

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

for the year ended 31 March 2021

**Government of Mizoram
Report No. 1 of 2022**

TABLE OF CONTENTS

<i>Para No.</i>	<i>Title</i>	<i>Page</i>
	<i>Preface</i>	<i>iv</i>
	<i>Executive Summary</i>	<i>v</i>
CHAPTER-1		
Overview		
<i>1.1</i>	<i>Profile of the State</i>	<i>1</i>
<i>1.2</i>	<i>Basis and Approach to State Finances Audit Report</i>	<i>3</i>
<i>1.3</i>	<i>Report Structure</i>	<i>3</i>
<i>1.4</i>	<i>Overview of Government Accounts' Structure and Budgetary Processes</i>	<i>4</i>
<i>1.5</i>	<i>Fiscal Balance: Achievement of Deficit and total Debt targets</i>	<i>9</i>
<i>1.6</i>	<i>Deficits and Total Debt after Examination in Audit</i>	<i>14</i>
<i>1.7</i>	<i>Conclusion</i>	<i>15</i>
<i>1.8</i>	<i>Recommendations</i>	<i>15</i>
CHAPTER-2		
Finances of the State		
<i>2.1</i>	<i>Introduction</i>	<i>17</i>
<i>2.2</i>	<i>Major Changes in Key Fiscal Aggregates vis-à-vis 2019-20</i>	<i>17</i>
<i>2.3</i>	<i>Sources and Application of Funds</i>	<i>18</i>
<i>2.4</i>	<i>Resources of the State</i>	<i>18</i>
<i>2.5</i>	<i>Receipts of the State</i>	<i>19</i>
<i>2.6</i>	<i>Application of Resources</i>	<i>29</i>
<i>2.7</i>	<i>Public Account</i>	<i>42</i>
<i>2.8</i>	<i>Debt Management</i>	<i>46</i>
<i>2.9</i>	<i>Debt Sustainability Analysis</i>	<i>51</i>
<i>2.10</i>	<i>Conclusion and Recommendations</i>	<i>57</i>
CHAPTER-3		
Budgetary Management		
<i>3.1</i>	<i>Introduction</i>	<i>61</i>
<i>3.2</i>	<i>Budget Process</i>	<i>61</i>
<i>3.3</i>	<i>Appropriation Accounts</i>	<i>64</i>
<i>3.4</i>	<i>Comments on Integrity of Budgetary and Accounting Process</i>	<i>65</i>
<i>3.5</i>	<i>Comments on Transparency of Budgetary and Accounting Process</i>	<i>72</i>

Para No.	Title	Page
3.6	<i>Comments on Effectiveness of Budgetary and Accounting Process</i>	73
3.7	<i>Conclusion</i>	78
3.8	<i>Recommendations</i>	79
CHAPTER-4		
Quality of Accounts & Financial Reporting Practices		
4.1	<i>Introduction</i>	81
4.2	<i>Funds Transferred Directly to State Implementing Agencies</i>	81
4.3	<i>Delay in Submission of Utilisation Certificates</i>	81
4.4	<i>Abstract Contingent Bills</i>	82
4.5	<i>Indiscriminate use of Minor head 800</i>	83
4.6	<i>Outstanding Balance under Major Suspense and DDR Heads</i>	85
4.7	<i>Non-reconciliation of Departmental Figures</i>	86
4.8	<i>Reconciliation of Cash Balances</i>	87
4.9	<i>Opening of Bank Accounts by the DDOs</i>	88
4.10	<i>Cess Levied by the State Government</i>	88
4.11	<i>Compliance with Accounting Standards</i>	92
4.12	<i>Submission of Accounts/Separate Audit Reports of Autonomous Bodies</i>	92
4.13	<i>Departmental Commercial Undertakings/Corporations/Companies</i>	93
4.14	<i>Non-submission of Details of Grants / Loans Given to Bodies and Authorities</i>	94
4.15	<i>Timeliness and Quality of Accounts</i>	94
4.16	<i>Misappropriations, Losses, Thefts, etc.</i>	95
4.17	<i>Follow up Action on State Finances Audit Report</i>	96
4.18	<i>Conclusions</i>	96
4.19	<i>Recommendations</i>	97
CHAPTER-5		
Functioning of State Public Sector Enterprises (SPSEs)		
5.1	<i>Introduction</i>	99
5.2	<i>Mandate</i>	99
5.3	<i>Working and Non-working SPSEs</i>	99
5.4	<i>Investment in SPSEs</i>	100
5.5	<i>Budgetary Assistance to SPSEs</i>	101
5.6	<i>Returns from Government Companies and Corporations</i>	101
5.7	<i>Long Term Debt of SPSEs</i>	102

<i>Para No.</i>	<i>Title</i>	<i>Page</i>
5.8	<i>Operating Efficiency of SPSEs</i>	102
5.9	<i>Return on Capital Employed</i>	103
5.10	<i>Return on Equity (ROE)</i>	103
5.11	<i>SPSEs Incurring Losses</i>	104
5.12	<i>SPSEs having Complete Erosion of Capital</i>	105
5.13	<i>Audit of State Public Sector Enterprises</i>	106
5.14	<i>Appointment of Statutory Auditors of SPSEs by CAG</i>	106
5.15	<i>Submission of Accounts by SPSEs</i>	106
5.16	<i>Timeliness in Preparation of Accounts by SPSEs</i>	106
5.17	<i>CAG's Oversight - Audit of Accounts and Supplementary Audit</i>	107
5.18	<i>Audit of accounts of Government Companies by Statutory Auditors</i>	107
5.19	<i>Supplementary Audit of accounts of Government Companies</i>	108
5.20	<i>Result of CAG's Oversight Role</i>	108
5.21	<i>Management Letters</i>	110
5.22	<i>Conclusion</i>	110
5.23	<i>Recommendation</i>	110

<i>Appendix Number</i>	<i>Title</i>	<i>Page</i>
<i>Appendix-I</i>	<i>State Profile</i>	113
<i>Appendix- II</i>	<i>Time Series Data on State Government Finances</i>	114
<i>Appendix-III</i>	<i>Expenditure under MH-3435 Ecology and Environment Complied Based on Vouchers/Information Received from the State Government</i>	117
<i>Appendix-IV</i>	<i>Excess /unnecessary/ insufficient re-appropriation (For final excess/ savings of ₹ 10 lakhs or above)</i>	118
<i>Appendix-V</i>	<i>Details of surrender of funds in excess of ₹10 crore at the end of March, 2021</i>	121
<i>Appendix-VI</i>	<i>Grant wise unutilised funds during 2020-21</i>	123
<i>Appendix-VII</i>	<i>Funds Transferred by Government of India Directly to State Implementing Agencies</i>	125
<i>Appendix-VIII</i>	<i>Details of Return on Capital Employed of SPSUs</i>	126

