

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



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



GOVERNMENT OF NAGALAND
Report No. 1 of the year 2024

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PREFACE

PREFACE

1. The State Finances Audit Report has been prepared for submission to the Governor of Nagaland under Article 151(2) of the Constitution of India for being laid before the Legislative Assembly of the State of Nagaland.
2. Chapter I of this Report contains the basis and approach to State Finances Audit Report, structure of the Report, structure of Government Accounts, budgetary processes, snapshot of finances, assets and liabilities, and trends in key fiscal parameters like revenue surplus/ deficit, fiscal surplus/ deficit, *etc.*
3. Chapter II of this Report deals with the State's Budget and Expenditure as per accounts of the State Government for the year ended 31 March 2023. Some information has also been obtained from Government of Nagaland for inclusion in this Report.
4. Chapter III of this Report contains audit observations on matters arising from the examination of Appropriation Accounts of the State Government for the year ended 31 March 2023.
5. Chapter IV on 'Quality of Accounts & Financial Reporting Practices' provides an overview and status of the State Government's compliance during the year 2022-23 with financial rules, procedures and directives.
6. Chapter V on 'Functioning of State Public Sector Enterprises' provides the analysis of Audit of State Public Sector Enterprises regarding investment, disinvestments, returns, debt servicing, performance and losses incurred, also the CAG's oversight on Audit of accounts of State Public Sector Enterprises.
7. The Report containing audit findings of Performance Audit; Compliance Audit of transactions in various departments and audit findings arising out of the audit of Statutory Corporations, Boards and Government Companies and Revenue Sector is presented separately.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

About The Report

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

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

Gross State Domestic Product (GSDP) (at current prices) grew at a Compounded Annual Growth Rate (CAGR) of 7.88 *per cent* from ₹26,527.42 crore in 2018-19 to ₹35,933.96 crore in 2022-23. Budget Outlay of the State grew at a CAGR of 6.26 *per cent* from ₹20,469.97 crore in 2018-19 to ₹26,092.48 crore in 2022-23.

During 2022-23, GSDP increased by ₹4,021.42 crore (12.60 *per cent*) from ₹31,912.54 crore in 2021-22 to ₹35,933.96 crore in 2022-23. The State had a Revenue surplus of ₹688.90 crore which was 1.92 *per cent* of GSDP. Fiscal deficit was ₹1,562.63 crore during 2022-23 which was 4.35 *per cent* of GSDP and primary surplus was ₹569.40 crore, 1.58 *per cent* of GSDP.

Revenue Receipts (₹14,099.26 crore) increased by 4.82 *per cent* (₹648.12 crore) over the previous year (₹13,451.14 crore). The State's Own Tax Revenue increased by ₹160.80 crore (12.36 *per cent*), Non-Tax Revenue increased by ₹174.82 crore (57.59 *per cent*), Grants-in-Aid from GoI decreased by ₹212.43 crore (3.05 *per cent*) and State's Share of Union Taxes and Duties increased by ₹524.92 crore (10.77 *per cent*) respectively over the previous year.

Revenue Surplus decreased from ₹1,634.06 crore in 2021-22 to ₹688.90 crore in 2022-23, mainly due to a significant increase in Revenue Expenditure (13.48 *per cent*). Fiscal Deficit (₹1,562.63 crore) increased by ₹1,302.11 crore (499.81 *per cent*) as compared to previous year (₹260.52 crore). Based on the result of examination of misclassification during post audit, the Revenue Surplus will reduce from ₹688.90 crore to ₹593.04 crore and Fiscal Deficit will increase from ₹1,562.63 crore to ₹1,637.82 crore.

Revenue Receipts and Expenditure

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

Revenue Receipts increased by ₹2,661.85 crore (23.27 per cent) from ₹11,437.41 crore in 2018-19 to ₹14,099.26 crore in 2022-23 at a Compound Annual Growth Rate (CAGR) of 5.37 per cent. However, the share of Grants-in-Aid in Revenue Receipts decreased from 57.21 per cent in 2018-19 to 47.94 per cent in 2022-23.

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. Revenue Expenditure constituted on an average, 86.79 per cent and ranged between 86.17 (2021-22) and 90.54 per cent (2019-20) of the Total Expenditure during the period 2018-23. The percentage of Revenue Expenditure to Total Expenditure was 83.22 per cent and Revenue Expenditure to GSDP was 37.32 per cent during 2022-23.

Result of expenditure

The gap between the Revenue Receipts and Revenue Expenditure results in Revenue Surplus. During 2022-23, the State had a Revenue surplus of ₹688.90 crore which was 1.92 per cent of GSDP.

Capital Expenditure (₹2,704.22 crore) increased by ₹810.37 crore (42.79 per cent) during 2022-23 compared to the previous year (₹1,893.85 crore) and stood at 16.78 per cent of total expenditure during the year. During the five-year period of 2018-23, the borrowings were utilised for repayment of earlier borrowings which ranged between 74.38 per cent (2022-23) and 89.30 per cent (2018-19).

The gap between the total expenditure and total non-debt receipt of the State results in Fiscal Deficit. During 2022-23, Fiscal Deficit (₹1,562.63 crore) increased by ₹1,302.11 crore (499.81 per cent) as compared to previous year (₹260.52 crore).

Under the Revenue Expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure (₹9,921.54 crore) like salary and wages, pension, interest payments steadily increased by ₹2,652.06 crore at a CAGR of 8.09 per cent from ₹7,269.48 crore in 2018-19 to ₹9,921.54 crore in 2022-23. The Committed Expenditure during the year 2022-23 was 70.37 per cent of the Revenue Receipts and 73.99 per cent of the Revenue Expenditure.

In addition to the committed expenditure, the inflexible expenditure as a percentage of Revenue Expenditure, showed fluctuating trend ranging from 8.46 to 13.49 per cent. Further, the inflexible expenditure (₹1,316.36 crore) increased by 11.54 per cent during 2022-23 over the previous year (₹1,238.08 crore).

Taken together, the committed and inflexible expenditure in 2022-23 was ₹11,256.25 crore; 83.94 per cent of the Revenue Expenditure. Upward trend on committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

Contingent Liabilities on account of Guarantees

At the end of 2022-23, the Government provided guarantees of ₹189.96 crore against loans various Corporations and Others. During 2022-23, the Government did not pay any amount as no guarantee was invoked.

Fiscal sustainability

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

FRBM requirements and compliance with fiscal parameters

The FRBM Act/ Rules prescribes certain limits within which, revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be. The State Government was successful in maintaining the Revenue Surplus in four out of five years during the period from 2018-19 to 2022-23. The State could achieve maintaining the Fiscal Deficit as per the prescribed *per cent* of GSDP in three out of five years during the period from 2018-19 to 2022-23. The State also succeeded in maintaining the ratio of total outstanding debt to GSDP during the years 2018-19 and 2020-21.

As per the debt stabilisation analysis, the outstanding Public Debt liability rapidly increased by ₹5,126.29 crore at a CAGR of 13.02 *per cent* from ₹8,115.52 crore in 2018-19 to ₹13,241.81 crore in 2022-23 whereas the Debt/ GSDP ratio increased from 39.75 to 43.38 *per cent*, which indicates that debt stabilisation may not be possible in near future.

During the years 2021-22 and 2022-23, though the Domar gap (expressed as $g-r$) was positive and its value also increased from the preceding years, the primary surplus in 2021-22 turned into primary deficit in 2022-23. Therefore, the trends of strong economic growth (expressed as $g-r > 0$) by only observing the Domar gap in 2021-22 and 2022-23 cannot be conclusively generalized. Further, substantial proportion of public debt receipts was being used for repayment of borrowings, which ranged between 86.30 and 104.80 *per cent* during the period 2018-23. Thus, it becomes evident that depending solely on economic growth (expressed as $g-r > 0$ from 2021-23) would not suffice to cover the debt obligations of the State.

Going by the analysis and results as discussed above, the finances of the State of Nagaland is marked by increasing trend of liabilities which will pose a risk to the target of debt stabilisation and debt sustainability.

Budget performance

Aggregate expenditure outturn

Budget performance in terms of budgetary intent and budget implementation is examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and saving. In Revenue section, deviation in outturn compared with BE was (-) 11.21 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 68 grants, between ± 25 *per cent* to ± 50 *per cent* in nine grants and between ± 50 *per cent* to ± 100 *per cent* in five grants. In Capital Section, deviation in outturn compared with BE was (-) 10.85 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 41 grants, between ± 25 *per cent* to ± 50 *per cent* in six grants, between ± 50 *per cent* to ± 100 *per cent* in 10 grants and equal to or more than 10 *per cent* in six grants. No provision was, however, made in respect of 19 grants of the Capital section.

Expenditure composition outturn

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In Revenue section, deviation in outturn compared with RE was (-) 14.10 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 68 grants, between ± 25 *per cent* to ± 50 *per cent* in nine grants and between ± 50 *per cent* to ± 100 *per cent* in five grants. In Capital section, deviation in outturn compared with RE was (-) 35.22 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 45 grants, between ± 25 *per cent* to ± 50 *per cent* in 11 grants and between ± 50 *per cent* to ± 100 *per cent* in nine grants. No provision was, however, made in respect of 17 grants of the Capital section.

It was noticed that the supplementary provision of ₹202.80 crore during the year 2022-23 in 13 departments proved unnecessary, as the expenditure did not come up even to the level of original provision.

Overall Budget reliability assessment indicates that though the deviations between the actual expenditure and original budget as well as between the actual expenditure and the final budget were less than 15 per cent, there were deviations up to 50 per cent and even above in different grants. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice is required to deal with such deviations.

Quality of Accounts and Financial Reporting

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

Regularisation of Excess over Grants/ Appropriations

The State Government has to get excesses over grants/appropriations regularised by the State Legislature as per Article 204 and 205 of the Constitution. There was an outstanding excess expenditure of ₹455.78 crore under 27 Grants (pertaining to the year 2017-18 to 2022-23) yet to be regularised.

Reconciliation

All Departments are required to reconcile their expenditure and receipts with the expenditure booked in the accounts in the Accountant General Office. The State Government reconciled 95 *per cent* of the total expenditure and 95.50 *per cent* of the receipts during the year.

Compliance with IGAS

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government made partial compliance with IGAS-1: Guarantees given by the Government – Disclosure requirements and IGAS-3: Loans and Advances made by the Government.

Funds to Single Nodal Agency

The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). State Government transferred ₹2,358.92 crore in 2022-23. The whole amount was transferred through fully vouched bills. However, detailed vouchers and supporting documents of actual expenditure were not received by AG (A&E) office from the SNAs. As on 31 March 2023, an amount of ₹990.75 crore, including both Central and State shares, were parked in SNA bank Account of 74 schemes.

Utilisation Certificates against conditional grants

During the year 2022-23, 105 grants involving ₹86.65 crore were provided to 19 Departments for which Utilisation Certificates (UCs) are due for submission during the year 2023-24. As on March 2023, there are 145 UCs worth ₹252.11 crore, which are due for submission for periods pertaining up to 2022-23. Pending UCs violate prescribed financial rules and directives, and reflects poor monitoring mechanism of the State Government. Moreover, high pendency of UCs is fraught with risk of misappropriation of funds. The State would also lose out on central funds for non-submission of UCs.

DCC bills against AC bills

There were 323 Abstract Contingent (AC) Bills involving ₹554.76 crore pending for adjustment by submission of Detailed Countersigned Contingent (DCC) Bills, as of March 2023. Out of these, 89 AC bills amounting to ₹159.70 crore pertained to the year 2022-23. Non-adjustment of AC Bills may lead to fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of Detailed Countersigned Contingent (DCC) bills. Further, there

is no assurance that the expenditure of the State Government reflected in the Finance Accounts is correct or final due to non-receipt of DCC bills to that extent.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against conditional grants; non-submission of DC bills against AC bills; non-compliance with IGAS-1 and IGAS-3 and non-supply of details of expenditure from SNAs have impacted the quality of accounts adversely.

Working of State Public Sector Enterprises

As on 31 March 2023, there were seven State Public Sector Enterprises (SPSEs) (all Government companies), which included two non-working under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). Audit noticed that the prescribed timelines regarding submission of Financial Statements were not adhered to by seven SPSEs whose 42 accounts were in arrears. Out of five working SPSEs, three had incurred losses aggregating to ₹8.41 crore while only one SPSE earned a profit of ₹0.46 crore as per their latest finalised accounts and one SPSE viz. Kohima Smart City Development Limited did not finalise and submit the Annual Accounts for supplementary audit since its inception (March 2017). However, the profit earning SPSE did not declare any dividend during 2022-23.

The accumulated losses (₹81.45 crore) of two working SPSEs had completely eroded their paid-up capital of ₹25.55 crore as per their latest finalised accounts which is a cause of concern and the State Government needs to either improve their working or review the working of these SPSEs to decide on continuing their operations.

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

CHAPTER I

OVERVIEW OF THE STATE
FINANCES

Chapter I: Overview of the State Finances

1.1 Profile of the State

Nagaland is situated in the North-Eastern Region of India, bordering three States *viz.*, Assam in the West, Arunachal Pradesh and part of Assam in the North and Manipur in the South. It has an international border with Myanmar in the East (215 km). With a geographical area of 16,579 sq. kms. *i.e.*, about 0.50 *per cent* of the country's total geographical area, Nagaland's population in 2023 is 22.33 lakh (Projected) which is 0.15 *per cent* of the population of the Country. Nagaland has a lower density of population, population below poverty line, infant mortality rate and decadal population growth (2013 to 2023) as compared to the All-India average figures. It has a higher literacy rate as compared to the All-India Average figures.

General and financial data relating to the State are given in *Appendix 1.1*.

1.1.1 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 each 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. These estimates of the economy, over a period of time, reveal the extent and direction of the changes in the levels of economic development. Gross Value Added (GVA) is being used for economic analysis by GoI and international organization like IMF and World Bank as GVA is considered a better indicator of economic growth compared to GDP, as it ignores the impact of taxes and subsidies. GDP on the other hand is computed as the sum total of the various expenditure incurred in the economy including private consumption spending, government consumption spending and gross fixed capital formation or investment spending, reflecting essentially on the demand conditions in the economy. Both measures have difference in treatment of net taxes as a result of which the inclusion of taxes in GDP may differ from the real output situation.

The Gross State Domestic Product is classified under three broad Sectors *viz.*, Primary, Secondary and Tertiary and is compiled economic activity-wise as per the methodology prescribed by the Central Statistics Office (CSO), Government of India (GoI) and furnished to Ministry of Statistics and Programme Implementation (MoSPI). GSDP is the sum total of value added by different economic sectors (Agriculture, Industry and Services), within the boundaries of the State calculated without duplication, during a year. It is one of the measures of economic growth for a State economy.

The growth rate for the period from 2018-19 to 2022-23 compared with India's GDP is presented in **Table 1.1**.

Table 1.1: Trends in GSDP compared to the GDP

Year	(₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
GDP (2011-12 Series)	1,88,99,668	2,01,03,593 (3 rd RE)	1,98,29,927 (2 nd RE)	2,34,71,012 (1 st RE)	2,72,40,712 (PE)
GVA	1,71,75,128	1,83,81,117	1,81,88,780	2,14,38,883	2,47,42,871
Growth rate of GDP over previous year (in per cent)	10.59	6.37	-1.36	18.36	16.06
Growth rate of GVA over the previous year (in per cent)	10.77	7.02	-1.05	17.87	15.41
Per Capita GDP (in ₹)	1,42,424	1,49,915	1,46,301	1,71,498	1,96,983
State's GSDP (2011-12 Series)	26,527	29,716	29,832	31,913 (PE)	35,934 (AE)
GVA	25,926	28,623	28,646	30,603	34,334
Growth rate of GSDP over previous year (in per cent)	8.75	12.02	0.39	6.98	12.60
Growth rate of GVA over previous year (in per cent)	9.12	10.40	0.08	6.83	12.19
Per capita GSDP (in ₹)	1,23,729	1,37,510	1,36,093	1,44,205	1,60,922

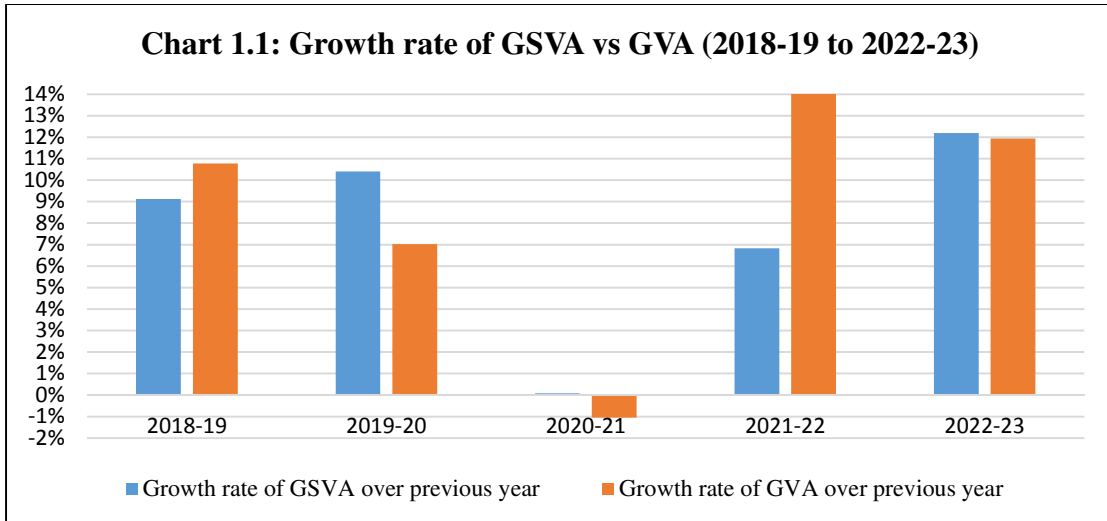
Sources: GDP- Central Statistical Office (CSO), MoSPI, GSDP and GVA -Directorate of Economics and Statistics, Government of Nagaland

RE: Revised Estimates; PE: Provisional Estimates; A.E: Advance Estimates

The Gross State Domestic Product (GSDP) in 2022-23 at current prices was ₹35,933.96 crore and the GDP of the country in 2022-23 at current prices was ₹2,72,40,712 crore. Further, the per capita GSDP of the State for the year 2022-23 was ₹1,60,922 which is lower than that of the country which is ₹1,96,983. Moreover, the Compound Annual Growth Rate (CAGR) of per capita GSDP of the State (6.79 per cent) during the period 2018-19 to 2022-23 was less than the CAGR of per capita GDP of the country (8.45 per cent) during the same period.

From a policymaker's perspective, it is therefore vital to have a comparison of the GVA and Gross State Value Added (GSVA) data for better analysis and making policy interventions.

Chart 1.1 depicts the trends of GSVA and GVA for the period from 2018-19 to 2022-23.

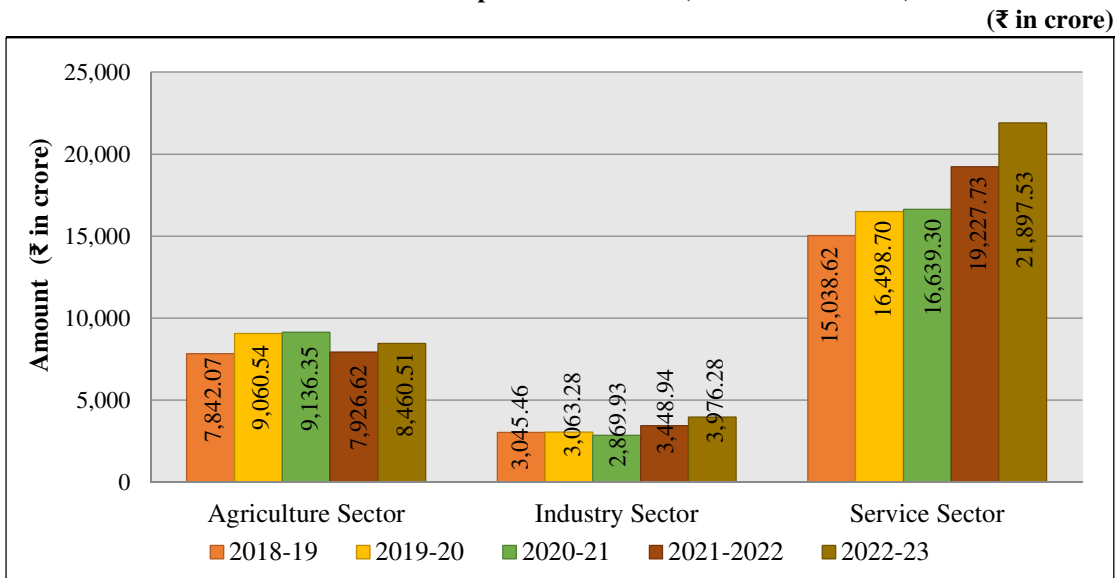


Source: GSVA, GVA -Directorate of Economics and Statistics, Government of Nagaland

The GSDP fell short of the assessment made by the XV Finance Commission (FC) during 2022-23. The actual GSDP during 2022-23 was ₹35,933.96 crore *i.e.*, 8.87 *per cent* (₹3,499.04 crore) less than the assessment made by the XV FC (₹39,433.00 crore). The annual growth rate of GSDP stood at 12.60 *per cent* during 2022-23.

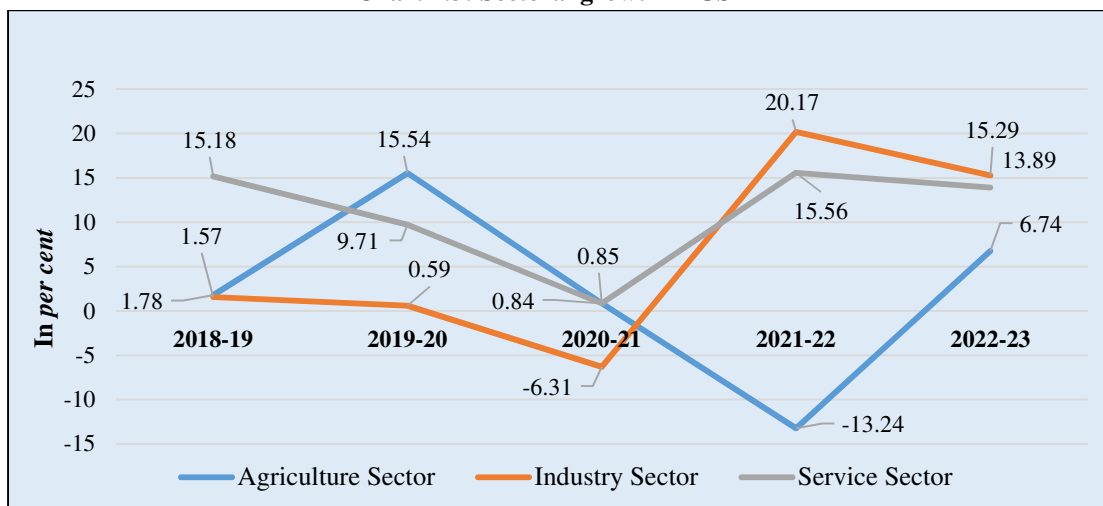
Charts 1.2 and 1.3 depict the details of shift in sectoral contribution to GSDP and sectoral growth of the GSDP during the period 2018-23.

Chart 1.2: Sectoral composition of GSDP (2018-19 to 2022-23)



Source: Information furnished by the Directorate of Economics and Statistics, GoN

Chart 1.3: Sectoral growth in GSDP



Source: Information furnished by Directorate of Economics and Statistics, Government of Nagaland

The GSDP increased by ₹9,406.54 crore during the period 2018-19 (₹26,527.42 crore) to 2022-23 (₹35,933.96 crore) at a Compounded Annual Growth Rate (CAGR) of 7.88 per cent. During the current year, GSDP increased by ₹4,021.42 crore (12.60 per cent) over the previous year mainly due to increase in contribution under Service and Industry sectors.

During the five-year period from 2018-19 to 2022-23, Service sector was the major contributor to the GSDP contributing over 50 per cent. During 2022-23, the Service sector contributed 60.94 per cent followed by Agriculture sector with 23.54 per cent and Industry sector with 11.07 per cent. Taxes on products - Subsidies on products formed 4.45 per cent of GSDP.

The sector-wise trend is discussed below:

- (i) Agriculture Sector increased by ₹618.44 crore during the period 2018-19 (₹7,842.07 crore) to 2022-23 (₹8,460.51 crore) at a CAGR of 1.92 per cent. During 2022-23, the major contributor in this sector was Agriculture, Forestry and Fishing (97.06 per cent). The increase of ₹533.89 crore (6.74 per cent) over the previous year was primarily due to increase in activities under Agriculture, Forestry and Fishing and Mining and Quarrying by 6.82 and 4.03 per cent respectively, over the previous year.
- (ii) Industry Sector increased by ₹930.82 crore during the period 2018-19 (₹3,045.46 crore) to 2022-23 (₹3,976.28 crore) at a CAGR of 6.89 per cent. During 2022-23, major contributors in this sector were Construction (74.05 per cent) and electricity, gas, water supply and other utility services (17.62 per cent). The increase of ₹527.34 crore (15.29 per cent) during 2022-23 over the previous year was primarily due to increase in contribution under construction by 18.49 per cent.
- (iii) Service Sector increased by ₹6,858.91 crore during the period 2018-19 (₹15,038.62 crore) to 2022-23 (₹21,897.53 crore) at a CAGR of 9.85 per cent. During 2022-23, there was an increase of ₹2,669.80 crore (13.89 per cent) over

the previous year and the major contributors in this sector were Public Administration (33.10 *per cent*), Other services (26.68 *per cent*), trade, repair, hotels and restaurants (13.15 *per cent*) and transport, storage, communication & services related to broadcasting (7.29 *per cent*).

1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, 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. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151 (2) of the Constitution of India.

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

The 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 Principal Accountant General (Audit);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other State related statistics; and
- Various State Finance Audit Reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the XV FC, State Fiscal Responsibility and Budget Management Act, best practices and guidelines of GoI.

The audit analysis/findings of Chapters I to V of the Report were discussed in a meeting held (06 December 2023) with the Commissioner & Secretary, Finance Department, Government of Nagaland (GoN). Replies furnished in the meeting have been suitably incorporated in the Report.

1.3 Overview of Government Accounts Structure and Budgetary Processes

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

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 (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.

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 State.

Public Account of the State (Article 266 (2) of the Constitution of India)

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

1.4 Budget Documents

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 consist of Tax Revenue, Non-Tax Revenue, share of Union Taxes/Duties, and Grants from Government of India.

Revenue Expenditure consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government Departments and various

services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the Grants may be meant for creation of assets).

The capital receipts consist of:

Debt Receipts include Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, *etc.*;

Non-debt Receipts include proceeds from disinvestment, recoveries of loans and advances; and

Capital Expenditure includes expenditure incurred with the objective of increasing concrete assets of a material and permanent character *viz.*, on the acquisition of land, building, machinery and equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

At present, we have an accounting classification system in Government that is both functional and economic as shown in **Table 1.2**.

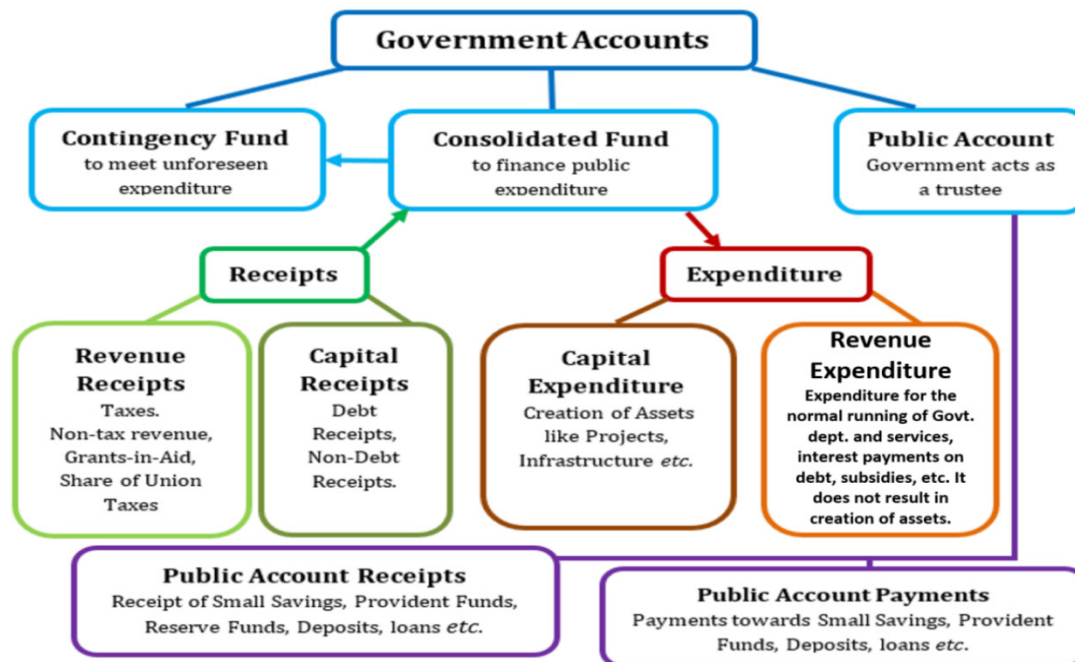
Table 1.2: Accounting classification system in Government

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

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, while “salary” object head is Revenue Expenditure, “construction” object head is Capital Expenditure. Object Head is the primary unit of appropriation in the budget documents.

The pictorial depiction of the structure of Government Accounts is given in **Chart 1.4**.

Chart 1.4: Pictorial depiction of the structure of Government Accounts



Public Debt and Public Liability: In this Report, “Public Debt” has been taken to comprise market borrowing, Institutional loans, special Securities issued to National Small Savings Fund (NSSF), loan given by Central Government *etc.* for this purpose, the major heads 6003 and 6004- Public Debt have been taken into consideration.

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

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

Budgetary Processes

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

The Government of Nagaland (GoN) has not prepared its Budget manual so far. While formulating its Budget for 2022-23, the State Government introduced several significant and proactive policies to promote the overall development of the State and its people. However, no separate sub-budgets were prepared during 2022-23. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

Summarised position of Finances

Details of actual financial results *vis-à-vis* Budget Estimates (BEs) for the year 2022-23 *vis-à-vis* actuals of 2021-22 are shown in **Table 1.3**.

Table 1.3: Financial results *vis-à-vis* BEs

Sl. No.	Components	2021-22 Actuals	2022-23		Percentage of Actuals to BEs	Percentage of Actuals to GSDP
			BEs	Actuals		
1.	Tax Revenue	6,176.35	6,064.24	6,862.07	113.16	19.10
	(i) Own Tax Revenue	1,301.08	1,417.49	1,461.88	103.13	4.07
	(ii) Share of Union taxes/ duties	4,875.27	4,646.75	5,400.19	116.21	15.03
	<i>Growth rate of Tax Revenue</i>	39.36	19.94	11.10		
2.	Non-Tax Revenue	303.58	290.68	478.41	164.58	1.33
3.	Grants-in-aid and Contributions	6,971.21	9,720.20	6,758.78	69.53	18.81
4.	Revenue Receipts (1+2+3)	13,451.14	16,075.12	14,099.26	87.71	39.24
	<i>Growth rate of Revenue Receipts</i>	17.71	9.68	4.82		
5.	Recovery of Loans and Advances	1.88	1.51	3.04	201.32	0.01
6.	Other Receipts	0.00	0.00	450.00	NA	1.25
7.	Borrowings and other Liabilities (a)	1,045.13	539.49	2,437.35	451.79	6.78
8.	Capital Receipts (5+6+7)	1,047.01	541.00	2,890.39	534.27	8.04
9.	Total Receipts (4+8)	14,498.15	16,616.12	16,989.65	102.25	47.28
10.	Revenue Expenditure	11,817.08	14,398.93	13,410.36	93.13	37.32
11.	Interest payments	932.09	1,028.26	993.23	96.59	2.76
12.	Capital Expenditure (b)	1,893.85	3,029.63	2,704.22	89.26	7.53
13.	Loan and advances	2.61	0.57	0.35	61.40	0.00
14.	Total Expenditure (10+12+13)	13,713.54	17,429.13	16,114.93	92.46	44.85
15.	Revenue Deficit/ Surplus (4-10)	1,634.06	1,676.19	688.90	41.10	1.92
16.	Fiscal Deficit {14-(4+5+6)}	260.52	1,352.50	1,562.63	115.59	4.35
17.	Primary Surplus (+)/Deficit (-) (16-11)	(+)671.57	(-)324.24	(-)569.40	175.92	1.58
18.	<i>Tax Revenue buoyancy w.r.t. Revenue Receipts</i>	2.22	2.06	2.30		

Source: Finance Accounts, 2022-23 and Annual Financial Statement, 2022-23

(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.

(b) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances disbursed.

- During 2022-23, the State had a Revenue surplus of ₹688.90 crore which was 1.92 per cent of GSDP. Fiscal deficit was ₹1,562.63 crore during 2022-23 which was 4.35 per cent of GSDP and primary surplus was ₹569.40 crore, 1.58 per cent of GSDP.
- Own Tax Revenue collections and Non-Tax Revenue exceeded the BEs while Grants-in-Aid (GIA) from GoI fell short of BEs. Overall Revenue Receipts of the State fell short of the BEs mainly due to overestimation of GIA from GoI.
- During 2022-23, the actual Tax Revenue buoyancy *w.r.t.* Revenue Receipts of 2.30 was higher than the estimation of 2.06 in Budget Estimates.
- During 2022-23, the State continued as a Revenue Surplus State due to significant growth in Revenue Receipts. Revenue Receipts increased by ₹648.12 crore (4.82 per cent) from ₹13,451.14 crore in 2021-22 to ₹14,099.26 crore in 2022-23. However, Revenue Surplus decreased from ₹1,634.06 crore in 2021-22 to ₹688.90 crore in 2022-23, mainly due to a significant increase in Revenue Expenditure (13.48 per cent).
- Fiscal Deficit increased over the previous year by ₹1,302.11 crore (499.81 per cent) from ₹260.52 crore in 2021-22 to ₹1,562.63 crore in 2022-23. The Government's Capital Expenditure increased by ₹810.37 crore (42.79 per cent) from ₹1,893.85 crore in 2021-22 to ₹2,704.22 crore in 2022-23.

Summarised position of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and 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.

Financial position of Government of Nagaland as on 31 March 2023 is given in **Appendix 1.2**. Summarised position of Assets and Liabilities of the State for the year 2022-23 as compared to the previous year 2021-22 is shown in **Table 1.4**.

Table 1.4: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities				Assets					
	2021-22	2022-23	Increase (per cent)		2021-22	2022-23	Increase (per cent)		
Consolidated Fund									
A	Internal Debt	10,794.87	12,133.46	12	A	Gross Capital Outlay	22,867.84	25,572.06	12
B	Loans and Advances from GoI	612.54	1,108.35	81	B	Loans and Advances	42.17	39.48	-6
Contingency Fund		0.35	0.35	0					
Public Account									
A	Small Savings, Provident Funds, etc.	1,606.81	1,463.08	-9	A	Advances	0.58	0.57	-2
B	Deposits	923.61	898	-3	B	Remittance	-		
C	Reserve Fund	1,900.16	1,602.41	-16	C	Suspense and Miscellaneous	75.29	80.55	7

Liabilities					Assets				
		2021-22	2022-23	Increase (per cent)			2021-22	2022-23	Increase (per cent)
D	Remittances	-831.48	-785.14	-6	Cash balance (incl. investment in Earmarked Fund)	2,909.32	2,755.02	-5	
					Total	25,895.20	28,447.68	10	
					Deficit in Revenue Account	10,888.34	12,027.17	10	
Total		15,006.86	16,420.51	9	Total	15,006.86	16,420.51	9	

Source: Finance Accounts, 2022-23

As can be seen from **Table 1.4**, Assets and Liabilities of the State during 2022-23 showed an increase of nine *per cent* over the previous year. The increase in Liabilities was mainly due to increase in Internal Debt (12 *per cent*) and Loans & Advances from GoI (81 *per cent*), as also a decrease in Small Savings, Provident funds, *etc.* (nine *per cent*) over the previous year. Similarly, increase in Assets was mainly due to increase in Gross Capital Outlay (12 *per cent*) and Suspense and Miscellaneous (seven *per cent*).

1.5 Fiscal Balance: Achievement of deficit and total debt targets

The Central and individual State Governments have passed Fiscal Responsibility and Budget Management (FRBM) Act with the objective of ensuring prudence in fiscal management by eliminating revenue deficit, reducing fiscal deficit and overall/ outstanding debt to acceptable level, establishing improved debt management and improving transparency in a medium-term framework. The Act provides quantitative targets to be adhered by the State with regard to deficit measures and debt level.

The Government of Nagaland enacted the Nagaland Fiscal Responsibility and Budget Management (NFRBM) Act, 2005 in line with the Union FRBM Act, 2003, to ensure stability and sustainability, improve efficiency and transparency in management of public finances, enhance the availability of resources by achieving sufficient revenue surplus, reduce fiscal deficit and remove impediments to effective conduct of fiscal policy and prudent debt management.

In line with the recommendations of Central Finance Commissions, the NFRBM Act was subsequently amended *i.e.*, July 2009, March 2011, March 2021, November 2021 and March 2022.

Status of achievement *vis-à-vis* projections made in the Act during the period 2018-19 to 2022-23 is given in **Table 1.5**:

Table 1.5: Compliance with the projections of FRBM/ MTFP

Fiscal Parameters	Projections	Achievement				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-)/ Surplus (+) (₹ in crore)	Maintain Revenue Surplus*	517.43	(-)213.73	375.37	1,634.06	688.90
		✓	✗	✓	✓	✓
Fiscal Deficit as <i>per cent</i> of GSDP	2018-19: 3.00* 2019-20: 5.00# 2020-21: 5.00 2021-22: 4.00 2022-23: 3.50	1,082.32 (4.08)	1,428.22 (4.81)	1,300.94 (4.36)	260.52 (0.82)	1,562.63 (4.35)
		✗	✓	✓	✓	✗

Fiscal Parameters	Projections	Achievement				
		2018-19	2019-20	2020-21	2021-22	2022-23
Ratio of total outstanding liability to GSDP (<i>per cent</i>)	2018-19: 42.00*	39.75	40.99	45.16	43.63	43.38
	2019-20: 40.00*					
	2020-21: 45.20	✓	✗	✓	✗	✗
	2021-22: 43.00					
	2022-23: 42.10					

Source: Finance Accounts, NFRBM Act and MTFP statements of respective years

*NFRBM Act amended by GoN did not include target of Revenue Surplus, Fiscal Deficit as per cent of GSDP and debt as percentage to GSDP in these years, these figures are taken from the Fiscal Indicators-Rolling targets MTFP Statement.

#NFRBM (Amendment) Act, 2021 relaxed a maximum of two per cent above the prescribed limit of three per cent of GSDP

The State Government was successful in maintaining Revenue Surplus in four out of five years during the period from 2018-19 to 2022-23. The State was also successful in maintaining the Fiscal Deficit as per the prescribed *per cent* of GSDP from 2019-20 to 2021-22. However, the State succeeded in anchoring the ratio of total outstanding debt to GSDP during 2018-19 and 2020-21.

As per the Nagaland FRBM Act, 2005, Medium-Term Fiscal Policy (MTFP) Statement shall set forth a three-year rolling target for prescribed fiscal indicators with specification of underlying assumptions. The position of projections made by the State Government in its MTFPS *vis-à-vis* achievements during the year 2022-23 is depicted in **Table 1.6**.

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

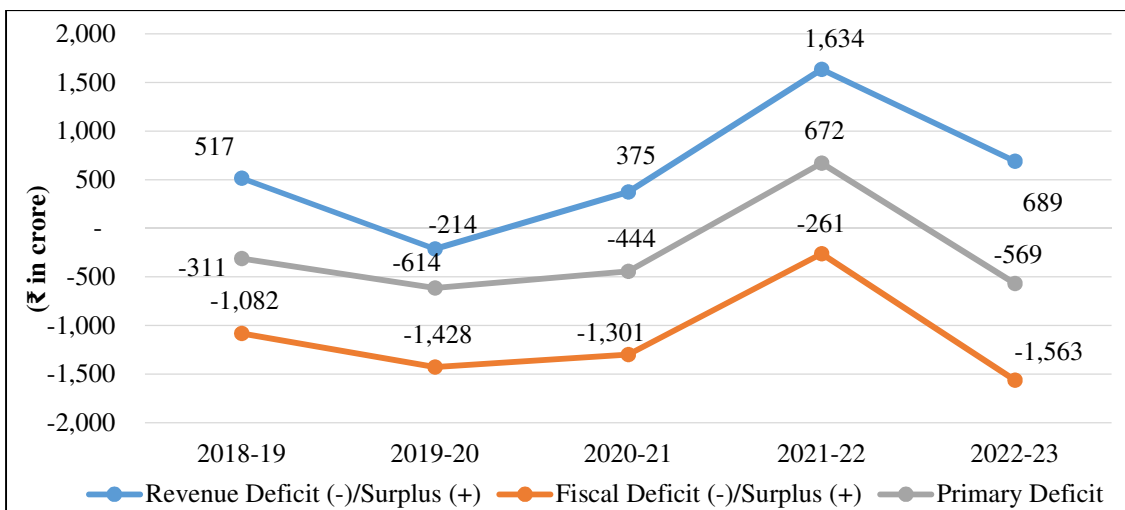
(₹ in crore)				
Sl. No.	Fiscal Variables	Projection as per MTFPS	Actuals (2022-23)	Variation (Excess (+)/ Short (-)) (<i>in per cent</i>)
1.	Own Tax Revenue	1,447.99	1,461.88	0.96
2.	Non-Tax Revenue	886.57	478.41	-46.04
3.	Share of Central Taxes	5,400.19	5,400.19	0.00
4.	Grants-in-Aid from GoI	7,457.74	6,758.78	-9.37
5.	Revenue Receipts (1 + 2 + 3 + 4)	15,192.49	14,099.26	-7.20
6.	Revenue Expenditure	14,125.49	13,410.36	-5.06
7.	Revenue Surplus (5 - 6)	1,067.00	688.90	-35.44
8.	Fiscal Deficit	2,037.87	1,562.63	-23.32
9.	Debt-GSDP ratio (<i>per cent</i>)	41.70	43.38	4.03
10.	Fiscal Deficit as <i>per cent</i> of GSDP	5.45	4.35	-20.18
11.	GSDP growth rate at current prices (<i>per cent</i>)	0.69	12.60	1,726.09

Source: MTFP Statement and Finance Accounts, 2022-23

As can be seen from **Table 1.6**, projection was made in the MTFPS for the year 2022-23 relating to two key fiscal parameters *i.e.*, Revenue Surplus and Fiscal Deficit. The State Government could achieve the targets relating to both Fiscal Deficit and Revenue Surplus as *per cent* of GSDP but failed in achieving the target related to Debt-GSDP ratio. Further, the projection relating to growth rate of GSDP was met, however, the Debt-GSDP ratio projection was not met.

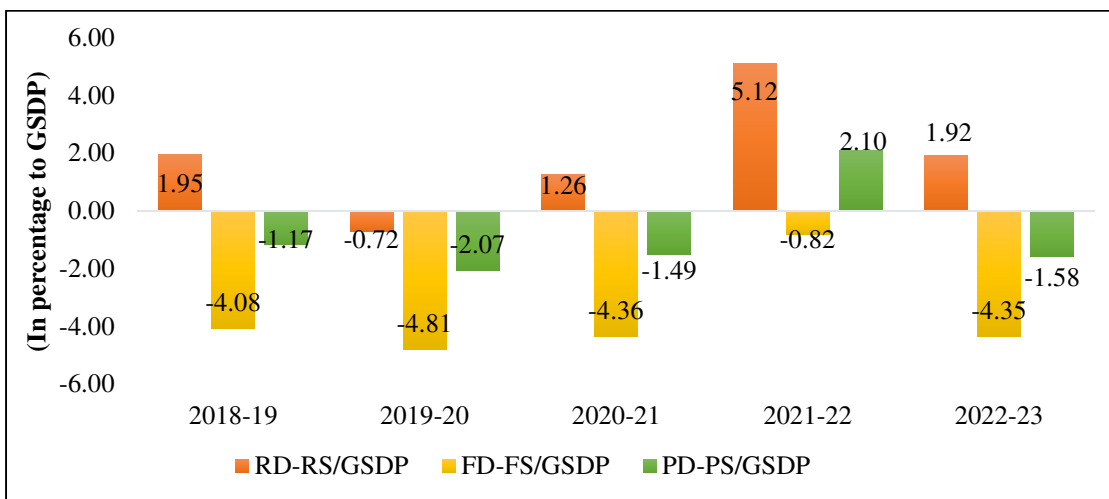
Charts 1.5 and 1.6 present the trends in deficit indicators and **Chart 1.7** presents the trends in Fiscal Liabilities and GSDP *vis-à-vis* target set by the State Government in its MTFP statement over the period 2018-19 to 2022-23.

Chart 1.5: Trends in deficit parameters



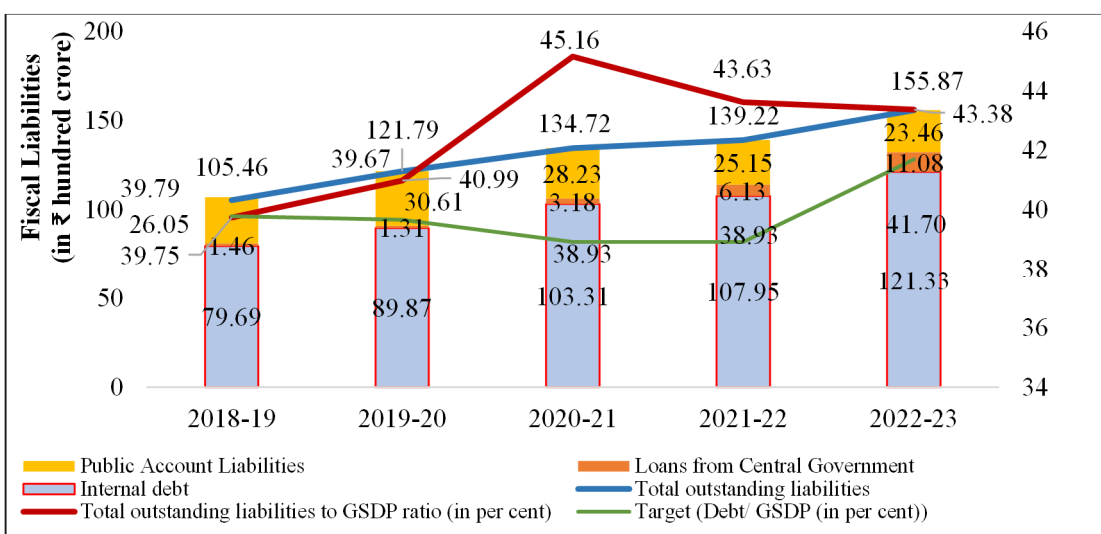
Source: Finance Accounts for respective years and GSDP-Directorate of Economics and Statistics, GoN

Chart 1.6: Trends in Surplus/ Deficit relative to GSDP



Source: Finance Accounts for respective years and GSDP-Directorate of Economics and Statistics, GoN
RD: Revenue Deficit; FD: Fiscal Deficit; PD: Primary Deficit

Chart 1.7: Trends in Fiscal Liabilities and GSDP



Source: Finance Accounts for respective years and GSDP-Directorate of Economics and Statistics, GoN

As can be seen from **Charts 1.5 to 1.7**, there was Surplus on Revenue Account during 2022-23 mainly due to the fact that there was an increase in Revenue Receipts during the year over the previous year. During 2022-23, Revenue Receipts increased by 4.82 per cent (₹648.12 crore) over the previous year.

The total outstanding liabilities showed an increasing trend during the five-year period 2018-23. The increasing trend was mainly due to increase in Loans & Advances from Central Government and Internal Debt. During this period, the total outstanding liabilities to GSDP ratio was below the norm set by the State Government in its MTFPS in 2018-19.

1.6 Deficits and Total Debt after examination in audit

In order to present a better picture of State Finances, State Government tends to classify Revenue Expenditure as Capital Expenditure and to conduct off-budget financial activities.

As per the FRBM Act, the State Government must ensure compliance to the targets fixed for the fiscal indicators such as deficits, ceiling on debt and on guarantees, *etc.* The Revenue Deficit and the Fiscal Deficit as worked out for the State gets impacted due to various circumstances such as misclassification of Revenue Expenditure as Capital Expenditure and off-budget fiscal operations. Besides, deferment of clear-cut liabilities, not depositing cess/royalty to Consolidated Fund, short contribution to New Pension Scheme, Sinking Fund and Guarantee Redemption Fund, *etc.* also impacts the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the effect of misclassification needs to be included and the impact of such irregularities needs to be reversed.

Post audit - Deficits

Audit noticed overstatement of Revenue Surplus by ₹95.86 crore and understatement of Fiscal Deficit by ₹75.19 crore for 2022-23, as detailed in **Table 1.7**.

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

Particulars	Impact on (₹ in crore) {Understated (+)/ overstated (-)}		Paragraph Reference
	Revenue Surplus	Fiscal Deficit	
Non-Contribution to Consolidated Sinking fund	(-) 66.55	(+) 66.55	Para 2.5.2.1
Minor works budgeted/ booked under Capital Section instead of Revenue	(-) 23.96	-	Para 3.3.2
Major works budgeted/ booked under Revenue Section instead of Capital	(+) 3.29	-	Para 3.3.2
Interest adjustment on Defined Contribution Pension Scheme	(-) 3.88	(+) 3.88	Para 2.4.2.3
State Disaster Mitigation Fund (SDMF)	(-) 4.30	(+) 4.30	Para 2.5.2.2
Short transfer of Labour Cess	(-) 0.46	(+) 0.46	Para 2.5.2.5
Total	(-) 95.86	(+) 75.19	

Source: Finance Accounts, 2022-23

Based on the result of examination of misclassification during post audit, the Revenue Surplus would reduce from ₹688.90 crore¹ to ₹593.04 crore and Fiscal Deficit would increase from ₹1,562.63 crore² to ₹1,637.82 crore.

Post audit-Total outstanding Debt

As per the NFRBM Act, 2005 total liabilities mean the liabilities under the Consolidated Fund and the Public Account of the State referred to in Article-266 of the Constitution of India. The outstanding Debt/liabilities can be split into various components as given in **Table 1.8**.

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

(₹ in crore)	
Borrowings and other liabilities as per Finance Accounts	Amount
Internal Debts (A)	12,133.46
Market Loans	11,414.03
Loans from other Institutions	430.02
Ways and Means Advance from the Reserve Bank of India	222.03
Special Securities Issued to National Small Savings fund of the central Government	67.38
Loans and Advances from central Government (B)	1,108.35
Non-Development Loans	9.47
Loans for State/Union Territory Schemes	16.97
Others	1,081.91
Liabilities upon Public Accounts (C)	2,345.63
Small Savings, Provident Funds, etc.	1,463.08
Reserve Funds	-15.44
Deposits	897.99
Total (A+B+C)	15,587.44

Source: Finance Accounts 2022-23

The overall outstanding debt/liabilities of the State were overstated by ₹865.71 crore by not accounting for the Suspense, Miscellaneous and Remittance balances, thereby overstating the same with respect to GSDP by 2.21 *per cent* at the end of the year 2022-23. Liabilities to GSDP were lesser at 1.61 *per cent* against the normative assessment of 41.70 *per cent* under MTFP Statement during the current year.

1.7 Conclusion

Gross State Domestic Product (GSDP) (at current prices) grew at a Compounded Annual Growth Rate (CAGR) of 7.88 *per cent* from ₹26,527.42 crore in 2018-19 to ₹35,933.96 crore in 2022-23. During 2022-23, GSDP increased by ₹4,021.42 crore (12.60 *per cent*) from ₹31,912.54 crore in 2021-22 to ₹35,933.96 crore in 2022-23.

The FRBM Act / Rules prescribes certain limits within which, revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be. The State Government was successful in maintaining the Revenue Surplus in four out of five years during the period from 2018-19 to 2022-23. The State could achieve maintaining the Fiscal Deficit as per the prescribed per cent of GSDP in three out of

¹ Refer Para 1.4 Sub Para Summarised position of Finances

² Refer Para 1.4 Sub Para Summarised position of Finances

five years during the period from 2018-19 to 2022-23. The State also succeeded in maintaining the ratio of total outstanding debt to GSDP during the years 2018-19 and 2020-21.

The gap between the Revenue Receipts and Revenue Expenditure results in Revenue Deficit. The gap between the total expenditure and total non-debt receipt of the State results in Fiscal Deficit. The State had a Revenue surplus of ₹688.90 crore which was 1.92 per cent of GSDP. Fiscal deficit was ₹1,562.63 crore during 2022-23 which was 4.35 per cent of GSDP and primary surplus was ₹569.40 crore, 1.58 per cent of GSDP.

Revenue Surplus decreased from ₹1,634.06 crore in 2021-22 to ₹688.90 crore in 2022-23, mainly due to a significant increase in Revenue Expenditure (13.48 per cent). Fiscal Deficit (₹1,562.63 crore) increased by ₹1,302.11 crore (499.81 per cent) as compared to previous year (₹260.52 crore). Based on the result of examination of misclassification during post audit, the Revenue Surplus will reduce from ₹688.90 crore to ₹593.04 crore and Fiscal Deficit will increase from ₹1,562.63 crore to ₹1,637.82 crore.

1.8 Recommendations

- State Government needs continued efforts to achieve in the coming years, the projections on deficit and debt parameters made in the Nagaland FRBM Act.
- The State Government should adhere to the proper accounting norms and steps may be taken to transfer the amount to the appropriate head of accounts as per the accounting norms.

CHAPTER II

FINANCES OF THE STATE

Chapter II: Finances of the State

2.1 Major changes in Key fiscal aggregates during 2022-23 vis-à-vis 2021-22

This Section gives a bird's eye view of the major changes in key fiscal aggregates of the State during the financial year, compared to the previous year as detailed in **Table 2.1**. Each of these indicators are analysed in the succeeding paragraphs.

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

Revenue Receipts	<ul style="list-style-type: none"> ➤ Revenue receipts of the State increased by 4.82 per cent ➤ Own Tax receipts of the State increased by 12.38 per cent ➤ Non-tax receipts increased by 57.58 per cent ➤ State's Share of Union Taxes and Duties increased by 10.76 per cent ➤ Grants-in-Aid from Government of India decreased by 3.05 per cent
Revenue Expenditure	<ul style="list-style-type: none"> ➤ Revenue Expenditure increased by 13.48 per cent ➤ Revenue Expenditure on General Services increased by 18.75 per cent ➤ Revenue Expenditure on Social Services increased by 10.89 per cent ➤ Revenue Expenditure on Economic Services increased by 5.50 per cent
Capital Receipts	<ul style="list-style-type: none"> ➤ Miscellaneous Capital Receipts increased by 100 per cent ➤ Debt Capital receipts increased by 141.88 per cent ➤ Non Debt Capital receipts increased by 61.70 per cent
Capital Expenditure	<ul style="list-style-type: none"> ➤ Capital Expenditure increased by 42.79 per cent ➤ Capital Expenditure on General Services increased by 52.37 per cent ➤ Capital Expenditure on Social Services increased by 19.38 per cent ➤ Capital Expenditure on Economic Services decreased by 70.05 per cent
Loans and Advances	<ul style="list-style-type: none"> ➤ Disbursement of Loans and Advances decreased by 86.59 per cent ➤ Recoveries of Loans and Advances increased by 61.70 per cent
Public Debt	<ul style="list-style-type: none"> ➤ Public Debt Receipts decreased by 17.80 per cent ➤ Repayment of Public Debt decreased by 33.03 per cent
Public Account	<ul style="list-style-type: none"> ➤ Public Account Receipts increased by 18.64 per cent ➤ Disbursement of Public Account increased by 19.42 per cent
Cash Balance	<ul style="list-style-type: none"> ➤ Cash balance decreased by ₹154.30 crore (5.30 per cent) during 2022-23 compared to previous year

2.2 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2022-23 with 2021-22 in figures, while **Charts 2.1** and **2.2** give the details of receipts and expenditure from the Consolidated Fund during 2022-23 in terms of percentages.

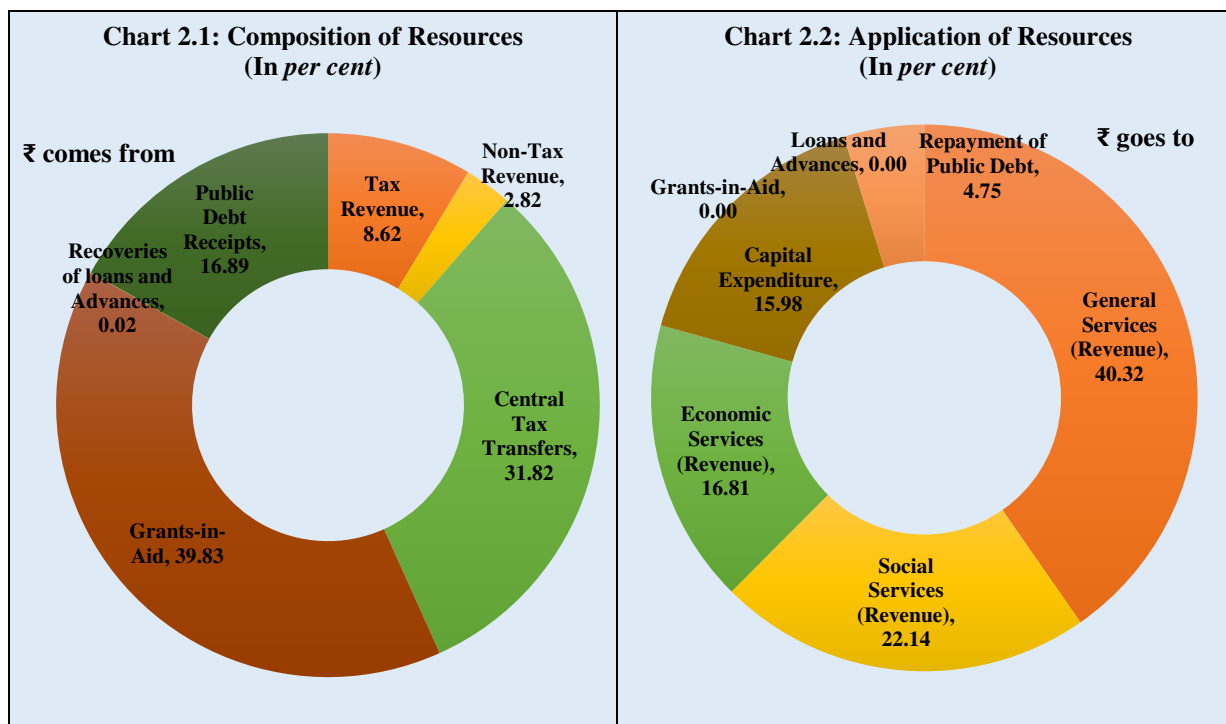
Table 2.2: Details of Sources and Application of funds during 2021-22 and 2022-23

(₹ in crore)

Particulars		2021-22	2022-23	Increase/Decrease
Sources	Opening Cash Balance with RBI	2,745.33	2,909.32	163.99
	Revenue Receipts	13,451.14	14,099.26	648.12
	Capital Receipt	0.00	450.00	450.00
	Recoveries of Loans and Advances	1.88	3.04	1.16
	Public Debt (Net)	758.38	1,834.40	1,076.02
	Public Account (Net)	-333.87	-426.05	-92.18
	Total		16,622.86	18,869.97

Particulars		2021-22	2022-23	Increase/Decrease
Application	Revenue Expenditure	11,817.08	13,410.36	1,593.28
	Miscellaneous Capital Expenditure	1,893.85	2,704.22	810.37
	Disbursement of Loans and Advances	2.61	0.35	-2.26
	Closing Cash Balance with RBI	2,909.32	2,755.04	-154.28
	Total	16,622.86	18,869.97	2,247.11

Source: Finance Accounts, 2022-23



Source: Finance Accounts, 2022-23

2.3 Resources of the State

The resources of the State are described below:

1. **Revenue Receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and Grants-in-Aid from Government of India (GoI).
2. **Capital Receipts** (debt and non-debt capital receipts) comprise miscellaneous capital receipts such as proceeds from dis-investments, 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.

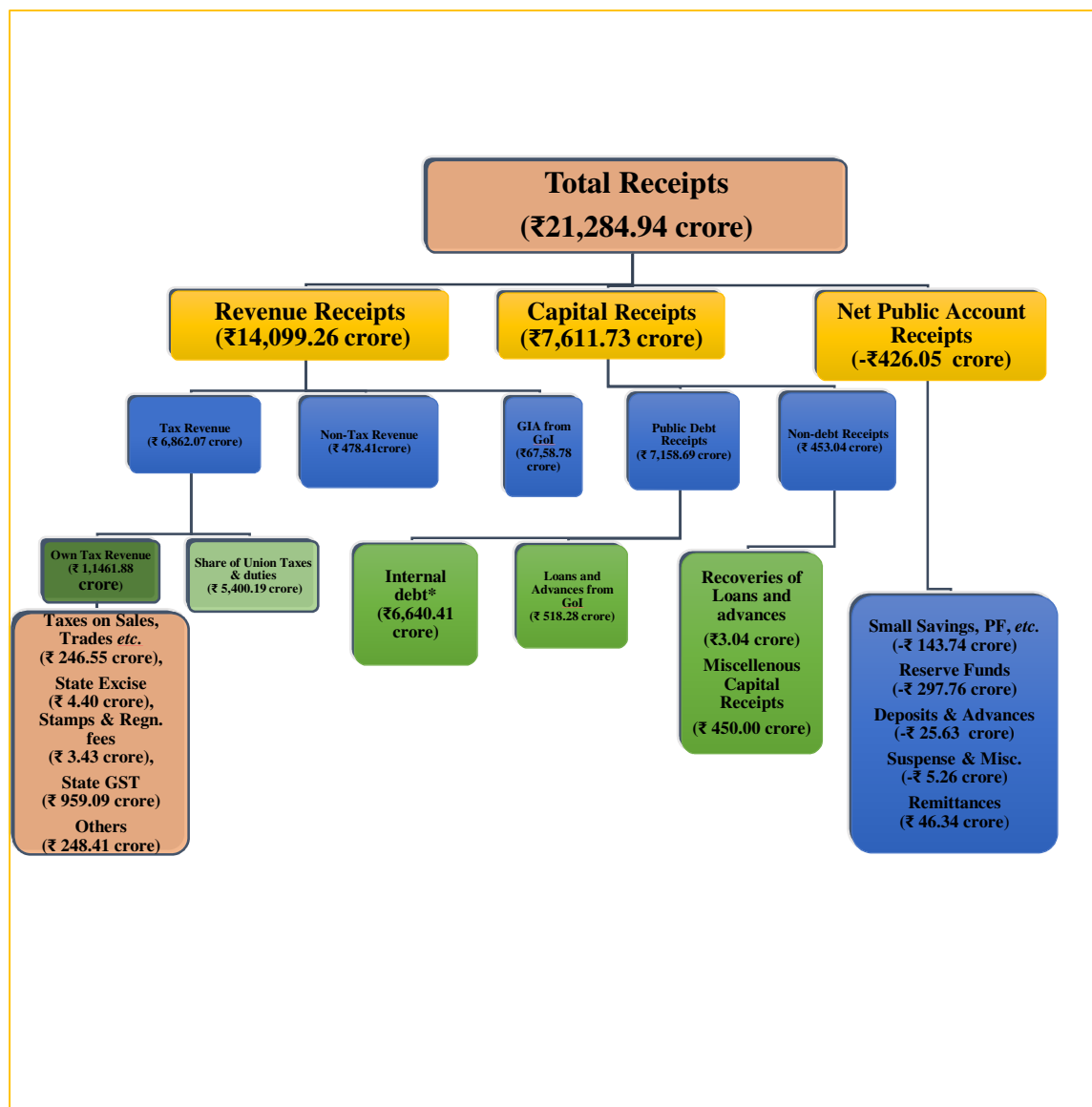
3. **Net Public Account Receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund.

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.

2.3.1 Receipts of the State

This paragraph provides the composition of the overall receipts. Besides, the Revenue and Capital Receipts, funds available in the Public Account (net of disbursement made from it) are also utilised by the Government to finance its deficit. The composition of receipts of the State during 2022-23 is given in **Chart 2.3**.

Chart 2.3: Composition of receipts of the State during 2022-23



Source: Finance Accounts, 2022-23

*Including Ways and Means Advances (WMA) amounting to ₹4,742.83 crore availed during the year.

2.3.2 State's Revenue Receipts

This paragraph gives the trends in total 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.

2.3.2.1 Trends and growth of Revenue Receipts

Table 2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2018-23. Further, trends in

Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in Charts 2.4 and 2.5 respectively.

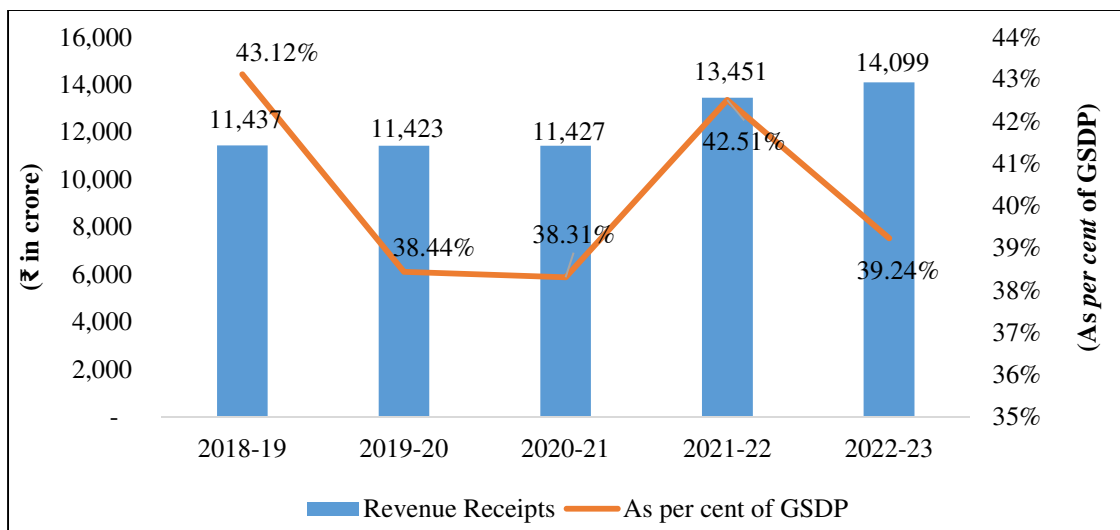
Table 2.3: Trends in Revenue Receipts

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Receipts (RR) (₹ in crore)	11,437.41	11,423.29	11,427.43	13,451.14	14,099.26
Rate of growth of RR (per cent)	3.80	-0.12	0.04	17.71	4.82
Tax Revenue	4,638.84	4,225.31	4,431.99	6,176.54	6,862.07
Own Tax Revenue (₹ in crore)	846.43	958.23	1,022.74	1,301.08	1,461.88
Share of Union Taxes & duties	3,792.41	3,267.08	3,409.25	4,875.46	5,400.19
Non-Tax Revenue (₹ in crore)	255.24	339.29	242.60	303.58	478.41
Grant-in-Aid from GoI	6,543.33	6,858.69	6,752.84	6,971.21	6,758.78
Rate of growth of GIA from GoI	-1.45	4.82	-1.54	3.23	-3.05
Rate of growth of Own Resources (Own Tax and Non-tax Revenue) (per cent)	7.29	17.78	-2.48	26.82	20.92
Gross State Domestic Product (₹ in crore)	26,527.42	29,715.87	29,831.64	31,912.54	35,933.96
Rate of growth of GSDP (per cent)	8.75	12.02	0.39	6.98	12.60
RR/GSDP (per cent)	43.12	38.44	38.31	42.15	39.24
Buoyancy Ratios ³					
Revenue Receipts buoyancy w.r.t. GSDP	0.43	--*	0.01	2.54	0.38
State's Own Revenue buoyancy w.r.t. GSDP	0.83	1.48	-- *	3.84	1.66

Source: Finance Accounts of respective years, GSDP- Directorate of Economics and Statistics, GoN

*Buoyancy ratio was not calculated as GSDP growth was negative.

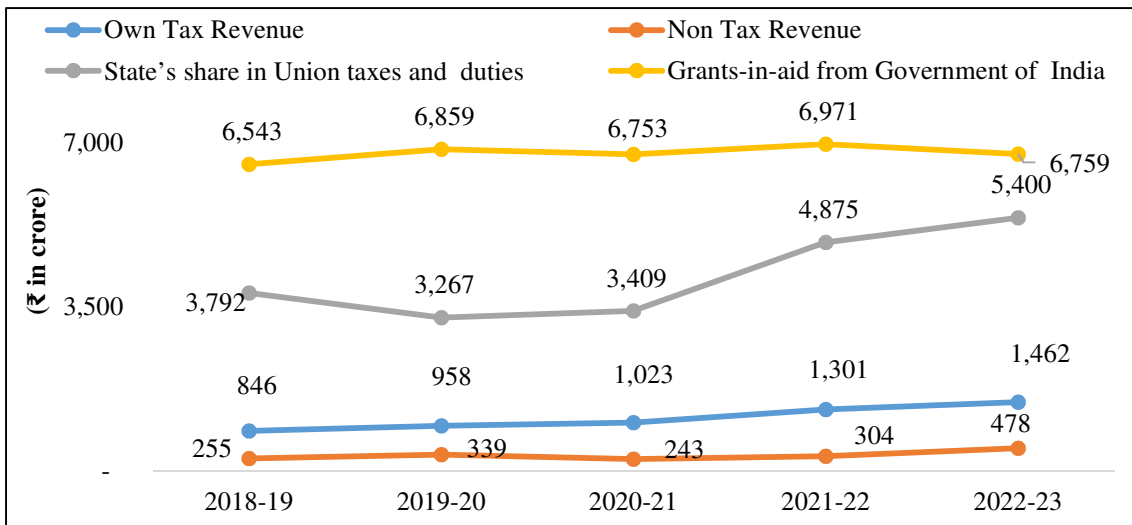
Chart 2.4: Trends of Revenue Receipts



Source: Finance Accounts and GSDP-Directorate of Economics and Statistics, GoN

3 Buoyancy indicates the 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 2.70 implies that Revenue Receipts tend to increase by 2.70 percentage points, if the GSDP increased by one per cent.

Chart 2.5: Trends of components of Revenue Receipts



Source: Finance Accounts of respective years

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

- Revenue Receipts increased by ₹2,661.85 crore (23.27 per cent) from ₹11,437.41 crore in 2018-19 to ₹14,099.26 crore in 2022-23 at a Compound Annual Growth Rate (CAGR) of 5.37 per cent. During 2022-23, Revenue Receipts increased by ₹648.12 crore (4.82 per cent) over the previous year.
- Grants-in-aid from GoI increased by 3.29 per cent during the period 2018-19 to 2022-23. During 2022-23, Grants-in-aid decreased by ₹212.43 crore (3.05 per cent) as compared to 2021-22.
- During 2022-23, 13.76 per cent of the Revenue Receipts was contributed by the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 86.24 per cent. This is indicative of the fact that Nagaland's fiscal position is largely dependent on the tax transfers and Grants-in-Aid from GoI.
- During 2022-23, Revenue Expenditure increased by 13.48 per cent (₹1,593.28 crore) over the previous year.
- The Revenue Receipts buoyancy with respect to GSDP was 2.54 in 2021-22 which decreased to 0.38 in 2022-23 mainly due to low growth rate of Revenue Receipts.
- The State's Own Tax Revenue increased by ₹160.80 crore (12.36 per cent) during the current year. The State's Own Tax buoyancy with respect to GSDP was 3.84 in 2021-22 which decreased to 1.66 in 2022-23, due to decrease in rate of growth of GSDP. During the period 2018-19 to 2022-23, the buoyancy of Grants-in-aid and Revenue Receipts with respect to GSDP decreased while the buoyancy of State's own Tax with respect to GSDP was increased during the period.

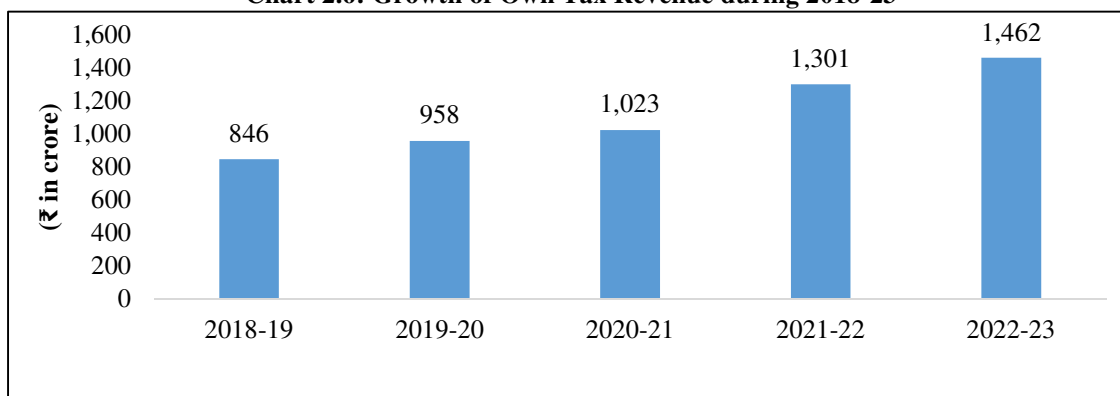
2.3.2.2 Tax Revenue

State's Tax Revenue consists of Own Tax Revenue and State's share in Central taxes, which is determined based on recommendations of Finance Commission. Tax Revenue of the State is discussed in the following Paragraphs:

Own Tax Revenue

Own tax revenues of the State consist of State GST, State excise, taxes on vehicles, Stamp duty and Registration fees, Land revenue, Taxes on goods and passengers, etc. The gross collection of Own Tax Revenue of the State during the five-year period 2018-23 is given in **Chart 2.6**.

Chart 2.6: Growth of Own Tax Revenue during 2018-23



Source: Finance Accounts of respective years

The detail components of gross collections in respect of major Taxes and Duties collected during 2018-23 are given in **Table 2.4**.

Table 2.4: Components of State's own tax revenue

Revenue Head	2018-19	2019-20	2020-21	2021-22	2022-23	
					BE	Actual
Taxes on Sales, Trades, etc.	187	175	206	262	280	247
State Goods & Services Tax (SGST)	470	613	664	830	958	959
State Excise	5	3	5	3	3	4
Taxes on Vehicles	126	114	93	141	115	188
Stamp duty and Registration fees	2	3	2	3	3	3
Land Revenue	1	1	1	1	1	1
Taxes on goods and passengers	20	18	16	21	20	22
Other taxes	35	31	37	38	38	38
Total	846	958	1,023	1,301	1418	1462

Source: Finance Accounts of respective years

State's Own Tax Revenue increased by ₹616 crore from ₹846 crore in 2018-19 to ₹1,462 crore in 2022-23 at a Compounded Annual Growth Rate (CAGR) of 14.66 per cent. During the current year, major contributor of Tax Revenue was SGST (65.60 per cent). During 2022-23, the actual SGST collection was ₹959.00 crore which was more than Budget Estimates of ₹958.00 crore by ₹one crore.

Analysis of arrears of revenue and arrears of assessment

The arrear of revenue indicates delayed realisation of revenue that is due to the Government. Similarly, arrear of assessment indicates potential revenue which is

blocked due to delayed assessment. Both deprive the State of potential revenue receipts and ultimately affect the revenue deficit.

The arrears of revenue as on 31 March 2023 on some principal heads of revenue was outstanding for more than five years, as detailed in **Table 2.5**.

Table 2.5: Arrears of revenue

(₹ in lakh)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2023	Amount outstanding for more than five years as on 31 March 2023
1.	Nagaland VAT	311.29	143.09
2.	Petroleum Tax	484.06	128.50
3.	Central Sales Tax	1.18	1.10
4.	Purchase Tax	0.45	0.45
5.	Professional Tax	3.82	3.01
6.	Nagaland Sales Tax	8.83	8.83
Total		809.63	284.98

Source: Departmental figures

It can be seen from **Table 2.5** that revenue arrears of ₹8.10 crore were outstanding as on 31 March 2023, of which ₹2.85 crore was pending for recovery for more than five years. Reasons for arrear and steps taken to recover the arrear were not intimated by the State Government (March 2023). Earnest efforts are required to be made to recover the arrears before expiry of the statutory period.

Further, the details of cases pending at the beginning of the year 2022-23, cases becoming due for assessment, cases disposed of during the year 2022-23 and number of cases pending for finalisation at the end of the year as furnished by the office of the Commissioner of State Taxes, Nagaland in respect of Sales Tax/ VAT on Sales, Trades *etc.*, are shown in **Table 2.6**.

Table 2.6: Statement showing arrears in assessments

Head of Revenue	Balance of arrears in assessment as on 01 April 2022	New cases due for assessment during 2022-23	Total assessment due	Cases disposed-of during 2022-23	Balance an on 31 March 2023	Percentage of cases disposed
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7 (5 to 4)</i>
Nagaland VAT	237	71	308	142	166	46.10
Petroleum Tax	33	34	67	32	35	47.76
Central Sales Tax	263	21	284	106	178	37.32
Professional Tax	250	90	340	171	169	50.29
Total	783	216	999	451	548	45.15

Source: Departmental figures

During the year 2022-23, there was an addition of 216 cases and disposal of 451 cases resulting in the decrease in arrears from 783 to 548 cases. The cases disposed of during 2022-23 were only 45 per cent which needs to be improved.

The outstanding arrears deprived the State of potential revenue receipts and thus, impacted the revenue surplus to that extent.

Details of refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department. High pendency of refund cases may indicate red tape, vested interests, prevalence of speed money, etc.

The details of the cases of claims of refund at the beginning of the year 2022-23, receipt during the year, refunds made/ rejected and outstanding claims at the end of the year are shown in **Table 2.7**.

Table 2.7: Statement showing pendency of refund cases

Particulars	GST (₹ in lakh)	
	No. of cases	Amount
Claims outstanding at the beginning of the year	34	141.44
Claims received during the year	31	345.95
Total claims during the year	65	487.39
Refunds made during the year	19	35.51
Refunds rejected during the year	7	13.28
Balance outstanding at the end of the year	39	438.59

Source: Departmental figures

During 2022-23, out of 31 claims received, the Department settled 19 claims (61 per cent). The outstanding number of claims at the end of the year 2022-23 stood at 39. There were no cases of evasion of tax detected during the current year.

2.3.2.3 Non Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. The component-wise details of Non-Tax Revenue collected during the years 2018-23 is shown in **Table 2.8**.

Table 2.8: Components of State's non-tax revenue

Revenue Head	₹ in crore				
	2018-19	2019-20	2020-21	2021-22	2022-23
Interest Receipts	12	5	5	5	7
Dividends and Profits	1	3	2	0	2
Other Non- Tax Receipts	242	331	236	298	469
Misc. General Services	24	22	21	19	29
Power	148	159	171	212	286
Education, Sports, Arts and Culture	4	62	2	3	4
Other Misc. ⁴	66	87	41	64	150
Total	255	339	243	303	478

Source: Finance Accounts of respective years

During the current year, Non-Tax Revenue increased by ₹174.82 crore (57.59 per cent). Non-Tax Revenue ranged between 2.12 and 3.39 per cent of Total Revenue Receipts of the State during the five-year period from 2018-19 to 2022-23. Non-Tax Revenue increased by ₹223 crore from ₹255 crore in 2018-19 to ₹478 crore in 2022-23 at a CAGR of 17.01 per cent. The significant increase in Non-Tax Revenue as compared to the

⁴ Other Misc. include Public Service Commission, Police, Stationery and Printing, Public Works, Other Administrative Services, Elections, Education, Sports, Medical and Public Health, Housing etc.

previous year were noticed in Other Non-Tax Receipts (₹171 crore), Power (₹74 crore) and Other Miscellaneous (₹86 crore).

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. The trend of State's Own Resources for the last five years is given in **Table 2.9**.

Table 2.9: State's Own Resources for 2018-23

	2018-19	2019-20	2020-21	2021-22	2022-23
Own Tax Revenue	846.43	958.23	1,022.74	1,301.08	1,461.88
Non-Tax Revenue	255.24	339.29	242.60	303.58	478.41
State's Own Resources	1101.67	1297.52	1,265.34	1,604.66	1,940.29

Source: Finance Accounts of respective years

The State's actual Tax and Non-Tax Receipts for the year 2022-23 *vis-à-vis* assessment made in the Budget and projection made by the Fifteenth Finance Commission (XV FC) is given in **Table 2.10**.

Table 2.10: Tax and Non-Tax receipts *vis-à-vis* projections

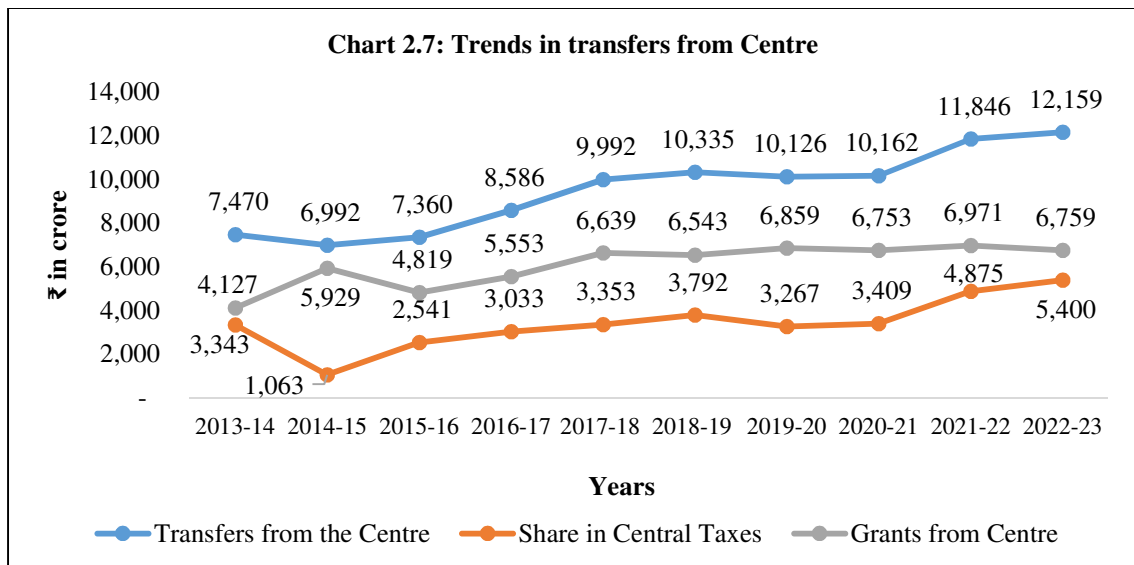
	XV FC projections	Budget Estimates	Actual	Percentage variation of actual over	
				Budget Estimates	XV FC projections
Own Tax Revenue	1,227.00	1,417.49	1,461.88	3.13	19.14
Non-Tax Revenue	142.00	290.67	478.41	64.58	236.90

Source: XV FC report, Budget documents and Finance Accounts, 2022-23

Actual own Tax and Non-Tax Revenue realised was higher than the projections made by the XV FC/ BEs. The Revenue Surplus registered by the State was a result of receipt of Revenue Deficit Grant of ₹4,530.00 crore (from April 2022 to March 2023) from the GoI.

2.3.2.4 Transfers from the Centre

Trends in transfers from the Centre for the ten years are shown in **Chart 2.7**.



Source: Finance Accounts of respective years

(i) Central tax transfer

The actual release of share in Union taxes and duties to State Government *vis-à-vis* projections made by Thirteenth Finance Commission, Fourteenth Finance Commission and Fifteenth Finance Commission during the period from 2013-14 to 2022-23 is tabulated in **Table 2.11**.

Table 2.11: State's share in Union taxes and duties-Actual devolution *vis-à-vis* FC/ FCR projections

(₹ in crore)				
Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
1	2	3	4	5 (4-3)
2013-14	0.314 <i>per cent</i> of net proceeds of all shareable taxes excluding service tax and 0.318 <i>per cent</i> of net proceeds of sharable service tax {As per recommendations of Thirteenth Finance Commission (XIII FC)}	1,192.71	1,001.27	-191.44
2014-15		1,431.25	1,062.68	-368.57
2015-16	0.498 <i>per cent</i> of net proceeds of all shareable taxes excluding service tax and 0.503 <i>per cent</i> of net proceeds of sharable service tax {As per recommendations of Fourteenth Finance Commission (XIV FC)}	2,889.00	2,540.72	-348.28
2016-17		3,334.00	3,032.63	-301.37
2017-18		3,852.00	3,353.13	-498.87
2018-19		4,456.00	3,792.41	-663.59
2019-20		5,161.00	3,267.08	-1,893.92
2020-21	0.573 <i>per cent</i> of net proceeds of the taxes (Divisible Pool). (XV FC)	3,409.25	3,409.25	0.00
2021-22	0.569 <i>per cent</i> of net proceeds of the taxes (Divisible Pool). (XV FC)	4,875.28	4,875.27	0.01
2022-23		4,646.75	5,400.19	753.44

Source: Reports of the XIII FC, XIV FC and XV FC, Finance Accounts and Information furnished by the Finance Department, GoN

The State's share of Union Taxes and Duties increased by ₹524.92 crore (10.77 *per cent*) from ₹4,875.27 crore in 2021-22 to ₹5,400.19 crore in 2022-23 contributing 38.30 *per cent* of the total Revenue Receipts during 2022-23. The break-up of State's share of Union Taxes and Duties received during 2018-23 is given in **Table 2.12**.

Table 2.12: Central Tax Transfers

(₹ in crore)					
Head	2018-19	2019-20	2020-21	2021-22	2022-23
Central Goods and Services Tax	936.07	927.14	1,019.70	1,446.30	1,526.79
Integrated Goods and Services Tax	74.70	0.00	0.00	0.00	0.00
Corporation Tax	1,318.92	1,113.93	1,023.92	1,460.64	1,808.50
Taxes on Income other than Corporation Tax	971.32	872.84	1,049.12	1,467.36	1,768.56
Customs	268.83	207.09	185.46	314.44	212.40
Union Excise Duties	178.66	143.96	115.23	144.33	66.63
Service Tax	34.60	0.00	13.61	37.29	8.42
Other Taxes ⁵	9.31	2.12	2.21	5.1	8.89
Central Tax transfers	3,792.41	3,267.08	3,409.25	4,875.46	5,400.19
Percentage of increase over previous year	43.010	-13.85	4.35	43	10.76
Percentage of Central Tax transfers to Revenue Receipts	33.16	28.60	29.83	36.24	38.30

Source: Finance Accounts of respective years

⁵ Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services

Central Tax transfers during the year (₹5,400.19 crore) increased by ₹524.73 crore (10.76 per cent) over the previous year. The State's share of Union Taxes and Duties increased during the current year over the previous year mainly due to increase under Central Goods and Service Tax (5.57 per cent), Taxes on Income other than Corporation Tax (20.53 per cent) and Corporation Tax (23.82 per cent).

(ii) Grants-in-Aid from GoI

The break-up of Grants-in-Aid (GIA) received from Government of India during 2018-23 is given in **Table 2.13**.

Table 2.13: Grants-in-Aid from GoI

(₹ in crore)					
Head	2018-19	2019-20	2020-21	2021-22	2022-23
Finance Commission Grants	5058.57	4,998.02	4,694.75	4,706.77	4,630.79*
Grants for Centrally Sponsored Schemes	1,439.73	1,823.15	2,008.24	2,184.18	1,992.30
Other transfers/ Grants to States/ Union Territories with legislature	45.03	37.52	49.85	80.26	135.69
Total	6,543.33	6,858.69	6,752.84	6,971.21	6,758.78
Percentage of increased over the previous year	-1.45	4.82	-1.54	3.23	-3.05
Percentage of GIA to Revenue Receipts	57.21	60.04	59.09	51.83	47.94

Source: Finance Accounts of respective years. *It includes Finance Commission Grants/ Grants to Areas not covered by Part IX and IXA of Constitution – Local Urban Bodies and Local Rural Bodies

During 2022-23, GIA from GoI decreased by ₹212.43 crore (3.05 per cent) as compared with the previous year. The CAGR of GIA from GoI is 0.81 per cent during the period from 2018-19 to 2022-23. The total GIA from GoI showed fluctuating trend during the five-year period from 2018-19 to 2022-23. The decrease of GIA from GoI during the year over the previous year was mainly due to decrease in Grants for Centrally Sponsored Schemes (₹191.88 crore) and Finance Commission Grants (₹75.98 crore). The major Centrally Sponsored Schemes where there was substantial decrease are NE Special Infrastructure Development Scheme (₹63.75 crore), Urban Rejuvenation Mission (AMRUT) (₹47.96 crore) and Modernisation of Police Force (₹75.49 crore). The GIA from GoI constituted 47.94 per cent of the total Revenue Receipts of the State during 2022-23.

Grants for Centrally Sponsored Schemes

Out of the Grant of ₹1,992.30 crore for Centrally Sponsored schemes during 2022-23, the major amounts were given to:

- Pradhan Mantri Gram Sadak Yojana (PMGSY) (₹183.15 crore, 26.04 per cent increased over the previous year).
- National Rural Employment Guarantee Scheme (NREGS) (₹266.45 crore, 0.60 per cent increased over the previous year).
- Smart City Mission (₹122.50 crore, 100 per cent increased over the previous year).
- Rastriya Krishi Vikash Yojana (RKVY) (₹128.00 crore, 374.94 per cent increased over the previous year).

- Saksham Anganwadi Poshan 2.0 (ICDS) (₹199.91 crore, 25.58 per cent increased over the previous year).
- Samagra Shiksha (₹281.05 crore, 57.18 per cent increased over the previous year).

Single Nodal Agency

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

State Government transferred ₹2,358.92 crore in 2022-23. The whole amount was transferred through fully vouched bills. However, detailed vouchers and supporting documents of actual expenditure were not received by AG (A&E) office from the SNAs.

Table 2.14: Details of release of fund to Single Nodal Agency

(₹ in crore)

Amount released by GoI to State	Central Share released from treasury to SNA	State share released from Treasury to SNA	Total released by Treasury to SNA	Total Expenditure	Balance in the Account of SNA
2,822.11	1,979.60	379.32	2,358.92	2,629.01	990.75

Source: Public Finance Management System, 2022-23

As on 31 March 2023, an amount of ₹990.75 crore, including both Central and State shares, were parked in SNA bank Account of 74 schemes as detailed in **Appendix 2.1**.

Details of schemes where ₹10.00 crore and above were lying unspent in SNA bank accounts are given below in **Table 2.15**.

Table 2.15: Details of schemes ₹10.00 crore and above parked in SNA bank account

(₹ in crore)

Sl. No.	Particulars	Amount
1.	9120- Integrated Development of Horticulture	10.35
2.	9145- Rashtriya Krishi Vikas Yojana	44.66
3.	3887- PM formalization of Micro Food Processing enterprises PM-FME	10.21
4.	2035- Tertiary care programs	21.56
5.	4063- Flexible pool for RCH & Health System Strengthening, National Health programme and National Urban Health Mission	24.46
6.	9157- Human Resources for Health and Medical Education	309.61
7.	9150- Jal Jeevan Mission (JJM)/ National Rural Drinking Water Mission	20.28
8.	9151- SBM-Rural (DWS)	10.11
9.	1989- other Items of State/UT component- PMAY Urban	22.30
10.	9478- Mission for Development of 100 Smart Cities	48.21
11.	3674- Pradhan Mantri Jan Vikas Karyakaram	20.27
12.	9179- Pradhan Mantri Gram Sadak Yojana	132.83

Sl. No.	Particulars	Amount
13.	9180- Pradhan Mantri Awas Yojana (PMAY)- Rural	53.49
14.	9181- National Rural Livelihood Mission	40.12
15.	9219- Mahatma Gandhi National Rural Guarantee Programme	29.85
16.	3667- Samagra Shiksha	57.87
17.	3373- Post Matric Scholarship-Tribal	23.92
18.	3380- Pradhan Mantri Adi Adarsh Gram Yojana	20.62

Source: Public Finance Management System, 2022-23

As could be seen from **Table 2.15**, the huge amount was parked in respect of Human Resources for Health and Medical Education (₹309.61 crore) and Pradhan Mantri Gram Sadak Yojana (₹132.83 crore).

Finance Commission Grants

As per recommendation of the XV FC, the GoI had released grants for Local Bodies and towards State Disaster Response Fund (SDRF) during FC Award period from 2020-21 to 2025-26. The details of release of funds to the State based on recommendations of the XV FC during the year 2022-23 and transferred by the State Government is shown in **Table 2.16**.

Table 2.16: Recommended amount, actual release and transfers of Grants-in-Aid

(₹ in crore)

Grants		Recommendations of the XV FC for 2022-23	Actual release by GoI during the year	Release by the State Government for the year
(i) Grants to PRIs		96.00	46.00	46.00
(a)	Performance/Tied Grants#	57.60	27.60	27.60
(b)	Untied Grants	38.40	18.40	18.40
(ii) Grants to ULBs		47.00	0.00	0.00*
(i)	Performance/ Tied Grant	NA		
	Million Plus Cities	28.20	0.00	0.00
(ii)	General Basic/Untied Grant	NA		
	Non-Million Plus Cities#	18.80	0.00	15.00
(iii) Grants for Health Sector		57.00	0.00	0.00
Total Grants for Local Bodies (i+ii+iii)		200.00	46.00	46.00
SDRF	Centre share	43.00	38.70	34.40
	State share	5.00	4.30	4.00
Total SDRF		48.00	43.00	38.40
Post Devolution Deficit Grant		4,530.00	4,530.00	4,530.00

Source: XIV/XV-FC Report and Information furnished by Finance Department, GoN

*Excludes the release of ₹15.00 crore as it pertained to 2021-22.

For drinking water, rainwater harvesting, SWS and Sanitation

Note: NA=Not applicable

- Out of the XV FC recommendation of ₹96.00 crore for grants to Local bodies, the State received an amount of ₹46.00 crore (23 per cent) and the same amount was released by the State Government to the implementing Departments.
- XV FC recommended ₹47.00 crore to Urban Local bodies while GoI did not release any fund under this grant.

- With respect to the State Disaster Response Fund, the recommended amount to be released by GoI was ₹43.00 crore. Out of ₹43.00 crore, GoI released ₹38.70 crore only due to late release (31 March 2023) of state's matching share of ₹4.30 crore.

2.3.3 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 2.17 shows the trends in growth and composition of Capital Receipts and net Public Debt Receipts.

Table 2.17: Trends in growth and composition of capital receipts

Sources of State's Receipts	2018-19	2019-20	2020-21	2021-22	2022-23
Capital Receipts	312.03	1,003.66	1,532.17	760.26	2,287.44
Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	450.00
Recovery of Loans and Advances	1.08	1.09	1.23	1.88	3.04
Net Public Debt Receipts	310.95	1,002.57	1,530.94	758.38	1,834.40
<i>Internal Debt</i>	328.69	1,017.78	1,344.21	463.73	1,338.59
<i>Growth rate</i>	-53.73	209.65	32.07	-65.50	188.66
<i>Loans and advances from GoI</i>	-17.74	-15.21	186.73	294.65	495.81
<i>Growth rate</i>	-17.06	-14.26	1,327.68	57.79	68.27
Rate of growth of debt Capital Receipts	-54.87	222.42	52.70	-50.46	141.88
Rate of growth of non-debt capital receipts	-0.92	0.93	12.84	52.85	61.70
Rate of growth of GSDP	8.75	12.02	0.39	6.98	12.60
Rate of growth of Capital Receipts (<i>per cent</i>)	-54.78	221.65	52.66	-50.38	200.87

Source: Finance Accounts and for GSDP—Directorate of Economics and Statistics, GoN.

During the year 2022-23, Capital Receipts increased by (₹1,527.18 crore) 200.88 *per cent*. Capital Receipts increased by 633.08 *per cent* from ₹312.03 crore in 2018-19 to ₹2,287.44 crore in 2022-23 due to increase in Miscellaneous Capital Receipts (₹450.00 crore) and recovery of Loans and Advances (₹1.16 crore).

Public debt receipts create future repayment obligation and these are taken from Market, Financial Institutions and Central Government. During 2022-23, the net Public Debt Receipts increased by ₹1076.01 crore from ₹758.39 crore in 2021-22 to ₹1,834.40 crore in 2022-23. The major sources of Public Debt receipts for the State are Internal Debt which consists of 72.97 *per cent* and Loans and advance from GoI which consists of 27.03 *per cent* of Public Debt.

It was observed that the Government has been opting for Market Borrowing year after year as the share of Market Borrowing (Market loans and Loans from financial institutions) in Internal Debt during 2022-23 was 97.61 *per cent*. This is because Market Borrowings are in the nature of untied fund giving freedom to the State Government to spend the money as per their priorities, while negotiated loans from institutions like NABARD etc. are to be spent on identified schemes in specified sectors. Internal Debt

consisted of Market loans (₹11,414.03 crore during 2022-23 against ₹10,215.03 crore during 2021-22), loans from financial Institutions (₹150.08 crore during 2022-23 against ₹161.29 crore during 2021-22) and loans from other Institutions (₹279.95 crore during 2022-23 against ₹338.05 crore during 2021-22). The State Government received ₹518.28 crore loans from GoI during the year 2022-23 as against ₹315.21 crore in 2021-22 which is ₹203.07 crore more than the previous year.

2.4 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. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

2.4.1 Growth and composition of expenditure

The component of Total Expenditure consists of Revenue Expenditure, Capital Expenditure and expenditure on Loans and Advances.

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

Table 2.18: Total expenditure and its composition

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Total Budget (TB)	20,469.97	22,496.42	26,895.64	25,644.46	26,092.48
Total Expenditure (TE)	12,520.81	12,852.60	12,729.60	13,713.54	16,114.93
Revenue Expenditure (RE)	10,919.98	11,637.02	11,052.06	11,817.08	13,410.36
Capital Expenditure (CE)	1,595.56	1,206.32	1,671.93	1,893.85	2,704.22
Loans and Advances	5.27	9.26	5.61	2.61	0.35
CE/TB	7.79	5.36	6.22	7.39	10.36
As a percentage of GSDP					
TE/GSDP	47.20	43.25	42.67	42.97	44.85
RE/GSDP	41.16	39.16	37.05	37.03	37.32
CE/GSDP	6.01	4.09	5.62	5.94	7.53
Loans and Advances/GSDP	0.02	0.03	0.02	0.01	0.00

Source: Finance Accounts of respective years

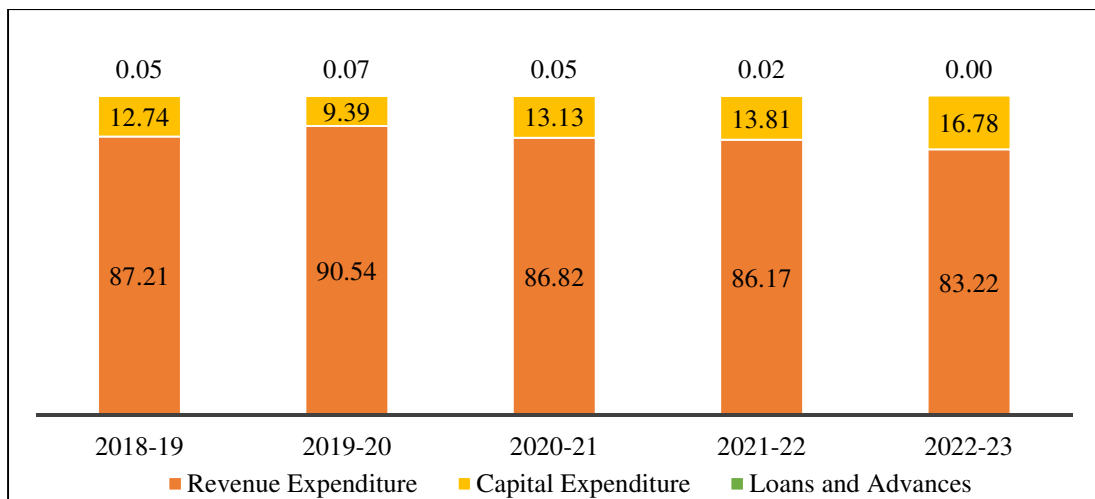
Table 2.18 shows that Total Expenditure of the State increased by 28.71 per cent from ₹12,520.81 crore in 2018-19 to ₹16,114.93 crore in 2022-23. During the year, Revenue expenditure constituted 83.22 per cent and Capital Expenditure 16.78 per cent of total expenditure. Total expenditure increased by 17.51 per cent over the previous year. As a percentage of GSDP, the Total Expenditure remained in the range between 42.67 and 47.20 per cent during 2018-23.

It could be seen from **Table 2.18** that Capital Expenditure has shown an increasing trend in the last four years from ₹1,206.32 crore in 2019-20 to ₹2,704.22 crore in 2022-23. The share of Capital Expenditure as a percentage of Total Budget increased from 7.79 in 2018-19 to 10.36 in 2022-23. The share of Capital Expenditure as a

percentage of GSDP increased from 6.01 *per cent* in 2018-19 to 7.53 *per cent* in 2022-23.

Trends of overall expenditure and relative share of various expenditure during 2018-19 to 2022-23 are depicted in **Chart 2.8**.

Chart 2.8: Total Expenditure: Trends in share of its components



Source: Finance Accounts of respective years

In terms of activities, the Total Expenditure is composed of expenditure on General Services including Interest Payments, Social Services, Economic Services and others. Relative share of these components in the Total Expenditure of ₹16,114.93 crore during 2022-23 (*Appendix 1.1 Part C*) is given in **Table 2.19**.

Table 2.19: Relative share of various sectors of expenditure

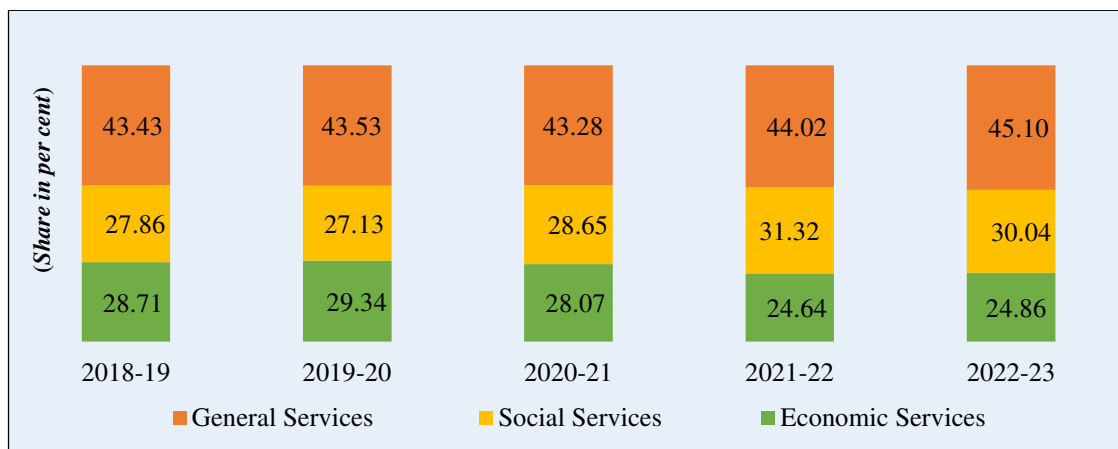
Parameters	(In per cent)				
	2018-19	2019-20	2020-21	2021-22	2022-23
General Services	43.43	43.53	43.28	44.02	45.10
Social Services	27.86	27.13	28.65	31.32	30.04
Economic Services	28.67	29.27	28.03	24.64	24.86
Others (Grants to Local Bodies and Loans and Advances)	0.04	0.07	0.04	0.02	0.00

Source: Finance Accounts of respective years

- General Services as a percentage to the Total Expenditure increased from 44.02 to 45.10 *per cent* during 2022-23 as compared to 2021-22 mainly due to increase in expenditure on Organs of State by 58.09 *per cent*, Interest payment & servicing of Debt by 6.56 *per cent*, 11.46 *per cent* in Administrative Services and 30.60 *per cent* in Pension and Miscellaneous General Services under Revenue account during the year.
- Social Services as a percentage to Total Expenditure decreased from 31.32 to 30.04 *per cent* during 2022-23 as compared to 2021-22 mainly due to decrease in expenditure in respect of Labour and Labour Welfare (decreased by 27.18 *per cent*).
- There was increase in Expenditure in Economic services (24.86 *per cent*) during 2022-23, as compared to 24.64 *per cent* in the previous year.

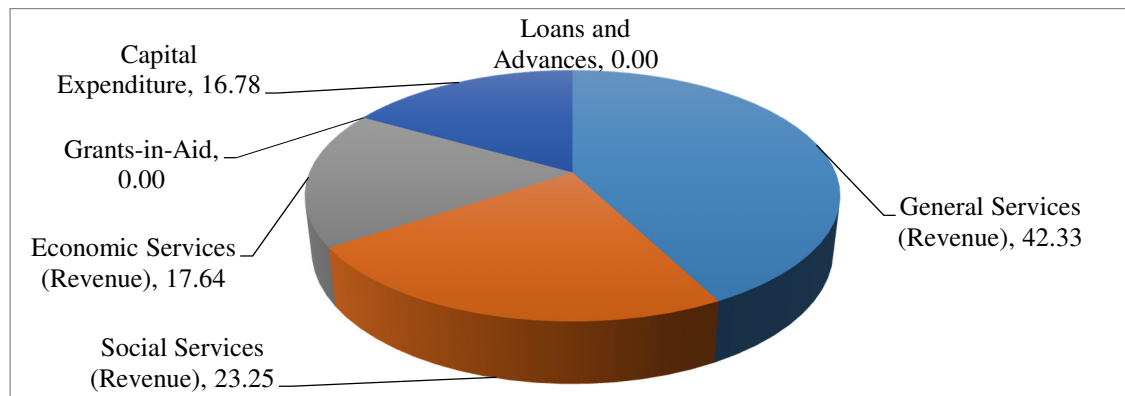
Charts 2.9 and 2.10 depicts the expenditure by activities and composition of expenditure during 2018-19 to 2022-23.

Chart 2.9: Total expenditure - Expenditure by activities



Source: Finance Accounts of respective years

Chart 2.10: Pie Chart for the composition of expenditure during 2022-23 (in per cent)



Source: Finance Accounts, 2022-23

The shares (in percentage of total expenditure) in General, Social and Economic services remained stable during the five-year period 2018-23. Repayment of Public Debt constituted around 24.83 per cent of the total expenditure during the year, down from 36.70 per cent during the previous year.

2.4.2 Revenue Expenditure

Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organisation, including establishment and administrative expenses shall be classified as Revenue Expenditure. As such, it does not result in any addition to the State's infrastructure and service network.

Revenue Expenditure constituted on an average, 86.79 per cent and ranged between 86.17 (2021-22) and 90.54 per cent (2019-20) of the Total Expenditure during the period 2018-23. The percentage of Revenue Expenditure to Total Expenditure was 83.22 per cent and Revenue Expenditure to GSDP was 37.32 per cent during 2022-23.

Rate of growth in Revenue Expenditure has shown fluctuation during the five-year period of 2018-23.

Thus, the lesser rate of growth of Revenue Receipts as compared to the Revenue expenditure and the increase in Revenue Expenditure as *per cent* of Revenue Receipt in 2022-23 from 87.85 to 95.11 *per cent* indicates that the State would not be able to finance its Capital Expenditure as discussed in **Paragraph 2.4.3**.

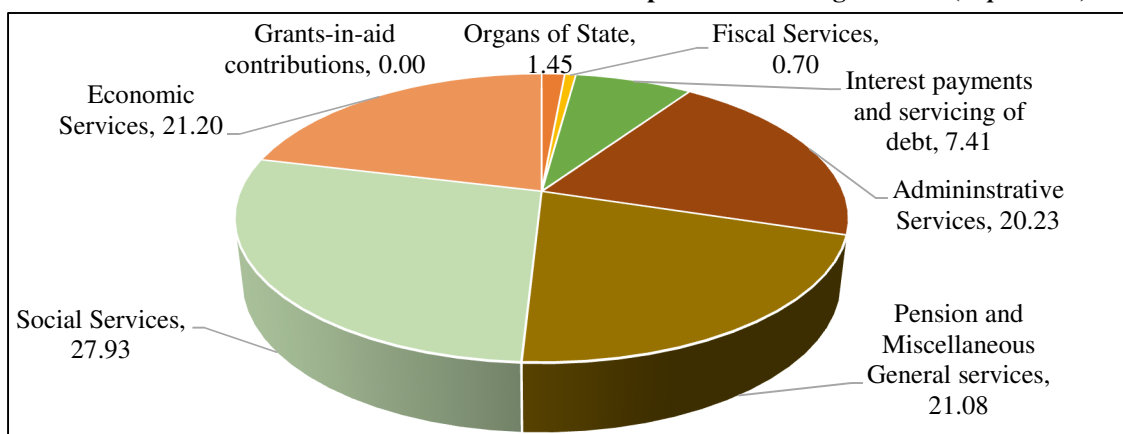
The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy *vis-à-vis* GSDP and Revenue Receipts is indicated in **Table 2.20** while the sectoral distribution of Revenue Expenditure during 2022-23 is given in **Chart 2.11**.

Table 2.20: Revenue Expenditure – Basic Parameters

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE)	12,520.81	12,852.60	12,729.60	13,713.54	16,114.93
Revenue Expenditure (RE)	10,919.98	11,637.02	11,052.06	11,817.08	13,410.36
Total Revenue Receipts	11,437.41	11,423.23	11,427.43	13,451.15	14,099.26
Rate of growth of RR (<i>Per cent</i>)	3.80	-0.12	0.04	17.71	4.82
Rate of Growth of RE (<i>per cent</i>)	7.15	6.57	-5.03	6.92	13.48
Revenue Expenditure as percentage of TE	87.21	90.54	86.82	86.17	83.22
RE/GSDP (<i>per cent</i>)	41.16	39.16	37.05	37.03	37.32
RE as percentage of RR	95.48	101.87	96.72	87.85	95.11
Buoyancy of Revenue Expenditure with:					
GSDP (ratio)	0.82	0.55	--	0.99	1.07
Revenue Receipts (ratio)	1.88	--	--	0.39	2.80

Source: Finance Accounts of respective years

Chart 2.11: Sector-wise distribution of Revenue Expenditure during 2022-23 (in per cent)



Source: Finance Accounts, 2022-23

During the five-year period of 2018-23, Revenue Expenditure as a percentage of GSDP showed a decreasing trend from 2018-22. However, in the year 2022-23 Revenue Expenditure as a percentage of GSDP increased by 0.29 *per cent* compared to the previous year.

2.4.2.1 Major changes in Revenue Expenditure

Table 2.21 details significant variations under various Heads of Account with regard to Revenue Expenditure of the State during the current year and the previous year.

Table 2.21: Variation in Revenue Expenditure during 2022-23 compared to 2021-22**(₹ in crore)**

Major Heads of Account	2021-22	2022-23	Increase (+)/ Decrease (-)
2049 - Interest Payment	932.09	993.23	(+) 61.14
2055 - Police	1,652.08	1,838.45	(+) 186.37
2071 - Pension and other retirement benefits	2,158.67	2,819.16	(+) 660.49
2202 - General Education	1,810.76	1,971.01	(+) 160.25
2216- Housing	31.60	73.77	(+) 42.17
2245- Relief on account of Natural calamity	50.69	153.03	(+) 102.34
2401- Crops Husbandry	235.71	318.51	(+) 82.80
2505- Rural Employment	307.88	285.53	(-) 22.35
2801- Power	631.77	757.86	(+) 126.09
3451- Secretariat Economic Services	89.57	65.81	(-) 23.76

Source: Finance Accounts, 2022-23

Table 2.21 indicates that Revenue Expenditure increased during 2022-23 over the previous year which was mainly due to increase in Interest Payment, Police, Pension and other retirement benefits, General Education and power, which was offset mainly by a decrease in Rural Employment and Secretariat Economic Services.

During 2022-23, the Revenue Expenditure on General Service, Social Service and Economic Service increased by ₹1,077.01 crore (18.75 per cent), ₹368.01 crore (10.89 per cent) and ₹148.26 crore (5.50 per cent) over the previous year respectively.

2.4.2.2 Committed and Inflexible Expenditure

The committed expenditure of the State Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. It has first charge on Government resources. Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector.

Apart from Committed Expenditure, there are certain items of inflexible expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure *etc.* The inflexible expenditure is consists of: (i) Devolution to local bodies, (ii) Statutory requirements of contribution to Reserve Funds, (iii) Recoupment of Contingency Fund, (iv) Transfer of cess to reserve fund/ other body, which are statutorily required, (v) Share contribution of CSS against the Central Fund received and (vi) Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure - Interest Payment.

Table 2.22 presents the trends in the components of committed and inflexible expenditure during 2018-23.

Table 2.22: Components of Committed and Inflexible Expenditure**(₹ in crore)**

Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
Salaries and Wages	4,944.95	5,249.81	5,495.56	5,954.31	6,109.15
Expenditure on Pensions	1,552.79	1,810.91	1,752.48	2,158.67	2,819.16
Interest Payments	771.74	813.74	856.77	932.09	993.23
Total	7,269.48	7,874.46	8,104.81	9,045.07	9,921.54

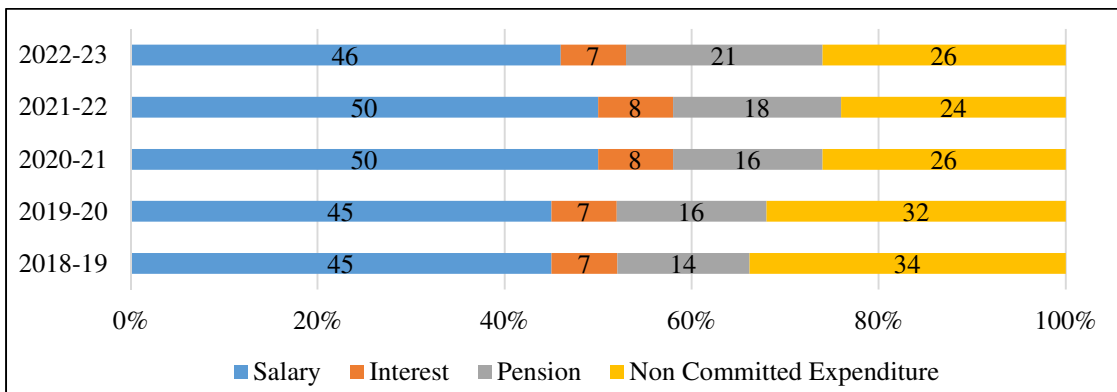
Components of Committed Expenditure	2018-19	2019-20	2020-21	2021-22	2022-23
Component of Inflexible expenditure					
Statutory Devolution to local bodies	0.00	0.00	0.00	0.00	0.00
Contribution to Reserve Funds	225.50	151.50	5.01	4.56	4.00
Recoupment of Contingency Fund	0.00	0.00	0.00	0.00	0.00
Transfer of cess to reserve fund/other body	NA	NA	31.39	53.38	14.35
Share contribution of CSS against the central Fund received	1,247.96	833.26	1,053.13	1,180.14	1,316.36
Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure- interest payment.	0.00	0.00	0.00	0.00	0.00
Total	1,473.46	984.76	1,089.53	1,238.08	1,334.71
As a percentage of Revenue Receipts (RR)					
Salaries and Wages	43.23	45.96	48.09	44.27	43.33
<i>Expenditure on Pensions</i>	<i>13.58</i>	<i>15.85</i>	<i>15.34</i>	<i>16.05</i>	<i>20</i>
Interest Payments	6.75	7.12	7.50	6.93	7.04
Total	63.56	68.93	70.92	67.25	70.37
Inflexible expenditure					
Total	12.88	8.62	9.53	9.20	9.47
As a percentage of Revenue Expenditure (RE)					
Salaries and Wages	45.28	45.11	49.72	50.39	45.56
Expenditure on Pensions	14.22	15.56	15.86	18.27	21.02
Interest Payments	7.07	6.99	7.75	7.89	7.41
Total	66.57	67.66	73.33	76.55	73.99
Inflexible expenditure					
Total	13.49	8.46	9.86	10.45	9.95

Source: Finance Accounts of respective years

Committed expenditure increased by ₹2,652.06 crore at a CAGR of 8.09 per cent from ₹7,269.48 crore in 2018-19 to ₹9,921.54 crore in 2022-23. During the current year, committed expenditure increased by ₹876.47 crore (9.69 per cent) over the previous year. The increase is due to increase in the expenditure on salaries and wages by ₹154.84 crore (2.60 per cent), pension by ₹660.49 crore (30.60 per cent) and interest payment ₹61.14 crore (6.56 per cent). The relative share of Committed Expenditure in Revenue Receipts showed a fluctuating trend during the five-year period (2018-19 to 2022-23). During 2022-23, committed expenditure constituted about 70.37 per cent of Revenue Receipts and 73.99 per cent of the Revenue Expenditure.

The share of committed expenditure in total Revenue Expenditure during 2018-23 is given in **Chart 2.12**.

Chart 2.12: Share of Committed expenditure in total Revenue Expenditure



Source: Finance Accounts of respective years

As can be seen from the table above, the committed expenditure hovered around 66.57 to 76.55 *per cent* of Revenue Expenditure during the five-year period from 2018-19 to 2022-23 which is quite high. During the last five years, the percentage of salaries and pensions within Revenue Expenditure was highest in 2021-22 and the percentage of non-committed expenditure to Revenue Expenditure was the lowest in 2021-22. This signifies limited flexibility of the State to allocate and spend on areas of non-committed expenditure.

The components of inflexible expenditure which include among others Statutory Devolution to local bodies and contribution to Reserve Funds showed a continued increase during the period 2019-20 to 2022-23. As a percentage of Revenue Expenditure, the inflexible expenditure showed fluctuating trend ranging from 8.46 to 13.49 *per cent*. Further, the inflexible expenditure (₹1,316.36 crore) increased by 11.54 *per cent* during 2022-23 over the previous year (₹1,238.08 crore) mainly due to increase in Share contribution of CSS against the central Fund received (₹1,180.14 crore in 2021-22 to ₹1,334.71 crore in 2022-23).

Taken together, the committed and inflexible expenditure in 2022-23 was ₹11,256.25 crore; 83.94 *per cent* of the Revenue Expenditure. Upward trend on committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

Component-wise analysis is given in the succeeding paragraphs.

Salaries and Wages

Expenditure on salaries and wages (₹6,109.15 crore) increased by 2.60 *per cent* during 2022-23 over the previous year (₹5,954.31 crore). During the year, it was the prominent contributor to Committed Expenditure as it alone constituted 45.56 *per cent* of Revenue Expenditure. During the current year, the State Government projected Salaries and Wages of ₹7,090.49 crore in BEs while the actual Salaries and Wages was ₹6,109.15 crore.

Interest payment

Interest payment comprise of interest on Internal Debt, Small Savings, Provident Funds, Loans and Advances from GoI. Interest payments were to the tune of ₹993.23 crore (7.04 per cent of Revenue Expenditure). Interest on Market Borrowings (₹812.93 crore⁶), Loans from the Institutes and Banks⁷ (₹50.08 crore) and Special Securities issued to National Small Savings Fund (NSSF) of Central Government (₹8.96 crore) continued to be the major components of interest payments. The position of the interest payments *vis-à-vis* the XV FC recommendations and MTFP projection during the current year is given in **Table 2.23**.

Table 2.23: Interest Payments in the year 2022-23

(₹ in crore)

XV FC recommendation	MTFP projection	Actual
1,144.00	1,028.26	993.23

Source: Budget document, XV FC report and Finance Account, 2022-23

Pensions

There were 66,101 pensioners including both original and family pensioners as on 31 March 2023.

During the year, expenditure on pension and other retirement benefits to State Government pensioners was ₹2,819.16 crore. This constituted 21.02 per cent of the Revenue Expenditure. The major components of pension and other retirement benefits are Superannuation and Retirement Allowances (₹1,340.05 crore) which increased by ₹542.91 crore, Commuted Value of Pensions (₹437.41 crore) which increased by ₹19.50 crore, Gratuities (₹434.70 crore) which increased by ₹40.65 crore and Family Pensions (₹404.10 crore) which increased by ₹12.50 crore, from those in 2021-22.

The position of the Pension payments *vis-à-vis* the XV FC recommendations and MTFP projection during the current year is given in **Table 2.24**.

Table 2.24: Details of Pension Payments *vis-à-vis* XV FC recommendations and MTFP projection during year 2022-23

(₹ in crore)

XV FC recommendation	MTFP projection	Actual
2,182.00	2,587.71	2,819.16

Source: Budget document, XV FC report and Finance Account, 2022-23

2.4.2.3 Undischarged liabilities in National Pension System

State Government employees appointed on or after 01 January 2010 are covered under the National Pension System (NPS), which is a defined contributory pension scheme. All India Service officers are covered under the scheme *w.e.f.* 01 January 2004. In terms of the Scheme, employees contribute 10 per cent of their basic pay plus dearness allowances which the State Government is required to match with 14 per cent of the basic

⁶ Including interest of ₹2.56 crore regarding management of Public Debt

⁷ These include Life Insurance Corporation of India, General Insurance Corporation of India, National Bank for Agriculture and Rural Development, National Cooperative Development Corporation and other Institutions

pay plus dearness allowances (with effect from 01 April 2019). Both the employees and government contributions are transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank. The subscription received from employees is credited to MH-8342-117 'Defined Contributory Pension Scheme (DCPS)' for Government servants. The State Government follows the accounting procedure while providing the employer's matching contribution towards the fund (MH-8342-117 employer contribution) by debiting to MH-2071 Pensions and Other Retirement Benefits.

Total number of employees under NPS as of 31 March 2022 was 30,753 which increased to 32,760 as of 31 March 2023. Out of these 32,760 employees under NPS, 32,010 employees have been allotted Permanent Retirement Account Number (PRAN) as of 31 March 2023.

During the year 2022-23, total subscription received was ₹350.65 crore (Employees' contribution ₹137.00 crore, Government contribution ₹202.48 crore, interest paid by State Government ₹10.62 crore and Service Charge to NSDL ₹0.46 crore). Against this, the State Government transferred ₹332.82 crore from the Public Account under Major Head 8342-117 Defined Contribution Pension scheme to NSDL.

As on 31 March 2023, ₹222.07 crore was outstanding under the MH-8342-117 DCPS which had not been transferred to NSDL. Thus, un-transferred amounts, with accrued interest represent outstanding liabilities under the Scheme.

As on 01 April 2022, the balance under the head 8342-117 Defined Contribution Pension Scheme for Government Employees was ₹204.24 crore. The interest to be paid for 2022-23 by the State Government works out to ₹14.50 crore⁸. However, the State Government paid only ₹10.62 crore resulting in short payment of the interest of ₹3.88 crore. This resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

During the Exit Conference (06.12.2023), Finance Department stated that accumulation of huge amount under the head was due to non-furnishing of details by DDOs without which these funds could not be transferred. It was also stated that Finance Department has already acted against defaulting DDOs.

2.4.2.4 Subsidies

During 2022-23, an amount of ₹33.12 crore was booked as subsidy under levy sugar under Target Public Distribution System (subsidies) of ₹25.12 crore and Nagaland Civil Secretariat Chief Minister's Micro Financing Initiative 39- Subsidies of ₹Eight crore. Nagaland (31.9 per cent increase over the previous year), though lowest, is amongst nine States which have made steep hike in subsidies outgo in 2022-23. A consistent and significant increase in subsidies is a matter of concern.

⁸ (₹204.24 crore * 7.10 * 1/100 = ₹14.50 crore), Interest calculated at the rate of 7.10 per cent notified by Government/ payable to General Provident Fund

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

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans.

The quantum of assistance provided by way of grants and loans to Local bodies and others during the period 2018-23 is presented in **Table 2.25**.

Table 2.25: Financial Assistance to Local Bodies, etc.

(₹ in crore)					
Financial Assistance to Institutions	2018-19	2019-20	2020-21	2021-22	2022-23
(A) Local Bodies					
Municipal Corporations and Municipalities	1.62	1.62	1.62	1.62	9.45
Rural Local Bodies	0.00	0.00	62.50	109.57	46.00
Total (A)	1.62	1.62	64.12	111.19	55.45
(B) Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	3.00	2.65	3.00	3.35	3.65
Development Authorities	53.92	56.72	60.02	56.68	84.88
Hospitals and Other Charitable Institutions	21.77	25.84	26.94	14.04	0.24
Other Institutions	86.75	73.87	40.77	31.20	52.37
Total (B)	165.44	159.08	130.73	105.27	141.14
Total (A + B)	167.06	160.70	194.85	216.46	196.59
GIA on Salary and non-Salary	164.56	159.61	180.53	211.44	175.57
GIA for creation of Capital Assets	2.50	1.09	14.32	5.02	21.02
GIA given in Kind	Information not available				
Revenue Expenditure	10,919.98	11,637.02	11,052.06	11,817.08	13,410.36
Assistance as percentage of Revenue Expenditure	1.53	1.38	1.76	1.83	1.47

Source: Finance Accounts of respective years

The total financial assistance to Local Bodies and Other Institution showed a fluctuating trend during 2018-19 to 2022-23. The decrease in financial assistance was ₹19.87 crore (9.18 per cent) from ₹216.46 crore in 2021-22 to ₹196.59 crore in 2022-23. During 2022-23, financial assistance was 1.47 per cent of Revenue Expenditure, a decrease of 19.67 per cent from the previous year.

The financial assistance given for creation of Capital assets during 2022-23 increased by ₹16.00 crore over the previous year. Meanwhile, the financial assistance on salary and non-salary decreased by ₹19.87 crore during the year. The share of financial assistance by the Government on Salary and non-salary and creation of Capital assets constituted on an average 89.31 per cent and 10.69 per cent respectively during the period 2018-23.

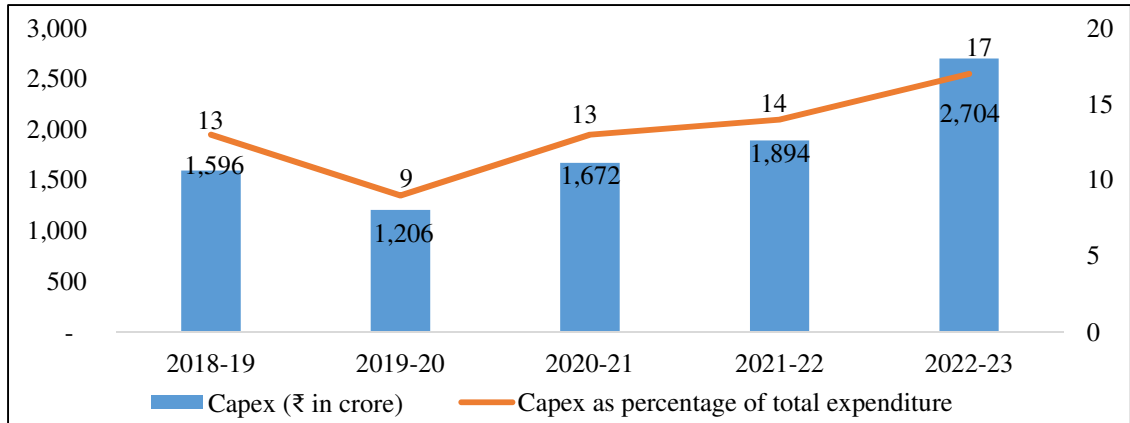
2.4.3 Capital Expenditure

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

primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, etc.

The details of the capex and its percentage of total expenditure for the period from 2018-19 to 2022-23 are given in **Chart 2.13**.

Chart 2.13: Capital Expenditure in the State



Source: Finance Accounts of respective years

Capital Expenditure (₹2,704.22 crore) during the current year (2022-23) increased by ₹810.37 crore (42.79 per cent) over the previous year (₹1,893.85 crore) and was ₹325.41 crore (10.74 per cent) less than the Budget Estimates (₹3,029.63 crore). As compared to the total expenditure, the capital outlay showed a fluctuating trend (between nine and 17 per cent) over the period 2018-19 to 2022-23. Percentage of capex to total expenditure during the period was the highest in 2022-23.

During 2022-23, the Capital Expenditure on Economic Service, General Service and Social Service increased by ₹479.17 crore (70.05 per cent), ₹153.61 crore (52.37 per cent) and ₹177.59 crore (19.38 per cent) over the previous year respectively.

2.4.3.1 Major changes in Capital Expenditure

Table 2.26 highlights the cases of significant increase or decrease in various Heads of Account in Capital Expenditure during 2022-23 vis-à-vis the previous year.

Table 2.26: Capital Expenditure during 2022-23 compared to 2021-22

Major Heads of Accounts	2021-22	2022-23	Increase (+)/ Decrease (-)
4055-Capital Outlay on Police	75.03	125.26	50.23
4059-Capital Outlay on Public Works	217.36	320.66	103.30
4210-Capital Outlay on Medical and Public Health	155.64	438.22	282.58
4215-Capital Outlay on Water Supply and Sanitation	216.00	80.95	-135.05
4217-Capital Outlay on Urban Development	260.40	298.76	38.36
4225-Capital Outlay on Welfare of SCs, STs, OBCs and Minorities	76.88	4.24	-72.64
4401- Capital Outlay on Crop Husbandry	8.48	27.66	19.18
4406- Capital Outlay on Forest and Wildlife	14.00	36.70	22.70
4515- Capital Outlay on other Rural Development Programmes	1.60	16.00	14.40
4575- Capital Outlay on Special Area Development Programme	64.02	102.50	38.48

Major Heads of Accounts	2021-22	2022-23	Increase (+)/ Decrease (-)
4801- Capital Outlay on Power Projects	85.42	53.78	-31.64
4851- Capital Outlay on Village and Small Industries	1.78	29.43	27.65
5054- Capital Outlay on Roads and Bridges	385.43	819.78	434.35

Source: Finance Accounts of respective years

Table 2.26 reveals that the increase in Capital Expenditure during 2022-23 over the previous year was mainly due to increase under Police, Public Works, Medical and Public Health, Urban Development and Roads and Bridges, which was offset mainly by decrease under Water supply and sanitation and welfare of SCs, STs, OBCs and Minorities.

2.4.3.2 Quality of Capital Expenditure

If the State Government keeps on making investments in loss making government companies and other bodies such as sugar mills, financial corporations, *etc.*, whose net worth is completely eroded, there are no chances of return on investment. Similarly, experience has shown the inevitability of writing off the loans given to loss making corporations and other bodies such as sugar mills, financial corporations, *etc.* Requisite steps must be taken to infuse transparency in such financial operations. This section presents an analysis of investments and other Capital Expenditure undertaken by the Government during the current year.

Quality of investments in the companies, corporations and other bodies

The Government had invested ₹296.16 crore in Government Companies, Statutory Corporations, Joint Stock Companies and Co-operatives, as on 31 March 2023. Out of this, ₹28.87 crore had been invested in three SPSEs.

During the five-year period of 2018-23, the State Government's investments had increased by ₹1.99 crore. The average return on this investment was ₹0.66 crore during 2018-19, while the return in the remaining years of 2019-23 ranged between ₹0.49 crore and ₹2.80 crore. The Government paid an average interest rate ranging between 5.85 and 7.15 per cent on its borrowings during the same period as detailed in **Table 2.27**.

Table 2.27: Return on Investment

Investment/return/ cost of borrowings	2018-19	2019-20	2020-21	2021-22	2022-23
Investment at the end of the year (₹ in crore)	294.17	295.17	296.17	296.16	296.16
Return (₹ in crore)	0.66	2.80	2.47	0.49	2.47
Return (per cent)	0.22	0.95	0.83	0.17	0.83
Average rate of interest on Government Borrowings (per cent)	7.37	7.16	6.68	6.81	6.73
Difference between interest rate and return (per cent)	(-)7.15	(-)6.19	(-)5.85	(-)6.64	(-)5.90
Difference between interest on Government borrowings and return on investment (₹ in crore)#	667.92	688.20	729.40	820.90	881.16

Source: Finance Accounts of respective years # Investment at the end of the year *Difference between interest rate and return

In addition to investments in Co-operative Societies, Corporations and Companies, the Government has also been providing Loans and Advances to many Institutions/ Organisations.

Table 2.28 presents the outstanding Loans and Advances as on 31 March 2023 and interest receipts *vis-à-vis* interest payments during the last five years.

Table 2.28: Quantum of loans disbursed and recovered during five years

(₹ in crore)					
Quantum of loans disbursed and recovered	2018-19	2019-20	2020-21	2021-22	2022-23
Opening Balance of loans outstanding*	24.72	28.91	37.08	41.46	42.19
Amount advanced during the year	5.27	9.26	5.61	2.61	0.35
Amount recovered during the year	1.08	1.09	1.23	1.88	3.05
Closing Balance of the loans outstanding	28.91	37.08	41.46	42.19	39.49
Net addition	4.19	8.17	4.38	0.73	-2.70
Interest received	2.23	3.59	3.16	3.29	4.02
Interest rate on Loans and Advances given by the Government.	8.32	10.89	8.05	7.87	9.85
Rate of Interest paid on the outstanding borrowings of the Government	7.37	7.16	6.68	6.81	6.73
Difference between the rate of interest paid and interest received (<i>per cent</i>)	0.95	3.73	1.37	1.06	3.12

Source: Finance Accounts of respective years

*Error in figures due to rounding off corrected as per actual Finance Accounts

At the end of March 2023, the Government had outstanding Loans and Advances of ₹39.49 crore. The amount of loans outstanding decreased by ₹2.70 crore (6.40 *per cent*) from ₹42.19 crore in 2021-22 to ₹39.49 crore in 2022-23. Out of the total outstanding loans of ₹39.49 crore, ₹38.96 crore (98.66 *per cent*) pertains to Agriculture and Allied Activities and ₹2.17 crore (5.50 *per cent*) for Industry and Minerals and (-) ₹1.64 crore due to recovery more than actual outstanding balance.

Capital locked in incomplete projects.

An assessment of trends in capital blocked in incomplete capital works would also indicate quality of Capital Expenditure. Blocking of funds on incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods.

As per Appendix IX of the Finance Accounts of the State for the year 2022-23, there were 311 incomplete/ongoing projects in the State as on 31 March 2023. These were being executed by 36 Departments. Age profile of incomplete projects based on the year of sanction/ year of start of these projects as on 31 March 2023 is given in **Tables 2.29** and **2.30**.

Table 2.29: Age profile of incomplete projects as on 31 March 2023

(₹ in crore)				
Year	No of incomplete projects	Estimated cost	Cost over-run	Expenditure (as on 31 March 2023)
Up to 2012-13	95	1,421.06	81.05	688.19
2013-14	132	160.90	0.00	90.65
2014-15	27	42.19	0.00	26.24
2015-16	10	22.50	0.38	15.19
2016-17	6	136.71	2.06	96.09

Year	No of incomplete projects	Estimated cost	Cost over-run	Expenditure (as on 31 March 2023)
2017-18	24	53.87	0.00	29.28
2018-19	6	229.85	0.00	0.00
2019-20	1	4.98	0.00	0.00
2020-21	1	13.87	0.00	11.32
2021-22	0	0.00	0.00	0.00
2022-23	0	0.00	0.00	0.00
Others*	9	11.36	0.00	6.14
Total	311	677.711	83.49	963.10

Source: Appendix-IX, Finance Accounts, 2022-23

* Projects whose year of commencement is not known.

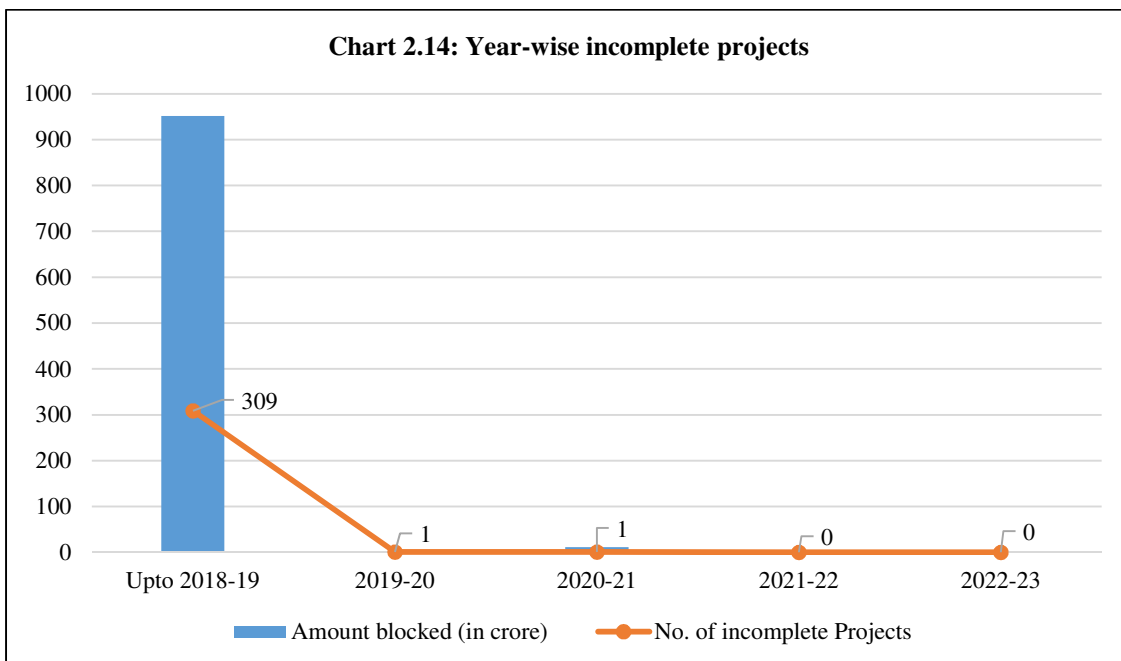
Table 2.30: Department-wise profile of incomplete projects as on 31 March 2023

(₹ in crore)

Department	No. of incomplete projects	Estimated cost	Cost over-run	Expenditure (as on 31 March 2023)
Veterinary and Animal Husbandry	52	46.77	0.14	27.69
Police Engineering Project	31	615.29	0.00	176.61
Youth Resources	4	174.60	12.02	109.28
PWD (Housing)	19	121.71	8.53	95.69
PWD (Roads and Bridges)	9	111.52	0.00	67.05
Urban Development	25	215.49	0.00	96.77
Water Resources Department	3	210.24	0.00	1.79
Other 29 Departments	168	601.67	62.80	388.22
Total	311	2,097.29	83.49	963.10

Source: Appendix-IX, Finance Accounts, 2022-23

The year-wise detail of incomplete projects is shown in the **Chart 2.14**.



Analysis of the above 311 incomplete projects showed the following:

- In 14 out of 311 projects, target year of completion was not furnished by the Departments (March 2023);

- Works in respect of a project (estimated cost ₹6.45 crore) had been suspended after incurring an expenditure of ₹6.45 crore (100 *per cent* of estimated cost);
- Out of 311 incomplete projects, there was no financial progress in 310 projects, during 2022-23;
- There was 100 *per cent* financial achievement in five projects. However, 100 *per cent* physical progress was not achieved. No expenditure was incurred in 28 projects which had an estimated cost of ₹276.27 crore;
- In 98 projects which were incomplete since 2003-13, there was a cost overrun of ₹83.49 crore as the original costs of these projects were revised from ₹544.19 crore to ₹627.68 crore.

Thus, the Capital Expenditure of ₹963.10 crore incurred on these 311 incomplete projects remained blocked. Blocking of funds on incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, delay in completion of the projects was fraught with the risk of cost overrun.

2.4.4 Expenditure priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

Table 2.31 analyses the fiscal priority of the State Government in 2018-19 and 2022-23 with regard to Social Sector Expenditure (Health and Education) and Capital Expenditure.

Table 2.31: Priority of the State with regard to Health, Education and Capital Expenditure

(In per cent)				
Fiscal priority of the State	TE/ GSDP	CE/TE	Education/ TE	Health/ TE
NE&H States Average (2018-19)	27.30	16.11	17.70	6.48
State	47.20	12.79	14.40	4.98
NE&H States Average (2022-23)	27.24	15.52	15.77	6.95
State	44.85	16.78	13.80	7.63

Source: Fiscal Priority of State (circulated by the Economic Advisor) and Finance Accounts of respective years, TE: Total Expenditure; CE: Capital Expenditure (including loans and advances)

A comparison of the data related to Nagaland with that of NE&H States revealed the following:

- Total Expenditure (TE) as a proportion of GSDP decreased from 47.20 *per cent* in 2017-18 to 44.85 *per cent* in 2022-23.
- The share of Capital Expenditure (CE) as a proportion of TE of the State was less than the NE&H average in 2018-19. In 2022-23, it was however more than the NE&H average. The proportion of CE to TE increased during 2022-23 in

comparison to 2018-19. This indicates that the State Government accorded appropriate fiscal priorities to enhance the productive capacity of the State.

- The share of expenditure on Education as a proportion of TE was lower than the NE&H average in 2018-19 and 2022-23. Further, the ratio decreased in 2022-23 as compared to 2018-19.
- The share of expenditure on Health Sector as a proportion of TE was lower than the NE&H average in 2018-19, however, it was higher than that of NE&H average in 2022-23.

2.4.5 Object head-wise expenditure

The Finance Accounts of a State depicts transactions only up to the minor head level. The Government Accounting Rules provide for recording of the expenditure up to the object head level. Therefore, an attempt has been made to ascertain the extent of expenditure incurred on the actual items at the object head level from the accounts maintained in the Accounts Wing of the office of the Principal Accountant General (A&E), Nagaland. The details of items with significant percentage of expenditure are given in **Table 2.32**.

Table 2.32: Object Head wise expenditure during 2022-23

Object Head	(in per cent)		
	2020-21	2021-22	2022-23
Salary	43.19	43.43	37.91
Office Expenses	0.21	0.18	0.19
Motor Vehicles	0.26	0.29	0.44
Maintenance	0.85	1.37	1.04
Other charges	12.10	11.33	13.03
Material and supply	1.35	1.60	1.07
GIA	1.53	2.37	1.22
Wages	0.65	0.55	0.27
Scholarships	0.52	0.26	0.49
Machinery and Equipment	0.50	0.35	0.15
Travel Expenses	0.18	0.20	0.15
POL	0.26	0.23	0.24
Rent, Rates and Taxes	0.13	0.14	0.20
Minor Works	0.40	0.20	0.17
Major Works	10.39	10.14	13.93
Interest Payment	6.73	6.80	6.16
Ration	0.36	0.48	0.49
Pensions and Other Retirement Benefits	13.77	15.90	17.49
RKVY	0.45	0.08	0.00
Others	6.16	4.10	5.37

Source: Finance Accounts of respective years

The analysis of the above table reveals the following:

- With respect to the expenditure under “Others charges”, the details of the items on which the expenditure was incurred are not recorded in accounts. This has serious implication for decision making and affects the transparency in accounting. In 2022-23, the expenditure on “Others charges” constituted 13.03 *per cent* of total expenditure which should be properly classified.

- The ratio of salary to the total expenditure decreased during 2022-23 over 2021-22 and the ratio of Capital Expenditure to GSDP during the current year increased. This indicates that the emphasis was given to create capital assets of the State which also has a positive impact on the economic growth of the State.
- The ratio of Major works to the Total Expenditure increased from 10.14 *per cent* in 2021-22 to 13.93 *per cent* in 2022-23. This indicates that the State Government is focusing on infrastructure development of the State.

2.5 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.

2.5.1 Net Public Account Balances

The component-wise net balances in Public Account of the State are given as follows.

Table 2.33: Component-wise net balances in Public Account as of 31 March of the year

(₹ in crore)

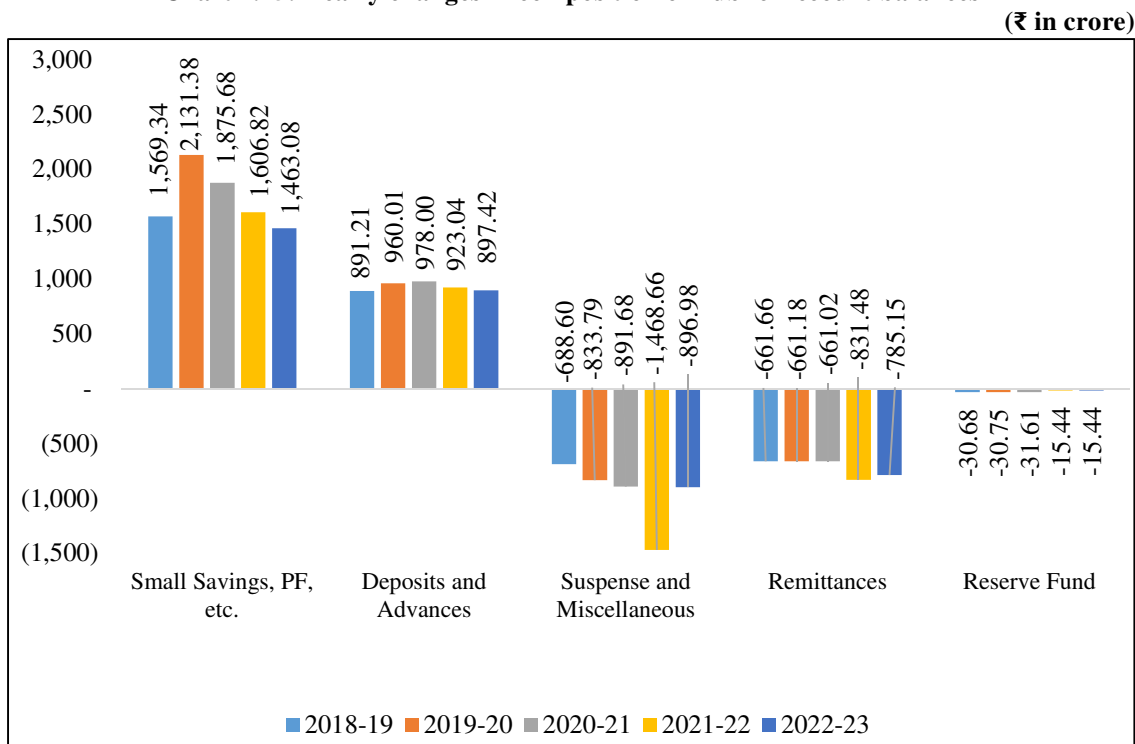
Sector	Sub Sector	2018-19	2019-20	2020-21	2021-22	2022-23
I. Small Savings, Provident Funds, <i>etc.</i>	Small Savings, Provident Funds, <i>etc.</i>	1,569.34	2,131.38	1,875.68	1,606.82	1,463.08
J. Reserve Funds	(a) Reserve Funds bearing Interest	-14.58	-14.58	-15.43	-15.44	-15.44
	(b) Reserve Funds not bearing Interest	-16.10	-16.17	-16.17	0.00	0.00
K. Deposits and Advances	(a) Deposits bearing Interest	137.13	170.35	185.61	204.24	222.07
	(b) Deposits not bearing Interest	754.45	790.03	792.96	719.37	675.92
	(c) Advances	-0.37	-0.37	-0.57	-0.57	-0.57
L. Suspense and Miscellaneous	(b) Suspense	-99.34	-89.02	-90.10	75.29	-80.55
	(c) Other Accounts	-589.26	-744.77	-801.58	-1393.37	-816.43
M. Remittances	(a) Money Orders, and other Remittances	-661.23	-660.82	-660.74	-831.29	-785.15
	(b) Inter-Governmental Adjustment Account	-0.43	-0.36	-0.28	-0.19	0.00
Total		1,079.61	1,565.67	1,269.37	214.28	662.93

Source: Finance Accounts of respective years

Note: (+)ve denotes debit balance and (-)ve denotes credit balances

The yearly changes in composition of balances in the Public Account over the five year period 2018-23 are given in **Chart 2.15**.

Chart 2.15: Yearly changes in composition of Public Account balances



Source: Finance Accounts of respective years

2.5.2 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. It comprises of both reserve funds bearing interest and reserve funds not bearing interest.

Details of Reserve Funds are available in Statements 21 and 22 of the Finance Accounts. There are three Reserve funds operated by the State Government and one Reserve fund was yet to be operated by the State Government. The total accumulated balance at the end of 31 March 2023 in the Reserve Funds was (Dr) ₹15.44 crore, all of which was under Reserve funds bearing interest. The fund balances lying in Reserve Funds as on 31 March 2023 are given in **Table 2.34**.

Table 2.34: Details of Reserve Funds

(₹ in crore)

Sl. No.	Name of Reserve Fund	Balance as on 31 March 2023
A	Reserve funds bearing Interest	15.44
1.	<i>Natural Calamities Unspent Marginal Money Fund Investment Account</i>	15.44
2.	<i>State Disaster Response Fund</i>	0.00
3.	<i>State Disaster Mitigation Fund</i>	0.00
B	Reserve fund not bearing interest	0.00
1.	<i>Sinking Funds</i>	0.00
2.	<i>General and other Reserve Fund</i>	0.00

Source: Finance Account, 2022-23

Details of significant Reserve Funds of the GoN are given below:

2.5.2.1 Consolidated Sinking Fund

In terms of the recommendations of the Tenth Finance Commission, the State Government created (2006-07) Consolidated Sinking Fund to be administered by the Reserve Bank of India for the amortisation of all loans. According to the guidelines of the Fund, States are required to contribute to the Fund a minimum of 0.50 *per cent* of their outstanding liabilities (Internal Debt + Public Account liabilities) as at the end of the previous year.

During the year, the State Government did not contribute any fund against the minimum requirement of ₹66.55 crore to the Fund. The balance in the Consolidated Sinking Fund as on 31 March 2023 was ₹1,561.87 crore (including interest) and the same was invested by RBI.

2.5.2.2 State Disaster Response Fund

The State Government replaced the Calamity Relief Fund, with the “State Disaster Response Fund” (SDRF) as recommended by the Thirteenth Finance Commission. In terms of the guidelines, the Central Government and North-Eastern/Himalayan States are required to contribute to the Fund in the ratio of 90:10.

As per the guidelines on Constitution and Administration of SDRF (September 2010), the SDRF Fund would be constituted in the Public Account under Reserve Fund bearing interest, under MH 8121 in the accounts of the State Government. The State government shall take the amount as receipts in its budget and account it under MH 1601-01-109. In order to enable transfer of the total amount of the contribution to the fund, including the State share, the State government would make suitable budget provision on the expenditure side of the budget under MH 2245-05-101 (Relief on account of natural calamities). Immediately upon receipt of GoI share, the State would transfer the amount, along with its share to the Public Account head (MH 8121-122). The actual expenditure on relief works will be booked only under respective Minor Head under MH 2245 and the expenditure to be charged to the SDRF will be shown as a negative entry under 2245-05-901. Direct expenditure should not be made from the Public Account. The balance in the Fund would be invested as per provisions stipulated in the guidelines in Central Government dated securities, auctioned treasury bills and interest-bearing deposits and certificates of deposit with scheduled commercial banks.

During 2022-23, the State Government received ₹34.40 crore from the Central Government as its share towards SDRF. The State Government transferred ₹145.70 crore to the SDRF (Central share: ₹141.70 crore *i.e.*, SDRF: ₹34.40 crore, NDRF: ₹107.30 crore received in 2022-23 and State share: ₹4.00 crore). The entire fund of ₹145.70 crore was spent by the State Government on natural calamities.

Apart from the SDRF, the State Government received ₹4.30 crore from Central Government as State Disaster Mitigation Fund (SDMF). The State Government did not transfer its share of funds towards SDMF during 2022-23.

2.5.2.3 Guarantee Redemption Fund

The State Government constituted (August 2006)⁹, a Guarantee Redemption Fund in 2006-07, that is administered by Reserve Bank of India (RBI). The latest amendment to the Fund notification issued by the State Government, effective from the year 2006, stipulates that the State Government shall initially contribute an amount of ₹ four crore and thereafter, an amount equivalent to at least 1/5th of the outstanding invoked guarantees plus the amount of guarantee likely to be invoked. It is open to the Government to increase the contribution to the fund at its discretion. The fund shall be gradually increased to reach the level deemed sufficient to meet the amount of anticipated guarantees.

During 2022-23, the State Government did not contribute any fund against required contribution of ₹0.35 crore and no guarantee was invoked during the current year. The entire corpus of ₹40.54 crore as on 31 March 2023 was invested by the RBI.

2.5.2.4 State Compensatory Afforestation Fund

In compliance with the instructions issued (April 2009)¹⁰ by the Ministry of Environment and Forests, GoI and Guidelines of 02 July 2009, the State Governments are required to establish the State Compensatory Afforestation Fund for amounts received from user agencies and utilisation of monies collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto.

The monies received by the State Governments from the user agencies need to be credited in 'State Compensatory Afforestation Deposits' under the interest-bearing section in the Public Account of the State at Minor Head level below the Major Head 8336-Civil Deposits. As per Section 3 (4) of the Compensatory Afforestation Fund Act, 2016, 90 *per cent* of the fund needs to be transferred to the Major Head 8121-General and Other Reserve Funds in the Public Account of the State and balance 10 *per cent* to 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.

The applicable rate of interest on balances available under 'State Compensatory Afforestation Deposits' under '8336-Civil Deposits' and 'State Compensatory Afforestation Fund' under '8121-General and Other Reserve Funds' will be as per the rate declared by the Central Government on year-to-year basis.

During the year 2022-23, the State Government did not receive any grants from the Ministry of Environment, Forest and Climate Change (GOI) under National Afforestation Programme. However, the State Government incurred expenditure of

⁹ Vide notification No. BUD/1-14/2005-06 dated 29 August 2006.

¹⁰ Vide letter No. 5-1/2009-FC dated 28 April 2009.

₹1.72 crore under the Major Head 2406-04-101 National Afforestation and Ecology Development Programme.

2.5.2.5 Funds outside Consolidated Fund/ Public Account of the State and dedicated Funds

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 titled “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.

Collection of Labour Cess

The State Government, in exercise of the powers conferred under Section 62 and 40 of the Building and Other Construction Workers’ (Regulation of Employment and Conditions of Service) Act, 1996 has framed (June 2011) the Nagaland Building and Other Construction Workers’ (Regulation of Employment and Conditions of Service) Rules 2010. As per Rule 249, the State Government has to constitute the Nagaland Building and Other Construction Workers’ Welfare Board and accordingly the State had constituted the Board to provide social security to the section of workers engaged in building and other construction works by implementing different welfare schemes *viz.*, Grant for purchase of tools, Medical assistance, Children Education Allowance and Maternity benefit for the women beneficiaries.

The State Government notified (August 2011) enforcement of Levy and Collection of cess for the purpose of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The levy and collection of such cess is at the rate of one *per cent* of the cost of construction incurred by an employer. In compliance with this notification, the Finance Department instructed (February 2012) the DDOs to ensure that deduction of the cess as prescribed is made against all civil construction works involving employment of labour and to deposit the same into the account of the Nagaland Building and Other Construction Workers’ Welfare Board (NBOCWWB) by Demand Draft/ Cheque. As such, the Board had been receiving the cess from 2011-12 onwards.

As per Rule 5 of “The Building and Other Construction Workers’ Welfare Cess Rules, 1998”, proceeds of the cess collected under Rule 4 shall be transferred by such government office, public sector undertakings, local authority, or 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. Rule 5, further, stipulates that the amount collected shall be transferred to the Board within thirty days of its collection.

As per the Finance Accounts, the Departments booked the Labour cess under MH 8443-Civil Deposit-108-Public Works. During the year 2022-23, the Government

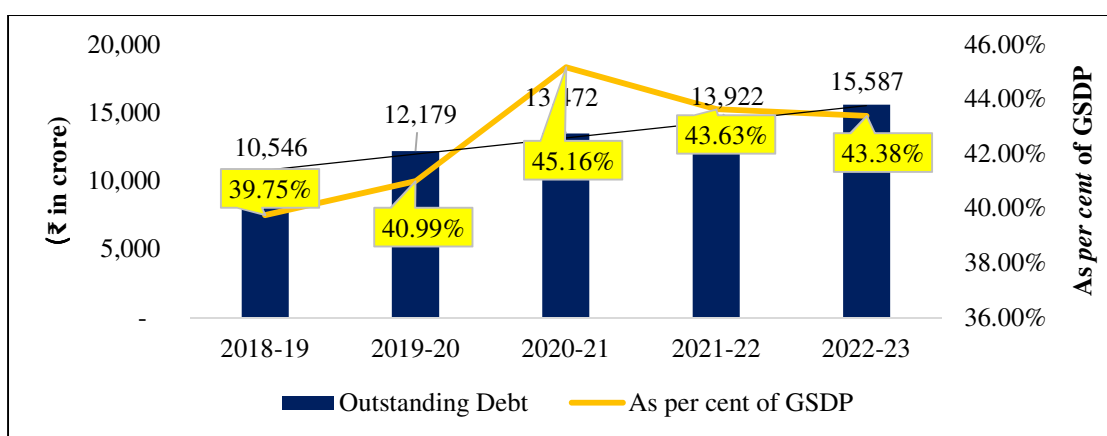
collected Labour Cess amounting to ₹14.81 crore and transferred ₹14.35 crore to the NBOCWBB. This resulted in short transfer of ₹0.46 crore to NBOCWBB.

2.6 Public liability management

Management of public liability is the process of establishing and executing a strategy for managing the Government's liabilities 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 outstanding liabilities and ratio of debt to GSDP during the five-year period 2018-23 are given in **Chart 1.16**.

Chart 2.16: Outstanding Public Liability and its percentage to GSDP



Source: Finance Accounts of respective years and GSDP-Directorate of Economics and Statistics, GoN

2.6.1 Liability profile: Components

Total liability of the State Government consists 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.), and loans and advances from the Central Government.

The details relating to total liability received, repayment of liability, ratio of liability to GSDP and the actual quantum of liability available to the State during the five-year period 2018-23 are shown in **Table 2.35** and **Chart 2.17**.

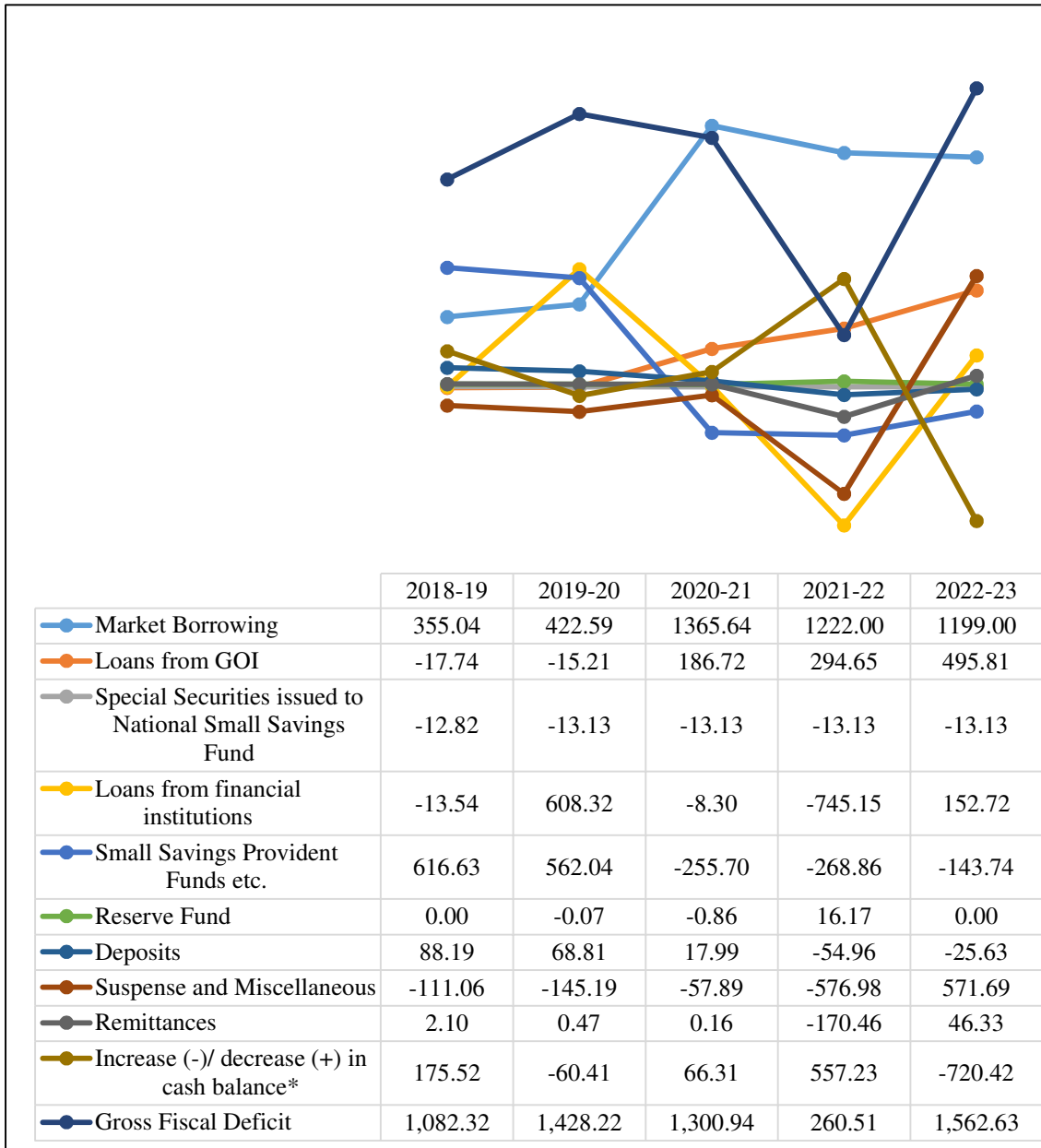
Table 2.35: Component-wise liability trends

		(₹ in crore)				
		2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Total Liability (A+B)		10,545.76	12,179.10	13,471.67	13,922.40	15,587.44
(A) Public Liability	Internal Debt	7,969.15	8,986.93	10,331.14	10,794.87	12,133.46
	Loans from GoI	146.37	131.16	317.89	612.54	1,108.35
(B) Public Account Liabilities		2,604.58	3,061.01	2,822.64	2,514.99	2,345.63
(C) Off-Budget borrowings		0.00	0.00	0.00	0.00	0.00
Rate of growth of outstanding total liability (per cent)		1.31	15.49	10.61	3.35	11.96
Gross State Domestic Product (GSDP)		26,527.42	29,715.87	29,831.64	31,912.54	35,933.96
Liability/GSDP (per cent)		39.75	40.99	45.16	43.63	43.38
Borrowings and Other Liabilities (as per Statement 6 of Finance Accounts)						

	2018-19	2019-20	2020-21	2021-22	2022-23
Total Receipts	4,758.32	10,059.01	9,370.26	10,031.91	9,139.14
Total Repayments including interest	4,289.24	8,681.42	9,462.83	10,513.26	8,467.34
Net funds Available	469.08	1,377.59	(-)92.57	(-)481.35	671.80
Repayments/ Receipts (In per cent)	90.14	86.30	100.99	104.80	92.65

Source: Finance Accounts of respective years and GSDP- Directorate of Economics and Statistics, GoN

Chart 2.17: Component-wise debt trends



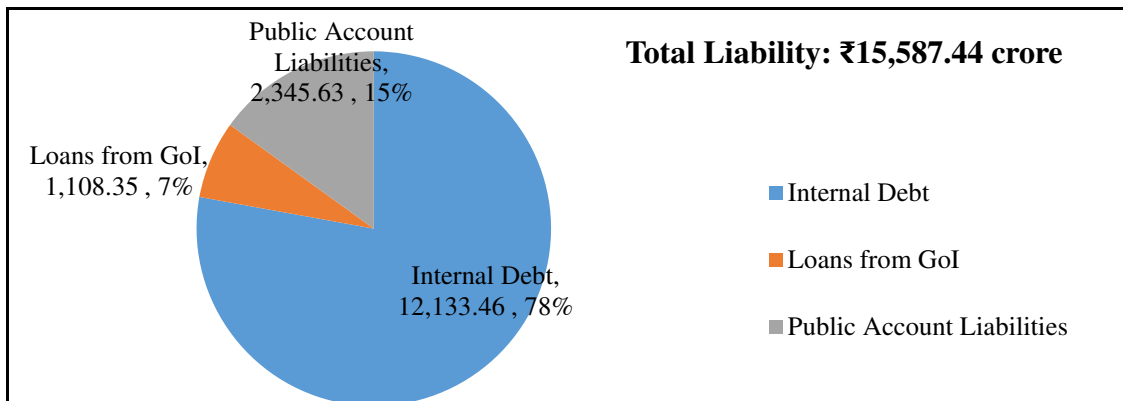
Source: Finance Accounts of respective years

The total outstanding liabilities of the State Government has increased by 47.81 per cent from ₹10,545.76 crore in 2018-19 to ₹15,587.44 crore in 2022-23. The Debt/ GSDP ratio increased from 39.75 to 43.38 per cent during the same period. During 2022-23, the outstanding Public Debt (₹13,241.81 crore) increased by ₹1,834.40 crore (16.08 per cent) compared to the previous year (₹11,407.41 crore). Public Debt increased by ₹5,126.29 crore at a CAGR of 13.02 per cent from ₹8,115.52 crore in 2018-19 to ₹13,241.81 crore in 2022-23 wherein Internal debt increased by

₹4,164.31 crore at a CAGR of 11.08 per cent and loan from GoI increased by ₹961.98 crore at a CAGR of 65.88 per cent during the same period. As per the Debt stabilization analysis, the debt stabilization may not be possible in near future.

Component-wise break-up of liability is shown below in **Chart 2.18**.

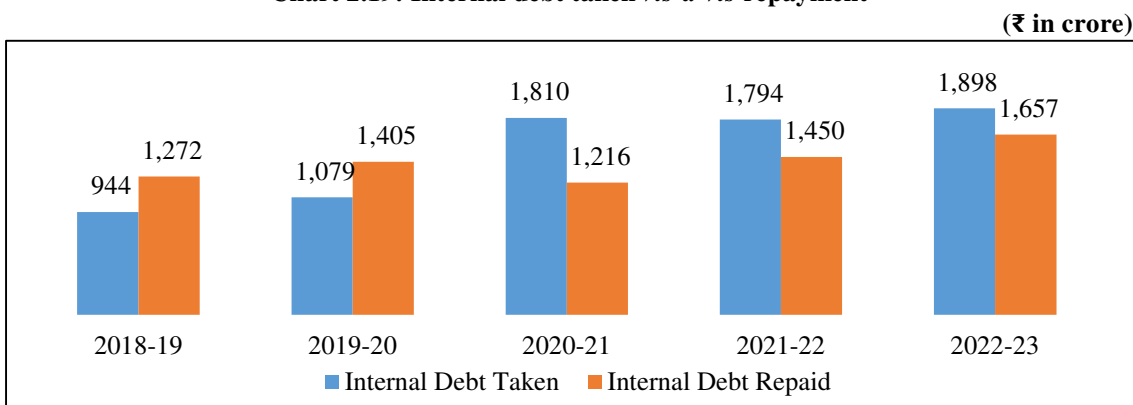
Chart 2.18: Break up of Outstanding Liability at the end of 2022-23



Source: Finance Accounts, 2022-23

The trend of internal debt taken *vis-à-vis* internal debt repaid during each year for the period of five-years from 2018-19 to 2022-23 is given in **Chart 2.19**.

Chart 2.19: Internal debt taken *vis-a-vis* repayment



Source: Finance Accounts of respective years

The financing pattern of the Fiscal Deficit has undergone a compositional shift during 2018-23 as reflected in **Table 2.36**.

Table 2.36: Components of fiscal deficit and its financing pattern

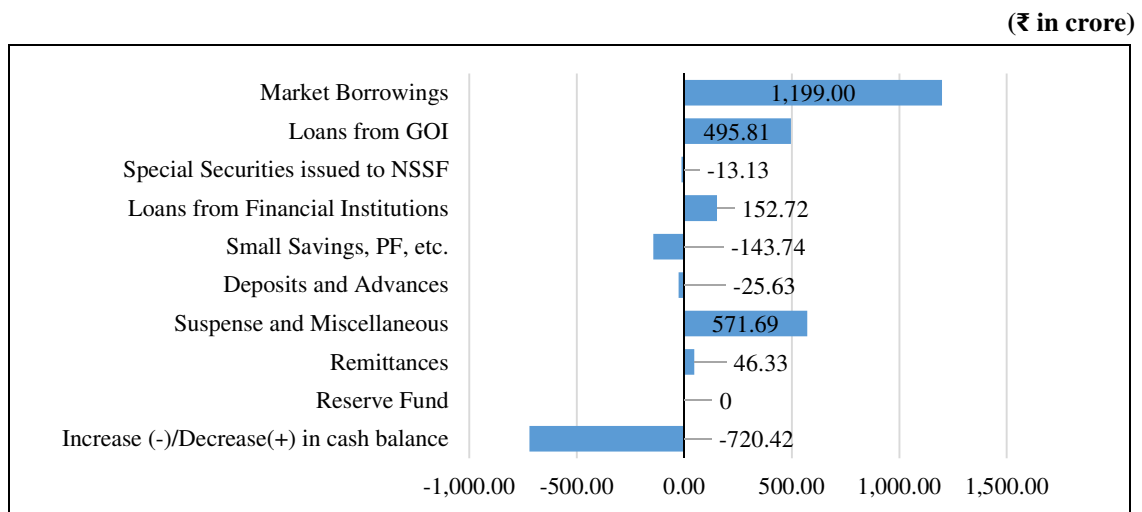
Particulars		(₹ in crore)				
		2018-19	2019-20	2020-21	2021-22	2022-23
Composition of Fiscal Deficit (-)		(-1,082.32)	(-1,428.22)	(-1,300.94)	(-260.52)	(-1,562.63)
1.	Revenue Deficit (-)/ Surplus (+)	517.43	(-213.73)	375.37	1,634.06	688.90
2.	Net Capital Expenditure	(-1,595.56)	(-1,206.32)	(-1,671.93)	(-1,893.85)	(-2,254.22)
3.	Net Loans and Advances	(-4.19)	(-8.17)	(-4.38)	(-0.73)	2.69
Financing Pattern of Fiscal Deficit:						
1.	Market Borrowings	355.04	422.59	1,365.64	1,222.00	1,199
2.	Loans from GoI	-17.74	-15.21	186.72	294.65	495.81
3.	Special Securities issued to NSSF	-12.82	-13.13	-13.13	-13.13	-13.13
4.	Loans from Financial Institutions	-13.54	608.32	-8.30	-745.15	152.72
5.	Small Savings, PF, etc.	616.63	562.04	-255.70	-268.86	-143.74

Particulars		2018-19	2019-20	2020-21	2021-22	2022-23
6.	Deposits	88.19	68.81	17.99	-54.96	-25.63
7.	Suspense and Miscellaneous	-111.06	-145.19	-57.89	-576.98	571.69
8.	Remittances	2.10	0.47	0.16	-170.46	46.33
9.	Reserve Fund	0.00	-0.07	-0.86	16.17	0
10.	Overall Deficit	906.8	1,488.63	1,234.63	-296.72	2,283.05
11.	Increase/Decrease in cash balance	175.52	-60.41	66.31	557.23	-720.42
12.	Gross Fiscal Deficit	1,082.32	1,428.22	1,300.94	260.51	1,562.63

Source: Finance Accounts of respective years

The components of fiscal deficit consist of Revenue Surplus, Net Loans and Advances and Net Capital Expenditure. Since the State is Revenue Surplus in four years during 2018-23 except in 2019-20, the surplus on revenue account were utilised to finance Capital Expenditure. During these revenue surplus years, Revenue surplus could finance only 22.45 to 86.28 *per cent* of Capital Expenditure. The composition of financing of fiscal deficit during 2022-23 is expressed through water flow chart as shown in **Chart 2.20**.

Chart 2.20: Components of financing of fiscal deficit during 2022-23



Source: Finance Accounts, 2022-23

The details of receipt and disbursement of the components used for financing the Fiscal Deficit for the year 2022-23 are given in **Table 2.37**.

Table 2.37: Receipts and Disbursements under components financing the fiscal deficit

(₹ in crore)

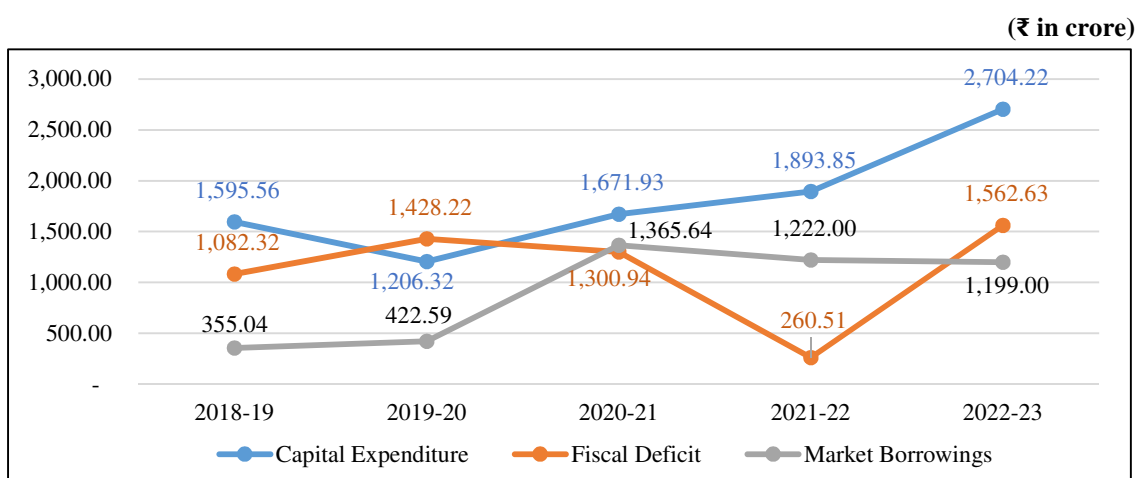
Particulars		Receipts	Disbursement	Net
1.	Market Borrowings	1,854.00	655.00	1,199.00
2.	Loans from GoI	518.28	22.47	495.81
3.	Special Securities issued to NSSF	0.00	13.13	-13.13
4.	Loans from Financial Institutions	4,786.41	4,633.69	152.72
5.	Small Savings, PF, etc.	480.89	624.63	-143.74
6.	Deposits and Advances	763.82	789.45	-25.63
7.	Suspense and Miscellaneous	10,659.40	10,087.71	571.69
8.	Remittances	2,642.70	2,596.37	46.33
9.	Reserve Fund	747.94	747.94	0.00

Particulars		Receipts	Disbursement	Net
10.	Overall Deficit	22,453.44	20,170.39	2,283.05
11.	Increase (-)/Decrease (+) in cash balance	-399.64	-320.78	-720.42
12.	Gross Fiscal Deficit	22,053.80	20,491.17	1,562.63

Source: Finance Accounts, 2023

Fiscal deficits during the five-year period from 2018-19 to 2022-23, peaked at ₹1,562.63 crore in the current year. During 2022-23, fiscal deficit was primarily financed by Loan from GoI (₹495.81 crore), market borrowings (net) (₹1,199.00 crore) and Loans from Financial Institution (₹152.72 crore). Comparative trend of Capital Expenditure, Fiscal Deficit and Market Borrowings for the period 2018-19 to 2022-23 is given in **Chart 2.21**.

Chart 2.21: Trend of Capital Expenditure, Fiscal Deficit and Market Borrowings



Source: Finance Accounts of respective years

The increase in net capital outlay during the year accompanied by a revenue surplus indicated that borrowed funds were being utilised more for productive uses than in previous years. The Government should continue to improve this trend as the productive application of borrowed funds can either provide returns directly or result in increased productivity of the economy. It may also result in increase in government revenue in future, making debt payments more manageable.

2.6.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing.

As per Annexure to Statement 17 of the Finance Accounts for the year 2022-23, the outstanding debt of the State was ₹13,241.81 crore as on 31 March 2023. The maturity profile of the outstanding public debt stock is as indicated in **Table 2.38** and **Chart 2.22**.

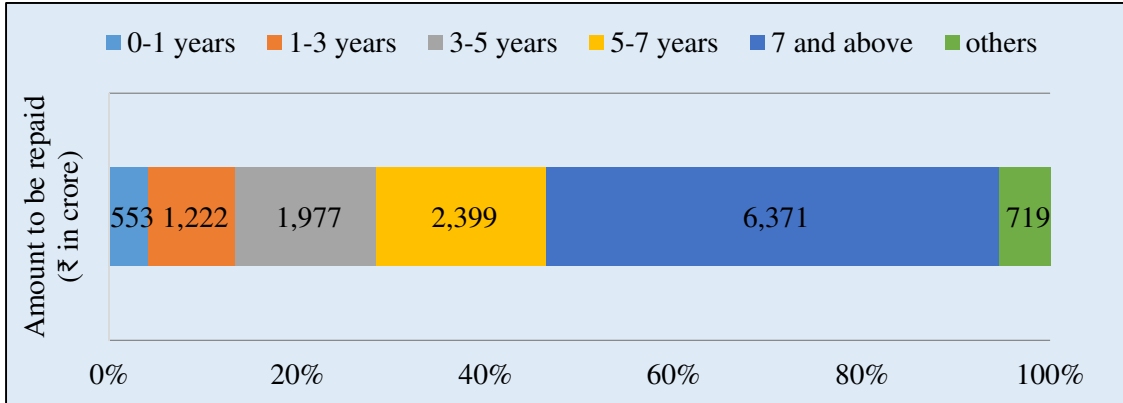
Table 2.38: Debt Maturity profile of repayment of State debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	553.34	4.21
1 – 3	1,222.24	9.30
3 – 5	1,976.79	15.04

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
5 – 7	2,399.29	18.26
7 and above	6,370.69	47.72
Others	719.46	5.47
Total	13,241.81	100.00

Source: Finance Accounts, 2022-23

Chart 2.22: Debt Maturity Profile



Source: Finance Accounts, 2022-23

From **Table 2.38** above it can be seen that out of the Outstanding Public Debt of ₹13,241.81 crore as on 31 March 2023, 46.46 per cent of debt needs to be repaid within seven years while the remaining 53.54 per cent (₹7,090.14 crore) of outstanding public debt is in the maturity bracket of more than seven years. Further, out of the total outstanding public debt, internal debt consisting of market borrowings, loans from LIC, GIC, NABARD, etc. constituted 97.63 per cent (₹12,133.46 crore).

Further, the maturity profile of the outstanding public debt stock (₹11,464.63 crore¹¹) along with interest payable thereupon during the next 10 years is detailed in **Table 2.39** and **Chart 2.23**.

Table 2.39: Debt Maturity profile of repayment of public debt

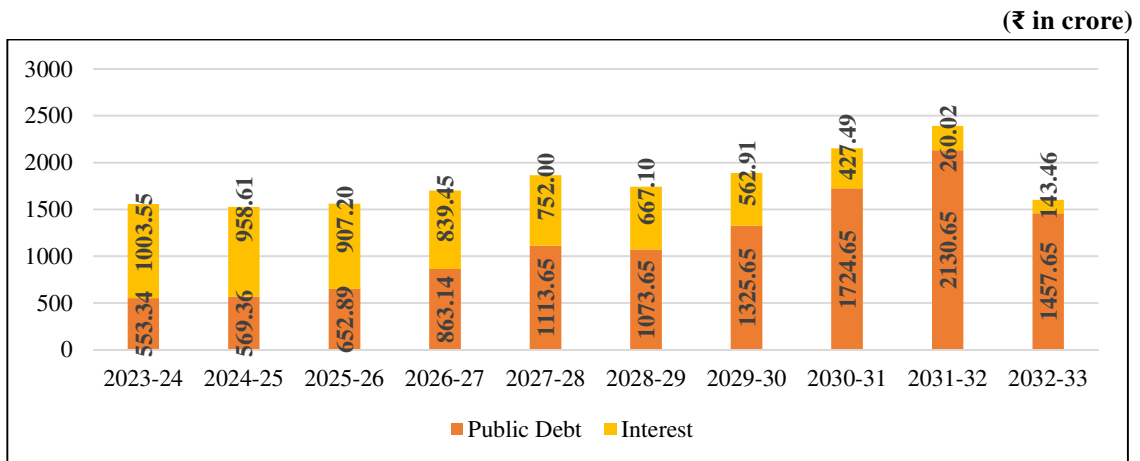
Year	Repayment of				
	Principal			Interest [#]	Total
	Internal Debt	Loans from GoI	Total		
2023-24	535.00	18.34	553.34	1,003.55	1,556.89
2024-25	565.00	4.36	569.36	958.61	1,527.97
2025-26	650.00	2.89	652.89	907.20	1,560.09
2026-27	860.00	3.14	863.14	839.45	1,702.59
2027-28	1,110.00	3.65	1,113.65	752.00	1,865.65
2028-29	1,070.00	3.65	1,073.65	667.10	1,740.75
2029-30	1,322.00	3.65	1,325.65	562.91	1,888.56
2030-31	1,721.00	3.65	1,724.65	427.49	2,152.14
2031-32	2,127.00	3.65	2,130.65	260.02	2,390.67
2032-33	1,454.00	3.65	1,457.65	143.46	1,601.11
Total			11,464.63	6,521.79	17,986.42

Source: Finance Accounts 2022-23

[#]Interest has been calculated on the basis of five years' average of 'Average Interest Rate of Outstanding Debt' (2018-19: 8.40 per cent; 2019-20: 8.02 per cent; 2020-21: 7.40 per cent; 2021-22: 7.45 per cent and 2022-23: 7.17 per cent), i.e., 7.69 per cent; on closing balances of Outstanding Debt.

¹¹ Excluding Loans from GoI (₹1057.79 crore) to be repaid after 2032-33 and ₹719.46 crore (whose payment schedule not maintained by AG (A&E)).

Chart 2.23: Debt Maturity Profile



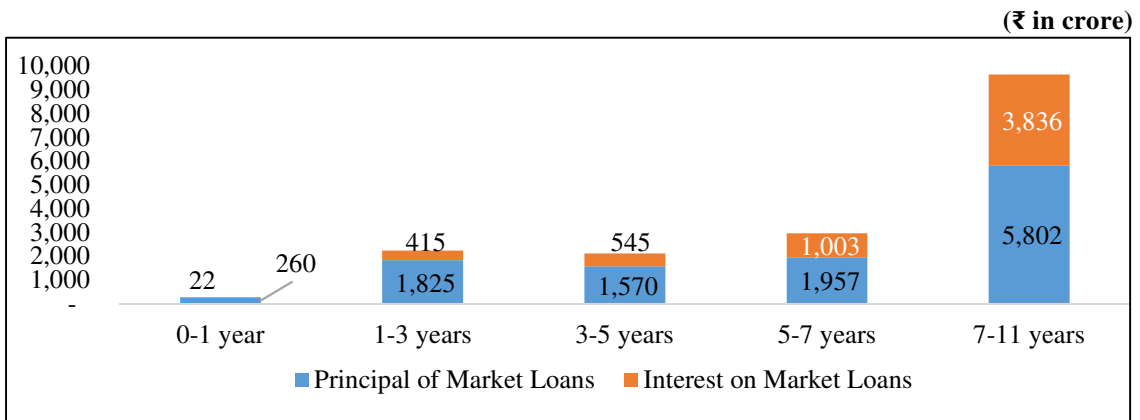
Source: Finance Accounts, 2022-23

Further, based on the outstanding public debt stock as on 31 March 2023, repayment of Public Debt and Interest would increase from ₹1,556.89 crore in 2023-24 to ₹1,601.11 crore in 2032-33 (2.84 per cent). Since the calculations of repayment of Public Debt and interest thereupon have been done based on the Outstanding Public Debt as on 31 March 2023, the repayment of Public Debt and interest thereupon is bound to increase in view of the trends of borrowings by the State Government.

Moreover, out of ₹13,241.81 crore, ₹11,414.03 crore was the principal amount of market loan taken by the State. The State is liable to pay an interest of ₹5,820.36 crore at the end of repayment of these loans, if the loans are repaid as per the maturity profile.

Chart 2.24 represents the repayment schedule of both the principal of market loan and interest thereof.

Chart 2.24: Repayment Schedule of market loans



Source: Finance Accounts, 2022-23

2.7 Debt Sustainability Analysis (DSA)

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

(A) This section assesses the sustainability of debt of the State Government in terms of debt/ GSDP ratio, Fiscal Deficit, burden of interest payments (measured by ratio of Interest Payments to Revenue Receipts) and maturity profile of the State Government debt.

Table 2.40 shows the debt sustainability of the State according to these indicators for the five-year period from 2018-19 to 2022-23 and **Chart 2.25** predicts the trends of debt sustainability indicators during the same period.

Table 2.40: Trends in debt Sustainability indicators

Debt Sustainability Indicators	2018-19	2019-20	2020-21	2021-22	2022-23
Outstanding Public Debt* (₹ in crore) (as on 31 st March of that year)	8,115.52	9,118.09	10,649.03	11,407.41	13,241.81
Rate of Growth of Outstanding Public Debt	3.98	12.35	16.79	7.12	16.08
GSDP (₹ in crore)	26,527.42	29,715.87	29,831.64	31,912.54	35,933.96
Rate of Growth of GSDP	8.75	12.02	0.39	6.98	12.60
Debt/GSDP	30.59	30.68	35.70	35.75	36.85
Debt Maturity profile of repayment of State debt – including default history, if any (₹ in crore)	636.89	746.08	514.74	658.6	803.49
Average interest Rate of Outstanding Public Debt (per cent)**	8.40	8.02	7.40	7.45	7.17
Rate Spread	1.38	4.86	(-)6.29	0.17	5.87
Interest payment on Public Debt	668.58	691.00	731.87	821.39	883.63
Revenue deficit/surplus without Interest payment	1,186.01	477.27	1,107.24	2,455.46	1,572.53
Interest payment/Revenue deficit or surplus	129.21	(-)323.31	194.97	50.27	128.27
Percentage of Interest payment to Revenue Receipt	6.75	7.12	7.50	6.93	7.04
Percentage of Debt Repayment to Debt Receipt	67.19	68.74	25.52	31.23	33.26
Net Debt available to the State# (₹ in crore)	310.95	339.24	1,502.37	1,450.28	1,612.37
Net Debt available as per cent to Debt Receipts	7.09	6.33	1.27	1.48	1.38
Primary deficit (-)/ Primary surplus (+)	(-)310.58	(-)614.48	(-)444.17	671.57	(-)569.40
Debt Stabilisation (Quantum spread + Primary Deficit)\$	(-)165.05	(-)22.59	(-)1,291.54	695.24	345.58

Source Finance Accounts of respective years

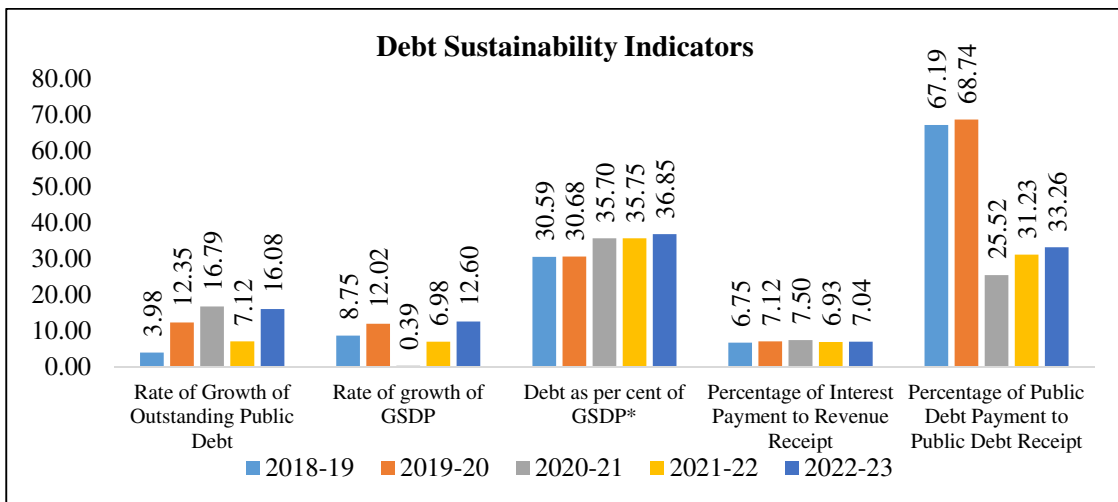
*Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004- Loans and Advances from the Central Government.

#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.

**interest paid (OB of Public Debt + CB of Public Debt/2) (in per cent)

\$ Quantum Spread= Debt *(GSDP growth rate – Interest rate)

Chart 2.25: Trends of Debt Sustainability indicators



Source: Finance Accounts of respective years

*excluding Public Account Liabilities

- A falling debt-GSDP ratio can be considered as leading towards stability. Debt-GSDP ratio rose from 30.59 per cent in 2018-19 to 36.85 per cent in 2022-23 which cannot be considered as leading towards stability. Further, in 2022-23, it went up marginally to 36.85 per cent from 35.75 per cent compared to the previous year. The debt stabilisation condition states that, if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant, or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and if it is positive, debt-GSDP ratio would eventually be falling. **Table 2.40** shows that this trend had been negative from 2018-19 to 2020-21 and positive since 2021-22 which indicates that debt-GSDP ratio would eventually be falling.
- The ratio of interest payments to revenue receipts is also a good measure of debt sustainability. This ratio ranged between 6.75 per cent and 7.50 per cent during the period 2018-23 which was substantially high. The average rate of interest ranged between 7.17 and 8.40 per cent during last five-years period from 2018-19 to 2022-23.
- The higher the percentage of public debt repayments to public debt receipts, the greater the proportion of debt utilised for debt servicing. The ratio of public debt repayments to public debt receipts ranged between 25.52 per cent and 67.19 per cent during the period 2018-23, which means that most of the public borrowings were used for repayment of earlier borrowings leaving less scope to use the same for other productive activities.

(B) An analysis on debt sustainability was carried out based on a study by E.D Domar (Domar, 1944). The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GDP.

The dynamics of public debt depending on the interest rate, growth rate of GSDP and the primary budget balance are as follows:

g-r (g- real economic growth rate; r- real interest rate)	S<0 (Primary Deficit)	S>0 (Primary surplus)
g-r> 0 (Strong economic growth)	Public debt as percentage of GSDP should converge to a stable level greater than Zero	Public debt as percentage of GSDP should converge to a stable level less than zero leading to public savings.
g-r< 0 (slow economic growth)	Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.	Undefined situation.

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

Table 2.41: Debt sustainability analysis based on Domar Model

Year	Real Growth rate (g)	Real Interest rate (r)	g-r (Domar gap)	Primary Deficit (-)/ Surplus (+) (₹ in crore)	Remarks
2018-19	2.60	2.81	(-)0.21	(-)310.58	g-r< 0 and S<0 , Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level
2019-20	9.54	4.22	5.32	(-)614.48	g-r> 0 and S<0 , Public debt as percentage of GSDP should converge to a stable level greater than Zero
2020-21	-4.35	2.95	(-)7.30	(-)444.17	g-r< 0 and S<0 , Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.
2021-22	3.91	1.85	2.06	671.58	g-r> 0 and S>0 , Public debt as percentage of GSDP should converge to a stable level less than zero leading to public savings.
2022-23	10.37	1.12	9.25	(-)569.40	g-r> 0 and S<0 , Public debt as percentage of GSDP should converge to a stable level greater than Zero

Note: Real growth rate calculated for GSDP at constant prices

During the years 2021-22 and 2022-23, though the Domar gap (expressed as g-r) was positive and its value also increased from the preceding years, the primary surplus in 2021-22 turned into primary deficit in 2022-23. Therefore, the trends of strong economic growth (expressed as g-r>0) by only observing the Domar gap in 2021-22 and 2022-23 cannot be conclusively generalized due to low base in the post Covid year. Further, substantial proportion of public debt receipts was being used for repayment for borrowings, which ranged between 86.30 and 104.80 *per cent* during the period 2018-2023 (refer **Paragraph 2.6.1 (Table 2.35)**). Thus, it becomes evident that

depending solely on economic growth (expressed as $g-r > 0$ from 2021-2023) would not suffice to cover the debt obligations of the State.

(C) Details of the achievement *vis-à-vis* targets set in the FCR are shown in **Table 2.42**.

Table 2.42: Achievement *vis-à-vis* targets set in the FCR

Fiscal Parameters		Achievement <i>vis-à-vis</i> targets set in the FCR				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-) Surplus (+)/ GSDP	T	2.02	-2.11	-2.63	1.38	3.00
	A	1.95	-0.72	1.26	5.12	1.92
Fiscal Deficit (-) Surplus (+)/ GSDP	T	-5.13	-9.09	-9.58	-5.94	-5.73
	A	-4.08	-4.81	-4.36	-0.82	-4.35
Ratio of total outstanding liability to GSDP (<i>in per cent</i>)	T	40.25	40.09	39.73	38.69	41.70
	A	30.59	30.68	35.70	35.75	36.85
Guarantees in terms of percentage of Revenue Receipts of previous year	T	1.13	0.96	2.08	1.46	1.17
	A	1.10	1.53	1.53	1.66	1.41

Source: Finance Accounts, Budget documents

The ratio of revenue Deficit/ GSDP was 0.72 (2019-20) and revenue Surplus/ GSDP ranged between 1.26 to 5.12 in the remaining years during 2018-23. The ratio of fiscal deficit/GSDP fluctuated between 0.82 to 4.81 and outstanding liability/ GSDP ranged from 30.59 to 36.85. Although the outstanding liability/GSDP ratio and FD/GSDP remain within the targets fixed in the Fiscal Consolidation Roadmap during 2022-23, the State was unable to meet the targets of RD/GSDP during 2022-23. Further, there has been an increase in the committed expenditure as a percentage of the Revenue Receipts from 63.56 to 70.37 *per cent* as pointed out in **Paragraph 2.4.2.2**.

Breaching the levels of the fiscal indicators continuously may lead to the risk of the fiscal situation becoming unmanageable especially when the State Government is yet to contribute to the mandatory reserve funds like Guarantee Redemption Fund, payment of implicit subsidies, *etc.*

Fiscal sustainability risk:

- i) As per various fiscal and debt parameters depicted in **Table 2.42** above, debt stabilization trend is improving.
- ii) As per the Domar model analysis, the growth of rate of interest is generally higher/ lower than the rate of growth of the GSDP. This indicates that the GSDP rate and the interest rate would converge in the medium term/ would not converge in the short to medium term.
- iii) As per the macro fiscal parameters, such as ceiling on public debt, revenue and fiscal deficit and ceiling on guarantees given by the State Government in a particular year and as on 31st March of that year, the government's fiscal sustainability is a concern as indicated by the rising ratios of fiscal deficit-GSDP. Although the outstanding liability-GSDP ratio and fiscal deficit-GSDP remained within targets, the Government failed to meet the target for RD-GSDP. These trends highlight the need for the Government to address fiscal imbalance and work towards sustainable financial management.

2.7.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable.

The trends of the total borrowing, repayment of earlier borrowings and utilisation during the five years from 2018-19 to 2022-23 are given in **Table 2.43**.

Table 2.43: Utilisation of borrowed funds

(₹ in crore)					
1. Year	2018-19	2019-20	2020-21	2021-22	2022-23
2. Total Borrowings	2,907.22	7,869.82	11,434.86	8,708.55	7,158.69
3. Repayment of earlier borrowings (Principal) (In per cent)	2,596.27 (89.30)	6,867.25 (87.26)	9,903.92 (86.61)	7,950.16 (91.29)	5,324.29 (74.38)
4. Net Capital Expenditure (per cent)	1,595.56 (54.88)	1,206.32 (15.33)	1,671.93 (14.62)	1,893.85 (21.74)	2,704.22 (37.78)
5. Net loans and advances	4.19	8.18	4.38	0.73	-2.69
6. Portion of Revenue Expenditure met out of net available borrowings (2-3-4-5)	-1,288.8	-211.93	-145.37	-1,136.19	-867.13

Source: Finance Accounts of respective years

As can be seen from **Table 2.43**, the borrowings were utilised for repayment of earlier borrowings which ranged between 74.38 per cent (2022-23) and 89.30 per cent (2018-19), during the five-year period of 2018-23.

As per the Finance Commission, States are being given revenue deficit grants to reduce and ultimately eliminate revenue deficit and to enable all borrowings to be used for Capital Expenditure. In 2022-23, which is the second year of the Finance Commission period, the State Government has not been able to reduce the revenue deficit but has borrowed to meet its revenue deficit.

2.7.2 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 regarding cap on the guarantees. As per NFRBM Act, 2005, the State Government decided to charge guarantee fee at the rate of one per cent to cover the risk in the guarantees.

The details of outstanding guarantees given by the State Government including interest liability during the five-year period from 2018-19 to 2022-23 are shown in **Table 2.44**:

Table 2.44: Guarantees given by the State Government

(₹ in crore)					
Guarantees	2018-19	2019-20	2020-21	2021-22	2022-23
Ceiling applicable to the outstanding amount of guarantees including interest	No law has been passed by the State Legislature under Article 293 of the Constitution laying down the limit within which the Government may give guarantee on the security of Consolidated Fund of the State.				
Outstanding amount of guarantees including interest	120.96	174.96	174.96	189.96	189.96

Source: Finance Accounts of respective years

Government had guaranteed loans raised by various Corporations and Others which at the end of 2022-23 stood at ₹189.96 crore. During 2022-23, the Government did not pay any amount as no guarantee was invoked.

The Outstanding Guarantees was mainly given against repayment of principal and payment of interest on loan pertaining to Nagaland State Cooperative Bank Ltd. (₹45.24 crore). The Outstanding Guarantees of ₹189.96 crore as on 31 March 2023 was 1.35 per cent of the Revenue Receipts of the State during the year.

2.7.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, State Governments must maintain a minimum daily cash balance with the Bank. The State Government was required to maintain a daily minimum cash balance of ₹0.25 crore with the RBI. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMAs)/Special Ways and Means Advances (SWMAs)/Overdrafts (ODs) from time to time. The limit for ordinary WMA to the State Government is revised by the RBI from time to time.

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

It is not desirable that State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use.

Table 2.45 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 2.45: Cash Balances and their investment

	(₹ in crore)	
	Opening balance on 1 April 2022	Closing balance on 31 March 2023
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India	-399.64	320.78
Total	-399.64	320.78
Investments held in Cash Balance investment account	485.37	0.00
Total (A)	85.73	320.78
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	907.98	816.40
Permanent advances for contingent expenditure with department officers	0.00	0.00
Investment in earmarked funds	1,915.61	1,617.84
Total (B)	2,823.59	2,434.24
Total (A + B)	2,909.32	2,755.02
Interest realised	0.77	2.29

Source: Finance Accounts, 2022-23

It was noticed that State Government's opening general Cash Balance as on 01 April 2022 was ₹85.73 crore. The closing general Cash Balance (31 March 2023)

showed an increase of 274.17 *per cent* (₹235.05 crore) and stood at ₹320.78 crore. The State Government had earned ₹2.29 crore from the Cash Balance Investments during 2022-23.

However, the State Government could maintain the minimum daily cash balance with the RBI for 272 days during 2022-23 and as such WMAs/ SWMAs/ ODs was availed for 93 days during the year, for which an interest of ₹3.96 crore (*Appendix 1.1 Part C*) was paid.

The Cash Balance Investments of the State of Nagaland for last five years (2018-19 to 2022-23) are given in **Table 2.46**:

Table 2.46: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)				
Year	Opening Balance	Closing Balance	Increase (+)/decrease (-)	Interest earned
2018-19	63.16	134.96	71.80	9.57
2019-20	134.96	0.00	(-)134.96	1.78
2020-21	0.00	0.00	0.00	0.07
2021-22	0.00	485.37	485.37	0.77
2022-23	485.37	0.00	(-)485.37	2.29

Source: Finance Accounts of respective years

The trend analysis of the cash balance investment of the State Government revealed that during the five year-period of 2018-23, there has been large fluctuation in cash balance at the end of each year of the State.

2.8 Conclusion

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

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

Revenue Receipts (₹14,099.26 crore) increased by 4.82 *per cent* (₹648.12 crore) over the previous year (₹13,451.14 crore). The State's Own Tax Revenue increased by ₹160.80 crore (12.36 *per cent*), Non-Tax Revenue increased by ₹174.82 crore (57.59 *per cent*), Grants-in-Aid from GoI decreased by ₹212.43 crore (3.05 *per cent*) and State's Share of Union Taxes and Duties increased by ₹524.92 crore (10.77 *per cent*) respectively over the previous year.

Revenue Surplus decreased from ₹1,634.06 crore in 2021-22 to ₹688.90 crore in 2022-23, mainly due to a significant increase in Revenue Expenditure (13.48 *per cent*).

Fiscal Deficit (₹1,562.63 crore) increased by ₹1,302.11 crore (499.81 *per cent*) as compared to previous year (₹260.52 crore). Based on the result of examination of misclassification during post audit, the Revenue Surplus will reduce from ₹688.90 crore to ₹593.04 crore and Fiscal Deficit will increase from ₹1,562.63 crore to ₹1,637.82 crore.

Capital Expenditure (₹2,704.22 crore) increased by ₹810.37 crore (42.79 *per cent*) during 2022-23 compared to the previous year (₹1,893.85 crore) and stood at 16.78 *per cent* of total expenditure during the year. During the five-year period of 2018-23, the borrowings were utilised for repayment of earlier borrowings which ranged between 74.38 *per cent* (2022-23) and 89.30 *per cent* (2018-19).

The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). State Government transferred ₹2,358.92 crore in 2022-23. The whole amount was transferred through fully vouched bills. However, detailed vouchers and supporting documents of actual expenditure were not received by AG (A&E) office from the SNAs. As on 31 March 2023, an amount of ₹990.75 crore, including both Central and State shares, were parked in SNA bank Account of 74 schemes.

Under the Revenue Expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure (₹9,921.54 crore) like salary and wages, pension, interest payments steadily increased by ₹2,652.06 crore at a CAGR of 8.09 *per cent* from ₹7,269.48 crore in 2018-19 to ₹9,921.54 crore in 2022-23. The Committed Expenditure during the year 2022-23 was 70.37 *per cent* of the Revenue Receipts and 73.99 *per cent* of the Revenue Expenditure.

In addition to the committed expenditure, the inflexible expenditure as a percentage of Revenue Expenditure, showed fluctuating trend ranging from 8.46 to 13.49 *per cent*. Further, the inflexible expenditure (₹1,316.36 crore) increased by 11.54 *per cent* during 2022-23 over the previous year (₹1,238.08 crore).

Taken together, the committed and inflexible expenditure in 2022-23 was ₹11,256.25 crore; 83.94 *per cent* of the Revenue Expenditure. Upward trend on committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

At the end of 2022-23, the Government provided guarantees of ₹189.96 crore against loans various Corporations and Others. During 2022-23, the Government did not pay any amount as no guarantee was invoked.

As per the debt stabilisation analysis, the outstanding Public Debt liability rapidly increased by ₹5,126.29 crore at a CAGR of 13.02 *per cent* from ₹8,115.52 crore in 2018-19 to ₹13,241.81 crore in 2022-23 whereas the Debt/ GSDP ratio increased from 39.75 to 43.38 *per cent*, which indicates that debt stabilisation may not be possible in near future.

During the years 2021-22 and 2022-23, though the Domar gap (expressed as $g-r$) was positive and its value also increased from the preceding years, the primary surplus in 2021-22 turned into primary deficit in 2022-23. Therefore, the trends of strong economic growth (expressed as $g-r > 0$) by only observing the Domar gap in 2021-22 and 2022-23 cannot be conclusively generalized due to low base in the post Covid year. Further, substantial proportion of public debt receipts was being used for repayment for borrowings, which ranged between 86.30 and 104.80 *per cent* during the period 2018-2023. Thus, it becomes evident that depending solely on economic growth (expressed as $g-r > 0$ from 2021-2023) would not suffice to cover the debt obligations of the State.

Going by the analysis and results as discussed above, the finances of the State of Nagaland is marked by increasing trend of liabilities, which pose risk to the target of debt stabilisation and debt sustainability.

2.9 Recommendations

- To avoid possible future liabilities under NPS, the State Government needs to fulfil its obligation by releasing arrears of its contributions and transferring the outstanding funds already accumulated, to NSDL for management of the NPS.
- The State Government may ensure that mobilised debt resources are used adequately for incurring Capital Expenditure for creation of assets. Further, corrective measures like identifying potential wasteful expenditure and adopting economy measures across Departments must be taken to check the increasing trend in Revenue Expenditure. Steps may be taken to raise own non tax revenues to meet the interest on debt liabilities.
- Diversifying revenue and strengthening the local tax base are essential for sustainable fiscal stability and development.
- The Government may ensure that the outstanding arrears of revenue are assessed and recovered in time by strengthening its monitoring mechanism.
- State Government needs to keep up the trend of Own Tax Revenue collection achieved during 2022-23 by focusing on other potential areas, apart from State Goods and Services Tax to have a sustained increase in Own Tax Revenue.
- The State Government should undertake adequate measures to increase own resources of revenue including recovery of arrears of revenue.
- The State Government should strive to improve its non-tax revenue mobilisation efforts.
- The State Government may plan to complete the oldest projects without further delay to avoid time and cost overrun and to accrue the desired benefit.
- The State Government may ensure transfer of the fund to the Nagaland Building and Other Construction Workers' Welfare Board within the stipulated timeline as per the extent provision.

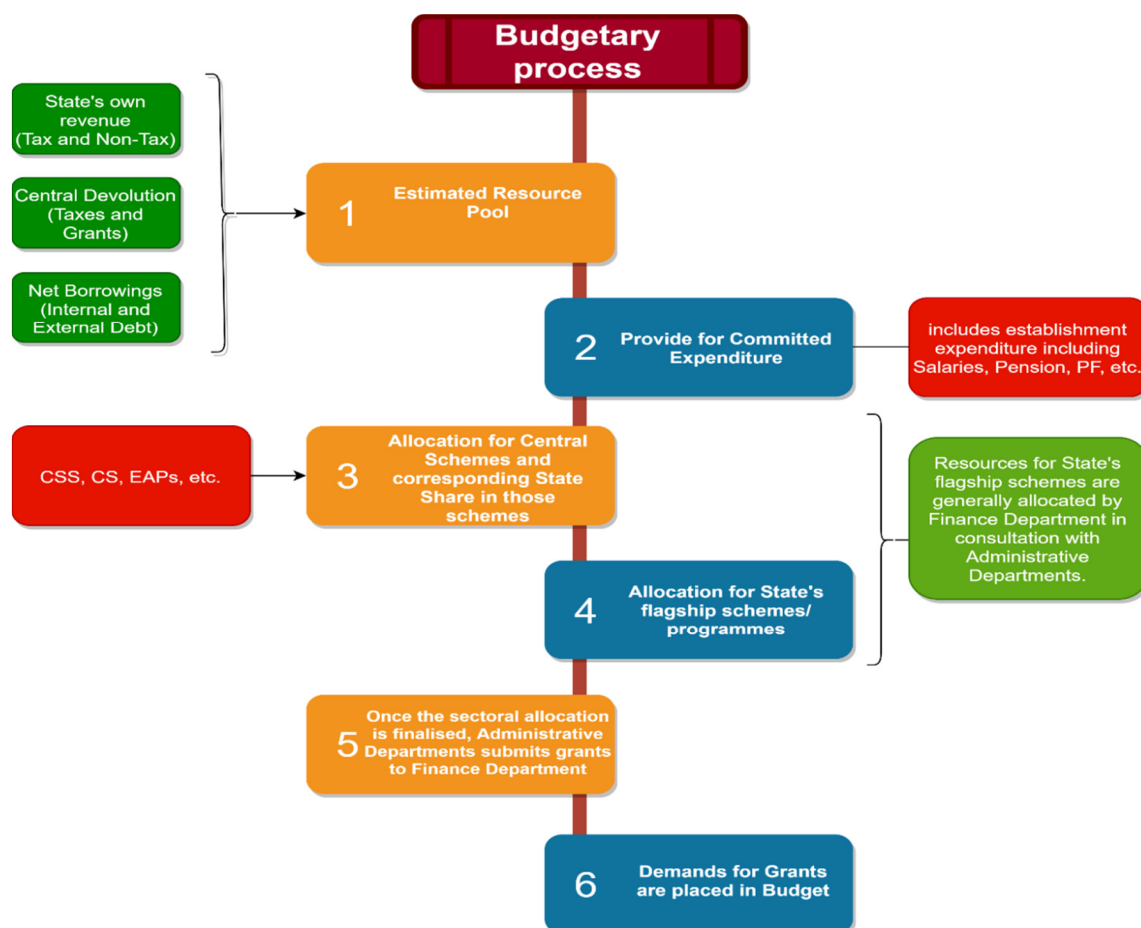
CHAPTER III

BUDGETARY MANAGEMENT

Chapter III: Budgetary Management

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Budget glossary is given in *Appendix 1.1 Part A*. 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 as under:



CSS: Centrally Sponsored Schemes; CS: Central Schemes, EAP: Externally Aided Projects.

The Government of Nagaland has not yet prepared a Budget Manual, detailing the processes involved in the budget formulation exercise, roles and responsibilities of the persons entrusted with the preparation and implementation of the budget, timelines for preparation and submission of budgetary estimates, requirements of supplementary budget, mode of seeking re-appropriations within Grants, assessment of savings, surrenders, *etc.* and monitoring and controls to be exercised by the Controlling Officers at all stages of budget preparation and implementation.

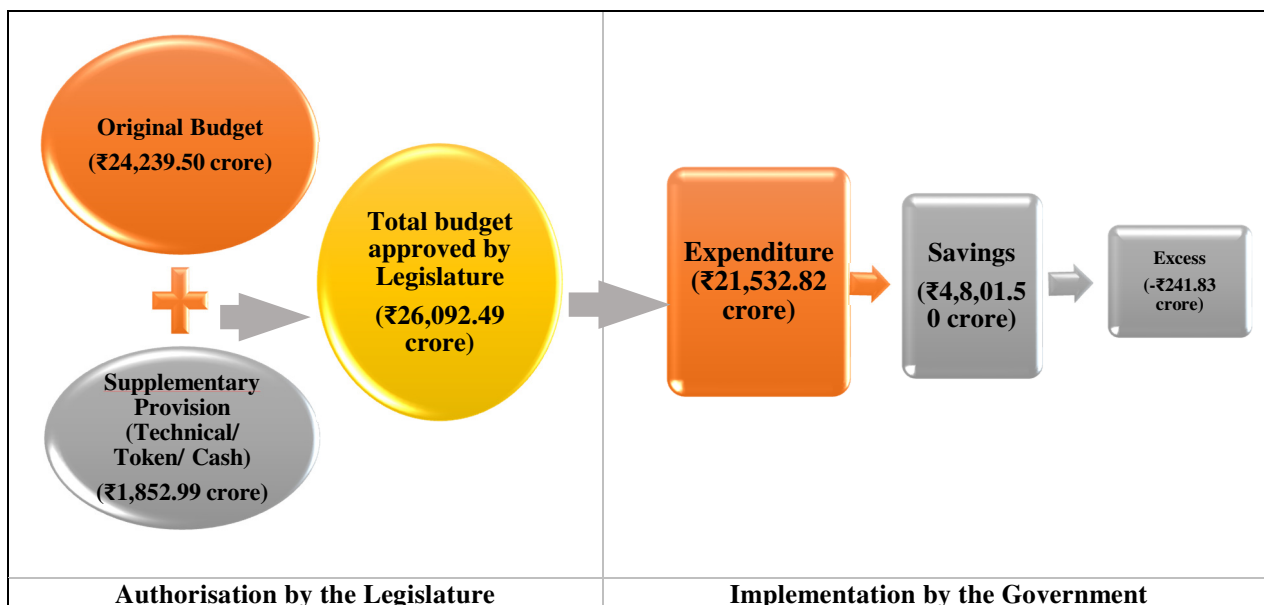
In the absence of a Budget Manual, the State Government has been following various provisions of the Constitution of India, General Financial Rules and guidelines issued by the Central Government.

Legislative authorisation is the *sine qua non* for incurrence of all expenditure by the State Government. To guide individual Government Departments, the State Government framed financial rules and provided for delegation of financial powers. These delegations establish the 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 82 Demands for Grants. Normally, every Department has one Demand for Grant, to ensure that Heads of Departments take responsibility for implementing the policy decisions and expending public funds for the intended purposes.

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 are depicted in **Chart 3.1:**

Chart 3.1: Components of Budget



Source: Appropriation Accounts, 2022-23

During the current year, the total budget approved by the State Legislature (₹26,092.49 crore) was ₹448.03 crore (1.75 per cent) more than the previous year (₹25,644.46 crore). The Budget Outlay of the State grew at a CAGR of 6.26 per cent from ₹20,469.97 crore in 2018-19 to ₹26,092.48 crore in 2022-23. The overall Savings, during the year, was ₹4,559.67 crore which was 40.64 per cent of the Supplementary provision of ₹1,852.99 crore. During the year, the excess expenditure (₹241.83 crore) over the budgetary provision occurred in seven grants. The overall expenditure of the State, during the year, was ₹21,532.82 crore which was ₹158.03 crore (0.73 per cent) lesser than the previous year (₹21,690.85 crore).

Chart 3.1 indicates that Supplementary Grant of ₹1,852.99 crore was not required as the gross expenditure was ₹2,706.68 crore less than the Original Provisions. It is pertinent to mention that Supplementary Grant was taken on 28 March 2023 and total expenditure as of February 2023 was only ₹18,179.83 crore as per monthly civil accounts submitted by the Treasuries, leaving ₹6,059.67 crore with the State Government for the remaining 31 days. With the Supplementary Grant, total funds available with the State Government were ₹7,912.66 crore, which was 43 *per cent* of the total expenditure in the first 11 months of 2022-23. This was indicative of over estimation and need for better financial management.

3.1.1 Summary of total provisions, actual disbursements and savings during 2022-23

A summarised position of total budget provision, disbursement and saving/ excess with its further bifurcation into voted/ charged are shown as under:

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
18,031.26	8,061.22	15,169.20	6,363.62	3,103.84	1,697.66	241.78	0.06

Source: Appropriation Accounts, 2022-23

There was an overall savings of ₹4,801.50 crore during the year 2022-23 which was 18.44 *per cent* of total Grants/ Appropriations and 22.34 *per cent* of the expenditure.

These savings may be seen in the context of estimation of Receipts of ₹23,145.66 crore by the State Government and estimation on the expenditure side being ₹26,092.48 crore during the year 2022-23. This implied that the savings were notional, as the funds were not actually available for expenditure. This is an indicative of poor exercise of budget formulation in the State.

3.1.1.1 Charged and voted disbursements

Break-up of total disbursement into charged and voted during the last five-year (2018-23) is given in **Table 3.2**.

Table 3.2: Break-up of total disbursement into charged and voted during 2018-23

Year	Disbursements		Saving (-)/ Excess (+)	
	Voted	Charged	Voted	Charged
	2018-19	11,538.47	3,619.72	(-) 2,992.08
2019-20	11,869.85	7,863.79	(-) 2,726.39	(-) 36.39
2020-21	11,843.76	10,801.26	(-) 3,784.94	(-) 465.69
2021-22	12,768.59	8,922.26	(-) 3,609.17	(-) 344.44
2022-23	15,169.20	6,363.62	(-) 2,862.06	(-) 1,697.60

Source: Appropriation Accounts of respective years

As can be seen from **Table 3.2**, there were savings under Voted and Charged heads in all the years during the five-year period of 2018-23.

3.1.1.2 Budget marksmanship

Aggregate Budget Outturn

Aggregate Budget Outturn measures the extent to which the aggregate budget expenditure outturn/ actual expenditure reflects the amount originally approved, both in terms of less than approved and more than approved.

(₹ in crore)

Description	Original Approved Budget (BE)	Actual Outturn	Difference between Actual and BE*
(1)	(2)	(3)	(3)-(2)
Revenue	21,206.25	18,828.60	(-) 2,377.65
Capital	3,033.25	2,704.22	(-) 329.03
Total	24,239.50	21,532.82	(-) 2,706.68

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

In Revenue section, deviation in outturn compared with BE was (-) 11.21 per cent. This was due to deviation between 0 and ± 25 per cent in 68 grants, between ± 25 to ± 50 per cent in nine grants and between ± 50 per cent to ± 100 per cent in five grants.

In Capital Section, deviation in outturn compared with BE was (-) 10.85 per cent. This was due to deviation between 0 and ± 25 per cent in 41 grants, between ± 25 to ± 50 per cent in six grants, between ± 50 to ± 100 per cent in 10 grants and equal to or more than 10 per cent in six grants. No provision was, however, made in respect of 19 grants of the Capital section.

Expenditure Composition Outturn

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

(₹ in crore)

Description	Original Approved Budget (BE)	Revised (RE)	Actual Outturn	Difference between BE & RE	Difference between Actual and RE*
(1)	(2)	(3)	(4)	(3)-(2)	(4)-(3)
Revenue	21,206.25	21,918.25	18,828.60	712.00	(-) 3,089.65
Capital	3,033.25	4,174.24	2,704.22	1,140.99	(-) 1,470.02
Total	24,239.50	26,092.49	21,532.82	1,852.99	(-) 4,559.67

* Excess of actuals over revised estimate is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figure

In Revenue section, deviation in outturn compared with RE was (-) 14.10 per cent. This was due to deviation between 0 and ± 25 per cent in 68 grants, between ± 25 to ± 50 per cent in nine grants and between ± 50 to ± 100 per cent in five grants.

In Capital section, deviation in outturn compared with RE was (-)35.22 per cent. This was due to deviation between 0 and ± 25 per cent in 45 grants, between ± 25 to ± 50 per cent in 11 grants and between ± 50 to ± 100 per cent in nine grants. No provision was, however, made in respect of 17 grants of the Capital section.

3.2 Appropriation Accounts

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

3.3 Comments on integrity of budgetary and accounting process

3.3.1 Expenditure incurred without authority of law

Rule 26 of General Financial Rules, 2017 stipulates that the duties and responsibilities of a controlling officer in respect of funds placed at his disposal are to ensure that (i) the expenditure does not exceed the budget provision and (ii) the expenditure is incurred for the purpose for which funds have been provided.

Audit scrutiny revealed that in Grant No. 31 School Education, expenditure of ₹10 lakh and above was incurred (total expenditure was ₹16.16 crore), without budget provision as detailed in *Appendix 3.1*. Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of non-compliance of the Financial Rules by the Controlling officers in the Department.

3.3.2 Capital Expenditure as Revenue Expenditure and vice versa

Misclassification of expenditure of revenue nature as Capital Expenditure or *vice-versa*, results in overstatement/ understatement of Revenue Expenditure and revenue deficit/ surplus.

Examination of the accounts and Voucher Level Computerisation (VLC) data showed that -

1. During the year, an expenditure of ₹23.96 crore related to minor works was booked under Capital Expenditure instead of Revenue Expenditure as minor works/Maintenance and repairs. This ultimately led to overstatement of Capital Expenditure and understatement of Revenue Expenditure.
2. During the year, an expenditure of ₹3.29 crore related to major works was booked under Revenue Expenditure instead of Capital Expenditure. This led to overstatement of Revenue Expenditure and understatement of Capital Expenditure.

3.3.3 Unnecessary or excessive supplementary grants

The existence of likely or actual savings in the budget should never be seized upon as an opportunity to introduce fresh items of expenditure which ought to wait till next year. Known savings in the budget should not be left un-surrendered for fear of the next year's budget allotment being reduced.

Considerable Re-Appropriation from one Sub-Head to another must always be avoided. That fresh expenditure is unavoidable or imperatively necessary or that it will produce consequential economics or that it is essential for preserving the revenue or the public safety are reasonable justifications for introducing fresh expenditure during the year,

but in such circumstances, it must be shown that the requirements could not have been foreseen and provided for in the budget. The process of Re-Appropriation is not designed merely to rectify omissions and lack of foresight.

Supplementary Provision of ₹202.80 crore obtained by 13 Departments during the year proved unnecessary as the expenditure either did not come up to the level of Original Provision or the subsequent Supplementary Provision was not utilised by the Departments concerned as detailed in **Appendix 3.2**. Cases where supplementary provision (₹50 lakh or more in each case) proved unnecessary are given in **Table 3.3**.

Table 3.3: Details of cases where supplementary provision proved unnecessary

(₹ in crore)					
Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Savings out of Original Provisions
(A) Revenue (Voted)					
1.	28- Civil Police	1,785.85	19.81	1,764.99	20.86
2.	32- Higher Education	207.49	30.39	198.33	9.16
3.	37- Municipal Administration	76.71	29.05	32.99	43.72
4.	43- Social Security and Welfare	312.68	98.58	274.00	38.68
5.	69- Fire and Emergency Services	42.80	1.78	41.96	0.84
Total A		2,425.53	179.61	2,312.27	113.26
(B) Capital (Voted)					
6.	26- Civil Secretariat	85.50	6.80	66.42	19.08
7.	32- Higher Education	98.07	15.70	33.04	65.03
Total B		183.57	22.50	99.46	84.11
Grand Total (A + B+ C)		2,609.10	202.11	2,411.73	197.37

Source: Appropriation Accounts, 2022-23

3.3.4 Unnecessary Re-appropriation

According to Financial Rules, reasons for additional expenditure and savings should be explained in the Re-appropriation statement and specific reasons should be given and expressions such as “based on actual requirements”, “based on trend of expenditure”, *etc.*, should be avoided. However, scrutiny of Re-appropriation orders issued by the Finance Department revealed that out of a total of 82 grants, Re-appropriation was done in 62 grants (76 per cent) on the last day without stating specific reasons for withdrawal of provision or additional provision by way of Re-appropriation of funds. This Re-appropriation on the last day of the financial year resulted in savings in nine Grants, which was avoidable, as discussed in **Paragraph 3.3.3**.

Injudicious (excess/unnecessary/insufficient re-appropriation) re-appropriation of Funds made during the year 2022-23 proved excessive (by 10 lakh or more and less than or equal to savings/ excess) resulting in savings of ₹67.50 crore in seventeen Sub-heads and Excess of ₹261.15 crore in twenty-seven Sub-heads as detailed in **Appendix 3.3**.

The Departments did not have enough time to utilise the re-appropriated funds as it was done on the last working day. Had re-appropriations been done in advance, the timely utilisation of funds could have been maximised. Substantial savings/Excess of more than ₹0.10 crore in respect of Heads of Account where re-appropriation was resorted to

or not made, reflects poorly on planning and monitoring of budget allocation and its utilisation by the State Government.

3.3.5 Unspent amount and surrendered appropriations and/ or Large Savings/ Surrenders

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or slipshod estimating, it is not readily excusable. 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 check of average of previous actuals 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. Surrenders are made generally in the month of March. A careful study of figures of expenditure incurred and constant watch over the progress of last month's expenditure should enable a Controlling Officer to arrive upon his 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 to keep the expenditure just within the modified Grant.

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ 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 deprives other Departments of the funds which they could have utilised.

The audit of Grants revealed that there was a total Savings of ₹4,801.50 crore, out of which Savings of ₹4,770.09 crore occurred in 44 Grants (**Appendix 3.4**) which exceeded ₹One crore in each case or by more than 20 per cent of the Grant. Further, there were savings of ₹4,191.89 crore (savings were ₹50 crore and above in each case) in 13 Grants as shown in **Table 3.4**.

Table 3.4: List of Grants having large savings (savings above ₹ 50 crore) during the year
(₹ in crore)

Sl. No.	Number and name of the Grant	Total provision (O+S)	Expenditure	Saving/ Excess	Surrender
Revenue (Voted)					
1.	26- Civil Secretariat	359.60	240.63	118.97	118.97
2.	27- Planning Machinery	155.72	41.30	114.42	114.41
3.	31- School Education	1,856.95	1,798.73	58.22	115.80

Sl. No.	Number and name of the Grant	Total provision (O+S)	Expenditure	Saving/ Excess	Surrender
4.	35- Medical, Public Health and Family Welfare	894.13	794.58	99.55	100.01
5.	37- Municipal Administration	105.76	32.99	72.77	72.76
6.	42- Rural Development	962.50	540.07	422.43	422.24
7.	43- Social Security and Welfare	411.26	274.00	137.26	79.19
8.	48- Agriculture	418.80	283.17	135.63	135.63
Capital (Voted)					
1.	27- Planning Machinery	644.98	196.79	448.19	448.18
2.	32- Higher Education	113.77	33.04	80.73	80.73
3.	37- Municipal Administration	511.33	157.87	353.46	356.86
4.	52- Forest, Environment and wildlife	95.00	37.07	57.93	65.32
5.	58- Roads and Bridges	875.56	814.78	60.78	144.90
6.	60- Water Supply	416.39	80.95	335.44	335.44
Revenue (Charged)					
1.	75-Servicing of Debt	1,203.26	993.23	210.03	210.04
Capital (Charged)					
1.	75-Servicing of Debt	6,810.37	5,324.29	1,486.08	1,486.08
Grand Total		15,835.38	11,643.49	4,191.89	4,286.56

Source: Appropriation Accounts. 2022-23 O-Original; S-Supplementary

It was observed that out of the above 13 Grants, in one Grant, there was persistent low utilisation (less than 50 per cent) in the last five years from 2018-19 to 2022-23. This is indicative of lack of checking by the Administrative and Finance Departments of the estimates, applying unrelentingly the proven and well-tried check of average of previous actuals with known or reasonably foreseeable facts.

Details of utilisation of budgetary allocation in this Grant are shown in **Table 3.5**.

Table 3.5: Budget utilisation less than 50 per cent (in 2022-23)

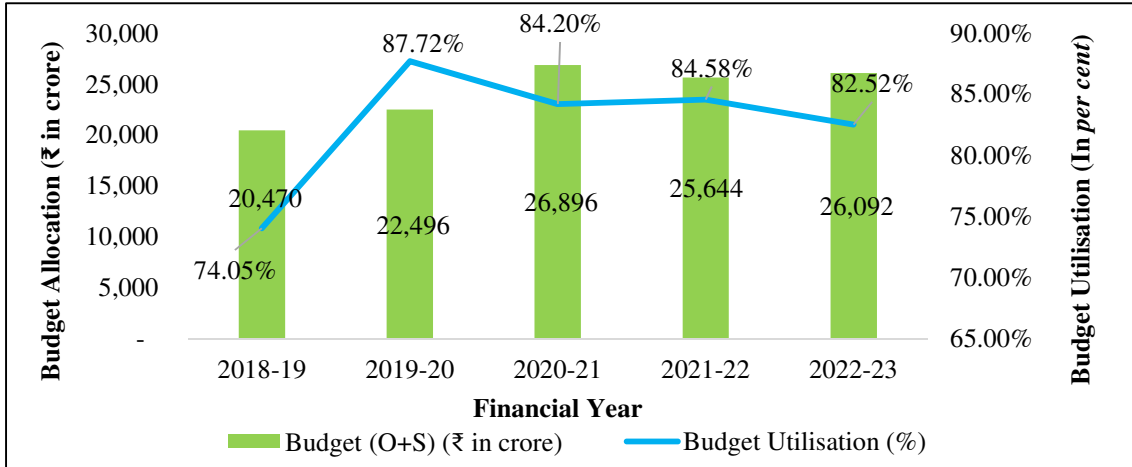
Grant	Budget utilisation during the years: (in per cent)					Number of years*	Budget 2022-23	Total Budget for five years
	2018-19	2019-20	2020-21	2021-22	2022-23		₹ in crore	
27-Planning Machinery	27.89	37.37	27.17	28.25	29.74	05	800.69	4,418.06

Source: Appropriation Accounts of respective years

* Number of years with utilisation below 50 per cent

It can be seen from **Table 3.5** that in Grant 27, low utilisation (less than 50 per cent) was noticed in all the five years. This is indicative of systemic issues that warrant a close review by the Government to enable initiation of corrective measures.

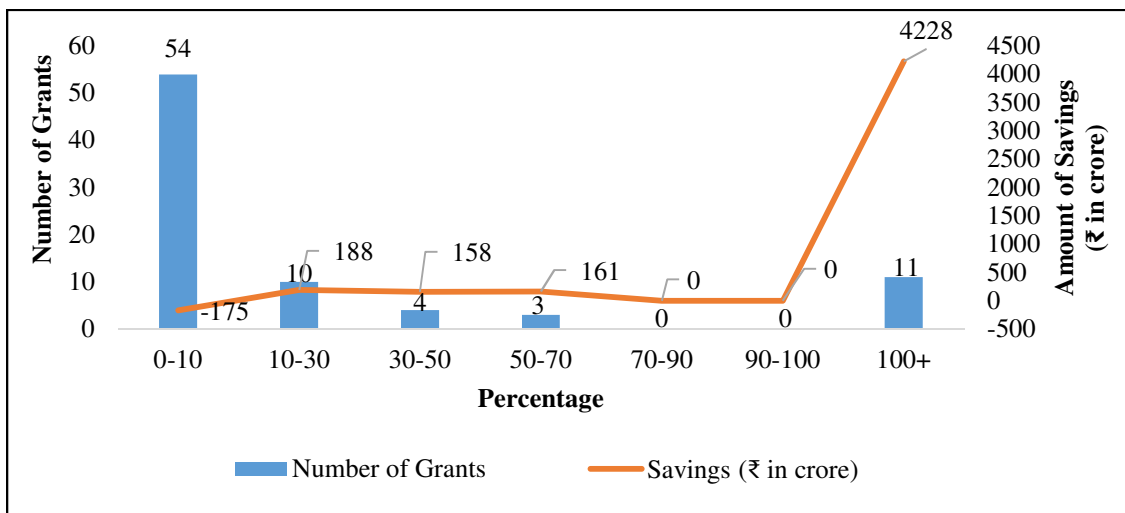
Utilisation of budgeted funds by the State has been sub optimal every year during the past few years. The extent of utilisation of budget during the five-year period from 2018-19 to 2022-23 is in **Chart 3.2**.

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

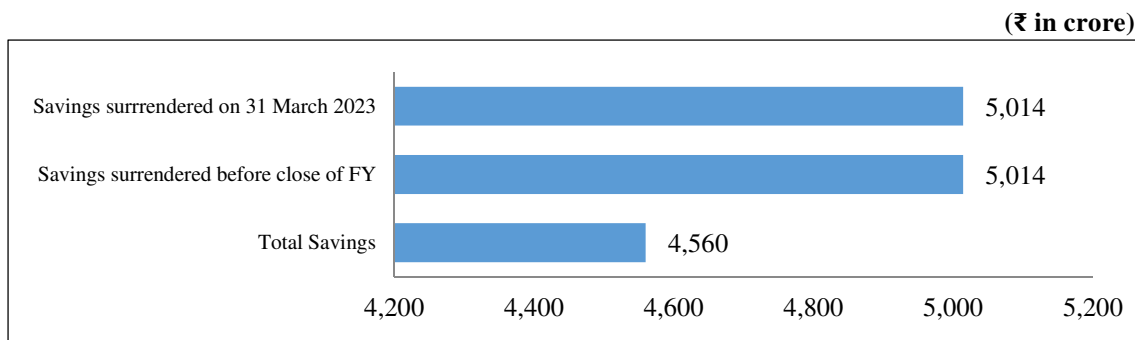
Source: Appropriation Accounts of the respective years

As can be seen from **Chart 3.2**, utilisation of budget has been around 83 *per cent* during four of the last five years and has shown fluctuating trend, though it was minimum at around 74 *per cent* in 2018-19. Large amount of savings in allocated funds indicate both poor budget management/ estimation/ inaccurate assessment of requirement as well as inadequate capacity to utilise the funds for intended purposes.

The distribution of number of Grants grouped by the percentage of savings for 2022-23 and the overall savings and surrenders before close of the financial year 2022-23, are depicted in **Chart 3.3** and **Chart 3.4**.

Chart 3.3: The distribution of the number of Grants grouped by the percentage of savings along with total savings in ₹one crore in each group

Source: Appropriation Accounts, 2022-23

Chart 3.4: Savings and surrenders before close of financial year 2022-23

Source: Appropriation Accounts, 2022-23 and Surrender/ Re-appropriation orders for 2022-23

3.3.6 Excess expenditure and its regularisation

Article 205(1) (b) of the Constitution of India provides that if more money has been spent on any service during a financial year than the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. This implies that, it is mandatory for a State Government to get excesses over grants/ appropriations regularised by the State Legislature for the Financial Year.

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. Failure to do so is in contravention of Constitutional provisions and defeats the objective of ensuring accountability by the Legislature over the executive, over utilisation of public money.

3.3.6.1 Excess expenditure relating to 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.

It was observed that during 2022-23, there was an excess disbursement over grants of ₹241.83 crore under eight Departments. The summary of excess disbursements over grants during the financial year 2022-23 is given below:

Table 3.6: Summary of excess disbursements over grants during the financial year

(₹ in crore)

	Name of Department		Number of Grants
	Public Work/ Irrigation/ Forest	Other	
Revenue (Voted)	6.75	160.43	02
Revenue (Charged)	0.00	0.05	01
(A) Total Excess (Revenue)	6.75	160.48	03
Capital (Voted)	0.00	74.60	05
(B) Total Excess (Capital)	0.00	74.60	05
Grand Total (A + B)	6.75	235.08	08

Source: Appropriation Accounts, 2022-23

The details of the Major Head wise excess disbursement over the budget during the year 2022-23 requiring regularisation is shown in **Table 3.7**.

Table 3.7: Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State during 2022-23

(₹ in crore)

Sl. No.	Grant No.	Major Head	Major Head Description	Total Provision	Re-appropriation	Total	Expenditure	Excess	Reason for excess stated by the Department
Revenue (Voted)									
1.	18	2071	Pension & Other Benefits	2,587.71	71.06	2,658.77	2,819.20	160.43	Department reply yet to be furnished
2.	52	2406	Forest, Environment & Wildlife	121.42	0.00	121.42	128.17	6.75	
Capital (Voted)									
3.	31	4202	Capital Outlay on Education, Sports, Art & Culture	24.07	93.79	117.85	119.64	1.79	Department reply yet to be furnished
4.	36	4217	Capital Outlay on Urban Development	130.01	0.00	130.01	140.89	10.88	
5.	47	5475	Capital Outlay on Other General Economic service	1.00	0.00	1.00	2.00	1.00	
6.	65	4202	Samagra Shiksha	0.97	0.00	0.97	0.97	0.00*	
7.	68	4055	Capital Outlay on Police	10.60	52.23	62.83	123.76	60.93	
Revenue (Charged)									
8.	1	2011	State Legislature	1.09	0.81	1.90	1.95	0.05	Department reply yet to be furnished
Total								241.83	

Source: Appropriation Accounts, 2022-23 *Due to rounding off the actual amount of ₹2000.

This excess disbursement is in violation of Article 204 of the Constitution of India which provides that no money shall be withdrawn from the Consolidated Fund, except under appropriation made by Law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.3.6.2 Persistent excesses in certain Grants

Examination of records revealed that there was no grant having persistent excesses during the five-year period of 2018-23.

3.3.6.3 Regularisation of excess expenditure of previous financial years

Article 205 of the Constitution of India mandates the State Government to get the excess expenditure over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation was prescribed under this Article, excess expenditure was to be regularised after discussion of the Appropriation Accounts by the PAC. Administrative Departments concerned are required to submit Explanatory Notes for excess expenditure to PAC through Finance Department.

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive. The details of the grant-wise excess expenditure relating to previous years requiring regularisation are given in **Table 3.8**.

Table 3.8: Excess expenditure relating to previous years (2018-22) requiring regularisation

(₹ in crore)			
Year	Name of Grants	Total Number of Grants	Amount of excess required to be regularised
2017-18	04,05,07,28,38,54,55,56,78	09	14.51
2018-19	22	01	0.01
2019-20	20,25,28,39,44,51,66,72,75,77	10	197.95
2020-21	45,53,66	3	1.48
Total			213.95

Source: Appropriation Accounts of respective years

During the period 2018-22, there was an excess expenditure of ₹213.95 crore under 21 Grants. This is in violation of Article 204 (3) of the Constitution of India which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.4 Comments on effectiveness of budgetary and accounting process

3.4.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/ other receipts and public expenditure holds the balance for achievement of various fiscal indicators. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some Departments deprives other Departments of the funds which they could have utilised.

The summarised position of actual expenditure during 2022-23 against 82 Grants is given in **Table 3.9**.

Table 3.9: Summarised position of Actual Expenditure vis-à-vis Budget (Original/ Supplementary) provisions during the financial year

(₹ in crore)								
	Nature of expenditure	Original Grant	Supplementary Grant	Total	Actual expenditure	Net of Savings (-)	Surrender during March	
							Amount	per cent
Voted	I. Revenue	13,151.92	704.54	13,856.46	12,464.64	(-)1,391.82	1,575.21	113
	II. Capital	3,033.25	1,140.98	4,174.23	2,704.21	(-)1,470.02	1,741.20	118
	III. Loans and Advances	0.57	0.00	0.57	0.35	(-) 0.22	0.22	100
	Total	16,185.74	1,845.52	18,031.26	15,169.20	(-) 2,862.06	3,316.63	116
Charged	IV. Revenue	1,243.39	7.47	1,250.85	1,039.33	(-) 211.52	211.60	100
	V. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	VI. Public Debt-Repayment	6,810.37	0.00	6,810.37	5,324.29	(-)1,486.08	1,486.08	100
	Total	8,053.76	7.47	8,061.22	6363.62	(-) 1,697.60	1,697.68	100

Nature of expenditure	Original Grant	Supplementary Grant	Total	Actual expenditure	Net of Savings (-)	Surrender during March	
						Amount	per cent
Appropriation to Contingency Fund	--	--	--	--	--	--	--
Grand Total	24,239.50	1,852.99	26,092.48	21,532.82	(-)4,559.66	5,014.31	109.97

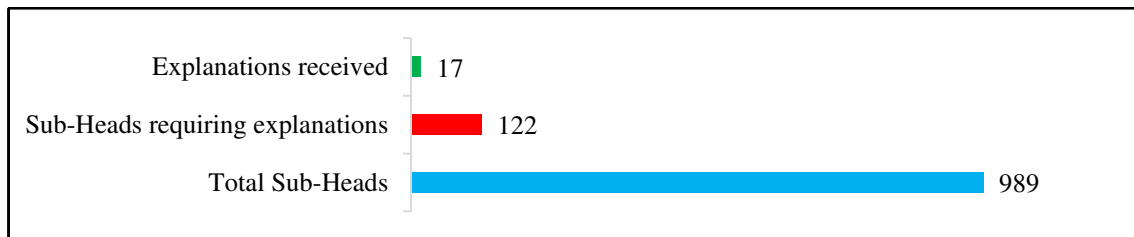
Source: Appropriation Accounts, 2022-23

During 2022-23, against the total budget approved by the State Legislature of ₹26,092.49 crore (Original: ₹24,239.50 crore plus Supplementary: ₹1,852.99 crore) the Departments incurred an expenditure of ₹21,532.82 crore leaving a net savings of ₹4,559.66 crore (17.47 per cent of the total budget).

Overall Savings of ₹4,559.66 crore (17.47 per cent of Total Allocation) was the result of Savings in 77 Grants under Revenue Section and 28 Grants under Capital Section. During the year, the amount surrendered was 109.97 per cent of overall Savings.

The Savings/ Excess (Detailed Appropriation Accounts for the year 2022-23) were intimated to all the 82 Controlling Officers requesting them to explain the significant variations. The Controlling Officers of 13 Departments of the State furnished their replies before finalisation of the Appropriation Accounts 2022-23. However, no valid reasons for the Savings/ Excess were explained or explicitly stated by any of the Departments. The status is given in **Chart 3.5**.

Chart 3.5: Summary of Explanation for Variation in Appropriation Accounts



Source: VLC data of AG (A&E)

The trend in percentage of overall saving/excess against overall provision in the budget for the last five years from 2018-19 to 2022-23 is detailed in **Table 3.10** and **Chart 3.6**.

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

	(₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
Original Budget (OB)	18,315.76	18,026.11	21,068.85	22,816.61	24,239.50
Supplementary Budget (SB)	2,154.21	4,470.31	5,826.79	2827.84	1,852.99
Total Budget (TB)	20,469.97	22,496.42	26,895.64	25644.46	26,092.48
Revised Estimate (RE)	15,110.88	19,172.92	22,829.66	21,620.98	23,121.12
Actual Expenditure (AE)	15,158.19	19,733.64	22,645.88	21690.85	21,532.82
Saving (-) /excess (+)	(-)5,311.78	(-)2,762.78	(-) 4,249.76	(-)3,953.61	(-)4,559.66
Percentage of SB to OB	11.76	24.80	27.66	12.39	7.64
Percentage of Savings to the overall provision	25.95	12.28	15.80	-15.42	-17.48
TB-RE	5,359.09	3,323.50	4,065.98	4,023.48	2,971.36
RE-AE	-47.31	-560.72	183.78	-69.87	1,588.30
(TB-RE) as percentage of TB	26.18	14.77	15.12	15.69	11.39
(RE-AE) as percentage of TB	-0.23	-2.49	0.68	-0.27	6.09

Source: Appropriation Accounts of respective years

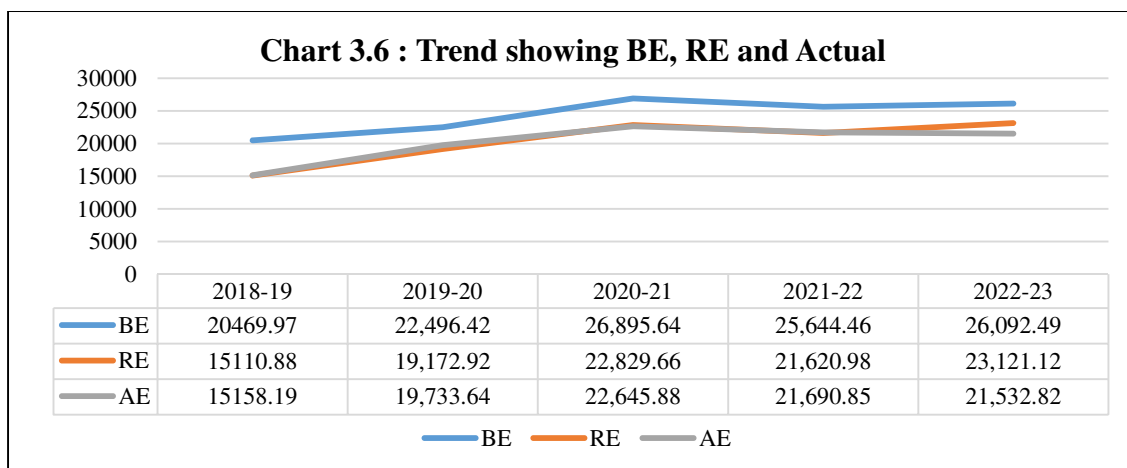


Table 3.10 shows that supplementary provision of ₹1,852.99 crore during 2022-23 constituted 7.64 per cent of the original provision as against 12.39 per cent in the previous year.

From the above Chart, it can be seen that over the years from 2018-19 to 2022-23, the Revised Estimate (RE) was always lower than the Total Budget (TB) of the State. The gap between the RE and the TB showed a fluctuating trend wherein during the first two years and last three years, it decreased though it increased from 2018-19 to 2019-20.

In terms of percentage, the RE was 26.18 per cent lower than the TB in 2018-19 which decreased to 11.39 per cent in 2022-23. Further, the percentage of Actual Expenditure (AE) during the same period was also lower than the RE in two years and it ranged between -0.27 to 6.09 per cent. Therefore, the supplementary provisions during these years proved unnecessary since the expenditure did not come up even to the level of original budget provisions.

This reflects that budgetary allocations were based on unrealistic proposal as Budget Estimates of the State were always inflated and the Actual Expenditure was less than the budgetary provision.

3.4.2 Supplementary budget and opportunity cost

At times, while obtaining supplementary provisions, the Departments report to legislature large additional requirement for different purposes under various schemes/activities; but finally, they are unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. As a result, the un-utilised funds cannot be made use of. At the same time, some of the schemes remain incomplete due to want of funds. Thus, the intended benefit of the unfinished schemes cannot be extended to the public at large in such cases. Further, this leads to escalation of project cost.

The Government also announces several new policies/schemes for implementation through the Finance Minister (FM) Budget Speech and other budget documents which is either for that Financial Year *i.e.*, one-time activity or is of recurring nature. Broadly, all the schemes, budget allocation thereon, timeframe of their completion and intended benefit announced by Government can be gathered from the Budget Speech of the FM.

Actual figures related to expenditure with funding pattern *i.e.*, from the State's own resources or from Central Government assistance or through debt may be 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 the year, it was noticed that in 25 major grants (savings of more than ₹One crore or more than 20 *per cent* of the total provisions), the total budget provisions of ₹5,756.33 crore (Capital/ voted) proved unnecessary/ excessive as the actual expenditure of ₹5,141.77 crore did not come up to the total budget provisions resulting in ₹614.56 crore un-utilised funds under these grants as detailed in **Table 3.11**.

Table 3.11: List of grants with un-utilised fund during 2022-23

(₹ in crore)						
Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
Revenue (Voted)						
1.	1- State Legislature	40.28	21.10	61.38	59.94	1.44
2.	9- Taxes on Vehicles	16.00	0.18	16.18	15.61	0.57
3.	14- Jails	63.57	9.70	73.27	71.25	2.02
4.	21- Relief of Distress Caused by Natural Calamities	62.20	100.90	163.10	152.38	10.72
5.	28- Civil Police	1,785.85	19.81	1,805.66	1,764.99	40.67
6.	32- Higher Education	207.49	30.39	237.88	198.33	39.55
7.	33- Youth Resources and Sports	40.01	10.55	50.56	49.52	1.04
8.	37- Municipal Administration	76.71	29.05	105.76	32.99	72.77
9.	43- Social Security and Welfare	312.68	98.58	411.26	274.00	137.26
10.	51- Fisheries	32.54	8.34	40.88	36.63	4.25
11.	55- Power	648.63	120.49	769.12	759.48	9.64
12.	65- State Council of Education Research and Training	41.49	5.72	47.21	43.50	3.71
13.	69- Fire and Emergency Services	42.80	1.78	44.58	41.96	2.62
14.	78- Technical Education	25.76	21.49	47.25	44.97	2.28
15.	79- Border Affairs	2.86	0.05	2.91	2.82	0.09
Capital (Voted)						
16.	4- Administration of Justice	18.64	22.77	41.41	26.41	15.00
17.	26- Civil Secretariat	85.50	6.80	92.30	66.42	25.88
18.	32- Higher Education	98.07	15.70	113.77	33.04	80.73
19.	33- Youth Resources and Sports	0.50	39.99	40.49	20.96	19.53
20.	35- Medical, Public Health and Family Welfare	235.48	225.58	461.06	446.56	14.50
21.	42- Rural Development	6.00	20.00	26.00	16.00	10.00
22.	48- Agriculture	6.04	20.00	26.04	18.57	7.47
23.	50- Animal Husbandry and Dairy Development	3.00	0.16	3.16	1.87	1.29

Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
24.	51- Fisheries	3.19	5.51	8.70	7.45	1.25
25.	53- Industries	2.30	31.59	33.89	29.74	4.15
26.	55- Power	14.03	67.30	81.33	53.29	28.04
27.	58- Roads and Bridges	456.00	419.56	875.56	814.78	60.78
28.	64- Housing	25.69	15.82	41.51	38.30	3.21
29.	69- Fire and Emergency Services	5.00	6.85	11.85	7.85	4.00
30.	70- Horticulture	2.25	20.00	22.25	12.16	10.09
Total		4,360.56	1,395.76	5,756.33	5,141.77	614.56

Source: Appropriation Accounts, 2022-23

Further, as per the Finance Accounts, there were 11 incomplete scheme/ projects which required further allocation of funds for their completion. The details of such schemes/ projects having estimated cost of more than ₹50 crore are shown in **Table 3.12**.

Table 3.12: List of incomplete scheme/projects at the end of 2022-23

(₹ in crore)

Sl. No.	Name of Scheme/ Project (having estimated cost of ₹50 crore or more)	Estimated cost of scheme/ project	Year wise funds allocated up to 2023	Scheduled date of completion	Expenditure as of 31 March 2023	Physical progress of the work	Funds required for completion of remaining work (as per revised estimates)
1.	Integrated Roads & Multilevel Parking Project in Kohima	50.42	10.20	2011-12	10.20	20.22	40.22
2.	Housing for Urban Poor in Dimapur under IHSDP	87.74	36.63	2011-12	36.63	41.75	51.11
3.	220kv D/C T/L from Dimapur to Zhadima	108.16	87.83	2020-21	87.83	92	20.33
4.	Construction of Permanent Hqrs for 10 th NAP (IR) Bn at Zhadima under HUDCO	68.63	38.76	2009-10	38.76	98	29.87
5.	Construction of Permanent Hqrs for 11 th NAP (IR) Bn at Aboi under HUDCO	93.88	8.00	2014-15	8.00	26	85.88
6.	Construction of Permanent Hqrs for 12 th NAP (IR) Bn at Chingtok Under HUDCO	97.88	8.00	2014-15	8.00	85	89.88
7.	Construction of permanent Hqrs for 13 th NAP (IR) Bn at Yachang Under HUDCO	98.43	14.00	2014-15	14.00	70	84.43

Sl. No.	Name of Scheme/ Project (having estimated cost of ₹50 crore or more)	Estimated cost of scheme/ project	Year wise funds allocated up to 2023	Scheduled date of completion	Expenditure as of 31 March 2023	Physical progress of the work	Funds required for completion of remaining work (as per revised estimates)
8.	Construction of permanent Hqrs for 14 th NAP (IR) Bn at Okhezong Under HUDCO	121.19	8.00	2014-15	8.00	85	113.19
9.	Construction of permanent Hqrs for 15 th NAP (IR) Bn Mahila at Mpetsa Under HUDCO	109.31	87.79	(a)	87.79	22	21.52
10.	Construction of Multi-Disciplinary Sports Complex, Dimapur	134.99	81.99	2011-12	81.99	60	53.00
11.	270 Nos of Surface Minot Irrigation Project under PMKSY-Har Khet ko Pani	206.85	0.00	2021-22	0.00	0.00	206.85
Total		1177.48	381.20		381.20		796.28

Source: Appendix IX, Finance Accounts – Vol. II, 2022-23

As can be seen from **Table 3.12**, out of the total estimated/ revised cost of ₹1,177.48 crore in respect of 11 projects/ schemes, an amount of ₹796.28 crore (68 per cent) was required for completion of these projects/ schemes.

In view of the foregoing, the State Government may devise a mechanism to avoid savings in certain grants which could be utilised for completion of these incomplete projects/ schemes on time.

3.4.4 Re-appropriation of Grants

The various provisions related to the re-appropriation are given in **Paragraph 3.3.5**. Scrutiny of re-appropriation orders and Detailed Appropriation Accounts showed that:

- Out of 82 grants, re-appropriation was done in 70 grants during 2022-23. The re-appropriation orders were issued (March 2023) by the Finance Department, GoN, without specifying the reasons for re-appropriations.
- In 30 Grants, there was no budget provision (both original grant and supplementary) in 141 Sub-Heads and the final provision/ grant was due to re-appropriations within the respective grants only. However, expenditure was incurred in all Sub-Heads.
- All the re-appropriation orders were issued on the last working day of the year (31 March 2023).

- iv. In 16 Grants, re-appropriations were made from/to Supplementary Grants in 28 Sub-Heads as there was no original provision in these Sub-Heads. In 10 cases, the entire fund under supplementary grants was re-appropriated. This ultimately resulted in defeating the objective of supplementary grant which was voted for a definite purpose.

3.4.5 Review of selected Grants

Review of two selected Grants (Grant No. 36 – Urban Development and Grant No. 68 – Police Engineering Project) was done to ascertain compliance with budgeting processes, monitoring of funds, control mechanisms and implementation of the schemes within the grant, persistent savings, diversion of funds for other purposes, etc.

Summarised position of Budget Provision and Actual Expenditure during 2022-23 in respect of the two Grants is given in **Table 3.13**.

Table 3.13: Summarised position of Budget Provision and Actual Expenditure

Grant:		Nature of Expenditure	Budget Provision			Actual Expenditure	Saving(-) / Excess(+)
No.	Name		Original	Supplementary	Total		
36	Urban Development	Revenue	33.17	19.14	52.31	51.64	(-) 0.67
		Capital	130.01	0.00	130.01	140.89	(+) 10.88
Total			163.18	19.14	182.32	192.53	(+) 10.21
68	Police Engineering Project	Revenue	23.04	1.29	24.33	23.44	(-) 0.89
		Capital	10.60	52.23	62.83	123.76	(+) 60.93
Total			33.64	53.52	87.16	147.20	(+) 60.04

Source: Appropriation Accounts of respective years

Table 3.13 shows that during the year 2022-23, in Grant-36 (Urban Development) there was overall excess of ₹10.21 crore representing 6.26 per cent of the total Budget Provision as a result of savings under Revenue (₹0.67 crore) and excess under Capital (₹10.21 crore) heads and in Grant- 68 (Police Engineering Project) there was overall excess of ₹60.04 crore representing 96.98 per cent of the Total Budget Provision as a result of savings under Revenue (₹0.89 crore) and excess under Capital (₹60.93 crore) heads.

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

The Appropriation Act authorises incurrence of expenditure under specified Grants, during the financial year. However, transfer of amounts from the Consolidated Fund of the State into Public Account heads or into bank accounts is not authorised through the Appropriation Act.

During 2022-23, an amount of ₹0.50 crore drawn by the Urban Department (Grant No. 36) for construction activities was kept in Civil Deposits. The Department did not incur any expenditure from the amount drawn during the year and the fund was still lying in Civil Deposits as on 31 March 2023.

The funds drawn and kept in Civil Deposits was shown as utilised by the respective DDOs and thus, the expenditure was artificially inflated to that extent, without actual

expenditure having been incurred under the programme/ scheme, in contravention of the financial rules.

3.4.5.2 Unexplained Re-Appropriations

According to Financial Rules, reasons for additional expenditure and savings should be explained in the re-appropriation statement and specific reasons should be given and expressions such as “based on actual requirements”, “based on trend of expenditure”, etc., should be avoided.

However, examination of re-appropriation orders issued by the Finance Department revealed that in Grant No- 36 (Urban Development) re-appropriation of ₹5.97 crore under Revenue head and ₹52.29 crore under Capital head was done on the last day of the financial year without stating specific reasons for withdrawal of provision or additional provision by way of re-appropriation of funds. In case of Grant No. 68, there was no re-appropriation of fund during the year.

3.4.5.3 Excess Expenditure over the Budget

Excess Expenditure over the Budget (more than 50 per cent of excess expenditure of total budget provision) were made in respect of three Sub-Heads in two selected Grants. Out of the total provision amounting to ₹62.04 crore in those Sub-Heads, there was an excess expenditure of ₹134.02 crore (216.03 per cent) as detailed in **Table 3.14**.

Table 3.14: Details of Sub-Heads with substantial surrenders during 2022-23

(₹ in crore)						
Sl. No.	Grant No. and Name	Head of Account	Total Grant/ Appropriation	Amount Expenditure	Excess Expenditure	Percentage of Excess Expenditure
1.	36 (Urban Development)	4217-60-051-01 (Special Development Fund)	0.20	5.05	4.85	2425.00
2.		4217-60-051-02 (Construction Works)	51.54	119.65	68.11	132.15
3.	68 (Police Engineering Project)	4055-00-211-01 (Office Building)	10.30	71.36	61.06	592.82
Total			62.04	196.06	134.02	216.03

Source: Detailed Appropriation Accounts, 2022-23

This excess disbursement by two Departments is in contravention of Rule 26 of General Financial Rules, 2017, which stipulates that a controlling officer in respect of funds placed at his disposal is to ensure that the expenditure does not exceed the budget allocation. This vitiates the system of budgetary and financial control and encourage financial indiscipline in management of public resources.

3.5 Conclusion

Budget Outlay of the State grew at a CAGR of 6.26 per cent from ₹20,469.97 crore in 2018-19 to ₹26,092.48 crore in 2022-23.

Budget performance in terms of budgetary intent and budget implementation is examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and saving. In Revenue section, deviation in outturn compared with BE was (-) 11.21 per cent. This was due to deviation between 0 and ±25 per cent in 68 grants, between ±25 to ±50 per cent in nine grants and between ±50

to ± 100 per cent in five grants. In Capital Section, deviation in outturn compared with BE was (-) 10.85 per cent. This was due to deviation between 0 and ± 25 per cent in 41 grants, between ± 25 to ± 50 per cent in six grants, between ± 50 to ± 100 per cent in 10 grants and equal to or more than 10 per cent in six grants. No provision was, however, made in respect of 19 grants of the Capital section.

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In Revenue section, deviation in outturn compared with RE was (-) 14.10 per cent. This was due to deviation between 0 and ± 25 per cent in 68 grants, between ± 25 to ± 50 per cent in nine grants and between ± 50 to ± 100 per cent in five grants. In Capital section, deviation in outturn compared with RE was (-)35.22 per cent. This was due to deviation between 0 and ± 25 per cent in 45 grants, between ± 25 to ± 50 per cent in 11 grants and between ± 50 to ± 100 per cent in nine grants. No provision was, however, made in respect of 17 grants of the Capital section.

It was noticed that the supplementary provision of ₹202.80 crore during the year 2022-23 in 13 departments proved unnecessary, as the expenditure did not come up even to the level of original provision.

Overall Budget reliability assessment indicates that though the deviations between the actual expenditure and original budget as well as between the actual expenditure and the final budget were less than 15 per cent, there were deviations up to 50 per cent and even above in different grants. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice is required to deal with such deviations.

The State Government has to get excesses over grants/appropriations regularised by the State Legislature as per Article 204 and 205 of the constitution. There was an outstanding excess expenditure of ₹455.78 crore under 27 Grants (pertaining to the year 2017-18 to 2022-23) yet to be regularised.

3.6 Recommendations

- The Departments incurring excess expenditure persistently should be identified and closely monitored. They may be instructed to monitor their progressive expenditure figures and advised to seek supplementary grants/ re-appropriations in time.
- The Finance Department may provide supplementary grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments, to avoid under or overspending.
- The State Government may take appropriate steps at the earliest as per Article 205 to regularise the excess expenditure by obtaining legislative approval.

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.

Issues related to completeness of accounts

4.1 Funds transferred directly to State implementing agencies

From 2015-16 onwards, it has been decided by the GoI to release all assistance related to the Centrally Sponsored Schemes (CSS)/ Additional Central Assistance (ACA) to the State Government and not directly to the implementing Agencies. Contrary to this decision, the GoI transferred substantial funds directly to State Implementing Agencies/ Non-Governmental Organisations for implementation of various schemes and Programmes. These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts.

During the year 2022-23, GoI funds amounting to ₹1,502.05 crore were directly transferred to the Implementing Agencies. Details of major amount of funds transferred directly to Implementing Agencies are shown in **Table 4.1**.

Table 4.1: Funds transferred by GoI directly to State implementing agencies during 2022-23
(₹ in crore)

Name of the Schemes/ Programme	Name of the Implementing Agencies	Fund released
Pradhan Mantri Kishan Samman Nidhi	Department of Agriculture, Nagaland	104.29
National AIDS and STD Control Programme (NACO)	Nagaland State AIDS Control Society	50.58
Jal Jeevan Mission (JJM)/ National Rural Drinking Water Mission	State Water & Sanitation Mission	484.28
Organic Value Chain Development for North East Region	Nagaland Organic Mission	13.91
Mahatma Gandhi National Rural Guarantee Programme	NREGA Commissionerate of Nagaland	648.55
Total		1,301.61

Source: Public Financial Management System (PFMS) portal of Controller General of Accounts for State Accounts (2022-23).

It can be seen from **Table 4.1** that out of ₹1,502.05 crore transferred directly by GoI during 2022-23, ₹1,301.61 crore (86.66 per cent) was given to the implementing Departments for five major Schemes. Audit observed that some of these schemes/ programmes were Direct Benefit Transfer schemes/ programmes for which an amount of ₹200.44 crore was directly transferred to the implementing agencies and the same was not routed through the State Budget.

As the funds are not routed through the Consolidated Fund of Nagaland, the Annual Accounts do not capture the flow, utilisation and parking of such funds. Thus, the

State's receipts and expenditure as well as other fiscal variables and parameters derived from the State Accounts do not present the complete picture to that extent.

Issues related to transparency

4.2 Delay in submission of Utilisation Certificates

The General Financial Rules provide that every order sanctioning a grant would specify its objective clearly and the time limit within which the grant is to be spent. The Departmental officers drawing the Grants-in-Aid would be primarily responsible for certifying to the Accountant General, where necessary, the fulfilment of the conditions attached to the grant and submission of certificate (Utilisation Certificate) in such form and at such interval as may be agreed between the Accountant General (Accounts and Entitlements) and the Head of the Department concerned.

Rule 238 (1) of General Financial Rules, 2017 stipulates that a grantee Organisation or Institution getting non-recurring grants is required to submit a certificate of actual utilisation of the grants received for the purpose for which it was sanctioned in Form GFR 12-A within twelve months.

Non-submission of the Utilisation Certificates (UCs) means that the authorities have not explained whether the funds were spent and if it has been spent, whether it has been spent for the intended purpose. This assumes greater importance if such UCs are pending against Grants-in-Aid meant for Capital Expenditure. Since non-submission of UCs is fraught with the risk of misappropriation, it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

During the year 2022-23, 105 grants involving ₹86.65 crore were provided to 19 departments for which UCs are due for submission during the year 2023-24. As on 31 March 2023, there were 145 UCs worth ₹252.10 crore, which were due for submission for periods pertaining up to 2022-23.

Tables 4.2 and 4.3 present the age-wise arrears and department-wise break-up of outstanding UCs. Outstanding UCs in respect of 10 major departments is also given in **Chart 4.1**. Details of department-wise outstanding UCs up to 2022-23 is shown in **Appendix 4.1**.

Table 4.2: Age-wise arrears in submission of UCs

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2020-21	195	456.20	78	212.60	22	59.73	251	609.07
2021-22	251	609.07	61	81.80	102	292.73	210	398.14
2022-23	210	398.14	105*	86.65	65	146.03	145#	252.10

Source: Finance Accounts, 2022-23

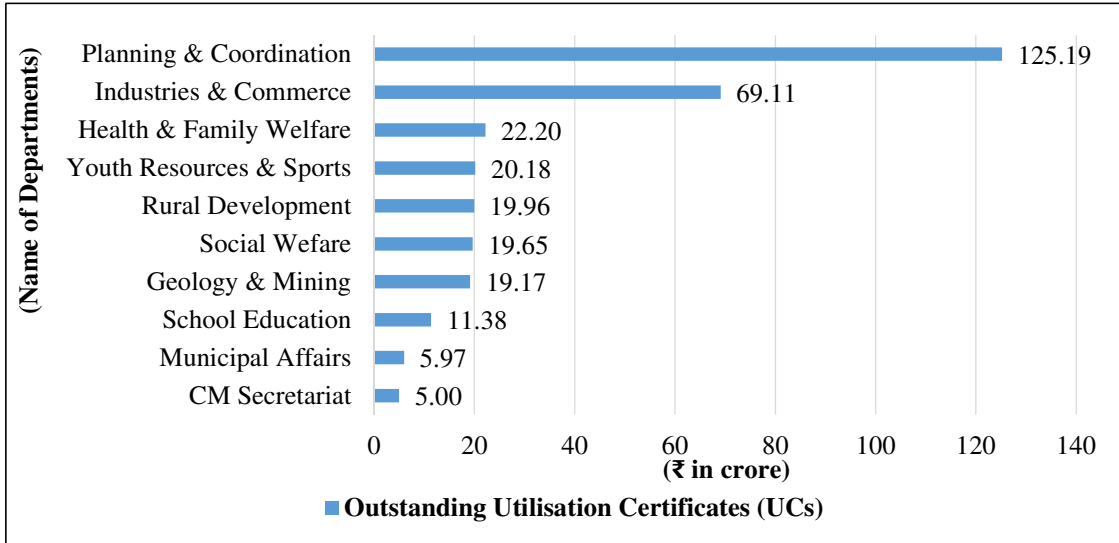
*UCs for GIA disbursed during 2022-23 become due only during 2023-24.

excluding the GIA given during 2022-23.

Table 4.3: Year-wise break up of outstanding UCs

Year	Number of UCs	Amount (₹ in crore)
Up to 2016-17	33	117.51
2017-18	10	6.51
2018-19	6	10.68
2019-20	20	18.45
2020-21	25	34.81
2021-22	51	64.14
Total	145	252.10

Source: Information furnished by O/o the PAG (A&E) Nagaland

Chart 4.1: Outstanding UCs in respect of 10 major Departments for grants paid up to 2022-23

Source: Information furnished by O/o the PAG (A&E), Nagaland

As can be seen from **Chart 4.1**, major defaulting Departments, which had not submitted the UCs, were Planning & Coordination Department, Industries & Commerce Department, Health & Family Welfare Department, Youth Resources & Sports Department, Rural Development Department *etc.*

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants and if utilised, it was for the intended purpose. Thus, pending UCs violate prescribed financial rules and directives, and reflects poorly on monitoring mechanism of the State Government. Moreover, high pendency of UCs is fraught with the risk of misappropriation of funds. The State would also lose out on central funds for want of UCs in due time. It is imperative that the State Government strengthens the relevant internal controls and monitors this closely and holds the person concerned accountable for submission of UCs in a timely manner.

During Exit Conference (06 December 2023), Secretary, Finance Department stated that steps have been taken to minimise the outstanding UCs. However, the details of the steps taken up were not highlighted. Further corrective follow ups may be taken up for submission of UCs in a timely manner.

4.3 Abstract Contingent Bills

The drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers is not available at the time of

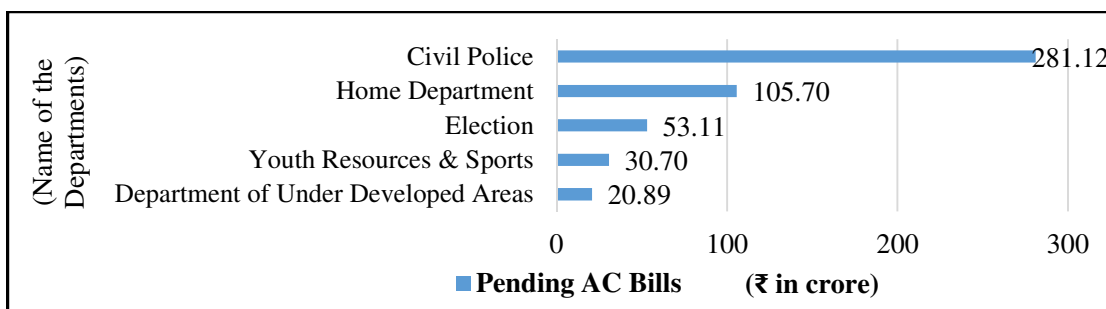
drawal are made on 'Abstract Contingent' (AC) Bills. Initially made as advance, its subsequent adjustments are ensured through submission of Detailed Countersigned Contingent (DCC) bills. DCC bill consists of abstract of expenditure along with sub-vouchers for amount drawn through AC bill.

In terms of the Rule 312 of Central Treasury Rules, DDOs are required to present Detailed Countersigned Contingent (DCC) bills containing vouchers in support of the final expenditure within a month from the date of completion of the purpose for which the advance was drawn. Further, Rule 309 envisages that a certificate is to be attached to every AC bill to the effect that DCC bills have been submitted to the controlling officer in respect of AC bills drawn more than a month before the date of that bill, without which no AC bill is to be encashed.

During 2022-23, 89 AC bills amounting to ₹159.70 crore were drawn but no DCC bills against the drawal of these bills has been submitted before the closing of the accounts for the financial year 2022-23 and, therefore, there is no assurance that the expenditure of ₹159.70 crore has actually been incurred during the financial year for the purpose for which it was authorised by the Legislature. In addition to this, 335 AC bills amounting to ₹532.83 crore drawn up to 2021-22 were also outstanding as on 31 March 2023. Thus, 323 AC bills involving ₹554.76 crore were outstanding as of March 2022. Advances drawn and not accounted for increases the possibility of wastage/ misappropriation/ malfeasance, etc.

Department-wise pending AC bills for the years up to 2022-23 is detailed in **Appendix 4.2**. Status of pending AC bills (amount above ₹10 crore) in respect of five major Departments is given in **Chart 4.2**.

Chart 4.2: Pending AC Bills in respect of major Departments



Source: Information furnished by O/o the PAG (A&E), Nagaland

Year-wise details of pendency of AC bills for the years up to 2022-23 are shown in **Table 4.4**.

Table 4.4: Year-wise progress in submission of DCC bills against the outstanding AC bills
(₹ in crore)

Year	Opening Balance		Addition		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2020-21	379	548.69	23	43.48	29	29.87	373	562.30
2021-22	373	562.30	28	22.83	66	52.53	335	532.83
2022-23	335	532.83	89	159.70	101	137.77	323	554.76

Source: Finance Accounts, 2022-23 and information furnished by O/o the PAG (A&E), Nagaland

The above details clearly indicate that the Drawing and Disbursing Officers and Treasury Officers concerned failed to ensure compliance with the extant Central Treasury Rules and that AC Bills were drawn without adjustment of previously drawn AC Bills. Thus, there was an environment of financial indiscipline, which calls for action against the officers responsible for the lapse in this regard.

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 submission of DCC bills leading to 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 DCC 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. Therefore, the State Government needs to strengthen the relevant internal controls and monitor the submission of DCC bills in a timely manner.

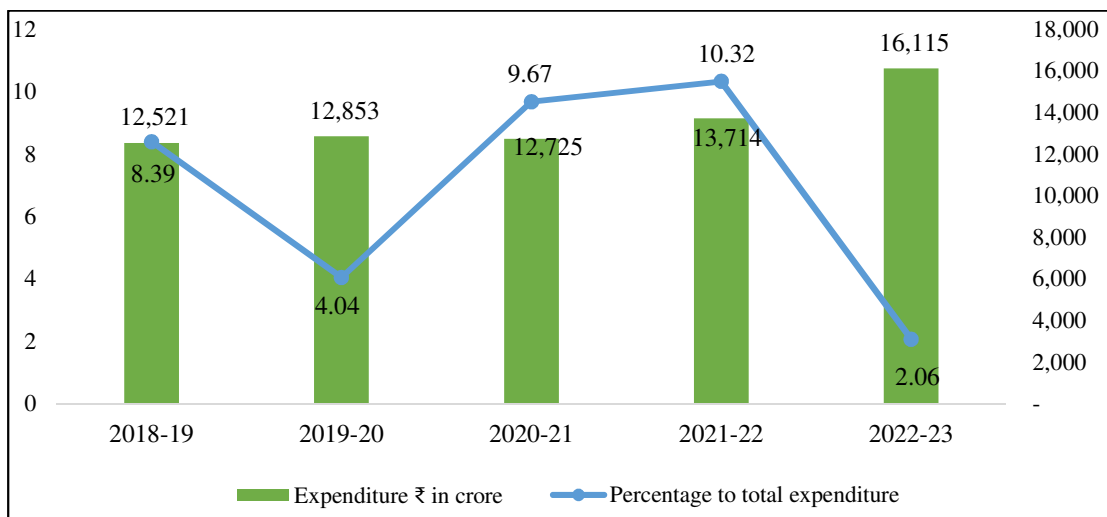
During the Exit Conference (06 December 2023), the Secretary, Finance Department stated that the main reason for delay in non-submission of DCC bills was due to delay in submission of Statement of Expenditure (SOEs) from districts/ divisions for consolidation in the Directorate office. Strict and stringent direction may be given to the Departments to ensure submission of DCC bills in a timely manner.

4.4 Indiscriminate use of Minor Head 800

Minor Head 800- Other Expenditure/ Other Receipts is intended to be operated only when the appropriate minor head has not been provided in the accounts. Routine operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque.

During the year, expenditure of ₹332.25 crore under 25 Revenue and Capital Major Heads, constituting 2.06 *per cent* of Total Expenditure of ₹16,114.93 crore was booked under Minor head 800-Other Expenditure. Similarly, receipts of ₹491.43 crore under 43 Revenue Major Heads, constituting about 3.48 *per cent* of Revenue Receipts of ₹14,099.26 crore was booked under Minor Heads 800-Other Receipts under concerned Major Heads.

The quantum of expenditure booked under Minor Head 800 showed a mixed trend during the five-year period 2018-23. The extent of operation of Minor Head 800 for Other Expenditure, as a percentage of Total Expenditure during 2018-23 is given in **Chart 4.3**.

Chart 4.3: Operation of Minor Head 800 - Other Expenditure during 2018-23

Source: Finance Accounts of respective years

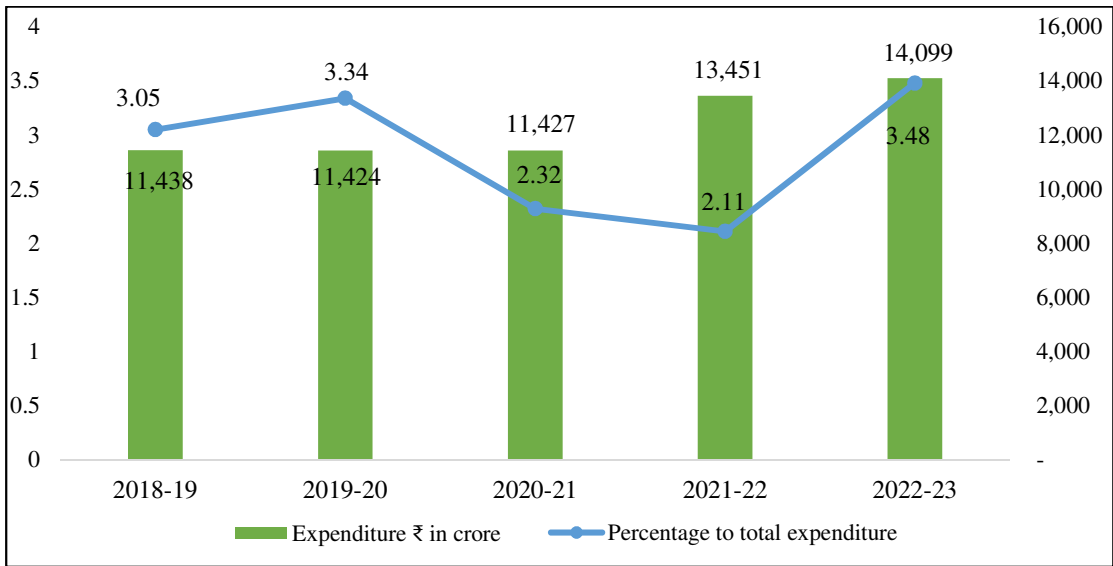
Chart 4.3 shows that the share of operation of Minor Head 800-Other Expenditure in Total Expenditure ranged from 2.06 to 10.32 per cent during the five-year period. Instances of substantial proportion (50 per cent or more) of the expenditure within a given Major Head, classified under the Minor Head 800 'Other Expenditure', are given in **Table 4.5**.

Table 4.5: Significant expenditure booked under Minor Head 800–Other Expenditure during financial year 2022-23

(₹ in lakh)				
Major Head	Description	Expenditure under Minor Head 800	Total Expenditure	Per cent
2013	Council of Minister	937.27	1,370.32	68.40
2075	Miscellaneous General Service	456.07	802.31	56.85
3454	Census surveys & Statistics	362.78	5,459.09	6.65
4220	Capital Outlay on Information and Publicity	184.28	184.28	100.00
4435	Capital Outlay on Other Agricultural Programmes	1,000.00	1,000.00	100.00
5053	Capital Outlay on Civil Aviation	200.00	200.00	100.00
Total		3,140.4	9,016.00	34.83

Source: Finance Accounts, 2022-23

The extent of operation of Minor Head 800 for Other Receipts, as a percentage of Total Expenditure during 2018-23 is given in **Chart 4.4**.

Chart 4.4: Operation of Minor Head 800 - Other Receipts during 2018-23

Source: Finance Accounts of the respective years

Similarly, the quantum of receipts booked under Minor Head 800 was higher compared to expenditure, and ranged between 3.05 per cent in 2018-19 and 3.48 per cent in 2022-23. Instances of substantial proportion (50 per cent or more) of the expenditure within a given Major Head, classified under the Minor Head 800-‘Other Receipts’, are given in **Table 4.6**.

Table 4.6: Significant receipts booked under Minor Head 800 – Other Receipts during 2022-23

(₹ in lakh)			
Major Head	Receipt under Minor Head- 800	Total Receipt under Major Head concerned	Per cent
0041- Taxes on Vehicle	11,496.31	18,764.23	61.27
0042- Taxes on Goods and Passengers	1,161.73	2,158.03	53.83
0043- Taxes and Duties on Electricity	761.98	796.91	95.62
0047- Other Fiscal Services	1.52	1.52	100
0059- Public Works	19.44	19.44	100
0070- Other Administrative Services	410.64	448.37	91.59
0075- Miscellaneous General Services	1,717.17	2,870.26	59.83
0210- Medical and Public Health	206.41	218.29	95.50
0217- Urban Development	4.01	4.01	100
0220- Information and Publicity	7.50	7.50	100
0230- Labour and Employment	16.73	19.55	85.58
0235- Social Security and Welfare	11.90	11.90	100
0250- Other Social Services	28.41	28.41	100
0401- Crop Husbandry	8.13	9.16	88.76
0403- Animal Husbandry	54.46	58.61	92.92
0404- Dairy Development	0.39	0.39	100
0405- Fisheries	0.51	0.51	100
0406- Forestry and Wild Life	2,041.92	2,660.34	76.75
0425- Cooperation	24.65	24.66	99.96
0435- Other Agricultural Programmes	1.54	2.54	60.63
0515- Other Rural Development Programmes	46.01	46.01	100
0575- Other Special Areas Programmes	1.61	1.61	100
0702- Other Special Areas Programmes	6.40	6.40	100

Major Head	Receipt under Minor Head- 800	Total Receipt under Major Head concerned	Per cent
0801- Power	28,634.74	28,634.74	100
1054- Roads and Bridges	51.65	63.26	81.65
1055- Road Transport	789.69	791.57	99.76
1425- Other Scientific Research	8.15	8.15	100
1475- Other General Economic Services	25.75	29.88	86.18
Total	47,539.35	57,686.25	82.41

Source: Finance Accounts, 2022-23

It was observed that during 2022-23, there were 42 Major Heads under Receipts where Minor Head 800 was operated. Out of these 42 MHs, there were 30 MHs where other specific Minor Heads already existed.

Similarly, it was noticed that there were 25 Major Heads under Expenditure where Minor Head 800 was operated. Out of these 25 MHs, there were 16 MHs where other specific Minor Heads already existed.

Audit examined selected cases of booking under Minor Head 800, and noted that in some instances, a valid Minor Head, other than 800, was available in the List of Major and Minor Head (LMMH), for booking these transactions. Expenditure of ₹2.81 crore (8.95 per cent of total expenditure under 800) was booked in State Finance Accounts (2022-23), as given in **Table 4.7**.

Table 4.7: Incorrect depiction of Minor Heads in the State Accounts (2022-23)

Specified Heads in the LMMH	Actual Heads in the State Accounts	
	Finance Accounts (Classification up to Minor Head)	Expenditure (₹ in crore)
2054-00-098 Local Fund Audit	Grant No 12 2054-00-800-01 Audit	0.80
2230-01-101 Industrial Relation	Grant No 41 2230-01-800-01 Labour Court	0.51
5054-05-337 Roads Works	Grant No 79 5054-05-800-01 Construction	1.00
4801-01-799 Suspense each Hydel Electric Scheme	Grant No. 82 4801-01-800-01 Mini Hydel Projects	0.50
Total		2.81

Thus, it is imperative that the State Government reviews all classifications of schemes being made under 800-Other Expenditure in the light of their depiction in the LMMH and after consultation with the Accountant General (A&E), classify them appropriately as per existing LMMH, or seek addition of new Minor Head, to bring transparency in Accounts.

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.

During the Exit Conference (06 December 2023), the Secretary, Finance Department stated that it has constituted a Committee and approval of the recommendation of the Committee is awaited. Necessary further steps may be taken up to minimise use of MH 800.

4.5 Non-preparation of Accounts and non-submission of audited statement in the State Legislature

As per Section 27 of the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996, the Board has to maintain proper accounts and other relevant records and prepare an Annual Statement of Accounts. Further, the Board has to furnish the audited copy of accounts together with the auditor's report to the State Government, who shall cause it to be laid before the State Legislature. The Board, however, has not prepared annual accounts for 2022-23.

In the absence of annual accounts, a true and fair view of the financial position and performance and veracity of the expenditure incurred under various heads during 2022-23 could not be ascertained.

4.6 Outstanding balance under major Suspense and DDR heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads.

Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/ Works and Forest Divisions, etc. The position of gross figures under major suspense and remittance heads for the last three years is given in **Table 4.8**.

Table 4.8: Balances under Suspense and Remittance Heads

Minor Head	2020-21		2021-22		2022-23	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Major Head 8658 - Suspense						
101 - PAO suspense	179.91	163.54	191.51	189.98	207.77	201.86
Net	Dr. 16.37		Dr. 1.53		Dr. 5.91	
102 - Suspense Account-Civil	18.94	1.69	18.95	1.70	18.95	1.70
Net	Dr. 17.25		Dr. 17.25		Dr. 17.25	
107 - Cash Settlement Suspense Account	34.87	0.00	34.87	0.00	34.87	0.00
Net	Dr. 34.87		Dr. 34.87		Dr. 34.87	
109 - Reserve Bank Suspense -Headquarters	12.14	14.16	12.14	14.16	12.14	14.16
Net	Cr. 2.02		Cr. 2.02		Cr. 2.03	
110 - Reserve Bank Suspense - CAO	50.66	10.04	50.66	10.04	50.66	10.04
Net	Dr. 40.62		Dr. 40.62		Dr. 40.62	
129 - Material Purchase Settlement Suspense Account	235.85	249.70	235.85	249.70	235.85	249.70
Net	Cr. 13.85		Cr. 13.85		Cr. 13.85	
Major Head 8782-Cash Remittances						
102 - P.W. Remittances	18,169.50	18,086.08	20,325.84	20,040.94	22,541.04	22,477.09
Net	Dr. 83.42		Dr. 284.90		Dr. 63.95	
103 - Forest Remittances	2,227.12	1,851.50	2,411.15	2,066.45	2,791.87	2,272.37
Net	Dr. 375.62		Dr. 344.70		Dr. 519.50	
105 - R.B.I Remittances	6.26	0.00	6.26	0.00	6.26	0.00
Net	Dr. 6.26		Dr. 6.26		Dr. 6.26	
112 - Nagaland and Manipur Remittances	0.70	0.00	0.70	0.00	0.70	0.00
Net	Cr. 0.70		Cr. 0.70		Cr. 0.70	

Source: Finance Accounts of respective years

As can be seen from **Table 4.8**, there was significant increase in closing balance under 101 - PAO suspense. These balances impacted the cash balance of the State. On clearance of these balances, cash balance of the State would increase.

4.7 Reconciliation of Departmental figures

To enable Controlling Officers (COs) of 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 those 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).

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.

The details of receipts and expenditure for the State during the last three years are shown in **Table 4.9**.

Table 4.9: Status of Reconciliation of Receipts and Expenditure figures

(₹ in crore)

Year	No. of Cos	Receipts	Expenditure	Remarks
2020-21	82	27,641.80	27,708.97	Fully Reconciled
2021-22		30,481.25	31,038.48	
2022-23		35,340.48	34,471.05	95.50 per cent of total Receipts and 95 per cent of total Expenditure

Source: Finance Accounts for respective years

All the 82 COs had reconciled their figures (both Receipts and Expenditure) in full with the books of Principal Accountant General (A&E) during the years 2020-21 and 2021-22. However, during 2022-23, the total receipts and expenditure figures were not fully reconciled.

4.8 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State as per the books of Accounts of the Principal Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India.

The difference in cash balances for the previous five years from 2018-19 to 2022-23 is shown in **Table 4.10**.

Table 4.10: Difference in cash balances from 2018-19 to 2022-23

(₹ in crore)

Year	Cash Balance		Adjustment by RBI	Difference in cash balance
	RBI figures	AG figures		
2018-19	93.36 (Dr)	163.49 (Cr)	18.99 (Dr)	51.14 (Cr)
2019-20	115.13 (Dr)	223.90 (Cr)	1.49 (Dr)	107.28 (Cr)
2020-21	47.80 (Dr)	157.59 (Cr)	19.09 (Cr)	90.70 (Cr)
2021-22	544.41 (Dr)	(-)399.64 (Cr)	44.31 (Cr)	100.46 (Dr)
2022-23	18.76 (Dr)	320.80 (Cr)	112.02 (Cr)	190.00 (Cr)

Source: Information furnished by the Office of PAG (A&E), Nagaland

It can be seen from **Table 4.10** that there was a net difference of ₹302.02 crore (Credit) between the Cash Balance of ₹320.80 crore as determined by the Principal Accountant General (A&E) and the figures of ₹18.76 crore reported by the Reserve Bank of India as on 31 March 2023. This was mainly due to incorrect reporting by Agency Banks to the RBI and misclassification by Banks/ Treasuries. As on 31 March 2023, debit items amounting to ₹10.20 crore and Credit items of ₹122.22 crore have been reconciled, resulting in net reconciliation of ₹112.02 crore. The difference is under reconciliation.

Issues related to disclosure

4.9 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 three standards and the extent of compliance with these by Government of Nagaland in its financial statements for the year 2022-23 are given in **Table 4.11**.

Table 4.11: Compliance to Accounting Standards

Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
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.	Partially complied. The Government has disclosed the maximum amount of guarantees given during the year along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Information concerning class or sector of Guarantees on other material details was not furnished.
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.	Complied	-

Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
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.	Partially complied. The State Government complied with the format prescribed by the Standard.	The details of recoveries in arrears, interest received, written off loans <i>etc.</i> , in respect of loans and advances have not been provided to Pr. Accountant General (A&E).

4.10 Submission of Accounts of Autonomous Bodies

Fourteen Autonomous Bodies¹² (AB) have been set up by the State Government, of which, only five ABs are required to submit their accounts and prepare Separate Audit Report (SAR) annually to be placed in the State Legislature as per their respective Acts. The audit of these ABs is taken up under Section 19 (3) of the Comptroller and Auditor General of India' DPC Act, 1971. However, the annual accounts of these ABs are not furnished to Principal Accountant General (Audit) on time. The status of submission of accounts is indicated in **Table 4.12**.

Table 4.12: Delay in Submission of Accounts

Sl. No.	Name of Autonomous Body	Accounts pending since	No. of accounts pending up to FY 2022-23
1.	The Nagaland Khadi and Village Industries Board (NKVIB)	2019-20	04
2.	Nagaland State Electricity Regulatory Commission (NSERC)	2017-18	05
3.	Nagaland State Legal Services Authority, Kohima (NSLSA)	2020-21	03
4.	Nagaland State Pollution Control Board (NPCB)	1991-92	32
5.	Nagaland Building & Other Construction Workers' Welfare Board (NBOCWVB)	2011-12	12

Source: Information furnished by the O/o the PAG (Audit), Commercial Wing, Nagaland

Although the Annual Accounts of these Bodies were due for submission to the Accountant General (Audit) every year, none of the State ABs submitted their Accounts during 2022-23. The Accounts of two ABs *i.e.*, NSPCB and NBOCWVB have not been submitted since their inception (1991 and 2011 respectively). The delay in submission/non-submission of Annual Accounts dilutes accountability as such inaction was also indicative of the failures of the management at the level of such Bodies/ Authorities and proper monitoring at Government's level, which is a matter of concern.

¹² (1) The Nagaland Khadi and Village Industries Board (2) Nagaland State Electricity Regulatory Commission (3) Nagaland State Legal Services Authority, Kohima (4) Nagaland Pollution Control Board (5) Nagaland Building & Other Construction Workers' Board (6) Development Authority of Nagaland (7) Nagaland Board of School Education (8) Nagaland State Agriculture Marketing Board (9) Nagaland Bamboo Development Agency (10) Naga Hospital Authority (11) Nagaland State Social Welfare Advisory Board (12) Nagaland Livestock Development Board (13) State Institute of Rural Development (14) Nagaland Bee-keeping & Honey Mission. The first five ABs are required to prepare SARs.

4.11 Grants / loans given to bodies and authorities

In order to identify institutions/ organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 (CAG's DPC Act), the Government/ Head of the Departments (HoDs) are required to furnish to Audit every year:

- Detailed information about the financial assistance given to various institutions;
- The purpose for which the assistance is granted; and
- Total expenditure of the institutions.

Further, Regulation on Audit and Accounts, 2007 (Regulation 84) 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.

As per Finance Accounts, grants/ assistances were given to Urban bodies, Public Sector Undertakings, Autonomous Bodies, Non-Government Organisations every year. The details of such grants/ assistance (₹10 lakh or more in each case) given during 2021-22 and 2022-23 are shown in **Table 4.13**.

Table 4.13: List of Recipient of grants/ assistance from the State Government during 2021-23

Recipient	2021-22		2022-23	
	No of Recipients	Amount	No of Recipients	Amount
Urban Local Bodies	Not specified	1.62	Not specified	9.45
Rural Local Bodies	Not specified	109.57	Not specified	46.00
Public Sector Undertakings	07	28.95	07	26.01
Autonomous Bodies	06	41.47	07	59.11
Non-Government Organisations	04	3.65	04	3.65
Others*	40	31.20	46	52.37
Total		216.46		196.59

Source: Finance Accounts of respective years *The Recipients who were not categorised under the above-mentioned nomenclatures, kept under others

As can be seen from **Table 4.13**, an amount of ₹ 216.46 crore and ₹ 196.59 crore were given as grants/ assistance during the years 2021-22 and 2022-23 respectively by the State Government to various bodies and authorities. However, the name of the bodies and authorities to whom grants and/ or loans aggregating ₹10 lakh or more were paid during the years, indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure incurred by the body or authority, who receive the grants/ assistances during the years 2021-23 was not disclosed by the State Government.

4.12 Timeliness and Quality of Accounts

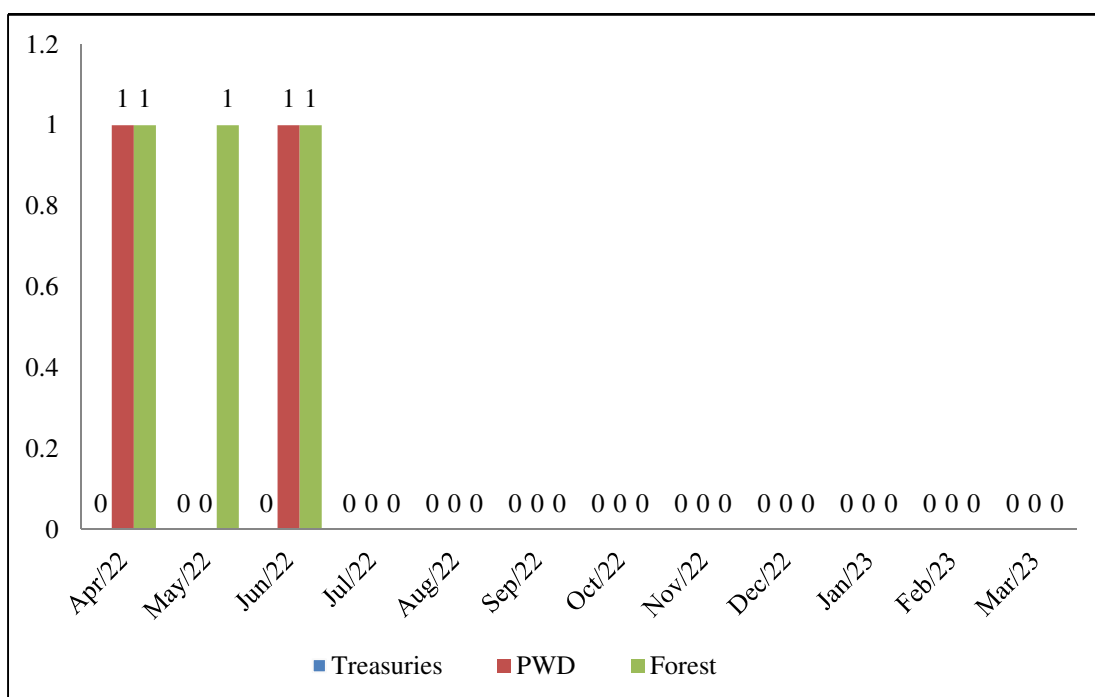
The accounts of the State Government are compiled by the Principal Accountant General (A&E) from the initial accounts rendered by district treasuries,

sub-treasuries, Resident Commissioners, cyber treasury, public works divisions and forest divisions, apart from the RBI advices. There are often delays in rendition of monthly accounts. Due to the failure of the account rendering units to furnish accounts on time, some accounts are excluded from the monthly Civil Accounts by the Principal Accountant General (A&E).

In Nagaland, the Principal Accountant General (A&E) is required to compile the accounts of the State Government, from the initial accounts rendered by the 11 District Treasuries, nine Sub-Treasuries, 88 Public Works Divisions (74 Building and Roads, 14 Water Supply and Sanitation/ Public Health Engineering), 26 Forest Divisions and 25 Pay and Accounts Offices, apart from RBI advices.

During the financial year 2022-23, there were delays in rendition of monthly accounts that resulted in accounts excluded from the monthly Civil Accounts. Details of accounts excluded from the monthly Civil Accounts of works divisions are shown in **Chart 4.5**.

Chart 4.5: Number of accounts excluded from monthly Civil Accounts during 2022-23



Source: Information furnished by the Office of the PAG (A&E), Nagaland

As can be seen from **Chart 4.5**, during the year 2022-23, Public Works and Forests Divisions were the major units that delayed the rendition of monthly accounts. Consequently, receipts and expenditure relating to these divisions/ units could not be incorporated in Monthly Civil Accounts. Due to the failure of the accounts rendering units to furnish accounts on time, these accounts were excluded from the Monthly Civil Accounts by the Principal Accountant General (A&E) throughout the year 2022-23, except for April 2022, May 2022 and June 2022. Therefore, the monthly accounts indicating the receipts and disbursements of the State during the month, rendered by the O/o the PAG (A&E) to the State Government were incomplete for the month of April 2022, May 2022 and June 2022. However, no accounts have been excluded at the end of 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. In short, the State Government needs to monitor closely and ensure the rendition of accounts by all the account rendering authorities to the Principal Accountant General (A&E) on a timely basis, to manage its own budget more effectively.

4.13 Misappropriations, losses, thefts, *etc.*

State Financial Rules lay down detailed instructions regarding responsibility for losses sustained through fraud or negligence of individuals, loss or destruction of Government property and report thereof to the Police/ Principal Accountant General.

There were 29 cases of misappropriation, losses, *etc.*, involving Government money of ₹351.31 crore up to the period ending 31 March 2023 on which final action was pending. Out of these 29 cases, four cases involving ₹25.76 crore were reportedly pending in the court of law.

Department-wise break up of pending cases and age wise analysis is given in *Appendix 4.3*. The Department-wise break up of pending cases and the reasons for delay in final disposal are summarised in **Table 4.14**.

Table 4.14: Pending cases of misappropriation, losses, theft, *etc.*

(₹ in crore)

Name of the Department	Cases of Misappropriation/ Defalcation/ Losses/ Theft of Government materials/ Pending in the court of law (under investigation/trial)		Reasons for delay in final disposal	
			Awaiting departmental and criminal investigation	
	No. of cases	Amount	No. of cases	Amount
School Education	2	82.80	1	70.00
Industries & Commerce	1	1.54	1	1..54
Rural Development	2	0.88	2	0.88
Public Works Department (R&B and Mechanical)	4	58.23	4	58.23
Health and Family Welfare	2	13.14	1	3.01
Soil & Water Conservation	1	1.81	1	1.81
Planning and Co-ordination	1	20.23	1	20.23
Land Records and Survey	1	1.24	1	1.24
Municipal Affairs	1	1.11	0	0.00
Taxes	3	31.86	3	31.86
Water Resources	1	28.60	1	28.60
Forest	1	0.54	1	0.54
Various Departments	7	35.29	6	33.57
Disaster Management	2	74.04	2	74.04
Total	29	351.31	25	325.55

Source: Nagaland Lokayukta, Directorate of Investigation, Nagaland)

Further, as per the information furnished by Nagaland Lokayukta, Directorate of Investigation, Nagaland, there are nine cases of loss to Government due to theft, misappropriations, loss of Government materials, *etc.* involving ₹118.09 crore, out of which an amount of ₹6.58 crore has been recovered.

4.14 Follow up action on State Finances Audit Report

In Nagaland, the Departments concerned are required to furnish a *suo moto* Explanatory Note (EN) on the paragraphs featuring in the Audit Reports within one month of placing the Reports in the Legislature. The Government should without waiting for any notice or call from the Public Accounts Committee submit a *suo moto* Explanatory Note (EN) on the paragraphs featuring in the Audit Reports indicating the action taken or proposed to be taken within a period of three months from the date of laying of the Audit Reports.

Government Departments shall invariably submit action taken notes (ATNs) on the recommendation of the PAC within a period of six months from the date of receipt of the PAC's report from the Secretary/ Commissioner Secretary, Assembly. This timeframe was further reduced by the PAC to two months.

The Audit Reports on State Finances for the years from 2009-10 to 2020-21 were placed before the State Legislature and that for the year 2021-22 was placed on 06 July 2023 are shown in **Table 4.15**.

Table 4.15: Follow up status of State Finances Audit Reports for 2009-10 to 2021-22

Year of State Finances Audit Report	Date of placement in State Legislature	Remarks
2009-10	28.03.2011	The ATNs, on the recommendations of the Public Accounts Committee on the Report of State Finances, for the year 2013-14 have been received and ATNs for the years from 2014-15 to 2021-22 were yet to be received (December 2023).
2010-11	22.03.2012	
2011-12	18.03.2013	
2012-13	25.07.2014	
2013-14	17.03.2015	
2014-15	19.03.2016	
2015-16	28.03.2017	
2016-17	20.09.2018	
2017-18	15.02.2020	
2018-19	19.02.2021	
2019-20	22.03.2022	
2020-21	22.09.2022	
2021-22	06-07-2023	

Source: Information furnished by the Nagaland State Legislative Assembly Secretariat

4.15 Implementation of Recommendations of State Finance Commission on fiscal devolution

The first State Finance Commission (SFC) was constituted (July 2008) by the State Government during the award period of the XIII FC commencing from 01 April 2010 to 31 March 2015. The second SFC was constituted (June 2013) by the State Government, however its report was not approved by the State Government and as such, its recommendations could not be implemented during the award period of the XIV FC (2015-2020). The third SFC was constituted (March 2023) and its report, covering the period of three years starting from 01 April 2023 is to be submitted by 29 February 2024. As the third SFC report and its recommendations on fiscal devolution is still awaited, no vertical devolution of share of taxes took place during 2022-23.

4.16 Conclusion

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

All Departments are required to reconcile their expenditure and receipts with the expenditure booked in the accounts in the Accountant General Office. The State Government reconciled 95 *per cent* of the total expenditure and 95.5 *per cent* of the receipts during the year.

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government made partial compliance with IGAS-1: Guarantees given by the Government – Disclosure requirements and IGAS-3: Loans and Advances made by the Government.

During the year 2022-23, 105 grants involving ₹86.65 crore were provided to 19 Departments for which Utilisation Certificates (UCs) are due for submission during the year 2023-24. As on March 2023, there are 145 UCs worth ₹252.11 crore, which are due for submission for periods pertaining up to 2022-23. Pending UCs violate prescribed financial rules and directives, and reflects poor monitoring mechanism of the State Government. Moreover, high pendency of UCs is fraught with risk of misappropriation of funds. The State would also lose out on central funds for non-submission of UCs.

There were 323 Abstract Contingent (AC) Bills involving ₹554.76 crore pending for adjustment by submission of Detailed Countersigned Contingent (DCC) Bills, as of March 2023. Out of these, 89 AC bills amounting to ₹159.70 crore pertained to the year 2022-23. The non-adjustment of AC Bills is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of Detailed Countersigned Contingent (DCC) bills. Further, there is no assurance that the expenditure of the State Government reflected in the Finance Accounts is correct or final due to non-receipt of DCC bills to that extent.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against conditional grants; non-submission of DC bills against AC bills; non-compliance with IGAS-1 and IGAS-3 and non-supply of details of expenditure from SNAs (refer Paragraph 2.3.2.4 (ii)) have impacted the quality of accounts adversely.

4.17 Recommendations

- State Government may ensure timely submission of all utilisation certificates due by the recipients of grants and of DCC Bills within the prescribed timeline as required under the Rules.
- The Finance Department should, in consultation with the Principal Accountant General (A&E), conduct a comprehensive review of all items presently appearing under minor head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate detailed/ object heads of account.
- Finance Department should consider evolving a system to expedite the process of compilation and submission of annual accounts by Autonomous Bodies and departmentally run undertakings in order to assess their financial position. Persistently defaulting bodies may be given further financial assistance by the State Government only on submission of final accounts.

CHAPTER V

Functioning of

State Public Sector Enterprises

Chapter V: Functioning of State Public Sector Enterprises

This Chapter discusses the financial performance of the State Public Sector Enterprises (*viz. Government Companies, Statutory Corporations and Government Controlled Other Companies*). Impact of significant comments issued as a result of supplementary audit of the financial statements of these State Public Sector Enterprises (SPSEs) conducted by the Comptroller and Auditor General of India (CAG) for the year 2022-23 (or of earlier years which were finalised during the current year) has also been discussed.

5.1 Definition of Government Companies

A *Government Company* is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company, which is a subsidiary of a Government Company.

Besides, any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as *Government Controlled Other Companies*.

5.2 Mandate of Audit

Audit of *Government Companies* and *Government Controlled Other Companies* is conducted by the CAG of India under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit of the company's financial statements. The statutes governing some Statutory Corporations require their accounts to be audited only by CAG.

5.3 SPSEs and their contribution to the GSDP of the State

SPSEs consist of 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. SPSEs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2023, there were seven¹³ SPSEs (all Government Companies

¹³ *The analysis of the financial position and operational performance of one working SPSE at serial no. 5 (viz. Kohima Smart City Development Limited) has not been covered in the present Report due to non-submission of the required information and First Accounts by this SPSE.*

including two non-working) under the audit jurisdiction of the CAG in Nagaland as shown in **Table 5.1**.

Table 5.1: List of SPSEs in the State

Working SPSEs	1. Nagaland Industrial Development Corporation Limited (NIDC)
	2. Nagaland State Mineral Development Corporation Limited (NSMDC)
	3. Nagaland Hotels Limited (NHL)
	4. Nagaland Handloom and Handicrafts Development Corporation Limited (NHHDC)
	5. Kohima Smart City Development Limited (KSCDL)
Non-working SPSEs	1. Nagaland Sugar Mills Company Limited (NSMC)
	2. Nagaland Industrial Raw Materials and Supply Corporation Limited (NIRMSC)

Source: Information provided by the SPSEs

None of the SPSEs in Nagaland are listed on the stock exchange.

The ratio of turnover of the SPSEs to the Gross State Domestic Product (GSDP) shows the extent of activities of the SPSEs in the State economy. Turnover of working SPSEs and GSDP for a period of three years ending 31 March 2023 are shown in **Table 5.2**.

Table 5.2: Turnover of SPSEs vis-à-vis GSDP of Nagaland

Particulars	(₹ in crore)		
	2020-21	2021-22	2022-23
SPSEs-Turnover ¹⁴	6.52	6.05	5.92
GSDP	29,831.64	31,912.54	35,933.96
Percentage of Turnover to GSDP	0.02	0.02	0.02

Source: Compilation based on turnover figures as per latest finalised accounts of SPSEs and GSDP figures as per Economic and Statistical Department, GoN

It can be seen from **Table 5.2** above that during last three years (2020-21 to 2022-23), the contribution of SPSEs-turnover to GSDP was meagre and constant at 0.02 per cent. Based on the information provided by four working SPSEs¹⁵, the State Government had investment of ₹28.87 crore (Equity ₹28.87 crore and long-term loans: Nil) in these working SPSEs as on 31 March 2023. In addition, the State Government (Government of Nagaland) had also provided budgetary assistance of ₹29.54 crore to these four working SPSEs by way of Grants (Revenue) during 2022-23.

5.4 Investment in SPSEs

State Government's investment in SPSEs

The State's investment in its SPSEs was by way of Equity Share Capital and Long Term Loans. The figures in respect of Equity Capital and Loans provided by the State Government as per the records of the SPSEs should agree with the corresponding figures appearing in the Finance Accounts of the State. In case of differences in the figures, the SPSEs concerned and the Finance Department should carry out reconciliation of differences. The position in this regard for the last three years is given in **Table 5.3**.

¹⁴ As per the latest finalised accounts of working SPSEs as on 30th September of respective years

¹⁵ Excluding one SPSE (Kohima Smart City Development Limited), which has not finalised its first Accounts.

Table 5.3: Equity and Loans¹⁶ outstanding as per the State Finance Accounts vis-à-vis records of SPSEs for last three years

(₹ in crore)

Year	2020-21			2021-22			2022-23		
	Amount as per Finance Accounts	Amount as per records of SPSEs	Difference	Amount as per Finance Accounts	Amount as per records of SPSEs	Difference	Amount as per Finance Accounts	Amount as per records of SPSEs	Difference
Equity ¹⁷	111.05	34.34	76.71	111.05	34.34	76.71	111.05	34.34	76.71
Loans	0.48 ¹⁸	0.81	0.33	0.48	0.81	0.33	0.48	0.00	0.48

Source: Finance Accounts and records of SPSEs

It can be seen from **Table 5.3** above, that equity figures as per the State Finance Accounts and SPSE-records remained unchanged during all the three years. Thus, there was a difference of ₹76.71 crore in the State's equity investment during 2020-21 to 2022-23 as per two sets of records. The difference in Equity investment occurred in respect of all six SPSEs¹⁹ where State Government had made direct investment. As regards SPSE-Loans provided by the State Government, the difference in the loan figures as per the State Finance Accounts and SPSE-records increased from ₹0.33 crore (2021-22) to ₹0.48 crore (2022-23). Analysis of reasons for difference in loan figures was, however, not possible as the Finance Accounts did not provide the SPSE-wise details of the loans provided by the State Government.

The State Government and the SPSEs concerned should take concrete steps to reconcile the differences in a time-bound manner.

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 the past three years are given in **Table 5.4**.

Table 5.4: Details regarding annual budgetary support to SPSEs

(₹ in crore)

Sl. No.	Particulars	2020-21		2021-22		2022-23	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	0	0.00	0	0.00	0	0.00
2.	Loans given from budget	1	0.62	1	4.28	0	0.00
3.	Grants/Subsidy from budget	5	26.76	4	28.30	4	29.54
Total		6	27.38	5	32.58	4	29.54

Source: Figures furnished by the SPSEs

¹⁶ Figures as per the records of SPSEs are provisional and as provided by the SPSEs as none of the SPSEs had finalised their current accounts (2022-23).

¹⁷ Including 'Share application money pending allotment'.

¹⁸ This represents the Loans provided by the State Government to 'Public Sector and other Undertakings' and booked under the heading 'Industry & Mineral-Loans to Consumer Industries-Sugar in the State Finance Accounts without giving the SPSE-wise details.

¹⁹ Excluding one working SPSE (Kohima Smart City Development Limited), which has not furnished the required information and had also not submitted its first Accounts since inception.

It can be seen from **Table 5.4** above that during last three years ending 2022-23, the budgetary support provided by State Government to SPSEs ranged between ₹27.38 crore (2020-21) and ₹32.58 crore (2021-22). During 2022-23, the State Government provided budgetary support of ₹29.54 crore by way of grant (revenue) to four SPSEs to meet the establishment expenditure. More than 81 per cent (₹23.99 crore) of this grant was provided to Nagaland State Mineral Development Corporation Limited (₹12.98 crore) and Nagaland Handloom and Handicrafts Development Corporation Limited (₹11.01 crore). Further, the other two SPSEs, which received the budgetary support of ₹4.75 crore (Nagaland Hotels Limited) and ₹0.80 crore (Nagaland Industrial Development Corporation Limited) respectively had negative net worth due to complete erosion of their equity by the accumulated losses. Thus, the grant (₹5.55 crore) provided to the above mentioned two SPSEs with negative net worth was unproductive and a drain on the State exchequer.

5.6 Investment in SPSEs and Budgetary Support

5.6.1 Equity holding and Loans in SPSEs

The State's investment in its SPSEs was by way of Equity Share Capital and Long Term Loans. The sector-wise Total Equity, Equity Contribution by State Government and Long Term Loans including the loans given by State Government in six SPSEs as on 31 March 2023 is shown in **Table 5.5**.

Table 5.5: Sector-wise investment in SPSEs

Particulars	Investment					Percentage of Total Equity and Long Term Loans
	Total Equity	State Government Equity	Total Long Term Loans	State Government Loans	Total Equity and Long Term Loans	
(A)	(B)	(C)	(D)	(E)	F= (B+D)	G=F/Total *100
Finance Sector						
Nagaland Industrial Development Corporation Ltd.	23.20	18.47	59.45	0	82.65	67.77
Manufacturing Sector						
Nagaland State Mineral Development Corporation Ltd.	1.60	1.60	0	0	1.60	1.31
Nagaland Sugar Mills Company Limited*	5.89	4.24	6.08	0	11.97	9.81
Nagaland Industrial Raw Materials & Supply Corporation Limited*	1.23	1.23	0.05	0	1.28	1.05
Service Sector						
Nagaland Hotels Ltd.	2.35	1.95	3.26	0	5.61	4.60
Other						
Nagaland Handloom & Handicrafts Development Corporation Ltd.	7.99	6.85	10.86	0	18.85	15.46
Total	42.26	34.34	79.70	0	121.96	100.00

Source: Information provided by the SPSEs

It can be seen from **Table 5.5** above that majority of State's investment (67.77 per cent) as on 31 March 2023 was in the Finance Sector SPSEs. Further, the entire State

Government investment (₹34.34 crore) was in the equity of SPSEs, which constituted 28.16 per cent of the total investment (₹121.96 crore) by Government and others in SPSEs in the form of equity and loans.

5.6.2 Disinvestment, Restructuring and Privatisation

During the year 2022-23, there was no case of disinvestment, restructuring and privatisation of working as well as non-working SPSEs.

5.7 Returns from SPSEs

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 shown in **Table 5.6**.

Table 5.6: Details of profits earned and dividend paid by working SPSEs

Year	2020-21	2021-22	2022-23
Number of profit earning working SPSEs	1	1	1
Aggregate profit earned (₹ in crore)	2.50	2.50	0.46
Dividend paid	-	-	-

Source: Figures as provided by the SPSEs

As can be seen from **Table 5.6** above, only one working SPSE (Nagaland State Mineral Development Corporation Limited) earned profits of ₹2.50 crore²⁰ (2020-21 and 2021-22) which declined to ₹0.46 crore (2022-23). However, this profit earning SPSE has not declared any dividend.

5.8 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 shown in **Table 5.7**.

Table 5.7: Position of outstanding Long Term Loans of the SPSEs

Particulars	(₹ in crore)		
	2020-21	2021-22	2022-23
Total Loans outstanding (State Government and Others)	77.76	77.98	84.74
State Government Loans outstanding	0.81	0.81	0.00
Interest on Total Loans ²¹	1.62	1.13	0.86

Source: As per latest finalised accounts of SPSEs

It can be seen from **Table 5.7** above that during the three years ending 2022-23, the total long term borrowings of the SPSEs from all sources registered an increase of ₹6.98 crore (8.98 per cent) from ₹77.76 crore (2020-21) to ₹84.74 crore (2022-23). However, the SPSEs had no State Government borrowings during 2022-23 as compared to the unpaid borrowings of ₹0.81 crore during each of the previous two years. Further, one SPSE (Nagaland State Mineral Development Corporation Limited) did not have

²⁰ The Company (Nagaland State Mineral Development Corporation Limited) earned profit (₹2.50 crore) during 2020-21 as per its latest finalised accounts (2018-19) and it did not finalise any Accounts during 2021-22.

²¹ Interest figures as available in the latest finalised accounts of respective SPSEs

any outstanding long term borrowings during 2022-23 as per its latest finalised accounts.

5.9 Financial Performance of SPSEs

5.9.1 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 2022-23, the overall capital employed in respect of four working SPSEs²² as per their latest finalised accounts was ₹32.83 crores as shown in **Table 5.8**.

Table 5.8: Details of Capital Employed in working SPSEs as per latest finalised accounts

(₹ in crore)				
Sl. No.	Name of PSU	Latest finalised accounts	Capital employed	ROCE
1.	Nagaland Industrial Development Corporation Ltd.	2021-22	22.63	-4.35
2.	Nagaland State Mineral Development Corporation Ltd.	2020-21	8.43	0.46
3.	Nagaland Hotels Ltd.	2017-18	-8.72	-2.84
4.	Nagaland Handloom & Handicrafts Development Corporation Ltd.	2019-20	10.49	-0.36
Total			32.83	-

Source: As per latest finalised accounts of SPSEs

Further, out of four working SPSEs, only one SPSE²³ had positive ROCE.

5.9.2 Return on Equity (RoE)

Return on Equity (RoE) is a measure of financial performance to assess how effectively a company's assets are being used to create profits. RoE is calculated by dividing net income by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

During 2022-23, only one working SPSE²⁴ had positive RoE as per its latest finalised accounts (2020-21) as on 30 September 2023 (**Appendix 5.1**).

5.9.3 Rate of Return on the basis of Present Value of Investment

The Rate of Real Return (RORR) measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for their time value. To determine the RORR on Government investment in the

²² Excluding one SPSE (Kohima Smart City Development Limited), which has not submitted its First Accounts.

²³ Nagaland State Mineral Development Corporation Limited (ROCE: (+) 5.46 per cent)

²⁴ Nagaland State Mineral Development Corporation Limited (Net profit for 2020-21 was ₹0.46 crore)

State PSUs, the investment of State Government in the form of equity, interest-free loans and grants/subsidies given by the State Government for operational and management expenses less the disinvestments (if any), is considered and indexed to their Present Value (PV) and summated. The RORR is then calculated by dividing the 'profit after tax' (PAT) of the PSUs by the sum of the PV of Government investment.

State Government infused funds in the form of equity, loans (interest free) and revenue grants/subsidies in six SPSEs²⁵ since their inception. During 2022-23, three working SPSEs incurred losses while one working SPSE earned profit. In addition, two non-working SPSEs earned an overall profit of ₹0.22 crore as per their latest finalised accounts (*Appendix 5.1*).

On the basis of return on historical value, the State Government's investment in PSEs had eroded by (-) 3.04 *per cent* during 2022-23. As per the RORR where the PV of investment is considered, the State Government investment eroded by (-) 1.28 *per cent* as shown in *Appendix 5.2*. This difference in the percentage of investment erosion was on account of the adjustment made in the investment amount for time value of money.

5.10 SPSEs incurring Losses

5.10.1 Losses incurred

Out of four working SPSEs²⁶ in Nagaland, three had incurred losses as per their latest finalised accounts.

Table 5.9: Number of working SPSEs that incurred losses during 2020-21 to 2022-23

(₹ in crore)

Year	Number of loss making SPSEs	Net loss for the year	Accumulated loss	Net Worth
2020-21	3	(-) 8.80	(-) 77.31	(-) 52.46
2021-22	3	(-) 8.34	(-) 82.89	(-) 58.04
2022-23	3	(-) 8.41	(-) 87.76	(-) 54.22

Source: As per latest finalised accounts of SPSEs

From **Table 5.9** above, it can be seen that during the three years under reference, the accumulated losses of loss incurring SPSEs showed an increasing trend with an increase from ₹77.31 crore to ₹87.76 crore. During 2022-23, 57.91 *per cent* (₹4.87 crore) of total working SPSE-losses (₹8.41 crore) were attributed to Nagaland Industrial Development Corporation Limited.

5.10.2 Erosion of capital in Government Companies

The aggregate paid-up capital and accumulated losses of four working SPSEs²⁷ as per their latest finalised accounts as on 30 September 2023 were ₹35.14 crore²⁸ and

²⁵ Excluding one SPSE (Kohima Smart City Development Limited), for which no information is available as it has not finalised/submitted any Accounts since inception (March 2017).

²⁶ Excluding one SPSE (Kohima Smart City Development Limited), which has not finalised its first Accounts.

²⁷ Excluding one SPSE (Kohima Smart City Development Limited), which has not finalised its first Accounts.

²⁸ Including share application money.

₹80.93 crore respectively (**Appendix 5.1**). Analysis of investment and accumulated losses of these SPSEs revealed that the accumulated losses amounting to ₹81.45 crore of two working SPSEs had completely eroded their paid-up capital (₹25.55 crore) as per their latest finalised accounts as shown in **Table 5.10**.

Table 5.10: PSUs with erosion of paid-up capital

(₹ in crore)			
Name of PSU	Latest finalised accounts	Paid up capital	Accumulated losses
Nagaland Industrial Development Corporation Ltd., Dimapur	2021-22	23.20	(-)59.36
Nagaland Hotels Ltd., Dimapur	2017-18	2.35*	(-)22.09
Total	--	25.55	(-)81.45

Source: As per latest finalised accounts of SPSEs

*including share application money pending allotment (₹1.53 crore)

The cash receipt and expenses of these two SPSEs whose net worth have eroded is detailed below.

Table 5.11: Cash receipts and expenses of PSUs for the year 2022-23

Name of PSU	Revenue from operations	Cash Expenses			Revenue grant from State
		Operational expenses	Employees' salaries & benefits	Total	
Nagaland Industrial Development Corporation Ltd., Dimapur	1.72	1.20	6.39	7.59	0.80
Nagaland Hotels Ltd., Dimapur	6.02	2.15	8.02	10.17	4.75

It can be seen from above Table that the main reason for loss in these two SPSEs is the increase in expenditure towards employees' salaries and benefits. During 2022-23, the State Government provided revenue grant of ₹4.75 crore (Nagaland Hotels Limited) and ₹0.80 crore (Nagaland Industrial Development Corporation Limited).

Accumulation of huge losses by these SPSEs had eroded public wealth, which is a cause for serious concern and the State Government needs to review the working of these SPSEs to either improve their profitability or consider continuance of their operations.

5.11 Audit of State Public Sector Enterprises (SPSEs)

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.

5.12 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 four out of five working SPSEs for the year 2022-23 were appointed by the CAG up to September 2023.

5.13 Submission of accounts by State Public Sector Enterprises

5.13.1 Need for timely submission

According to Section 394 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of placement of its audited Annual Accounts in the Annual General Meeting²⁹ (AGM). As soon as may be after such preparation, the Annual Report must be laid before the State Legislature, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. This mechanism provides the necessary Legislative control over the utilisation of public funds invested in the Companies from the Consolidated Fund of State.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statements for the financial year along with the CAG's supplementary comments thereon have to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

The annual accounts of various SPSEs (all Government companies) were pending as on 30 September 2023, as detailed in the following paragraph.

5.13.2 Timeliness in preparation of accounts by SPSEs

As on 31 March 2023, there were seven SPSEs (including two non-working) under the purview of CAG's audit. Of these, accounts for the year 2022-23 were due from all the seven SPSEs including two closed SPSEs. However, none of these SPSEs finalised and submitted their accounts for the current year 2022-23 for audit by CAG as on 30 September 2023. As on 30 September 2023, total 42 accounts of seven SPSEs were in arrears, as shown in **Table 5.12** for various reasons.

Table 5.12: Details of arrears of accounts of SPSEs

Sl. No.	Name of SPSE			Accounts finalised up to	Number of accounts in arrear
Working SPSEs					
1.	Nagaland Industrial Corporation Ltd.	Development		2021-22	1
2.	Nagaland State Mineral Corporation Ltd.	Development		2020-21	2

²⁹ In case of the first AGM, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case within a period of six months, from the date of closing of the financial year *i.e.* 30 September.

Sl. No.	Name of SPSE	Accounts finalised up to	Number of accounts in arrear
3.	Nagaland Hotels Ltd.	2017-18	5
4.	Nagaland Handloom & Handicrafts Development Corporation Ltd.	2019-20	3
5.	Kohima Smart City Development Limited	-	6
Non-working SPSEs			
6.	Nagaland Industrial Raw Materials and Supply Corporation Limited	2018-19	4
7.	Nagaland Sugar Mills Company Limited	2001-02	21

Source: As per latest finalised accounts of SPSEs

Details of arrears in submission of accounts of SPSEs are shown in **Table 5.13**.

Table 5.13: Details of arrears in submission of accounts

Particulars		SPSEs	Number of Accounts
Total number of Companies under the purview of CAG's audit as on 31 March 2023		7	-
Less: New Companies from which accounts for 2022-23 were not due		0	0
Number of Companies from which accounts for 2022-23 were due		7	7
Number of Companies which presented the accounts for the year 2022-23 for CAG's audit by 30 September 2023		0	0
Number of accounts in arrear		7	42
Break-up of arrears	(i) Under Liquidation	-	-
	(ii) Defunct	2	25
	(ii) Others (working SPSEs)	5	17
Age-wise analysis of arrears against Working SPSEs category	One year (2022-23)	1	1
	Two years (2021-22 and 2022-23)	1	2
	Three years and more	3	14

Source: As per latest finalised accounts of SPSEs

As could be seen from **Table 5.12 and 5.13**, none of the five working SPSEs had finalised their accounts for the current year (2022-23). As on 30 September 2023, the five working SPSEs had arrear of a total of 17 Accounts ranging from one to six years. As regards non-working SPSEs, both the non-working SPSEs³⁰ had a backlog of 25 Accounts as on 30 September 2023.

The Administrative Departments, which have the responsibility to oversee the activities of the SPSEs, have to ensure that the SPSEs finalise and adopt their accounts within the stipulated period. In view of the position of arrears of accounts indicated above, the actual contribution of SPSEs to the GSDP for the year 2022-23 could not be ascertained and their contribution to State exchequer could not be reported to the State Legislature.

The Principal Accountant General (Audit), Nagaland had been pursuing with the administrative Departments³¹ and concerned SPSEs³² for liquidating the arrears of accounts of SPSEs. However, the State Government and the SPSEs concerned could

³⁰ Nagaland Industrial Raw Materials Supply Corporation Limited (4 Accounts) and Nagaland Sugar Mills Company Limited (21 Accounts).

³¹ Vide DO letter No. Comm/PSU/Policy/Vol.III/2018-19/6-8 dated 20 April 2023.

³² Vide letter No. Comm/PSU/Policy/Vol.III/2018-19/9-11 dated 20 April 2023.

not address the issue to clear pendency of accounts of the SPSEs in a time-bound manner.

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

5.14.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards renamed as National Financial Reporting Authority³³. 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.

5.14.2 Audit of Accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector 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
- supplement or comment upon the Statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

5.14.3 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 an 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

³³ Effective from 01 October 2018.

on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the AGM.

5.15 Result of CAG's oversight role

5.15.1 Audit of accounts of SPSEs

Three Financial Statements for the previous years (2019-20, 2020-21 and 2021-22) were received from two SPSEs during the period 01 October 2022 to 30 September 2023.

Two Financial Statements of two SPSEs were reviewed in audit by the CAG and Non-Review Certificate was issued for one SPSE. The results of the review are detailed below:

5.15.2 Amendment of Financial Statements

During 2022-23, there was no case of SPSEs amending their Financial Statements before laying the same in the AGM.

5.15.3 Revision of Auditors Report

During 2022-23, there was no case of revision of statutory auditors' report as a result of supplementary audit of the Financial Statements conducted by the CAG.

5.16 Conclusion

As on 31 March 2023, there were seven SPSEs (all Government companies), which included two non-working. SPSEs did not adhere to the prescribed timeline regarding finalisation and submission of their Annual Financial Statements. As on 30 September 2023, total 42 accounts of seven SPSEs were in arrears.

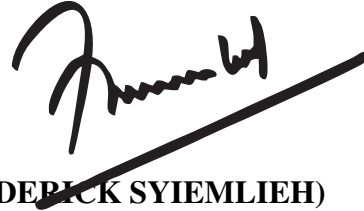
Out of five working SPSEs, three had incurred losses aggregating to ₹8.41 crore while only one SPSE earned a profit of ₹0.46 crore as per their latest finalised accounts. However, the profit earning SPSE did not declare any dividend during 2022-23. Further, one SPSE did not finalise and submit the Annual Accounts for supplementary audit since its inception (March 2017).

The accumulated losses (₹81.45 crore) of two working SPSEs had completely eroded their paid-up capital of ₹25.55 crore as per their latest finalised accounts which is a cause for concern and the State Government needs to either improve their working or review the working of these SPSEs to decide on continuing their operations.

5.17 Recommendations

- The State Government may consider initiating liquidation process of these two non-working SPSEs which are neither contributing to the State economy nor meeting the intended objectives of their formation.
- The State Government may analyse the reasons of losses in those SPSEs whose net worth has been eroded and initiate steps to make their operations efficient and profitable or consider continuance of their operations.

- The State Government may impress upon the Managements of the SPSEs to ensure timely submission of their Financial Statements as 42 accounts of seven SPSEs were in arrears. In the absence of finalised accounts, Government investments in such SPSEs remains outside the oversight of the State Legislature.



Kohima
Dated: 12 April 2024

(FREDERICK SYIEMLIEH)
Principal Accountant General (Audit)

Countersigned



New Delhi
Dated: 12 April 2024

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1

Part A: Glossary of important Budget related terms

(Reference: Paragraphs-1.1; 1.4 and 3.1)

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.
2. **'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.
3. **'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.
4. **'Appropriation'** - means the amount authorized by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5. **'Charged Expenditure'** - means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6. **'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.
7. **'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.
8. **'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.
9. **'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.

10. **'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.
11. **'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.
12. **'New Instrument of Service'**- means relatively large expenditure arising out of important expansion of an existing activity.
13. **'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.
14. **'Re-appropriation'** - means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
15. **'Revised Estimates'** - 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.
16. **'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 authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.
 - a) **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.
 - b) 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 utilize the savings of one of the Sections for any other Section.
 - c) **Token Supplementary** allows to utilise the savings within the same section of the grant.
17. **'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.*

18. **‘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.
19. **‘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.
20. **‘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.
21. **‘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.
22. **‘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.
23. **‘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.
24. **‘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.
25. **‘Schedule of New Expenditure’** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.
26. **‘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.

The definition of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Term	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount})-1]*100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal liabilities} + \text{Current year's Fiscal Liabilities})/2]*100$
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received}/[(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2]*100$

Term	Basis of calculation
Average interest rate of Outstanding Debt	Interest Paid/[(Opening Balance of Public Debt + Closing Balance of Public Debt)/2]
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts.
Primary Deficit	Fiscal Deficit – Interest Payments
Compound Annual Growth Rate (CAGR)	The Compound Annual Growth Rate is calculated by taking the n^{th} root of the total percentage growth rate, where n is the number of years in the period being considered. $\text{CAGR} = \left[\frac{\text{ending value}}{\text{beginning value}} \right]^{1/\text{no of years} - 1}$
GSDP	GSDP is defined as the total income of the State or the Market Value of Goods and Services produced using Labour and all other factors of production at Current Prices.
Buoyancy Ratio	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 at 0.70 implies that Revenue Receipts tend to increase by 0.70 percentage points, if the GSDP increases by one <i>per cent</i> .
Core Public and Merit Goods	Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such goods lead to no subtractions from any other individual's consumption of the goods, <i>e.g.</i> , enforcement of law and order, security and protection of our rights; pollution free air, other environmental good, road infrastructure <i>etc.</i> Merit goods are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation, <i>etc.</i>
Debt Sustainability	Debt Sustainability is defined as the ability of the State to maintain a constant Debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its Debt. 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 the increase in capacity to service the Debt.
Non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
Net Availability of Borrowed Funds	Defined as the ratio of the debt redemption (Principal + Interest payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the Net Availability of Borrowed Funds.
Misappropriation	Dishonestly misappropriating or converting to own use any property, or dishonestly using or disposing of that property in violation of any direction of law prescribing the mode in which such trust is to be discharged, or of any legal contract, express or implied.
Defalcation	Defalcation is misappropriation of funds by a person trusted with its charge; also, the act of misappropriation, or an instance thereof.

Appendix 1.1

Part B: State Profile

(Reference: Paragraph-1.1)

A. General information pertaining to the State for the year 2022-23					
Sl. No.	Particulars		Unit	India	Nagaland
1.	Area		Sq. km	32,87,469	16,579
2.	Population (in lakhs)	(a) 2011	In lakh	11,767	19.79
		(b) 2012	In lakh	12,202	20.12
		(c) 2023	In lakh	13,882	22.33**
3.	Density of population (persons per square km, 2011 census)		Per square km	422.26*	119
4.	Population below Poverty line (NITI Aayog)		Per cent	21.92^	18.88
5.	Literacy rate (2011 census)		Per cent	73.00\$	79.55**
6.	Infant mortality rate (National Family Health Survey 2015-16)		Per 1000 live births	28.00\$\$	4
7.	Life expectancy at birth in years		Year	70.00@	NA
8.	Decadal population growth (2013 to 2023)		Per cent	11.68	10.44
9.	GDP/GSDP (2022-23) at current prices (2011-12 Series)		(₹ in crore)	2,72,40,712	35,933.96**
10.	Per Capita GSDP		(in ₹)	1,96,983	1,60,922.40#
11.	Growth rate of GDP/GSDP for 2022-23 from the previous year		Per cent	16.06	12.60

Sources: *Projected population as on 01st March by Ministry of Health & Family Welfare, ^: Ministry of Statistics and Programme Implementation (Based on Tendulkar methodology), \$: Economic survey 2021-22, \$\$: SRS Bulletin (2020), @: SRS based Abridged life Table 2016-20, Register General of India, **Directorate of Economic & Statistic Department, #: State Finance Audit Report, 2022-23 (Economic Division)

B. Financial Data								
Particulars	Figures (in per cent)							
	2013-14 to 2016-17		2017-18 to 2020-21		2020-21 to 2021-22		2021-22 to 2022-23	
CAGR (per cent)	NE&H*	Nagaland	NE&H	Nagaland	NE&H	Nagaland	NE&H	Nagaland
Revenue Receipts	14.75	13.27	5.93	1.22	18.08	17.71	10.93	4.82
Own Tax Revenue	10.92	15.28	6.36	17.02	19.62	27.21	17.39	12.36
Non Tax Revenue	9.18	16.57	2.52	-14.53	2.89	25.14	32.79	57.59
Total Expenditure	14.60	11.82	7.48	3.55	16.26	7.72	13.10	17.51
Capital Expenditure	15.97	-3.75	6.83	9.58	28.31	13.05	0.65	42.61
Revenue Expenditure on								
(i) Education	11.57	8.49	6.49	5.13	8.28	10.39	11.59	9.90
(ii) Health	17.29	18.73	12.67	8.37	18.04	12.03	9.15	3.33
(iii) Salary and Wages	8.77	8.44	6.27	10.31	7.51	8.08	9.81	1.91
(iv) Pension	16.50	16.30	11.27	11.50	25.75	23.13	10.74	30.63

* NE&H: North Eastern and Himalayan States

Appendix 1.1

Part C: Time Series Data on the State Government Finances

(Reference: Paragraphs-1.1; 2.4.1 and 2.7.3)

(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23
Part A Receipts					
1. Revenue Receipts	11,437.41	11,423.29	11,427.43	13,451.14	14,099.26
(i) Tax Revenue	846.43(8)	958.23(8)	1,022.74(9)	1,301.08(10)	1,461.88(11)
Taxes on Agricultural Income	-	-	-	-	-
Goods and Service Tax	469.64(55)	613.22(64)	663.81(65)	830.34(64)	959.09(66)
Taxes on Sales, Trade, etc.	186.69(22)	175.15(18)	205.50(20)	261.87(20)	246.55(17)
State Excise	4.65(1)	3.24(1)	4.55(0)	3.32(0)	4.40(0)
Taxes on Vehicles	126.22(15)	113.93(12)	93.29(9)	141.04(11)	187.64(13)
Stamps and Registration Fees	2.53(1)	2.79(0)	2.25(0)	3.39(0)	3.43(0)
Land Revenue	1.13(0)	1.04(0)	1.09(0)	1.23(0)	1.09(0)
Taxes on Goods and Passengers	20.16(2)	18.09(2)	15.62(2)	21.43(2)	21.58(1)
Other Taxes	35.41(4)	30.77(3)	36.63(4)	38.46(3)	38.10(3)
(ii) Non Tax Revenue	255.24(2)	339.29(3)	242.60(2)	303.58(2)	478.41(3)
(iii) State's share of Union taxes and Duties	3,792.41 (33)	3,267.08 (29)	3,409.25 (30)	4,875.27 (36)	5,400.19 (38)
(iv) Grants-in-Aid from Government of India	6,543.33 (57)	6,858.69 (60)	6,752.84 (59)	6,971.21 (52)	6,758.78 (48)
2. Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	450.00
3. Recoveries of Loans and Advances	1.08	1.09	1.23	1.88	3.04
4. Total Revenue and Non-Debt Capital Receipts (1+2+3)	11,438.49	11,424.38	11,428.66	13,453.02	14,552.30
5. Public Debt Receipts	2,907.22	7,869.83	11,434.87	8,708.55	7,158.69
Internal Debt (excluding Ways and Means Advances and Overdrafts)	943.86	1,078.64	1,809.50	1,793.67	1,897.58
Net transactions under Ways and Means Advances and Overdrafts	1,959.38	6,784.50	9,417.75	6,599.67	4,742.83
Loans and Advances from Government of India	3.98	6.69	207.62	315.21	518.28
6. Total Receipts in the Consolidated Fund (4+5)	14,345.71	19,294.21	22,863.53	22,161.57	21,710.99
7. Contingency Fund Receipts	0.00	0.00	0.00	0.00	0.00
8. Public Account Receipts	4,114.23	4,078.25	3,599.70	3,537.07	4,196.55
9. Total Receipts of the State (6+7+8)	18,459.94	23,372.46	26,463.23	25,698.64	25,907.54
Part B Expenditure/ Disbursement					
10. Revenue Expenditure	10,919.98	11,637.02	11,052.06	11,817.08	13,410.36
General Services (including interest payments)	5,018.12 (46)	5,428.80 (47)	5,100.03 (46)	5,743.69 (49)	6,820.70 (51)
Social Services	3,158.58 (29)	3,030.05 (26)	3,138.51 (29)	3,378.12 (29)	3,746.13 (28)
Economic Services	2,743.28 (25)	3,178.17 (27)	2,813.52 (25)	2,695.27 (22)	2,843.53 (21)
Grants-in-Aid and contributions#	0.00	0.00	0.00	0.00	0.00
11. Capital Expenditure	1,595.56	1,206.32	1,671.93	1,893.85	2,704.22
General Services	419.49(26)	165.73(14)	409.61(25)	293.30 (16)	446.91(17)
Social Services	329.89(21)	457.02(38)	508.21(30)	916.50 (48)	1,094.09(40)
Economic Services	846.18(53)	583.57(48)	754.11(45)	684.05 (36)	1,163.22(9)

	2018-19	2019-20	2020-21	2021-22	2022-23
12. Disbursement of Loans and Advances	5.27	9.26	5.61	2.61	0.35
13. Total Expenditure (10+11+12)	12,520.81	12,852.60	12,729.60	13,713.54	16,114.93
14. Repayments of Public Debt	2,596.27	6,867.25	9,903.92	7,950.12	5,324.29
Internal Debt (excluding Ways and Means Advances and Overdrafts)	615.17	724.18	493.85	638.00	781.02
Net transactions under Ways and Means Advances and Overdraft	1,959.38	6,121.17	9,389.18	7,291.56	4,520.80
Loans and Advances from Government of India	21.72	21.90	20.89	20.56	22.47
15. Appropriation to Contingency Fund	0.00	0.00	0.00	0.00	0.00
16. Total disbursement out of Consolidated Fund (13+14+15)	15,117.08	19,719.85	22,633.52	21,663.66	21,439.22
17. Contingency Fund disbursements	0.00	0.00	0.00	0.00	0.00
18. Public Account disbursements	3,184.11	2,881.70	3,712.20	3,870.95	4,622.61
19. Total disbursement by the State (16+17+18)	18,301.19	22,601.55	26,345.72	25,534.61	26,061.83
Part C Deficits					
20. Revenue Deficit (-)/ Revenue Surplus (+) (1-10)	517.43	-213.73	375.37	1634.06	688.90
21. Fiscal Deficit (-)/ Fiscal Surplus (+) (4-13)	-1,082.32	-1,428.22	-13,00.94	-260.52	-1,562.63
22. Primary Deficit (-)/ Surplus (+) (21+23)	-310.58	-614.48	-444.17	671.57	-569.40
Part D Other Data					
23. Interest Payments (included in Revenue Expenditure)	771.74	813.74	856.77	932.09	993.23
24. Financial Assistance to Local Bodies etc.	167.06	160.70	194.85	216.46	196.59
25. Ways and Means Advances/ Overdraft Availed (days)	1,959.38 (100)	6,784.50 (139)	9,417.75 (211)	6,599.67 (164)	4,742.83 (93)
Ways and Means Advances Availed (days)	1,910.85 (98)	6,628.33 (113)	7,765.31 (177)	5,900.14 (139)	3,965.89 (89)
Overdraft Availed (days)	48.53 (2)	156.17 (6)	16,52.44 (34)	699.53 (25)	776.94 (4)
26. Interest on Ways and Means Advances/ Overdraft	0.92	5.16	10.35	4.42	3.96
27. Gross State Domestic Product (GSDP)	26,527.42	29,715.87	29,831.64	31,912.54	35,933.56
28. Outstanding Fiscal Liabilities (year-end)	10,545.76	12,179.10	13,471.67	13,922.40	15,587.44
29. Outstanding Guarantees (year-end) (including Interest)	120.96	174.96	174.96	189.96	189.96
30. Maximum Amount Guaranteed (year-end)	0.00	0.00	0.00	0.00	0.00
31. Number of Incomplete Projects	390	399	416	383	311
32. Capital Blocked in Incomplete Projects	1,252.87	1,309.30	1,380.04	1,309.30	963.10
Part E Fiscal Health Indicators					
I Resource Mobilisation					
Own Tax Revenue/GSDP	3.19	3.22	3.43	4.08	4.07
Own Non-Tax Revenue/GSDP	0.96	1.14	0.81	0.95	1.33

	2018-19	2019-20	2020-21	2021-22	2022-23
Central Transfer/GSDP	14.30	10.99	11.43	15.28	15.03
II Expenditure Management					
Total Expenditure/GSDP	47.20	43.25	42.67	42.97	44.85
Total Expenditure/Revenue Receipts	109.47	112.51	111.40	101.95	114.30
Revenue Expenditure/Total Expenditure	87.21	90.54	86.82	86.17	83.22
Expenditure on Social Services/ Total Expenditure	27.86	27.13	28.65	31.32	30.04
Expenditure on Economic Services/ Total Expenditure	28.71	29.34	28.07	24.66	24.87
Capital Expenditure/Total Expenditure	12.74	9.39	13.13	13.81	16.78
Capital Expenditure on Social and Economic Services/Total Expenditure.	9.39	8.10	9.92	11.67	14.01
III Management of Fiscal Imbalances					
Revenue Deficit (Surplus)/GSDP	1.95	-0.72	1.26	5.12	1.92
Fiscal Deficit/GSDP	(-) 4.08	(-)4.81	(-)4.36	(-)0.82	(-)4.35
Primary Deficit (Surplus)/GSDP	(-) 1.17	(-)2.07	(-)1.49	2.10	(-)1.58
Revenue Deficit/Fiscal Deficit	*	0.15	*	*	*
Primary Revenue Balance/GSDP	4.11	4.35	4.23	5.01	5.38
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	39.75	40.99	45.16	43.63	43.38
Fiscal Liabilities/RR	92.20	106.62	117.89	103.50	110.56
Primary Deficit vis-à-vis Quantum Spread	(-)165.05	(-)22.59	(-)1,291.54	695.24	345.58
Debt Redemption (Principal + Interest)/ Total Debt Receipts	137.73	132.56	61.90	70.18	69.84
V Other Fiscal Health Indicators					
Return on Investment	0.66	2.80	2.47	0.49	2.47
Balance from Current Revenue (₹ in crore)	744.63	(-)84.40	(-)342.92	1,118.07	397.28
Financial Assets/Liabilities	1.90	1.81	1.77	1.86	1.83

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

GIA is already included under General Services, Social Services and Economic Services

Appendix 1.2

Summarised Financial Position of the Government of Nagaland as on 31 March 2023

(Reference: Paragraph 1.4)

(₹ in crore)

As on 31.03.2022		Liabilities	As on 31.03.2023	
10,794.87		Internal Debt -		12,133.46
	10215.00	Market Loans Bearing Interest	11,414.00	
	0.03	Market Loans Not Bearing Interest	0.03	
	1.80	Loans from Life Insurance Corporation of India	0.97	
	578.04	Loans from Other Institutions	718.46	
	0.00	Ways and Means Advances	0.00	
	0.00	Overdrafts from Reserve Bank of India	0.00	
612.54		Loans and Advances from Central Government-		1,108.35
	0.35	Pre 1984-85 Loans	0.35	
	10.12	Non- Plan Loans	9.47	
	568.04	Loans for State Plan Schemes	1,065.10	
	0.18	Loans for Central Plan Schemes	0.18	
	26.71	Loans for Centrally Sponsored Schemes	26.28	
	0.00	Ways and Means Advances	0.00	
	7.14	Loans for Special Scheme	6.97	
0.35		Contingency Fund		0.35
1,606.81		Small Savings, Provident Funds, etc.		1,463.08
923.61		Deposits		898.00
1,900.16		Reserve Funds		1,602.41
0.00		Suspense and Miscellaneous Balances		0.00
(-831.48)		Remittance Balances		(-785.14)
15,006.86		Total		16,420.51
Assets				
22,867.79		Gross Capital Outlay on Fixed Assets -		25,572.06
	296.17	Investments in shares of Companies, Corporations, etc.	296.17	
	22,571.62	Other Capital Outlay	25,275.89	
42.17		Loans and Advances -		39.48
	0.00	Loans for Power Projects	0.00	
	42.61	Other Development Loans	41.12	
	(-)0.43	Loans to Government Servants and Miscellaneous Loans	(-)1.64	
0.00		Reserve Fund Investments		0.00
0.57		Advances		0.57
75.28		Suspense and Miscellaneous Balances		80.55
2,909.32		Cash -		2,755.02
	0.00	Cash in Treasuries and Local Remittances	0.00	
	(-)399.64	Deposits with Reserve Bank	(+)320.78	
	907.98	Departmental Cash Balance	816.40	
	0.00	Permanent Advances	0.00	
	1915.61	Investment on Earmarked Funds	1,617.84	
	485.37	Cash Balance Investments	0.00	
(-)10888.27		Deficit on Government account -		(-)12,027.17
	(-)1634.06	(i) Less Revenue Surplus of the current year	(-)688.90	
		(ii) Miscellaneous Deficit	(-)450.00	
	(-)9254.21	Accumulated Deficit at the beginning of the year	(-)10,888.30	
15,006.86		Total		16,420.51

Explanatory Notes: The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.

Suspense and Miscellaneous Balances include cheques issued but not paid, Inter-Departmental and Inter-Government payments and others awaiting settlement.

Appendix 2.1

Details of Funds parked in Single Nodal Accounts as on 31 March 2023

(Reference: Paragraph 2.3.2.4)

CSS Scheme Name	Amount Released by GoI Total	Central Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total Amount Released by Treasury to SNA	Total Expenditure	Balance in the Bank Account of SNA
Seed and Planting Material	0.00	0.00	0.00	0.00	2,56,512.00	1,123.00
Edible Oil - oil Palm (Krishionnati Yojna)	9,87,38,000.00	0.00	1,09,71,000.00	1,09,71,000.00	3,44,74,200.00	29,57,952.80
Edible Oil -Oilseeds (Krishionnati Yojna)	1,08,75,000.00	1,08,75,000.00	12,08,556.00	1,20,83,556.00	1,07,66,856.00	33,49,526.00
Integrated Development of Horticulture	16,00,00,000.00	21,85,00,000.00	1,74,72,000.00	23,59,72,000.00	17,75,80,551.00	10,34,83,672.00
Food and Nutrition Security (Krishionnati Yojana)	5,01,26,000.00	4,73,92,000.00	65,50,000.00	5,39,42,000.00	7,24,25,620.00	87,416.00
Agriculture Extension	12,51,00,000.00	9,38,25,000.00	1,74,81,000.00	11,13,06,000.00	18,24,55,732.00	0.00
Rashtriya Krishi Vikas Yojna	1280286275	1,52,85,72,000.00	18,35,64,000.00	1712136000	1,47,30,57,835.00	44,66,05,598.00
Digital Agriculture	1,78,37,500.00	1,78,37,500.00	19,82,000.00	1,98,19,500.00	5,02,91,529.00	1,98,19,529.00
Forest Fire Prevention and Management Scheme	28,82,000.00	28,82,000.00	10,37,112.00	39,19,112.00	1,03,71,112.00	16,327.00
Project Elephant	2,35,57,500.00	2,95,61,750.00	30,03,000.00	3,25,64,750.00	3,51,35,750.00	54,926.00
Conservation of Aquatic Eco Systems	0.00	0.00	0.00	0.00	0.00	0.00
Green India Mission-National Afforestation Programme	0.00	0.00	1,18,32,000.00	1,18,32,000.00	11,83,22,000.00	9,17,881.00
Project Tiger	0.00	0.00	0.00	0.00	10,00,000.00	13.00
Integrated Development of Wildlife Habitats	7,25,65,650.00	7,35,14,000.00	67,73,000.00	8,02,87,000.00	8,11,19,000.00	2,89,351.00
PM Formalization of Micro Food Processing Enterprises PM-FME	0.00	3,53,30,000.00	0.00	3,53,30,000.00	3,96,67,677.00	10,21,12,921.00
Tertiary Care Programs	19,40,00,000.00	19,40,00,000.00	2,15,56,000.00	21,55,56,000.00	0.00	21,55,76,601.00
Strengthening of State Drug Regulatory Systems	0.00	0.00	20,83,000.00	20,83,000.00	1,30,40,900.00	33,28,308.00
Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PM-ABHIM)	8,07,000.00	3,11,000.00	0.00	3,11,000.00	0.00	31,82,060.00
Flexible Pool for RCH & Health System Strengthening, National Health Programme and national urban health Mission	82,14,00,000.00	1,28,62,98,000.00	7,23,49,000.00	1,35,86,47,000.00	93,78,83,467.42	24,45,51,477.69
Human Resources for Health and Medical Education	0.00	3,25,10,00,000.00	7,52,50,000.00	3,32,62,50,000.00	44,66,97,873.00	3,09,60,67,562.11
National AYUSH Mission (NAM)	4,95,78,000.00	4,95,78,000.00	5,91,12,000.00	10,86,90,000.00	15,57,04,870.00	6,66,84,993.87
Rashtriya Swasthta Bima Yojna (erstwhile National Health Protection Scheme)	0.00	0.00	91,02,000.00	91,02,000.00	3,36,22,331.00	1,56,37,944.00

CSS Scheme Name	Amount Released by GoI Total	Central Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total Amount Released by Treasury to SNA	Total Expenditure	Balance in the Bank Account of SNA
Rashtriya Uchhatar Shiksha Abhiyan (RUSA)	0.00	0.00	0.00	0.00	0.00	18,34,240.30
Modernisation of Police Forces	23,16,08,423.00	17,03,00,000.00	0.00	17,03,00,000.00	17,02,76,252.00	25,78,539.00
Border Area Development Program	0.00	0.00	1,61,83,000.00	1,61,83,000.00	15,51,61,158.00	2,50,09,284.50
National Mission for Safety of Women (Fast Track Spl Courts-Nirbhaya Fund)	38,75,000.00	38,75,000.00	11,83,000.00	50,58,000.00	47,13,321.00	37,62,710.00
Infrastructure Facilities for Judiciary	0.00	0.00	1,47,44,000.00	1,47,44,000.00	10,65,90,837.00	4,93,40,565.00
Digitalization of Primary Agriculture Cooperative Societies	36,00,000.00	0.00	0.00	0.00	0.00	0.00
Jal Jeevan Mission (JJM)/ National Rural Drinking Water Mission	4,84,27,94,000.00	0.00	52,71,23,000.00	52,71,23,000.00	5,34,41,86,151.00	20,27,73,905.00
SBM-Rural (DWS)	19,72,00,000.00	19,72,00,000.00	2,69,17,600.00	22,41,17,600.00	16,85,37,800.00	10,10,60,527.00
Pradhan Mantri Matsya Sampada Yojana (PMMSY)	12,35,52,000.00	10,96,77,000.00	5,08,43,000.00	16,05,20,000.00	25,41,40,810.00	5,12,48,507.80
Livestock Health and Disease Control Programme CSS	0.00	0.00	0.00	0.00	0.00	0.00
National Livestock Mission	0.00	0.00	89,97,000.00	89,97,000.00	6,34,00,000.00	2,80,58,511.00
Livestock Census and Integrated Sample Survey	0	0.00	6,22,000.00	6,22,000.00	72,44,000.00	13,455.00
Other Items of State/UT component- PMAY Urban	2,87,13,704.00	4,02,52,504.00	47,16,856.00	4,49,69,360.00	72,56,61,308.00	22,30,11,287.78
National Urban livelihood Mission – State Component	1,83,05,000.00	1,83,05,000.00	20,33,889.00	2,03,38,889.00	5,11,58,877.00	1,13,17,213.30
Mission for Development of 100 Smart Cities	1,22,50,00,000.00	1,22,50,00,000.00	20,00,00,000.00	1,42,50,00,000.00	1,04,20,30,613.00	48,21,48,660.20
Urban Rejuvenation Mission – 500 Cities	0	4,10,00,000.00	0.00	4,10,00,000.00	19,73,44,367.00	4,67,56,470.60
Swachh Bharat Mission (SBM) - Urban	0	1,20,00,000.00	25,99,998.00	1,45,99,998.00	1,05,63,400.00	2,06,63,773.00
Pradhan Mantri Jan Vikas Karyakaram	0.00	1,97,10,000.00	56,48,000.00	2,53,58,000.00	45,54,50,050.00	20,26,57,586.00
Development of Skills	63,89,200.00	0.00	0.00	0.00	2,83,43,969.60	7,73,49,578.60
Strengthening of Infrastructure for Institutional Training	0	15,16,00,000.00	58,89,000.00	15,74,89,000.00	20,70,48,705.00	3,00,99,080.31
Skill Acquisition and knowledge Awareness For Livelihood Promotion	1,19,83,550.00	2,39,67,100.00	1,11,000.00	2,40,78,100.00	3,77,22,949.00	1,17,59,366.50
Skill Strengthening for Industrial Value Enhancement	1,04,50,000.00	1,04,50,000.00	0.00	1,04,50,000.00	1,42,13,213.00	29,02,301.94
Rashtriya Gram Swaraj Abhiyan(RGSA)	0.00	0.00	0.00	0.00	0.00	19,16,377.30
Shyama Prasad Mukherjee Urban Mission	0.00	0.00	0.00	0.00	0.00	0.00
Indira Gandhi Nation Old Age Pension Scheme (IGNOAPS)	19,37,62,000.00	14,49,05,000.00	0.00	14,49,05,000.00	13,65,65,900.00	1,14,26,595.00
National Family Benefit Scheme	1,10,22,000.00	82,66,000.00	0.00	82,66,000.00	82,21,400.00	1,35,366.00
Indira Gandhi National Widow Pension Scheme (IGNWPS)	1,72,42,000.00	68,97,000.00	0.00	68,97,000.00	68,41,800.00	2,68,097.00

CSS Scheme Name	Amount Released by GoI Total	Central Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total Amount Released by Treasury to SNA	Total Expenditure	Balance in the Bank Account of SNA
Indira Gandhi National Disability Pension Scheme (IGNDPS)	35,61,000.00	26,70,000.00	0.00	26,70,000.00	25,02,000.00	2,22,154.00
Pradhan Mantri Gram Sadak Yojna	1,83,15,00,000.00	1,83,15,00,000.00	31,55,44,000.00	2,14,70,44,000.00	2,04,48,89,494.00	1,32,82,93,086.00
Pradhan Mantri Awas Yojna (PMAY)- Rural	94,84,430.00	52,49,99,930.00	7,75,48,250.00	60,25,48,180.00	27,90,20,257.00	53,49,23,868.89
National Rural Livelihood Mission	88,96,95,000.00	46,22,34,000.00	22,77,99,000.00	69,00,33,000.00	1,01,35,60,093.86	40,11,95,466.04
Pradhan Mantri Krishi Sinchayi Yojna-Watershed Development Component	12,88,00,000.00	23,35,50,000.00	2,59,50,000.00	25,95,00,000.00	19,82,49,559.60	6,83,03,034.10
Mahatma Gandhi National Rural Gurantee Program	9,15,00,14,219.00	2,15,13,99,630.00	69,84,23,000.00	2,84,98,22,630.00	3,24,24,06,616.00	29,85,19,858.50
Samagra Shiksha	2,81,04,49,000.00	2,81,04,50,000.00	41,26,29,000.00	3,22,30,79,000.00	2,75,36,69,130.00	57,87,20,138.88
New India Literacy Programme (NILP)	81,98,000.00	81,98,000.00	12,15,000.00	94,13,000.00	0.00	94,16,836.00
Pradhan Mantri Poshan Shakti Nirman (Erstwhile National Programme of Mid Day Meal in Schools)	31,96,49,000.00	22,18,87,000.00	3,33,05,000.00	25,51,92,000.00	32,96,52,406.00	1,61,60,951.85
National Action Plan for Drug Deman Reduction (SJE)	1,29,98,618.00	21,27,500.00	0.00	21,27,500.00	0.00	21,28,899.00
Pradhan Mantri Anusuchit Jaati Abhyuday Yojana (PM AJAY)	1,80,00,000.00	23,62,50,000.00	0.00	23,62,50,000.00	18,73,58,900.00	5,20,99,763.00
Atal Vayo Abhyuday Yojana (AVYAY)	1,02,37,487.00	1,98,01,740.00	0.00	1,98,01,740.00	1,98,00,000.00	0.00
Post Matric Scholarship -Tribal	36,08,43,250.00	25,15,10,000.00	38,43,34,000.00	63,58,44,000.00	41,95,61,394.00	23,91,63,102.92
Pradhan Mantri Adi Adarsh Gram Yojana	22,33,97,000.00	15,68,13,000.00	0.00	15,68,13,000.00	11,50,92,397.00	20,62,42,028.00
Support to Tribal Research Institutes	2,05,00,000.00	2,05,00,000.00	0.00	2,05,00,000.00	1,74,70,000.00	40,55,125.00
Administrative Cost to States/UTs	33,00,000.00	0.00	0.00	0.00	0.00	0.00
Pre Matric Scholarship-Tribal	0.00	0.00	0.00	0.00	0.00	15,94,078.00
Irrigation Census	20,41,163.00	20,56,312.00	0.00	20,56,312.00	15,94,344.00	4,78,272.00
Har Khet Ko Pani	21,65,83,500.00	1,57,33,000.00	5,36,86,000.00	6,94,19,000.00	45,38,86,614.00	8,68,67,578.00
Flood Management and border Areas Programme FMBAP	0.00	0.00	1,11,40,000.00	1,11,40,000.00	1,11,40,000.00	27,580.00
National River Conservation Plan- Other Basins	0.00	0.00	0.00	0.00	2,19,86,000.00	0.00
Saksham Anganwadiand Poshan 2.0 (Umbrella ICDS-Anganwadi Services Poshan Abhiyan Scheme for Adolescent Girls National Creche Scheme)	1,99,29,68,320.00	1,59,84,97,000.00	15,52,67,000.00	1,75,37,64,000.00	1,95,14,62,004.00	6,83,01,418.00
Mission Vatsalya (Child Protection Services and Child Welfare Services)	26,30,85,800.00	11,81,87,800.00	1,26,48,734.00	13,08,36,534.00	9,76,21,073.00	3,60,02,824.00
SAMBAL (Beti Bachao Beti Padhao One Stop Centre Mahila Police Volunteer Women helpline Nari Adalat etc.)	7,55,14,301.00	4,99,29,469.00	0.00	49,92,94,69.00	0.00	5,09,53,800.00

CSS Scheme Name	Amount Released by GoI Total	Central Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total Amount Released by Treasury to SNA	Total Expenditure	Balance in the Bank Account of SNA
SAMARTHYA (Shakti Sadan (Swadhar Ujjawala Widow Home) Shakhi Niwas Palna PMMVY Naional Hub for Women Empowerment Gender Budgeting Research Skilling Training Media etc.)	3,70,04,650.00	5,48,29,000.00	1,47,75,090.00	69,60,40,90.00	5,98,56,760.00	1,09,68,887.00
Total	28,22,10,74,540.00	19,79,60,04,235.00	3,79,32,01,085.00	23,58,92,05,320.00	26,29,00,69,738.48	9,90,74,55,929.78

Appendix 3.1

Expenditure in excess of ₹10 lakh without provision at Sub-Head level

(Reference: Paragraph 3.3.1)

(₹ in lakh)

Sl. No.	Grant No.	Head of Account	Description	Expenditure
Revenue				
1.	31	2202-02-113-01-03	Samagra Shiksha- Special Component Plan for Scheduled Castes (State Resources)	143.54
2.	31	2202-02-113-01-03	Samagra Shiksha- Special Component Plan for Scheduled Castes (Centrally Sponsored Scheme)	1,230.28
3.	31	4552-00-800-01	Works under School Education	241.54
Total				1,615.36

Source: Appropriation Accounts, 2022-23

Appendix 3.2

Cases where Supplementary Provision proved unnecessary

(Reference: Paragraph 3.3.3)

(₹ in Lakh)

Sl. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Savings out of Original provision	Supplementary provision
(A) Revenue (Voted)					
1.	9- Taxes on Vehicles	1,600.24	1,560.89	39.35	18.09
2.	19- Rajya Sainik Board	416.93	377.79	39.14	2.42
3.	28- Civil Police	1,78,584.98	1,76,499.08	2,085.90	1,981.28
4.	32- Higher Education	20,748.96	19,832.70	916.26	3,038.75
5.	37- Municipal Administration	7,671.09	3,299.33	4,371.76	2,904.74
6.	43- Social Security and Welfare	31,267.82	27,399.79	3,868.03	9,857.93
7.	63- Science, Technology, Ecology and Environment	424.01	422.14	1.87	6.59
8.	69- Fire and Emergency Services	4,280.26	4,196.16	84.10	177.77
9	74- Mechanical Engineering	55,08.37	5,507.30	1.07	4.68
10.	79- Border Affairs	285.72	282.43	3.29	4.89
Sub-Total Revenue (Voted)		145,344.38	139,378.61	11,410.77	17,997.14
(B) Capital (Voted)					
11.	26- Civil Secretariat	8,550.00	6,641.53	1,908.47	680.11
12	32- Higher Education	9,806.62	3,303.85	6,502.77	1,569.74
13.	50- Animal Husbandry and Dairy Development	300.00	186.71	113.29	15.71
Sub-Total Capital (Voted)		18,656.62	10,132.09	8,524.53	2,265.56
(C) Revenue (Charged)					
14.	80- State Information Commission	258.96	256.07	2.89	16.44
Sub-Total Revenue (Charged)		258.96	256.07	2.89	16.44
Grand Total (Revenue + Capital)		2,69,703.96	2,49,765.77	19,938.19	20,279.14

Source: Appropriation Accounts, 2022-23

Appendix 3.3

Excess/ unnecessary/ insufficient re-appropriation

(Reference: Paragraph 3.3.4)

Sl. No.	Grant	Head of Account	Original	Supplementary	Re-appropriation	Final	
						Savings	Excess
1.	1	2011-02-103-01 Assembly Secretariat	2,736.02	0.00	-91.97	0.00	49.81
2.	12	2054-00-095-01 Direction	3,437.81	0.00	-2,038.13	0.00	281.34
3.	12	2054-00-097-01 Subordinate Establishment	2,566.28	0.00	-466.86	16.95	0.00
4.	16	2070-00-115-02 Nagaland House, Kolkata	466.59	175.36	-25.01	72.4	0.00
5.	19	2235-60-200-01 Rajya Sainik Board	380.37	2.42	-0.67	32.97	0.00
6.	25	2029-00-001-01 Direction	481.56	0.00	-233.80	0.00	13.26
7.	25	2029-00-102-01 Subordinate Establishment	2,244.68	0.00	-166.93	0.00	57.85
8.	28	2055-00-003-01 Police Training Centre	1,571.70	0.00	551.15	363.75	0.00
9.	31	2202-02-001-01 Direction	10,713.45	0.00	-2,225.63	0.00	2,397.75
10	31	2202-02-101-02 Subordinate Establishment (SDEO)	4567.93	0.00	-443.88	0.00	983.39
11.	31	2202-05-102-02-01 Financial Assistant for Appointment of Language Teachers	0.00	0.00	1,592.04	0.00	1002.01
12.	34	2205-00-001-02 Sub-ordinate Establishment	633.64	0.00	-71.00	10.35	0.00
13.	35	2210-01-001-01 Direction	9,009.63	0.00	-877.18	0.00	43.96
14.	36	4217-60-051-01 Special Development Fund	0.00	0.00	20.34	0.00	484.42
15.	36	4217-60-051-02 Construction works	239.39	0.00	4,914.19	0.00	6,811.59
16.	37	4217-01-051-01 Mission for 100 Smart Cities	30,000.00	0.00	-17,750	0.00	339.58
17.	39	4552-01-02-01 Promotion of Tourism in NER	0.00	343.27	32.15	30.39	0.00

Sl. No.	Grant	Head of Account	Original	Supplementary	Re-appropriation	Final	
						Savings	Excess
18.	40	2230-03-101-01 Training for Craftsmen and supervisors	1,629.30	0.00	-202.16	0.00	25.25
19.	41	2230- 01-001-02 Sub-ordinate Establishment	432.60	0.00	-132.96	0.00	55.91
20.	42	2501-06-102-01- 01 National Rural Livelihood Mission- General	500.00	0.00	1,777.99	18.86	0.00
21.	43	2235-02-001-01 Direction	698.91	0.00	371.05	227.97	0.00
22.	43	2235-02-102-01- 01 Integrated Child Development Scheme- General(SR)	0.00	0.00	556.29	262.54	0.00
23.	43	2235-02-102-01- 01 Integrated Child Development Scheme- General(CSS)	14,500.00	0.00	-7,740.70	4000.00	0.00
24.	43	2236-02-101-01- 01 Supplementary Nutrition Programme- General	7.09	301.73	984.03	400.00	0.00
25.	43	2236-02-101-01- 01 Supplementary Nutrition Programme- General	100.00	907.37	0.00	900.00	0.00
26.	44	3451-00-092-02 Subordinate Establishment	539.11	0.20	-60.29	10.98	0.00
27.	48	4408-02-101-01 Storage and Warehousing	204.32	0.00	297.44	194.64	0.00
30.	49	2402-00-001-01 Direction	555.09	0.00	-128.71	0.00	260.50
31.	49	2402-00-001-02 Subordinate Establishment	4,538.89	0.00	-965.59	0.00	45.10
32.	49	2402-00-101-01 Survey and Testing	495.57	0.00	-171.20	0.00	24.24
33.	49	2402-00-101-02- 01 Soil Health Card- General(CSS)	780.05	0.00	-599.57	0.00	88.74
34.	52	2406-01-001-01 Direction	1,293.06	0.00	180.50	0.00	1,755.98
35.	52	2406-01-001-02 Subordinate Establishment	7,700.52	0.00	-814.39	0.00	161.21

Sl. No.	Grant	Head of Account	Original	Supplementary	Re-appropriation	Final	
						Savings	Excess
36.	52	2406-02-111-01 Rangapahar Zoological Park	75.00	0.00	24.12	0.00	64.08
37.	52	4406-01-070-01 Buildings	0.00	0.00	950.00	0.00	720.00
38.	52	4552-02-110-01 NEC Scheme	0.00	0.00	18.50	0.00	18.50
39.	53	2851-00-001-01 Direction	1,210.68	0.00	342.55	0.00	59.77
40.	53	2851-00-001-02 District Industries Centre	2,875.53	0.00	373.75	0.00	33.16
41.	55	4801-05-001-03 RAPDRP	0.00	3,937.44	-2,500.67	0.00	622.21
42.	58	5054-04-337-01 Pradhan Mantri Gram Sadak Yojana	36,500.00	0.00	-18,185.00	0.00	8,412.22
43.	59	2702-80-001-02 Subordinate establishment	2,179.97	0.00	-300.50	17.97	0.00
44.	72	2501-05-01-03 Pradhan Mantri Krishi Sinchayi Yojana- Integrated Watershed Development	4,500.00	0.00	-2,164.50	154.10	0.00
45.	77	4575-06-800-01 Border Area Development Programme	50.00	0.00	111.83	0.00	1,302.89
46.	78	2203-00-001-01 Direction	616.61	1,897.07	39.97	36.46	0.00
Total						6750.33	26,114.72

Source: Detailed Appropriation Accounts, 2022-23

Appendix 3.4

Statement of various Grants/ Appropriations where Savings were more than ₹One crore each or more than 20 per cent of the Total Provision

(Reference: Paragraph 3.3.5)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/ Appropriation	Total Grant/ Appropriation	Savings	Percentage
Revenue (Charged)					
1.	75	Servicing of Debt	1,203.26	210.04	17.46
Capital (Charged)					
2.	75	Servicing of Debt	6,810.37	1,486.08	21.82
Revenue (Voted)					
3.	1	State Legislature	61.37	1.44	2.35
4.	4	Administration of Justice	34.26	1.09	3.18
5.	7	State Excise	28.54	1.17	4.10
6.	11	District Administration	200.30	16.49	8.23
7.	12	Treasury and Accounts Administration	65.74	25.74	39.15
8.	14	Jail	73.27	2.03	2.77
9.	21	Relief of Distress caused by natural Calamities	163.10	10.72	6.57
10.	25	Land Records and Survey	29.77	3.59	12.06
11.	26	Civil Secretariat	359.60	118.97	33.08
12.	27	Planning Machinery	155.72	114.42	73.48
13.	28	Civil Police	1,805.66	40.67	2.25
14.	29	Stationery & Printing	32.33	2.61	8.07
15.	30	Administrative Training Institute	6.82	1.62	23.75
16.	31	School Education	1,856.95	58.23	3.14
17.	32	Higher Education	237.88	39.55	16.63
18.	33	Youth Resources and Sports	50.56	1.04	2.06
19.	34	Art and Culture and Gazetteers	26.94	2.27	8.43
20.	35	Medical, Public Health and Family Welfare	894.13	99.55	11.13
21.	37	Municipal Administration	105.76	72.77	68.81
22.	40	Employment and Craftsman Training	66.41	34.37	51.75
23.	42	Rural Development	962.50	422.43	43.89
24.	43	Social Security and Welfare	411.26	137.26	33.38
25.	45	Co-Operation	23.56	1.10	4.67
26.	48	Agriculture	418.80	135.63	32.39
27.	49	Soil and water Conservation	80.51	24.63	30.59
28.	50	Animal Husbandry and Dairy Development	122.91	21.39	17.40
29.	51	Fisheries	40.88	4.25	10.40
30.	55	Power	769.12	9.64	1.25
31.	58	Roads and Bridges	409.71	39.29	9.59
32.	59	Water Resources	39.84	3.12	7.83
33.	60	Water Supply	121.44	14.60	12.02
34.	64	Housing	164.63	9.64	5.86
35.	65	State Council of Education Research and Training	47.21	3.71	7.86
36.	66	Sericulture	23.52	1.94	8.25
37.	67	Home Guards	39.14	1.30	3.32
38.	69	Fire and Emergency Service	44.58	2.62	5.88

Sl. No.	Grant No.	Name of the Grant/ Appropriation	Total Grant/ Appropriation	Savings	Percentage
39.	70	Horticulture	88.55	43.55	49.18
40.	72	Land Resources Development	62.68	16.98	27.09
41.	77	Development of Underdeveloped Areas	19.52	3.10	15.88
42.	78	Technical Education	47.25	2.28	4.83
Capital (Voted)					
43.	26	Civil Secretariat	92.30	25.89	28.05
44.	27	Planning Machinery	644.98	448.18	69.49
45.	32	Higher Education	113.76	80.73	70.97
46.	33	Youth Resources and Sports	40.49	19.54	48.26
47.	35	Medical, Public Health and Family Welfare	461.05	14.49	3.14
48.	37	Municipal Administration	511.33	353.47	69.13
49.	42	Rural Development	26.00	10.00	38.46
50.	48	Agriculture	26.04	7.47	28.69
51.	50	Animal Husbandry and Dairy Development	3.16	1.29	40.82
52.	51	Fisheries	8.70	1.25	14.37
53.	52	Forest, Environment and Wildlife	95.00	57.93	60.98
54.	53	Industries	33.89	4.15	12.25
55.	55	Power	81.33	28.04	34.48
56.	58	Roads and Bridges	875.56	60.78	6.94
57.	59	Water Resources	55.20	42.29	76.61
58.	60	Water Supply	416.39	335.44	80.56
59.	64	Housing	41.52	3.22	7.76
60.	69	Fire and Emergency Service	11.85	4.00	33.76
61.	70	Horticulture	22.25	10.09	45.35
62.	73	State Institute of Rural Development	2.00	1.00	50.00
63.	77	Development of Underdeveloped Areas	45.50	17.92	39.38
Total			21,814.66	4,770.09	21.87

Source: Appropriation Accounts, 2022-23

Appendix 3.5

Statement showing Sub-Head where entire expenditure was incurred in March 2023

(Reference: Paragraph 3.3.5)

(₹ in crore)

Sl. No.	Major Head	Sub Major Head	Minor Head	Sub-Head/ Scheme	Detail of Sub head	Expenditure in the month of March 2023
1.	2404	00	102	02	National plan for Dairy Development	0.22
2.	4058	00	103	01	Machinery and Equipment	1.00
3.	4403	00	001	01	Maintenance of Assets	1.71
4.	4435	60	800	01	Fostering Climate Resilient Farming System (FOCUS)	10.00
5.	4851	00	107	01	Construction	1.00
6.	4851	00	200	01	Prime Minister Gati Shakti	28.43
7.	5053	01	800	01	Infrastructure Development	2.00
8.	7610	00	204	01	Advances for purchase of personal Computers	0.35
Total						44.71

Appendix 4.1

Department-wise list of Outstanding Utilisation Certificates (UCs) for the Grants provided up to the year 2022-23

(Reference: Paragraph 4.2)

(₹ in crore)

Sl. No.	Name of the Department	No. of UCs	Amount
1.	Industries & Commerce	66	69.11
2.	Planning and Co-ordination	20	125.19
3.	School Education department	7	11.38
4.	Social Security and Welfare	25	19.65
5.	Women Development	4	2.10
6.	Youth Resource & Sports	21	20.18
7.	Rural Development	9	19.96
8.	Health and Family Welfare	16	22.20
9.	Geology and Mining	12	19.17
10.	Law & Justice	5	0.94
11.	Agriculture	4	3.64
12.	Other Departments#	61	25.22
Total		250	338.74

Source: Note to Accounts/Finance Accounts, 2022-23

Other Departments include (i) Cooperative Society, (ii) PWD (Housing) (iii) Science & Technology, (iv) Information and Public Relations, (v) Legal Metrology (vi) Fisheries, (vii) Horticulture, (viii) Municipal Affairs, (ix) Information and Technology, (x) Special Accounts, (xi) Power, (xii) PCCF, (xiii) Higher Education, (xiv) Art & Culture and (xv) CM Secretariat

Appendix 4.2

Outstanding Detailed Countersigned Contingent (DCC) Bills against the drawal of Abstract Contingent (AC) Bills up to the year 2022-23

(Reference: Paragraph 4.3)

(₹ in crore)

Sl. No.	Name of Department	No. of AC bills for which DCC Bills were outstanding	Amount
1.	Civil Police	51	281.12
2.	Home	156	105.70
3.	Youth Resources and Sports	36	30.71
4.	Tourism	2	10.35
5.	Department of Under Development Areas	5	20.89
6.	Social Security and Welfare	8	6.87
7.	Border Affairs	8	3.88
8.	Election	16	53.11
9.	Other Departments*	41	42.13
Total		323	554.76

Source: Note to Accounts/Finance Accounts, 2022-23 and VLC data

* Other Departments include Animal Husbandry, Industries and Commerce, Higher Education, Planning & Coordination, Administrative Training Institute, C M Secretariat, Health & Family Welfare, Tribal Affairs and Information Technology & Communication.

Appendix 4.3

Department-wise/ Duration -wise Break-up of the Cases of Misappropriation, Defalcation etc., (Cases where Final Action was pending at the end of March 2023)

(Reference: Paragraph 4.13)

Sl. No	Name of the Department	Up to 5 Years	5-10 years	Total No. of Cases
1.	School Education	0	2	2
2.	Industries & Commerce	1	0	1
3.	Rural Development	2	0	2
4.	PWD (R & B & Mechanical)	3	1	4
5.	Health & Family Welfare	0	2	2
6.	Soil & Water Conservation	1	0	1
7.	Planning & Co-Ordination	1	0	1
8.	Land Records & Survey	0	1	1
9.	Municipal Affairs	0	1	1
10.	Taxes	2	1	3
11.	Water Resources	1	0	1
12.	Forest	1	0	1
13.	Various Department	7	0	7
14.	Disaster Management	2	0	2
Total		21	8	29

Source: Information furnished by Lokayukta, Directorate of Investigation, Government of Nagaland

Appendix 5.1

**Statement showing summarised financial position and working results of State Public Sector Enterprises (all Government companies)
as per their latest accounts finalised as on 30 September 2023**

(Reference: Paragraphs 5.9.2, 5.9.3 and 5.10.2)

(₹ in crore)

Sl. No.	Sector & Name of the SPSE	Period of accounts	Year in which finalised	Earnings before interest and taxes (EBIT)	Net Profit/Loss	Turn over	Impact of comments on accounts	Paid up Capital	Accumulated Profit (+) / Loss(-)	Free Reserves & Surplus	Long Term Loans outstanding*	Capital Employed (CE)@	Return on Capital Employed (ROCE) #	ROCE (in per cent)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A. Working Government Companies														
FINANCE														
1	Nagaland Industrial Development Corporation Limited	2021-22	2022-23	-4.35	-4.87	1.26	-	23.20	-59.36	0	58.79	22.63	-4.35	-19.22
	Sector-wise total			-4.35	-4.87	1.26		23.20	-59.36	0	58.79	22.63	-4.35	-19.22
MANUFACTURING														
2	Nagaland State Mineral Development Corporation Limited	2020-21	2022-23	0.46	0.46	0.49	-	1.60	6.83	0	0	8.43	0.46	5.46
	Sector-wise total			0.46	0.46	0.49		1.6	6.83	0	0	8.43	0.46	5.46
SERVICES														
3	Nagaland Hotels Limited	2017-18	2020-21	-2.84	-2.84	3.95	-	2.35 ³⁴	-22.09	0	11.02	-8.72	-2.84	Not workable
	Sector-wise total			-2.84	-2.84	3.95		2.35	-22.09	0	11.02	-8.72	-2.84	
MISCELLANEOUS														
4	Nagaland Handloom & Handicrafts Development Corporation Limited	2019-20	2022-23	-0.36	-0.70	0.22	-	7.99 ³⁵	-6.31	0	8.81	10.49	-0.36	-3.43

³⁴ Paid up capital of the Company (serial no. A3) includes 'Share application money pending allotment' of ₹1.53 crore shown in the Annual Accounts under 'Reserve & Surplus (Schedule B)'.
³⁵ Paid up capital of the Company (serial no. A4) includes 'Share application money pending allotment' of ₹7.16 crore

Sl. No.	Sector & Name of the SPSE	Period of accounts	Year in which finalised	Earnings before interest and taxes (EBIT)	Net Profit/ Loss	Turn over	Impact of comments on accounts	Paid up Capital	Accumulated Profit (+) / Loss(-)	Free Reserves & Surplus	Long Term Loans outstanding*	Capital Employed (CE)@	Return on Capital Employed (ROCE) #	ROCE (in per cent)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
5	Kohima Smart City Development Limited			First Accounts not submitted ³⁶ since inception (24 March 2017)										
Sector-wise total				-0.36	-0.70	0.22	-	7.99	-6.31	0.00	8.81	10.49	-0.36	
Total A (All sector wise working Government Companies)				-7.09	-7.95	5.92	-	35.14	-80.93	0.00	78.62	32.83	-7.09	-21.60
B.. Non-working Companies														
MANUFACTURING														
6	Nagaland Industrial Raw Materials and Supply Corporation Limited	2018-19	2020-21	0.29	0.29	0	-	1.23 ³⁷	-0.93	0	0.04	0.34	0.29	85.29
Sector-wise total				0.29	0.29	0	-	1.23	-0.93	0	0.04	0.34	0.29	85.29
7	Nagaland Sugar Mills Company Limited	2001-02	2017-18	-0.07	-0.07	0	-	5.89	-15.10	0	6.08	-3.13	-0.07	Not workable
Sector-wise total				-0.07	-0.07	0	-	5.89	-15.10	0	6.08	-3.13	-0.07	
Total B (All sector wise non-working Government Companies)				0.22	0.22	0	-	7.12	-16.03	0	6.12	-2.79	0.22	
Grand Total (A+B)				-6.87	-7.73	5.92	-	42.26	-96.96	0	84.74	30.04	-6.87	-22.87

***Long Term Loans** include ‘Secured’ and ‘Unsecured’ Loans.

@**Capital Employed** represents Shareholders’ Fund (Net worth) plus Long Term Borrowings; where, Shareholders’ Fund represents ‘Paid up Share Capital plus Accumulated Profit and Free Reserves & Surplus minus Accumulated Loss and Deferred Revenue Expenditure.

Percentage of Return on Capital Employed is calculated by dividing SPSE’s Earnings before Interest and Taxes (EBIT) by the Capital Employed.

³⁶ Company at serial no. A5 (Kohima Smart City Development Limited incorporated on 24 March 2017) had not submitted its First Accounts (2017-18) and had arrears of total six Accounts (2017-18 to 2022-23) as on 30 September 2023.

³⁷ Paid up capital of the Company (serial no. B6) includes ‘Share application money pending allotment’ of ₹1.13 crore shown in the Annual Accounts under ‘Current Liabilities’.

Appendix 5.2

Year-wise details of investment by the State Government and its present value (PV) of Government Investment for the period from 2012-13 to 2022-23

(Reference: Paragraph 5.9.3)

(₹ in crore)

Financial Year	Present value of total investment at the beginning of the year	Equity infused by the State government during the year	Interest free loan converted into equity during the year	Grants/ subsidies given by the State government for operational and administrative expenditure	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings/profit after tax (PAT) for the year*
A	B	C	D	E	F=C+D+E	G=B+F	H	I={G x (1+H/100)}	J=I-G	K
Up to 2012-13	100.78 ³⁸	29.67	0.00	0.00	29.67	130.45	10.38	143.99	13.54	
2013-14	143.99	4.25	0.00	16.00	20.25	164.24	6.25	174.51	10.27	0.50
2014-15	174.51	0.00	0.00	10.66	10.66	185.17	6.81	197.78	12.61	-3.35
2015-16	197.78	0.00	0.08	16.25	16.33	214.11	6.95	228.99	14.88	-4.50
2016-17	228.99	0.00	0.00	18.90	18.90	247.89	6.87	264.92	17.03	-8.05
2017-18	264.92	0.42	0.00	24.04	24.46	289.38	6.79	309.03	19.65	-4.50
2018-19	309.03	0.00	0.00	25.04	25.04	334.07	7.14	357.92	23.85	-2.62
2019-20	357.92	0.00	0.00	24.49	24.49	382.41	7.80	412.24	29.83	-6.03
2020-21	412.24	0.00	0.00	26.76	26.76	439.00	6.90	469.29	30.29	-6.30
2021-22	469.29	0.00	0.00	28.30	28.30	497.59	6.81	531.92	34.33	-6.21
2022-23	531.92	0.00	0.00	29.54	29.54	561.46	7.22	602.00	40.54	-7.73
Total		34.34	0.08	219.98	254.40	-	-	-	-	-

Source: Information provided by the SPSEs

Year	Total earnings/ loss in 2022-23	Investment by the State Government as per total of the column F above	Return on State Government investment on the basis of historical value	Present value of State Government investment at the end of 2022-23	Real return on State Government investment considering the present value of investments
	A	B	C	D	E
	Value of column K of above table	Total of the column F of above table	A*100/B	Value of column I of above table	A*100/D
2022-23	-7.73	254.40	-3.04	602.00	-1.28

³⁸ This figure (₹100.78 crore) represents the State's investment in SPSEs, on historic cost basis, up to the financial year 2012-13.

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