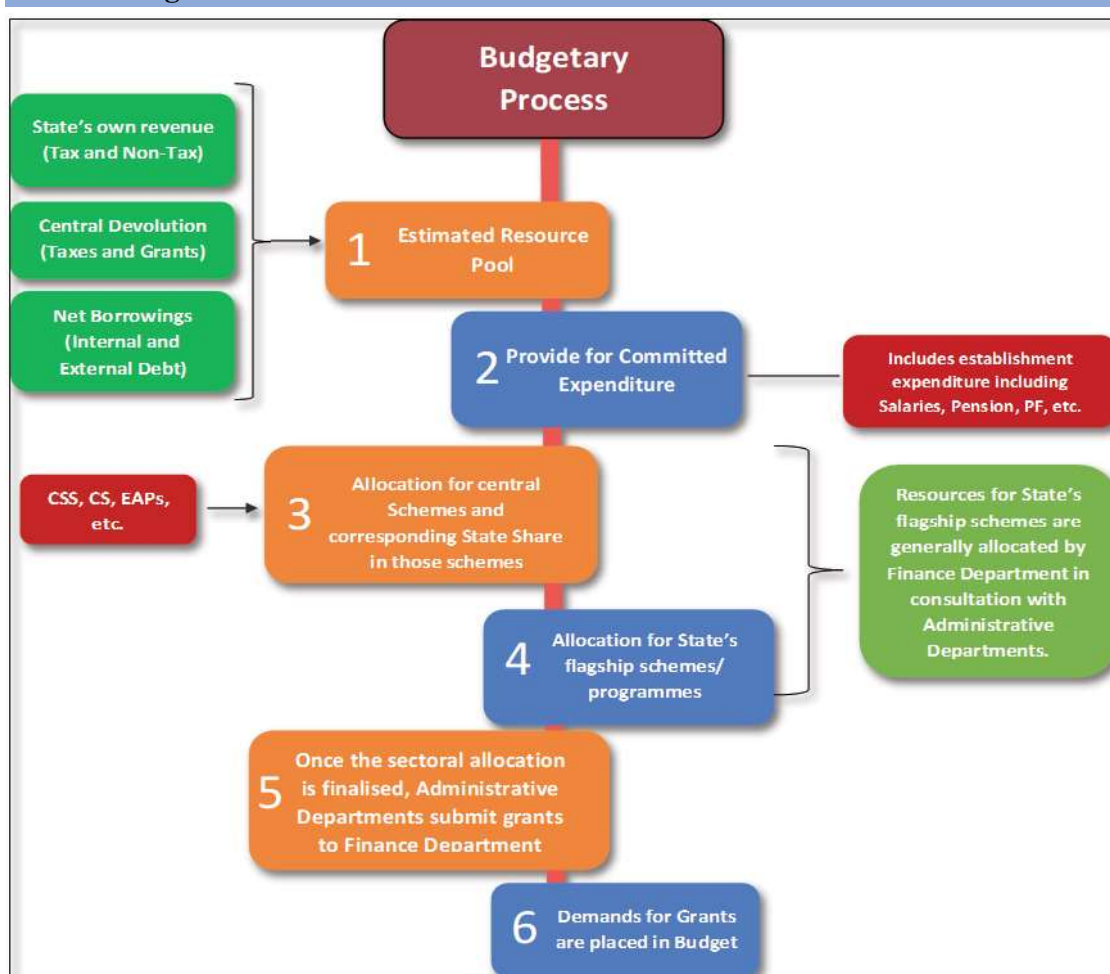


# Chapter 3: Budgetary Management

## 3.1 Introduction

Effective financial management ensures that decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This Chapter reviews the allocative priorities of the State Government and comments on the transparency of budget formulation and effectiveness of its implementation.

## 3.2 Budget Process



*CSS: Centrally Sponsored Schemes; CS: Central Schemes.*

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. The Budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates, for the next financial year. A typical budget preparation process in a State is shown below.

The Finance Bill, Annual Financial Statement (Budget) and Demands for Grants are mandated by Articles 199, 202 and 203 of the Constitution of India, respectively.

Article 202 of Constitution of India requires laying of a statement of the estimated receipts and expenditure of the State for that year, as the “Annual Financial Statement” before the House or Houses of the Legislature of the State. The annual financial statement should show expenditure charged on consolidated fund and other expenditure separately. It shall also distinguish expenditure on revenue account from other expenditure.

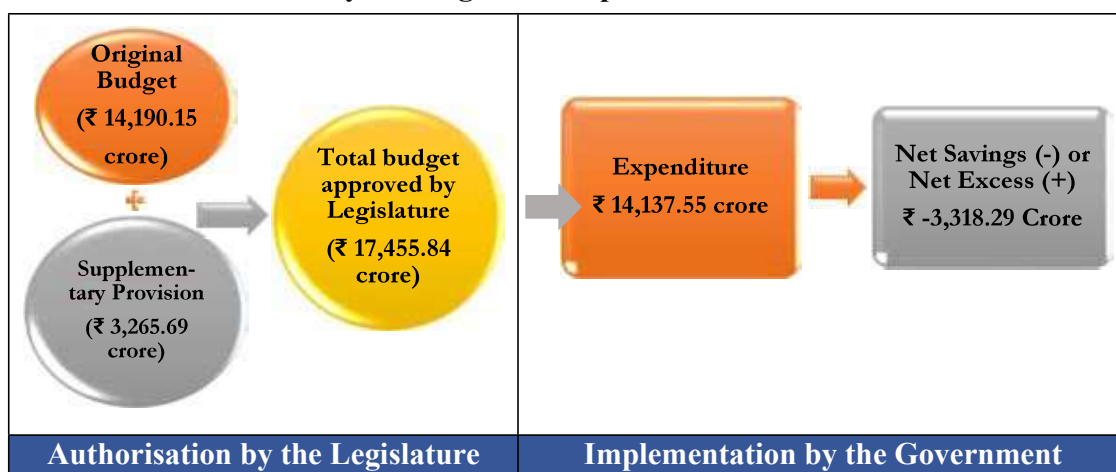
The annual financial statement, also called general budget, is placed prior to the commencement of the financial year in the State Legislature, in accordance with Article 202 of the Constitution. The estimates of receipts and disbursements in the Annual Financial Statement and of expenditure in the Demands for Grants are shown according to the accounting classification under Article 150 of the Constitution.

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with provisions of Article 204 of the Constitution. Supplementary or Additional Grant or Appropriation is provided during the course of a financial year, in accordance with Article 205 of the Constitution. It is the provision for meeting expenditure in excess of the budgeted amount.

Legislative authorisation is the *sine qua non* for incurrence of all expenditure by the State Government. To guide individual Government Departments, the State Government has framed financial rules and provided for delegation of financial powers. These delegations establish limits for incurrence of expenditure and the levels authorised to sanction such expenditure together with restrictions on appropriation and re-appropriations. The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and 48 Demands for Grants (47 Grants and one Appropriation). Normally, every Department has one Demand for Grant, to ensure that the Head of the Department takes responsibility for implementing the policy decisions and expending public funds for the intended purposes.

Supplementary or additional Grant/Appropriation can be provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount. Apart from supplementary grant, Re-appropriation can also be used to re-allocate funds within a Grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the Grant or Charged Appropriation.

Various components of budget of Government of Mizoram for the Year 2022-23 are depicted in **Chart 3.1**.

**Chart 3.1: Summary of Budget and Expenditure of Mizoram for 2022-23**

Source: Appropriation Accounts

Before obtaining Supplementary grants of ₹ 3,265.69 crore in February 2023, the actual expenditure up to the month of January 2023 was ₹ 8,820.96 crore against the original budget provision of ₹ 14,190.15 crore which was 62 *per cent* of the original provision.

### 3.2.1 Alternative Budgeting approaches

Following the lead of the Union Government, many States and Union Territories of India have taken up alternative budgeting approaches like Gender Budgeting, Social Budgeting, Performance Based Budgeting or Innovation Budgeting. These approaches focus on addressing specific issues, achieving specific goals, and promoting research and development.

During 2022-23, it was found that the State had not yet taken any measures to take up any alternative budgeting approach.

### 3.2.2 Summary of total provisions, actual disbursements and savings/excess during financial year

The summarised position of budget including supplementary budget, actual expenditure, and excess/savings during Financial Year 2022-23 against 48 Grants/Appropriation (47 Grants and one Appropriation) is given in **Table 3.1**:

**Table 3.1: Budget provision, disbursement and savings/excess during 2022-23.**

(₹ in crore)

Total Budget provision		Disbursements		Savings		Excess	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
15,431.99	2,023.85	10,945.84	3,191.71	4,563.33	87.26	77.18	1,255.12

Source: Appropriation Accounts

There was an overall saving of ₹ 4,650.59 crore offset by excess of ₹ 1,332.30 crore during the year 2022-23 resulting in net savings of ₹ 3,318.29 crore which was 19.01 *per cent* of total Grants/Appropriations and 23.47 *per cent* of the expenditure.

These savings may be seen in context of over estimation on the expenditure side being ₹ 17,455.84 crore during the year 2022-23. Even though actual Receipts<sup>38</sup> (₹ 14,327.94 crore) exceeded estimated Receipts (₹ 14,008.15 crore), total expenditure was restricted to ₹ 14,137.55 crore. This implied that substantial portion of the savings were notional as the funds were not actually available for expenditure.

### 3.2.3 Charged and voted disbursements

**Table 3.2** shows the break-up of charged and voted disbursements for the State during the five-year period from 2018-19 to 2022-23.

**Table 3.2: Details of Charged and Voted Disbursements**

(₹ in crore)

Year	Budget Estimates		Disbursement		Savings		Excess	
	Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
2018-19	11,890.16	754.14	9,103.48	686.93	2,741.68	67.22	0.00	0.00
2019-20	13,566.80	779.93	10,633.37	734.00	2,943.32	55.36	9.91	9.43
2020-21	12,380.36	1,551.53	9,284.23	2,090.87	3,371.88	4.65	275.76	543.98
2021-22	12,527.79	4,828.54	9,150.83	4,325.36	3,377.10	508.74	0.14	5.55
2022-23	15,431.99	2,023.85	10,945.84	3,191.71	4,563.33	87.26	77.18	1,255.12

Source: Appropriation Accounts

From the table it may be seen that Voted disbursements increased by ₹ 1,842.36 crore from ₹ 9,103.48 crore in 2018-19 to ₹ 10,945.84 in 2022-23. Charged disbursements also showed an increase of ₹ 2,504.78 crore over the same period from ₹ 686.93 crore in 2018-19 to ₹ 3,191.71 crore in 2022-23. Savings in Voted increased from ₹ 2,741.68 crore in 2018-19 to ₹ 4,563.33 crore in 2022-23 whereas in Charged sections it fluctuated from year to year and stood at ₹ 87.26 crore. Excess expenditure in some grants was seen in four out of five years and in 2022-23 excess Voted expenditure stood at ₹ 77.18 crore (0.71 per cent of Voted expenditure) and excess Charged expenditure stood at ₹ 1,255.12 crore (39.32 per cent of Charged expenditure). All these parameters are discussed in greater detail in the following paragraphs.

### 3.2.4 Budget marksmanship

#### Aggregate Budget Outturn

Aggregate Budget Outturn measures the extent to which the actual expenditure reflects the amount originally approved both in terms of less than approved and in excess of approved.

**Table 3.3 : Original allocations and Actual expenditure**

(₹ in crore)

Description	Original Approved budget (BE)	Actual outturn/ expenditure	Difference between actual outturn and BE
Revenue	10,188.51	10,210.35	21.84
Capital	4,001.64	3,927.20	-74.44
<b>Total</b>	<b>14,190.15</b>	<b>14,137.55</b>	<b>-52.60</b>

Source: Appropriation Accounts

<sup>38</sup> Revenue Receipts (₹ 10,282.06 crore) plus Capital Receipts (₹ 4,045.88 crore)

In Revenue section, expenditure outturn was 0.21 *per cent* more than Budget Estimates. This was due to deviation between 0 and 25 *per cent* in 18 grants, between 25 to 50 *per cent* in three grants, between 50 to 100 *per cent* in six grants and equal to or more than 100 *per cent* in one grant.

In Capital section, expenditure outturn was 1.86 *per cent* less than Budget Estimates. This was due to deviation between 25 to 50 *per cent* in one grant, between 50 to 100 *per cent* in five grants and equal to or more than 100 *per cent* in two grants. However, no provision was made in respect of 37 grants in Capital section.

### ***Expenditure Composition Outturn***

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

**Table 3.4: Revised allocations and Actual expenditure**

(₹ in crore)

Description	Original Approved Budget	Revised (RE)	Actual outturn/ expenditure	Difference between BE & RE	Difference between Actual and RE
<b>Revenue</b>	10,188.51	12,056.81	10,210.35	1,868.30	-1,846.46
<b>Capital</b>	4,001.64	5,399.03	3,927.20	1,397.39	-1,471.83
<b>Total</b>	<b>14,190.15</b>	<b>17,455.84</b>	<b>14,137.55</b>	<b>3,265.69</b>	<b>-3,318.29</b>

Source: Appropriation Accounts

In Revenue section, expenditure outturn was 15.31 *per cent* less than revised estimates. This was due to deviation between 0 and 25 *per cent* in 38 grants, between 25 to 50 *per cent* in four grants and between 50 to 100 *per cent* in three grants.

In Capital section, expenditure outturn was 27.26 *per cent* less than revised estimates. This was due to deviation between 0 to 25 *per cent* in five grants, between 25 to 50 *per cent* in two grants, between 50 to 100 *per cent* in six grants and equal to or more than 100 *per cent* in four grants. However, no provision was made in respect of 18 grants in Capital section.

### **3.3 Appropriation Accounts**

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of grants voted and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Act passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on Gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, the management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants was in accordance with the authorisation given under the

Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

### **3.4 Comments on Integrity of Budgetary and Accounting Process**

The following section explores in greater detail the State Government's compliance to the budgetary and accounting process as duly required by law.

#### **3.4.1 Transfers not mandated by the Appropriation Act/Detailed Demands for Grants (into Public Account/ Bank Accounts)**

The Appropriation Act authorises incurrence of expenditure from the Consolidated Fund under specified Grants during the financial year. Transfer of amounts from the Consolidated Fund of the State into Public Account heads not authorised through the Appropriation Act is irregular.

There was an accumulated balance of ₹ 108.88 crore lying under Major Head-8443 Civil Deposits-800 Other Deposits as on 31 March 2023. This amount was transferred to this head of account by booking them as expenditure under the functional Major Head in respective years. However, the amount is yet to be adjusted back into the relevant functional Major Heads from which transfers were originally made as on 31 March 2023 and remain reflected as expenditure in the accounts even though they are lying unspent.

#### **3.4.2 Unnecessary or excessive supplementary grants**

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year, but not after the expiry of the current financial year, as is necessary to meet-

- i. Expenditure on Schemes of New Expenditure to be taken up within the current financial year.
- ii. Inadequacy of provision.
- iii. Fresh expenditure but not technically "Schemes of New Expenditure."
- iv. Omissions of provision.

When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the Grant to cover the excess by Re-Appropriation, the Secretary in the Department concerned proposes to the Finance Department for Supplementary or Additional Grant or Appropriation.

In deserving cases which are unforeseen and which cannot wait for provision by Supplementary or Additional Grant or Appropriation, advances from the Contingency Fund may be sanctioned in accordance with the provisions made in the Constitution and the relevant rules. The advances so sanctioned will have to be regularised by a Supplementary Grant or Appropriation and recouped to the Contingency fund before the close of the financial year.



**Table 3.5** shows details of cases where supplementary provision of ₹ 50 lakh or more in each case proved unnecessary at the end of the year and consequently resulted in surrender of funds which could have been re-appropriated at an earlier point of time.

**Table 3.5: Details of cases where supplementary provision proved unnecessary<sup>39</sup>**

(₹ in crore)

Sl. No.	Name of Grant	Original	Supplementary	Actual Expenditure	Saving out of original Provisions
<b>A) Revenue (Voted)</b>					
1	6-Land Revenue & Settlement	31.96	1.99	30.01	1.95
2	17-Food, Civil Supplies and Consumer Affairs	260.44	4.42	228.62	31.82
3	19- Local Administration	120.64	138.51	64.09	56.55
4	20-School Education	1,493.94	118.51	1,392.67	101.27
5	24-Health and Family Welfare	605.50	122.40	600.36	5.14
6	28-Labour, Employment, Skill Development and Entrepreneurship	33.33	2.67	20.35	12.98
7	31-Agriculture	111.84	26.44	68.55	43.29
8	36-Environment, Forests and Climate Change	213.02	52.67	136.20	76.82
9	37-Co-operation	15.82	0.91	14.58	1.24
10	41-Sericulture	17.40	0.61	16.89	0.51
11	42-Transport	45.69	1.24	42.79	2.90
12	45-Public Works	534.30	53.77	533.71	0.59
13	46- Urban Development & Poverty Alleviation	595.33	14.88	83.57	511.76
	<b>TOTAL (A)</b>	<b>4,079.21</b>	<b>539.02</b>	<b>3,232.39</b>	<b>846.82</b>
<b>B) Capital (Voted)</b>					
1	25-Public Health Engineering	260.49	109.37	108.37	152.12
2	47- Irrigation & Water Resources	78.33	16.98	23.02	55.31
	<b>TOTAL (B)</b>	<b>338.82</b>	<b>126.35</b>	<b>131.39</b>	<b>207.43</b>
	<b>GRAND TOTAL (A+B)</b>	<b>4,418.03</b>	<b>665.37</b>	<b>3,363.78</b>	<b>1,054.25</b>

Source : Appropriation Accounts

As may be seen from the table, during 2022-23, ₹ 5,083.40 crore (Original and Supplementary) was allocated for 15 Grants under Revenue (Voted) and Capital (Voted) section which subsequently closed with savings ranging between ₹ 0.51 crore to ₹ 511.76 crore against original provision. Further, it was found that total expenditure of ₹ 3,363.78 crore (66.17 per cent) was incurred out of total allocation (Original plus Supplementary) which meant that 33.83 per cent of the funds allocated to 15 out of the 48 Grants and appropriation where supplementary provision of ₹ 50 lakh or more made were not utilised. This was mainly due to (i) non-receipt of expenditure sanction from Government, (ii) non-release of funds by GoI and (iii) non-approval of expenditure by Finance Department, etc. It was also found in audit that the supplementary demand for grants was laid before the Legislature on 13<sup>th</sup> February 2023 and this contributed to late release/non-release of fund.

<sup>39</sup> Threshold for determination of excess provision has been taken at ₹ 50 lakh or more.

### 3.4.3 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 need for additional funds is identified. State Government has the power to sanction/authorise any re-appropriation within a Grant, which does not involve the undertaking of a recurring liability.

Injudicious re-appropriation in three sub-heads resulted in excess expenditure of over ₹ 10 lakh and above in each case as detailed in **Appendix IV**.

Further scrutiny revealed that re-appropriation orders for all three cases were issued on 31 March 2023. Reasons for excess were not furnished (July 2023) in two out of three cases and the cumulative amount of these excesses worked out to be ₹ 11.30 crores. The remaining one case of excess was due to non-reporting of the expenditure by the concerned division of PWD. This clearly shows the inadequacy of the expenditure control mechanism of the Government.

In two cases, although it was found that the total expenditure did not exceed original budget provisions, revision of provision through re-appropriation orders proved injudicious since it led to the excessive withdrawal of funds through re-appropriations, resulting in excess expenditure.

*Principal Secretary, Finance Department during exit conference stated that measures would be taken to curb unnecessary/ excessive re-appropriations in future.*

### 3.4.4 Unspent and surrendered appropriations and/or Large Savings/ Surrenders

Complete accuracy of estimates may not always be possible; but there are cases where the omission or inaccuracy is the result of lack of forethought or neglect of the obvious. The golden rule for all Estimating Officers should be to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should, in checking the estimates, apply unrelentingly the proven and well-tried yardstick of average of previous actuals along with known or reasonably foreseeable facts which may modify that average.

No object is served by keeping back savings which should ideally be surrendered in time. For this reason, appropriations which are likely to remain unspent must be reported for surrender as early as possible. If this is not done, other spending Departments are deprived of the funds which they could have utilised and thus avoidable demands for Supplementary Grants are preferred. Surrenders are being made generally in the month of March, and a careful study of figures of expenditure incurred and watch over the progress of previous month's expenditure should enable a Controlling Officer to fix the final requirements with a reasonable degree of exactness.

When the need for surrender manifests itself, the Controlling Officers should carefully estimate the amounts that they can surrender. The aim should be to surrender as much as they can so as to keep the expenditure just within the modified Grant.

Principal Accountant General (Accounts), Mizoram provides the draft Appropriation Accounts to the Controlling Officers of the Departments (July/August 2023) and seeks the



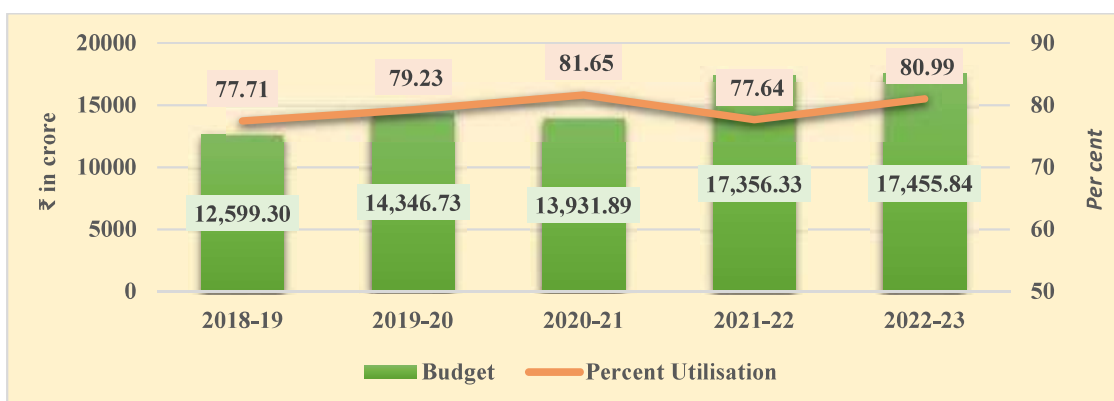
reasons/explanation for the variations in expenditure with reference to approved budgetary allocation in keeping with the limits set by the Public Accounts Committee (PAC). The current limits, set by the State PAC in October 2011 are as follows:

<b>Savings</b>	<ul style="list-style-type: none"> <li>• Comments are to be made for overall savings exceeding 5 per cent of the total provision; if individual sub-heads, where savings exceed ₹ 5 lakh and the Grant is less than ₹ 20 crore; if savings exceed ₹ 10 lakh and the Grant is over ₹ 20 crore</li> <li>• Comments are to be made in all sub-heads under Charged Appropriations where the variation is more than ₹ 5 lakh</li> </ul>
<b>Excess</b>	<ul style="list-style-type: none"> <li>• General comments are to be made for regularisation of excess over the provision in all cases where there is an overall excess (irrespective of the amount)</li> <li>• Comments are to be made if variations (excesses) under sub-heads of Grants/Appropriation are ₹ 5 lakh and the Grant is less than ₹20 crore; if excess exceeds ₹ 10 lakh and the Grant is over ₹ 20 crore</li> <li>• Comments are to be made in all sub-heads under Charged Appropriations where the variation is more than ₹ 5 lakh</li> </ul>

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and weak internal controls promote release of funds towards the end of the financial year and increase the propensity of the Departments to retain huge balances outside the Government account in Bank Accounts. Excessive savings also deprive other Departments of the funds which could have been provided for them to utilise.

Utilisation of budgeted funds by the State has been sub-optimal every year during the past few years. The extent of savings during the last five years is given in **Chart 3.2**.

**Chart 3.2: Budget Utilisation during 2018-19 to 2022-23**



Source: Appropriation Accounts of the respective years

As can be seen from the chart, utilisation of budget fluctuated and ranged between 77.71 per cent (2018-19) and 81.65 per cent (2020-21) during the last five years. Budget utilisation for 2022-23 was 80.99 per cent. Large amount of savings in allocated funds indicate inaccurate assessment of receipts and expenditure.

During 2022-23, nine Grants/Appropriations had savings of ₹ 100 crore or more, the details of which are shown in **Table 3.6**. Reasons for these large savings were stated to be due

to non-receipt of sanction from Government of India, non-accord of expenditure sanction by the State Government, due to non-filling up of vacant posts and re-provision of fund to other departments from Finance department, etc.

**Table 3.6: Grants having large savings<sup>40</sup> during the year 2022-23**

(₹ in crore)

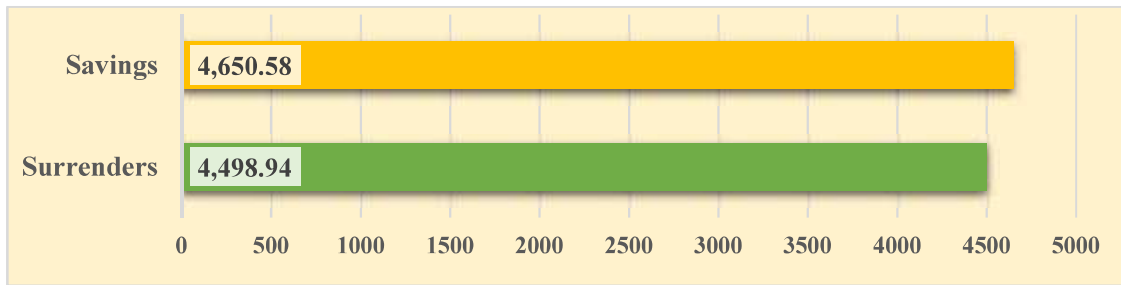
Sl. No.	Number and name of the Grant	Original	Supplementary	Total	Actual	Saving(-)/ Excess(+)	Surrender
<b>Revenue (Voted)</b>							
1	19-Local Administration	120.64	138.51	259.15	64.09	- 195.07	195.07
2	20-School Education	1,493.94	118.51	1,612.45	1,392.67	- 219.77	212.82
3	24- Health and Family Welfare	605.50	122.40	727.90	600.63	- 127.54	127.54
4	36-Environment, Forests and Climate change	213.02	52.67	265.69	136.20	- 129.49	104.90
5	38-Rural Development	436.17	105.35	541.52	357.35	- 184.17	183.54
6	46-Urban Development and Poverty Alleviation	595.33	14.88	610.21	83.57	- 526.64	526.52
<b>Total</b>		<b>3,464.60</b>	<b>552.32</b>	<b>4,016.92</b>	<b>2,634.51</b>	<b>-1,382.68</b>	<b>1,350.39</b>
<b>Capital (Voted)</b>							
1	9-Finance	1,312.50	5.07	1,317.57	5.07	- 1,312.50	1,312.50
2	25-Public Health Engineering	260.49	109.37	369.86	108.37	- 261.49	261.49
3	45-Public Works	640.00	554.69	1,194.69	394.66	- 800.03	810.52
4	46-Urban Development and Poverty Alleviation	109.34	17.27	126.61	25.53	- 101.08	101.08
<b>Total</b>		<b>2,322.33</b>	<b>686.40</b>	<b>3,008.73</b>	<b>533.63</b>	<b>- 2,475.10</b>	<b>2,485.59</b>
<b>Grand Total</b>		<b>5,786.93</b>	<b>1,238.72</b>	<b>7,025.65</b>	<b>3,168.14</b>	<b>-3,857.51</b>	<b>3,835.98</b>

Source: Appropriation Accounts

**Appendix V** further lists the details of 25 Grants which reflected surrendered funds in excess of ₹ 10 crore by 31 March 2023. Audit scrutiny of the Appropriation Accounts revealed that the main reasons for surrender of the grants were the non-filling up of vacant posts, wrong calculation of budget estimates, non-release/short release of funds by GoI, non-receipt of expenditure sanction from the State Government, etc. This has been a common occurrence through the previous years and points to weak budgetary control by the State Government.

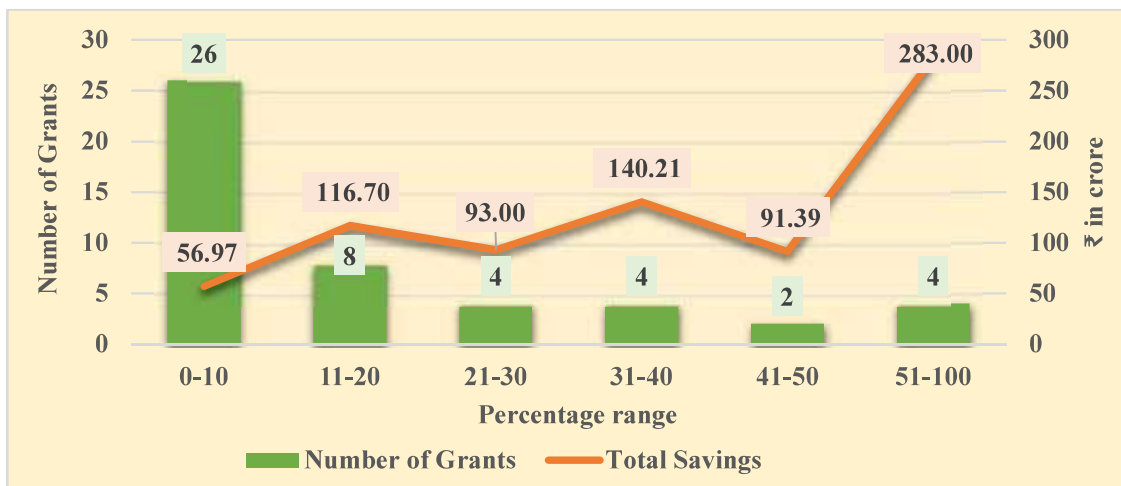
**Chart 3.3** shows the status of savings and surrenders occurring from these savings before the close of the year. As may be seen from the chart, an amount of ₹ 4,498.94 crore was surrendered from the total gross savings of ₹ 4,650.58 crore leaving a balance of ₹ 151.64 crore which was not surrendered. As per records available, all surrenders occurred on 31 March 2023.

<sup>40</sup> Savings above ₹ 100 crore

**Chart 3.3: Savings and surrenders before close of financial year 2022-23**

Source: Appropriation Accounts

**Chart 3.4** shows the distribution of the 48 Grants/Appropriations as per savings percentage during the year with the resulting total savings in each group.

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

Source: Appropriation Accounts

Out of total provisions made for each Grant during the year, 26 out of 47 grants had savings of 0-10 *per cent*, 8 grants had savings between 11 - 20 *per cent*, 4 grants had savings between 21 - 30 *per cent*, 4 grants had savings between 31 – 40 *per cent*, 2 grants had savings between 41 - 50 *per cent* and 4 grants had savings above 50 *per cent*. The largest savings from an individual grant occurred in Grant No.9 – Finance which had net savings of ₹ 1,235.32 crore which was 39.58 *per cent* of total allocation. Occurrence of such huge savings indicates poor budgetary management.

### 3.4.5 Excess expenditure and its regularisation

Article 204 of the Constitution of India provides that 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. Further as per Article 205 of the Constitution of India, it is mandatory for a State Government to get excesses over grants/appropriations 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 the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

### 3.4.5.1 Excess expenditure during 2022-23

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but is also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose. Cases of excess expenditure over the provisions for the financial year are carefully examined to ascertain whether sufficient reasons were available to disregard prevalent rules and also to determine if these reasons, if available, were justifiable.

A summary of excess expenditure requiring regularisation during 2022-23 is given in **Table 3.7**.

**Table 3.7: Excess expenditure during 2022-23 requiring regularisation**

(₹ in crore)

Type of Expenditure		Name of Department/Grant			
		Finance		Public Debt	
		Total Grant	Actual Expenditure	Total Grant	Actual Expenditure
Voted	Revenue	1,803.12	1,880.30	0.00	0.00
	Capital	0.00	0.00	0.00	0.00
Charged	Revenue	0.00	0.00	0.00	0.00
	Capital	0.00	0.00	1,348.03	2,603.15
<b>Total Excess</b>		<b>77.18</b>		<b>1,255.12</b>	
<b>Grand Total</b>		<b>1,332.30</b>			

Source: Appropriation Accounts

During 2022-23, there was a total excess disbursement of ₹ 1,332.30 crore under one Grant (9 – Finance) and one Appropriation (49-Public Debt) as shown above. Reasons for excess disbursement had not been intimated by the Government (July 2023). In light of the above, it is clear that the Government and Department concerned did not exercise adequate control over expenditure.

*Principal Secretary, Finance during Exit Conference stated that budgetary provision for Appropriation 49 Public Debt was not compulsory and, as such, since the transactions in the appropriation were mainly with respect to avilment of Ways and Means Advances (WMA) and immediate adjustments throughout the year depending on the Cash position and operated by RBI, they should not be reflected as expenditure.*

The reply is not tenable as Article 204 of the Constitution of India provides that no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed. Further, as per the Article 205 of the Constitution, it is mandatory for a State Government to get excesses over grants/appropriations regularised by the State Legislature.

### 3.4.5.2 Regularisation of excess expenditure of previous years

Excess expenditure remaining unregularised for extended periods dilutes legislative control over the executive and is in violation of Article 204 (3) of the Constitution. This vitiates the system of budgetary and financial control and encourages financial

indiscipline in management of public resources. The excess expenditure occurred during the period 2019-20 to 2021-22 that has not been regularised is shown in **Table 3.8**.

**Table 3.8: Excess expenditure during 2019-20 to 2021-22 requiring regularisation**  
(₹ in crore)

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts
<b>Revenue Portion (Voted)</b>			
2020-2021	9	Finance	275.76
2021-2022	27	District Councils and Minority Affairs	0.14
<b>Revenue Portion (Charged)</b>			
2020-2021	49	Public Debt	30.46
2021-2022	49	Public Debt	5.55
<b>Capital Portion (Charged)</b>			
2019-2020	49	Public Debt	9.43
2020-2021	49	Public Debt	513.52
<b>Total</b>			<b>834.86</b>

Source: Appropriation Accounts

During the period, there was an excess expenditure of ₹ 834.86 crore under two Grants and one Appropriation, covering two departments which was yet to be regularised in accordance with Article 205 of the Constitution.

### 3.5 Comments on Transparency of Budgetary and Accounting process

Transparency in the budgetary and accounting process ensures that clarity is maintained in the management of funds by the Government.

#### 3.5.1 Lump Sum budgetary provisions

Lump sum provision in estimates are generally discouraged except in cases where urgent measures are to be provided for meeting emergent situations or for meeting preliminary expenses on a project/scheme which has been accepted in principle for being taken up in the financial year. Detailed explanations justifying provision proposed are required to be given in the budget note accompanying the lump sum estimates. Lump sum provisions without identifying the exact object of expenditure is against transparency. In the case of Union Government, for example, Rule 8 of DFPRs stipulates that object head '42-Lump sum provision' should be used to record expenditure in respect of schemes whose provision does not exceed ₹ 10 lakhs. No cases of lump sum provision by Government of Mizoram were found during 2022-23 indicating that the budgetary and accounting process was transparent in this respect.

### 3.6 Comments on Effectiveness of Budgetary and Accounting process

The effectiveness of budgetary and accounting process may be most easily measured by comparing the outcome of a given budget. This section attempts to highlight the deficiencies or lack thereof in the budgetary and accounting process of Government of Mizoram.

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

Efficient management of tax administration/other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities and 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 3.9** gives the summarised position of actual expenditure as compared to the original and supplementary budget provisions during 2022-23.

**Table 3.9 : Summarised position of Actual Expenditure vis-à-vis Budget provisions**

(₹ in crore)

	Nature of expenditure	Original grant	Supplementary grant	Total	Expenditure	Savings (-)/ Excess (+)	Details of Surrender	
							Amount	Per cent
Voted	I Revenue	9,626.89	1,754.10	11,380.99	9,621.79	-1,759.20	1,814.96	-103.17
	II Capital	2,663.74	1,387.26	4,051.00	1,324.05	-2,726.95	2,682.53	-98.37
	III Loans and Advances	0.00	0.00	0.00	0.00	0.00	0.00	-
	<b>Total Voted</b>	<b>12,290.63</b>	<b>3,141.36</b>	<b>15,431.99</b>	<b>10,945.84</b>	<b>-4,486.15</b>	<b>4,497.50</b>	<b>-100.25</b>
Charged	IV Revenue	561.62	114.20	675.82	588.56	-87.26	1.44	-1.65
	V Capital	0.00	0.00	0.00	0.00	0.00	0.00	-
	VI Public Debt Repayment	1,337.90	10.13	1,348.03	2,603.15	1,255.12	0.00	-
	<b>Total Charged</b>	<b>1,899.52</b>	<b>124.34</b>	<b>2,023.85</b>	<b>3,191.71</b>	<b>1,167.86</b>	<b>1.44</b>	<b>0.12</b>
<b>Appropriation to Contingency Fund</b>		0.00	0.00	0.00	0.00	0.00	0.00	-
<b>Grand Total</b>		<b>14,190.15</b>	<b>3,265.69</b>	<b>17,455.84</b>	<b>14,137.55</b>	<b>-3,318.29</b>	<b>4,498.93</b>	<b>-135.58</b>

Source: Appropriation Accounts.

As against the total budget provision of ₹ 17,455.84 crore, the Government could spend ₹ 14,137.55 crore. The net savings of ₹ 3,318.29 crore was the result of overall savings of ₹ 4,650.59 crore in 45 Grants under Revenue Section and 18 Grants/Appropriation under Capital Section offset by excess of ₹ 1,332.30 crore in one Grant and one Appropriation under Revenue Section.

Out of overall gross savings of ₹ 4,650.59 crore, savings of ₹ 4,498.93 crore (96.74 per cent) was surrendered on the last day of Financial Year 2022-23 i.e. on 31 March 2023 leaving the balance of ₹ 151.64 crore unsurrendered. The Finance Department needs to take stringent measures to curb this violation of Budgetary Rules.

**Table 3.10** shows the details of budget and actual expenditure over the five-year period from 2018-19 to 2022-23.

**Table 3.10 : Original Budget, Revised Estimate and Actual Expenditure during 2018-23**

(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23
Original Budget	9,672.64	10,872.58	10,895.26	11,330.89	14,190.15
Supplementary	2,926.66	3,474.15	3,036.63	6,025.44	3,265.69
<b>Total Budget (TB)</b>	<b>12,599.30</b>	<b>14,346.73</b>	<b>13,931.89</b>	<b>17,356.33</b>	<b>17,455.84</b>
Revised Estimate (RE) <sup>41</sup>	10,869.47	12,589.53	12,956.89	16,573.56	16,109.28

<sup>41</sup> In Table 3.10RE is the Revised Estimate of Gross Disbursement from Consolidated Fund as stated in the Annual Financial Statement of GoM of the respective years.



	2018-19	2019-20	2020-21	2021-22	2022-23
Actual Expenditure (AE)	9,790.41	11,367.37	11,375.10	13,476.19	14,137.55
Net Savings (-)/Excess (+)	-2,808.89	-2,979.36	-2,556.79	-3,880.14	-3,318.29
Percentage of supplementary to original	30.26	31.95	27.87	53.18	23.01
Percentage of savings/excess to overall position	22.29	20.77	18.35	22.36	19.01
TB-RE	1,729.83	1,757.20	975.00	782.77	1,346.56
RE-AE	1,079.06	1,222.16	1,581.79	3,097.37	1,971.73
(TB-RE) as % of TB	13.73	12.25	7.00	4.51	7.71
(RE-AE) as % of TB	8.56	8.52	11.35	17.85	11.30

Source: Appropriation Accounts

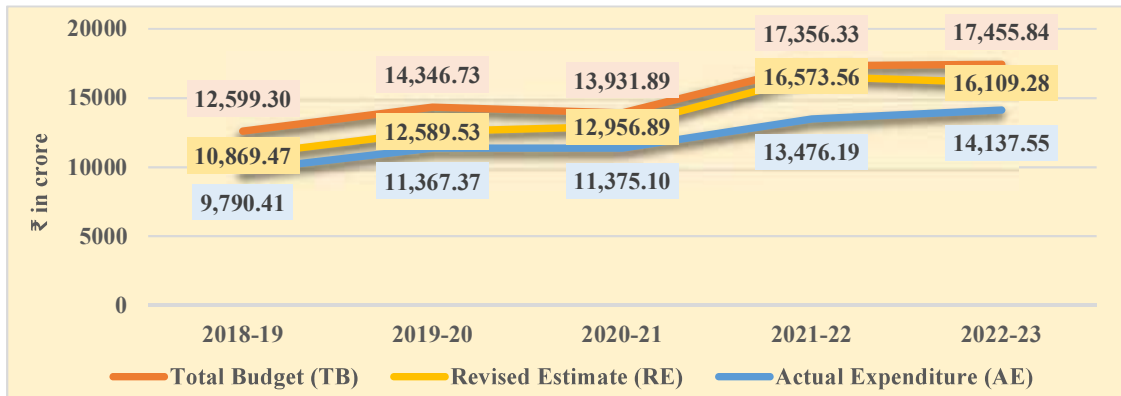
Supplementary provisions exhibited an upward trend over the five-year period, growing from 30.26 per cent of original allocations in 2018-19 to 53.18 per cent in 2021-22. During the year supplementary provision of ₹ 3,265.69 crore was the lowest during the entire period from 2018-19 to 2022-23 and constituted 23.01 per cent of the original provision as against 53.18 per cent in the previous year.

Further, on comparing the Total Budget (TB), Revised Estimate of Gross Disbursement from Consolidated Fund as stated in the Annual Financial Statement of GoM of the respective years (RE) and Actual Expenditure (AE) over the same period, the following conclusions may be drawn-

- i. AE surpassed the Original Budget allocation in each year by an amount ranging between ₹ 117.77 crore in 2018-19 and ₹ 2,145.30 crore in 2021-22. However, AE fell short of Original Budget allocation by ₹ 52.60 crore for the current year.
- ii. AE consistently fell below TB, the shortfall ranged between ₹ 2,808.89 crore in 2018-19 and ₹ 3,880.14 crore in 2021-22. During the current year, AE was ₹ 3,318.29 crore less than TB. The shortfall expressed as a percentage of TB ranged between 18.35 per cent in 2020-21 to 22.36 per cent in 2021-22 and stood at 19.01 per cent in 2022-23, indicating that the total budgetary allocation for the year was inaccurate to that extent.
- iii. Similarly, AE constantly drew short of RE. The shortfall of AE to RE ranged between ₹ 1,079.06 crore in 2018-19 to ₹ 3,097.36 crore in 2021-22. During the year AE once again fell short of RE by ₹ 1,971.73 crore. The shortfall expressed as a percentage of TB ranged between 8.52 per cent in 2019-20 to 17.85 per cent in 2021-22 and stood at 11.30 per cent for the current year.

This reflects that budgetary allocations were based on unrealistic proposals as Budget Estimates (TB and RE) of the State were always inflated and the actual disbursement (AE) was less than budgetary provisions. **Chart 3.5** depicts the trend of TB, RE and AE over the period.

**Chart 3.5: Trend showing TB, RE and AE**

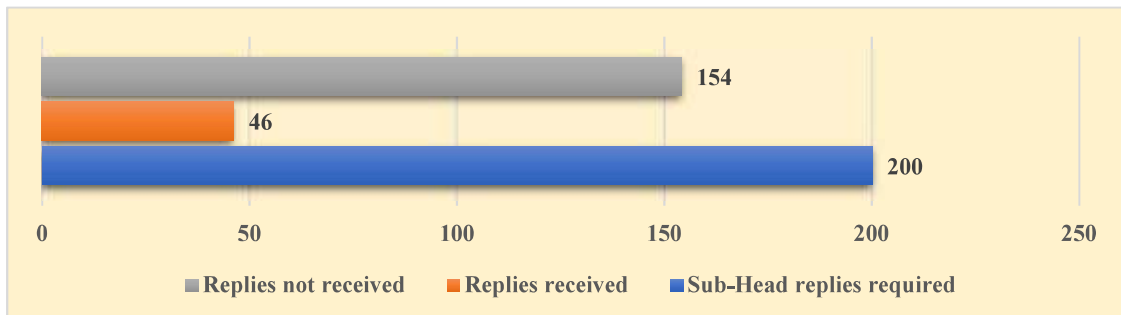


Source: Appropriation Accounts

From the above chart it may be seen that the Revised Estimate (RE) was always lower than the Total Budget (TB) of the State. While the gap between the RE and the TB stayed below 13.73 per cent of TB for the last five years, for the current year RE was lower than TB by 7.71 per cent.

**Chart 3.6** shows the summary of explanations received for variations in appropriations as depicted in the accounts for the year. As may be seen from the chart, out of 200 explanations due to be received from the Government for excess and/or savings in expenditure, 46 replies had been received (July 2023) leaving 154 explanations not received.

**Chart 3.6: Summary of Explanations for Variation in Appropriations**



Source: Appropriation Accounts

### 3.6.2 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the Departments reported to the legislature large additional requirement for different purposes under various schemes/activities but ultimately, they were unable to spend not only the entire supplementary provision or part thereof but also the original budget provision. As a result, the unutilised funds could not be made use of. At the same time, some of the schemes remained incomplete due to want of funds. Thus, the intended benefit of the unfinished schemes could not be extended to the public and may lead to escalation of project cost.

The Government also announces several new policies/schemes for implementation through the Finance Minister's (FM) Budget Speech and other budget documents which are either for that Financial Year *i.e.* one-time activity or are of recurring nature. Actual figures

related to expenditure with funding pattern *i.e.* from the State's own resources or from Central Government assistance or through debt are gathered from the Finance Accounts of the State. Of these, several schemes/programmes declared by the Government do not typically get operationalised due to lack of preparatory work and/or lack of adequate allocation of budget.

During 2022-23, there were seven Sub-heads under two Grants which had no expenditure at all although supplementary budgetary allocation had been made by the Government under the grant. The total savings in these sub-heads (four under Revenue Voted and three under Capital Voted) amounted to ₹ 626.00 crore. Details are in **Appendix VI**.

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

Several policy initiatives taken up by the Government are executed partially or not executed due to non-approval of scheme guidelines/modalities, non-commencement of works for want of administrative sanction, *etc.* This deprives the beneficiaries of intended benefits. Savings in such schemes deprive other Departments of the funds which they could have utilised. **Table 3.11** gives details of schemes/ projects for which budget provision of ₹ one crore and above was made but no expenditure was incurred.

**Table 3.11 : Details of the schemes/projects for which provision of ₹ 1 crore and above was made but no expenditure was incurred during Financial Year 2022-23**

(₹ in crore)

Sl. No	Department Name	Scheme Name	Budgetary provision	Actual expenditure	Reasons
1	Finance (9-Finance 4047-800-90)	Capital Outlay on other Fiscal Services Socio- Economic Development Policy (SEDP)	700.00	0.00	Withdrawal of entire original provision of ₹ 700.00 crore by way of surrender, stated due to re-provision of fund to other Department.
2	Planning & Prog. Implementation (14-Planning & Prog. Implementation 5475-800-90)	Secretariat- Economics Services Socio- Economic Development Policy (SEDP)	2.39	0.00	Reason for surrender not stated.
<b>Total</b>			<b>702.39</b>	<b>0.00</b>	

Source: Appropriation Accounts

As may be seen from the table above, the State Government had approved outlay of ₹ 702.39 crore which was fully withdrawn through surrender. This reflects that budgetary allocations were based on unrealistic proposals.

### 3.6.4 Rush of Expenditure

Government funds should be evenly spent throughout the year and the rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalance and temporary cash crunches due to mismatch of revenue

expenditure during a particular month arising out of unanticipated heavy expenditure in that particular month. **Table 3.12** provides the details of grants with expenditure more than 50 per cent of total allocation in March alone. Details of quarterly expenditure of all Grants may be found in **Appendix VII**. The grants have been listed in decreasing order of expenditure during the month of March 2023.

**Table 3.12 : Grants with more than 50 per cent of expenditure in March alone**

(₹ in crore)

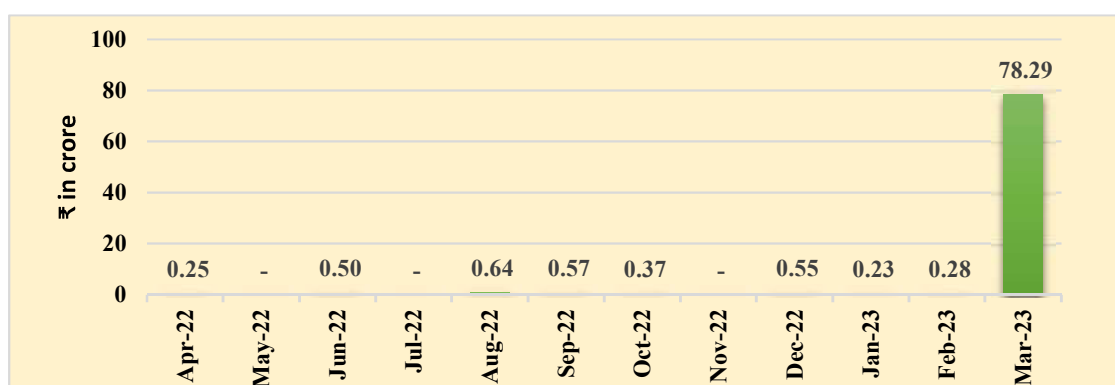
Sl. No	Grant No. & Description	Q1	Q2	Q3	Q4	Total	Expenditure in March	
							Amount	As percent of Total
1	31- Agriculture	10.08	11.28	16.28	116.52	154.16	99.54	64.57
2	48- Information and Communication Technology	0.75	1.21	0.92	78.80	81.68	78.29	95.85
3	47- Irrigation and Water Resources	3.28	4.70	3.81	25.68	37.47	19.68	52.52

Source: Monthly Appropriation Accounts

From the table it may be seen that in three out of 48 Grants/Appropriations, more than 50 per cent of expenditure of total allocation for the year was booked during the month of March. The magnitude of expenditure during month of March ranged between 95.85 per cent in Grant 48 – Information and Communication Technology and 52.52 per cent in Grant 47 – Irrigation and Water Resources.

**Chart 3.7** depicts the monthly trend of expenditure in Grant 48 – Information and Communication Technology. As may be seen from the chart, expenditure during March 2023 was very high when compared to the other 11 months of the financial year. The department incurred 95.85 per cent of the total expenditure during the month of March 2023. The trend of month wise expenditure is shown in the following chart.

**Chart 3.7: Month wise expenditure of Grant 48 -Information and Communication Technology**



Source: VLC Data

During March 2023, ₹ 72.50 crore, i.e. 92.60 per cent of expenditure in March, was booked under ‘5275 Capital Outlay on Other Communication Services 101 Other Communication Facilities’.

*Principal Secretary, Finance Department during exit conference stated the high percentage of expenditure in Grant No. 48 – Information and Communication Technology during March 2023 had taken place due to late receipt of funds under Special Assistance to States for Capital Investment (SASCI) which led to subsequent delay in release of fund to the department and consequently, delay in spending the fund. This would not indicate a true picture of March rush of expenditure as huge CSS funds were released in other months also within the prescribed/stipulated time limit.*

### 3.6.5 Review of selected grants

During the year 2022-23, two grants, namely, **Grant No. 28–Labour, Employment, Skill Development and Entrepreneurship** and **Grant No. 29 – Social Welfare** were randomly selected for detailed scrutiny to ascertain compliance with budgeting processes, monitoring of funds, control mechanisms and implementation of the schemes within these grants. Outcome of the review is discussed in the succeeding paragraphs.

#### 3.6.5.1 Budget and Expenditure (Grant No. 28–Labour, Employment, Skill Development and Entrepreneurship)

The summarised position of budgetary allocation and actual expenditure there-against during the year 2022-23 in respect of the Grant is given below:

**Table 3.13: Budget and expenditure under Grant No. 28 during 2022-23**

Nature of Expenditure	Budget Provision			Actual Expenditure	Savings (-)/ Excess (+)
	Original	Supplementary	Total		
Revenue	33.33	2.67	36.00	20.35	-15.65
Capital	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>33.33</b>	<b>2.67</b>	<b>36.00</b>	<b>20.35</b>	<b>-15.65</b>

(₹ in crore)

Source: Appropriation Accounts

It can be seen from the above table that the Grant had savings of ₹ 15.65 crore under Revenue section. No reasons for the savings were given by the Chief Controlling Officer (CCO) of the Department.

In view of the final expenditure of ₹ 20.35 crore being less than the original budget provision of ₹ 33.33 crore under Revenue section by ₹ 12.98 crore, the supplementary provision of ₹ 2.67 crore was unnecessary. This indicated a lack of budgetary foresight and planning.

#### 3.6.5.2 Persistent Savings (Grant No. 28–Labour, Employment, Skill Development and Entrepreneurship)

During the period 2018-19 to 2022-23, there were persistent savings within the grant as shown in **Table- 3.14** below. The percentage of savings to total grant ranged between 13.24 and 52.12 per cent.

**Table 3.14: Persistent Savings***(₹ in crore)*

Grant No. 28-LESDE	Amount of Savings				
	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Revenue</b>	3.80	7.08	9.84	18.69	15.65
<b>Capital</b>	0.00	0.00	0.00	0.00	0.00
<b>Total Savings</b>	3.80	7.08	9.84	18.69	15.65
<b>Total provision</b>	<b>25.91</b>	<b>53.46</b>	<b>34.44</b>	<b>35.86</b>	<b>36.00</b>
<b>Percentage of savings to total Provision</b>	14.67	13.24	28.57	52.12	43.47

Source: Appropriation Accounts of respective years

Persistent savings in the last five years, with substantial savings of almost half the original allocation during 2022-23, as shown in the table indicated that the budgeting process in the Department was unrealistic and did not reflect the actual requirements of the Department. Thus, it is imperative that budgeting is done in a planned and realistic manner to ensure prudent financial management and utilisation of funds for envisaged developmental programmes. The performance of the Department in this avenue indicates that there is room for improvement.

### 3.6.5.3 Substantial Surrenders (Grant No. 28–Labour, Employment, Skill Development and Entrepreneurship)

There was one case of substantial surrender which was more than 50 per cent of total provision within this grant in respect of one sub-head as shown in **Table 3.15**.

**Table 3.15 : Surrenders more than 50 per cent of total provision***(₹ in crore)*

Head and details of scheme	Total Provision	Details of surrender		Reasons
		Amount	Per cent	
CA -2230-03-003-04 Skill Development Programme/(CSS)	17.65	15.48	87.71	Not stated
<b>Total</b>	<b>17.65</b>	<b>15.48</b>	<b>87.71</b>	

Source: Appropriation Accounts, 2022-23

### 3.6.5.4 Implementation of Single Nodal Agency accounts for CSS(Grant No. 28–Labour, Employment, Skill Development and Entrepreneurship)

Department of Expenditure, GoI issued instructions (March 2021) for a revised procedure for release of funds to States for implementation of CSS and monitoring utilisation of the funds released. The aim of the revised procedure, which came into effect from 01 July 2021, was to ensure effective cash management and improve transparency in public expenditure management.

As per the revised procedure, the State Government was to designate a Single Nodal Agency (SNA) for each CSS which would be registered in the Public Financial Management System (PFMS). Each SNA would open a bank account and map it into PFMS for the receipt of funds. This would restrict use of the funds by the State Government as they were required to transfer funds received to the concerned SNA's account within a period of 21 days of its receipt.



It was observed that SNA details such as Agency name, Bank account details, etc. of Centrally Sponsored Schemes which were implemented by the Department during the year had been mapped into PFMS Portal as required. During 2022-23, an amount of ₹ 2.57 crore had been transferred into the SNA accounts of various CSS schemes implemented by the Department.

### 3.6.5.5 Budget and Expenditure (Grant No. 29 – Social Welfare)

The summarised position of budgetary allocation and actual expenditure there-against during the year 2022-23 in respect of the Grant is given below:

**Table 3.16 : Budget and expenditure under Grant No. 29 during 2022-23**

(₹ in crore)

Nature of Expenditure	Budget Provision			Actual Expenditure	Savings (-)/ Excess (+)
	Original	Supplementary	Total		
Revenue	119.53	133.84	253.37	198.77	-54.60
Capital	29.00	12.58	41.58	11.45	-30.13
<b>Total</b>	<b>148.53</b>	<b>146.42</b>	<b>294.95</b>	<b>210.22</b>	<b>-84.73</b>

Source: Appropriation Accounts

It can be seen from the above table that the Grant had savings of ₹ 54.60 crore and ₹ 30.13 crore under Revenue and Capital sections respectively. The Chief Controlling Officer (CCO) of the Department stated that savings had occurred mainly due to short release of fund from the Government of India (under Central Assistance), non-filling up of vacant posts (under Salary), receiving of fund directly from PFMS portal as Eklavya Model Residential School had become Central Sector Scheme since 2020-21 (under Central Assistance), finalization of recruitment of staff during August 2022, non-functioning of Rehabilitation Home for Person with Mental Illness during 2022-23 and due to non-finalisation of location for establishment of Centre of Excellence (under Central Assistance).

### 3.6.5.6 Persistent Savings (Grant No. 29 – Social Welfare)

During the period from 2018-19 to 2022-23, there were persistent savings within the grant as shown in **Table- 3.17** below. The percentage of savings to total grant ranged between 19.68 and 31.63 per cent.

**Table 3.17: Persistent Savings**

(₹ in crore)

29-Social Welfare	Amount of Savings				
	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	38.28	44.70	66.46	44.93	54.60
Capital	5.01	20.18	11.58	29.00	30.13
<b>Total Savings</b>	<b>43.29</b>	<b>64.88</b>	<b>78.04</b>	<b>73.93</b>	<b>84.73</b>
<b>Total Grant</b>	<b>219.97</b>	<b>298.05</b>	<b>286.66</b>	<b>233.72</b>	<b>294.95</b>
<b>Percentage of savings to total Grant</b>	<b>19.68</b>	<b>21.77</b>	<b>27.22</b>	<b>31.63</b>	<b>28.73</b>

Source: Appropriation Accounts of respective years

Persistent savings in the last five years as shown in the table indicated that the budgeting process in the Department was unrealistic and did not reflect the actual requirements of the Department. Thus, it is imperative that budgeting is done in a planned and realistic

manner to ensure prudent financial management and utilisation of funds for envisaged developmental programmes. The performance of the Department in this avenue indicates that there is room for improvement.

### 3.6.5.7 Substantial Surrenders (*Grant No. 29 – Social Welfare*)

There were eight cases of substantial surrenders (more than 50 per cent of total provision) within this grant as shown in **Table 3.18**.

**Table 3.18: Surrenders more than 50 per cent of total provision**

(₹ in crore)

Sl. No.	Head and details of scheme	Total Provision	Details of surrender		Reasons
			Amount	Per cent	
1	CA -2236-02-101-02 (RSEAG)-'SABLA'/(CSS)	2.34	2.34	100	Due to non-receipt of fund from the Government of India
2	CA -2235-02-200-04 Establishment of Eklavya Model Residential School at Lunglei under Article 275 (1) of the Constitution/(CSS)	2.18	2.18	100	Stated due to receipt of fund directly from PFMS portal as Eklavya Model Residential School had become Central Sector Scheme since 2020-21
3	CA -2235-02-200-05 Establishment of Eklavya Model Residential School at Serchhip/(CSS)	2.18	2.18	100	Stated due to receipt of fund directly from PFMS portal as Eklavya Model Residential School had become Central Sector Scheme since 2020-21
4	CA -2235-02-109-01 Vocational Training Centre/(CSS)	1.50	1.50	100	Stated due to non-release of fund during 2022-23 by the Government of India
5	2235-02-101-04 Establishment of Rehabilitation Home	0.61	0.39	63.93	Due to finalization of recruitment of staff during August 2022 and due to non-functioning of Rehabilitation Home for Person with Mental Illness during 2022-23
6	2235-02-106-04 Special Services in Jails	0.18	0.18	100	Due to non-filling up of vacant post
7	CA -4235-02-102-06 Setting up of EMRS/(CSS)	29.00	29.00	100	Stated due to receipt of fund directly from PFMS portal as Eklavya Model Residential Schools (EMRS) included in Central Sector Scheme since 2020-21
8	CA -4235-02-106-02 Setting up of Centre of Excellence/(CSS)	1.13	1.13	100	Due to non-finalisation of location for establishment of Centre of Excellence
	<b>Total</b>	<b>39.12</b>	<b>38.90</b>	<b>99.44</b>	

Source: Appropriation Accounts

### 3.6.5.8 Implementation of Single Nodal Agency accounts for CSS (*Grant No. 29– Social Welfare*)

Department of Expenditure, GoI issued instructions (March 2021) for a revised procedure for release of funds to States for implementation of CSS and monitoring utilisation of

the funds released. The aim of the revised procedure, which came into effect from 01 July 2021, was to ensure effective cash management and improve transparency in public expenditure management.

As per the revised procedure, the State Government was to designate a Single Nodal Agency (SNA) for each CSS which would be registered in the Public Financial Management System (PFMS). Each SNA would open a bank account and map it into PFMS for the receipt of funds. This would restrict use of the funds by the State Government as they were required to transfer funds received to the concerned SNA's account within a period of 21 days of its receipt.

It was observed that SNA details such as Agency name, Bank account details, *etc.* of Centrally Sponsored Schemes which were implemented by the Department during the year had been mapped onto PFMS Portal as required. During 2022-23, an amount of ₹ 92.25 crore had been transferred into the SNA accounts of various CSS schemes implemented by the Department.

### 3.7 Conclusion

Budgetary assumptions of the State Government were not realistic during 2022-23 and despite carrying out an elaborate pre-budget exercise to bring about efficiency and transparency in budget formulation and execution, budgetary estimates were off the mark to a considerable extent. Control over the execution and monitoring of budget by Departments was inadequate.

Against the total budget provision of ₹ 17,455.84 crore, State Government Departments incurred an expenditure of ₹ 14,137.55 crore.

Supplementary Grants/Appropriations were obtained without adequate justification, there were instances of insufficient re-appropriation in various sub-heads which resulted in excess expenditure.

Utilisation of budget for 2022-23 was 80.99 *per cent* and ranged between 77.71 *per cent* (2018-19) and 81.65 *per cent* (2020-21) during the last five years.

During the year 2022-23, there was a total excess expenditure of ₹ 1,332.30 crore under one Grant and one Appropriation.

The State Government had incurred excess expenditure of ₹ 834.86 crore over budget provision under two Grants and one Appropriation during 2018-19 to 2022-23 which is required to be regularised by the State Legislature as per Article 205 of the Constitution.

### 3.8 Recommendations

- *State Government needs to ensure that the departments submit accurate budget proposals which reflect their actual financial requirements.*
- *State Government may take immediate action to regularize excess expenditure by the Legislature.*