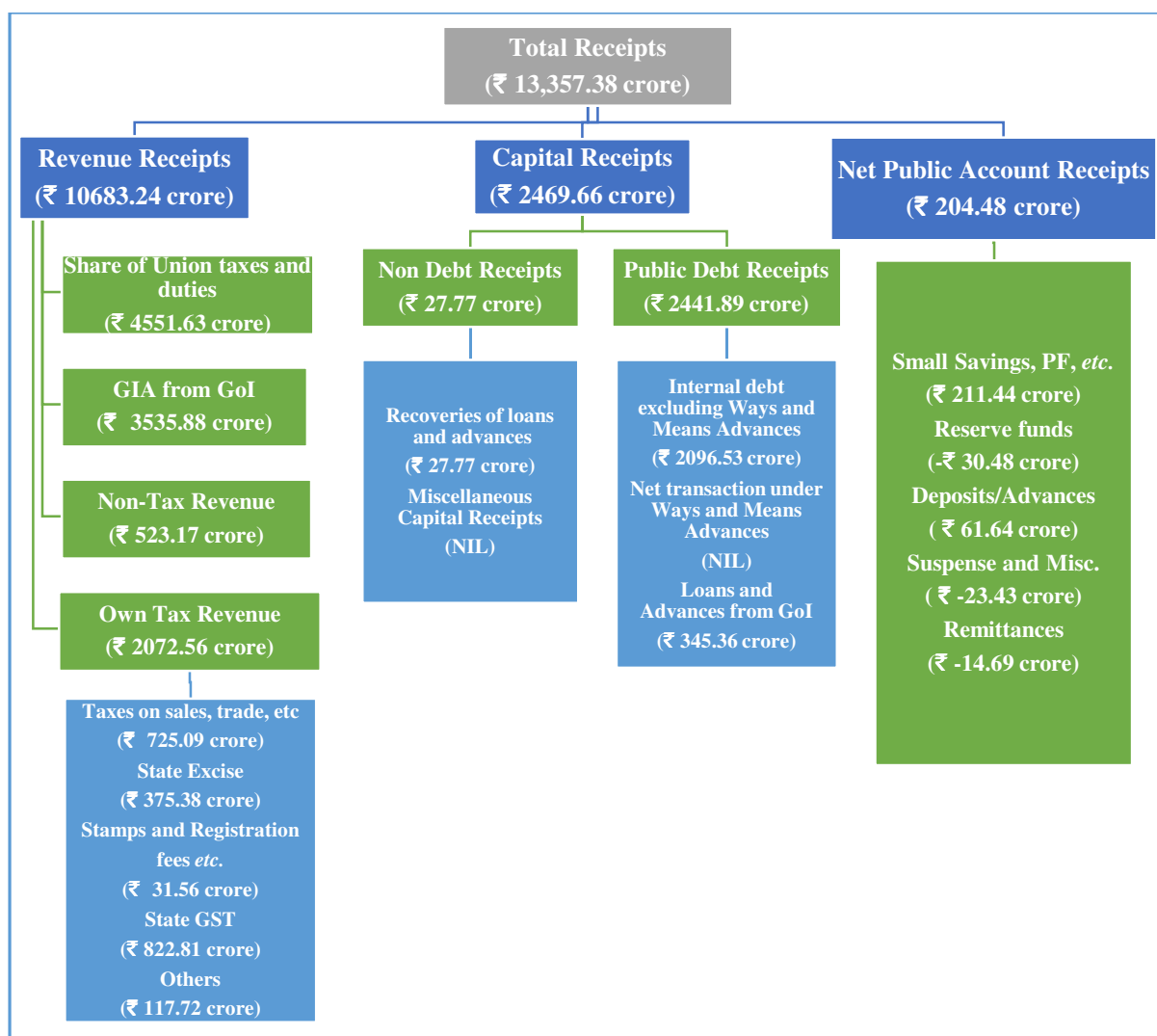
Net Public Account Receipts: There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund.

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

2.4.1 Receipts of the State

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

Chart 2.3: Composition of receipts of the State during 2020-21



The total receipts of the State for 2020-21 was ₹ 13,357.38 crore, of which ₹ 10,683.24 crore (80 *per cent*) came from Revenue Receipts, while ₹ 2,469.66 crore

(18 per cent) came from public debt receipts and recoveries of loans and advances, and ₹ 204.48 crore (2 per cent) from the net Public Account receipts.

2.4.2 State's Revenue Receipts

This paragraph discusses the trends in Revenue Receipts and its components. It is followed by 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 2016-21. Further, trends in Revenue Receipts relative to GSDP and components of Revenue Receipts are given in **Charts 2.4** and **2.5** respectively.

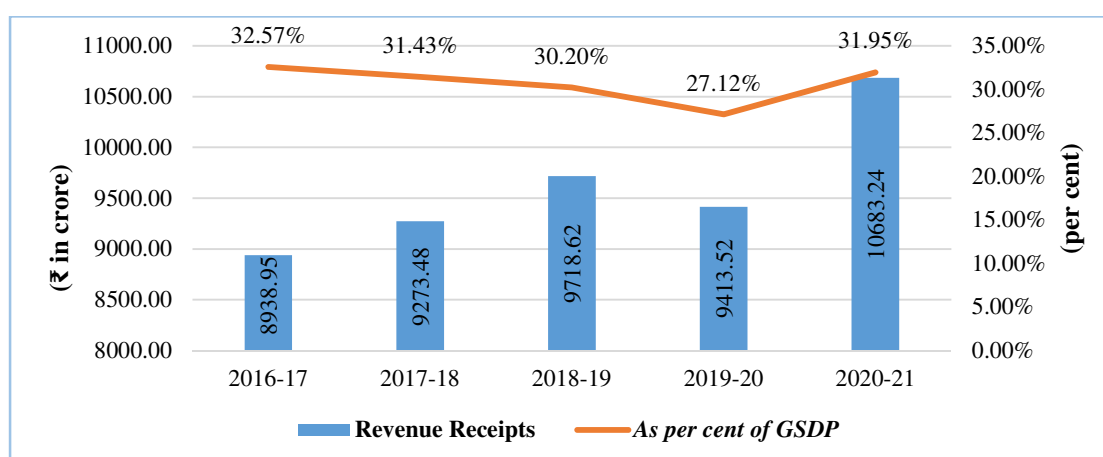
Table 2.3: Trend in Revenue Receipts

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Own Tax Revenue	1186.01	1450.10	1793.24	1891.25	2072.56
Non-Tax Revenue	685.24	366.63	427.70	530.11	523.17
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (per cent)	45.57	-2.91	22.25	9.02	7.20
Revenue Receipts (RR) (₹ in crore)	8938.95	9273.48	9718.62	9413.52	10683.24
Rate of growth of RR (per cent)	26.92	3.74	4.80	-3.14	13.49
Gross State Domestic Product (₹ in crore) (2011-12 Series)	27439	29508	32176	34716	33436
Rate of growth of GSDP (per cent)	9.24	7.54	9.04	7.89	-3.69
RR/GSDP (per cent)	32.57	31.43	30.20	27.12	31.95
Buoyancy Ratios ⁸					
Revenue Buoyancy w.r.t GSDP	2.91	0.43	0.53	-0.40	*
State's Own Revenue Buoyancy w.r.t GSDP	4.93	-0.39	2.46	1.14	*

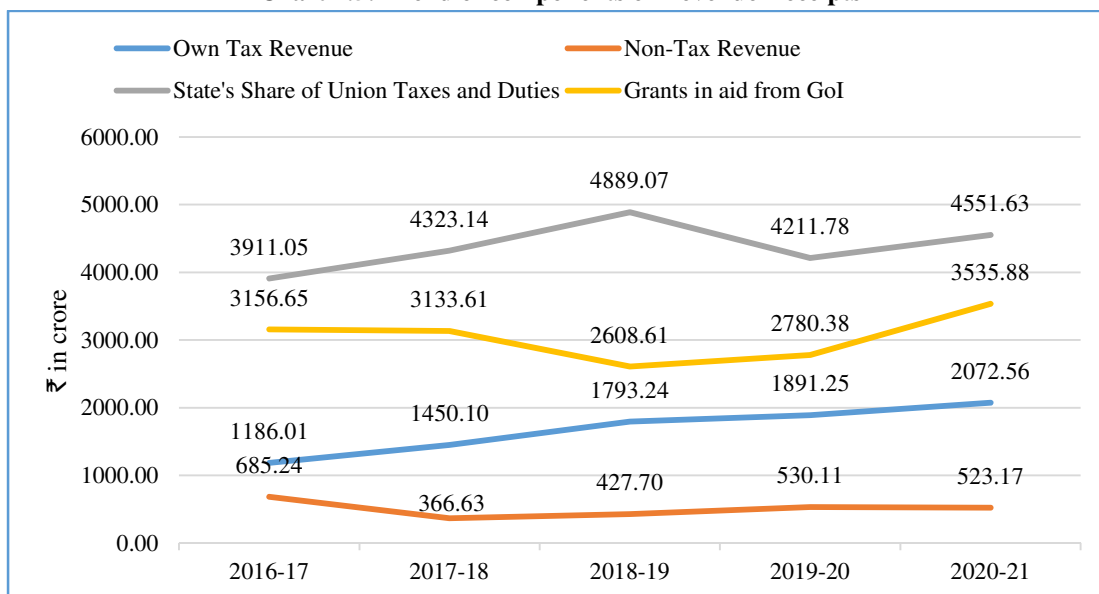
Source of GSDP figures: Department of Economics and Statistics, Government of Meghalaya.

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

Chart 2.4: Trend of Revenue Receipts as percentage of GSDP



⁸ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 1.85 implies that Revenue Receipts tend to increase by 1.85 percentage points, if the GSDP increases by one per cent.

Chart 2.5: Trend of components of Revenue Receipts

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

Revenue Receipts increased by 19.51 *per cent* from ₹ 8938.95 crore in 2016-17 to ₹ 10,683.24 crore in 2020-21 at an average compound annual growth rate of 4.43 *per cent*.

During 2020-21, State's own revenue has grown by 7.20 *per cent* compared to 9.02 *per cent* in the previous year. The share of Revenue Receipts in the GSDP increased from 27.12 *per cent* to 31.95 *per cent*. The Goods and Services Tax (GST) collection was ₹ 822.81 crore as compared to ₹ 909.78 crore in 2019-20, registering a decrease of ₹ 86.97 crore (9.56 *per cent*). State's share of Union Taxes & Duties and GIA from the GoI increased by ₹ 339.85 crore (8.07 *per cent*) and ₹ 755.50 crore (27.17 *per cent*) respectively during 2020-21 over the previous year.

About 24.29 *per cent* of the Revenue Receipts during 2020-21 came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 75.70 *per cent*. Hence, 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.

2.4.2.2 State's Own Resources

State's performance in mobilisation of additional resources is assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. State's own tax revenue sources comprises of Sales Tax, SGST, State Excise, Taxes on vehicles, Stamps duty and Registration fees, Land Revenue, Taxes on goods and passengers and Other taxes, while non-tax revenue sources include Interest Receipts, Dividends and Profits and Other non-tax receipts. State's own tax revenues comprised 19.40 *per cent* of total Revenue Receipts.

The gross collections in respect of major Tax and Non-Tax Revenue and their relative share in GSDP during 2016-21 are given in **Appendix 2.1** and **Chart 2.6**.

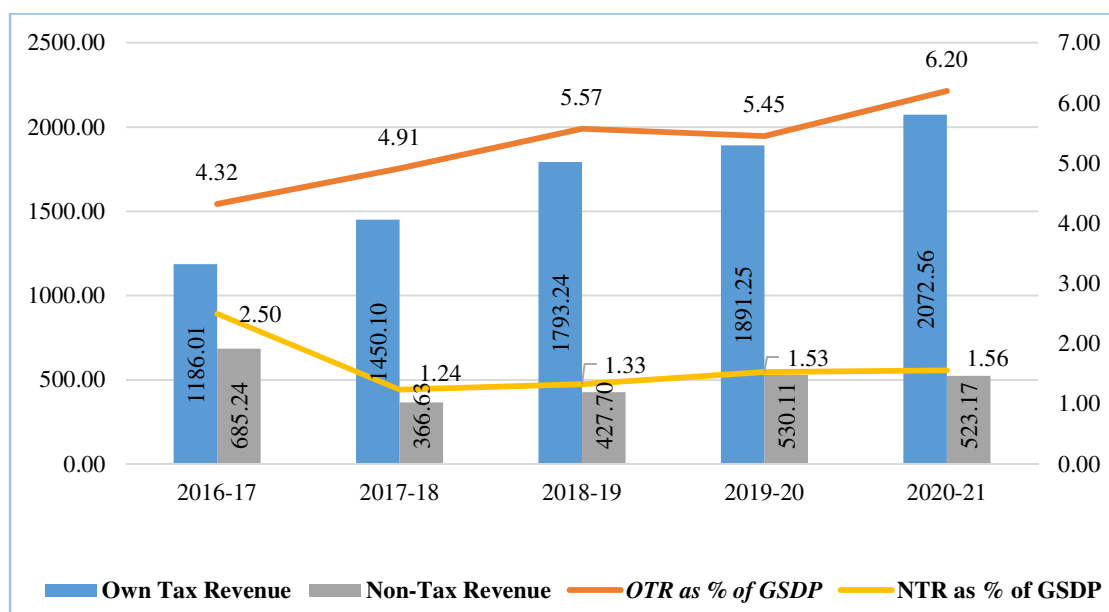
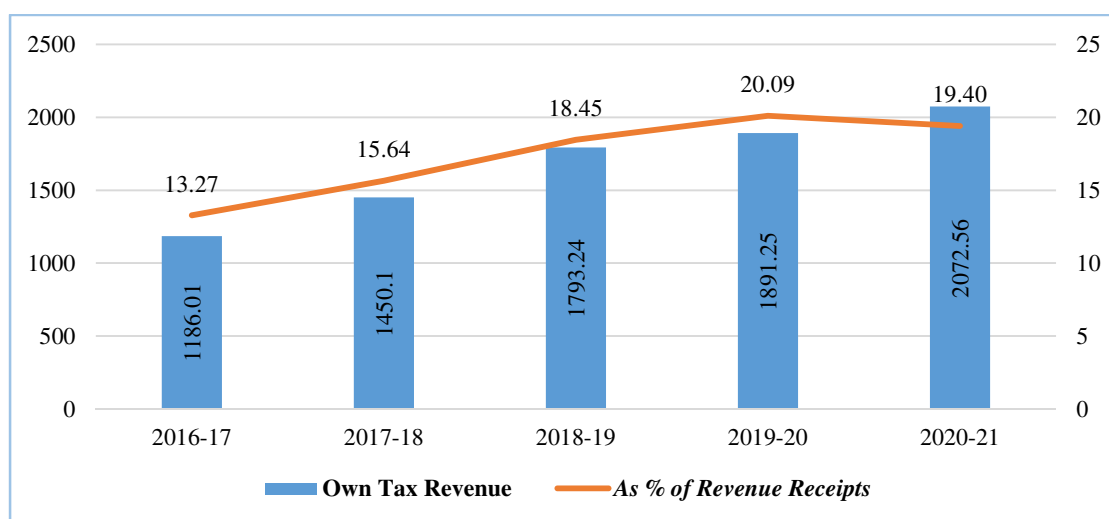
Chart 2.6: Gross collections of Own Tax and Non-Tax Revenue and their share in GSDP during 2016-21

Chart 2.7 and Table 2.4 present the growth and component of Own Tax Revenue of the State during the five-year period 2016-21.

Chart 2.7: Growth of Own Tax Revenue vis-à-vis Revenue Receipts during 2016-21**Table 2.4: Components of State's own tax revenue**

(₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	
					BEs	Actuals
Taxes on Sales, Trades, etc.	931.06	766.63	627.50	567.13	679.18	725.09
State Goods and Services Tax	0.00	376.00	805.96	909.78	1219.35	822.81
State Excise	168.98	199.30	226.21	276.27	312.50	375.38
Taxes on Vehicles	48.22	67.01	86.95	99.24	120.00	78.62
Stamp duty and Registration Fees	17.19	20.25	26.19	20.34	23.46	31.56
Land Revenue	1.27	2.08	2.73	1.00	2.20	21.29
Taxes on Goods and Passengers	0.00	7.83	8.45	9.13	9.97	10.72
Other Taxes	19.29	11.00	9.25	8.36	2417.89	7.09
Total	1186.01	1450.10	1793.24	1891.25	4784.55	2072.56

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

Own tax revenue of the State increased by ₹ 886.55 crore from ₹ 1186.01 crore in 2016-17 to ₹ 2072.56 crore in 2020-21 at an average compound annual growth rate of 14.98 *per cent*. The major contributors were SGST (₹ 376 crore to ₹ 822.81 crore), State Excise (₹ 168.98 crore to ₹ 375.38 crore), Taxes on vehicles (₹ 48.22 crore to ₹ 78.62 crore), Stamp duty and Registration fees (₹ 17.19 crore to ₹ 31.56 crore), Land Revenue (₹ 1.27 crore to ₹ 21.29 crore) and Taxes on goods and passengers (₹ 7.83 crore to ₹ 10.72 crore).

The contributors of Tax Revenue during 2020-21 were Goods and Services Tax (39.70 *per cent*), Sales Tax (34.99 *per cent*), State Excise (18.11 *per cent*), Taxes on vehicles (3.79 *per cent*), Stamp duty and Registration fees (1.52 *per cent*), taxes on goods and passengers (0.52 *per cent*) and other taxes including Land Revenue (1.37 *per cent*).

The increase in the own tax revenue over the previous year was mainly due to increase in collection of taxes under Sales Tax by ₹ 157.96 crore (27.85 *per cent*), State excise by ₹ 99.11 crore (35.87 *per cent*), Stamp duty and registration fees by ₹ 11.22 crore (55.16 *per cent*), Land Revenue by ₹ 20.29 crore (2029 *per cent*) and Taxes on Goods and Passengers by ₹ 1.59 crore (17.42 *per cent*). Collection of taxes reduced under SGST by ₹ 86.97 crore (9.56 *per cent*), taxes on vehicles by ₹ 20.62 crore (20.78 *per cent*) and other taxes by ₹ 1.27 crore (15.19 *per cent*).

2.4.2.3 State Goods and Services Tax (SGST)

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

In the four years during which the GST Act has been in effect, revenue collected by Government of Meghalaya through SGST has risen by ₹ 446.81 crore (119 *per cent*) from ₹ 376.00 crore in 2017-18 to ₹ 822.81 crore in 2020-21. The collections during 2020-21 included Advance Apportionment of IGST amounting to ₹ 60.33 crore. In addition, the State received ₹ 1364.27 crore as its share under Central Goods and Services Tax.

GST Compensation

According to GST (Compensation to the States) Act 2017, the Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation to be paid is calculated by taking into account the protected revenue⁹ with 2015-16 as the base year. In case of Meghalaya, the revenue during the base year 2015-16 was ₹ 636.17 crore. The protected revenue of the State for the year 2020-21 works out to ₹ 1224.89 crore.

Details of SGST and compensation received by the State during April 2020 to March 2021 is given in **Table 2.5**.

⁹ Protected revenue is calculated/ arrived at by taking into consideration the revenue collected during the base year (2015-16) *plus* 14.00 *per cent* increase for every following year.

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

(₹ in crore)

Particulars	Amount
Revenue to be protected	1224.89
State Goods & Service Tax	822.81
Collection of Pre-GST Taxes	18.38
Total Collection	841.19
Compensation to be received during the year	383.70
Compensation received	283.94

Source: Commissioner of Taxes, Government of Meghalaya.

Under the GST (Compensation to States) Act, 2017, the State Government received compensation of ₹ 171.94 crore as Grant-in-Aid and ₹ 112.00 crore as ‘back to back loan in lieu of GST Compensation shortfall’ under debt receipts of the State Government, with no repayment liability to the State. The compensation is provisional and subject to adjustment in subsequent financial year on receipt of audited figures.

Registration under Goods and Services Tax (GST)

The State had 30,599 registered dealers under the Meghalaya Value Added Tax (MVAT) Act as on 30 June 2017. The Taxation Department, during the period from 01 July 2017 to 31 March 2021, registered 30,108 dealers under the GST of which, registration of 1576 dealers under GST were cancelled. Thus, as on 31 March 2021 there were 28,532 registered dealers under GST with the State Taxation Department, out of which 8,586 GST registrations pertained to dealers who had migrated from MVAT to GST and 19,946 GST registrations were new addition.

Filing of GST Returns

The position of various GSTR returns to be filed and compliance by dealers during the period from 1 July 2017 to 31 March 2021 is as under:

Table 2.6: Position of various GSTR returns

Returns	Periodicity	Category of dealers to file	Total number of dealers	Total number of returns to be filed	Total number of returns actually filed	Percentage of returns filed
GSTR 1	Monthly	Regular	26317 ¹⁰	26317	12340	46.89
GSTR 3B	Monthly	Regular	26317	26317	18590	70.64
GSTR 7	Monthly	TDS	496	496	248	50.00
GSTR 8	Monthly	TCS	72	72	37	51.39
GSTR 9	Annual	Regular	16571	16571	9154	55.24
GSTR 9A	Annual	Composition	2876	2876	1267	44.05

Source: Information provided by Taxation Department.

From the table above, the following observations are made:

The filing of GSTR 1 and GSTR 3B returns is mandated under Section 37 and 39(1) of the Meghalaya Goods and Services Tax (MGST) Act. GSTR 1 and GSTR 3B are monthly returns required to be filed by Regular dealers. However, it was seen that the number of GSTR 3B returns filed (70.64 per cent of the returns due for submission)

¹⁰ Total number of GST dealers as on 31 March 2021 was 28,532. However, the number of total Returns (GSTR-1 & 3B) to be filed was 26,317 as Dealers filling GSTR-4,5,6 & 7 are not required to file GSTR-1 & 3.

were higher than the GSTR 1 returns filed (46.89 *per cent*) during the same period. The filing of GSTR 9 and GSTR 9A returns accounts for only 55.24 *per cent* and 44.05 *per cent* of the returns due for submission respectively.

The GSTR 7 (Tax Deducted at Source) and GSTR 8 (Tax Collection at Source i.e., e-commerce dealers) returns filed during the period aggregated only 50 *per cent* and 51.39 *per cent* respectively.

Arrears of revenue and arrears of assessment

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

The arrears of revenue as on 31 March 2021 under some principal heads of revenue were ₹ 270.59 crore, as detailed in **Table 2.7**.

Table 2.7: Details of arrears of revenue collection

(₹ in crore)			
Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2021	Amount outstanding for more than five years as on 31 March 2021
1	0040-Taxes on Sale, Trade, etc.	250.25	193.02
2	0039-State Excise	4.18	5.24
3	8782-Forest Remittance	16.16	8.38
	Total	270.59	206.64

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

From the table above, it could be seen that recovery of ₹ 270.59 crore was pending against three principal heads of revenue, which was 10.42 *per cent* of the State's own revenue collection (Own Tax Revenue: ₹ 2072.56 crore + Non-tax Revenue: ₹ 523.17 crore) for 2020-21. Revenue amounting to ₹ 206.64 crore (76 *per cent* of the total revenue arrears) was pending for recovery for more than five years.

The periodical tax returns filed by the dealers under 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 in the prescribed time limit. Since the MVAT has been replaced with Meghalaya SGST *w.e.f.* 01 July 2017, it is important that the assessments under the previous tax regime are completed and revenue arrears are recovered.

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

Table 2.8: Arrears of assessments of VAT

Head of revenue	Opening balance as on 1 April 2020	New cases due for assessment during 2020-21	Total assessments due	Cases disposed of during 2020-21	Balance at the end of the year
0040-Taxes on Sales, Trade, etc.	90683	234	90917	6561	84356

Source: Information received from the Taxation Department.

From the table above, it is seen that only 6561, i.e. 7.22 per cent of the total pending cases were disposed off during 2020-21. There were 84,356 cases (92.78 per cent) pending for assessment at the end of the year. Government should put in place a mechanism to expedite the disposal of cases pending for assessment, before expiry of the statutory period.

Details of evasion of tax detected by Department refund cases etc.

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 2020-21 are given in the table below:

Table 2.9: Evasion of Tax Detected

Sl. No.	Head of revenue	Cases pending as on 31 March 2020	Cases detected during 2020-21	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 2021
					No. of cases	Amount of demand (₹ in crore)	
1.	0040 – Taxes/VAT on sales, Trade	Nil	106	106	59	0.19	47
2	0006 – SGST	Nil	Nil	Nil	Nil	Nil	Nil

Source: Information furnished by Taxation Department.

It could be seen from the above table that during the year 2020-21, the Department detected 106 cases of evasion of tax. Out of 106 cases, only 59 cases were assessed/ investigated and completed and an additional amount of ₹ 0.19 crore was collected. As on 31 March 2021, 47 cases were still pending.

Pendency of Refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department. The number of refund cases pending at the beginning of the year 2020-21, claims received during the year, refunds made during the year and cases pending at the end of the year 2020-21, as reported by Taxation Department are given in the table below:

Table 2.10: Details of refund cases of Sales Tax/VAT& GST (₹ in crore)

Sl. No.	Particulars	Sales tax/VAT		GST	
		Number of cases	Amount	Number of cases	Amount
1.	Claims outstanding at the beginning of the year	11	2.65	86	22.18
2.	Claims received during the year	8	1.40	147	33.01
3.	Refunds made during the year	4	0.61	113	27.24

Sl. No.	Particulars	Sales tax/VAT		GST	
		Number of cases	Amount	Number of cases	Amount
4.	Refunds rejected during the year	-	-	3	0.23
5.	Balance outstanding at the end of year	15	3.44	117	27.72

Source: Information furnished by Taxation Department.

It could be seen that out of 19 cases, refunds in only four cases (21.05 *per cent*) in case of sales tax/VAT and 113 (48.50 *per cent*) out of 233 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 Non Tax Revenue

Table 2.11 presents the component-wise details of Non-Tax Revenue collected during the years 2016-21.

Table 2.11: Components of State's non-tax revenue (₹ in crore)

Revenue Head	2016-17	2017-18	2018-19	2019-20	2020-21	
					BEs	Actuals
Interest receipts	46.25	52.50	58.26	28.91	60.57	11.53
Dividends and Profits	0.11	0.11	0.11	0.14	0.23	-
Other Non-Tax Receipts	638.88	314.02	369.33	501.06	629.49	511.64
a) Non-ferrous Mining and Metallurgy*	469.52	207.88	147.56	322.84	400.66	246.44
b) Forestry and Wildlife	103.99	55.61	78.31	81.27	120.00	102.12
c) Other Administrative Services	3.11	3.76	9.25	41.30	8.69	26.98
d) Public Works	10.22	17.01	17.64	9.78	20.58	7.05
e) Police	25.21	4.51	16.27	8.17	9.53	7.29
f) Animal Husbandry	1.59	1.85	2.10	1.91	3.03	1.96
g) Crop Husbandry	3.46	4.49	6.71	2.29	10.40	2.03
h) Others	21.78	18.91	91.49	33.50	56.60	117.77
Total	685.24	366.63	427.70	530.11	690.29	523.17

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

During 2016-17 to 2020-21, Non-Tax Revenue declined by 23.65 *per cent* from ₹ 685.24 crore in 2016-17 to ₹ 523.17 crore in 2020-21. During 2020-21, it decreased by ₹ 6.94 crore (-1.31 *per cent*) over the previous year. There were no receipts under dividends and profits. Non-ferrous Mining and Metallurgy¹¹ receipts decreased by ₹ 76.40 crore (23.66 *per cent*), Interest Receipts decreased by ₹ 17.38 crore (60.12 *per cent*) and receipts under Other Administrative Services decreased by ₹ 14.32 crore (34.67 *per cent*).

State's performance in mobilisation of resources

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

¹¹ It is MH 0853- Non-Ferrous Mining and Metallurgy which includes mineral concession fees, rents & royalties and Mines Department.

tax and non-tax receipts for the year 2020-21 *vis-à-vis* assessments made by the XV FC and the State Government in BEs are given below:

Table 2.12: Tax and non-tax receipts *vis-à-vis* projections (₹ in crore)

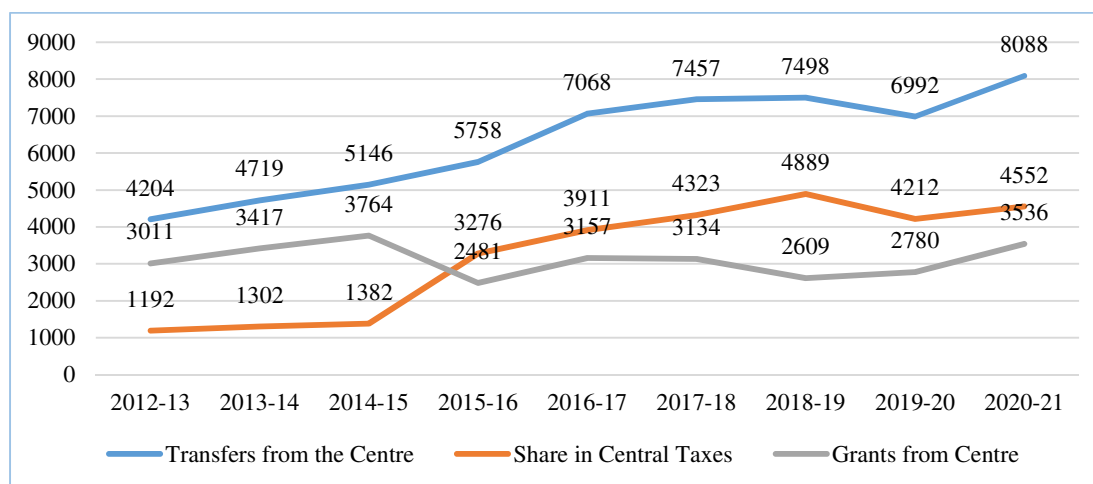
	FC projections	Budget Estimates 2020-21	Actuals	Percentage variation of actuals over	
				Budget Estimates	FC projections
Own Tax revenue	2238.00	2376.98	2072.56	-12.81	-7.39
Non-tax revenue	473.00	690.29	523.17	-24.21	10.61

During the year, tax revenue was 7.39 *per cent* lower than the assessment made by the XV FC and 12.81 *per cent* lower than the projection made in the BEs. The non-tax revenue was 10.61 *per cent* higher than the projection of XV FC and 24.21 *per cent* lower than the assessment made in the BEs for the year.

2.4.2.5 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 75.71 *per cent* of total Revenue Receipts during 2020-21. **Chart 2.8** presents the trend in transfers from Government of India.

Chart 2.8: Trend in transfers from Centre



Central tax transfer

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

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

The details of Central tax transfers to the State during 2016-21 are given in **Table 2.13**.

Table 2.13: Central Tax Transfers

Head	2016-17	2017-18	2018-19	2019-20	(₹ in crore)	
					BEs	Actuals
Central Goods and Services Tax (CGST)	-	61.44	1206.74	1195.17	1815.73	1364.27
Integrated Goods and Services Tax (IGST)	-	436.56	96.30	Nil	0	Nil
Corporation Tax	1254.73	1324.23	1700.27	1436.04	1845.27	1364.90
Taxes on Income other than Corporation Tax	872.03	1118.20	1252.18	1125.24	1715.77	1398.24
Customs	539.73	436.40	346.56	266.97	374.43	249.50
Union Excise Duties	616.32	456.20	230.32	185.63	244.64	154.13
Service Tax	625.36	490.15	44.70	Nil	3.20	17.73
Other Taxes ¹²	2.88	-0.04	12.00	2.73	2376.92	2.86
Central Tax transfers	3911.05	4323.14	4889.07	4211.78	8375.96	4551.63
Percentage of increase over previous year	19.37	10.54	13.09	-13.85	-	8.07
Central tax transfers as Per cent to Revenue Receipts	43.75	46.62	50.31	44.74	-	42.61

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

Over the five-year period 2016-21, Central tax transfers increased by 16.38 per cent from ₹ 3911.05 crore in 2016-17 to ₹ 4551.63 crore in 2020-21. The central tax transfers during the year increased by ₹ 339.85 crore (8.07 per cent) as compared to the previous year.

Grants-in-Aid from GoI

Grants-in-Aid (GIA) received by the State Government from GoI during 2016-21 are detailed in Table 2.14.

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

Head	2016-17	2017-18	2018-19	2019-20	(₹ in crore)	
					BEs	Actuals
Non-Plan Grants	640.47	-	-	-	-	-
Grants for State Plan Schemes	2263.52	-	-	-	-	-
Grants for Central Plan Schemes*	19.33	-	-	-	-	-
Grants for Centrally Sponsored Schemes (CSS)	-	2145.85	2011.17	2314.17	-	2554.41
Grants for Special Plan Schemes	95.14	-	-	-	-	-
Grants for CSS (Plan) Schemes	138.19	-	-	-	-	-
Finance Commission Grants	-	499.96	225.60	63.93	-	708.51
Other transfers/Grants to States/Union Territories with Legislature	-	487.80	371.84	402.28	-	275.96
Total	3156.65	3133.61	2608.61	2780.38	6286.34	3535.88
Percentage of increase over the previous year	27.22	-0.73	-16.75	6.58	-	27.17
Per cent of GIA to Revenue Receipts	35.14	33.79	26.84	29.54	-	33.10

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

*There are no figures since the nomenclature of plan and non-plan grants was removed with effect from the year 2017-18 and replaced by Grants for CSS, Finance Commission Grants and Other Grants to States.

The total amount transferred by the Central Government to the State during the year 2020-21 was ₹ 3535.88 crore (including amount transferred through RBI and other sources). Out of this, ₹ 1244.29 crore (As per PFMS portal of CGA) was directly received by the implementing agencies in the State and ₹ 101.47 crore (PM-KISAN)

¹² Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services.

was transferred directly to the beneficiaries. Grants-in-Aid from GoI increased by ₹ 755.50 crore (27.17 per cent) during the year compared to the previous year, constituting 33.10 per cent of Revenue Receipts during the year 2020-21. Grants for Centrally Sponsored Schemes (₹ 2554.41 crore) to the State constituted 72.24 per cent of the total grants received during the year. While there was a substantial increase in Finance Commission (FC) Grants (₹ 644.58 crore) during the year as compared to previous year. FC Grants (₹ 708.51 crore) to the State were provided for Urban Local Bodies (ULBs) and State Disaster Response Fund (SDRF) and constituted 20.03 per cent of total grants received during the year.

Fourteen/Fifteenth Finance Commission Grants

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

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

(₹ in crore)

Transfers	Recommendation of		Actual release by GoI			Release by State Government		
	XIV FC 2015-20	XV FC 2020-21	2015-20	2020-21	Total	2015-20	2020-21	Total
(a) General Basic (Untied) Grant	25.22	44.00	25.22	44.00	69.22	25.22	44.00	69.22
(b) Performance (Tied) Grant	6.30	44.00	-	-	-	-	-	-
Total for ULBs	31.52	88.00	25.22	44.00	69.22	25.22	44.00	69.22
(a) General Basic (Untied) Grant	-	91.00	-	91.00	91.00	-	91.00	91.00
(b) Performance (Tied) Grant	-	91.00	-	45.50	45.50	-	-	-
Total for RLBs	-	182.00	-	136.50	136.50	-	91.00	91.00
SDRF/SDRMF*	134.00	73.00	119.70	66.00	185.70	133.00	73.32	206.32
Grand Total	165.52	343.00	144.92	246.50	391.42	158.22	208.32	366.54

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

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

Out of ₹ 508.52 crore (₹ 165.52 crore + ₹ 343.00 crore) recommended by the XIV/XV FCs, actual release by the State Government was ₹ 366.54 crore (72 per cent) leaving a gap of ₹ 141.98 crore.

2.4.3 Capital Receipts

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

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

Table 2.16: Trend in growth and composition of Capital Receipts

(₹ in crore)

Sources of State's Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
Capital Receipts	1229.24	1242.59	1342.70	1527.34	2469.66
Miscellaneous Capital Receipts	NIL	NIL	NIL	NIL	NIL
Recovery of Loans and Advances	18.81	17.45	18.01	31.32	27.77
Net Public Debt Receipts	1210.43	1225.14	1324.69	1496.02	2441.89

Sources of State's Receipts	2016-17	2017-18	2018-19	2019-20	2020-21
Internal Debt	1206.16	1218.47	1302.28	1480.24	2096.53
Growth rate	44.50	1.02	6.88	13.67	41.63
Loans and advances from GoI	4.27	6.67	22.41	15.78	345.36 ¹³
Growth rate	91.48	56.21	235.98	-29.59	2088.59
Rate of growth of debt Capital Receipts	44.63	1.22	8.13	12.93	63.23
Rate of growth of non-debt Capital Receipts	-1.42	-7.23	3.21	73.90	-11.34
Rate of growth of GSDP	9.24	7.54	9.04	7.89	-3.69
Rate of growth of Capital Receipts (per cent)	43.60	1.09	8.06	13.75	61.70

Source: Finance Accounts.

Capital Receipts increased by 100.91 *per cent* from ₹ 1229.24 crore in 2016-17 to ₹ 2469.66 crore in 2020-21. Major portion of Capital Receipts comprises of Public debt receipts which create future repayment obligation and are taken from Market, Financial Institutions and Central Government.

Capital Receipts increased by 61.70 *per cent* from ₹ 1527.34 crore in 2019-20 to ₹ 2469.66 crore in 2020-21 on account significant rise in loans and advances from GoI ₹ 329.58 crore (2089 *per cent*) and internal debt ₹ 616.29 crore (42 *per cent*).

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

The Total Expenditure, its composition and relative share in GSDP during the years 2016-17 to 2020-21 is presented in **Table 2.17**.

Table 2.17: Total expenditure and its composition

(₹ in crore)

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	9657.17	9428.17	11762.71	10548.61	13314.56
Revenue Expenditure (RE)	8336.54	8422.68	10255.94	9565.12	11498.62
Capital Expenditure (CE)	1289.80	983.44	1417.28	939.71	1734.05
Loans and Advances	30.83	22.05	89.49	43.78	81.90
As a percentage of GSDP					
TE/GSDP	35.20	31.95	36.56	30.39	39.82
RE/GSDP	30.38	28.54	31.87	27.55	34.39
CE/GSDP	4.70	3.33	4.40	2.71	5.19
Loans and Advances/GSDP	0.11	0.07	0.28	0.13	0.25

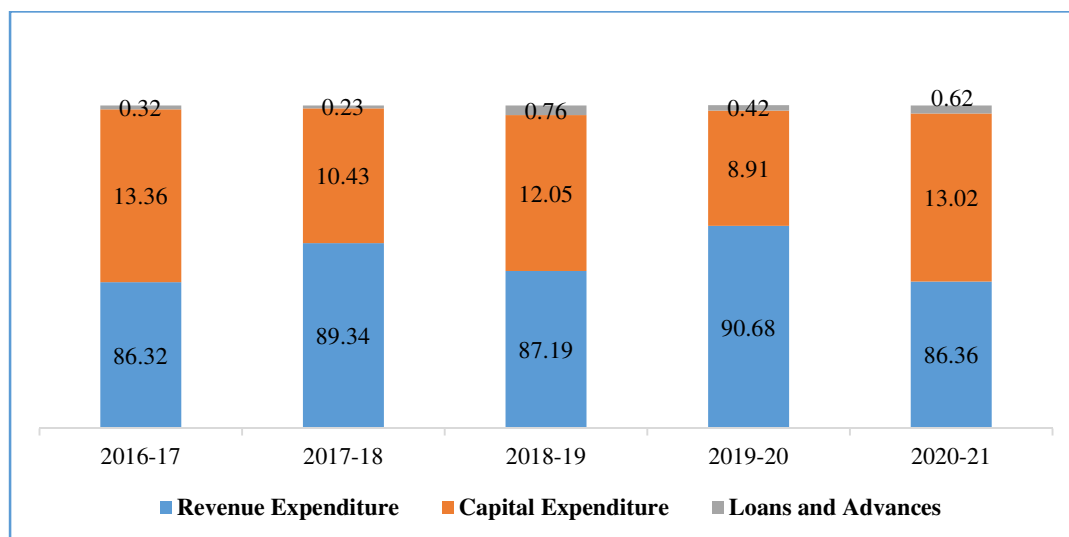
The above table shows that Total Expenditure (comprising of Revenue Expenditure, Capital Expenditure and disbursement of Loans and Advances) of the State increased by 37.87 *per cent* from ₹ 9657.17 crore in 2016-17 to ₹ 13314.56 crore in 2020-21.

¹³ Meghalaya received back to back loan of ₹ 112 crore under the debt receipts of the State Government with no repayment liability of the State.

During 2020-21, it was observed that Capital Expenditure had increased significantly as compared to previous year, with its share as a percentage of GSDP increasing from 2.71 per cent during 2019-20 to 5.19 per cent during 2020-21.

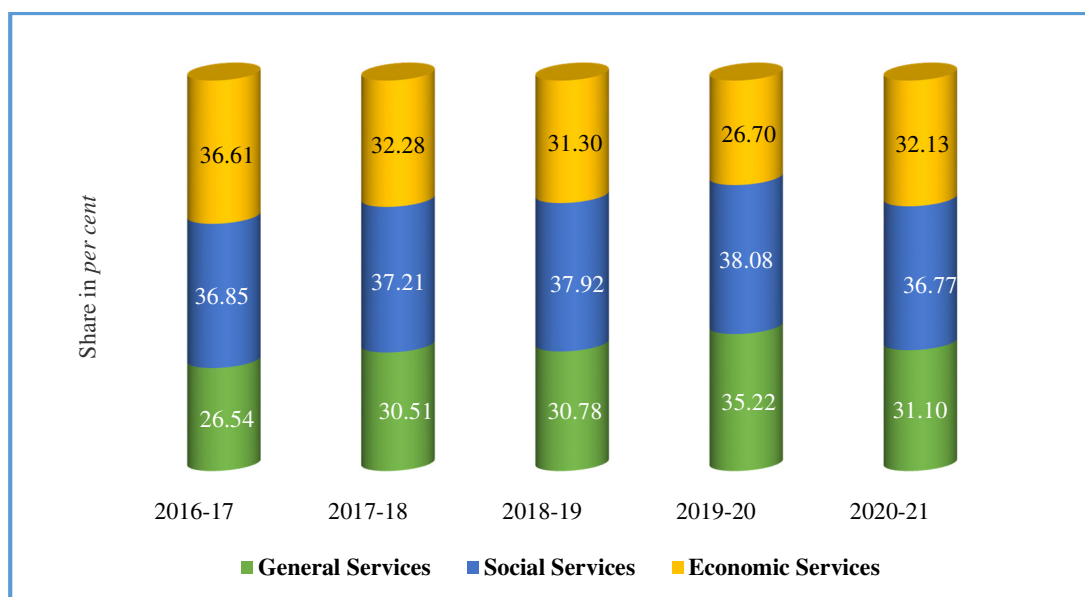
Charts 2.9 and 2.10 present the trends in Total Expenditure relative to the share of its components and activities during the years 2016-17 to 2020-21.

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



Source: Finance Accounts.

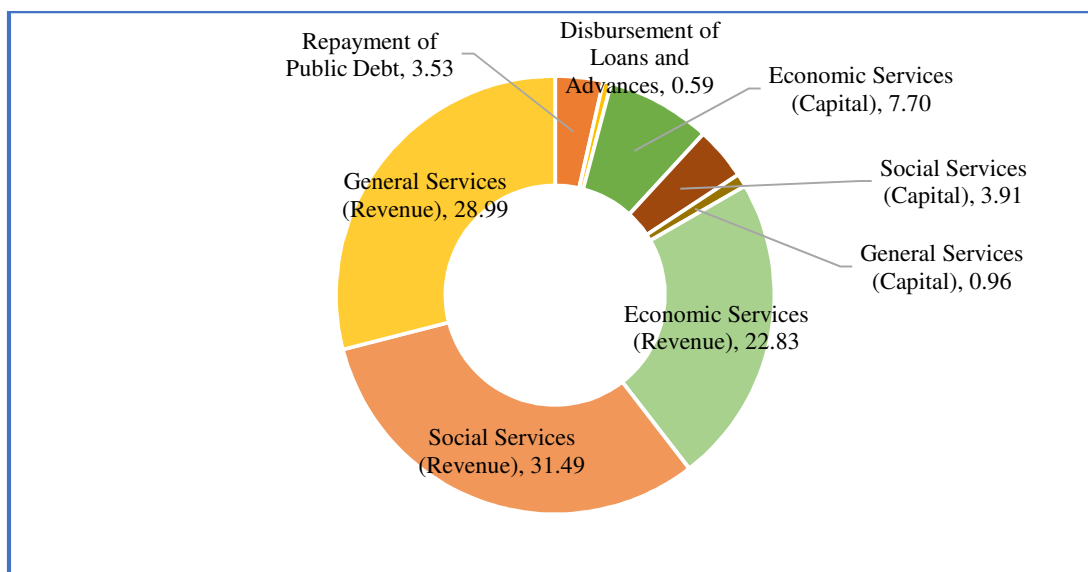
Chart 2.10: Total expenditure - Expenditure by activities



Source: Finance Accounts.

Chart 2.11 present the composition of expenditure during the year 2020-21.

Chart 2.11: Pie Chart for the composition of expenditure (in per cent)



Source: Finance Accounts.

It is evident from the above chart that Revenue Expenditure as a percentage of Total Expenditure decreased from 91 *per cent* in 2019-20 to 86 *per cent* in 2020-21 and Capital Expenditure as a percentage of Total Expenditure increased from 9 *per cent* in 2019-20 to 13 *per cent* in 2020-21. In terms of activities, Total expenditure is composed of expenditure on General Services, Social services, Economic Services and other expenditure.

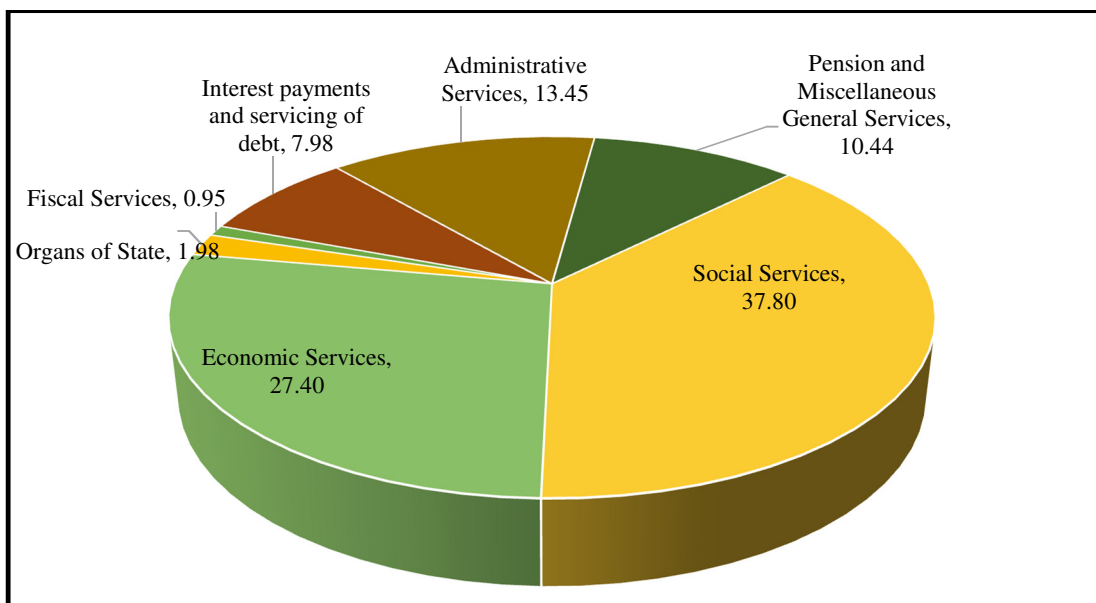
2.5.2 Revenue Expenditure

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. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy *vis-à-vis* GSDP and Revenue Receipts are indicated in **Table 2.18** and the sectoral distribution of Revenue Expenditure pertaining to 2020-21 is given in **Chart 2.12**.

Table 2.18: Revenue Expenditure – Basic Parameters

(₹ in crore)					
Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	9657.17	9428.17	11762.71	10548.61	13314.56
Revenue Expenditure (RE)	8336.54	8422.68	10255.94	9565.12	11498.62
Rate of Growth of RE (<i>per cent</i>)	31.33	1.03	21.77	-6.74	20.21
Revenue Expenditure as percentage of TE	86.32	89.34	87.19	90.68	86.36
RE/GSDP (<i>per cent</i>)	30.38	28.54	31.87	27.55	34.40
RE as percentage of RR	93.26	90.83	105.53	101.61	107.63
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	3.39	0.14	1.62	-0.73	-5.48
Revenue Receipts (ratio)	1.14	0.32	4.54	2.15	1.50

Source: Finance Accounts of respective years.

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

Source: Finance Accounts.

On an average, Revenue Expenditure formed 87.98 *per cent* of the Total Expenditure during the period 2016-21.

During 2020-21, Revenue Expenditure (₹ 11,498.62 crore) increased by ₹ 1933.50 crore over the previous year while RE as percentage of GSDP increased to 34.40 *per cent* from 27.55 *per cent*.

An analysis of the reasons for substantial increase in Revenue Expenditure as compared to the previous year, showed that an increase of expenditure of more than ₹ 100 crore in four Major Heads under General, Economic and Social Services, led to gross increase of Revenue Expenditure by ₹ 795.64 crore. This increase accounted for 41.15 *per cent* of total increase in Revenue Expenditure (₹ 1933.50 crore) during 2020-21, as detailed in **Table 2.19**:

Table 2.19: Substantial increase in Revenue Expenditure (more than ₹ 100 crore)
Major Head-wise (₹ in crore)

Sl. No.	Major Head	Expenditure		Increase	
		2019-20	2020-21	Amount	Percentage
General Services					
1.	2049 – Interest Payments	758.51	858.91	100.40	13.24
Social Services					
1.	2210 – Medical and Public Health	755.96	1104.76	348.80	46.14
2.	2505 – Rural Employment	529.72	641.66	111.94	21.13
Economic Services					
1.	3451 – Secretariat Economic Services	248.35	482.85	234.50	94.42
	Total	2292.54	3088.18	795.64	34.71

Source: Finance Accounts 2020-21.

Thus, the increase in Revenue Expenditure as percentage of Revenue Receipts from 101.61 *per cent* in 2019-20 to 107.63 *per cent* in 2020-21 has further deteriorated the Fiscal Deficit gap from 3.18 *per cent* in 2019-20 to 7.79 *per cent* in 2020-21.

Committed Expenditure

The committed expenditure of the State Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. The MFRBM Act, 2006, prescribes that there should be a Revenue Surplus, it is challenging to achieve it, given that a large proportion of Revenue Expenditure goes into committed items like salaries and wages, interest payments and pensions.

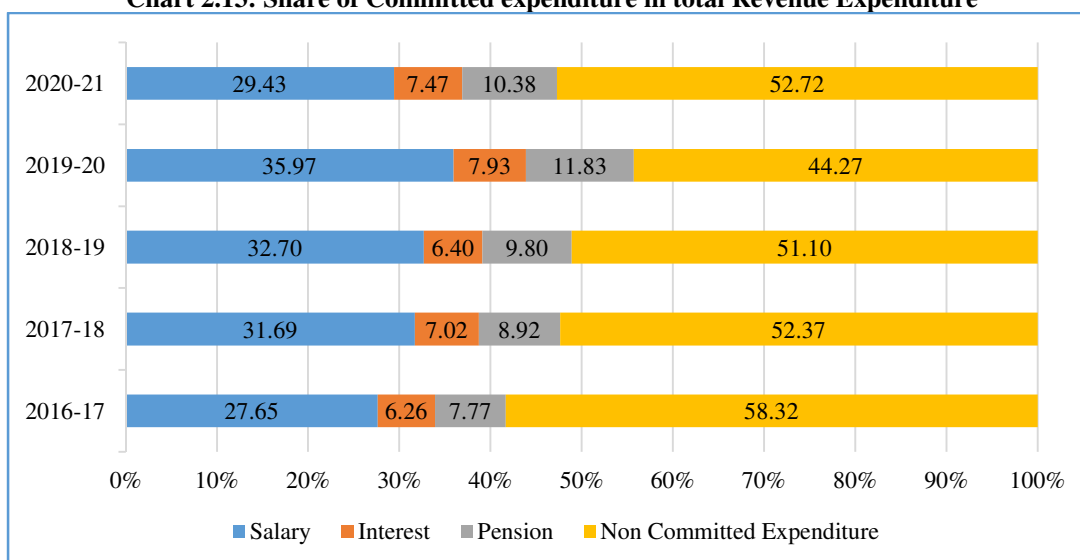
Table 2.20 presents the trends in the components of committed expenditure during 2016-21. Percentage of committed expenditure to Revenue Expenditure during 2016-21 is given in **Chart 2.13**.

Table 2.20: Components of Committed Expenditure

	(₹ in crore)				
Components of Committed Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries & Wages	2305.16	2669.48	3353.65	3440.17	3383.67
Expenditure on Pensions	647.85	750.90	1004.91	1131.56	1193.61
Interest Payments	522.23	591.18	656.81	758.51	858.92
Total	3475.24	4011.56	5015.37	5330.24	5436.20
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	25.79	28.79	34.51	36.54	31.67
Expenditure on Pensions	7.25	8.10	10.34	12.02	11.17
Interest Payments	5.84	6.37	6.76	8.06	8.04
Total	38.88	43.26	51.61	56.62	50.88
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	27.65	31.69	32.70	35.97	29.43
Expenditure on Pensions	7.77	8.92	9.80	11.83	10.38
Interest Payments	6.26	7.02	6.40	7.93	7.47
Total	41.68	47.63	48.90	55.73	47.28

Source: Finance Accounts

Chart 2.13: Share of Committed expenditure in total Revenue Expenditure



As can be seen from the details tabulated above, the committed expenditure during the current year was 47.28 per cent of Revenue Expenditure, while it accounted for 50.88 per cent of the Revenue Receipts of the State. The details of various component of the committed expenditure are discussed below.

Salaries and Wages

There was a decrease of ₹ 56.50 crore (1.64 *per cent*) in expenditure on salaries & wages during 2020-21 as compared to the previous year. The expenditure on salaries & wages as a percentage of Revenue Receipts and Revenue Expenditure was the highest in 2019-20 during the last five years on account of implementation of recommendation of the Fifth Meghalaya Pay Commission.

Interest Payments

Interest payments (₹ 858.92 crore) as a percentage of Revenue Expenditure constituted 7.47 *per cent* in 2020-21 while it was 7.93 *per cent* during the previous year. In absolute terms, interest payments increased by ₹ 336.69 crore from ₹ 522.23 crore in 2016-17 to ₹ 858.92 crore in 2020-21.

Pension

The pension payments (including other retirement benefits) indicated an increasing trend during the five-year period 2016-21. Pension payments during the current year had increased by ₹ 62.05 crore, an increase of 5.48 *per cent* over the previous year.

Undischarged liabilities in National Pension System

Government introduced the 'National Pension System' (NPS) applicable to all new entrants joining State Government Service on or after 01 April 2010. Under this system, employees contribute 10 *per cent* basic pay and dearness allowance, which is matched by the State Government and both employee's and employer's contribution are initially transferred to the Public Account (Major Head '8342-117-Defined Contributory Pension Scheme'). The State Government has the responsibility to deposit both employee's and employer's share with the designated authority i.e., National Securities Depository Limited (NSDL)/trustee bank for further investment as per the guidelines of NPS. The State Government opens a Current Account with the Bank for parking the funds before transfer to NSDL. As on 31 March 2020, there were 13,242 employees under NPS of which 12,776 employees had been allotted Permanent Retirement Account Number (PRAN).

The details of funds under NPS and amount transferred to NSDL during 2016-21 are shown in the **Table 2.21** below:

Table 2.21: Details of funds under NPS during 2016-21

Year	Opening Balance	Contribution			Transfer to NSDL	Less Transfer	Closing Balance
		Employees	Employer	Total			
2016-17	0.03	22.08	22.50	44.58	44.08	0.50	0.53
2017-18	0.53	30.60	31.36	61.96	61.63	0.33	0.86
2018-19	0.86	41.67	41.57	83.24	83.33	-0.09	0.77
2019-20	0.77	52.13	51.98	104.11	104.04	0.07	0.84
2020-21	0.84	60.42	61.52	121.94	121.99	-0.05	0.79

Source: Finance Accounts.

As on March 2021, an amount of ₹ 0.79 crore was not transferred to NSDL. In terms of the guidelines, the State Government was liable to pay interest on funds not transferred to NSDL.

Subsidies

There was a decrease in expenditure booked on subsidies during the year 2020-21 as can be seen from the details given in **Table 2.22**. Subsidies booked as a percentage of Revenue Receipts decreased from 0.44 *per cent* in 2019-20 to 0.35 *per cent* in 2020-21. In absolute terms, expenditure on booking of subsidies decreased from ₹ 41.72 crore in 2019-20 to ₹ 37.91 crore in 2020-21.

Table 2.22: Expenditure on subsidies during 2016-21

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Subsidies (₹ in crore)	46.14	52.08	58.80	41.72	37.91
Subsidies as a percentage of Revenue Receipts	0.51	0.56	0.61	0.44	0.35
Subsidies as a percentage of Revenue Expenditure	0.55	0.62	0.57	0.44	0.33

Source: Finance Accounts.

Major departments where subsidy was highest, were Fisheries ₹ 9.53 crore, Power ₹ 17.77 crore and Agriculture ₹ 8.34 crore.

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

Financial assistance is provided by the State Government to Local bodies and other institution by way of grants and loans. The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 2.23**.

Table 2.23: Financial Assistance to Local Bodies etc.

(₹ in crore)					
Financial Assistance to Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
Local Bodies					
Municipal Corporations and Municipalities	11.27	4.81	9.12	6.45	18.32
Panchayati Raj Institutions	-	-	-	-	-
Total (A)	11.27	4.81	9.12	6.45	18.32
Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	888.43	1088.08	1021.99	954.62	915.38
Development Authorities	1295.88	717.21	235.37	156.33	324.03
Hospitals and Other Charitable Institutions	22.38	144.81	93.26	189.35	311.90
Other Institutions	782.72	603.27	686.75	514.45	986.80
Total (B)	2989.41	2553.37	2037.37	1814.75	2538.11
Total (A+B)	3000.68	2558.18	2046.49	1821.20	2556.43
Revenue Expenditure	8336.54	8422.68	10255.94	9565.12	11498.61
Assistance as percentage of Revenue Expenditure	35.99	30.37	19.95	19.04	21.42

Source: Finance Accounts.

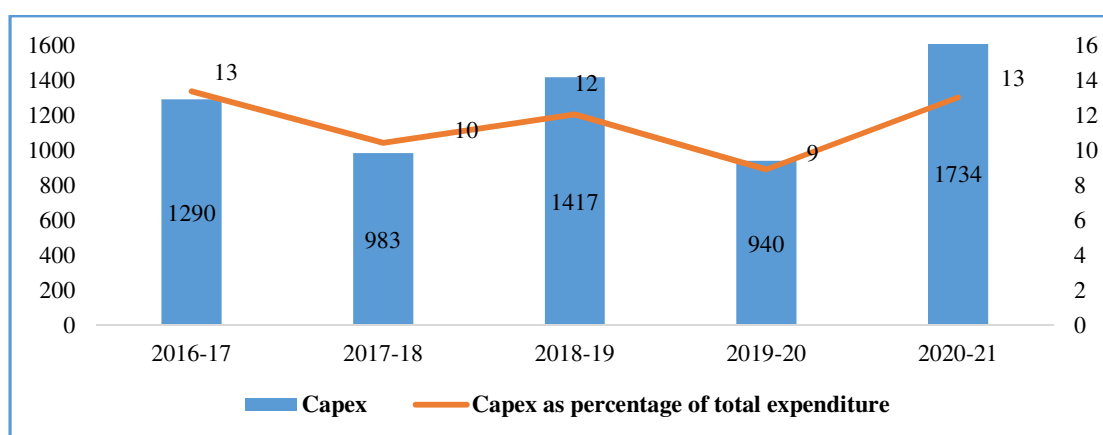
From the above table, it can be seen that the grants extended to local bodies and other institutions had increased by ₹ 735.23 crore (40.37 *per cent*) from ₹ 1821.20 crore in

2019-20 to ₹ 2556.43 crore in 2020-21. This increase was mainly due to increase in assistance to Municipal Corporations and Municipalities (₹ 11.87 crore), Development Authorities (₹ 167.70 crore), Hospitals and Other Charitable Institutions (₹ 122.55 crore) and Other Institutions (₹ 472.35 crore), which was off-set by decrease in assistance to Educational Institutions (₹ 39.24 crore).

2.5.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings *etc.* Capex of the State during the current year increased by ₹ 794 crore over the previous year and remained stagnant at 13 *per cent* over the period 2016-17 to 2020-21. Details of Capex *vis-à-vis* its percentage to total expenditure during the five-year period 2016-21 are given in **Chart 2.14**.

Chart 2.14: Capital Expenditure in the State



The increase in the Capex during 2020-21 by ₹ 794 crore over the previous year was mainly on account increase in expenditure on Roads and Bridges (₹ 422.57 crore), Water Supply and Sanitation (₹ 255.62 crore) and Minor Irrigation (₹ 69.97 crore).

Quality of Capital Expenditure

If the State Government keeps on making investments in loss making government companies, whose net worth is 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 such as sugar mills, financial corporations, *etc.* Requisite steps have to be taken to infuse transparency in such financial operations.

Quality of investments in the Companies, Corporations and other bodies

Capital Expenditure in the companies, corporations, and other bodies, which are loss making or where net worth is completely eroded, is not sustainable.

Investments made and loan given to companies, corporations, and co-operatives, which are loss making and those where net worth is completely eroded, affect quality of Capital Expenditure. Return on investment in share capital invested in PSEs and history of repayment of loans given to various bodies are important determinant of quality of Capital Expenditure. **Table 2.24** shows year-wise details of investment by Government of Meghalaya over the five-year period 2016-17 to 2020-21.

Table 2.24: Return on Investment

(₹ in crore)

Investment/return/ cost of borrowings ¹⁴	2016-17	2017-18	2018-19	2019-20	2020-21
Investment at the end of the year	2471.63	2628.56	2638.43	2648.49	2650.39
Return	0.11	0.11	0.11	0.14	*
Return (<i>per cent</i>)	0.01	0.01	0.01	0.01	0
Average rate of interest on Government Borrowings (<i>per cent</i>)	6.47	6.40	6.53	6.85	6.80
Difference between interest rate and return (<i>per cent</i>)	6.46	6.39	6.52	6.84	6.80
Difference between interest on Government borrowings and return on investment[#]	159.91	168.23	172.29	181.42	180.23

Source: Finance Accounts.

*₹ 16,078/-

Investment at the end of the year.

The average return on investment in State PSEs was less than one *per cent* during 2016-21. Government however, paid interest on its borrowings at an average rate of interest of 6.40 *per cent* to 6.85 *per cent* during 2016-21. The State Government should review the performance of the above units. 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.

Loans and Advances by the State Government

Table 2.25 presents the outstanding loans and advances, interest receipts *vis-à-vis* interest payments during the last five years.

Table 2.25: Quantum of loans disbursed and recovered during five years (₹ in crore)

Quantum of loans disbursed and recovered	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Balance of loans outstanding	766.19	778.21	782.82	854.29	866.75
Amount advanced during the year	30.83	22.06	89.49	43.78	81.90
Amount recovered during the year	18.81	17.45	18.02	31.32	27.77
Closing Balance of the loans outstanding	778.21	782.82	854.29	866.75	920.88
Net addition	12.02	4.60	71.48	12.46	54.14
Interest received	8.27	7.61	6.06	6.09	5.64
Interest received (%) on Loans and Advances (Closing Balance) given by the Government	1.07	0.98	0.71	0.70	0.61
Rate of Interest paid on the outstanding borrowings of the Government	6.47	6.40	6.53	6.85	6.80
Difference between the rate of interest paid and interest received (<i>per cent</i>)	5.40	5.42	5.82	6.15	6.19

From the table above, it can be inferred that:

The total outstanding loans and advances as on 31 March 2021 was ₹ 866.75 crore. Out of the loans of ₹ 81.90 crore advanced during 2020-21, ₹ 57.17 crore was given to Government Companies (Power Projects) and ₹ 24.73 crore was given to Government servants.

¹⁴ Difference in previous year figures due to calculation error which has now been rectified.

The current recovery of loan (₹ 27.77 crore) was 33.91 *per cent* of the advances (₹ 81.90 crore) made during the year and was deterioration over the previous year (₹ 31.32 crore). The actual recovery (₹ 27.77 crore) was also more than what was estimated in the Budget for recovery (₹ 27.43 crore).

Interest receipts decreased from ₹ 8.27 crore in 2016-17 to ₹ 5.64 crore in 2020-21, with percentage of interest received to total outstanding loans and advances decreasing from 1.07 *per cent* in 2016-17 to 0.61 *per cent* in 2020-21.

Capital locked in incomplete projects

As per Appendix IX and Statement 16 of the Finance Accounts for the year 2020-21, there were 103 incomplete/ ongoing projects in the State as on 31 March 2021. Out of these 103 incomplete projects, the scheduled date of completion of 41 projects were after 31 March 2021 and the remaining 62 projects had overshoot their scheduled completion dates by over one to more than 10 years. Age profile and department-wise details of these 103 incomplete projects as on 31 March 2021 is given in **Tables 2.26 and 2.27**.

Table 2.26: Age profile of incomplete projects as on 31 March 2021

(₹ in crore)

Year	No. of incomplete projects	Estimated cost	Expenditure (as on 31 March 2021)
Prior to 2011-12	9	233.04	165.39
2011-12	2	24.41	23.81
2012-13	1	10.10	10.10
2013-14	2	23.50	18.86
2014-15	5	202.07	50.86
2015-16	19	160.16	158.68
2016-17	15	364.85	132.03
2017-18	18	168.51	67.75
2018-19	14	147.59	43.48
2019-20	8	276.07	60.46
2020-21	10	1215.18	110.43
Total	103	2825.48	841.85

Source: Finance Accounts.

Table 2.27: Department-wise profile of incomplete projects as on 31 March 2021

(₹ in crore)

Department	No. of incomplete projects	Estimated cost	Expenditure
Public Works	102	2674.06	831.73
Public Health Engineering	1	151.42	10.12
Total	103	2825.48	841.85

The expenditure incurred on the 103 incomplete projects was ₹ 841.85 crore. Physical progress of the projects as on 31 March 2021 was in the range of 0 to 98 *per cent* (0 to 20 *per cent* in respect of 12 projects, 21 to 50 *per cent* in respect of 29 projects and 51 to 98 *per cent* in respect of 61 projects) in respect of projects being executed by Public Works Department and 24.50 to 60 *per cent* (Swachh Bharat Mission: Individual Household Toilets: 24.50 *per cent* and Community Toilets/Public Toilets: 60 *per cent*) in respect of projects being executed by Public Health Engineering Department.

Thus, it could be seen that there was delay ranging from one to 10 years in completion of 103 projects/ works and this would result in time overrun and cost overrun, besides denying the desired benefit to the beneficiaries.

Implementation of Ujwal Discom Assurance Yojana (UDAY)

The Ministry of Power, Government of India (GoI) had launched (November 2015) the Ujwal Discom Assurance Yojana (UDAY) Scheme for the financial turnaround of Power Distribution Companies (DISCOMs). With an objective to improve the operational and financial efficiency of the State DISCOMs, a tripartite Memorandum of Undertaking (MoU) was executed between Ministry of Power (GoI), concerned State Government and State Power Distribution Companies. This scheme facilitated State Governments to take over 75 per cent of DISCOM's outstanding debt over a period of two years.

The outstanding debt of the DISCOMs was taken over in the form of equity, loan and grant/ subsidy. Government of Meghalaya entered the Yojana on 09 March 2017. As per the Memorandum of Understanding (MoU) amongst GoI, State Government and Meghalaya Power Distribution Corporation Limited (MePDCL), GoM was required to take over 75 per cent of outstanding loan as on 30 September 2015 payable by MePDCL and convert the same into grant and equity in 3:1 ratio. The total outstanding debt of the DISCOM as on 30 September 2015 was ₹ 166.67 crore and thus, 75 per cent of it, i.e. ₹ 125 crore was due for conversion into grant and equity. The State Government sanctioned ₹ 125 crore comprising of ₹ 93.75 crore as grant and ₹ 31.25 crore as equity in May 2017.

The loan extended to DISCOMs under UDAY has to be converted into grant and equity in the subsequent three years. Accordingly, the States have to convert loan into equity and subsidy. The State Government will have to takeover losses, if any, of the DISCOMs in a graded manner as detailed in **Table 2.28**:

Table 2.28: Loss to be taken over by the State Government

Year	2017-18	2018-19	2019-20	2020-21
Loss to be taken over by State	0% of loss of 2016-17	5% of loss of 2017-18	10% of loss of 2018-19	25% of loss of 2019-20

Table 2.29 presents the position of equity/ loan/ subsidy under UDAY scheme.

Table 2.29: Position of Equity/Loan/ Subsidy under UDAY

(₹ in crore)				
Year	Equity Investment	Loan	Grants	Total
2017-18	31.25	-	93.75	125.00
2018-19	3.36	-	10.07	13.43
2019-20	-	-	-	-
2020-21	-	-	-	-
Total	34.61	-	103.82	138.43

It could be seen that in addition to ₹ 125 crore sanctioned during 2017-18, GoM sanctioned ₹ 13.43 crore (₹ 10.07 crore as grants and ₹ 3.36 crore as equity) during the year 2018-19 being 5 per cent loss of 2017-18. However, the State did not take over the losses for the year 2018-19 and 2019-20.

2.5.4 Expenditure priorities

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

Table 2.30 compares the expenditure priority of the State Government with that of NE & Himalayan States with regard to Health, Education and Capital Expenditure during 2020-21, taking 2016-17 as the base year.

Table 2.30: Expenditure priority of the State with regards to Health, Education and Capital Expenditure

	(In per cent)				
	AE/GSDP	CE/AE	CO/AE	Education/AE	Health/ AE
NE & Himalayan States (2016-17)	26.50	15.97	14.16	16.67	5.67
Meghalaya (2016-17)	35.20	13.68	13.36	15.66	7.11
NE & Himalayan States (2020-21)	26.92	15.83	15.63	16.95	7.04
Meghalaya (2020-21)	39.82	13.64	13.02	14.31	9.10

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

From the table above, the following was noticed:

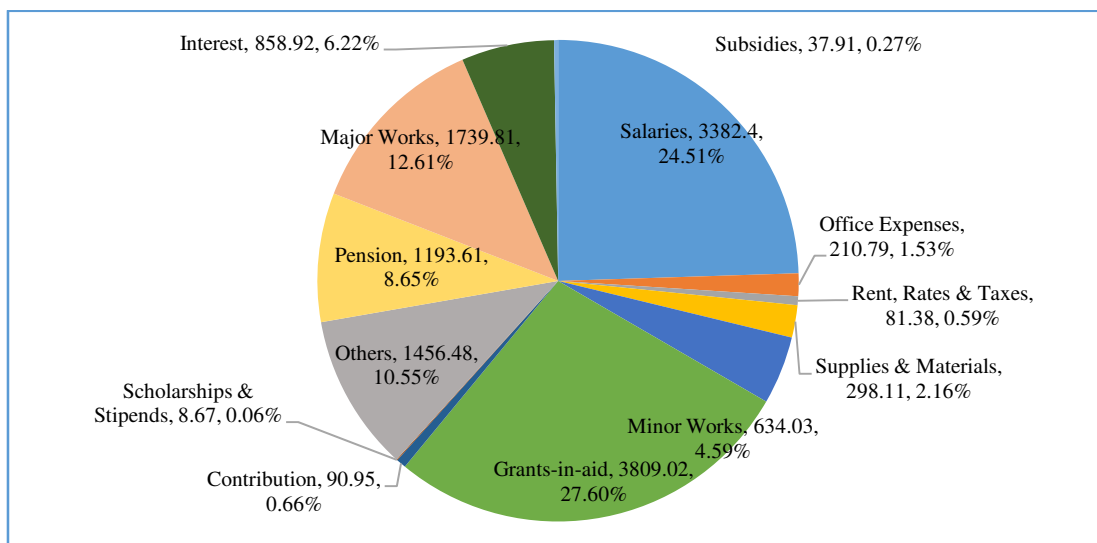
Aggregate Expenditure (AE) as ratio of GSDP of the State, was more than that of NE & Himalayan States during both the years 2016-17 and 2020-21.

Capital Expenditure, Capital Outlay and Expenditure on Education of the State was lower than that of NE & Himalayan States during 2016-17 and 2020-21.

The ratio of health-aggregate expenditure was higher in both 2016-17 and 2020-21 *vis-à-vis* NE & Himalayan States.

2.5.5 Object head wise expenditure

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

Chart 2.15: Object head wise expenditure

It is seen from the above that the highest expenditure was incurred in Grants-in-Aid (27.60 per cent) followed by Salaries (24.51 per cent), major works (12.61 per cent), Others (10.55 per cent), pension (8.65 per cent), interest (6.22 per cent), minor works (4.59 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 last five year period 2016-17 to 2020-21 is shown in **Table 2.31** and **Chart 2.16**. The analysis of the Net balances of various components in the Public Account are given in the respective paragraphs.

Table 2.31: Component-wise net balances in Public Account as of 31 March of the year

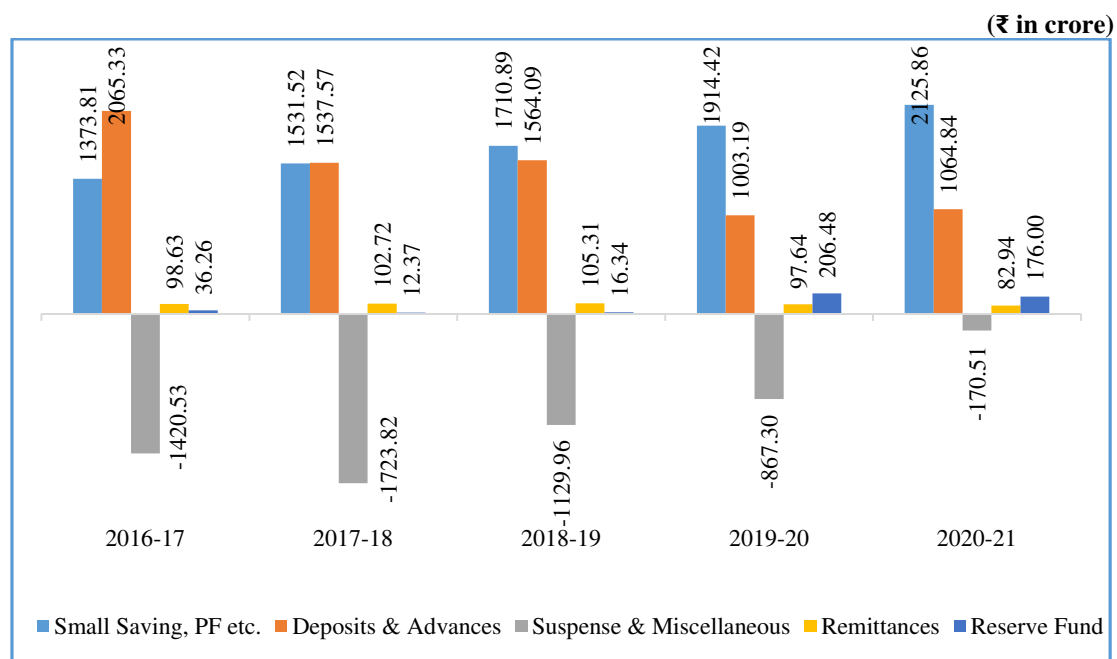
(₹ in crore)

Sector	Sub Sector	2016-17	2017-18	2018-19	2019-20	2020-21
I. Small Savings, Provident Funds, <i>etc.</i>	Small Savings, Provident Funds, <i>etc.</i>	1373.81	1531.52	1710.89	1914.42	2125.86
J. Reserve Funds	(a) Reserve Funds bearing Interest	29.70	4.70	4.70	197.01	168.01
	(b) Reserve Funds not bearing Interest	6.56	7.67	11.64	9.47	7.99
K. Deposits and Advances	(a) Deposits bearing Interest	0.57	0.90	0.81	0.88	0.83
	(b) Deposits not bearing Interest	2066.57	1538.48	1565.09	1004.12	1065.82
	(c) Advances	-1.81	-1.81	-1.81	-1.81	-1.81
	(a) Suspense	-51.01	-42.45	-59.66	-65.45	-88.88

Sector	Sub Sector	2016-17	2017-18	2018-19	2019-20	2020-21
L. Suspense and Miscellaneous	(b) Other Accounts	-1369.52	-1681.37	-1070.30	-801.85	-81.63
	(c) Accounts with Governments of Foreign Countries	-	-	-	-	-
	(d) Miscellaneous	-	-	-	-	-
M. Remittances	(a) Money Orders, and other Remittances	95.21	99.32	102.34	95.52	79.58
	(b) Inter-Governmental Adjustment Account	3.42	3.40	2.97	2.12	3.36
Total		2153.50	1460.36	2266.67	2354.43	3279.13

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

Chart 2.16: Yearly changes in composition of Public Account balances



Source: Finance Accounts of respective years.

2.6.2 Reserve Funds

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

The total accumulated balance as on 31 March 2021 was ₹ 782.40 crore in 4 active reserve funds. Out of which, ₹ 286.01 crore was under interest bearing Reserve Fund and ₹ 496.39 crore under non-interest bearing Reserve Fund as given in the following table:

Table 2.32: Reserve funds

		(₹ in crore)
Sl. No.	Head of Accounts	Balance as on 31 March 2021
Reserve fund bearing interest (active)		
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).	122.70
Sub-Total		286.01
Reserve fund not bearing interest (active)		
1	8222-Sinking Funds- 101-Sinking Funds	458.98
2	8235-General and Other Reserve Funds-117-Guarantee Redemption Fund (GFR)	37.39
3	8229-Development and Welfare Funds- 123- Consumer Welfare Fund	0.02
Sub-Total		496.39
Grand-Total		782.40

Investment out of these funds was ₹ 606.40 crore, which was 77.51 *per cent* of the accumulated balance (₹ 782.40 crore). The transactions during the year 2020-21 under major Reserve Funds are detailed below:

2.6.2.1 Consolidated Sinking Fund

The Consolidated Sinking Fund (CSF), which is a Reserve Fund not bearing interest, was constituted by the State Government in the year 1999-2000 for amortisation of liabilities and is administered by the Reserve Bank of India on the instructions of the State Government. Under the Scheme, the State Government is required to make annual contributions to the Fund at a minimum of 0.5 *per cent* of the total outstanding liabilities at the end of the previous year.

During 2020-21, against requirement of ₹ 57.67 crore¹⁵, the State Government transferred ₹ 59.22 crore from MH 2048-01 to CSF. The balance under CSF was ₹ 458.98 crore as on 31 March 2021.

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 on the Constitution and Administration of the SDRF and National Disaster Response Fund, which was notified in September 2010, the Centre and States are required to contribute to the Fund in the certain proportion. The contributions are to be transferred to the Public Account to Major Head – 8121. No direct expenditure is to be made from the Public Account. The expenditure charged to the SDRF will be shown as a negative entry under Major Head –2245-05-911.

As per Paragraph 4 of the Guidelines, the State Government shall pay interest to the SDRF at the rate applicable to overdrafts under overdraft Regulation Guidelines of the RBI. The interest will be credited on a half-yearly basis. Further, as per Paragraph 19 of the said Guidelines, the accretions to the SDRF together with the income earned on

¹⁵ 0.5 *per cent* of outstanding liabilities of ₹ 11,533.78 crore as on April 2020.

the investment of SDRF shall be invested in Central Government dated Securities, auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks.

In terms of the guidelines, the Centre and the North Eastern and Himalayan States are required to contribute to the Fund in the ratio of 90:10. At the beginning of 2020-21, the SDRF had an opening balance of ₹ 47.70 crore. In addition to ₹ 104.00 crore being investment amount pertaining to the period 2015-16 to 2018-19, ₹ 53.18 crore (₹ 49.52 crore Central Share and ₹ 3.66 crore State Share) was transferred to the Fund. As on 31 March 2021, the Fund had an unutilised balance of ₹ 122.70 crore. During the year an amount of ₹ 82.18 crore was disbursed from the funds under the MH-8121-122, however, no entry was made against the Major Head – 2245-05-911. This act of the State Government was in contravention of the SDRF Guidelines as no expenditure was to be made directly from Public Account.

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 ₹ 1.91 crore¹⁶ resulted in understatement of Revenue Deficit to that extent.

2.6.2.3 *Guarantee Redemption Fund*

State Government constitutes '*Guarantee Redemption Fund*' for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Enterprises or other Bodies and invoked by the beneficiaries. The accumulations in the Fund are to be utilised only towards payment of the guarantees issued by the Government and not paid by the institutions on whose behalf guarantee was issued. As per the Act, the Fund shall be set up by the Government with an initial contribution of minimum one *per cent* of outstanding Guarantees at the end of the previous year and thereafter, minimum 0.50 *per cent* every year to achieve a minimum level of three *per cent* of total sum guaranteed in the next five years. The Fund shall be gradually increased to a desirable level of five *per cent*.

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

The opening balance of Fund as on 01 April 2020 was ₹ 32.08 crore. During the year, the State Government made a contribution of ₹ 5.31 crore to the Fund Account (0.48 *per cent* of outstanding guarantees of ₹ 1106.44 crore as on 31 March 2021) as against the required amount of ₹ 5.53 crore (0.50 *per cent* of outstanding guarantees) resulting in short contribution of ₹ 0.22 crore. The total accumulated balance of the Fund as on 31 March 2021 was ₹ 37.39 crore which was entirely invested by the RBI. An interest of ₹ 3.11 crore was realised during the year which was subsequently re-invested. No Guarantees were invoked during the year.

¹⁶ ₹ 1.91 crore = Balance of ₹ 47.70 crore X 4 *per cent* (average rate of interest for Ways and Means Advances).

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

A Guarantee Act has not been enacted by the State Government. As per guidelines issued by the Government of Meghalaya Finance (Budget) Department letter No. Fin(B)91/89/53 dated 24th 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 0.5 *per cent* on the amount guaranteed and outstanding on the 31st March each year for the next financial year till the guarantee is withdrawn or till the loan is liquidated.

During 2020-21, the State Government issued guarantees of ₹ 1975.92 crore. However, the State Government did not receive any amount towards guarantee fee. As such, Guarantee Commission fee of ₹ 25.29 crore (₹ 19.76 crore on the guaranteed amount during the year 2020-21 and ₹ 5.53 crore on outstanding guarantees as on 31 March 2020) was receivable during the year. Further, ₹ 38.79 crore receivable Guarantee Commission fee pertaining up to the years 2019-20 were also not received. The outstanding guarantees as on 31 March 2021 was ₹ 3047.52 crore.

2.6.2.4 State Compensatory Afforestation Fund (SCAF)

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

The moneys received by the State Governments from the user agencies need to be credited in 'State Compensatory Afforestation Deposits' under interest bearing section in Public Accounts of the State at Minor Head level below the Major Head 8336-Civil Deposits. As per Section 3 (4) of the Compensatory Afforestation Fund Act; 2016, 90 *per cent* of the fund needs to be transferred to the Major Head 8121-General and Other Reserve Fund in Public Account of 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 monthly basis so that the same is transferred to the National Fund.

During the year 2020-21, the State Government did not receive any amount from the user agencies under Major Head 8336-Civil Deposits. The total balance in the State Compensatory Afforestation Fund as on 31 March 2021 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 ₹ 5.55 crore¹⁷ resulted in understatement of Revenue Deficit to that extent.

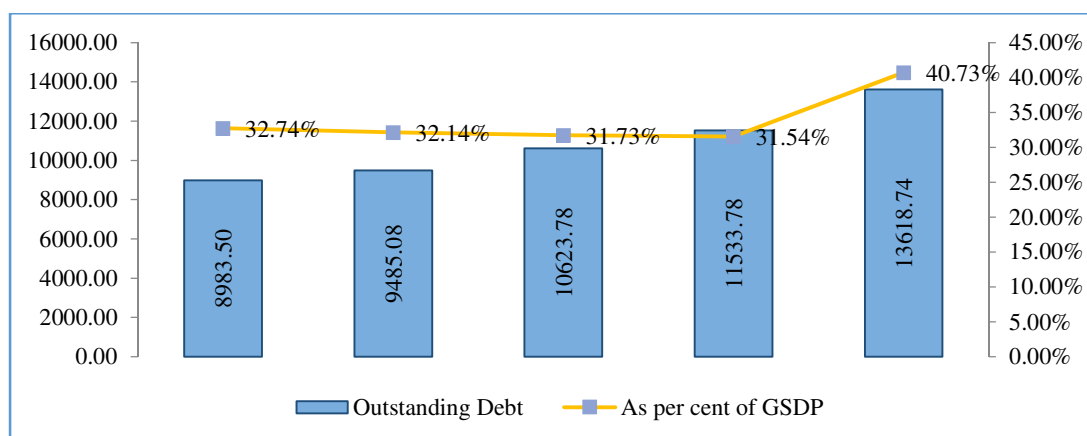
¹⁷ ₹ 5.55 crore = Balance of ₹ 163.31 crore x 3.4 *per cent* (As notified by the GoI for the year 2020-21).

2.7 Debt Management

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

The details relating to total outstanding debt and ratio of debt to GSDP during the five-year period 2016-21 is given in **Chart 2.17**.

Chart 2.17: Trend of overall debt



In absolute monetary terms, the overall debt of State of Meghalaya has increased by 51.60 *per cent* from ₹ 8983.50 crore during 2016-17 to ₹ 13,618.74 crore¹⁸ during 2020-21. As percentage of GSDP, the overall debt was 32.74 *per cent* in 2016-17, but has increased considerably by almost eight-percentage points to 40.73 *per cent* in 2020-21.

The primary reason for spike in debt/GSDP ratio during 2020-21 was on account of significant increase in Internal Debt ₹ 1630.65 crore (19.64 *per cent*) and Loans from GoI ₹ 323.72 crore (303.79 *per cent*). However, the State was not able to achieve the target set forth in the MFRBM Act, 2006 to maintain the debt-GSDP ratio under 37.39 *per cent*.

2.7.1 Debt profile: Components

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

The total outstanding debt of the State Government at the end of 2020-21 was ₹ 13,730.74 crore. The component-wise debt trends for the period 2016-17 to 2020-21 and break up of outstanding debt during 2020-21 and component wise are given in **Table 2.33** and **Chart 2.18**.

¹⁸ ₹ 13,730.74 *minus* ₹ 112.00 crore as Meghalaya received back to back loan of ₹ 112 crore under the debt receipts of the State Government with no repayment liability of the State.

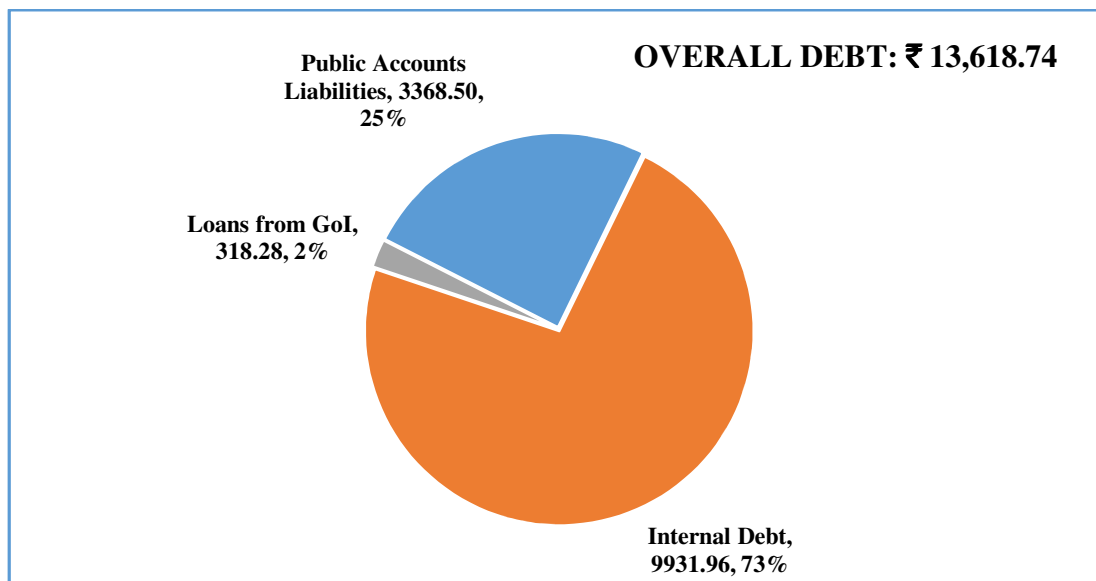
Table 2.33: Component wise Debt Trends

		(₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Overall Debt		8983.50	9485.08	10623.68	11533.78	13730.74
Public Debt	Internal Debt	5378.14	6287.33	7214.29	8301.31	9931.96
	Loans from GoI	128.15	114.48	116.27	106.56	430.28
<i>Liabilities on Public Account</i>		3477.21	3083.27	3293.12	3125.91	3368.50
Rate of growth of outstanding Overall debt (percentage)		25.56	5.58	12.00	8.57	18.08
Gross State Domestic Product (GSDP)		27439	29508	32176	34716	33436
Debt/GSDP (per cent)		32.74	32.14	33.01	33.22	40.73 ¹⁹
Total Debt Receipts		3454.69	2954.36	3189.65	2941.07	3736.46
Total Debt Repayments*		2148.10	3043.96	2707.85	2789.48	2510.42
Total Debt Available		1306.59	-89.60	481.80	151.59	1226.04
Debt Repayments/Debt Receipts (percentage)		62.18	103.03	84.89	94.85	67.19

*Note: Including interest.

The effective outstanding overall debt would be ₹ 13,618.74 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 112.00 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

Chart 2.18: Break up of Outstanding Overall Debt at the end of FY



It could be seen from the above that the outstanding debt comprises of internal debt (73 per cent), public account liabilities (25 per cent) and loans from GoI (2 per cent). Compared to previous year, the outstanding debt at the end of 2020-21 increased by 18.08 per cent (₹ 2084.96 crore).

¹⁹ Back to back loan of ₹ 112 crore received from GoI during the year 2020-21 in lieu of GST compensation shortfall has been excluded for computing the ratio of outstanding debt to GSDP in terms of Government of India, Ministry of Finance, Department of Expenditure letter no. F. No.40(1) PF-S/2021-22 dated 10 December 2021.

Components of Fiscal Deficit and its financing pattern

The financing pattern of the Fiscal Deficit during the five-year period 2016-21 is reflected in **Table 2.34**.

Table 2.34: Components of Fiscal Deficit and its financing pattern

		(₹ in crore)				
Particulars		2016-17	2017-18	2018-19	2019-20	2020-21
Composition of Fiscal Deficit						
1	Revenue Deficit(-)/Revenue Surplus (+)	602.41	850.80	-537.32	-151.60	-815.38
2	Net Capital Expenditure	-1289.80	-983.44	-1417.28	-939.71	-1734.05
3	Net Loans and Advances	-12.02	-4.60	-71.48	-12.46	-54.13
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	718.33	919.81	862.60	1070.46	1587.00
2	Loans from GOI	-15.64	-13.67	1.79	-9.71	323.71 ²⁰
3	Special Securities issued to NSSF	-42.38	45.38	-49.62	-53.75	-53.75
4	Loans from Financial Institutions	135.71	34.76	113.98	70.31	97.41
5	Small Savings, PF, etc.	141.17	157.71	179.36	203.54	211.44
6	Deposits and Advances	2.07	-23.89	3.97	-560.89	61.64
7	Suspense and Miscellaneous	889.56	-527.76	26.52	-5.78	-23.43
8	Remittances	13.09	8.57	-17.21	-7.68	-14.69
9	Reserve Fund	1.26	4.09	2.59	190.14	-30.48
10	Contingency Fund	-	-	-	-1.96	1.96
11	Overall Deficit	1843.17	605.00	1123.98	894.68	2160.81
12	Increase/Decrease in cash balance	-1143.76	-467.76	902.10	209.09	442.75
13	Gross Fiscal Deficit	699.41	237.24	2026.08	1103.77	2603.56

Fiscal Deficits during the five-year period, came down to ₹ 1103.77 crore during 2019-20 and again peaked at ₹ 2603.56 crore during 2020-21.

During 2020-21, Fiscal Deficit was primarily financed by net market borrowings (₹ 1587 crore), loans from GoI (₹ 323.71 crore), small savings, provident funds, etc. (₹ 211.44 crore), deposits and advances (₹ 61.64 crore) and cash balances (₹ 442.75 crore).

2.7.2 Debt profile: Maturity and Repayment

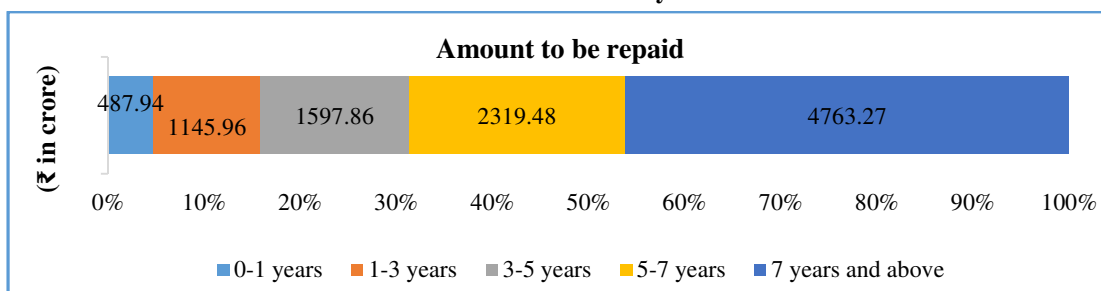
Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt consists of Internal Debt and Loans and Advances received from GoI. As per Statement 17 of the Finance Accounts for the year 2020-21, the maturity profile of debt is as indicated in **Table 2.35** and **Chart 2.19**.

Table 2.35: Debt Maturity profile of repayment of State debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	487.94	5
1 – 3	1145.96	11
3 – 5	1597.86	16
5 – 7	2319.48	22
7 and above	4763.27	46
Total	10314.51	100

²⁰ Meghalaya received back to back loan of ₹ 112 crore from GoI in lieu of GST compensation shortfall with no repayment liability to the State.

Chart 2.19: Debt Maturity Profile



The maturity profile of outstanding stock of public debt as on 31 March 2021 indicated that out of the outstanding public debt of ₹ 10,314.51 crore, 53.82 *per cent* (₹ 5551.23 crore) is payable within the next seven years. The remaining 46.18 *per cent* was in the maturity bracket of seven years and above. Of the total outstanding public debt, internal debt consisting of market borrowings, loans from LIC, GIC, NABARD, etc. constituted 72.33 *per cent* (₹ 9931.96 crore).

Repayment of debt of more than 50 *per cent* within seven years indicates an alarming position and State may be heading towards debt trap. Therefore, debt repayment and further borrowings in future should be planned in such a way that there is no bunching of repayments in any particular year as that will cause undue stress on the budget.

2.8 Debt Sustainability Analysis

Debt sustainability is defined as the ability of the State to service its debt in future. Sustainability of debt therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in Fiscal Deficit should match with increase in capacity to service the debt. Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability of the State. This section assesses the sustainability of debt of the State Government in terms of debt/ GSDP ratio, burden of interest payments (measured by interest payments to Revenue Receipts ratio); and also the maturity profile of State Government securities as given in the preceding Paragraph 2.7.2.

Table 2.36 and Chart 2.20 analyses debt sustainability indicators of the State for the five-year period beginning from 2016-17.

Table 2.36: Trends in Debt Sustainability Indicators

Debt Sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Public Debt*	5506.29	6401.81	7330.56	8407.87	10362.24 ²¹
Rate of Growth of Outstanding Public Debt	16.90	16.26	14.51	14.70	23.24
GSDP	27439.00	29508.00	32176.00	34716.00	33436.00
Rate of Growth of GSDP	9.24	7.54	9.04	7.89	-3.69

²¹ The effective Outstanding Public Debt will be ₹ 10,362.24 crore minus ₹ 112.00 crore as the Department of Expenditure, GoI has decided that GST compensation of ₹ 112 crore given to the State as back to back loan under debt receipts would not be treated as debt of the State for any norms which may be prescribed by the Finance Commission.

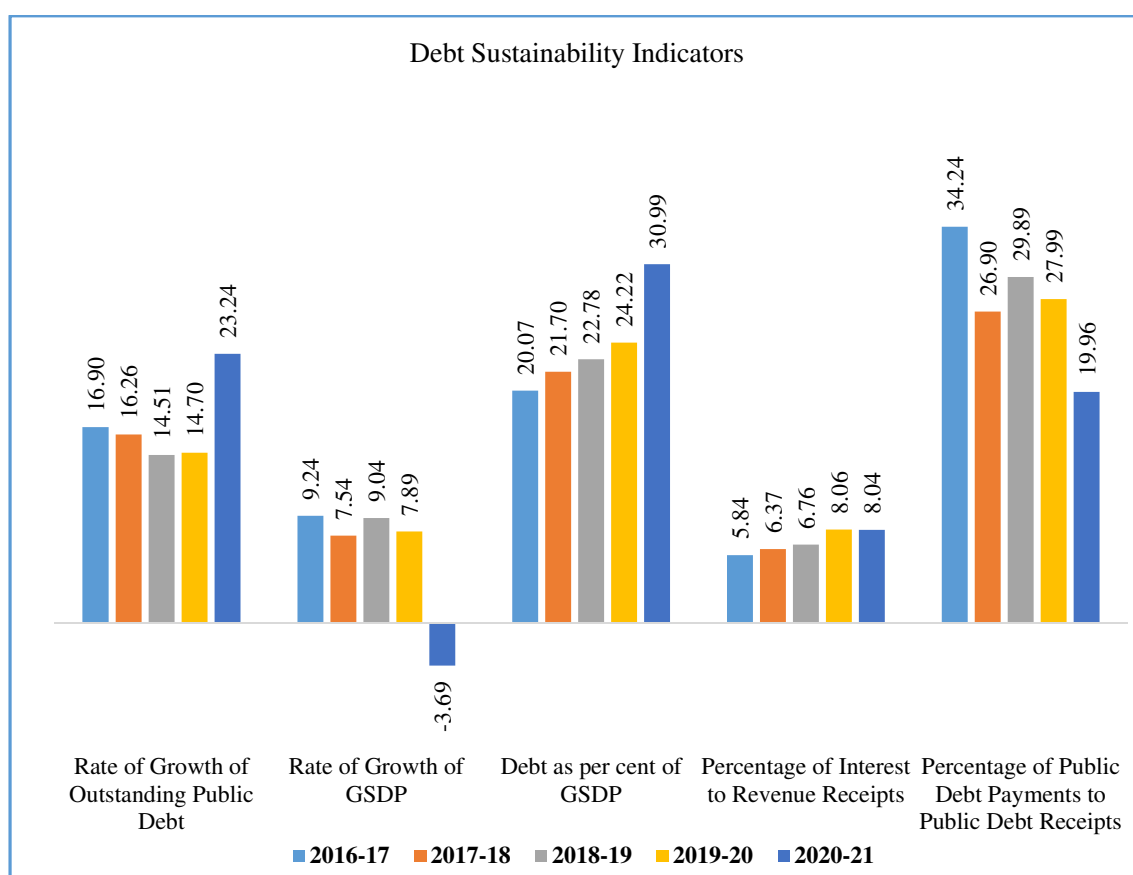
Debt Sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
Public Debt/GSDP	20.07	21.70	22.78	24.22	30.99
Average interest Rate of Outstanding Public Debt (<i>per cent</i>)	6.47	6.40	6.53	6.85	6.80
Percentage of Interest payment to Revenue Receipt	5.84	6.37	6.76	8.06	8.04
Percentage of Debt Repayment to Debt Receipt	34.24	26.90	29.89	27.99	19.96
Net Debt available to the State [#]	273.79	304.34	271.94	318.80	1095.45
Net Debt available as <i>per cent</i> to Debt Receipts	22.62	24.84	20.53	21.31	44.86
Debt Stabilisation (Quantum spread + Primary Deficit)	415.23	910.17	-821.09	-225.31	-3173.25

Source: Finance Accounts.

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

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

Chart 2.20: Trends of Debt Sustainability indicators



From the above it is seen that the Debt-GSDP ratio ranged between 20.07 *per cent* and 30.99 *per cent* during the five-year period, 2016-17 to 2020-21. In terms of net public debt availability, the State had seen an increase of 243.62 *per cent* from ₹ 318.80 crore during 2019-20 to ₹ 1095.45 crore in 2020-21.

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. The State

Governments have come out with legislations or instructions with regard to cap on the guarantees. For instance, in some States, the Government guarantees are to be restricted to a certain percentage of the State's Tax and Non-Tax Revenue of the second preceding year.

The details of outstanding guarantees given by the State Government including interest liability during the five-year period from 2016-17 to 2020-21 are shown in **Table 2.37**.

Table 2.37: Guarantees given by the State Government (₹ in crore)

Guarantees	2016-17	2017-18	2018-19	2019-20	2020-21
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)				
Outstanding amount of guarantees including interest	982.89	1151.85	1163.09	1120.14	3060.99

During 2020-21, the outstanding guarantee was 117.92 *per cent* of State Own Tax and Non- Tax Revenue as compared to 46.26 *per cent* during 2019-20. Out of the total outstanding guarantees of ₹ 3060.99 crore during 2020-21, guarantees amounting to ₹ 3034.54 crore (99.14 *per cent*) pertained to the power sector.

2.8.2 Management of Cash Balances

As per an agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/ Special Ways and Means Advances (SWMA)/ Overdrafts (OD) from time to time. The limit for ordinary WMA to the State Government are 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 2.38 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 2.38: Cash Balances and their investment

	(₹ in crore)	
	Opening balance on 1 April 2020	Closing balance on 31 March 2021
A. General Cash Balance		
Cash in treasuries	38.02	30.45
Deposits with Reserve Bank of India	-234.39	50.65
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	-196.37	81.10
Investments held in Cash Balance investment account	801.61	81.39
Total (A)	605.24	162.49

	Opening balance on 1 April 2020	Closing balance on 31 March 2021
B. Other Cash Balances and Investments		
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	438.40	606.39
Total (B)	438.64	606.63
Total (A + B)	1043.88	769.12
Interest realised	22.85	5.90

Source: Finance Accounts.

General Cash Balance of the State Government at the end of the current year decreased by ₹ 442.75 crore from ₹ 605.24 crore in 2019-20 to ₹ 162.49 crore in 2020-21. 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 State Government has earned an interest of ₹ 5.90 crore during 2020-21 from the investments made in GoI Securities and Treasury Bills.

Out of the investment of ₹ 606.39 crore in earmarked funds, ₹ 118 crore was invested in the State Disaster Response Fund Investment Account, ₹ 451.01 crore in Sinking Fund Investment Account and ₹ 37.39 crore in Guarantee Fund Investment Account at the end of the year.

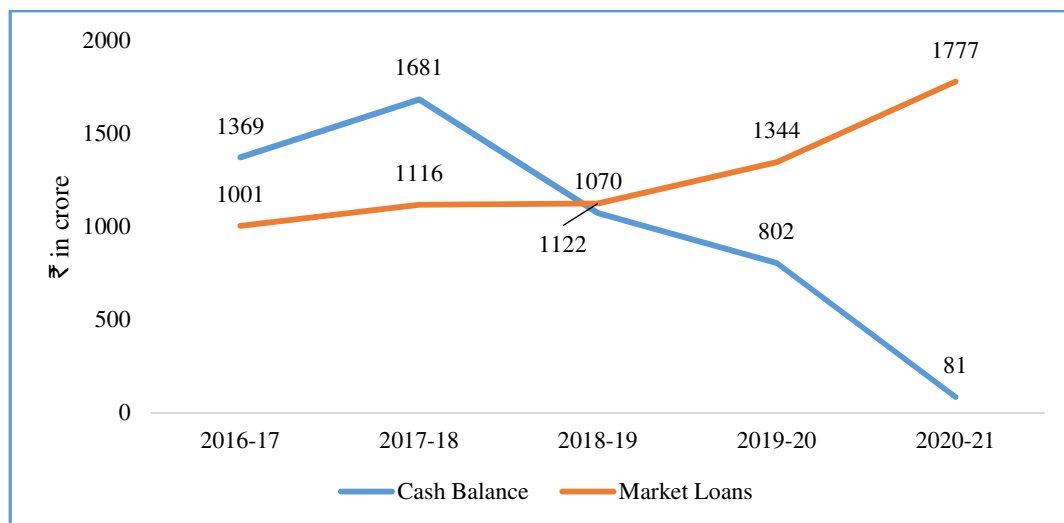
The cash balance investments of the State during the five-year period 2016-17 to 2020-21 are given in **Table 2.39**:

Table 2.39: Cash Balance Investment Account (Major Head-8673)

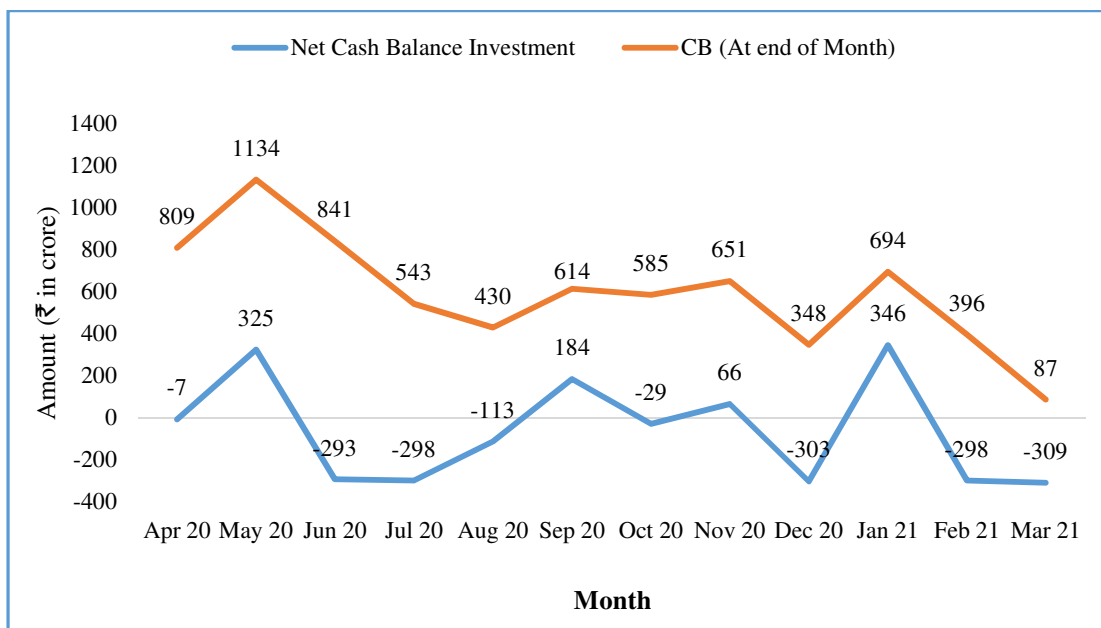
(₹ in crore)				
Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2016-17	267.65	1369.24	1101.60	37.98
2017-18	1369.24	1680.66	311.42	44.88
2018-19	1680.66	1070.04	-610.62	52.20
2019-20	1070.04	801.61	-268.43	22.85
2020-21	801.61	81.39	-720.22	5.90

During the current year, i.e., 2020-21, the cash balance stood at 0.43 per cent of the budget (₹ 18,999 crore) of the State.

Chart 2.21 compares the balances available in the Cash Balance Investment Account and the Market Loans taken by the State during the period 2016-21. **Chart 2.22** compares the month-wise cash balances and net cash balance investments during the year 2020-21.

Chart 2.21: Market loans vis-à-vis Cash Balance

Source: Information received from AG(A&E).

Chart 2.22: Month wise movement of Cash Balances and net cash balance investments during the year

Source: Information received from AG(A&E).

The State Government may take the cash balances available with them into consideration before taking a decision on borrowings.

2.9 Conclusion

In conclusion, the analysis of state of finances of the Government of Meghalaya, in terms of its total receipts and expenditure for the financial year (FY) 2020-21 shows that the State turned into a Revenue Deficit State, from being a revenue surplus state until the FY 2017-18.

Revenue Receipts during 2020-21 were ₹ 10,683.24 crore and had increased by 13.49 per cent (₹ 1269.72 crore) over the previous year and the own tax revenue of the State (₹ 2072.56 crore) increased by 9.59 per cent (₹ 181.31 crore). The Goods and

Services Tax (GST) registered a decrease of ₹ 86.97 crore (9.56 *per cent*), over the previous year and the collections were ₹ 822.81 crore. The Central tax transfers increased by ₹ 339.85 crore (8.07 *per cent*) during 2020-21 compared to previous year. The Central tax transfers, however, contributed 42.61 *per cent* of the Revenue Receipts during the year, indicating their predominance in Revenue Receipts of the State.

The Revenue Expenditure during 2020-21 which was ₹ 11,498.62 crore increased by 20.21 *per cent* compared to the previous year. Revenue Expenditure as percentage of total expenditure decreased from 90.68 *per cent* in 2019-20 to 86.36 *per cent* in the current year. Expenditure on salaries and wages was ₹ 3383.67 crore (29.43 *per cent*). The pension payments, including other retirement benefits, were ₹ 1193.61 crore, an increase of 5.48 *per cent* over the previous year. The interest payments were ₹ 858.92 crore which was 7.47 *per cent* of the total Revenue Expenditure. During 2020-21, Revenue Expenditure has increased over the previous year by ₹ 1933.50 crore. The substantial increase in Revenue Expenditure was due to increased interest payments, medical and public health expenditure due to Covid-19 pandemic, rural employment guarantee schemes and various projects (Externally Aided Projects, Community Development Programmes, *etc.*) under Secretariat Economic Services.

Capital outlay during 2020-21 was ₹ 1734.05 crore and increased by 84.53 *per cent* over the previous year. Capital Expenditure as a percentage of total expenditure has remained stagnant at 13 *per cent* over the period 2016-17 to 2020-21.

Out of the 103 incomplete projects as on 31 March 2021, 62 projects had over-shot their schedules by one to more than 10 years. The expenditure incurred on the 103 incomplete projects was ₹ 841.85 crore.

Receipts in public account (₹ 4799.03 crore) exceeded the disbursements (₹ 4594.56 crore) by ₹ 204.47 crore during 2020-21.

As on 31 March 2021, the State Disaster Response Fund (SDRF) had an unutilised balance of ₹ 122.70 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 ₹ 11.38 crore resulted in understatement of Revenue Deficit to that extent.

Under Guarantee Redemption Fund, there was short contribution of ₹ 0.22 crore, resulting in understatement of Revenue and Fiscal Deficit by ₹ 0.22 crore.

During 2020-21, the State Government issued guarantees of ₹ 1975.92 crore. However, the State Government did not receive any amount towards guarantee commission. As such, Guarantee Commission fee of ₹ 25.29 crore (₹ 19.76 crore on the guaranteed amount during the year 2020-21 and ₹ 5.53 crore on outstanding guarantees as on 31 March 2020) was receivable during the year.

The prevalence of Fiscal Deficit during 2016-21 indicated continued reliance of the State on borrowed funds, resulting in increased fiscal liabilities of the State over the period 2016-21. Fiscal liabilities increased by ₹ 2196.95 crore (19.05 *per cent*) during 2020-21 compared to previous year. The fiscal liabilities during 2020-21 stood at

41 *per cent* of the GSDP and exceeded the limit of total outstanding Debt-GSDP ratio target fixed in the State FRBM Act, (28 *per cent* up to 2019-20 and 37.39 *per cent* during 2020-21).

Cash Balances of the State Government at the end of the current year decreased by ₹ 442.75 crore from ₹ 605.24 crore in 2019-20 to ₹ 162.49 crore in 2020-21. Cash Balance investment decreased from ₹ 801.61 crore in 2019-20 to ₹ 81.10 crore in 2020-21.

2.10 Recommendations

State Government needs to make stringent efforts to mobilise additional revenue resources in order to reduce dependence on debt financing.

The State Government should formulate guidelines for quick completion of incomplete projects and strictly monitor reasons for time and cost overrun with a view to take corrective action. In addition, it should give priority to works nearing completion.

CHAPTER-III

BUDGETARY MANAGEMENT

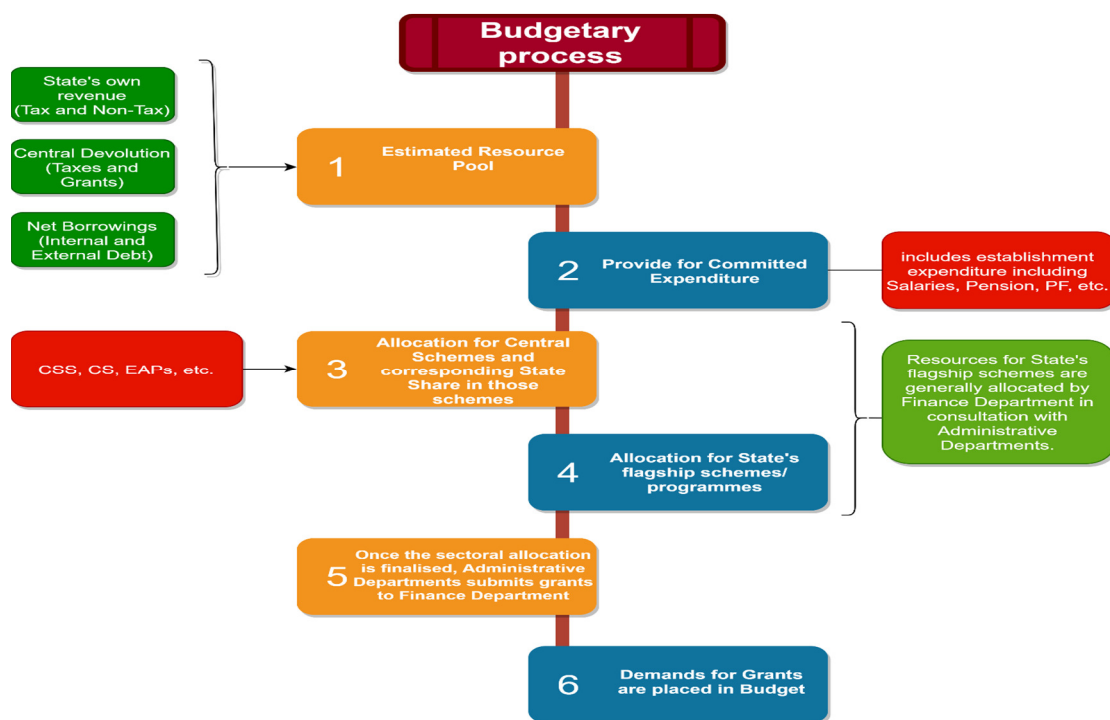
Chapter III: Budgetary Management

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap of use of public resources as per the development priorities of the Government. Budget glossary is given in *Appendix 3.1*. The budget process commences with the issue of the budget circular, providing guidance to the departments in framing their estimates, for the next financial year. Finance Department issued the budget circular on 27 August 2019 with the stipulation that the budget estimates (BE) for the year 2020-21 should be submitted by 31 October 2019. All the departments had submitted their BEs within the specified time.

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

Chart 3.1: Budget preparation process



CSS: Centrally Sponsored Schemes; CS: Central Schemes.

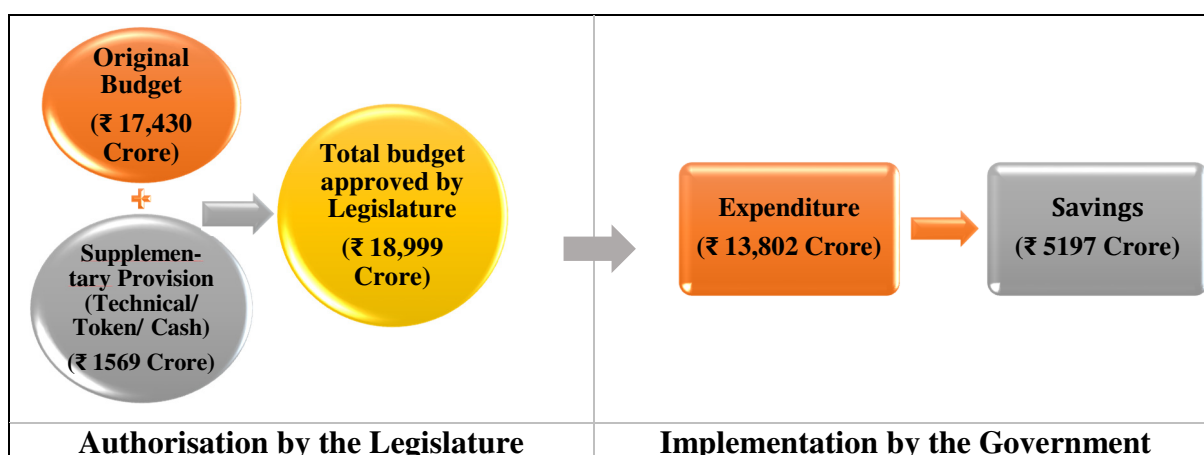
The outlays on the various activities of Government are met from the Consolidated Fund which is made up of (a) Revenue-consisting of receipts heads (Revenue Account) and expenditure heads (Revenue Account), (b) Capital, Public Debt, Loans, *etc.* – consisting of receipt heads (Capital Account) and Expenditure Heads (Capital Account). No money (except expenditure charged upon the Consolidated Fund) can be withdrawn from the Consolidated Fund without the authority of the Legislature and for this purpose, necessary Demands for Grants are placed before the Legislature at the beginning of each financial year. The Grants, as and when passed by the Legislature, are incorporated in an Appropriation Act authorising necessary appropriation from the Consolidated Fund. Funds from the Contingency Fund are advanced for meeting unforeseen expenditure pending authorisation of such expenditure by the State

Legislature. In Public Account, records are kept for all transactions relating to public moneys other than those of the Consolidated Fund and the Contingency Fund.

As contemplated in Paragraphs 1 and 78 of Budget Manual²², the duty of preparing Budget Estimates (BEs) (Receipts and Expenditure) and Revised Estimates (REs) for laying before the Legislature vests with the Finance Department. The BEs are prepared on departmental basis. The budget making process moves from the bottom to the top. As soon as the departmental estimates and REs are received, the Finance Department scrutinises these and after consultation with the administrative departments, enters the figures, which it accepts for the BEs and REs. The estimates of receipts should show the amount expected to be actually realised within the year and in case of fluctuating revenue, the estimate should be based upon a comparison of last three years' receipts.

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

Chart 3.2: Components of the State Budget



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

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

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

3.1.1 Budget projection and gap between expectation and actual

Complete accuracy of budget estimates may not always be possible. However, the Administrative and Finance Department should diligently apply the well-tried check of

²² Budget Manual of the Government of Assam (Volume I) as adopted by Government of Meghalaya.

average of previous actuals with known or reasonably foreseeable facts and modify the average, while arriving at the estimates. Further appropriation which are likely to remain unspent must be reported for surrender as early as possible. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprives other departments of the funds which they could have utilised.

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

Nature of expenditure		Original Grant/ App.	Supplementary Grant/ App.	Total	Actual expenditure	Net of Savings	Surrender during March	
							Amount	per cent
Voted	I. Revenue	13474.82	1108.80	14583.62	10542.44	4041.18	3475.47	86
	II. Capital	2445.02	432.49	2877.51	1733.62	1143.89	1019.74	93
	III. Loans & Advances	40.20	-	40.20	81.90	-41.70		
	Total	15960.04	1541.29	17501.33	12357.96	5143.37	4495.21	87
Charged	IV. Revenue	950.70	27.30	978.00	956.17	21.83	23.75	109
	V. Capital	-	-	-	-	-	-	-
	VI. Public Debt- Repayment	519.49	0.42	519.91	487.95	31.96	31.97	100
	Total	1470.19	27.72	1497.91	1444.12	53.79	55.72	104
Appropriation to Contingency Fund (if any)								
Grand Total		17430.23	1569.01	18999.24	13802.08	5197.16	4550.93	88

Source: Appropriation Accounts.

The State Legislature approved the total Budget provision of ₹ 18,999.24 crore of which the actual booking of expenditure was ₹ 13,802.08 crore i.e. 72.65 per cent. The unspent appropriation of ₹ 5197.16 crore was the result of overall savings of ₹ 5197.90 crore in **60 Grants and three Appropriation under Revenue Section and 26 Grants and two Appropriation under Capital Section** offset by excess of ₹ 0.74 crore in one Grant under Revenue Section. Out of the unspent appropriation of ₹ 5197.16 crore, ₹ 646.23 crore (12.43 per cent) was not surrendered which indicated inadequate budgetary control. Major defaulting departments were Secretariat Economic Services Department (₹ 79.53 crore), Food and Civil Supplies Department (₹ 26.39 crore) and Social Welfare Department (₹ 0.85 crore).

Further, savings of ₹ 4550.93 crore (87.57 per cent) on account of unutilised appropriation were surrendered on the last working day of March 2021. The Finance Department needs to take stringent measures to curb this violation of Budgetary Rules.

The Supplementary Grant of ₹ 1569 crore was not required as the total expenditure was ₹ 3628 crore less than the Original Budget Provision. The unutilised allocation of the supplementary provision of ₹ 1569 crore could have been re-appropriated for better

utilisation and is indicative of lack of rationalisation at RE stage and poor budget management.

The savings of ₹ 5197.16 crore may be seen in the context to over estimation of Receipts of ₹ 17,374.56 crore by the State Government and estimation on the expenditure side being ₹ 18,999 crore during the year 2020-21. As against the estimated Receipts, the actual Receipts were ₹ 13,152.90 crore only thereby restricting the total expenditure to ₹ 13,802 crore. This implied that the savings were notional, as the funds were not actually available for expenditure.

3.1.2 Charged and Voted disbursements during the year

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

Table 3.2: Budget provision, disbursement and savings/excess during the financial year

(₹ in crore)

Total Budget Provision		Disbursements		Savings	
Voted	Charged	Voted	Charged	Voted	Charged
17501.33	1497.91	12357.96	1444.12	5143.37	53.79

Source: Appropriation Accounts.

Out of the expenditure of ₹ 13,802.08 crore, ₹ 12,357.96 crore (89.54 per cent) was voted expenditure while ₹ 1444.12 crore (10.46 per cent) was charged on the Consolidated Fund of the State.

3.1.3 Sub-optimal utilisation of budgeted funds

Trend analysis of utilisation of budgeted funds by the State over previous five years shows that it has been sub-optimal every year during the past five years. The extent of utilisation of budget during the five-year period from 2016-17 to 2020-21 is shown below:

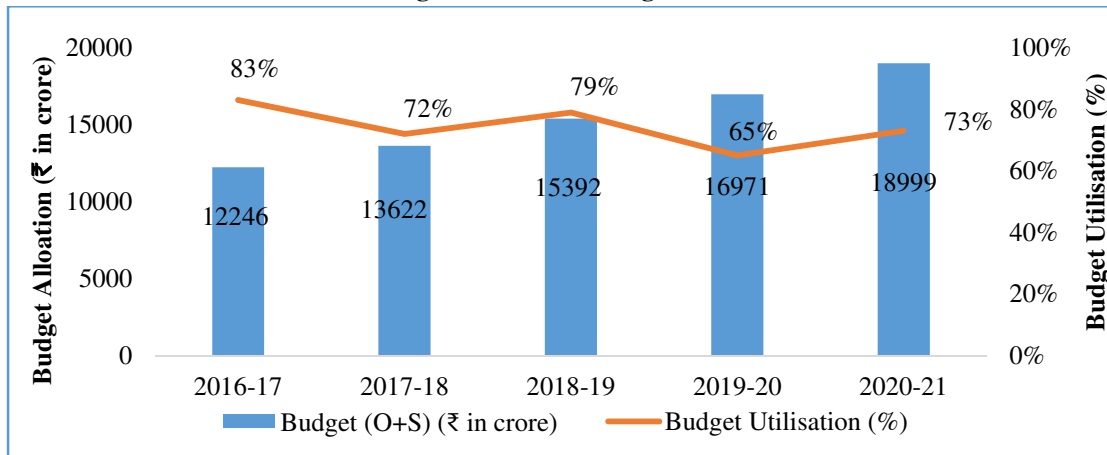
Table 3.3: Original Budget, Revised Estimate and Actual Expenditure during 2016-21

(₹ in crore)

	2016-17	2017-18	2018-19	2019-20	2020-21
Original Budget	10682.09	13048.23	14276.89	16376.94	17430.23
Supplementary Budget	1564.21	573.50	1114.99	593.77	1569.01
Revised Estimate	12246.30	13621.73	15391.88	16970.71	18999.24
Actual Expenditure	10172.86	9856.37	12159.25	10967.32	13802.08
Saving	2073.44	3763.36	3232.63	6003.39	5197.16
Percentage of Saving	16.93	27.63	21.00	35.38	27.35

Source: Appropriation Accounts.

The actual expenditure in all the five years has consistently been lower than the original budget. This reflects the avoidable demand for supplementary grants on one hand, and on the other, the lack of fiscal monitoring to enable surrenders of unspent balances which could have been utilised instead of resorting to supplementary grants.

Chart 3.3: Budget utilisation during 2016-17 to 2020-21

As can be seen from the **Chart 3.3** above, utilisation of budget has rarely exceeded 80 *per cent*, except in the year 2016-17. The amount of saving in 2020-21 declined by ₹ 806.23 crore (13.43 *per cent*) in absolute monetary terms, as compared to the previous year.

Savings of allocated funds indicate inaccurate assessment of Receipts.

3.1.4 Expenditure incurred without authority of law

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

It was however, noticed that expenditure of ₹ 104.44 crore was incurred in two Grants without any budget provision in the original budget/ supplementary and without any re-appropriation orders to this effect as detailed below:

Table 3.4: Case of expenditure without budget provision during 2020-21

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
32 – Civil Supplies, Capital Outlay on Food Storage and Warehousing	4408	26.39	01 – Food – 101 Procurement and Supply (01) Expenditure on Procurement and Supply of Rice General
56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges	3054	76.93	01 – National Highways – 797 Transfers to/from Reserve Fund/ Deposit Account (01) Road Finance from Central Road Fund-8449-Other Deposit – 103 Subventions from Central Road Fund - General
	5054	1.12	03 – State Highways – 800 – Other Expenditure (01) Construction -Sixth Schedule (Part II) Areas
Total		104.44	

Source: Appropriation Accounts.

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

3.1.5 Expenditure on New Service/ New Instrument of Service

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

Expenditure on new scheme should not be incurred without provision of funds. Paragraph 113 (vii) of the Budget Manual states that ‘the re-appropriation is not made for a new service not contemplated in the budget for the year nor for an object not specifically included in that estimates and for which no provision has been made’. It was however noticed that an expenditure of ₹ 169.28 crore was incurred in nine cases without bringing it to the notice of the State Legislature as detailed below:

Table 3.5: Expenditure on new service without provision

(₹ in crore)

Sl. No.	Grant No.	Major Head	Minor head	Re-appropriation	Expenditure
1.	1	2011	02-103 (07) Legislative Assembly Building (General)	1.21	1.21
2.	6	2245	80-102 (05) Implementation of the Sendai Frame Work for Disaster Risk Reduction (Sixth Scheduled (Part II) Areas)	0.17	0.17
3.	16	2055	003 (06) Meghalaya Police Academy (General)	0.56	0.34
4.	21	4202	01-203 (08) Construction of Directorate Buildings (General)	2.00	2.00
5.	29	2217	80-192 (09) Up-gradation of the Standard of Administration Awarded by the Fifteenth Finance Commission (General)	22.00	22.00
6.		4217	60-051 (32) Lumpsum Fund for Development of North Eastern States (General)	0.70	0.70
7.	34	2235	02-101 (21) Grant-in-aid to NGO's Running Special Schools for Children with Special Needs (General)	1.34	1.34
8.	49	2405	101 (41) Pradhan Mantri Matsya Sampada Yojana (General)	0.64	0.64
9.	--	6003	112 (01) Special Drawing Facility on 91 days Deposit (General)	140.88	140.88
Total				169.50	169.28

Source: Appropriation Accounts.

As such, re-appropriation for expenditure of ₹ 169.28 crore incurred without provision in the budget needs regularisation by the State Legislature.

3.1.6 Unnecessary or excessive supplementary grants

Supplementary provision aggregating ₹ 1062.55 crore obtained in 22 cases (₹ 50 lakh or more in each case) during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed in **Appendix 3.2**. Out of the 22, significant cases where supplementary provision was more than ₹ 30 crore (in each case) are highlighted in the table below:

Table 3.6: Details of cases where supplementary provision (₹ 30 crore or more in each case) proved unnecessary

(₹ in crore)					
Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Saving out of Original Provisions
Revenue (Voted)					
1	6 – Land Revenue, Relief on Account of Natural Calamities	97.40	38.03	74.74	22.66
2.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, New and Renewal Energy, <i>etc.</i>	217.90	40.00	125.83	92.07
3.	16 – Police, Other Administrative Services, <i>etc.</i> , Housing, Capital Outlay on Police	1037.99	30.49	987.13	50.86
4.	31 – Labour, Employment and Skilled Development	114.03	40.07	86.02	28.01
5.	50 – Forestry and Wild Life, Agricultural Research and Education, Capital Outlay on Forestry and Wild Life	230.82	33.97	204.19	26.63
6.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, <i>etc.</i>	1138.44	442.48	1033.36	105.08
7.	58 – Sports and Youth Services, North Eastern Areas	296.86	53.17	75.64	221.22
	Total	3133.44	678.21	2586.91	546.53
Capital (Voted)					
1.	19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, <i>etc.</i>	159.06	31.50	121.88	37.18
2.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges	1080.68	300.00	937.86	142.82
	Total	1239.74	331.50	1059.74	180.00

Source: Appropriation Accounts.

Unnecessary excessive budget provision deprives allocation of resources to those projects which require funds, as detailed in **paragraph 3.1.11**.

3.1.7 Unnecessary or excessive re-appropriation

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. As per the Appropriation Accounts, re-appropriation made under 21 Grants and two Appropriations proved excessive or insufficient and resulted in savings/excess of Rupees one crore or above in each case as detailed in **Appendix 3.3**. This indicates that re-appropriation was not done on the basis of actual requirement. Cases where the savings/excess exceeded ₹ 40 crore are highlighted in the Table below.

Table 3.7: Cases of excess/unnecessary/insufficient re-appropriation**(₹ in crore)**

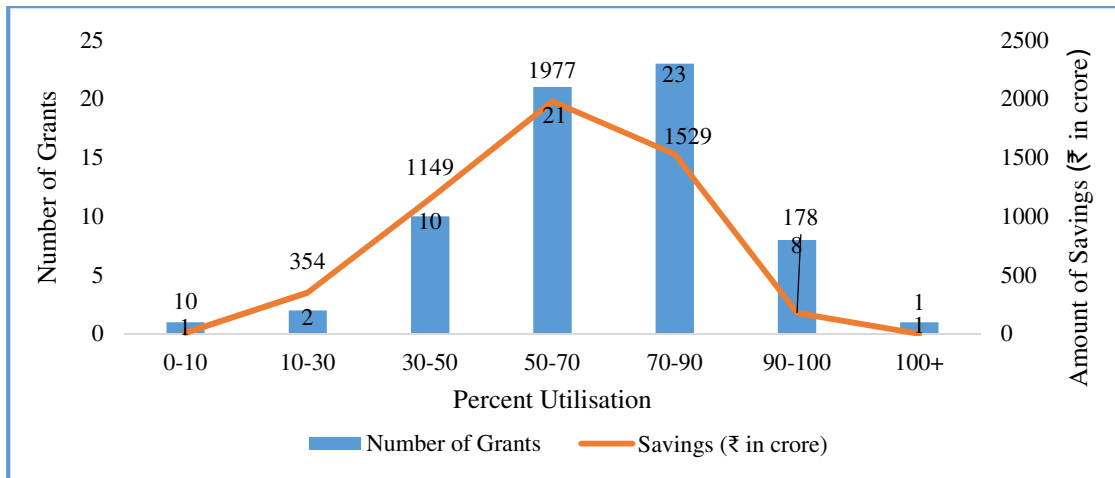
Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	6 – Land Revenue, Relief on Account of Natural Calamities - 2245 - Relief on Account of Natural Calamities – 05 State Disaster Response Fund – 101 Transfer to Reserve Funds and Deposit Accounts-State Disaster Response Fund (03) Transfer to 8121-General and Other Reserve Fund-122-SDRF	...	38.02	(+)53.18	91.21	3.66	(-)87.55
2.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 01 Elementary Education – 101 Government Primary School (01) Expenditure on Primary Schools	60.90	...	(-)0.40	60.50	14.09	(-)46.41
3.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 01 Elementary Education – 101 Government Primary Schools (01) Expenditure on Primary Schools	261.15	...	(-)0.17	260.98	325.12	(+)64.14
4.	38 – North Eastern Areas, Secretariat-Economic Services – 3451 - Secretariat-Economic Services – 800 Other Expenditure (53) Corpus Fund for CSS	...	...	(+)50.00	50.00	1.00	(-)49.00
5.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, <i>etc.</i> , - 4702 – Minor Irrigation – 101 – Surface Water (08) Pradhan Mantri Krishi Sinchai Yojana (PMKSY)	140.80	...	(-)75.82	64.98	5.50	(-)59.48
6.	Appropriation – 6004 - Loans and Advances from Central Government – 09 – Other Loans for States/Union Territories with Legislature Schemes – 101 – Block Loans (02) Block Loan-20 years Consolidated Loan in terms of Recommendation of the 12 th F.C.	14.90	...	(-)14.90	...	(-)49.07	(-)49.07
7.	Appropriation – 6004 - Loans and Advances from Central Government – 02 – Loans for State/Union Territory Plan Schemes – 101 - Block Loans (03) Block Loans - 20 years Consolidated Loan in terms of Recommendation of the 12 th F.C.	...	...	(+)14.90	14.90	63.97	(+)49.07

3.1.8 Large savings

In the year 2020-21 the total savings was ₹ 5197.16 crore as mentioned in **paragraph 3.1.1** above. Of these, ₹ 3343.92 crore (64.34 *per cent*) pertain to 11 grants with savings of more than ₹ 100 crore each of the total provision (**Appendix 3.4**).

The distribution of grants/ appropriations grouped by percentage of savings are given below:

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



The above chart indicates that the utilisation was below 30 *per cent* in 3 grants, utilisation ranged between 30 and 90 *per cent* in 54 grants, while the utilisation was above 90 *per cent* in the remaining nine grants. Details are given in **Appendix 3.5**.

In five cases, during the last five-years, there were persistent savings of more than ₹ 0.50 crore in each case and also by 12 *per cent* or more of the total provision as shown in the table below:

Table 3.8: Grants/Appropriations with Budget Utilisation less than 50 *per cent* in 2016-21

(₹ in crore)									
Sl. No.	Grant	2016-17	2017-18	2018-19	2019-20	2020-21	No. of years*	Budget 2020-21	Total Budget (5 Years)
Revenue – Voted									
1	11 – Other Taxes and Duties on Commodities and Services, Power, <i>etc.</i>	61%	60%	44%	13%	49%	2	257.90	1282.25
2	40 – North Eastern Areas, Secretariat Economic Services, <i>etc.</i>	12%	37%	85%	80%	67%	2	4.56	140.11
Capital – Voted									
1	19 – Secretariat General Services, Public Works, <i>etc.</i>	54%	29%	64%	32%	64%	2	190.56	763.72
2	29 – Urban Development, Housing, <i>etc.</i>	83%	17%	36%	30%	19%	4	147.12	738.24
3	39 – Co-operation, Agriculture Programmes, <i>etc.</i>	31%	47%	88%	1%	5%	4	24.18	86.24

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

Source: Appropriation Accounts.

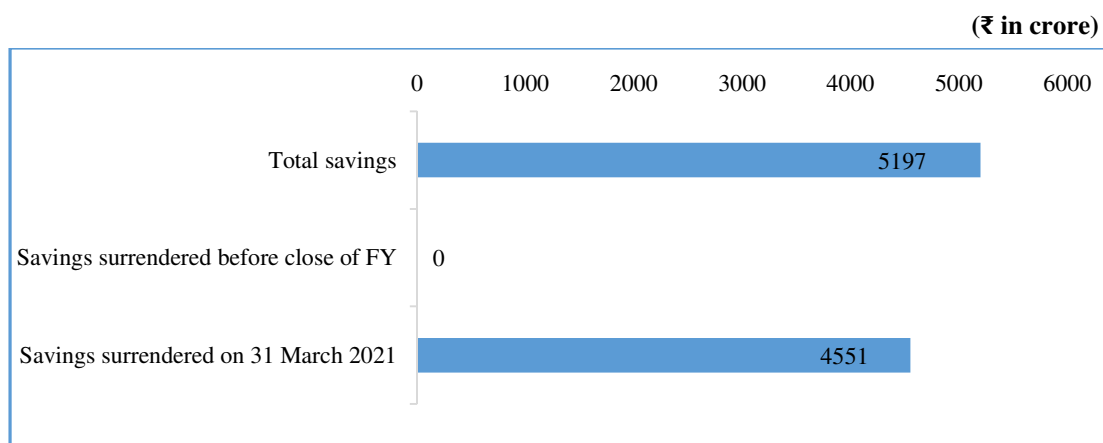
Improving urban infrastructure is a challenge faced by the State, and persistent low utilisation of grants under Grant No. 29 is a cause for concern. Low utilisation of Grant No. 39 relating to Agriculture Programmes especially during 2019-20 and 2020-21 need an in depth analysis by the State Government.

3.1.9 Surrender of funds

As per Paragraph 152 (iii) of 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 15th of March. Scrutiny of the appropriation accounts however revealed the following:

Out of total savings of ₹ 5197.16 crore, an amount of ₹ 4550.93 crore was surrendered on the last working day of March 2021. Surrender of funds on the last working day of March denied the opportunity of reciprocating the allocation for other developmental purposes where resources were needed.

Chart 3.5: Savings and surrenders before close of financial year 2020-21



Substantial surrenders (the cases where more than ₹ 100 crore of total provision was surrendered) were made in respect of 10 Grants on various grounds like non-receipt of sanctions, less expenditure than anticipated, less requirement of funds, *etc.* In these 10 cases, out of the total provision of ₹ 8333.61 crore of above Grants/Appropriations, ₹ 2947.38 crore were surrendered, details of which are given in **Appendix 3.6**. Cases where surrender of funds was in excess of ₹ 300 crore during the year 2020-21 are given in the table below:

Table 3.9: Cases of surrender of funds in excess of ₹ 300 crore

(₹ in crore)

Sl. No.	Grant number/ Department	Original	Supplementary	Total Provision	Actual	Saving	Amount Surrendered
Revenue (Voted)							
1.	21- Education, Sports, Arts & Culture	2506.87	-	2506.87	1908.81	598.06	470.28
2.	34 – Social Security and Welfare, Nutrition	728.03	-	728.03	427.02	301.01	301.07
3.	38- Secretariat Economic Services	804.37	-	804.37	284.79	519.57	471.72

Sl. No.	Grant number/ Department	Original	Supplementary	Total Provision	Actual	Saving	Amount Surrendered
4.	51- Housing & Rural Departments	1138.44	442.48	1580.92	1033.36	547.56	538.50
	Total	5177.71	442.48	5620.19	3653.98	1966.20	1781.57
Capital (Voted)							
1.	56 – Public Works, Roads and Bridges	1080.68	300.00	1380.68	937.86	442.82	440.68
	Total	1080.68	300.00	1380.68	937.86	442.82	440.68

Source: Appropriation Accounts.

3.1.10 Excess expenditure and its regularisation

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

Excess expenditure relating to current year

During the current year, expenditure under one Grant under Revenue Section, amounting to ₹ 0.74 crore, is in excess of authorisation and require regularisation under Article 205 of the Constitution as detailed in the table below.

Table 3.10: Table indicating Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State during the financial year

(₹ in crore)						
Sl. No.	Grant No.	Major Head	Major Head Description	Total provision	Expenditure	Excess
1	2	3	4	5	6	7=6-5
Revenue						
1	2	2012	President, Vice-President/Governor/Administrator of Union Territories	13.59	14.32	0.74
Total				13.59	14.32	0.74

Source: Appropriation Accounts.

3.1.10.1 Regularisation of excess expenditure of previous financial years

As indicated in the Report of the Comptroller and Auditor General of India for the previous years, out of the total of ₹ 2400.89 crore excess expenditure from 1971-72 to 2018-19, ₹ 949.05 crore as recommended by the PAC was regularised by the State Legislature (March 2021). As on 31 March 2021, an amount of ₹ 1761.64 crore was yet to be regularised as detailed in **Appendix 3.7**. The excess expenditure over grants is a serious matter as it is a violation of the will of the Legislature and calls for fixing of responsibility to discourage this practice.

3.1.11 Supplementary provision and opportunity cost

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

Table 3.11: Unnecessary excessive budget/ supplementary provision

(₹ in crore)						
Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
Capital (Voted)						
1	56-Capital Outlay on Roads and Bridges	1080.68	300.00	1380.68	937.86	442.82
2	19-Capital Outlay on Housing	159.06	31.50	190.56	121.88	68.68
3	16-Capital Outlay on Police	29.81	5.89	35.70	15.15	20.55
	Total	1269.55	337.39	1606.94	1074.89	532.05

Source: Appropriation Accounts.

From the table above it is seen that an amount of ₹ 1074.89 crore (66.89 per cent) only was utilised out of the total allocation of ₹ 1606.94 crore. It was further seen that the actual expenditure was lesser than the original allocation and hence the supplementary provision of ₹ 337.39 crore proved unnecessary. At the same time, there were large projects in the State which were stalled due to shortage of funds.

As a result, the unnecessary excessive budget provision deprived allocation of resources to those projects which requires funds leading to inordinate delay. The details of projects where no expenditure was incurred during the year is given in **Appendix 3.8**.

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

While presenting the Budget for the year 2020-21 in the State Legislature, the Finance Minister under Grant No. 10 – Capital Outlay on Road Projects announced setting up of Institute of Driving and Traffic Research. The budget allotment and actual expenditure in this regard are given below.

Table 3.12: Details of the schemes for which provision was made but no expenditure was incurred

(₹ in crore)					
Sl. No.	Department Name	Scheme Name	Approved outlay	Revised outlay	Actual expenditure
1	Road Transport	Motor Driving Institute	20.00	-	0.00

Source: Budget Speech and Appropriation Accounts (2019-20).

Audit observed that though provision of ₹ 20 crore was made, no expenditure was incurred during the year.

3.2 Review of selected Grants

A review of budgetary procedure and control over expenditure was conducted (October 2021) in respect of 'Grant Number-56- Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges and Grant Number-11-Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, New and Renewal of Energy, Capital Outlay on North Eastern Areas, Loans for Power Projects. The observations noticed during the review are discussed below:

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

3.2.1.1 Excessive supplementary provision/non surrender of savings

The overall position of budget provision, actual expenditure and savings/excess under this Grant during the five-year period 2016-21 is given below:

Table 3.13: Budget and Expenditure of Grant No. 56

	(₹ in crore)				
Grant No. 56	2016-17	2017-18	2018-19	2019-20	2020-21
Total Budget Provision	788.80	853.84	1197.79	1362.81	1889.70
Expenditure	745.14	619.70	1108.43	947.49	1410.58
Savings (-)/ Excess (+)	(-) 43.66	(-) 234.14	(-) 89.36	(-) 415.32	(-) 479.12
Savings (percentage)	5.53	27.42	7.46	30.48	25.35
Revenue Provision	177.19	162.21	392.49	468.50	509.02
Expenditure	186.16	173.08	357.73	429.11	472.72
Savings (-)/ Excess (+)	+8.98	+10.86	(-)34.76	(-)39.39	(-)36.30
Savings/Excess (percentage)	+5.07	+6.69	(-)8.86	(-)8.41	(-)7.13
Capital Provision	611.61	691.63	805.30	894.31	1380.68
Expenditure	558.97	446.63	750.70	518.38	937.86
Savings (-)/ Excess (+)	(-)52.64	(-)245.00	(-) 54.60	(-)375.93	(-)442.82
Savings (percentage)	(-)8.6	(-)35.42	(-) 6.78	(-)42.04	(-)32.07

Source: Appropriation Accounts.

As can be seen from the table above, savings as a percentage of total budget provision was 5.53 per cent in 2016-17, which rose to 30.48 per cent in 2019-20. During 2020-21 it was 25.35 per cent. Persistent large savings is indicative of incorrect assessment of actual needs and calls for a critical review of not only the budget preparation exercise of the department.

3.2.1.2 Excess over provision

There was an excess expenditure of ₹ 118.68 crore over the budget provision under 9 sub-heads during 2020-21, details of which are given **Appendix 3.9**. Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in the Department.

3.2.2 Review of Grant Number-11- Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, New and Renewal of Energy, Capital Outlay on North Eastern Areas, Loans for Power Projects

3.2.2.1 Excessive supplementary provision/non surrender of savings

The overall position of budget provision, actual expenditure and savings/excess under this Grant during the five-year period 2016-21 is given below:

Table 3.14: Budget and Expenditure of Grant No. 11

(₹ in crore)					
Grant No. 11	2016-17	2017-18	2018-19	2019-20	2020-21
Total Budget Provision	225.47	260.57	471.40	554.47	334.17
Expenditure	139.56	150.98	213.43	55.55	191.01
Savings (-)/ Excess (+)	(-)85.91	(-)109.59	(-)257.97	(-)498.92	(-)143.16
Savings (percentage)	(-)38.10	(-)42.06	(-)54.72	(-)89.98	(-)42.84
Revenue Provision	213.52	197.09	391.79	221.95	257.90
Expenditure	131.14	118.02	172.95	28.79	125.83
Savings (-)/ Excess (+)	(-)82.38	(-)79.07	(-)218.84	(-)193.16	(-)132.07
Savings/Excess (percentage)	(-)38.58	(-)40.12	(-) 55.86	(-) 87.02	(-) 51.21
Capital Provision	11.95	63.48	79.61	332.52	76.27
Expenditure	8.42	32.96	40.48	26.76	65.18
Savings (-)/ Excess (+)	(-)3.53	(-)30.52	(-)39.13	(-)305.76	(-)11.09
Savings (percentage)	(-)29.54	(-)48.08	(-)49.15	(-)91.95	(-)14.54

Source: Appropriation Accounts.

As can be seen from the table above, savings as a percentage of total budget provision was 38.10 *per cent* in 2016-17 which rose to 89.98 *per cent* in 2019-20. During 2020-21 it was 42.84 *per cent*. Persistent large savings is indicative of incorrect assessment of actual needs and calls for a critical review of not only the budget preparation exercise of the department.

3.2.2.2 Budget Provision Not Utilised

As per Paragraph 152 (iii) of the Budget Manual, the Controlling Officer should surrender to the Finance Department, all savings anticipated in the Budget under their control as soon as the certainty of non-requirement of fund is known by 15 March at the latest so that the same could be utilised for other purposes.

Contrary to the above provisions, it was noticed that 100 *per cent* of the budget provision was not utilised in 14 cases under the Grant No. 11 during the year 2020-21 as detailed below:

Table 3.15: Cases where no part of budget provisions was utilised

(₹ in crore)			
Major Head and Group Head	Original Grant	Expenditure	Savings
2501 Special Programmes for Rural Development			
(04) Field Project General	2.00	-	2.00
2801-Power			
80- General-101-Assistance to Electricity Boards (13)-Green City Project, (SPA/One Time ACA)	10.00	-	10.00
80- General-101-Assistance to Electricity Boards	27.69	-	27.69

Major Head and Group Head	Original Grant	Expenditure	Savings
(77) Meghalaya Power Sector Improvement Project Under Asian Development Bank(ADB)			
800- Other Expenditure -(04)-,System Improvement for very Important Public Events General	0.50	-	0.50
Externally Aided Project			
80- General-101-Assistance to Electricity Boards (05) Grants to SE (EAP)	60.00	-	60.00
80- General-101-Assistance to Electricity Boards (76) Dam Rehabilitation and Improvement Project (DRIP) under EAP	40.00	-	40.00
2801-Power NLCPR			
80- General-101-Assistance to Electricity Boards (08) - Non-Lapsable Central Pool of Resources General	0.60	-	0.60
2810- New and Renewable Energy			
(101) - Grid Interactive and Distributed Renewable Power, (02) Cooking, Lighting Purposes General	0.30	-	0.30
102 - Renewable Energy for Rural Applications (03)Street lighting system General	0.10	-	0.10
(04) SPV Power Plant General-	0.10		0.10
102-Renewable Energy for Rural Applications (10) KUSUM Solar Water Pumping System General	0.69	-	0.69
800 - Other Expenditure-(03)-,Village electrification State Share (Mines Special sponsored Scheme)	1.25	-	1.25
6801 Loans for Power Projects			
201 - Hydel Generation Construction of Riango Small Hydel Project (3x1000KW)	5.56	-	5.56
800 - Other Loans to Electricity Boards-(23) Loans (RIDF, Fisetc)	9.44	-	9.44
Total	158.23		158.23

Source: Appropriation Accounts.

As is evident from above, the department could not utilise the grants to the tune of ₹ 158.23 crore as per the budget allocation. This indicates poor budget formulation and lack of financial control on part of the departments.

3.2.2.3 Unnecessary Supplementary Provision

Supplementary provision of ₹ 40 crore obtained in one case during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed below:

Table 3.16: Unnecessary supplementary provision

(₹ in crore)						
Major Head and Group Head	Original Grant	Supplementary	Re-appropriation	Final Grant	Actual expenditure	Excess(+) Savings(-)
Revenue						
2810 New and Renewable Energy	217.90	40.00	---	257.90	125.83	(-)132.07

Source: Appropriation Account.

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

3.2.2.4 Expenditure incurred without authority of law

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

It was however, noticed that expenditure of ₹ 65.48 crore was incurred in seven cases without any budget provision in the original budget/ supplementary and without any re-appropriation orders to this effect as detailed below:

Table 3.17: Cases where expenditure was incurred without either any budget/supplementary provisions or re-appropriation orders

(₹ in crore)			
Major Head and Group Head	Final Grant	Re-appropriation	Excess
2801-Power			
80-General 101-Assistance to Electricity Board (01)- Subsidy to M.S.E.B for Rural Electrification	-	17.77	17.77
80- General 101-Assistance to Electricity Boards (75)- Selection of consultant for Reviewing/Amendment of State Policy	-	0.06	0.06
80- General 101-Assistance to Electricity Boards (78)- Re-imbursement of Local Taxes and SGST for Saubhagya	-	33.02	33.02
800- Other Expenditure (03)-,Re-Payment of Loan Component and Interest thereto on Account of RGGVY	-	11.91	11.91
NEC Scheme			
4552-Capital Outlay on North Eastern Areas			
111-Power (01)-Transmission General	-	0.92	0.92
6801-Loans for Power Projects			
800-Other Loans to Electricity Boards (04)-Non-Lapsable Central Pool of Resources	-	0.60	0.60
800-Other Loans to Electricity Boards (08)- Survey and Investigation	-	1.20	1.20
Total	-	65.48	65.48

Source-Appropriation Accounts 2020-21.

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.

3.3 Conclusion

Against original budget allocation ₹ 18,999.24 crore, the expenditure was only ₹ 13,802.08 crore (72.65 per cent) of the original allocation. Therefore, the supplementary provision of ₹ 1569.01 crore totally proved unnecessary. Out of the savings of ₹ 5197.16 crore, ₹ 4550.93 crore (85.57 per cent) was surrendered on the last working day of March 2021, in violation of Budget Rules.

The savings of ₹ 5197.16 crore may be seen in the context to over estimation of Receipts of ₹ 17,374.56 crore by the State Government and the estimation on the

expenditure side being ₹ 18,999 crore during the year 2020-21. As against the estimated Receipts, the actual Receipts were ₹ 13,152.90 crore only thereby restricting the total expenditure to ₹ 13,802 crore. This implied that the savings were notional, as the funds were not actually available for expenditure.

There were three instances where expenditure of ₹ 104.44 crore was incurred without authority of law, unnecessary supplementary provision of ₹ 1062.55 crore in 22 cases and unnecessary re-appropriations.

During the year, expenditure of ₹ 0.74 crore was incurred in excess of authorisation under one Grant under Revenue Section which requires regularisation as per Constitutional provisions. Excess expenditure of ₹ 1761.64 crore (from 1971-72 to 2019-20) was yet to be regularised as on 31 March 2021.

3.4 Recommendations

The budgetary exercise requires urgent streamlining by the Finance Department in the State, on account of huge unutilised funds over the years. The Government should consider over hauling the preparation of estimates, which largely remained ambitious and also augment the capacity of the spending departments to utilise earmarked funds on time.

The grants showing persistent savings may be reviewed by concerned Departments to ascertain and address the cause for such savings.

An Expenditure of ₹ 104.44 crore was incurred without any budget provision in the original budget/ supplementary and without any re-appropriation orders to this effect. The Finance Department may ensure that such cases are covered by providing adequate supplementary provision to avoid expenditure without provision in future as it undermines Legislative Authority.

Excess expenditure remaining un-regularised for prolong period needs to be viewed seriously as this dilutes parliamentary control over the exchequer. The State Government should also ensure that the excess expenditure of ₹ 1762 crore is regularised at the earliest.

Re-appropriation for expenditure of ₹ 169.28 crore incurred without provision in the budget needs regularisation by the State Legislature.

CHAPTER-IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

CHAPTER IV: QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

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

4.1 Funds kept outside the Consolidated Fund of the State

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

Audit observations on such funds are given below:

4.1.1 Labour Cess

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

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

Audit findings revealed that labour cess collected by the Building and Other Construction Workers’ Welfare Board was being maintained by the Board and deposited in a nationalised bank and investments made in Fixed Deposits in State Bank of India and Vijaya Bank. As such, the collected Cess to the tune ₹ 95.22 crore

(excluding expenditure of the Board) during 2016-17 to 2020-21 has not been routed through the Consolidated Fund of the State as required under Article 266(1) of the Constitution of India. The fund position of the Board for the last five years, i.e. from 2016-17 to 2020-21 is shown in the table below:

Table 4.1: Labour Cess collected by the Meghalaya Building and Other Construction Workers' Welfare Board during 2016-21

(₹ in crore)				
Year	Opening Balance	Cess collected during the year	Expenditure incurred	Closing Balance
2016-17	16.76	24.83	0.27	41.32
2017-18	41.32	21.34	0.98	61.68
2018-19	61.68	17.66	1.65	77.69
2019-20	77.69	23.12	3.88	96.93
2020-21	96.93	20.81	22.52	95.22

4.1.2 Meghalaya Environment Protection and Restoration Fund (MEPRF)

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

Subsequently, in compliance with the orders of the Hon'ble National Green Tribunal, the Mining and Geology Department, Government of Meghalaya, had issued the **Revised Guidelines of Meghalaya Environment Protection and Restoration Fund in August 2020**. The Revised Guidelines which was also approved with amendments by the NGT Committee, Meghalaya, categorically stated in clause 1 that the State Government shall notify institutional mechanisms consisting of District Level Executive Committees, Technical Committee, Steering Committee and Monitoring Group to ensure utilisation of MEPRF in an efficient, effective and transparent manner, for the purpose of restoration of environment in areas affected by coal mining in the State. It also seeks necessary remedial and preventive measures with regard to environment and matter related thereto, including rehabilitation of persons affected by coal mining.

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

Since the inception of the MEPRF (25 March 2015), the total accumulation under the Meghalaya Environment Protection Fund as on 31 March 2021 is ₹ 445.16 crore as shown in the table below:

Table 4.2: Funds collected under MEPRF since inception

(₹ in crore)

Sl. No.	Period of collection	Amount collected under MEPRF
1.	25 March 2015 to 30 April 2015	95.13
2.	31 July 2015 to 30 October 2015	45.83
3.	23 December 2015 to 15 February 2016	63.87
4.	17 March 2016 to 30 March 2016	6.45
5.	31 March 2016 to 15 April 2016	10.64
6.	01 October 2016 to 31 May 2017	136.49
7.	21 November 2017 to 31 May 2018	74.66
8.	04 December 2018 to 15 January 2019	10.23
9.	Seized coal under Section 21 of MMDR Act, 1957 during August 2019 to September 2019	1.86
Total		445.16

Source: Directorate of Mineral Resources, Government of Meghalaya.

As is evident from above, collections to the tune of ₹ 445.16 crore under MEPRF as on 31 March 2021 has been lying outside the Consolidated Fund in contravention of the Article 266(2) of the Constitution.

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

4.2 Funds transferred directly to State implementing agencies

As per GoI decision, all assistance to Centrally Sponsored Schemes (CSS) and Additional Central Assistance (ACA) under various schemes would be released directly to the State Government and not to the State Implementing Agencies²³ and hence, these funds would be routed through the State budget from the year 2015-16 onwards. However, as per Appendix VI of Volume II of Finance Accounts, it was seen that GoI released ₹ 1345.76 crore under 50 schemes (**Appendix 4.1**) directly to State Implementing Agencies (including Govt. Departments) during 2020-21, which were not routed through the budget of the State Government. Cases where the transfer of funds has exceeded ₹ 10 crores during 2019-20 and 2020-21 are shown in the table below:

²³ State Implementing Agency includes any organisation/institution including non-Governmental Organisation which is authorised by the State Government to receive the funds from the Government of India for implementing specific programmes in the State.

Table 4.3: Funds in excess of ₹ 10 crore transferred by Government of India directly to State implementing agencies

(₹ in crore)				
Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2019-20	Government of India releases during 2020-21
1.	MPs Local Area Development Scheme MPLADS	Deputy Commissioner	12.50	7.50
2.	Integrated Development of Tourism Circuits around specific themes (Swadesh Darshan)	Meghalaya Tourism Development Corporation Ltd.	25.49	34.09
3.	National Rural Employment Guarantee Scheme (MGNREGA)CS	State Rural Employment Society, Shillong	604.89	977.22
4.	North East Road Sector Development Scheme	Public Works Department (Roads), Meghalaya	33.98	0.66
	Total		676.86	1019.47

Source: Finance Accounts.

As these funds were not routed through the State budget/State treasury system, the Annual Finance Accounts did not capture these funds flow and to that extent, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them did not present the complete picture.

4.3 Funds lying unutilised in the current account of DDOs

The Drawing and Disbursing Officers (DDOs) are required to withdraw money from the Government Account/ Consolidated Fund for making payment on behalf of the Government. As on 31 March 2021, an amount of ₹ 276.71 crore were lying in the current accounts of 26 DDOs out of 45.

During the Exit Conference (December 2020) held between the Accountant General (A&E) and the State Government, the representatives of the State Government stated that the DDOs were allowed to open current account due to Banking Cash Transaction Tax (BCTT) imposed by Government of India. The AG (A&E) insisted upon to close all the current accounts as BCTT has been rolled back and to follow the prescribed procedure of Treasury Rules, Receipts and Payments Rules *etc.* for drawal of money from Government Accounts. The treasury officers should be instructed not to pass any bill for payment which has been placed before them for drawal of money with the intention to transfer of balance to current account. The details of current accounts being operated by the 26 DDOs are detailed in **Appendix 4.2**.

Funds to the tune of ₹ 276.71 crore were meant to incur expenditure on different heads *inter alia*, office expenses, committed liabilities, Central/State Scheme. Even though these amounts have already been accounted for as expenditure from the consolidated fund of the State, they are still lying idle parked outside the Government Accounts. Thus the expenditure shown in the Finance Accounts cannot be vouched as correct to that extent. Further, information from the remaining DDO's are still awaited (26.11.2021).

4.4 Delay in submission of Utilisation Certificates

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

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

Non submission of the UCs means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against Grants-in-Aid meant for Capital Expenditure. The year-wise details of submission of UCs for the years 2016-21 are given in the table below:

Table 4.4: Year-wise details on submission of UCs for the years 2016-21

(₹ in crore)

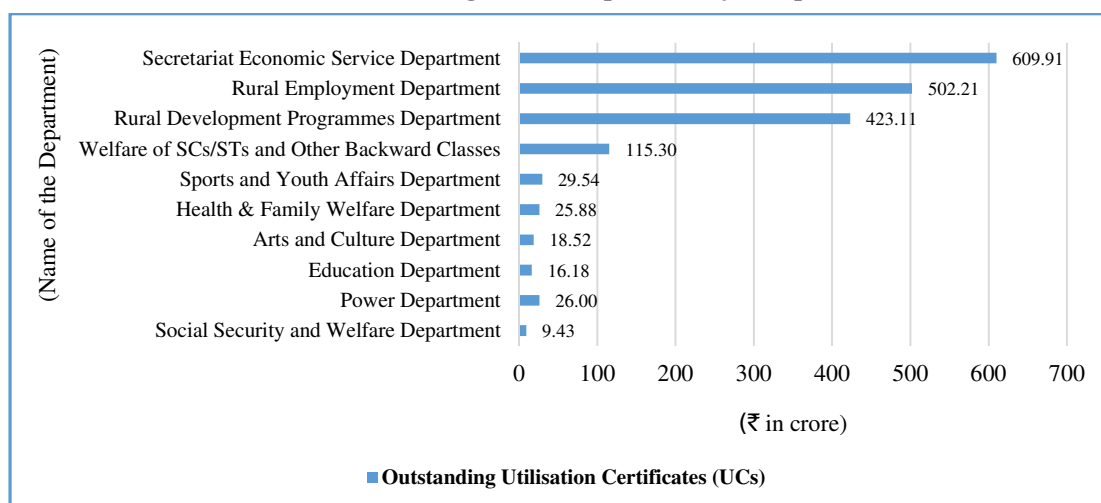
Year	Opening Balance		Addition During the Year		Disposal		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2016-17	284	1097.13	447	1620.70	226	716.45	508	2001.39
2017-18	508	2001.39	382	1222.10	174	489.81	716	2733.59
2018-19	716	2773.59	527	1892.51	133	326.48	1110	4299.62
2019-20	1110	4299.62	180	1343.12	1075	3876.88	215	1765.86
2020-21	215	1765.86	705	2060.41	527	845.07	393*	2981.21

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

*Out of 393, 178 UCs involving ₹ 1215.35 crore will be due in 2021-22.

It was seen that at the close of March 2021, 215 UCs amounting to ₹ 1765.86²⁴ crore remained outstanding in the books of the Accountant General (Accounts & Entitlement), Meghalaya.

Chart 4.1: Outstanding UCs in respect of major Departments



²⁴ ₹ 1765.86 = ₹ 2981.21 crore - ₹ 1215.35 crore.

Major defaulting departments which have not submitted UCs and their percentage out of total outstanding amount under Grants-in-Aid are Secretariat Economic Services (₹ 609.91 crore, 34.54 *per cent*), Rural Employment (₹ 502.21 crore, 28.44 *per cent*), Rural Development (₹ 423.11 crore, 23.96 *per cent*) and Welfare of S.Cs /S.Ts and other Backward classes (₹ 115.30, 6.53 *per cent*).

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which these were disbursed. Further, it is likely that the funds received were not spent and were being held in the bank accounts of the respective departments. For example, **paragraph 3.2.1** of Chapter 3 it has been observed that the Public Works Department had a savings of ₹ 479.12 crore (25.35 *per cent*) during 2020-21, out of which ₹ 515.79 crore received was on account of grants-in-aid for CSS (Pradhan Mantri Gram Sadak Yojna). In the absence of UCs being submitted by the department it is impossible to gauge the implementation status of the scheme for which funds have been received.

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

4.5 Abstract Contingent bills

According to the Meghalaya Treasury Rules, 1985, the Controlling Officers are required to submit Detailed Countersigned Contingent (DCC) bills against the drawal of Abstract Contingent (AC) bills to the Accountant General (AG) within a month from the date of receipt of such bills in his office. As of March 2021, 61 DCC bills amounting of ₹ 63.03 crore were outstanding as shown in the table below. Major defaulter in this regard is the Election Department where AC bills for ₹ 62.84 crore (99.70 *per cent*) remained outstanding as of March 2021.

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

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

Expenditure against AC bills at the end of the year indicates poor public expenditure management and may point to the drawal being done primarily to exhaust the budget provision. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

4.6 Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for discharging the liabilities of the Government arising out of special enactment. As per Rule 392 of the Meghalaya Treasury Rules, 1985, if PD accounts are created by transferring funds from the Consolidated Fund for discharging liabilities of the Government arising out of the special enactment, such accounts should be closed at the end of the financial year and the unspent balance should be transferred to the Consolidated Fund. The amount credited to these accounts will be debited to the Consolidated Fund of the State and booked as expenditure of the year. Further, if a PD Account is not operated for a considerable period and there is reason to believe that the need for deposit account has ceased, the same should be closed in consultation with the officer in whose favour the deposit account had been opened.

During 2020-21, no amount has been transferred from Consolidated Fund of the State to Personal Deposit Accounts. However, an amount of ₹ 2.93 crore was credited to the PD Accounts through challans. This includes ₹ 0.05 crore transferred in March 2021. This is 1.71 *per cent* of the total credit to PD account during the year, of which, no amount was transferred on the last working day of March 2021. Details of PD accounts as on 31 March 2021 are given below:

Table 4.6: Details of PD accounts as on 31 March 2021:

(₹ in crore)							
Opening Balance as on April 2020		Addition during the year 2020-21		Closed/Withdrawal during the year 2020-21		Closing Balance as on 31 March 2021	
Number of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount	Number of Administrators	Amount
15	16.31	02	2.93	00	1.97	17	17.27

Further, scrutiny of the transactions for the year 2020-21 revealed that there are no inoperative PD accounts.

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

4.7 Indiscriminate use of Minor Head 800

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

During 2020-21, the State Government booked an expenditure of ₹ 2071.82 crore under Minor Head 800 under 45 Revenue and Capital Major Heads of Accounts, constituting 15.66 *per cent* of the total Revenue and Capital Expenditure of ₹ 13,232.66 crore.

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

Table 4.7: Significant expenditure booked under Minor Head 800 – Other Expenditure during 2020-21

Major Head	Description	Details of Expenditure		(₹ in crore)
		Total Expenditure	800 Expenditure	Per cent
2225	Welfare of Scheduled Caste, Scheduled Tribe, Other Backward Classes and Minorities	70.60	70.60	100
2552	North Eastern Areas	8.36	4.63	55
2575	Special Programmes for Rural Development	41.85	35.36	84
2853	Non Ferrous Mining and Metallurgical Industries	79.44	59.74	75
3451	Secretariat- Economic Services	482.85	271.30	56
4235	Capital Outlay on Social Security and Welfare	6.62	3.68	56
4401	Capital Outlay on Crop Husbandry	1.32	1.32	100
4885	Other Capital Outlay on Industries and Minerals	15.13	15.13	100
5054	Capital Outlay on Roads and Bridges	935.77	935.77	100
5055	Capital Outlay on Road Transport	2.45	2.45	100
	Total	1644.39	1399.98	

With regard to receipts, ₹ 200.08 crore under 30 Major Heads of Account, constituting 1.87 *per cent* of the total Revenue Receipts (₹ 10,683.24 crore) was classified under 800-Other Receipts in the accounts.

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

Table 4.8: Significant Receipts booked under Minor Head 800 – Other Receipts during 2020-21

Major Head	Description	Details of Receipts		(₹ in crore)
		Total Receipts	Receipts booked under 800	Per cent
1456	Civil Supplies	86.00	86.00	100
0801	Power	1.24	1.24	100
0702	Minor Irrigation	0.31	0.31	100
0575	Other Special Areas Programmes	0.01	0.01	100
0405	Fisheries	0.11	0.11	100
0425	Co-operation	4.74	4.70	99
0075	Miscellaneous General Services	2.82	2.65	94
0070	Other Administrative Services	26.98	25.05	93
	Total	122.21	120.07	

Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

4.8 Outstanding balance under major Suspense and DDR heads

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final Head of Account for some reason or the other. These are finally cleared by minus debit or minus credit when the amount is taken to its final Head of Account. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated resulting in understatement of Government's receipts and payments. Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. 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 below:

Table 4.9: Balances under Suspense and Remittance Heads

(₹ in crore)

Major Head 8658-Suspence Accounts						
Name of Minor Head	2018-19		2019-20		2020-21	
	Dr	Cr	Dr	Cr	Dr	Cr
101- Pay and Accounts Office -Suspense	45.53	9.90	65.53	22.41	101.61	41.27
Net	Dr 35.63		Dr 43.12		Dr 60.34	
102- Suspense Account (Civil)	4.48	0.11	4.36	0.09	3.98	0.09
Net	Dr 4.37		Dr 4.27		Dr 3.89	
109- Reserve Bank Suspense -Headquarters	26.40	0.36	29.12	6.99	25.69	7.79
Net	Dr 26.04		Dr 22.13		Dr 17.90	
110-Reserve Bank Suspense -Central Accounts Office	35.58	37.18	133.23	133.84	135.42	128.46
Net	Cr 1.60		Cr 0.61		Dr 6.96	
112-Tax Deducted at source(TDS) Suspense	0.04	4.77	0.04	3.43	0.04	0.18
Net	Cr 4.73		Cr 3.39		Cr 0.14	
123- A.I.S Officers' Group Insurance Scheme	0.30	0.35	0.30	0.36	0.30	0.37
Net	Cr 0.05		Cr 0.06		Cr 0.07	
Major Head 8782- Cash Remittances and adjustments between Officers rendering accounts to the same Accounts Officer						
Name of Minor Head	2018-19		2019-20		2020-21	
	Dr	Cr	Dr	Cr	Dr	Cr
102- Public Works Remittances	21491.09	21633.52	23321.16	23460.11	26180.05	26320.01
103-Forest Remittances	3123.43	3083.33	3290.42	3246.95	3569.75	3509.33
Net	Cr 102.33		Cr 95.48		Cr 79.54	

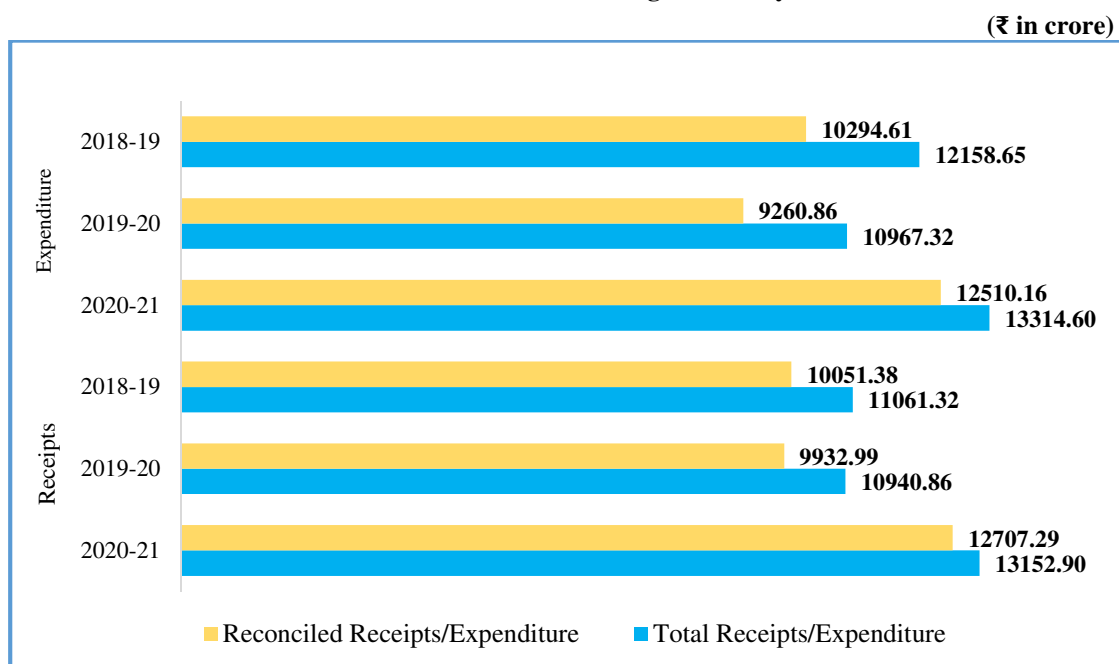
Source: Finance Accounts.

4.9 Non-reconciliation of Departmental figures

To enable Controlling Officers (COs) of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that receipts and expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E).

The status of reconciliation of receipts and expenditure figures by the COs during the three years period 2018-21 is shown in the Chart and table below:

Chart 4.2: Status of reconciliation during the three years 2018-21



Source: Information furnished by AG (A&E), Meghalaya.

Table 4.10: Status of Reconciliation of Receipts and Expenditure figures

(₹ in crore)

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all	Total Expenditure/Receipts	Percentage of reconciliation
Expenditure						
2018-19	59	10294.61	33.14	1830.90	12158.65	85
2019-20	62	9260.86	Nil	1706.46	10967.32	84
2020-21	62	12510.16	Nil	804.44	13314.60	94
Receipts						
2018-19	59	10051.38	0.33	1009.61	11061.32	91
2019-20	62	9932.99	Nil	1007.87	10940.86	91
2020-21	57	12707.29	Nil	445.61	13152.90	97

Source: Information furnished by AG (A&E), Meghalaya.

It could be seen from the above table that the percentage of reconciliation of expenditure has increased from 85 *per cent* during 2018-19 to 94 *per cent* during 2020-21. Similarly, the percentage of reconciliation of receipts has also increased from 91 during 2018-19 to 97 *per cent* during 2020-21.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

4.10 Reconciliation of Cash Balances

As on 31 March 2021, there was a difference of ₹ 45.71 crore (debit) between the figures reflected in the accounts (₹ 50.65 crore debit) and that intimated by the Reserve Bank of India (₹ 4.94 crore credit). The difference was due to misclassification by bank/treasury and non-receipt of details of adjustment made by RBI as shown below:

Table 4.11: Details of difference between the figures reflected in the accounts and RBI

1.	Misclassification by Bank/Treasury	Dr. ₹ 6.44 crore
2.	Non-receipt of details of adjustments made by RBI	Dr. ₹ 39.27 crore
Total		₹ 45.71 crore

4.11 Compliance with Accounting Standards

As per article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. Further, the Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the Comptroller and Auditor General of India, the President of India has so far notified three Indian Government Accounting Standards (IGAS). The details of these standards and the extent of compliance with these by the Government of Meghalaya in its financial statements for the year 2020-21 are given in table below:

Table 4.12: Compliance with Indian Government Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	IGAS-1: <i>Guarantees Given by the Government – Disclosure requirements</i>	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Complied	Both sector-wise details as well as class-wise details have been disclosed in the Finance Accounts (Statements 9 and 20) of the State of Meghalaya.

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
2.	IGAS-2: <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	There was no instance of Grants-in-Aid booked under Capital Head. Detailed information in respect of Grants-in-Aid in kind has not been furnished by the Government of Meghalaya.
3.	IGAS-3: <i>Loans and Advances made by Government</i>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Partly Complied	The State government has not furnished figures in respect of certain loans and advances for which they maintain detailed accounts. None of the Loanees have confirmed the balances.

4.12 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Several autonomous bodies have been set up by the State Government in the field of Khadi and Village Industries, Labour, *etc.* The position of annual accounts of three 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 the table below:

Table 4.13: Position of outstanding annual accounts

Name of Autonomous Body	Section of DPC Act under which audit is conducted	Due date for submission of Annual Accounts	Year of Annual Accounts received	Outstanding Annual Accounts
Meghalaya State Electricity Regulatory Commission (MSERC)	19(2)	June every year	2019-20	2020-21
Meghalaya Khadi and Village Industries Board	19(3)	-do-	2018-19	2019-20 to 2020-21
Meghalaya Building and Other Construction Workers' Welfare Board	19(2)	- do -	2015-16	2016-17 to 2020-21

In the absence of annual accounts and their audit, proper utilisation of the grants and loans disbursed to those Bodies/Authorities and their accounting cannot be vouched. The Administrative Departments may take steps to clear the arrears in accounts of these bodies.

4.13 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 22 bodies/authorities due up to 2020-21 had not been received (November 2020) by the Accountant General (Audit). The details of these accounts are given in **Appendix 4.3** and their age-wise pendency is presented in table below:-

Table 4.14: 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	-
2.	Above 1 year to 3 years	13
3.	Above 3 years to 5 years	20
4.	Above 5 years to 7 years	7
5.	Above 7 years to 9 years	16
6.	Above 9 years	97
Total		153

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.

4.14 Autonomous District Councils (ADCs)

The United Khasi and Jaintia Hills District Council was set up in June 1952 under Article 244(2) read with the Sixth Schedule to the Constitution of India. The Council was bifurcated in 1967 and the Jowai District Council was carved out of it. In 1973, the United Khasi and Jaintia Hills District Council and the Jowai District Council were renamed as Khasi Hills Autonomous District Council (KHADC) and Jaintia Hills Autonomous District Council (JHADC) respectively. The Garo Hills Autonomous District Council (GHADC) was set up in June 1952 under Article 244(2) read with the Sixth Schedule to the Constitution of India.

Non-submission of Annual Accounts

As per the Fund Rules of JHADC and GHADC, the Annual Accounts were to be submitted to the AG (Audit) by 30th June of each year but no prescribed date was mentioned in the Fund Rules of the KHADC. The annual accounts of the ADCs were in arrears for two to five years, as indicated below:

Table 4.15: Arrears in submission of Annual Accounts

Name of the ADCs	Due date for submission of Annual Accounts	Year of Annual Accounts received	Outstanding Annual Accounts
KHADC	30 June	2018-19	2019-20 to 2020-21
GHADC	30 June	2015-16	2016-17 to 2020-21
JHADC	30 June	2017-18	2018-19 to 2020-21

Persistent delay in finalisation of accounts is fraught with the risk of fraud and leakage of public money going undetected. The State Government may advise the ADCs to finalise the arrear accounts and submit them to the Accountant General.

Utilisation of grants

During the period 2016-17 to 2020-21, the ADCs received grants (Central and State) for implementation of various development schemes. The details of utilisation of such grants are as under:

Table 4.16 : Utilisation of Central grants

(₹ in crore)				
Name of the ADCs	Year	Name of the Central Grant	Amount Sanctioned	Amount for which UCs submitted
KHADC	2016-17	Special Assistance released by the Ministry of Finance, GoI	133.12	120.20
		Construction of District Councils Building under Art.275(1)	1.20	1.20
	2017-18	Grant for Areas not included in Pt. IX & IXA of the Constitution from the Ministry of Finance	32.25	30.83
	2018-19		50.18	Nil
	2019-20		50.18	Nil
	2020-21		Nil	Nil
JHADC	2016-17	Special assistance released by the Ministry of Finance, GoI	33.57	30.72
		Construction of District Councils Building under Art.275(1)	1.81	1.81
	2017-18	Grant for Areas not included in Pt. IX & IXA of the Constitution from the Ministry of Finance	10.75	6.40
	2018-19		16.73	Nil
	2019-20		16.73	Nil
	2020-21		Nil	Nil
GHADC	2016-17	Special Assistance released by the Ministry of Finance, GoI	100.71	84.79
		Construction of District Councils Building under Art.275(1)	1.83	1.32
	2017-18	Grant for Areas not included in Pt. IX & IXA of the Constitution from the Ministry of Finance	28.66	24.01
	2018-19		44.60	Nil
	2019-20		44.61	Nil
	2020-21		Nil	Nil
Total			566.93	301.28

Table 4.17: Utilisation of State grants

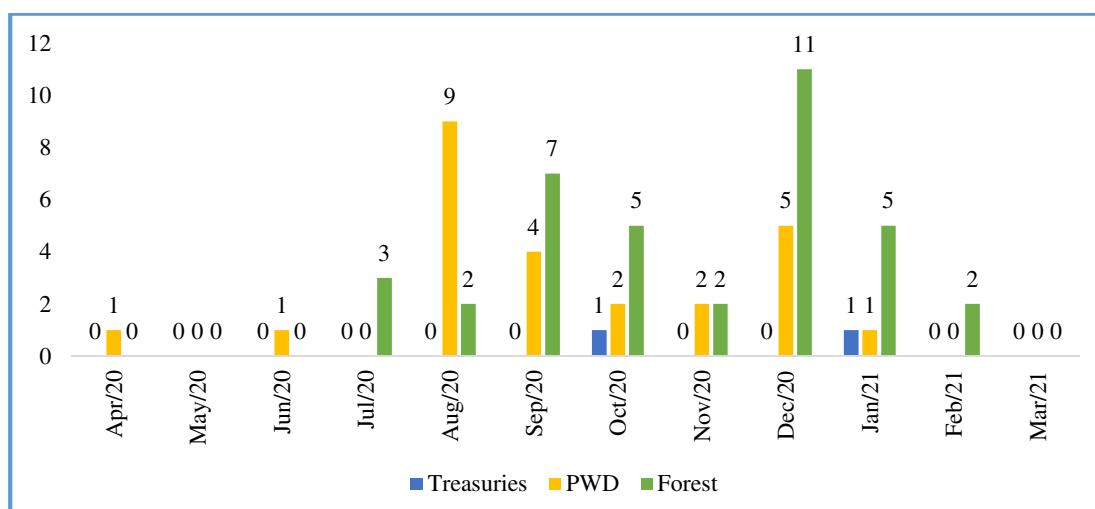
(₹ in crore)				
Name of the ADCs	Year	Name of the State Grant	Amount Sanctioned	Amount for which UCs submitted
KHADC	2017-18	Financial assistance to District Council for financing their own plan schemes	9.67	9.67
		Financial assistance to District Council for construction of council building	0.18	0.18
	2020-21	Financial assistance to District Council for Special purpose	12.50	Nil
JHADC	2016-17	Financial assistance to District Council for financing their own plan schemes	33.57	33.57
		Financial assistance to District Council for construction of council building	1.81	1.81
GHADC	2016-17	Financial assistance to District Council for financing their own plan schemes	100.71	100.71
		Financial assistance to District Council for construction of council building	1.83	1.83
	2017-18	Financial assistance to District Council for construction of council building	0.16	Nil
Total			160.43	144.77

From **Table 4.16** above it is seen that out of the grants of ₹ 566.93 crore received as Central Grant during 2016-21, the ADCs could utilise only ₹ 301.28 crore (53 *per cent*) of the total fund allotted. Non-submission of the UCs means that the authorities have not explained as to how funds were spent over the years or they were not spent. The ADCs be advised to submit the pending UCs.

4.15 Timeliness and Quality of Accounts

The accounts of the State Government are compiled by the Accountant General (A&E) from the initial accounts rendered by district treasuries, sub-treasuries, Resident Commissioner (New Delhi), cyber treasury, public works divisions (PWD) and forest divisions, apart from the RBI advices. There are often delays in rendition of monthly accounts. Due to the failure of the account rendering units to furnish accounts on time, some accounts are excluded from the monthly Civil Accounts by the Accountant General (A&E). The position of exclusion of monthly Civil Accounts during 2020-21 is shown in the Chart below: -

Chart 4.3: Number of accounts excluded from monthly Civil Accounts during 2020-21



As can be seen from above, zero to one account of treasury divisions, zero to nine accounts of PWD and zero to 11 accounts of forest divisions were excluded from monthly Civil Accounts during the year. 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 closely and ensure the rendition of accounts by all the account rendering authorities to the Accountant General (A&E) on a timely basis, to manage its own budget more effectively.

4.16 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 Accountant General, should be

immediately reported to the 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.

State Government reported 72 cases of theft, misappropriation and loss involving Government money amounting to ₹ 1.15 crore up to March 2021 on which final action was pending. A break up of pending cases and age-wise analysis is given in the table below:

Table 4.18: Pending cases of misappropriation, losses, theft, etc.

(₹ in crore)

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	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Public Works	4	0.18	-	-	4	0.18	-	-
Horticulture	1	0.21	-	-	1	0.21	-	-
Community & Rural Development	1	0.03	-	-	1	0.03	-	-
Legislative Assembly	2	0.44	1	0.41	1	0.03	-	-
Land Record and Survey	1	0.02	-	-	1	0.02	-	-
Mining & Geology	1	0.17	-	-	1	0.17	-	-
Finance	1	0.02	1	0.02	-	-	-	-
Health	4	0.01	3	0.006	1	0.003	-	-
Public Health Engineering	57	0.07	56	0.06	1	0.01	-	-
Total	72	1.15	61	0.496	11	0.653	-	-

Source: Information furnished by the respective departments.

Out of ₹ 1.15 crore, the highest amount of misappropriation of ₹ 0.44 crore pertained to Meghalaya Legislative Assembly involving two cases.

4.17 Follow up action on State Finances Audit Report

The Audit Reports can achieve the desired results only if they evoke positive and adequate response from the administration itself. To ensure accountability of the executive about the issues contained in the Audit Reports, the Public Accounts Committee of Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned administrative departments within one month of presentation of the Audit Reports to the State Legislature.

The State Finances Audit Report for the years from 2008-09 to 2019-20 were placed before the State Legislature in March 2010, March 2011, March 2012, April 2013, June 2014, March 2015, March 2016, March 2017, April 2018, September 2019, November 2020 and September 2021 respectively. However, *suo motu* explanatory notes on the observations made in those Audit Reports were not furnished by the Departments. Some random replies on only certain portions of Appendices to these Reports were sent by some Departments after placing of these Reports in the Legislative Assembly.

4.18 Conclusion

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

A substantial amount of GoI funds (₹ 1345.76 crore) were received directly by the State implementing agencies, despite GoI decision to route all assistance to CSS and ACA under various schemes, through the State Budget and treasury system. As a consequence, the actual State receipt and expenditure as well as other fiscal variables did not present a complete picture to that extent.

As on 31 March 2021, 215 UCs for ₹ 1765.86 crore were outstanding for submission. Huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds, it is imperative that the State Government should monitor this aspect closely.

As of March 2021, 61 DCC bills amounting to ₹ 63.03 crore were outstanding. Major defaulter in this regard is the Election Department where AC bills of ₹ 62.84 crore remained outstanding as of March 2021.

During 2020-21, the State Government booked an expenditure of ₹ 2071.82 crore under Minor Head 800 under 45 Revenue and Capital Major Heads of Accounts, constituting 15.66 *per cent* of the total Revenue and Capital Expenditure of ₹ 13,232.66 crore. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

In the absence of annual accounts and their audit, proper utilisation of grants and loans disbursed to bodies and authorities and their accounting cannot be assured. It is observed that annual accounts of three autonomous bodies were outstanding since 2016-17 and accounts of ADCs for two to five years. This requires urgent intervention at the highest level in order to have a realistic and timely assessment of their financial position and review of financial assistance to these bodies due to arrears in their accounts.

There were also 72 instances of theft, misappropriation and loss involving Government money amounting to ₹ 1.15 crore.

4.19 Recommendations

An accountability framework for submission of UCs in a timely manner may be put in place. Further disbursement of grants to defaulting Departments may only be allowed after receipt of pending UCs.

The Finance Department should, in consultation with the 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.

The Finance Department should consider evolving a system to expedite the process of compilation and submission of Annual Accounts by Autonomous Bodies in order to have a realistic and timely assessment of their financial position. They should review further financial assistance to ADCs who are in arrears of their Annual Accounts.

CHAPTER-V

FUNCTIONING OF STATE PUBLIC SECTOR ENTERPRISES

CHAPTER 5: FUNCTIONING OF STATE PUBLIC SECTOR ENTERPRISES

SUMMARY OF FINANCIAL PERFORMANCE OF STATE PUBLIC SECTOR ENTERPRISES

5.1 Introduction

This Chapter presents the financial performance of the State Public Sector Enterprises (SPSE) which consist of ‘Government Companies’, ‘Statutory Corporations’ and ‘Government Controlled Other Companies’. The term State Public Sector Enterprises (SPSEs) encompasses all the State Government owned companies set up under the Companies Act, 2013 and Statutory Corporations set up under the statutes enacted by the Parliament and State legislature.

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 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

Audit of ‘Government companies’ and ‘Government Controlled Other Companies’ is conducted by the CAG 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 there under. 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 right to conduct a supplementary audit of the company's financial statements. The statutes governing some Statutory Corporations require their accounts to be audited only by CAG.

5.3 Working and non-working SPSEs

As on 31 March 2021, the State of Meghalaya had total 18 SPSEs, which were under the audit jurisdiction of the C&AG, as shown in **Table 5.1**. The status of finalisation of the year wise accounts and summarised details on the operational performance of these 18 SPSEs have been given in *Appendix 5.1*.

Table 5.1: Details of working and non-working SPSEs

Type of SPSEs	Working SPSEs	Non-working SPSEs	Total
Government Companies	15	1	16
Statutory Corporations	2	-	2
Total	17	1	18

The only non-working SPSE (Meghalaya Electronics Development Corporation Limited) was under liquidation since June 2011.

Table 5.2 below provides the comparative details of working SPSEs turnover and State GSDP for a period of three years ending 2020-21.

Table 5.2: Contribution of SPSEs-turnover to GSDP

Particulars	₹ in crore)		
	2018-19	2019-20	2020-21
SPSEs-Turnover ²⁵	1,121	1,204	1,386
GSDP	32,176	34,716	33,436
Percentage of Turnover to GSDP	3.48	3.47	4.15

Source: As per latest finalised accounts of SPSEs (Appendix 5.1).

As seen from the **Table** above, the contribution of SPSEs to the GSDP was 3.47 *per cent* in 2019-20 and it increased to 4.15 *per cent* in 2020-21. The major contributors to SPSEs-turnover during 2020-21 were three power sector SPSEs namely, Meghalaya Power Distribution Corporation Limited (₹ 892.97 crore), Meghalaya Power Generation Corporation Limited (₹ 287.40 crore) and Meghalaya Power Transmission Corporation Limited (₹ 109.42 crore).

5.4 Investment in SPSEs

State Government's investment in SPSEs

The State's investment in the SPSEs was by way of Equity Share Capital and Long Term Loans. The Equity Capital and Loans given by the State Government to SPSEs as reflected in the records of the SPSEs should agree with the corresponding figures appearing in the Finance Accounts of the State for correct and transparent reporting. 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 for last three years is given in **Table 5.3**.

²⁵ As per the latest finalised accounts of working SPSEs as on 30th September of respective years.

Table 5.3: Equity and Loans outstanding as per the State Finance Accounts vis-à-vis records of SPSEs²⁶ for last three years

(₹ in crore)

Year	2018-19			2019-20			2020-21		
	Amount as per			Amount as per			Amount as per		
	Finance Accounts	Records of SPSEs	Difference	Finance Accounts	Records of SPSEs	Difference	Finance Accounts	Records of SPSEs	Difference
Equity	2525.73	2532.97	7.24	2535.71	2668.60	132.89	2536.47	2699.86	163.39
Loans	652.28	203.24	449.04	665.62	205.94	459.68	722.79	326.72	396.07

Source: As per State Finance Accounts and as per records of SPSEs.

Does not include figures of Cooperative Societies.

It can be noticed from the **Table** above that, as on 31 March 2021, as per records of SPSEs, the State Government's Investment (Equity and Loan) in SPSEs during last three years increased by 10.61 *per cent* (₹ 290.37 crore) from ₹ 2736.21 crore (2018-19) to ₹ 3026.58 crore (2020-21). As on 31 March 2021, however, there were differences in the figures of investment in Equity (₹ 163.39 crore) and Loan (₹ 396.07 crore) as per two sets of records. Out of 16 SPSEs²⁷ where State Government had made direct investment, the difference occurred in respect of 12 SPSEs²⁸.

The State Government and the SPSEs concerned should take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of financing the SPSEs and the Finance Accounts may be updated.

5.5 Budgetary assistance to SPSEs

The State Government provides financial support to SPSEs in various forms through annual budgetary allocations. The summarised details of budgetary support towards Equity, Loans and Grants/subsidies in respect of SPSEs during past three years are given in **Table 5.4**.

Table 5.4: Details regarding annual budgetary support to SPSEs

(₹ in crore)

Particulars	2018-19		2019-20		2020-21	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
Equity capital outgo from budget	4	31.19	4	135.53	4	31.26
Loans given from budget	3	31.69	1	2.70	3	107.17
Grants/subsidy from budget	10	222.31	6	125.30	11	204.00
Total Outgo		285.19		263.53		342.43

Source: As per SPSEs records.

²⁶ Figures of 'Equity and Loans outstanding as per the records of SPSEs' are provisional and as provided by the SPSEs as none of the SPSEs had finalised their Accounts for 2020-21 as on 30 September 2021.

²⁷ Excluding two SPSEs (Meghalaya Bamboo Chips Limited and Meghalaya Electronics Development Corporation Limited) in which State Government had no direct investment in the form of Equity and Loans.

²⁸ Other than two SPSEs at serial no. A7 and B17 of **Appendix 5.1**.

It can be noticed from the **Table** above that the budgetary support provided by State Government to SPSEs during 2020-21 was at ₹ 342.43 crore, which was higher by 20 per cent (₹ 57.24 crore) as compared to ₹ 285.19 crore provided during 2018-19. The major recipient of budgetary support during 2020-21 were four²⁹ power sector PSEs, which received aggregate financial support of ₹ 233.71 crore (Equity ₹ 13.76 crore, Loan ₹ 107.17 crore and Grants/Subsidies ₹ 112.78 crore) and Meghalaya Infrastructure Development and Financial Corporation Limited, which received Grant of ₹ 55.00 crore for implementation of Meghalaya Integrated Transport Programme.

5.6 Returns from Government Companies and Corporations

Profit earned and Dividend paid by SPSEs

The position of aggregate profit earned and dividend paid by profit earning SPSEs during the past three years as per the latest finalised accounts as on 30 September of respective year is given in **Table 5.5**.

Table 5.5: Details of profits earned and dividend paid by working SPSEs

Year	2018-19	2019-20	2020-21
Number of profit earning working SPSEs	4	3	4
Aggregate profit earned(₹ in crore)	9.61	2.83	2.03
Dividend paid	-	-	-

Source: As per latest finalised accounts of SPSEs. (Appendix 5.1).

As can be noticed from **Table** above, during last three years, three to four SPSEs earned profits ranging between ₹ 2.03 crore (2020-21) and ₹ 9.61 crore (2018-19). The profits earned by SPSEs had shown a declining trend over the period. However, none of the profit earning SPSEs had declared any dividend during the past three years. As such, the State Government did not get any returns on the State's investment made in these SPSEs. There was no recorded information about the existence of any specific policy of the State Government regarding payment of minimum dividend by the SPSEs.

During 2020-21, out of 17 working SPSEs, four³⁰ SPSEs earned aggregate profits of ₹ 2.03 crore as per their latest finalised accounts (detailed in **Appendix 5.1**) and all of them are non-power SPSEs.

²⁹ Meghalaya Energy Corporation Limited (Equity: ₹ 13.76 crore) , Meghalaya Power Generation Corporation Limited (Loan: ₹ 51.20 crore; Grant: ₹ 50.08 crore), Meghalaya Power Transmission Corporation Limited (Loan: ₹ 0.71 crore) and Meghalaya Power Distribution Corporation Limited (Loan: ₹ 55.26 crore; Grant/Subsidy: ₹ 62.70 crore).

³⁰ Forest Development Corporation Limited, Meghalaya Mineral Development Corporation Limited, Meghalaya Tourism Development Corporation Limited and Meghalaya State Warehousing Corporation.

5.7 Long Term Debt of SPSEs

The position of outstanding Long Term Debts of the SPSEs during the last three years as per their latest finalised accounts is given in **Table 5.6**.

Table 5.6: Position of Outstanding loans of the SPSEs

(₹ in crore)			
Particulars	2018-19	2019-20	2020-21
Total Loans outstanding (State Government and Others)	1938.43	1921.98	1916.66
State Government Loans outstanding	314.42	327.40	375.40
Interest on Total Loans	166.84	251.67	236.25
Interest on State Loan ³¹	24.59	25.94	27.99

Source: As per latest finalised accounts of SPSEs. (Appendix 5.1)

It can be noticed from the **Table** above that, the total long term borrowings of the SPSEs (Companies and Corporations) from all sources registered a decrease of ₹ 21.77 crore from ₹ 1938.43 crore (2018-19) to ₹ 1916.66 crore (2020-21) as per their latest finalised accounts as on September 2021. Reduction in the loans during 2018-19 to 2020-21 was on account of loan repayment of ₹ 113.38³² crore by three power sector Companies and availing of fresh borrowings (₹ 91.61³³ crore) by three SPSEs during the said period.

On the other hand, the State Government Loans outstanding against SPSEs have increased by ₹ 60.98 crore (19 *per cent*) during last three years from ₹ 314.42 crore (2018-19) to ₹ 375.40 crore (2020-21) mainly due to increase in the State Government Loans availed by Meghalaya Power Generation Corporation Limited (₹ 33.14 crore), Meghalaya Power Distribution Corporation Limited (₹ 14.97 crore) and Mawmluh Cherra Cement Limited (₹ 11.60 crore) during the said period.

As on 31 March 2021, however, 10 out of 17 working SPSEs did not have any outstanding long-term loans.

5.8 Operating Efficiency of SPSEs

Key parameters

Some of the key parameters of the operational efficiency of working SPSEs for last three years as per their latest finalised accounts as on 30 September of the respective year are given in **Table 5.7** below:

³¹ Interest figures as available in the latest finalised accounts of respective SPSEs.

³² MePGCL: ₹ 28.16 crore, MePDCL: ₹ 58.79 crore, MePTCL: ₹ 26.43 crore.

³³ MeECL: ₹ 79.65 crore, MCCL: ₹ 11.60 crore, MTDCL: ₹ 0.36 crore.

Table 5.7: Key parameters of operational efficiency of working SPSEs

(₹ in crore)

Year	No. of working SPSEs	Paid up capital	Net overall Accumulated profits (+)/losses(-)	Net overall profits (+)/losses(-)	EBIT	Capital Employed ³⁴
2018-19	16	4425.05	(-) 2229.77	(-) 419.16	(-) 252.25	3964.00
2019-20	16	4605.73	(-) 2747.35	(-) 514.75	(-) 263.09	3780.36
2020-21	17	4861.05	(-) 3466.72	(-) 554.33	(-) 312.76	3310.99

Source: As per latest finalised accounts of SPSEs. (Appendix 5.1).

From the **Table** above, it can be seen that, over the period of last three years the position of the Net overall Accumulated losses has deteriorated mainly due to increase in the Net overall losses of SPSEs each year. Constant increase in the Accumulated losses of SPSEs as shown in the **Table** above coupled with decrease in the Long Term borrowings of SPSEs during last three years from ₹ 1938.43 crore (2018-19) to ₹ 1916.66 crore (2020-21) has contributed towards reduction in the Capital Employed of SPSEs over the years.

During 2020-21, out of 17 working SPSEs, 15 SPSEs³⁵ had net accumulated losses. The major contributors to the accumulated losses of SPSEs during 2020-21 were Meghalaya Power Distribution Corporation Limited (₹ 2396.56 crore), Meghalaya Power Generation Corporation Limited (₹ 410.50 crore), Meghalaya Energy Corporation Limited (₹ 200.27 crore) and Meghalaya Transport Corporation (₹ 106.69 crore).

5.9 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures the long term profitability and efficiency of the total capital employed by a company. Companies create value when they generate returns on the capital employed in excess of the cost of capital. ROCE is an important metric for long term lenders. ROCE is calculated by dividing a company's Earnings before Interest and Taxes (EBIT) by the Capital Employed.

During 2020-21, the overall capital employed in respect of 17 working SPSEs as per their latest finalised accounts was ₹ 3310.99 crore. Further, out of 17 working SPSEs, only five SPSEs³⁶ had positive ROCE.

In comparison, however, the overall capital employed in respect of working SPSEs during the previous two years (2018-19 and 2019-20) was ₹ 3964.00 crore and ₹ 3780.36 crore respectively, showing a downward trend in each successive year.

³⁴ **Capital Employed** = Paid up share capital *plus* Free reserves and Surplus *plus* Long term loans *minus* Accumulated losses *minus* Deferred Revenue Expenditure.

³⁵ Other than two SPSEs (Forest Development Corporation Limited and Meghalaya Basin Management Agency).

³⁶ Forest Development Corporation of Meghalaya Limited (23.35 *per cent*), Meghalaya Power Generation Corporation Limited (5.19 *per cent*), Meghalaya Power Transmission Corporation Limited (1.65 *per cent*), Meghalaya Tourism Development Corporation Limited (17.87 *per cent*) and Meghalaya State Warehousing Corporation (9.12 *per cent*).

Further, out of 16 working SPSEs, only five³⁷ SPSEs in 2018-19 and four³⁸ SPSEs in 2019-20 had positive ROCE during the previous two years.

5.10 Return on Equity (ROE)

Return on equity³⁹ (ROE) is a measure of financial performance of companies calculated by dividing the 'net income earned' by the Equity. During 2020-21, four working SPSEs earned profits (₹ 2.03 crore) as per their latest finalised accounts as on 30 September 2021. However, ROE of two profit making SPSEs (Meghalaya Mineral Development Corporation Limited and Meghalaya Tourism Development Corporation Limited) were not workable as the accumulated losses (₹ 7.01 crore and ₹ 8.42 crore) of these SPSEs had completely eroded their paid-up capital (₹ 2.32 crore and ₹ 7.96 crore) respectively.

The ROE of remaining two SPSEs which earned profits was 9.12 and 71.07 *per cent* (*Appendix 5.1*) as detailed in **Table 5.8** below:

Table 5.8: Return on Equity

Sl. No.	Name of the Company	Year of Accounts	ROE (in <i>per cent</i>)
1.	Forest Development Corporation of Meghalaya Limited	2016-17	71.07
2.	Meghalaya State Warehousing Corporation	2018-19	9.12

5.11 SPSEs incurring Losses

The position of aggregate losses incurred by loss making working SPSEs during the past three years as per their latest finalised accounts is given in **Table 5.9**.

Table 5.9: Details of loss making working SPSEs

Year	2018-19	2019-20	2020-21
Total No. of working SPSEs	16	16	17 ⁴⁰
Number of loss making working SPSEs	11	12	12
Aggregate losses (₹ in crore)	428.77	517.58	556.36

The details of major contributors to losses of working SPSEs incurred during 2020-21 are given in **Table 5.10** below:

³⁷ Forest Development Corporation of Meghalaya Limited, Meghalaya Infrastructure Development and Finance Corporation Limited, Meghalaya Power Generation Corporation Limited, Meghalaya Power Transmission Corporation Limited and Meghalaya State Warehousing Corporation.

³⁸ Forest Development Corporation of Meghalaya Limited, Meghalaya Energy Corporation Limited, Meghalaya Tourism Development Corporation Limited and Meghalaya State Warehousing Corporation.

³⁹ **Return on Equity** = (Net Profit after Tax and preference Dividend ÷ Equity) x 100, where Equity = Paid up Capital *plus* Free Reserves/Accumulated Profits *minus* Accumulated Losses and Deferred Revenue Expenditure.

⁴⁰ One SPSE (Meghalaya Basin Management Agency) worked on 'no profit no loss' basis.

Table 5.10: Major contributors to losses of working SPSEs during 2020-21

(₹ in crore)

Sl. No.	Name of the Company	Latest finalised accounts	Net Loss (₹ in crore)
1	Meghalaya Power Distribution Corporation Limited	2019-20	427.52
2.	Meghalaya Power Generation Corporation Limited	2019-20	55.87
3.	Meghalaya Energy Corporation Limited	2019-20	32.11
4.	Mawmluh Cherra Cement Limited	2018-19	25.22
Total			540.72

From the **Table** above, it can be noticed that more than 97 *per cent* of the losses incurred by working SPSEs during 2020-21 were contributed by above four SPSEs, which is a cause of concern and the State Government needs to either improve their working or fully review the working of these SPSEs for continuing their operations.

5.12 SPSEs having complete erosion of capital

The aggregate paid-up capital and accumulated losses of 17 working SPSEs as per their latest finalised accounts as on 30 September 2021 were ₹ 4861.05 crore and (-) ₹ 3466.72 crore respectively. Analysis of investment and accumulated losses of these SPSEs revealed that the accumulated losses of eight working SPSEs (₹ 2783.61 crore) had completely eroded their paid-up capital (₹ 1154.31 crore) as detailed in **Table 5.11**.

Table 5.11: Erosion of Capital of SPSEs

(₹ in crore)

Name of SPSE	Latest finalised accounts	Paid up capital	Accumulated losses
Meghalaya Power Distribution Corporation Limited (MePDCL)	2019-20	850.22	2396.56
Mawmluh Cherra Cements Limited (MCCL)	2018-19	197.51	234.79
Meghalaya Transport Corporation (MTC)	2015-16	93.05	106.69
Meghalaya Government Construction Corporation Limited	2019-20	0.75	23.59
Meghalaya Tourism Development Corporation Limited	2018-19	7.96	8.42
Meghalaya Mineral Development Corporation Limited	2019-20	2.32	7.01
Meghalaya Handloom & Handicraft Development Corporation Limited	2018-19	1.50	5.06
Meghalaya Infrastructure Development and Financial Corporation Limited	2019-20	1.00	1.49
Total		1154.31	2783.61

Source: As per latest finalised accounts of the SPSEs.

Out of the total eroded paid-up capital of ₹ 1154.31 crore, the major portion pertained to **MePDCL** (73.66 *per cent*) followed by **MCCL** (17.11 *per cent*) and **MTC** (8.06 *per cent*). The reasons for under performance of these SPSEs had been highlighted in the previous audit reports as summarised below: -

MePDCL: The Company had huge accumulated losses because of low revenue realised against the sale of power which was not sufficient to meet even the power purchase cost

(including transmission/wheeling charges). This was mainly due to poor billing and collection efficiency and high power purchase cost⁴¹.

MCCL: The Company, despite major capital investment by the State Government, could achieve only 22 *per cent* capacity utilisation against the projected capacity utilisation of 60 to 75 *per cent* mainly due to excessive machine stoppages, idling of machineries/equipment and absence of skilled staff⁴².

MTC: The Corporation failed to grow as a major operator in the State public transport system and could not compete with the private players in the State on account of several reasons like, absence of a well thought State Transport Policy and long term planning for gradual and systematic increase in its share in the State Public Transport, inability to increase the fleet strength due to the financial constraints, operational inefficiencies and high cost of operations leading to continuous operational losses, *etc.*⁴³.

Accumulation of huge losses by 8 out of 17 working SPSEs had eroded public wealth, which is a cause of concern and the State Government needs to either improve their working or fully review the working of these SPSEs for continuing their operations.

5.13 Performance of power sector SPSEs

The power sector SPSEs play an important role in the economy of the State. Apart from providing critical infrastructure required for development of the State's economy, the sector also adds significantly to the Gross State Domestic Product (GSDP). As mentioned earlier, SPSE-turnover to GSDP during 2020-21 stood at 4.15 *per cent*; of which, major portion to the extent of 3.86 *per cent* (₹ 1289.79 crore) was contributed by the power sector SPSEs.

High losses of power sector SPSEs

The position of aggregate losses incurred by four power sector SPSEs during the past five years as per their latest finalised accounts is given in **Table 5.12**.

⁴¹ Para No. 4.2.13, 4.2.8 and 4.2.9 of the Report of the Comptroller & Auditor General of India on Social, Economic, General & Economic (PSEs) Sectors – Government of Meghalaya for the year ended 31 March 2017.

⁴² Para 3.2 of the Report of the Comptroller & Auditor General of India on Social & Economic Sectors – Government of Meghalaya for the year ended 31 March 2019.

⁴³ Para 4.2 of the Report of the Comptroller & Auditor General of India on Social, Economic, General & Economic (PSEs) Sectors – Government of Meghalaya for the year ended 31 March 2017.

Table 5.12: Details of aggregate losses of power sector SPSEs

Year	2016-17	2017-18	2018-19	2019-20	2020-21
Total No. of power sector SPSEs	4	4	4	4	4
Number of loss making SPSEs	3	3	3	4	4
Number of profit earning SPSEs ⁴⁴	1	1	1	0	0
Net overall losses in power sector (₹ in crore)	(-) 234.92	(-) 369.72	(-) 369.19	(-) 478.54	(-) 518.58
Accumulated losses(₹ in crore)	(-) 1226.91	(-) 1812.90	(-) 1836.03	(-) 2314.57	(-) 3027.36

Key parameters

Some of the key parameters of the operational efficiency of four power sector SPSEs as per their latest finalised accounts as on 30 September 2021 are given in **Table 5.13** below:

Table 5.13: Key parameters of the operations of power sector SPSEs during 2020-21

(₹ in crore)

Sl. No.	Name of the Company	Latest finalised accounts	Paid up capital	Net Loss for the year	Accumulated losses	Net worth ⁴⁵
1	Meghalaya Power Distribution Corporation Limited (MePDCL)	2019-20	850.22	(-) 427.52	(-) 2396.56	(-) 1546.34
2.	Meghalaya Power Generation Corporation Limited (MePGCL)	2019-20	918.77	(-) 55.87	(-) 410.50	(+) 508.27
3	Meghalaya Energy Corporation Limited (MeECL)	2019-20	2198.48	(-) 32.11	(-) 200.27	(+) 1998.21
4	Meghalaya Power Transmission Corporation Limited (MePTCL)	2019-20	425.59	(-) 3.08	(-) 20.03	(+) 405.56
	Total		4393.06	(-) 518.58	(-) 3027.36	

It can be seen from **Tables 5.12 and 5.13** above that during last five years (2016-17 to 2020-21), the overall losses of power sector SPSEs have increased by more than two folds from ₹ 234.92 crore (2016-17) to ₹ 518.58 crore (2020-21). Further, during 2020-21, the net worth of one SPSE (MePDCL) was negative at (-) ₹ 1546.34 crore due to complete erosion of its equity capital by the accumulated losses. The net worth of MePDCL turned negative for the first time during 2016-17 when its paid up capital (₹ 801.20 crore) was completely eroded by the accumulated losses (₹ 961.42 crore) as per its latest finalised accounts (2014-15) as on 30 September 2017. During October 2017 to September 2021, MePDCL had finalised five annual accounts (2015-16 to 2019-20). However, the net worth of the Company remained negative during all these years.

This gradual process of incurring losses by the power sector SPSEs is a drain on the State's economy and resources. Analysis of records of power sector SPSEs revealed that the State Government provided budgetary support aggregating ₹ 526.49 crore to

⁴⁴ During 2016-17 to 2018-19, Meghalaya Power Transmission Corporation Limited was the only power sector SPSE, which registered profit of ₹ 7.17 crore (2016-17) and ₹ 8.15 crore (2017-18 & 2018-19) as per its latest finalised accounts.

⁴⁵ Net Worth means the sum total of the 'paid-up capital' and 'free reserves and surplus' minus 'accumulated losses' and 'deferred Revenue Expenditure'.

four power sector SPSEs during three years period (2018-21) (₹ 60.81 crore in 2018-19, ₹ 231.97 crore 2019-20 and ₹ 233.71 crore in 2020-21) by way of equity (₹ 141.37 crore), loans (₹ 141.56 crore) and grants/subsidy (₹ 243.56 crore). This included budgetary support of ₹ 180.79 crore provided to MePDCL which has negative net worth as reflected in **Table 5.13**, during 2018-19 (₹ 12.22 crore), 2019-20 (₹ 50.61 crore) and 2020-21 (₹ 117.96 crore) by way of loans (₹ 56.48 crore) and grants/subsidy (₹ 124.31 crore).

As on 31 March 2021, the Government of Meghalaya has guaranteed ₹ 1688.82 crore in respect three power sector SPSEs (other than MePTCL) against the Loans availed from various institutions (Bank, Financial Institutions and others). During 2020-21, Government of Meghalaya had issued new guarantees of ₹ 630 crore to MeECL for restructuring of high interest loans of its three subsidiaries (MePGCL, MePDCL and MePTCL).

OVERSIGHT ROLE OF COMPTROLLER & AUDITOR GENERAL OF INDIA

5.14 Audit of State Public Sector Enterprises (SPSEs)

Comptroller & Auditor General of India (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 supplement or comment upon 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 State Legislature.

5.15 Appointment of statutory auditors of SPSEs by 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 18 SPSEs (excluding Meghalaya Transport Corporation, a statutory corporation for which CAG is the sole auditor) are appointed by the CAG.

5.16 Submission of accounts by SPSEs

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 (AGM) and as soon as may be after such preparation laid before the State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the Act regulating the only statutory corporation (Meghalaya Transport Corporation) in the State. This mechanism provides the necessary Legislative control over the utilisation of public funds invested in the companies from the State budget.

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.

Despite above, Annual Accounts of various SPSEs were pending finalisation as on 30 September 2021, as discussed below.

5.17 Timeliness in preparation of accounts by working SPSEs

The details relating to finalisation of accounts by 17 working SPSEs (15 Government Companies and two Statutory Corporations) during the last three years as of 30 September of respective year are given in **Table 5.14**.

Table 5.14: Position relating to finalisation of Accounts of working SPSEs

Sl. No.	Particulars	2018-19	2019-20	2020-21
1.	Number of working SPSEs	16	17	17
2.	Number of Accounts finalised during the year	16	20	16
3.	Number of Accounts in arrears	32	29	30
4.	Number of Working SPSEs with arrears in Accounts	16	17	15
5.	Extent of arrears (number in years)	1 to 5	1 to 4	1 to 5

As can be seen from **Table** above, there is no significant improvement in the arrear position of the Accounts of SPSEs during last three years and total 30 Accounts relating to 15 working SPSEs were in arrears as on 30 September 2021. The highest pendency of Accounts pertained to Meghalaya Transport Corporation (five Accounts) and Forest Development Corporation of Meghalaya Limited (four Accounts) as on 30 September 2021.

The Administrative Departments concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts of SPSEs under their control are finalised and adopted by the SPSEs within the stipulated period. In view of the position of arrears of accounts indicated above, the actual contribution of PSEs to the GSDP for the year 2020-21, could not be ascertained and their contribution to State exchequer could not be reported to the State Legislature.

The Accountant General (Audit), Meghalaya had been regularly pursuing with the administrative departments concerned for liquidating the arrears of accounts of SPSEs. However, the State Government and the SPSEs concerned could not address the issue to clear pendency of accounts of the SPSEs in a time bound manner.

5.18 Arrears in finalisation of Accounts

The financial statements of the companies are required to be finalised within six months after the end of the financial year *i.e.* by September end in accordance with the provisions of Section 96(1) of the Companies Act. Failure to do so may attract penal provisions under Section 99 of the Act. Similarly, in case of Statutory Corporations, their accounts are to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

As on 30 September 2021, 30 accounts of 17 working PSEs were in arrears for one to five years (**Appendix 5.2**). Out of the total arrears of 30 accounts for 2020-21, Meghalaya Transport Corporation (MTC) and Forest Development Corporation of Meghalaya Ltd. has maximum accounts in arrears for five and four years respectively.

In addition to the above, there were arrears of three accounts (2018-19 to 2020-21) as on 30 September 2021 in respect of the sole non-working PSE (Meghalaya Electronics

Development Corporation Limited), which became defunct in 2006 and had been in the process of liquidation since June 2011. The State Government needs to expedite the liquidation process to wind up the above mentioned non-working PSE. The Committee of Public Undertakings (COPU) in its tenth report which was presented to the Legislature on 5 November 2020 also recommended that the process of liquidation of the non working PSE should be completed forthwith, within six months.

State Government had invested an amount aggregating ₹ 481.89 crore in 17 working PSEs {equity: ₹ 71.70 crore (five PSEs), loans: ₹ 107.17 crore (three PSEs) and grants ₹ 303.02 crore (ten PSEs)} during the years for which the accounts of these PSEs had not been finalised as detailed in **Appendix 5.3**. In the absence of finalisation of accounts and their subsequent audit, it cannot be verified if the investments made and the expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not.

Timely finalisation of accounts is important for the State Government to assess the financial health of the PSEs, avoid financial misappropriation and mismanagement, ensure safety of Government equity, *etc.* Persistent delay in finalisation of accounts is fraught with the risk of fraud and leakage of public money going undetected apart from violation of the provision of the Companies Act, 2013.

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Accountant General (Audit) within a specified time frame

5.19 CAG's oversight - Audit of accounts and supplementary audit

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. 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.

5.20 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 the public sector enterprises 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
- to supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

5.21 Supplementary Audit of accounts of Government Companies

The prime 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 independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) 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 Annual General Meeting.

5.22 Result of CAG's oversight role

Audit of accounts of SPSEs

Government Companies

During 2020-21 (1 October 2020 to 30 September 2021)⁴⁶, 11 working Companies had forwarded 15 Accounts to the Accountant General (Audit), Meghalaya. All 15 accounts of 11 Companies were selected for Supplementary audit and no Non-Review Certificate (NRC) was issued during the year.

Statutory Corporations

The Meghalaya State Warehousing Corporation has submitted one year Accounts (2018-19) to the Accountant General (Audit), Meghalaya which was selected for Audit. However, no Accounts were submitted by the other Statutory Corporation (Meghalaya Transport Corporation).

The audit reports of Statutory Auditors appointed by the C&AG and the supplementary audit conducted by the C&AG indicated that the quality of maintenance of SPSEs' accounts needs to be improved substantially. The results of the C&AG's audit review are detailed below:

⁴⁶ For the purpose of presenting the analysis of accounts finalised by PSEs, the cut-off date considered is 30 September each year viz. for Report year 2020-21, the cut-off date is 30 September 2021.

Significant comments of the C&AG issued as supplement to the Statutory Auditors' reports on SPSEs

Some of the significant comments issued based on the supplementary audit of financial statements of the SPSEs are detailed **Table 5.15**.

Table 5.15: Gist of significant comments issued by C&AG on the accounts of the SPSEs

Sl. No.	Name of the SPSE	Comments
1.	Meghalaya Power Generation Corporation Limited (Year of Accounts: 2018-19)	The company has not accounted ₹ 0.21 crore, being the “interest accrued” during the year against Fixed Deposits kept with four banks. This has resulted in understatement of ‘Current Assets’ and ‘profit for the year’ to the same extent. The Company has not accounted the O&M expenses of ₹ 1.35 crore incurred by its Divisional Offices during the year. This has resulted in understatement of ‘Current Liabilities’ and ‘Loss for the year’ by ₹ 1.35 crore each.
2.	Meghalaya Power Generation Corporation Limited (Year of Accounts: 2019-20)	The Company accounted the Capital Expenditure of ₹ 7.70 crore incurred on Myndtu Leshka Hydro Electric Project Stage-I under ‘Capital Work in Progress’ (CWIP). Since the project has already started commercial operation (April 2013), the above Capital Expenditure should have been transferred to ‘Fixed Assets’ and ‘Depreciation’ charged accordingly. This has resulted in overstatement of Capital-work-in-progress and understatement of Fixed Assets (Gross Block) by ₹ 7.70 crore each with corresponding understatement of ‘Depreciation’ and ‘Loss for the year’ by ₹ 2.09 crore each.
3.	Meghalaya Power Distribution Corporation Limited (Year of Accounts: 2018-19)	For Accounts of 2016-17, CAG commented on short-provisioning of ₹ 31.79 crore against time-barred dues (₹ 32.77 crore) relating to 4,561 consumers whose supply was disconnected for more than two years (February 2002 to March 2015). To update this, there were further unrecovered dues of ₹ 5.43 crore pertaining to 1,725 consumers whose supply was disconnected for more than two years (April 2015 to March 2017) and as such, these dues are not recoverable in terms of Section 56(2) of the Electricity Act, 2003. Instead of fully providing against the time-barred dues of ₹ 38.20 crore pending against 6,286 consumers, the Company has kept provisions to the extent of ₹ 1.14 crore only (3 per cent) resulting in overstatement of the ‘Trade Receivables’ and understatement of ‘Loss for the year’ by ₹ 37.06 crore each.
4.	Meghalaya Infrastructure Development and Financial Corporation Limited (Year of Accounts: 2019-20)	The Company has not accounted the Advertisement Expenditure of ₹ 17.01 lakh incurred during the current year. This has resulted in understatement of ‘Current Liabilities’ and ‘Loss for the year’ to the same extent.

Non Compliance with provisions of Accounting Standards (AS) /Indian AS

In exercise of the powers conferred by Section 469 of the Companies Act, 2013, read with Section 129 (1), Section 132 and Section 133 of the said Act, the Central Government prescribed Accounting Standards one to seven and nine to twenty nine. Besides these, the Central Government notified 41 Indian Accounting Standards (Ind AS) through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Ind AS) (Amendment) Rules, 2016.

During the course of supplementary audit, the CAG observed that the following companies had not complied with the Accounting Standards/Ind AS as detailed below:

Table 5.16: Companies who had not complied with the Accounting Standards/Ind AS

Accounting Standard/Ind AS		Name of the Company	Year	Deviation
AS 10	Accounting for Property, Plant & Equipment	Meghalaya Infrastructure Development and Financial Corporation Limited	2019-20	The Company has not disclosed the 'useful lives' and 'depreciation rates' adopted for each class of 'Property, Plant & Equipment' in preparation of the Financial Statements contrary to the requirements of Ind AS.
Ind AS 37	Provisions, Contingent Liabilities and Contingent Assets	Shillong Smart City Limited	2019-20	Ind AS 37 stipulates that, where an inflow of economic benefits is probable, it is termed as Contingent Asset and should be disclosed in the Accounts with disclosure of its nature and estimate of the financial effect. The Smart City Mission Statement & Guidelines stipulated that "An amount equal to the project fund released by the Government of India (GoI), has to be contributed by the State/ULB". GoI released (29 January 2019) the part payment (₹ 50 crore) of project funds and reiterated the above statement. The State Government was, however, yet to contribute the matching grant of ₹ 50 crore to the Company. The fact regarding State Government's matching contribution (Contingent Asset) pending to be released to the Company merits for suitable disclosure under 'Notes to Accounts' as per the requirements of the Ind AS.

5.23 Management Letters

One of the objectives of financial audit is to establish communication on audit matters arising from the audit of financial statements between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the financial statements of SPSEs were reported as comments by the CAG under Section 143 (6)(b) of the Companies Act, 2013. Besides these comments on accounts, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, are also communicated to the management

through a 'Management Letter' for taking corrective action. These deficiencies generally related to -

- application and interpretation of accounting policies and practices,
- adjustments arising out of audit that could have a significant effect on the financial statements and
- inadequate or non-disclosure of certain information on which management of the concerned PSE gave assurances that corrective action would be taken in the subsequent year.

As per latest finalised accounts as on 30 September 2021, 'Management Letters' were issued to two SPSEs as shown in **Table 5.17**.

Table 5.17: List of the SPSEs where Management Letters were issued

Sl. No.	Name of the SPSEs (Year of accounts finalised)
1.	Shillong Smart City Limited (2019-20)
2.	Meghalaya State Warehousing Corporation (2018-19)

5.24 Conclusion

As on 31 March 2021, the State of Meghalaya had 18 SPSEs, which included 16 Government companies (15 working and one non-working) and two Statutory Corporations (all working). As on 31 March 2021, there was a difference of ₹ 559.46 crore in the investment figures of the State Government (Equity: ₹ 163.39 crore; Long-term Loans: ₹ 396.07 crore) as per State Finance Accounts *vis-à-vis* records of SPSEs.

During 2020-21 the State Government has provided budgetary support of ₹ 342.43 crore to SPSEs in the form of Equity (₹ 31.26 crore), Loans (₹ 107.17 crore) and Grants/subsidy (₹ 204.00 crore). The major recipients of budgetary assistance during 2019-20 were four power sector companies, which received budgetary allocation of ₹ 233.71 crore (68.25 *per cent*) in the form of Equity (₹ 13.76 crore), Loans (₹ 107.17 crore) and Grants/subsidies (₹ 112.78 crore).

During 2020-21, out of 17 working SPSEs, 4 SPSEs earned profits (₹ 2.03 crore) as per their latest finalised accounts as on 30 September 2021. Further, the accumulated losses of eight working SPSEs (₹ 2783.61 crore) had completely eroded their paid-up capital (₹ 1154.31 crore)

The overall losses of power sector SPSEs in last five years have increased by more than two folds from ₹ 234.92 crore (2016-17) to ₹ 518.58 crore (2020-21). Further, the net worth of one SPSE (Meghalaya Power Distribution Company Limited) was negative due to complete erosion of its equity capital by the accumulated losses.

As on 30 September 2021, all 17 working SPSEs had a total arrear of 30 Accounts ranging from one to five years. The highest number of accounts pending finalisation

pertained to Meghalaya Transport Corporation (five Accounts) and Forest Development Corporation of Meghalaya Limited (four Accounts).

5.25 Recommendations

The State Government and the SPSEs concerned should take concrete steps to reconcile the differences in the investment figures (Equity and Long Term Loans) of the State Government as appearing in the State Finance Accounts vis-à-vis SPSE records in a time-bound manner.

Accumulation of huge losses by 8 out of 17 working SPSEs had eroded public wealth, which is a cause of concern and the State Government needs to either improve their working or fully review the working of these SPSEs for continuing their operations.

The functioning of the Power Sector Companies needs to be reviewed so as to increase their revenue and decrease their operational costs.

The Administrative Departments overseeing the SPSEs having backlog of Accounts need to ensure that these SPSEs finalise and adopt their Accounts within the stipulated period, failing which financial support to them be reviewed.

Shillong
The: 20 May 2022



(Shefali Srivastava Andaleeb)
Accountant General (Audit), Meghalaya

Countersigned

New Delhi
The: 26 May 2022



(Girish Chandra Murmu)
Comptroller and Auditor General of India

APPENDICES

APPENDIX 2.1
Time Series Data on State Government Finances
(Reference: Paragraphs 2.4.2.2)

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Part A – Receipts						
1. Revenue Receipts	7043.13	8938.95	9273.48	9718.62	9413.52	10683.24
<i>(i) Tax Revenue</i>	1056.82 (15.00)	1186.01 (13.27)	1450.10 (15.64)	1793.24 (18.45)	1891.25 (20.09)	2072.56 (19.40)
State Goods and Services Tax (SGST)	...	...	376.00 (25.93)	805.96 (44.95)	909.78 (48.10)	822.81 (39.70)
Sales Tax	811.79 (76.81)	931.06 (78.50)	766.63 (52.87)	627.50 (34.99)	567.13 (29.99)	725.09 (34.99)
State Excise	170.04 (16.09)	168.98 (14.25)	199.30 (13.74)	226.21 (12.61)	276.27 (14.61)	375.38 (18.11)
Taxes on Vehicles	42.01 (3.98)	48.22 (4.07)	67.01 (4.62)	86.95 (4.85)	99.24 (5.25)	78.63 (3.79)
Stamps and Registration fees	12.74 (1.21)	17.19 (1.45)	20.25 (1.40)	26.19 (1.46)	20.34 (1.08)	31.56 (1.52)
Land Revenue	3.18 (0.30)	1.27 (0.11)	2.08 (0.14)	2.73 (0.15)	1.00 (0.05)	21.29 (1.03)
Taxes on Goods and Passengers	...	...	7.83 (0.54)	8.45 (0.47)	9.13 (0.48)	10.72 (0.52)
Other Taxes	17.06 (1.61)	19.29 (1.63)	11.00 (0.76)	9.25 (0.51)	8.36 (0.44)	7.08 (0.34)
<i>(ii) Non Tax Revenue</i>	228.60 (3.25)	685.24 (7.67)	366.63 (3.95)	427.70 (4.40)	530.11 (5.63)	523.17 (4.90)
<i>(iii) State's share of Union Taxes and Duties</i>	3276.46 (46.52)	3911.05 (43.75)	4323.14 (46.62)	4889.07 (50.31)	4211.78 (44.74)	4551.63 (42.61)
<i>(iv) Grants-in-Aid from Government of India</i>	2481.25 (35.23)	3156.65 (35.31)	3133.61 (35.46)	2608.61 (26.84)	2780.38 (29.54)	3535.88 (33.10)
2. Miscellaneous Capital Receipts	NIL	NIL	NIL	NIL	NIL	NIL
3. Recoveries of Loans and Advances	19.08	18.81	17.45	18.01	31.32	27.77
4.Total revenue and Non-debt Capital Receipts (1+2+3)	7062.21	8957.76	9290.93	9736.63	9444.84	10711.01
5. Public Debt Receipts	836.93	1210.43	1225.14	1324.69	1496.02	2441.89
Internal Debt (excluding Ways and Means Advances and Overdrafts)	834.70 (99.73)	1206.16 (99.65)	1218.47 (99.46)	1302.28 (98.31)	1480.24 (98.95)	2096.53 (85.86)
Net transactions under Ways and Means Advances and Overdraft	NIL	NIL	NIL	NIL	NIL	NIL
Loans and Advances from Government of India ⁴⁷	2.23 (0.27)	4.27 (0.35)	6.67 (0.54)	22.41 (1.69)	15.78 (1.07)	345.36 (14.14)
6. Total receipts in the Consolidated Fund (4+5)	7899.14	10168.19	10516.07	11061.32	10940.86	13152.90
7. Contingency Fund Receipts	NIL	100.00	100.00	NIL	NIL	1.96
8. Public Accounts Receipts	3527.16	4636.76	4187.87	4568.43	3866.03	4799.03
9. Total receipts of the State (6+7+8)	11426.30	14904.95	14803.94	15629.75	14806.89	17953.89
Part B – Expenditure						
10. Revenue Expenditure	6347.73	8336.54	8422.68	10255.94	9565.12	11498.62
	2040.09 (32.14)	3695.32 (44.33)	...	...		...
Non-Plan	4307.64 (67.86)	4641.22 (55.67)	...	...		...

⁴⁷ Includes Ways and Means Advances.

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
General Services (including Interest payments)	2255.52 (35.53)	2480.16 (29.75)	2826.87 (33.56)	3535.88 (34.48)	3667.70 (38.34)	4000.97 (34.80)
Social Services	2395.17 (37.73)	3099.11 (37.18)	3147.61 (37.37)	4100.07 (39.98)	3724.26 (38.94)	4346.67 (37.80)
Economic Services	1697.04 (26.73)	2757.27 (33.07)	2448.20 (29.07)	2619.99 (25.55)	2173.16 (22.72)	3150.98 (27.40)
11. Capital Expenditure (Capital Outlay)	1110.89	1289.80	983.44	1417.28	939.71	1734.05
<i>Plan</i>	1110.66 (99.98)	1238.19 (96.00)	...	...	...	...
<i>Non-Plan</i>	0.23 (0.02)	51.61 (4.00)	...	...	...	...
General Services	97.24 (8.75)	83.00 (6.44)	49.77 (5.06)	84.98 (6.00)	47.73 (5.08)	132.33 (7.63)
Social Services	289.69 (26.08)	459.36 (35.61)	360.57 (36.66)	360.00 (25.40)	293.08 (31.19)	539.65 (31.12)
Economic Services	723.96 (65.17)	747.44 (57.95)	573.10 (58.28)	972.30 (68.60)	598.90 (63.73)	1062.07 (61.25)
12. Disbursement of Loans and Advances	158.35	30.83	22.05	89.49	43.78	81.90
13. Total Expenditure (10+11+12)	7616.97	9657.17	9428.17	11762.71	10548.61	13314.57
14. Repayments of Public Debt	337.34	414.41	329.62	395.94	418.71	487.52
Internal Debt (excluding Ways and Means Advances and Overdrafts)	317.49 (94.12)	394.50 (95.20)	309.28 (93.83)	375.32 (94.79)	393.22 (93.91)	465.88 (95.56)
Net transactions under Ways and Means Advances and Overdraft	NIL	NIL	NIL	NIL	NIL	NIL
Loans and Advances from Government of India	19.85 (5.88)	19.91 (4.80)	20.34 (6.17)	20.62 (5.21)	25.49 (6.09)	21.64 (4.44)
15. Appropriation to Contingency Fund	NIL	100.00	100.00	NIL	NIL	NIL
16. Total disbursement out of Consolidated Fund (13+14+15)	7954.31	10171.58	9857.79	12158.65	10967.32	13802.09
17. Contingency Fund disbursements	NIL	NIL	NIL	NIL	1.96	...
18. Public Account disbursements	3681.63	3589.59	4569.16	4373.19	4049.12	4594.56
19. Total disbursement by the State(16+17+18)	11635.94	13761.17	14426.95	16531.84	15015.99	18396.65
Part C – Deficits						
20. Revenue Surplus (+) /Deficit (-) (1-10)	+695.40	+602.41	+850.80	-537.32	-151.60	-815.38
21. Fiscal Deficit (-) (4-13)	-554.76	- 699.41	-237.24⁴⁸	-2026.08	-1103.77	-2603.56
22. Primary Deficit (-)/Surplus (+) (21-23)	- 88.88	- 177.18	+353.94	-1369.27	-345.26	-1744.64
Part D – Other Data						
23. Interest Payments (included in Revenue Expenditure)	465.88	522.23	591.18	656.81	758.51	858.92
24. Financial Assistance to local bodies, etc.	1500.65	3000.68	2558.18	2046.49	1821.20	
25. Ways and Means Advances/Overdraft availed (days)	NIL	NIL	NIL	NIL	NIL	NIL
26. Interest on WMA/Overdraft	NIL	NIL	NIL	NIL	NIL	NIL
27. Gross State Domestic Product (GSDP) ⁴⁹	25117	27439	29508	32176	34716	33436
28. Rate of Growth of GSDP	8.10	9.24	7.54	9.04	7.89	-3.69
29. Outstanding Debt (year end)	7154.68	8983.50	9485.08	10623.68	11533.78	13730.73 ⁵⁰
30. Rate of Growth of Outstanding Debt	5.97	25.56	5.58	12.00	8.57	19.05
31. Outstanding guarantees (year end) including interest	1042.19	983.11	820.68	1163.09	1120.14	3060.99
32. Maximum amount guaranteed (year end)	868.09	860.04	1139.94	1376.74	1369.80	3093.40
33. Number of incomplete projects	65	225	194	193	218	155

⁴⁸ The Fiscal Deficit is inclusive of ₹ 100.00 crore transferred to Contingency Fund during the year.

⁴⁹ Source: GSDP as per the Directorate of Economics and Statistics, Government of Meghalaya.

⁵⁰ Includes back to back loans of ₹ 112 crore given by GoI in lieu of compensation of GST without any repayment obligations.

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
34. Capital blocked in incomplete projects ⁵¹	215.68 (24)	734.30 (70)	1040.42 (79)	329.60 (32)	1263.14 (147)	2825.48 (103)
35. Total Debt Receipts	2151.92	3454.69	2954.36	3189.65	2941.07	3848.45
36. Total Debt Payments (Including Interest)	2214.57	2148.10	3043.96	2707.85	2789.48	2510.42
37. Net Debt available to the State	-62.65	1306.59	-89.60	481.80	151.59	1338.03
Part E – Fiscal Health Indicator (in per cent)						
I. Resource Mobilisation						
Own Tax Revenue/GSDP	4.21	4.32	4.91	5.57	5.45	6.20
Own Non-Tax Revenue/GSDP	0.91	2.50	1.24	1.33	1.53	1.56
Central Transfers ⁵² /GSDP	22.92	25.76	25.27	23.30	20.14	24.19
II. Expenditure Management						
Total Expenditure/GSDP	30.33	35.20	31.95	36.56	30.39	39.82
Total Expenditure/Revenue Receipts	108.15	108.03	101.67	121.03	112.06	124.63
Revenue Expenditure/Total Expenditure	83.34	86.32	89.34	87.19	90.68	86.36
Expenditure on Social Services/Total Expenditure	35.25	36.85	37.21	37.92	38.08	36.70
Expenditure on Economic Services ⁵³ /Total Expenditure	33.86	36.61	32.28	31.30	26.69	32.07
Capital Expenditure/Total Expenditure	14.58	13.36	10.43	12.05	8.91	13.02
Capital Expenditure on Social and Economic Services/Total Expenditure	13.31	12.50	9.90	11.33	8.46	12.03
III. Management of Fiscal Imbalances						
Revenue Surplus / GSDP	2.77	2.20	2.88	-1.67	-0.44	-2.44
Fiscal Deficit (-) / GSDP	-2.21	-2.55	-0.80	-6.30	-3.18	-7.79
Primary Deficit (-) Surplus (+) / GSDP	-0.35	-0.65	1.20	-4.26	-5.36	-10.36
Revenue Deficit (-) Surplus (+) / Fiscal Deficit	-125.35	-86.13	-358.62	26.52	13.73	31.32
Primary Revenue Balance ⁵⁴ /GSDP	4.62	4.10	4.89	-0.37	-1.75	-0.13
IV. Management of Fiscal Liabilities						
Fiscal Liabilities/GSDP	28.49	32.74	32.14	33.02	33.22	41.07
Fiscal Liabilities/RR	101.58	100.50	102.28	109.31	122.52	128.53
Primary Deficit <i>vis-à-vis</i> quantum spread (₹ in crore)	367.52	415.23	910.17	-821.09	-1587.78	-4902.83
Debt Repayment (Principal +Interest)/ Total Debt Receipts	102.91	62.18	103.03	84.89	94.85	65.23
V. Other Fiscal Health Indicators						
Return on Investment (<i>per cent</i>)	0.02	0.02	0.01	0.01	0.01	0.00
Balance from Current Revenue (₹ in crore)	959.48	1815.33	-2233.77	-3097.11	-2879.43	-4292.84
Financial Assets/Liabilities (Ratio)	1.54	1.50	1.55	1.44	1.65	1.40

Note: Figures in brackets represent percentages (rounded) to total of each sub-heading.

⁵¹ Expenditure incurred up to the end of the year on incomplete works (in brackets).

⁵² State's share of central taxes and grants-in-aid from Government of India.

⁵³ Including loans and advances.

⁵⁴ Revenue Receipts – (Revenue Expenditure – Interest Payments).

APPENDIX 3.1

Glossary of important Budget related terms

(Reference: Paragraph 3.1)

‘Accounts’ or ‘actuals’ of a year. - are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority’s books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.

‘Administrative approval’ of a scheme, proposal or work. - is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.

‘Annual financial statement’ – – Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament /State Legislature.

‘Appropriation’ - means the amount authorised by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.

‘Charged Expenditure’ - means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.

‘Consolidated Fund of India/ State- All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.

‘Contingency Fund’ is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive /Government to meet unforeseen expenditure arising in the course of a year pending its authorisation by the Parliament/State Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/State Legislature approves it through the Supplementary Demands.

‘Controlling Officer (budget)’- means an officer entrusted by a Department with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term includes the Heads of Department and also the Administrators.

‘Drawing and Disbursing Officer’ (DDO) – means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function

‘Excess Grant’ – Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularisation by obtaining excess grant from the Parliament /State Legislature under Article 115/205 of the Constitution.

‘New Service’ – As appearing in Article 115(1)(a)/205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the

notice of Parliament/State Legislature earlier, including a new activity or a new form of investment.

‘New Instrument of Service’- means relatively large expenditure arising out of important expansion of an existing activity.

‘Public Accounts’- means the Public Account referred to in Article 266(2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, *etc.* which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.

‘Reappropriation’ - means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.

‘Revised Estimate’ - is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.

‘Supplementary Demands for Grants’- means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorised in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.

Cash Supplementary is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the State.

There are four Sections in each Demand i.e., Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the State Legislature, allows to utilise the savings of one of the Sections for any other Section.

Token Supplementary allows to utilise the savings within the same section of the grant.

‘Major Head’ - means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly the one falling within the Consolidated Fund, generally corresponds to a ‘function’ of Government such as Agriculture, Education, Health, *etc.*

“Sub-Major Head” - means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head.

‘Minor Head’ - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a “programme” undertaken to achieve the objectives of the function represented by the Major Head.

“Sub-Head” - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.

‘Major Work’ - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.

‘Minor Work’ - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.

“Modified Grant or Appropriation” - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.

“Supplementary or Additional Grant or Appropriation” - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.

“Schedule of New Expenditure” - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.

“Token demand” - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.

Appendix 3.2

**Details of cases where Supplementary Provision (₹ 50 lakh or more in each case)
proved unnecessary**

(Reference: Paragraph 3.1.6)

(₹ in crore)

Sl. No.	Name of the Grant	Original	Supplementary	Actual	Saving out of Original Provisions
Revenue (Voted)					
1.	6 – Land Revenue, Relief on Account of Natural Calamities	97.40	38.03	74.74	22.66
2.	8 – State Excise	23.78	0.21	19.99	3.79
3.	9 – Taxes on Sales, Trade <i>etc.</i> , Other Taxes and Duties on Commodities and Services	32.83	0.23	26.43	6.40
4.	10 – Taxes on Vehicles, Other Administrative Services <i>etc.</i> , Capital Outlay on North Eastern Areas, Capital Outlay on Civil Aviation, Capital Outlay on Road Transport	61.75	3.86	47.19	14.56
5.	11 – Other Taxes on Commodities and Services, Special Programmes for Rural Development, Power, New and Renewal Energy, Capital Outlay on North Eastern Areas, <i>etc.</i>	217.90	40.00	125.83	92.07
6.	15 – Treasury and Accounts Administration	42.10	2.65	40.63	1.47
7.	16 – Police, Other Administrative Services, <i>etc.</i> , Housing, Capital Outlay on Police	1037.99	30.49	987.13	50.86
8.	19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, Capital Outlay on Education, Sports, Art and Culture, <i>etc.</i>	84.07	7.27	74.72	9.35
9.	20 – Other Administrative Services	50.74	1.88	42.04	8.70
10.	30 – Information and Publicity	37.69	2.00	24.63	13.06
11.	31 – Labour, Employment and Skilled Development	114.03	40.07	86.02	28.01
12.	35 – Welfare of Scheduled Caste, Scheduled Tribe and Other Backward Classes, Social Security and Welfare	196.08	14.00	70.60	125.48
13.	48 – Housing, Dairy Development, Agricultural Research and Education	23.62	0.93	14.99	8.63
14.	49 – Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, <i>etc.</i>	68.60	4.30	40.09	28.51
15.	50 – Forestry and Wild Life, Agricultural Research and Education, Capital Outlay on Forestry and Wild Life	230.82	33.97	204.19	26.63
16.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development	1138.44	442.48	1033.36	105.08

Sl. No.	Name of the Grant	Original	Supplementary	Actual	Saving out of Original Provisions
	Programmes, Capital Outlay on North Eastern Areas, <i>etc.</i>				
17.	53 – Village and Small Industries	83.43	2.31	53.65	29.78
18.	54 – Village and Small Industries, Capital Outlay on Housing, Capital Outlay on North Eastern Areas, <i>etc.</i>	84.79	7.31	38.98	45.81
19.	58 –Sports and Youth Services, North Eastern Areas	296.86	53.17	75.64	221.22
	Total	3922.92	725.16	3080.85	842.07
Capital (Voted)					
1.	16 – Police, Other Administrative Services, <i>etc.</i> , Housing, Capital Outlay on Police	29.81	5.89	15.15	14.66
2.	19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, Capital Outlay on Education, Sports, Art and Culture, <i>etc.</i>	159.06	31.50	121.88	37.18
3.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges	1080.68	300.00	937.86	142.82
	Total	1269.55	337.39	1074.89	194.66
	Grand Total	5192.47	1062.55	4155.74	1036.73

APPENDIX 3.3

Excess/unnecessary/insufficient Re-Appropriation

(Reference: Paragraph 3.1.7)

(₹ in crore)

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)
1.	1 – Parliament/State/Union Territory Legislature, Stationery and Printing - 2058 – Stationery and Printing – 103 – Government Presses (01) Meghalaya Legislative Assembly Printing Press	10.61	...	(-)0.19	10.42	9.31	(-)1.11
2.	2 – President, Vice President/ Governor, Administrator of Union Territories – 2012 - President, Vice President/ Governor, Administrator of Union Territories – 03 Governor, Administrator of Union Territories – 103 Household Establishment – (01) General Establishment	3.05	...	(-)0.87	2.18	3.33	(+)1.15
3.	3 – Council of Ministers, Secretariat-General Services – 2013 – Council of Ministers – 105 Discretionary Grant by Ministers (04) Chief Minister's Special Grants	2.00	21.00	(+)3.00	26.00	24.50	(-)1.50
4.	4 – Administration of Justice - 2014 – Administration of Justice – 108 Criminal Courts (03) Establishment of Chief Judicial Magistrate and Other Judicial Magistrate	10.84	...	(-)4.34	6.50	4.86	(-)1.64
5.	4 – Administration of Justice - 2014 – Administration of Justice – 108 Criminal Courts (01) Courts of Deputy Commissioner, his Assistant, etc	3.87	...	(-)1.46	2.41	4.61	(+)2.20
6.	4 – Administration of Justice - 2014 – Administration of Justice – 102 -High Courts (01) Judges of High Court/ Bench	8.60	...	(-)8.46	0.14	3.08	(+)2.94
7.	4 – Administration of Justice - 2014 – Administration of Justice – 102 High Courts (02) Judges of High Court/ Bench Office	15.82	...	(-)0.28	15.54	14.19	(-)1.35
8.	6 – Land Revenue, Relief on Account of Natural Calamities - 2245 - Relief on Account of Natural Calamities – 05 State Disaster Response Fund – 101 Transfer to Reserve Funds and Deposit Accounts-State Disaster Response Fund (03) Transfer to 8121-General and Other Reserve Fund-122-SDRF	...	38.03	(+)53.18	91.21	3.66	(-)87.55
9.	6 – Land Revenue, Relief on Account of Natural Calamities - 2245 - Relief on Account of Natural Calamities – 05 State Disaster Response Fund – 901 - Deduct Amount met from Calamity Relief Fund (01) Financial Assistance to the Victims of natural Calamities	64.29	...	(-)53.18	11.11	...	(-)11.11

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)
10.	7 – Stamps and Registration - 2030 – Stamps and Registration – 03 Registration – 001 Direction and Administration (02) District Registration Offices	3.90	---	(+)0.05	3.95	2.21	(-)1.74
11.	9 – Taxes on Sales, Trade <i>etc.</i> , Other Taxes and Duties on Commodities and Services – 2040 – Taxes on Sales, Trade <i>etc.</i> – 001 Direction and Administration (01) Directorate Level Organisation	7.66	...	(-)0.60	7.06	5.39	(-)1.67
12.	9 – Taxes on Sales, Trade <i>etc.</i> , Other Taxes and Duties on Commodities and Services – 2040 – Taxes on Sales, Trade <i>etc.</i> – 101 Collection Charges (01) District level offices	18.94	...	(-)1.38	17.56	15.19	(-)2.37
13.	16 – Police, Other Administrative Services <i>etc.</i> , Housing, Capital Outlay on Police – 2055 – Police – 104 Special Police (11) Raising of 5 th M.L.P. Battalion/3 rd IRBN	63.47	3.84	(-)10.38	56.93	53.86	(-)3.07
14.	16 – Police, Other Administrative Services <i>etc.</i> , Housing, Capital Outlay on Police – 2055 – Police – 104 Special Police (13) Raising of 6 th M.L.P. Battalion/4 th IRBN	56.26	...	(-)0.71	55.55	52.37	(-)3.18
15.	16 – Police, Other Administrative Services <i>etc.</i> , Housing, Capital Outlay on Police – 2055 – Police – 109 District Police (01) District Executive Police	341.30	...	(-)9.22	332.08	327.91	(-)4.17
16.	16 – Police, Other Administrative Services <i>etc.</i> , Housing, Capital Outlay on Police – 2055 – Police – 104 Special Police (01) 1 st Meghalaya Police Battalion	57.56	...	(+)3.56	61.12	59.49	(-)1.63
17.	16 – Police, Other Administrative Services <i>etc.</i> , Housing, Capital Outlay on Police – 2055 – Police – 104 Special Police (04) 2 nd Meghalaya Police Battalion	52.39	...	(+)4.65	57.04	55.20	(-)1.84
18.	19 – Secretariat General Services, Public works, Housing, Capital Outlay on Public Works, <i>etc.</i> – 4059 – Capital Outlay on Public Works – 80 General – 051 Construction (01) Functional Non-residential Buildings under General Services	30.43	5.00	(-)16.17	19.26	18.24	(-)1.02
19.		70.00	...	(-)29.16	40.84	3.09	(-)37.74
20.	19 – Secretariat General Services, Public works, Housing, Capital Outlay on Public Works, <i>etc.</i> – 4202 – Capital Outlay on Education, Sports, Art and Culture – 01 – General Education – 201 Elementary Education (01) Construction of Educational Building	6.00	...	(-)3.83	2.17	0.67	(-)1.50
21.	19 – Secretariat General Services, Public works, Housing, Capital Outlay on Public Works, <i>etc.</i> – CSS – 4059 – Capital Outlay on Public Works – 80 General – 051 Construction (01) Functional Non-residential Buildings under General Services	36.50	26.50	(-)8.41	54.59	94.42	(+)39.83

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)
22.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 01 Elementary Education – 101 Government Primary School (01) Expenditure on Primary Schools	60.90	...	(-)0.40	60.50	14.09	(-)46.41
23.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 01 Elementary Education – 102 Assistance to Non-Government Primary School (01) Expenditure on Maintenance of Primary Schools under Deficit System	195.00	...	(+)22.81	217.81	179.45	(-)38.36
24.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 01 Elementary Education – 102 Assistance to Non-Government Primary School (13) Expenditure on U.P. Schools under Non-Deficit System	97.44	...	(-)22.81	74.63	66.42	(-)8.21
25.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 02 Secondary Education – 001 Direction and Administration (01) Headquarter	5.27	...	(-)0.81	4.46	2.18	(-)2.28
26.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 02 Secondary Education – 101 Inspection (01) Inspector of Schools and Staff	19.72	...	(-)0.65	19.07	7.87	(-)11.20
27.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 02 Secondary Education – 109 Government Secondary Schools (01) Secondary Schools for Boys	88.18	...	(-)0.54	87.64	55.20	(-)32.44
28.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 02 Secondary Education – 109 Government Secondary Schools (02) Secondary Schools for Girls	22.32	...	(-)0.21	22.11	13.97	(-)8.14
29.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 02 Secondary Education – 110 Assistance to Non-Government Secondary Schools (01) Expenditure on Secondary Schools under Deficit System for Boys	45.50	...	(-)0.01	45.49	32.75	(-)12.74

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)
30.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 02 Secondary Education – 110 Assistance to Non-Government Secondary Schools (01) Expenditure on Secondary Schools under Deficit System for Girls	68.67	...	(-)0.01	68.66	61.29	(-)7.37
31.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 02 Secondary Education – 110 Assistance to Non-Government Secondary Schools (04) Expenditure on Non-deficit Secondary Schools for Girls	51.12	...	(-)19.02	32.10	33.29	(+)1.19
32.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 03 University and Higher Education – 103 Government Colleges and Institutes (13) Government Colleges	75.37	...	(-)40.74	34.63	38.17	(+)3.54
33.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 80 – General – 003 Training (01) Directorate (SCERT)	7.31	...	(-)0.94	6.37	4.83	(-)1.54
34.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 80 – General – 003 Training (21) Basic Training Centers Including Guru Training	1.47	...	(-)0.04	1.43	0.07	(-)1.36
35.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 80 – General – 003 Training (27) D.I.E.T	4.64	...	(+)0.06	4.70	2.01	(-)2.69
36.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. CSS – 2202 – General Education – 03 University and Higher Education – 107 Scholarships (01) Post Matric Scholarship Scheduled Tribes	30.85	...	(-)3.00	27.85	...	(-)27.85
37.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 01 Elementary Education – 101 Government Primary Schools (01) Expenditure on Primary Schools	261.15	...	(-)0.17	260.98	325.12	(+)64.14

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)
38.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 02 Secondary Education – 110 Assistance to Non-Government Secondary Schools (01) Expenditure on Secondary Schools under Deficit System for Boys	87.18	...	(+)1.20	88.38	94.51	(+)6.13
39.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 02 Secondary Education – 110 Assistance to Non-Government Secondary Schools (02) Expenditure on Secondary Schools under Deficit System for Girls	30.15	...	(+)9.26	39.41	50.85	(+)11.44
40.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 80 – General – 003 Training (21) Basic Training Centers Including Guru Training	1.51	...	(-)0.07	1.44	2.99	(+)1.55
41.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 01 – Urban Health Services-Allopathy – 001 Direction and Administration (01) Health Directorate	9.82	...	(-)2.44	7.38	5.78	(-)1.60
42.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 01 – Urban Health Services-Allopathy – 110 Hospital and Dispensaries (01) Shillong Civil Hospital (including improvement thereof)	48.61	...	(+)6.65	55.26	45.63	(-)9.63
43.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 01 – Urban Health Services-Allopathy – 110 Hospital and Dispensaries (03) R.P. Chest Hospital	15.80	...	(+)0.19	15.99	11.70	(-)4.29
44.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 80 General – 800 Other Expenditure (24) Assistance to Tribal Sub-Scheme	1.50	...	(+)2.35	3.85	...	(-)3.85

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)
45.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 01 – Urban Health Services-Allopathy – 110 Hospital and Dispensaries (05) Tura Civil Hospital (including improvement thereof)	17.80	...	(+)4.52	22.32	24.12	(+)1.80
46.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 01 – Urban Health Services-Allopathy – 110 Hospital and Dispensaries (16) Up-gradation of 30 bedded CHC to Hospital	27.85	...	(+)0.41	28.26	41.78	(+)13.52
47.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 01 – Urban Health Services-Allopathy – 200 Other Health Scheme (02) Contribution toward EMRI 108 (Recurring and Non-recurring)	12.00	...	(+)6.93	18.93	12.93	(-)6.00
48.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 03 – Urban Health Services-Allopathy – 103 Primary Health Centres (01) Other Existing and New Primary Health Centres with Indoor Facilities	102.04	...	(+)2.40	104.44	127.24	(+)22.80
49.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 03 – Urban Health Services-Allopathy – 110 Hospitals and Dispensaries (01) Other Existing and New Dispensaries with or without Indoor Facilities	14.94	...	(+)0.93	15.87	17.03	(+)1.16
50.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 05 – Medical Education, Training and Research – 105 Allopathy (03) Training	2.88	...	(+)0.27	3.15	4.93	(+)1.78
51.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 06 – Public Health – 101 Prevention and Control of Diseases (01) Malaria	12.95	...	(+)0.02	12.97	15.68	(+)2.71

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)
52.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 80 General – 800 Other Expenditure (21) National Health Mission (NHM)	24.85	83.76	(+)89.91	198.52	164.48	(-)34.04
53.	27 – Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, Capital Outlay on Housing, etc. – 2215 – Water Supply and Sanitation – 01 Water Supply – 001 Direction and Administration (02) Divisional and Subordinate Offices	126.37	...	(-)24.14	102.23	100.12	(-)2.11
54.	37 – North Eastern Areas, Secretariat-Economic Services - CSS – 3451 – Secretariat-Economic Services – 090 Secretariat (11) Information and Technology Department	52.30	...	(-)33.70	18.60	22.78	(+)4.18
55.		12.00	...	(-)6.51	5.49	...	(-)5.49
56.	38 – North Eastern Areas, Secretariat-Economic Services – 3451 – Secretariat-Economic Services – 800 Other Expenditure (53) Corpus Fund for CSS	...	...	(+)50.00	50.00	1.00	(-)49.00
57.	38 – North Eastern Areas, Secretariat-Economic Services – 3451 – Secretariat-Economic Services – 800 Other Expenditure (47) Meghalaya Livelihood to Market Projects (Megha-Lamp)	28.60	...	(+)25.00	53.60	55.00	(+)1.40
58.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2401 – Crop Husbandry – 001 – Direction and Administration (04) District Offices (Horticulture)	11.21	...	(+)0.59	11.80	9.74	(-)2.06
59.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2401 – Crop Husbandry – 103 – Seeds (03) Scheme for Intensive Agriculture in Selected Areas	1.77	...	(+)1.12	2.89	1.36	(-)1.53
60.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2401 Crop Husbandry – 113 – Agricultural Engineering (02) Agricultural Engineering (Mechanical)	8.76	...	(+)1.04	9.80	8.04	(-)1.76

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)
61.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2401 Crop Husbandry – 113 – Agricultural Engineering (04) Land Reclamation Scheme (including subsidy on hire)	7.09	...	(-)1.06	6.03	5.00	(-)1.03
62.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2401 Crop Husbandry – 119 – Horticulture and Vegetable Crops (10) Horticulture Mission for Strengthening Development Schemes	10.00	...	(-)7.23	2.77	...	(-)2.77
63.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2401 Crop Husbandry– 109 – Extension and Farmer’s Training (15) National Mission on Agricultural Extension and Technology (NMAET)	11.80	...	(+)1.18	12.98	11.71	(-)1.27
64.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. CSS – 2401 Crop Husbandry – 119 – Horticulture and Vegetable Crops (06) Project Under Ministry of Tribal Affairs (MOTA)	8.90	...	(-)3.88	5.02	...	(-)5.02
65.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2415 Agricultural Research and Education – 01 Crop Husbandry – 004 - Research (04) Agricultural Research Stations and Laboratories	7.50	...	(-)1.74	5.76	4.71	(-)1.05
66.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2415 Agricultural Research and Education – 01 Crop Husbandry – 004 - Research (10) State Soil Survey Organisation	3.52	...	(-)0.35	3.17	0.83	(-)2.34
67.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2435 Other Agricultural Programmes – 01 Marketing and quality control – 101 – Marketing Facilities (01) Agricultural Marketing Organisation including transport Subsidy	6.05	...	(-)0.64	5.41	4.07	(-)1.34

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)
68.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, <i>etc.</i> – 2435 Other Agricultural Programmes – 01 Marketing and quality control – 101 – Marketing Facilities (11) Directorate of Food Processing	8.61	...	(-)0.72	7.89	3.28	(-)4.61
69.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, <i>etc.</i> – 2435 Other Agricultural Programmes – 01 Marketing and quality control – 101 – Marketing Facilities (08) ACA under RKVY	20.00	...	(-)12.76	7.24	...	(-)7.24
70.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, <i>etc.</i> – 2401 Crop Husbandry – 001 Direction and Administration (02) District Offices	15.68	...	(+)10.19	25.87	20.68	(-)5.19
71.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, <i>etc.</i> – 2401 Crop Husbandry – 109 Extension and Farmer's Training (15) National Mission on Agricultural Extension and Trg. (NMAET)	1.15	...	(+)0.65	1.80	2.88	(+)1.08
72.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, <i>etc.</i> CSS – 2401 Crop Husbandry – 119 Horticulture and Vegetable Crops (06) Project under Ministry of Tribal Affairs (MOTA)	1.10	...	(+)3.54	4.64	9.63	(+)4.99
73.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, <i>etc.</i> – 2415 Agricultural Research and Education – 01 Crop Husbandry – 004 Research (10) State Soil Survey Organisation	1.07	...	(-)0.37	0.70	1.77	(+)1.07
74.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, <i>etc.</i> – 2435 Other Agricultural Programmes – 01 Marketing and quality control – 101 – Marketing Facilities (08) ACA under RKVY	2.00	...	(-)1.14	0.86	8.29	(+)7.43

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)
75.	45 – Housing, Soil and Water Conservation, Agricultural Research and Education, Capital Outlay on Soil and Water Conservation – 2402 – Soil and Water Conservation – 001 – Direction and Administration (02) Divisional Soil Conservation Offices	25.17	...	(-)3.24	21.93	18.15	(-)3.78
76.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2216 – Housing – 07 – Other Housing – 800 – Other Expenditure (01) Construction	0.72	1.62	(-)0.20	2.14	0.42	(-)1.72
77.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2403 – Animal Husbandry – 001 – Direction and Administration (02) District Offices	10.53	...	(+)0.06	10.59	8.47	(-)2.12
78.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2403 – Animal Husbandry – 101 – Veterinary Services and Animal Health (24) Veterinary Dispensaries	14.91	...	(-)0.45	14.46	11.39	(-)3.07
79.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2415 – Agricultural Research and Education – 03 Animal Husbandry – 277 Education (12) Establishment Vocational Training Centre at Jaintia, East and West Khasi and Garo Hills	1.18	0.30	(-)0.08	1.40	0.38	(-)1.02
80.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2415 – Agricultural Research and Education – 03 Animal Husbandry – 277 Education (08) Vocational Training for Farmers	1.52	...	(-)0.14	1.38	2.40	(+)1.02
81.	50 – Forestry and Wild Life, Agricultural Research and Education, Capital Outlay on Forestry and Wild Life – 2406 – Forestry and Wild Life – 01- Forestry – 102 – Social and Farm Forestry (04) Social Forestry	20.35	...	(-)5.92	14.43	18.50	(+)4.07
82.	50 – Forestry and Wild Life, Agricultural Research and Education, Capital Outlay on Forestry and Wild Life – 2406 – Forestry and Wild Life – 02 – Environmental Forestry and Wild Life – 110 Wild Life Preservation (02) Other Wild Life	2.93	...	(-)1.02	1.91	2.97	(+)1.06

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)
83.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on North Eastern Areas, <i>etc.</i> , - 2515 – Other Rural Development Programmes – 001 – Direction and Administration (01) Directorate of Community Development	8.76	...	(-)0.30	8.46	4.26	(-)4.20
84.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on North Eastern Areas, <i>etc.</i> , - 2515 – Other Rural Development Programmes – 001 – Direction and Administration (05) Stage-II Block Offices	75.35	...	(-)0.91	74.44	70.41	(-)4.03
85.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 2059 – Public Works -80 – General – 001 – Direction and Administration (07) Divisional and Subordinate Offices (Roads)	157.50	...	(-)17.02	140.48	116.68	(-)23.80
86.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 2059 – Public Works -80 – General – 001 – Direction and Administration (01) Chief Engineer and his General Establishment (Roads)	10.45	...	(-)2.33	8.12	23.92	(+)15.80
87.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 2059 – Public Works -80 – General – 001 – Direction and Administration (04) Superintending Engineers and their Establishments (Roads)	10.28	...	(-)0.58	9.70	12.79	(+)3.09
88.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 2059 – Public Works -80 – General – 052 Machinery and Equipment (03) R/C of T&P <i>etc.</i>	0.75	1.17	(-)1.17	0.75	3.19	(+)2.44
89.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 5054 – Capital Outlay on Roads and Bridges – 04 – District and Other Roads – 800 – Other Expenditure (03) Construction of Rural Roads	132.81	300.00	(-)244.68	188.13	207.81	(+)19.68

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)
90.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 5054 – Capital Outlay on Roads and Bridges – 04 – District and Other Roads – 800 – Other Expenditure (17) Special Plan Fund (SPF)	95.00	...	(-)30.85	64.15	43.36	(-)20.79
91.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, etc., - 2702 – Minor Irrigation – 01 Surface Water – 103 Diversion Schemes (10) National Bank for Agriculture and Rural Development (NABARD) Loan for Construction and improvement of Minor Irrigation Schemes	12.00	...	(-)2.90	9.10	7.70	(-)1.40
92.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, etc., - 2702 – Minor Irrigation – 80 – General – 001 – Direction and Administration (03) Establishment of Irrigation Wing	18.32	...	(-)1.26	17.06	15.77	(-)1.29
93.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, etc., - 2702 – Minor Irrigation – 80 – General – 001 – Direction and Administration (04) Strengthening of Surface Water-Minor Irrigation or (Investigation Division)	3.46	...	(+)0.38	3.84	5.85	(+)2.01
94.		9.64	...	(+)2.88	12.52	10.22	(-)2.30
95.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, etc.– 4552 – Capital Outlay on North Eastern Areas 101 – Surface Water (01) Water related projects including Irrigation, Rainwater, Harvesting, Anti Erosion, Flood Control and River management	6.90	...	(-)1.91	4.99	...	(-)4.99
96.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, etc., - 4702 – Minor Irrigation – 101 – Surface Water (08) Pradhan Mantri Krishi Sinchai Yojana (PMKSY)	140.80	...	(-)75.82	64.98	5.50	(-)59.48

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)
97.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, etc., - 4552 – Capital Outlay on North Eastern Areas – 101 – Surface Water (01) Water related projects including Irrigation, Rainwater, Harvesting, Anti Erosion, Flood Control and River management	1.00	...	(-)0.07	0.93	5.00	(+)4.07
98.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, etc., - 4702 – Minor Irrigation – 101 – Surface Water (08) Pradhan Mantri Krishi Sinchai Yojana (PMKSY)	8.00	...	(-)3.00	5.00	27.22	(+)22.22
99.	Appropriation – 6003 – Internal Debt of the State Government – 105 – Loans from the National Bank for Development (01) Loan from NABARD	76.00	...	(-)0.20	75.80	69.42	(-)6.38
100.	Appropriation – 6004 - Loans and Advances from Central Government – 09 – Other Loans for States/Union Territories with Legislature Schemes – 101 – Block Loans (01) Block Loans	6.88	...	(-)5.90	0.98	(-)10.98	(-)11.96
101.	Appropriation – 6004 - Loans and Advances from Central Government – 09 – Other Loans for States/Union Territories with Legislature Schemes – 101 – Block Loans (02) Block Loan- 20 years Consolidated Loan in terms of Recommendation of the 12 th F.C.	14.90	...	(-)14.90	...	(-)49.07	(-)49.07
102.	Appropriation – 6004 - Loans and Advances from Central Government – 09 – Other Loans for States/Union Territories with Legislature Schemes – 101 – Block Loans (03) Non-lapsable Central Pool of resources	0.56	...	(-)0.56	...	(-)1.67	(-)1.67
103.	Appropriation – 6004 - Loans and Advances from Central Government – 09 – Other Loans for States/Union Territories with Legislature Schemes – 102 – Schemes of North Eastern Council (01) N.E.C. Regional Schemes	0.46	...	(-)0.46	...	(-)1.57	(-)1.57
104.	Appropriation – 6004 - Loans and Advances from Central Government – 02 – Loans for State/Union Territory Plan Schemes – 101 - Block Loans (01) Block Loans	...	...	(+)4.16	4.16	16.02	(+)11.86
105.	Appropriation – 6004 - Loans and Advances from Central Government – 02 – Loans for State/Union Territory Plan Schemes – 101 - Block Loans (02) Non-Lapsable Central Pool Resources	...	...	(+)0.56	0.56	2.23	(+)1.67

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)
106.	Appropriation – 6004 - Loans and Advances from Central Government – 02 – Loans for State/Union Territory Plan Schemes – 101 - Block Loans (03) Block Loans - 20 years Consolidated Loan in terms of Recommendation of the 12 th F.C.	...	...	(+)14.90	14.90	63.97	(+)49.07
107.	Appropriation – 6004 - Loans and Advances from Central Government – 05 – Loans for Special Schemes – 101 – Schemes of North Eastern Council (01) N.E.C. Regional Schemes	...	...	(+)0.46	0.46	2.04	(+)1.58

APPENDIX 3.4

List of Grants having large Savings (Savings above ₹ 100 crore during the year)

(Reference: Paragraph 3.1.8)

(₹ in crore)

Sl. No.	Number and name of the grant	Original	Supplementary	Total	Actual	Savings	Surrender	Savings excluding surrender
Revenue (Voted)								
1.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, new and Renewable Energy, <i>etc.</i>	217.90	40.00	257.90	125.83	132.07	132.07	0.00
2.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, <i>etc.</i>	2506.87	...	2506.87	1908.81	598.06	470.28	127.78
3.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, <i>etc.</i>	1107.65	170.29	1277.94	1167.16	110.78	36.04	74.74
4.	34 – Social Security and Welfare, Nutrition, Capital Outlay on Social Security and Welfare, <i>etc.</i>	728.03	...	728.03	427.02	301.01	301.07	(-)0.06
5.	35 – Welfare of Scheduled Caste, Scheduled Tribe and Other Backward Classes, <i>etc.</i>	196.08	14.00	210.08	70.60	139.48	139.48	0.00
6.	38 – North Eastern Areas, Secretariat-Economic Services	804.37	...	804.37	284.79	519.58	471.72	47.86
7.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, <i>etc.</i>	367.61	...	367.61	208.47	159.14	105.11	54.03
8.	51 – Housing, Special Programmes for Rural Development, Rural Employment, <i>etc.</i>	1138.44	442.48	1580.92	1033.36	547.56	538.50	9.06
9.	58 – Sports and Youth Services, North Eastern Areas	296.86	53.17	350.03	75.64	274.39	229.41	44.98
	Total	7363.81	719.94	8083.75	5301.68	2782.07	2423.68	358.39
Capital (Voted)								
1.	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development, <i>etc.</i>	147.12		147.12	28.09	119.03	119.06	(-)0.03
2.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, <i>etc.</i>	1080.68	300.00	1380.68	937.86	442.82	440.68	2.14
	Total	1227.80	300.00	1527.80	965.95	561.85	559.74	2.11
	Grand Total	8591.61	1019.94	9611.55	6267.63	3343.92	2983.42	360.50

APPENDIX 3.5
Grant-wise utilisation of funds
(Reference: Paragraph 3.1.8)

Utilisation of funds	Grant Number	Description
Below 30%	44	Capital Outlay on Medium Irrigation and Capital Outlay on Food Control Projects
	57	North Eastern Areas, Tourism, <i>etc.</i>
	58	Sports and Youth Services and North Eastern Areas
Between 30 and 90%	1	Parliament/ State/ Union Territory Legislature and Stationery and Printing
	3	Council of Ministers and Secretariat-General Services
	4	Administration of Justice
	5	Elections
	6	Land Revenue and Relief on Account of Natural Calamities
	7	Stamps and Registration
	8	State Excise
	9	Taxes on Sales, Trades, <i>etc.</i>
	10	Taxes on Vehicles, Other Administrative Services, <i>etc.</i>
	11	Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, <i>etc.</i>
	13	Council of Ministers, Secretariat-General Services, <i>etc.</i>
	14	District Administration and Other Administrative Services
	17	Jails
	18	Stationery and Printing and Capital Outlay on Stationery and Printing
	19	Secretariat-General Services, Public Works, <i>etc.</i>
	20	Other Administrative Services
	21	General Education, Technical Education, <i>etc.</i>
	22	Other Administrative Services, Housing, <i>etc.</i>
	23	Other Administrative Services and Secretariat-Social Services
	25	Miscellaneous General Services
	26	Medical and Public Health, Family Welfare, <i>etc.</i>
	28	Housing and Capital Outlay on Housing
	29	Urban Development, Capital Outlay on Housing, <i>etc.</i>
	30	Information and Publicity
	31	Labour, Employment and Skill Development
	32	Civil Supplies and Capital Outlay on Food Storage and Warehousing
	33	District Administration, Vigilance, <i>etc.</i>
	34	Social Security and Welfare, Nutrition, <i>etc.</i>
	35	Welfare of Scheduled Castes, Scheduled Tribes, <i>etc.</i>
	37	North Eastern Areas and Secretariat-Economic Services
	38	
	39	Co-operation, Other Agricultural Programmes, <i>etc.</i>
	40	Secretariat-Economic Services, <i>etc.</i>

Utilisation of funds	Grant Number	Description
Between 30 and 90%	41	Census Survey and Statistics
	42	Housing, Other General Economic Services, <i>etc.</i>
	43	Housing, Crop Husbandry, <i>etc.</i>
	45	Housing, Soil and Water Conservation, <i>etc.</i>
	46	Special Programmes for Rural Development, North Eastern Areas, <i>etc.</i>
	47	Housing, Animal Husbandry, <i>etc.</i>
	48	Housing, Dairy Development, <i>etc.</i>
	49	Housing, Fisheries, <i>etc.</i>
	50	Forestry and Wild Life, Agricultural Research and Education, <i>etc.</i>
	51	Housing, Special Programmes for Rural Development, <i>etc.</i>
	52	Industries, Capital Outlay Cement and Non-Metallic Mineral Industries, <i>etc.</i>
	53	Village and Small Industries
	54	Village and Small Industries, Capital Outlay on Housing, <i>etc.</i>
	55	Non-Ferrous Mining and Metallurgical Industries
	56	Public Works, Roads and Bridges, <i>etc.</i>
	59	Miscellaneous General Services and Secretariat-Economic Services, <i>etc.</i>
	60	Social Security and Welfare, Loans to Government Servants, <i>etc.</i>
	64	Art and Culture, North Eastern Areas, <i>etc.</i>
	65	Medium Irrigation, Minor Irrigation, <i>etc.</i>
	94	Interest Payment
	95	Public Service Commission
Above 90%	2	President, Vice-President/ Governor, <i>etc.</i>
	12	Other Fiscal Services, Public Service Commission, <i>etc.</i>
	15	Treasury and Accounts Administration
	16	Police, Other Administrative Services, <i>etc.</i>
	24	Pensions and Other Retirement Benefits and Social Security and Welfare
	27	Water Supply and Sanitation, Housing, <i>etc.</i>
	93	Reduction or Avoidance of Debt
	96	Internal Debt
	97	Loans and Advances

APPENDIX 3.6

Details of Surrender of Funds in Excess of (₹ 100 crore) at the end of March (Reference: Paragraph 3.1.9)

(₹ in crore)

Sl. No.	Grant number	Original	Supplementary	Total Provision	Actual	Saving	Amount Surrendered
Revenue (Voted)							
1.	11	217.90	40.00	257.90	125.83	132.07	132.07
2.	21	2506.87	0.00	2506.87	1908.81	598.06	470.28
3.	34	728.03	0.00	728.03	427.02	301.01	301.07
4.	35	196.08	14.00	210.08	70.60	139.48	139.48
5.	38	804.37	0.00	804.37	284.79	519.57	471.72
6.	43	367.61	0.00	367.61	208.47	159.14	105.11
7.	51	1138.44	442.48	1580.92	1033.36	547.56	538.50
8.	58	296.86	53.17	350.03	75.64	274.39	229.41
	Total	6256.16	549.65	6805.81	4134.52	2671.28	2387.64
Capital (Voted)							
1.	29	147.12	0.00	147.12	28.09	119.03	119.06
2.	56	1080.68	300.00	1380.68	937.86	442.82	440.68
	Total	1227.80	300.00	1527.80	965.95	561.85	559.74
	Grant Total	7483.96	849.65	8333.61	5100.47	3233.13	2947.38

APPENDIX 3.7

Excess over Provision of previous years requiring Regularisation

(Reference: Paragraph 3.1.10.1)

(₹ 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
Total			1761.64

APPENDIX 3.8

Statement showing the details of Incomplete Projects where no expenditure was incurred during the year 2020-21

(Reference: Paragraph 3.1.11)

(₹ in lakh)

Sl. No.	Name of the Projects/Works	Estimated cost of work/Date of sanction	Year of Commence-ment	Physical progress of work (in per cent)
1	Upgradation/improvement of Umling-Patharkmah Road (L=31.091 Km)	5851.27 Dt.23.06.2020	2020	0%
2	General 5054: Restoration of portion of the various PWD Roads in Shillong City to be dug by PHE Department for laying of pipelines for the GSWS Phase-III	1618.26 Dt.23.03.2020	-	0%
3	Metalling & Blacktopping of road from Rongram to Selsella via Babadam	720	-	0%
4	Construction including MBT of a road from Nongtra to Shella (6.28 Km)	10,25.92 Dt. 21.7.2008	2009	25%
5	Const of suspension foot bridge over river Kynshi (200.00m)&culvert suspension bridge length 200.00Rm and width 2.00Rm	630.97	2018	25%
6	Construction of Heliport at Doldigre	502.08	2018	30%
7	Strengthening of weak pavement of Chokpot Sibbari Road (0.28)Km (portion 11.00 Km-20th Km L=10.00 Km) with New Technology Under Special Plan Fund.	1500	2016	38%
8	Constructin of remaining portion of Mawsahew Nongsteng Umblai Mawphu Road 6th to 13th Km (L=8.00 Km) under NLCPR	953.88 Dt 27.02.2009	2009	40%
9	Construction of Riangdim-Riangchi Road Ph-I Length=13.00 Km Under Upgradation of By-Pass and strategic road.	1010 Dt.31.03.2012	41334	45%
10	Impt i/c strengthening of damage pavement of Sohra Mawsmal Shella road (SPF)	1800	2017	46%
11	8443 - Dep III ASIDE Scheme (Improvement, widening i/c M&BT of an Approach rd to Borsora length 0-6.40Km)	1254.49	2006	53%
12	Constn.of Lay Bys at Umiang Shillong Section of N.H. 40 at CH.73/300-74/600 Km & 62/500-	1588.10 Dt 31.03.12	2012	60%
13	Construction of road from Jongchetpara Salmanpara to Mellim (L-4.25 Km)	700 Dt.31.03.2014	2014	60%

Sl. No.	Name of the Projects/Works	Estimated cost of work/Date of sanction	Year of Commence-ment	Physical progress of work (in per cent)
14	Improvement including Metalling & Black Topping of Road from Maheskola to Darengiri (MD Road) (L = 10.00Kms) under SPA (2014-15) Upgradation of SHs & MDRs Phase II and Critical feeder roads and missing gap Phase II.	600	2015	75%
15	Replacement of weak Bridges No.4/5,6/6,13/1,15/4,23/1 and 32/6 with double lane RCC Br. On NH-51 to Chokpot under SPA 2013-14 Job No.PW/WR/2013-14/53 Dt.04.03.2014	1650 Dt.04.03.2014	2014	80%
16	Const of an approach road from South Garo Hills in Chokpot to Jetra(Jetragre)(0-17 Km)in Megh under NLCPR for the year 2014-15	1764.76	2015	83%
17	Constn of a road from Ladsohbar Mahadev road to Byrong via Wahjain (0-5 Km)	123.93 Dt.31.03.2003	2004	85%
18	Re-Const. of bridges on Kherapara-Deku Bazar Road Br.No.2/5 ,5/3 & 10/2 on KD-Road under NLCPR	852.89	40756	86%
19	Impt incl M&BT of Resu-Dekachang-Anogre Road. (6.00 Km)	1200 Dt.31.03.2016	2016	90%
20	Constn of Major br. i/c approach overriver Rongkhon at Doldegre.	1539.25	2017	90%
21	Improvement i/c MBT of a road from Rajaballa NEC road to Jongagre PWD road via Batabari Mengapara and Misimandagre (0/000-8/000 Km)	560 Dt.31.03.2016	2016	90%
22	Constn of approach of bridges over river Ganol at Asinagre.	500	2016	90%
23	Const of a road from Rongsang-Abagre to Bandalkona connecting Betasing Millim road with bridges under NLCPR	1376.08	2017	90%
24	Const of Rongai Valley Medium Irrigation Project,Chibanang.	1630	1991	90%
25	Const of Major bridge over river Daru- Jhalgaon Katuli road under NLCPR	1470 Dt.29.08.2017	2017	93%
26	Construction of a road including missing bridge over river Dilni at Rongchadengre under SPA	700 Dt.31.03.2015	2015	95%
27	MBT including construction of Hume pipe Culverts at Ichamati-Bhollaganj Road 9.60 Km (Remaining portion from Ch: 2200.00 m of 3rd Km to 10th Km (ASIDE)	729.18 Dt.21.07.2008	2008	-

APPENDIX 3.9

Excess expenditure over budget provisions

(Reference: Paragraph 3.2.1.2)

(₹ in lakh)

Sl. No.	Name of Scheme	Final Grant	Actual expenditure	Excess
2059 – Public Works				
80 General				
1.	001 Direction and Administration 0002 (01) Chief Engineer and his General Establishment (Roads) (General)	811.49	2391.53	1580.04
2.	004 (03) R/C of T&P <i>etc.</i> (General)	75.00	318.72	243.72
3.	053 Maintenance and Repairs 0006 (06) Work Charged Establishment (General)	244.02	266.97	22.95
4.	105 Public Works Workshops 0001 (01) Mechanical Workshops (General)	547.48	549.70	2.22
5.	0003 (02) Stock (Sixth Schedule)	0	23.34	23.34
	Total	1677.99	3550.26	1872.27
3054 – Roads and Bridges				
04 District and Other Roads				
6.	0001 (01) Work Charged Establishment-Road Works (Sixth Schedule)	8221.60	8372.76	151.16
7.	0002 (02) Other Maintenance Expenditure-Road Works (Sixth Schedule)	9000.00	16764.84	7764.84
	Total	17221.60	25137.60	7916.00
5054 Capital Outlay on Roads and Bridges				
800 Other Expenditure				
8.	0001(01) Construction (Sixth Schedule)	0	111.88	111.88
9.	0003 (03) Construction of Rural Roads (Sixth Schedule)	18812.96	20780.76	1967.80
	Total	18812.96	20892.64	2079.68
	Grand Total	37712.55	49580.50	11867.95

APPENDIX 4.1**Statement showing Funds transferred by Government of India directly to State Implementing Agencies (including Government Departments)****(Reference: Paragraph 4.2)****(₹ in crore)**

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2019-20	Government of India releases during 2020-21
1.	North Eastern Council	Meghalaya Tourism Development Corporation Ltd.	0.32	1.00
		Directorate of Tourism, Government of Meghalaya	-	0.30
		William Carey University, Shillong	0.05	-
		State Council of Science and Technology (SCSTE), Meghalaya	0.10	-
		State Sports Council Meghalaya	0.76	0.77
		North East India Mission Association	-	1.38
		Meghalaya Government Construction Corporation Ltd.	2.05-	5.66
		Dr. A.P.J. Abdul Kalam Centre	1.20	-
		DRDA West Khasi Hills	1.64	2.80
		DRDA East Jaintia Hills	-	0.10
		DRDA Baghmara	-	1.20
		Deputy Commissioner RiBhoi	1.00	1.18
		Directorate of Horticulture	-	0.20
		Meghalaya Industrial Development Corporation Ltd.	6.18	5.00
		Meghalaya Information Technology Society	0.33	-
		Chief Engineer PWD (Buildings), Meghalaya	-	0.27
		Directorate of Social Welfare, Meghalaya	-	1.05
2.	Electronic Governance	Meghalaya Information Technology Society	-	2.97
3.	Small Hydro Power-Grid Interactive	Meghalaya State Electricity Board	0.68	-
4.	Solar Power - OFFGRID	Meghalaya Non-Conventional Rural Energy Development Agency	3.47	0.85
5.	Biogas Programme – OFFGRID	Meghalaya Non-Conventional Rural Energy Development Agency	-	0.10
6.	Grants-in-Aid to Voluntary Organisation Working for the Welfare of Scheduled Tribes	Ramakrishna Mission Ashrama, Meghalaya	-	8.35
7.		Kayzey Society	-	0.10
8.	MPs Local Area Development Scheme MPLADS	Deputy Commissioner	12.50	7.50
9.	NER-Textile Promotion Scheme	Director of Sericulture and Weaving, Government of Meghalaya	5.48	-
10.	Organic Value Chain Development of NE Region	Directorate of Horticulture	-	7.14
11.	Management Support to RD Programmes and Strengthening of District Planning Process in lieu of Programmes	Extension Training Centre Tura	0.44	0.20
		Principal Extension Training Centre, Meghalaya	0.24	0.90
		Director State Institute of Rural Development, Meghalaya	2.16	2.63
12.	Beti Bachao Beti Padhao	Deputy Commissioner Ri-Bhoi	0.42	0.16
		DM BBBP East Khasi Hills	0.25	0.24
13.	National AIDs and STD Control Programme (NACO)	Meghalaya AIDS Control Society	7.25	9.44
14.	Industrial and Entrepreneurship Development	Bio-Resources Development Centre	0.89	-

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2019-20	Government of India releases during 2020-21
15.	Deen Dayal Disabled Rehabilitation Scheme	Montfort Center for Education	0.05	0.72
		ASHA Rehabilitation Centre, Shillong	0.02	0.10
		Bethany Society	0.16	0.21
		Dwar Jingkyrmen School for Children in Need of Special Education	0.09	0.03
16.	National Hydrology Project	Water Resources Department, Meghalaya	-	2.00
17.	Pradhan Mantri Matri Vandana Yojna	Directorate of Health Services, Meghalaya	1.43	5.08
18.	National Plan for Dairy Development	East Khasi Hills District Co-operative Milk Union Ltd.	-	8.23
19.	National Rural Livelihood Mission	Meghalaya State Rural Livelihoods Society, Shillong, Meghalaya	0.21	-
20.	Integrated Development of Tourism Circuits around specific themes (Swadesh Darshan)	Meghalaya Tourism Development Corporation Ltd.	25.49	34.09
21.	Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD)		-	6.53
22.	E-Court Phase-II	Registrar General, High Court of Meghalaya	-	2.32
23.	Training Schemes PPG & P	Meghalaya Administrative Training Institute	0.47	0.50
24.	Pollution Abatement	Meghalaya State Pollution Control Board	0.43	-
25.	Biotechnology Research and Development	Bio-Resources Development Centre	0.27	0.07
		Don Bosco College Meghalaya	0.07	-
		St Anthony's College	0.09	-
		St Edmunds' College	0.07	-
		Synod College	-	0.07
		Kiang Nangbah Govt. College, Jowai	0.05	-
		State Council of Science, Technology & Environment (SCSTE), Meghalaya	0.76	0.08
26.	Science & Technology Institutional and Human Capacity Building	State Council of Science, Technology & Environment (SCSTE), Meghalaya	1.58	0.30
27.	Technical Textiles – Scheme for usage of Geo-Textiles in North Eastern Region	Public Works Department (Roads), Meghalaya	1.42	-
28.	National Rural Employment Guarantee Scheme (MGNREGA)CS	State Rural Employment Society, Shillong, Meghalaya	604.89	977.22
29.	Innovation, Technology Development and Deployment	State Council of Science, Technology & Environment (SCSTE), Meghalaya	0.21	0.06
		Martin Luther Christian University	-	1.77
		University of Science and Technology	-	0.08
30.	Rashtriya Gokul Mission	State Implementing Agency Meghalaya	-	20.39
31.	One Stop Centre	One Stop Centre (OSC) EJHD	0.39	0.21
		Deputy Commissioner East Khasi Hills	0.12	0.15
		Deputy Commissioner and Chairman One Stop Centre, North Garo Hills, Resubelpara	0.15	0.15
		Office of the Deputy Commissioner Ri-Bhoi District, One Stop Centre	0.39	0.15
		One Stop Centre, South Garo Hills, Baghmara	0.15	0.16

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2019-20	Government of India releases during 2020-21
		One Stop Centre, Ampati	0.28	0.15
		District Magistrate, One Stop Centre, South-West Khasi Hills, Mawkyrwat	0.15	0.16
		Deputy Commissioner, West Garo Hills	0.39	0.29
		Deputy Commissioner, One Stop Centre	0.79	0.15
		One Stop Centre, West Jaintia Hills	0.54	0.41
		One Stop Centre, West Khasi Hills	0.39	0.15
32.	AID to Voluntary Organisation working for the Welfare of Scheduled Tribe	Nongkrem Youth Development Association	0.12	-
		Ramakrishna Mission, Shillong, Meghalaya	14.41	-
33.	Pradhan Mantri Kisan Sampada Yojana- Creation/Reation/Expansion of Food Processing and Preservation Capacities	Seshu Nutrition Private Limited	0.68	-
		Himalayan Spices	-	2.35
		Directorate of Food Processing	-	0.47
		Department of Agriculture, Meghalaya	51.20	-
34.	Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	Department of Agriculture, Meghalaya	-	101.47
35.	Kisan Urja Suraksha Evam Utthaan Mahabhiyan OFF GRID (KUSUM)	Meghalayaa Non-Conventional and Rural Energy Development Agency	-	0.28
36.	Women's Helpline	Deputy Commissioner, East Khasi Hills District	0.34	0.88
37.	Domestic Promotion and Publicity Including Marked Development Assistance	Directorate of Tourism	0.50	-
38.	Promotional Services Institutions and Programme	Meghalaya Basin Management Agency	2.54	-
39.	Procurement of Marketing Support Schemes	Meghalaya Basin Management Agency	1.00	-
40.	Universal Service Obligation Fund (USOF) Compensation	Bharti Hesacom Limited	135.29	-
41.	Strengthening of Infrastructure of Institutional Training	Meghalaya State Council for Training in Vocational Trades	8.76	-
42.	National Animal Disease Control Programme	State Implementing Agency Meghalaya	1.89	0.39
43.	National Service Scheme	St. Anthony's College	0.02	-
		Meghalaya State NSS Cell	2.19	1.28
44.	North East Road Sector Development Scheme	Public Works Department (Roads), Meghalaya	33.98	0.66
45.	National Rural Health Mission	Bakdil	2.49	2.48
46.	Research Training and Studies and Other Road Safety Schemes	Office of the Commissioner of Trans-port		5.65
47.	Human Resource and Capacity Development	Indian Institute of Public Health Shillong Society	-	0.77
48.	Assistance to State Agencies for Intra-State movement of food grains and FPS dealers margin	Food Civil Supplies and Consumer Affairs Department, Government of Meghalaya	-	104.61
49.	PM Formalisation of Micro Food Processing Enterprises PM-FME	Directorate of Food Processing	-	0.75
50.	Agriculture Infrastructure Fund	Agriculture Infrastructure Fund (AIF), Meghalaya	-	0.25
	Total		944.32	1345.76

Source: Finance Accounts.

APPENDIX 4.2

Funds lying in current account of 26 Drawing and Disbursing Officers

(Reference: Paragraph 4.3)

		(₹ in crore)
Sl. No.	Drawing and Disbursing Officers	Amount
1	Director, Economics and Statistics	0.12
2	Director of Health Services (MI)	38.08
3	Chief Engineer, PWD (Roads)	9.13
4	Director of Industries	0.75
5	Director of School Education and Literacy	11.67
6	Director of Educational Research and Training	11.95
7	Director of Social Welfare	126.06
8	Director of Animal Husbandry	0.12
9	District Session Judge	0.93
10	Director of Food Civil Supplies	2.52
11	Director of Border Areas Development	3.96
12	Director of Horticulture	3.31
13	Director of Housing	2.97
14	Housing Commissioner, Meghalaya State Housing Board	1.89
15	Labour Commissioner	8.01
16	Director of Fisheries	10.26
17	Director of Land Records & Survey	0.11
18	Executive Engineer (WR)	8.91
19	Chief Engineer (WR)	12.88
20	Director Community and Rural Development	1.58
21	Principal Chief Conservator of Forests (PCCF)	0.79
22	State Planning Board	8.37
23	CEO Election	7.17
24	Power	2.31
25	Personnel and Administration Reforms (B)	0.26
26	Meghalaya Administrative Training Institute	2.60
Total		276.71

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 4.13)

Sl. No	Name of the bodies Authorities	Under which Audited	Accounts pending	Number of Accounts Pending
1.	Meghalaya State Social Welfare Board (MSSWB)	14 (1)	2008-2009 to 2020-21	13
2.	State Sports Council	14 (1)	April 2020 to March 2021	01
3.	District Rural Development Agency Shillong	14 (1)	2010-11 to 2020-21	11
4.	District Rural Development Agency Tura	14 (1)	2007-08 to 2020-21	14
5.	District Rural Development Agency Williamnagar	14 (1)	2008-09 to 2020-21	13
6.	District Rural Development Agency Jowai	14 (1)	2010-11 to 2020-21	11
7.	District Rural Development Agency Nongstoin	14 (1)	1998-99 to 2020-21	23
8.	District Rural Development Agency Nongpoh	14 (1)	2009-10 to 2020-21	12
9.	DHTE, Shillong	15	November 2019 to March 2021	02
10.	Project Co-ordinator & Development Strategies North Eastern Region Community Resource Management Project (NERCORMP), Shillong	15	April 2020 to March 2021	01
11.	State Institute of Rural Development (SIRD), Nongsder, Shillong	14 (1)	2016-17 to 2020-21	05
12.	Hospital Management Society, Civil Hospital	14 (1)	2018-19 to 2020-21	03
13.	State Rural Employment Society (SRES), Shillong	14 (1)	2013-14 to 2020-21	08
14.	National Rural Health Mission (NRHM), Shillong	14 (1)	2018-19 to 2020-21	03
15.	Meghalaya State Rural Livelihood Society, Shillong	14 (1)	2016-17 to 2020-21	05
16.	Meghalaya State Skill Development Society, Shillong	14 (1)	2016-17 to 2020-21	05
17.	Meghalaya Basin Development Authority	14 (1)	April 2020 to March 2021	01
18.	Commissioner & Secretary District Council Affairs Department	15	April 2020 to March 2021	01
19.	Ramkrishna Mission	14(1)	2016-17 to 2020-21	05
20.	Meghalaya Urban Development Authority	14(1)	2014-15 to 2020-21	07
21.	State Investment Programme Management and Implement Unit (SIPMIU)	14(1)	2020-21	01
22.	Meghalaya State Agricultural Marketing Board	14(1)	2013-14 to 2020-21	08
Total				153

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 2021

(Reference: Paragraphs 5.3, 5.6 & 5.10)

Sl. No.	Sector/Name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year ⁵⁵	Accumulated profit(+)/loss(-)	Turnover	Net profit (+)/ loss(-)	Capital Employed	Return on Capital Employed	Percentage of return on capital employed
A. WORKING COMPANY											
AGRCULTURE AND ALLIED											
1	Forest Development Corporation of Meghalaya Limited	2016-17	2021-22	1.97	0	0	1.40	0.46	1.97	0.46	23.35
2	Meghalaya Bamboo Chips Limited	2018-19	2020-21	0.48	0	-0.35	0	-0.01	0.13	-0.01	-7.69
	Sector Wise Total			2.45	0.00	-0.35	1.40	0.45	2.10	0.45	21.43
INFRASTRUCTURE											
3	Meghalaya Industrial Development Corporation Limited	2018-19	2021-22	157.94	0	-51.87	2.07	-1.37	106.07	-1.37	-1.29
4	Meghalaya Government Construction Corporation Limited	2019-20	2021-22	0.75	0	-23.59	47.82	-4.55	-22.84	-4.55	Not workable
5	Meghalaya Infrastructure Development and Finance Corporation Limited	2019-20	2021-22	1.00	0	-1.49	0	-1.36	-0.49	-1.36	Not workable
	Sector Wise Total			159.69	0.00	-76.95	49.89	-7.28	82.74	-7.28	-8.80

⁵⁵ Excluding 'Current Maturities of Long Term Borrowings' viz. repayments due within next 12 months.

Sl. No.	Sector/Name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year ⁵⁵	Accumulated profit(+)/loss(-)	Turnover	Net profit (+)/ loss(-)	Capital Employed	Return on Capital Employed	Percentage of return on capital employed
MANUFACTURING											
6	Mawmluh Cherra Cement Limited	2018-19	2020-21	197.51	147.53	-234.79	19.49	-25.22	110.25	-13.60	-12.34
7	Meghalaya Mineral Development Corporation Limited	2019-20	2021-22	2.32	0	-7.01	0	0.09	-4.69	0.09	Not workable
	Sector Wise Total			199.83	147.53	-241.80	19.49	-25.13	105.56	-13.51	-12.80
POWER											
8	Meghalaya Energy Corporation Limited	2019-20	2021-22	2198.48	250.52	-200.27	0	-32.11	2248.73	-6.25	-0.28
9	Meghalaya Power Generation Corporation Limited	2019-20	2021-22	918.77	971.60	-410.50	287.40	-55.87	1479.87	76.84	5.19
10	Meghalaya Power Distribution Corporation Limited	2019-20	2021-22	850.22	478.44	-2396.56	892.97	-427.52	-1067.90	-367.14	Not workable
11	Meghalaya Power Transmission Corporation Limited	2019-20	2021-22	425.59	59.83	-20.03	109.42	-3.08	465.39	7.69	1.65
	Sector Wise Total			4393.06	1760.39	-3027.36	1289.79	-518.58	3126.09	-288.86	-9.24
SERVICE											
12	Meghalaya Tourism Development Corporation Limited	2018-19	2020-21	7.96	8.35	-8.42	19.67	1.18	7.89	1.41	17.87
	Sector Wise Total			7.96	8.35	-8.42	19.67	1.18	7.89	1.41	17.87

Sl. No.	Sector/Name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year ⁵⁵	Accumulated profit(+)/loss(-)	Turnover	Net profit (+)/ loss(-)	Capital Employed	Return on Capital Employed	Percentage of return on capital employed
MISCELLANEOUS											
13	Meghalaya Handloom & Handicrafts Development Corporation Limited	2018-19	2020-21	1.50	0.39	-5.06	0.13	-0.82	-3.17	-0.82	Not workable
14	Meghalaya Basin Management Agency	2019-20	2021-22	0.05	0	0	0	0	0.05	0	0.00
15	Shillong Smart City Limited	2019-20	2021-22	0.10	0	-0.02	0	-0.02	0.08	-0.02	-25.00
	Sector Wise Total			1.65	0.39	-5.08	0.13	-0.84	-3.04	-0.84	Not workable
	Total A (All sector wise working Government Companies)			4764.64	1916.66	-3359.96	1380.37	-550.20	3321.34	-308.63	-9.29
B. WORKING STATUTORY CORPORATION											
SERVICE											
16	Meghalaya Transport Corporation	2015-16	2020-21	93.05	0	-106.69	4.88	-4.43	-13.64	-4.43	Not workable
	Sector Wise Total			93.05	0.00	-106.69	4.88	-4.43	-13.64	-4.43	Not workable
MISCELLANEOUS											
17	Meghalaya State Warehousing Corporation	2018-19	2021-22	3.36	0	-0.07	0.89	0.30	3.29	0.30	9.12
	Sector Wise Total			3.36	0.00	-0.07	0.89	0.30	3.29	0.30	9.12

Sl. No.	Sector/Name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year ⁵⁵	Accumulated profit(+)/loss(-)	Turnover	Net profit (+)/ loss(-)	Capital Employed	Return on Capital Employed	Percentage of return on capital employed
	Total B (All sector wise working Statutory Corporation)			96.41	0.00	-106.76	5.77	-4.13	-10.35	-4.13	Not workable
	Grand Total (A+B)			4861.05	1916.66	-3466.72	1386.14	-554.33	3310.99	-312.76	-9.45
C. NON-WORKING GOVERNMENT COMPANY											
MANUFACTURING											
18	Meghalaya Electronics Development Corporation Limited (MEDCL)	2017-18	2018-19	0	0	0	0	0	0	0	0
	Sector Wise Total			0.00	0.00	0.00	0.00	0.00	0.00	0	0.00
	Total C (All sector wise working Government Companies)			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Grand Total (A+B+C)			4861.05	1916.66	-3466.72	1386.14	-554.33	3310.99	-312.76	-9.45

APPENDIX 5.2

Statement showing arrears of Accounts as on 30 September 2021

(Reference: Paragraph 5.18)

Sl. No.	Name of SPSE	Last Audit as on Sept 2021	Arrears of Accounts as on September 2021	No. of Accounts
Working Government Companies/ Statutory Corporations				
1.	Meghalaya Bamboo Chips Limited (MBCL)	2018-19	2019-20 & 2020-21	2
2.	Meghalaya Industrial Development Corporation Limited (MIDCL)	2018-19	2019-20 & 2020-21	2
3.	Mawmluh Cherra Cements Limited (MCCL)	2018-19	2019-20 & 2020-21	2
4.	Meghalaya Mineral Development Corporation Limited (MMDCL)	2019-20	2020-21	1
5.	Meghalaya Energy Corporation Limited (MeECL)	2019-20	2020-21	1
6.	Meghalaya Power Generation Corporation Limited (MePGCL)	2019-20	2020-21	1
7.	Meghalaya Power Distribution Corporation Limited (MePDCL)	2019-20	2020-21	1
8.	Meghalaya Power Transmission Corporation Limited (MePTCL)	2019-20	2020-21	1
9.	Meghalaya Tourism Development Corporation Limited (MTDCL)	2018-19	2019-20 & 2020-21	2
10.	Meghalaya Handloom & Handicraft Development Corporation Limited (MHHDCL)	2018-19	2019-20 & 2020-21	2
11.	Meghalaya Transport Corporation (MTC)	2015-16	2016-17 to 2020-21	5
12.	Meghalaya State Warehousing Corporation (MSWC)	2018-19	2019-20 & 2020-21	2
13.	Meghalaya Basin Management Agency (MBMA)	2019-20	2020-21	1
14.	Meghalaya Infrastructure Development and Finance Corporation Ltd. (MIDFCL)	2019-20	2020-21	1
15.	Forest Development Corporation of Meghalaya Ltd. (FDCM)	2016-17	2017-18 to 2020-21	4
16.	Meghalaya Government Construction Corporation Ltd (MGCCCL)	2019-20	2020-21	1
17.	Shillong Smart City Limited (SSCL)	2019-20	2020-21	1
	Total			30
Non-Working Government Companies/ Statutory Corporations				
18.	Meghalaya Electronics Development Corporation Limited (MEDCL)	2017-18	2018-19 to 2020-21	3
	Grand Total			33

APPENDIX 5.3**Statement showing investments made by State Government in PSEs whose accounts were in arrears****(Reference: Paragraph 5.18)****(₹ in crore)**

Sl. No.	Name of the Public Sector Enterprises	Year up to which accounts finalised	Paid up capital ⁵⁶	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
1.	Meghalaya Bamboo Chips Limited (MBCL)	2018-19	0.48	2019-20 & 2020-21	-	-	-
2.	Meghalaya Industrial Development Corporation Limited (MIDCL)	2018-19	157.94	2019-20 & 2020-21	15.00	-	-
3.	Mawmluh Cherra Cements Limited (MCCL)	2018-19	197.51	2019-20 & 2020-21	34.61	-	-
4.	Meghalaya Mineral Development Corporation Limited (MMDCL)	2019-20	2.32	2020-21	-	-	-
5.	Meghalaya Energy Corporation Limited (MeECL)	2019-20	2198.48	2020-21	13.76	-	-
6.	Meghalaya Power Generation Corporation Limited (MePGCL)	2019-20	918.77	2020-21	-	51.20	50.08
7.	Meghalaya Power Distribution Corporation Limited (MePDCL)	2019-20	850.22	2020-21	-	55.26	62.70
8.	Meghalaya Power Transmission Corporation Limited (MePTCL)	2019-20	425.59	2020-21	-	0.71	-
9.	Meghalaya Tourism Development Corporation Limited (MTDCL)	2018-19	7.96	2019-20 & 2020-21	-	-	30.60
10.	Meghalaya Handloom & Handicraft Development Corporation Limited (MHHDCL)	2018-19	1.50	2019-20 & 2020-21	0.50	-	2.71
11.	Meghalaya Government Construction Corporation Limited (MGCCCL)	2019-20	0.75	2020-21	-	-	3.94
12.	Shillong Smart City Limited (SSCL)	2019-20	0.10	2020-21	-	-	10.00
13.	Meghalaya Transport Corporation (MTC)	2015-16	93.05	2016-17 to 2020-21	7.83	-	9.50
14.	Meghalaya State Warehousing Corporation (MSWC)	2018-19	3.36	2019-20 & 2020-21	2.14	-	-
15.	Meghalaya Basin Management Agency (MBMA)	2019-20	0.05	2020-21	-	-	75.20
16.	Meghalaya Infrastructure Development & Finance Corporation Limited (MIDFCL)	2019-20	1.00	2020-21	-	-	55.00
17.	Forest Development Corporation of Meghalaya Ltd (FDCM)	2016-17	1.97	2017-18 to 2020-21	-	-	3.29
Grand Total			4861.05		71.70	107.17	303.02

⁵⁶ Paid up Capital as per latest finalised accounts.

**© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
2022**

www.cag.gov.in