

Accounts at a Glance for the year 2020-21



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

GOVERNMENT OF MEGHALAYA

Accounts at a Glance For the year 2020-21

**Accountant General
(Accounts and Entitlement)
Meghalaya**



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

GOVERNMENT OF MEGHALAYA

Preface

I am happy to present the twenty-two issue of our annual publication, the 'Accounts at a Glance' for the year 2020-21, which provides an overview of Governmental activities, as reflected in the Finance Accounts and Appropriation Accounts.

The Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and Public Account. The Appropriation Accounts record the grant-wise expenditure against provisions approved by the State Legislature and depict explanations for variations between the actual expenditure and the funds allocated.

Finance and Appropriation Accounts are prepared annually by my office under the direction of the Comptroller and Auditor General of India (C&AG) in accordance with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 for being laid before the Legislature of the State.

We look forward to suggestions.

Shillong

Dated: 17 December, 2021



Accountant General (A&E)

OUR VISION, MISSION AND CORE VALUES

VISION

(The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become.)

We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognized for independent, credible, balanced and timely reporting on public finance and governance.

MISSION

(Our mission enunciates our current role and describes what we are doing today.)

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders: the Legislature, the Executive and the Public- that public funds are being used efficiently and for the intended purposes.

CORE VALUES

(Our core values are the guiding beacons for all that we do and give us the benchmarks for assessing our performance.)

- Independence
- Objectivity
- Integrity
- Reliability
- Professional Excellence
- Transparency
- Positive Approach

Table of Contents

Chapter I	Overview	Page(s)
1.1	Introduction	1
1.2	Structure of Government Accounts	2-3
1.3	Finance Accounts and Appropriation Accounts	4-7
1.4	Sources and Application of Funds	7-10
1.5	Fiscal Responsibility and Budget Management (FRBM) Act. 2006	10-12
Chapter II	Receipts	
2.1	Introduction	13
2.2	Revenue Receipts	13-15
2.3	Tax Revenue	16-18
2.4	Cost of Tax collection	19
2.5	Trend in State's share of Union Taxes over the past five years	20
2.6	Grants-in-aid	20-21
2.7	Public Debt	22
Chapter III	Expenditure	
3.1	Introduction	23
3.2	Revenue Expenditure	23-26
3.3	Capital Expenditure	26-27
3.4	Top 10 Departments Expenditure wise	27-28
Chapter IV	State Fund Expenditure and Central Assistance Expenditure	
4.1	Distribution of Expenditure	29
4.2	State Fund Expenditure	29-31
4.3	Central Assistance Expenditure	31
4.4	Committed Expenditure	32

Chapter V	Appropriation Accounts	
5.1	Summary of Appropriation Accounts for 2020-21	33
5.2	Trend of Saving/Excess during the past five years	33
5.3	Significant Savings	34-43
Chapter VI	Assets and Liabilities	
6.1	Assets	44
6.2	Debt and Liabilities	45
6.3	Guarantees	46
Chapter VII	Other Items	
7.1	Adverse Balances under Internal Debt	47
7.2	Loans and Advances by the State Government	47
7.3	Financial Assistances to Local Bodies and others	47-48
7.4	Cash Balance and Investment of Cash Balance	49
7.5	Reconciliation of Accounts	49
7.6	Submission of Accounts by Accounts Rendering Units	49
7.7	Advance payments	49-50
7.8	Status of Suspense Balances	50
7.9	Status of Outstanding Utilization Certificate	51
7.10	Commitments on account of incomplete Capital works	51
7.11	New Pension Schemes	52
7.12	Personal Deposit Accounts	53
7.13	Investment	53
7.14	Rush of Expenditure	53-54

Chapter I Overview

1.1 Introduction

The Accountant General (Accounts and Entitlement), Meghalaya collates, classifies, compiles the accounts data rendered by multiple agencies, and prepares the accounts of the Government of Meghalaya. The compilation is done from the initial accounts rendered by the District Treasuries, Public Works Divisions, Forest and Soil Divisions, accounts rendered by other states/accounting offices and advices of Reserve Bank of India. Every month a Monthly Civil Account is presented by the office of the Accountant General (A&E) to the Government of Meghalaya. The office of Accountant General (A&E) also submits a quarterly Appreciation Note on the important financial indicators and quality of expenditure of the Government. The Annual Finance Accounts and the Appropriation Accounts are placed before the State Legislature after audit by the Accountant General (Audit), Meghalaya and certification by the Comptroller and Auditor General of India.

1.2 Structure of Government Accounts

1.2.1 Government accounts are kept in three parts:

Structure of Government Accounts

Part 1 CONSOLIDATED FUND

All revenue received by the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon) form the Consolidated Fund. All expenditure and disbursements of the Government, including release of loans and repayments of loans taken (and interest thereon), are met from this fund

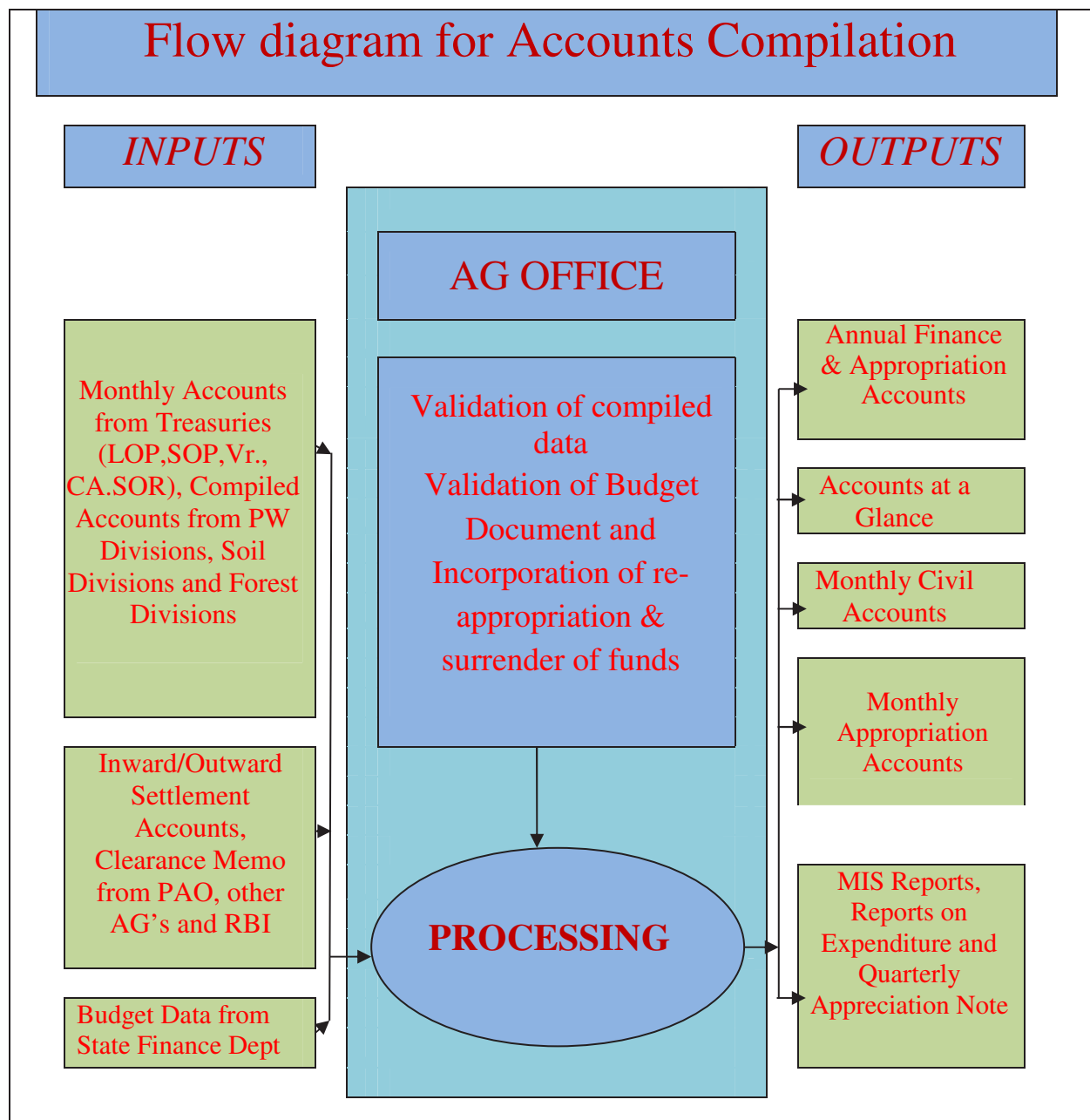
The Contingency Fund is in the nature of an imprest, intended to meet unforeseen expenditure, pending authorization by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund. The corpus of this fund for the Government of Meghalaya is ₹305 crore.

Part 2 CONTINGENCY FUND

Part 3 PUBLIC ACCOUNT

In Public Account, the transactions relating to Debt (Other than those included in Part I), 'Deposits', 'Advances', 'Remittances' and 'Suspense' shall be recorded. The transactions under Debt, Deposit and Advances in this part are such in respect of which Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid, together with the repayments of the former (Debt and Deposits) and the recoveries of the latter (Advances). The transactions relating to 'Remittances' and 'Suspense' in this Part shall embrace all merely adjusting heads under which shall appear such transactions as remittances of cash between treasuries and currency chests and transfer between different accounting circles. The initial debits or credits to these heads will be cleared eventually by booking to the final heads of Accounts.

1.2.2 Compilation of Accounts



1.3 **Finance Accounts and Appropriation Accounts**

1.3.1 **Finance Accounts**

The Finance Accounts depict the receipts and disbursements of the Government for the year, together with the financial results disclosed by the Revenue and Capital Accounts, Public Debt and Public Account balances recorded in the accounts. Finance Accounts are prepared in two volumes to make them more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, summarized statements of overall receipts and disbursements and 'Notes to Accounts' containing summary of significant accounting policies, comments on quality of accounts and other items. Volume II contains detailed statements (Part-I) and appendices (Part-II).

1.3.2 Financial Highlight of the year 2020-21.

The following table provides the details of actual financial results vis-à-vis budget estimate for the year 2020-21:

(₹ in crore)

		Budget Estimate 2020-21	Actuals	Percentage of actuals to B.E.	Percentage of actuals to GSDP[\$]
1.	Tax Revenue (including Central Share) [@]	8376	6624	79	19
2.	Non-Tax Revenue	690	523	76	2
3.	Grants -in-aid & Contribution	6286	3536	56	10
4.	Revenue Receipts (1+2+3)	15352	10683	70	31
5.	Recovery of Loans and Advances	27	28	104	...
6.	Other Receipts	-	-	...	...
7.	Borrowings & Other Liabilities [A]	3101	2604	84	7
8.	Capital Receipts (5+6+7)	3128	2632	84	8
9.	Total Receipts (4+8)	18480	13315	72	38
10.	Revenue Expenditure	15562	11499	74	33
11.	Expenditure on Interest Payment (out of Revenue Expenditure)	870	859	99	2
12.	Capital Expenditure	2800	1734	62	5
13.	Loans and Advances Disbursed[*]	118	82	69	...
14.	Total Expenditure (10+12+13)	18480	13315	72	38
15.	Revenue Surplus/Deficit (4-10)	(-)210	(-)816	389	(-)2
16.	Fiscal Surplus/Deficit (4+5+6-14)	(-)3101	(-)2604	84	(-)7

(@) Includes State's Share of Union Taxes ₹4552 crore

(\$) GSDP figure of ₹34803 crore received from the Directorate of Economics and Statistics, Government of Meghalaya.

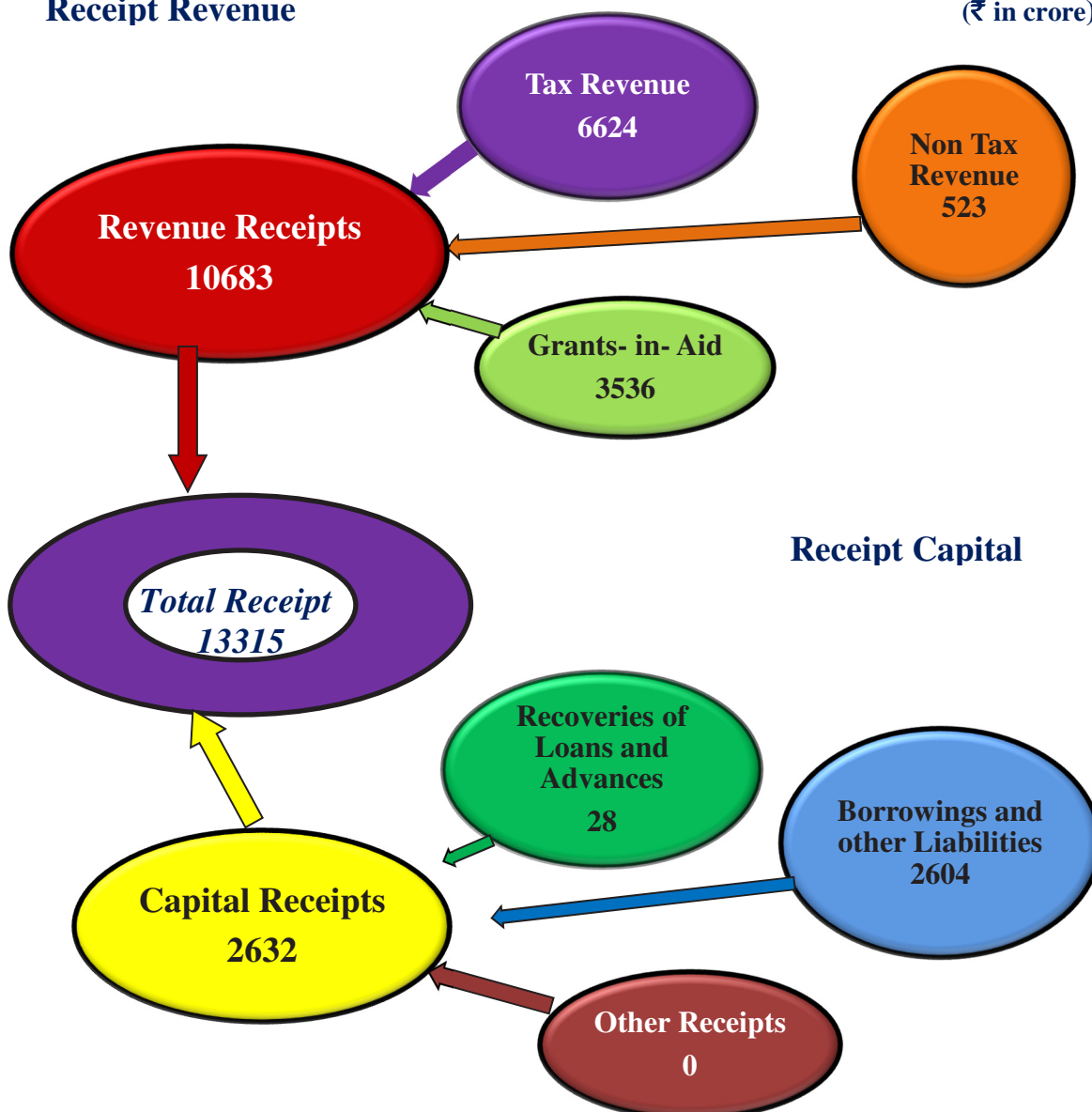
[*] Expenditure includes Loan and Advances disbursed ₹57 crore and ₹25 crore.

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

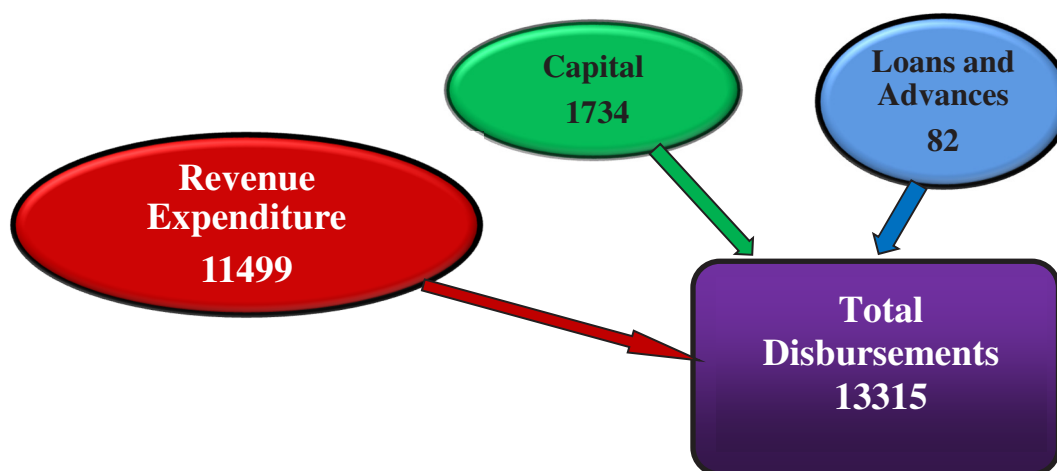
Receipts and disbursement in the year 2020-21

Receipt Revenue

(₹ in crore)



Disbursements



The Union Government transferred substantial funds directly to the State Implementing Agency /NGOs for implementation of various schemes and programmes. During the year 2020-21, the Government of India released ₹1346 crore directly to the implementing agencies in Meghalaya. Since these funds are not routed through State Budget, these are not reflected in the Accounts of the State Government. These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts

1.3.3 **Appropriation Accounts**

Under the Constitution, no expenditure can be incurred by the Government except with authorisation of the Legislature. Barring certain expenditure specified in the Constitution as “Charged” on the consolidated fund, which can be incurred without vote of the Legislature, all other expenditure requires to be “Voted”. There are 3 combined grants of Charged and Voted, 6 Charged Appropriation and 57 Voted Grants. The purpose of the appropriation accounts is to indicate the extent to which the actual expenditure complied with the appropriation authorized by the Legislature through the Appropriation Act of each year.

1.3.4 **Efficiency on Budget preparation**

At the end of the year, the actual expenditure of the Government of Meghalaya against the budget approved by the Legislature, showed a net saving of ₹5197 crore (27.35 *per cent* of budget estimate of ₹18999 crore) and under-estimation of ₹2.30 crore (230 *per cent* of budget estimate of ₹0.01 crore) on reduction of expenditure. Certain grants, like those relating to Police, Medical and Public Health, Housing, Crop Husbandry, Animal Husbandry and Special Programmes for Rural Development etc. showed substantial savings.

1.4 **Sources and Application of Funds**

1.4.1 **Ways and Means Advances**

Ways and Means Advances are taken from the Reserve Bank of India to make good the deficiency in the minimum cash balance which the State Government is required to maintain with the Reserve Bank of India. During the year 2020-21, the State Government did not resort to ways and means advances. However, Special Drawing Facility of ₹140.88 crore was availed during the year.

1.4.2 **Overdraft from the Reserve Bank of India**

Overdraft is taken from the Reserve Bank of India while the limit of minimum cash balance falls below ₹0.21 crore, even after taking Ways and Means Advances which is required to be maintained with the Reserve Bank of India. During the year 2020-21 there was no overdraft of the State.

1.4.3 Fund flow statement

The State had a Revenue Deficit of ₹816 crore and a Fiscal Deficit of ₹2604 crore as on 31 March 2021. The Fiscal Deficit was met from net Public Debt (₹1954 crore), increase in Public Account (₹925 crore), net decrease of opening and closing cash balance (₹277 crore) and recoupment of Contingency Fund (₹2 crore). Around 52 *per cent* of the revenue receipts (₹10683 crore) of the State Government was spent on committed expenditure like salaries (₹3383 crore), interest payments and servicing of Debt (₹917 crore), pensions (₹1194 crore), subsidies (₹38 crore) etc.

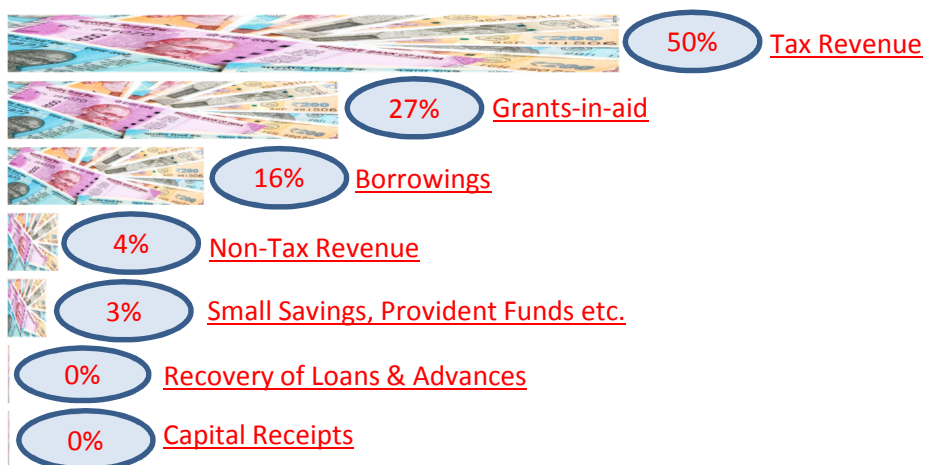
Sources and Application of Funds

	(₹ in crore)
PARTICULARS	AMOUNT
Opening Cash Balance as on 1 April 2020	(-)196
Revenue Receipts	10683
Capital Receipts	--
Recovery of Loans and Advances	28
Public Debt	2442
Small Savings, Provident Funds etc.	462
Reserves Fund & Sinking Funds	118
Deposits Received	827
Civil Advances Repaid	64
Suspense Account	15286[*]
Remittances	3316
Contingency Fund	--
TOTAL	33030
Revenue Expenditure	11499
Capital Expenditure	1734
Loans Given	82
Repayment of Public Debt	487
Transfer to Contingency Fund	--
Small Savings, Provident Funds etc.	250
Reserves Fund & Sinking Funds	148
Deposits Repaid	765
Civil Advances Given	64
Suspense Account	14589[#]
Remittances	3331
Closing Cash Balance as on 31 March 2021	81
TOTAL	33030

[*] Includes ₹15273.34 crore on account of Cash Balance Investment Accounts

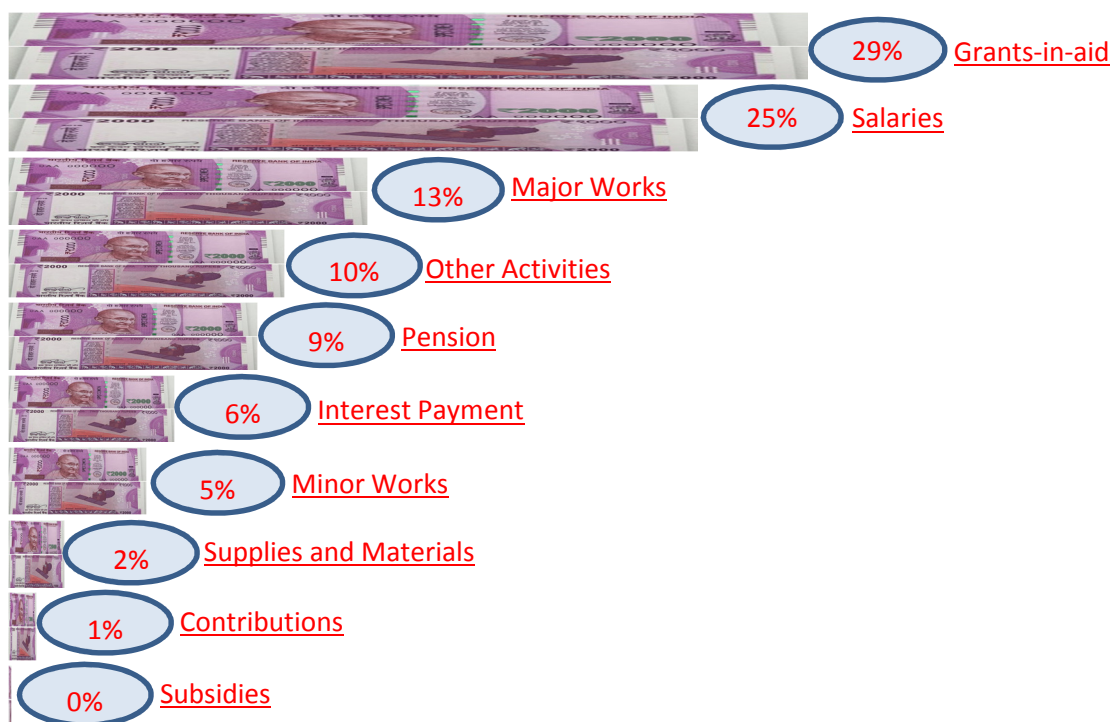
[#] Includes ₹14553.12 crore on account of Cash Balance Investment Accounts

1.4.4 Where the Rupee came from



(Recovery of loans and advances was only ₹28 crore and Capital Receipts was ₹0 crore which is negligible hence value is shown as zero)

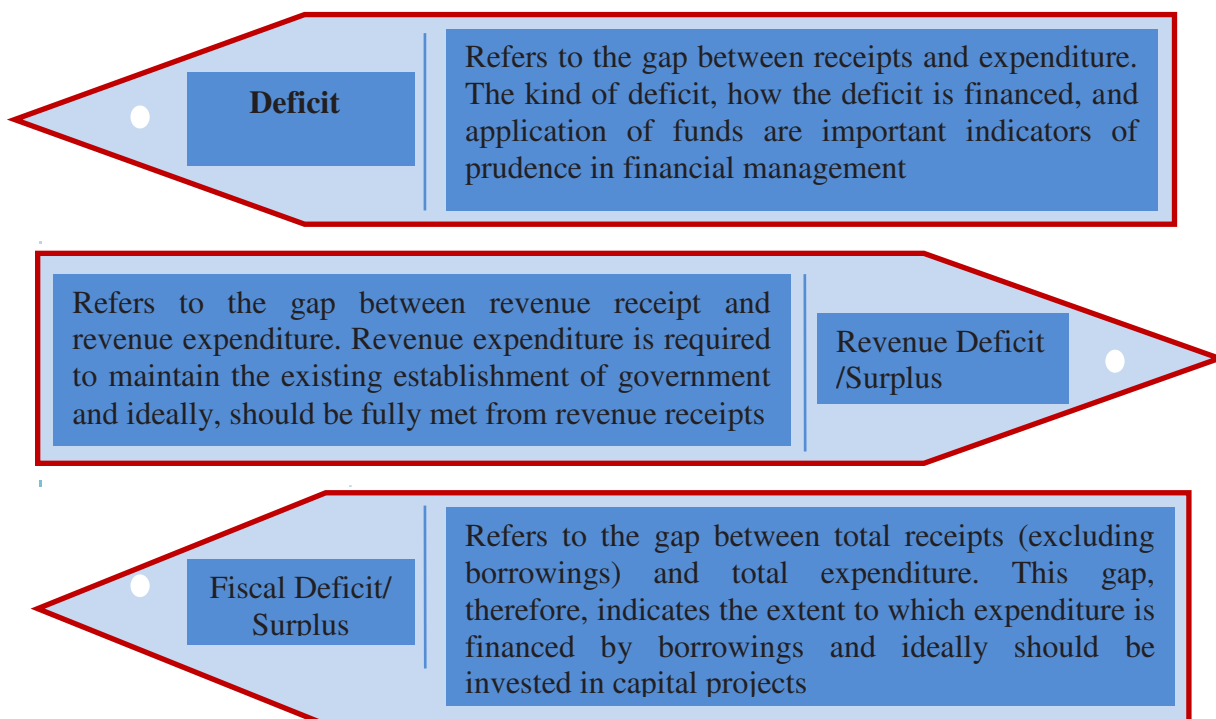
1.4.5 Where the Rupee went



(Subsidies was only ₹38 crore which is negligible hence value is shown as zero)

During the year 2020-21 revenue deficit of ₹816 crore (₹152 crore in 2019-20) and fiscal deficit of ₹2604 crore (₹1104 crore in 2019-20) represent 2.34 *per cent* and 7.48 *per cent* of the Gross State Domestic Product (GSDP of ₹34803 crore) respectively. The fiscal deficit constituted 20 *per cent* of total expenditure.

What do the deficits and surpluses indicate?



1.5 Fiscal Responsibility and Budget Management (FRBM) Act, 2006

The Government of Meghalaya has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2006. As per this Act, the State Government is required to achieve certain fiscal targets by specified periods. Achievements during the year 2020-21 against fiscal targets laid down in the Act and rules framed there under, are as follows:-

(₹ in crore)

Sl. No.	Financial Parameter	Actual (₹ in crore)	Ratio to GSDP*	
			Target	Achievement
1	Revenue Deficit	816 (Deficit)	To maintain revenue surplus	Not achieved during the year
2	Fiscal Deficit	2604	5 <i>per cent</i>	7.48 <i>per cent</i> (not achieved)
3	Debt and other obligation	13619 [#]	To be less than 37.39 <i>per cent</i> of GSDP	39.13 <i>per cent</i> (not achieved)
4	Outstanding Guarantees	3048	Not prescribed	

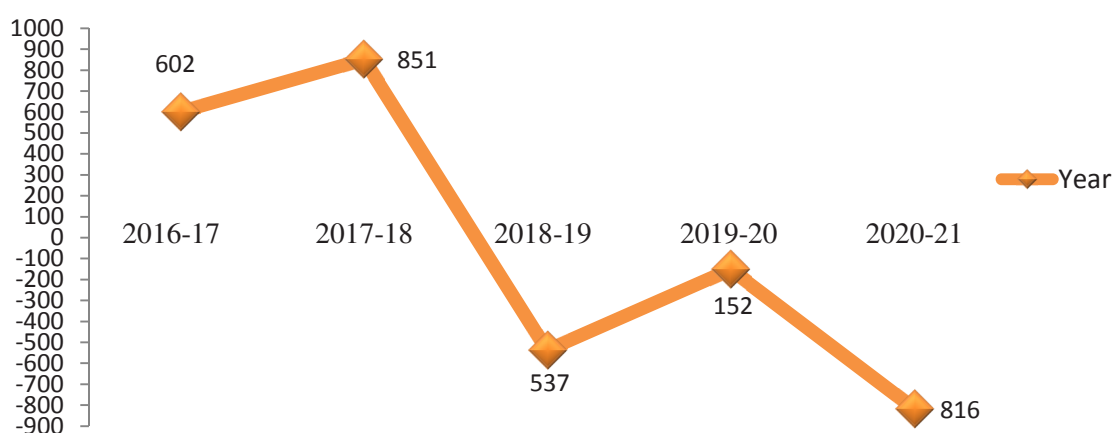
* Source: GSDP figure (₹34803 crore) is taken from the Directorate of Economic and Statistics Department, Government of Meghalaya.

[#] This debt does not include ₹112.00 crore, which was passed on as back to back loans by GoI in lieu of shortfall in GST Compensation, vide GoI's letter No. F.No.40(1)PF-S/2021-22 dated 10-12-2021.

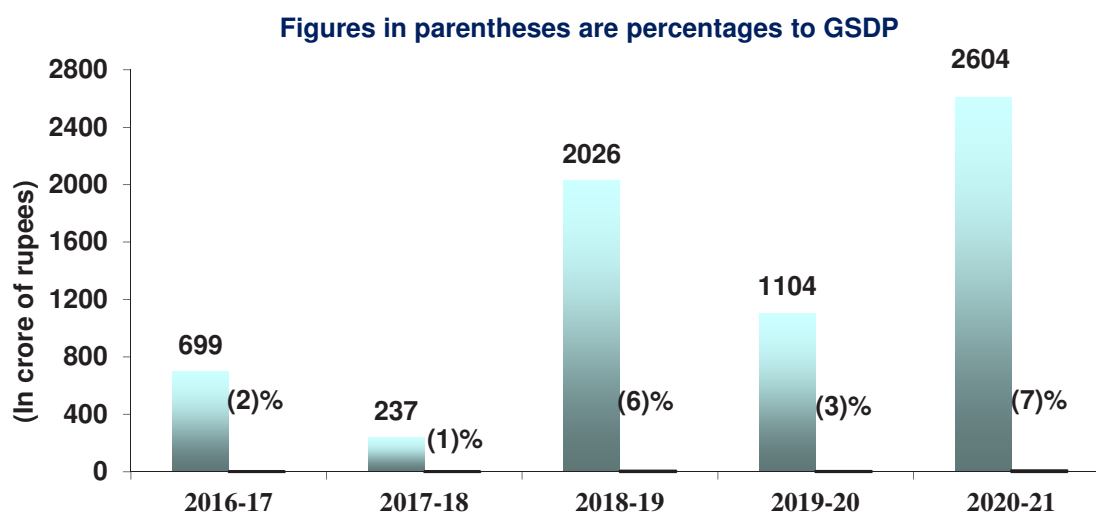
The State Government has made disclosures to the Legislature required under the Meghalaya Fiscal Responsibility and Budget Management Rules, 2006.

While the State Government had revenue deficit of ₹152 crore in 2019.20, there was revenue deficit of ₹816 crore during the year 2020-21 leading to failure in meeting the target set as per FRBM Act. Fiscal deficit increased by ₹1500 crore from ₹1104 crore in 2019-20 to ₹2604 crore in the current year. Thus, the target of Fiscal Deficit i.e. 5 *per cent* of GSDP fixed by FRBM Act has not been achieved. Against the target of reducing outstanding debt to less than 37.39 *per cent* of GSDP by the year 2020-21, the outstanding debt stood at ₹13619 crore as on 31 March 2021, being 39.13 *per cent* of GSDP.

1.5.1 Trend of Revenue Surplus/Deficit

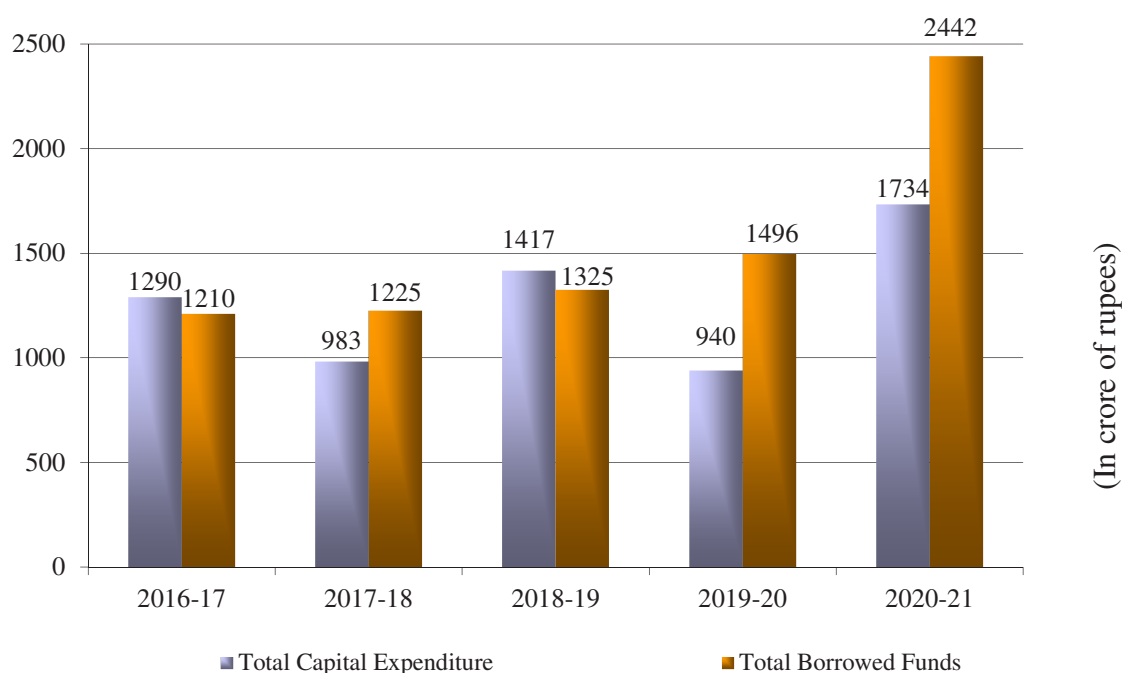


1.5.2 Trend of Fiscal Deficit



1.5.3 Proportion of borrowed funds spent on Capital

Borrowed funds and Capital Expenditure



The governments usually rely on fiscal deficits to expand popular policies, such as welfare programmes and public works, without having to raise taxes or cut spending elsewhere in the budget. The borrowed funds are used for capital assets formation or for creation of economic and social infrastructure, so that assets created through borrowings could pay for themselves by generating an income stream. Thus it is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest. The State Government, however, spent only 71 *per cent* of the borrowings of the current year (₹2442 crore) on capital expenditure (₹1734 crore). It would therefore appear that balance of borrowings in the public debt was utilized to repay the principal (₹487 crore) and part of interest on public debt of previous years.

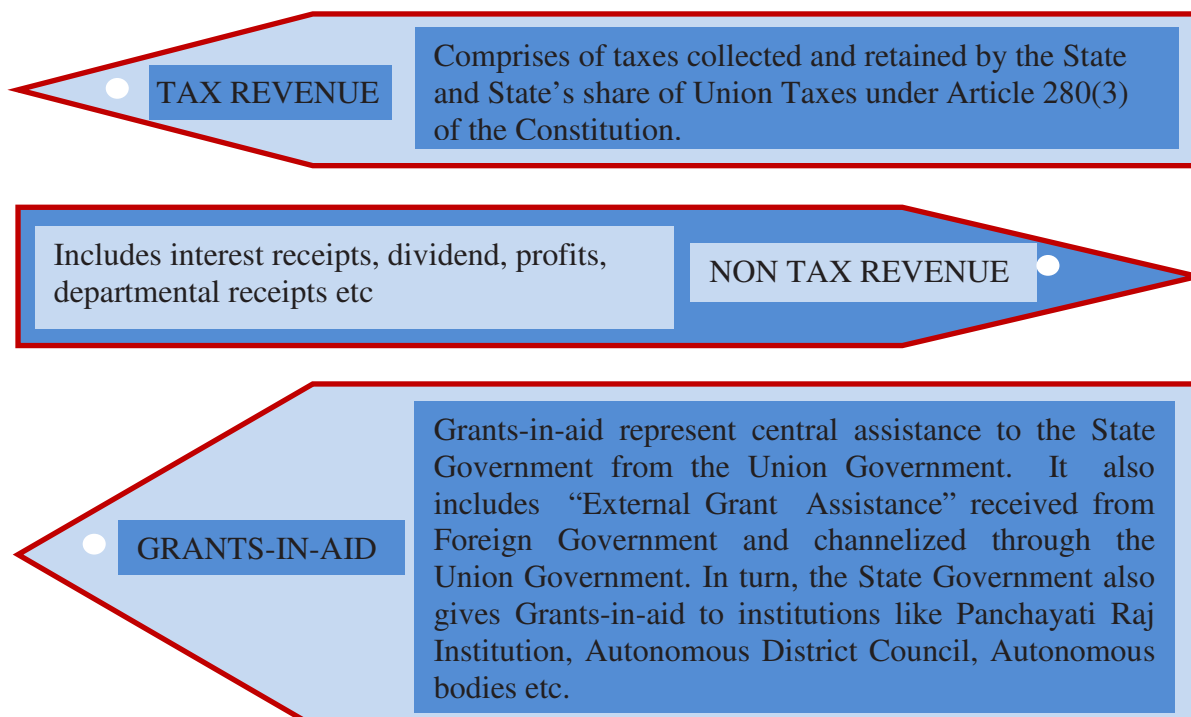
Chapter II Receipts

2.1 Introduction

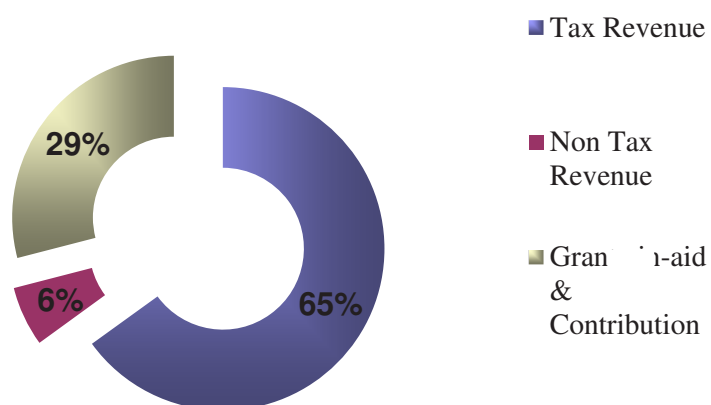
Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total receipts for 2020-21 was ₹13315 crore.

2.2 Revenue Receipts

The revenue receipts of the government comprise three components viz. Tax Revenue, Non-tax Revenue and Grants-in-aid received from the Union Government.



Revenue Receipts



2.2.1 Revenue Receipts Components (2020-21)

Components	(₹ in crore) Actuals
A. Tax Revenue	6624
Taxes on Income and Expenditure	2767
Goods & Service Tax	2187
Taxes on Property and Capital Transactions	53
Taxes on Commodities and Services	1617
B. Non-Tax Revenue	523
Interest Receipts, Dividend and Profits	11
General Services	48
Social Services	16
Economic Services	448
C. Grants-in-aid & Contribution	3536
Total –Revenue Receipts	10683

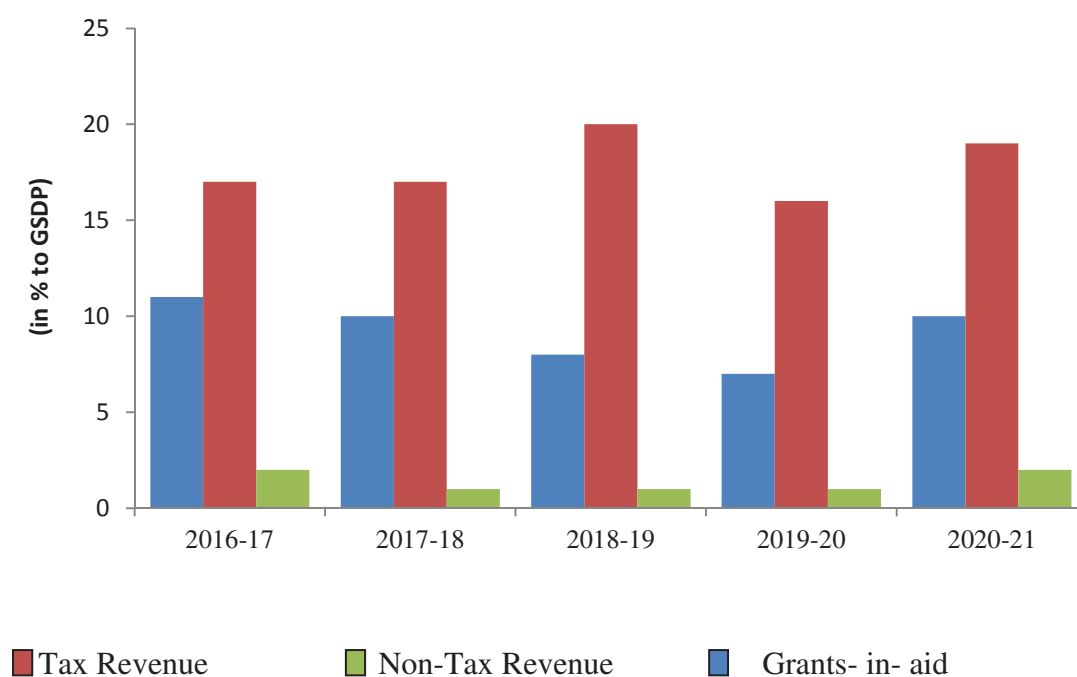
2.2.2 Trend of Revenue Receipts

	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Tax Revenue	5097	5773	6682	6103	6624
	(17)	(18)	(20)	(16)	(19)
Non-Tax Revenue	685	367	428	530	523
	(2)	(1)	(1)	(1)	(2)
Grants-in-aid	3157	3134	2609	2780	3536
	(11)	(10)	(8)	(7)	(10)
Total Revenue Receipts	8939	9274	9719	9413	10683
	(30)	(29)	(29)	(24)	(31)
GSDP	29567	31636	32972	38542	34803

Note: Figures in parentheses represent percentage to GSDP (Gross State Domestic Product)

Though the GSDP of ₹34803 crore decreased by 10 *per cent* in 2020-21 compared to previous year, revenue receipt increased by 13 *per cent*. The tax revenue increased by 9 *per cent*, the non-tax revenue decreased by 1 *per cent* and the grants-in-aid increased by 27 *per cent* compared to previous year, thus impacting the revenue receipt of the State.

Trend of components of Revenue Receipts



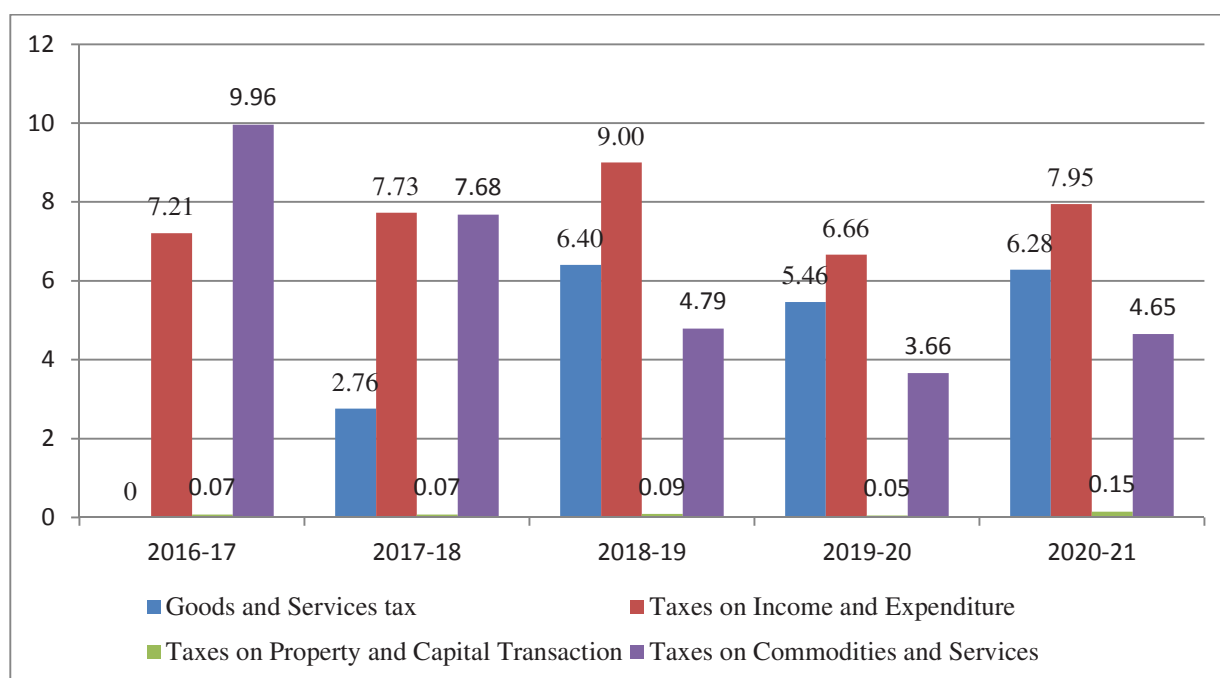
2.3 Tax Revenue

(₹ in crore)

Sector- wise Tax Revenue					
	2016-17	2017-18	2018-19	2019-20	2020-21
Goods and Services Tax	...	874	2109	2105	2187
Taxes on income and Expenditure	2131	2446	2965	2565	2767
Taxes on property and Capital Transaction	21	22	29	21	53
Taxes on Commodities and Services (other than GST)	2945	2431	1579	1412	1617
Total Tax Revenue	5097	5773	6682	6103	6624

The increase in total tax revenue during 2020-21 was mainly attributable to allocation of State's Own Tax Revenue and considerable collection under Central Goods and Services Tax (CGST) (₹1364 crore), Taxes on Income other than corporation Tax (₹1398 crore), Union Excise Duties (₹154 crore), Taxes on sales, Trade etc. (₹725 crore).

Trend of Major Taxes in proportion to Gross State Domestic Product (in percent)

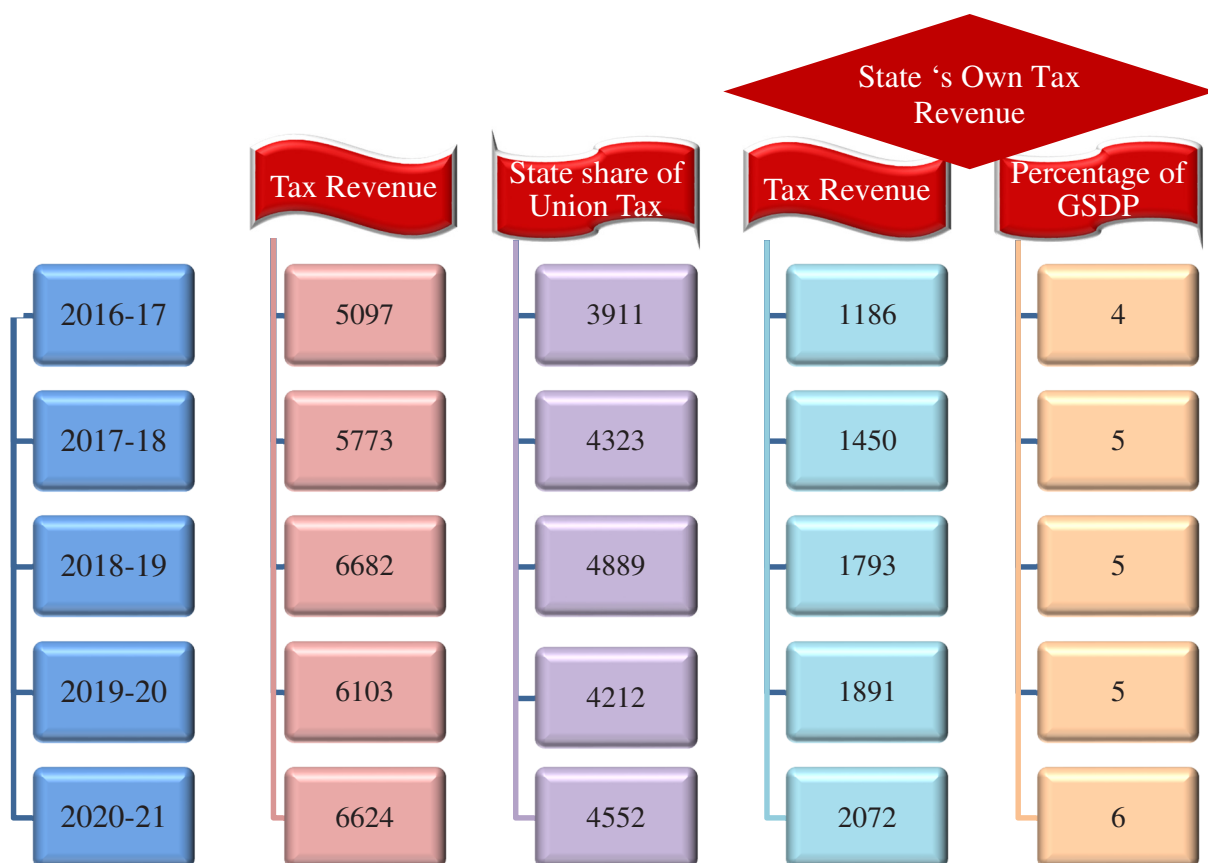


2.3.1 State's own Tax and State's share of Union Taxes

Tax Revenue of the State Government comes from two Sources viz. State's own tax collection and devolution of Union taxes.

(₹ in crore)

Year	Tax Revenue	State's share of Union Taxes/Duties	State's Own Tax Revenue	
			Tax revenue	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
2016-17	5097	3911	1186	4
2017-18	5773	4323	1450	5
2018-19	6682	4889	1793	5
2019-20	6103	4212	1891	5
2020-21	6624	4552	2072	6



The following table depicts the comparative position of tax revenue received from the two sources over a period of five years:

	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
State's own Tax collection	1186	1450	1793	1891	2072
Devolution of Union Taxes	3911	4323	4889	4212	4552
Total Tax Revenue	5097	5773	6682	6103	6624
Percentage of State's own tax to total tax revenue	23	25	27	31	31

The proportion of State's own tax collection in overall tax revenue has mostly shown an increasing trend since 2016-17. The share of State's own tax revenue increased to 25 *per cent* in 2017-18 as compared to 23 *per cent* in 2016-17 and then slightly increased to 27 *per cent* in 2018-19, 31 *per cent* in 2019-20 and remained 31 *per cent* (neither increased nor decreased) in 2020-21.

2.3.2 Trend in state's own Tax collection over the past five years

	(₹ in crore)				
Taxes	2016-17	2017-18	2018-19	2019-20	2020-21
1. State Goods and Service Tax	...	376	806	910	823
2. Taxes on Sales, Trade etc.	931	767	627	567	725
3. State Excise	169	199	226	276	375
4. Taxes on Vehicles	48	67	87	99	78
5. Stamp and Registration fees	17	20	26	20	31
6. Taxes and Duties on electricity	2	2	3	1	2
7. Land Revenue	2	2	3	1	21
8. Taxes on Goods and Passengers	5	8	8	9	10
9. Other Taxes	12	9	7	8	7
Total State's own Taxes	1186	1450	1793	1891	2072

2.4 Cost of Tax Collection

(₹ in crore)

Taxes	2016-17	2017-18	2018-19	2019-20	2020-21
1. Taxes on Sales, Trade etc.					
Revenue collection	931	767	627	567	725
Expenditure on collection	19	23	25	24	26
Percentage expenditure on tax collection	2	3	4	4	4
2. State Excise					
Revenue collection	169	199	226	276	375
Expenditure on collection	15	17	20	19	20
Percentage expenditure on tax collection	9	9	9	7	5
3. Taxes on Vehicles, Goods and Passengers					
Revenue collection	54	75	95	108	89
Expenditure on collection	61	21	51	31	39
Percentage expenditure on tax collection	113	28	54	29	44
4. Stamp and Registration Fee					
Revenue collection	17	20	26	20	32
Expenditure on collection	2	2	7	3	3
Percentage expenditure on tax collection	12	10	27	15	9

The expenditure on collection of Taxes on Vehicles, Goods and Passengers was more than the revenue collected during the year 2016-17.

2.5 Trend in state's share of Union Taxes over the past five years

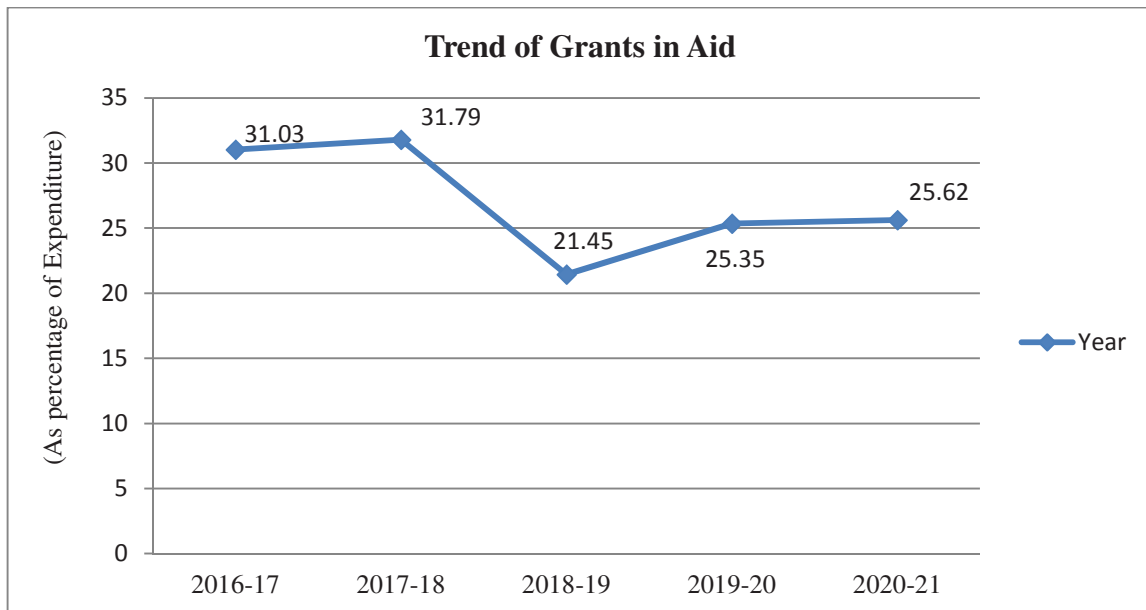
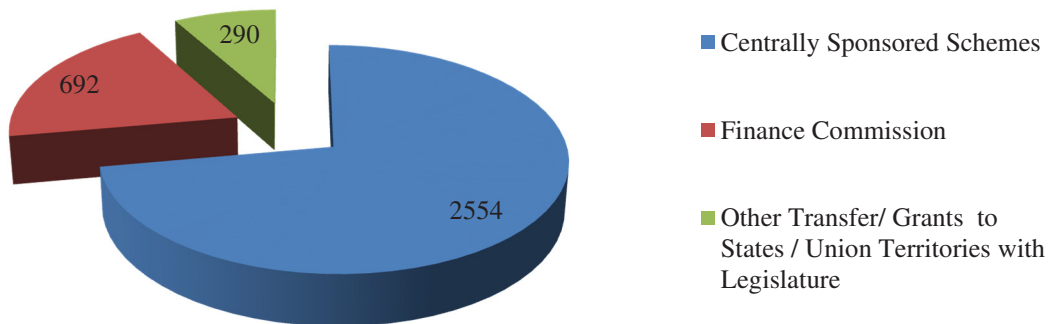
Major Head Description	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Central Goods and Service Tax(CGST) & Integrated Goods and Service Tax(IGST)	...	498	1303	1195	1364
Corporation Tax	1255	1324	1700	1436	1365
Taxes on Income other than Corporation Tax	872	1118	1252	1125	1398
Taxes on Wealth	3	...	1	...	...
Other Taxes on Income and Expenditure	...	...	9	...	...
Customs	540	437	347	267	250
Union Excise Duties	616	456	230	186	154
Service Tax	625	490	45	...	18
Other Taxes and Duties on Commodities and Services	...	...	2	3	3
State Share of Union Taxes	3911	4323	4889	4212	4552
Total Tax Revenue	5097	5773	6682	6103	6624
Percentage of Union Taxes to Total Tax Revenue	77	75	73	69	69

2.6 Grants -in-aid

Grants-in-aid represent assistance from the Government of India, and comprise, grant for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and Non-Plan Grants recommended by the Finance Commission. Total receipts during 2020-21 under Grants -in-aid were ₹3536 crore as shown below:

Grants - in - Aid

(₹ in crore)

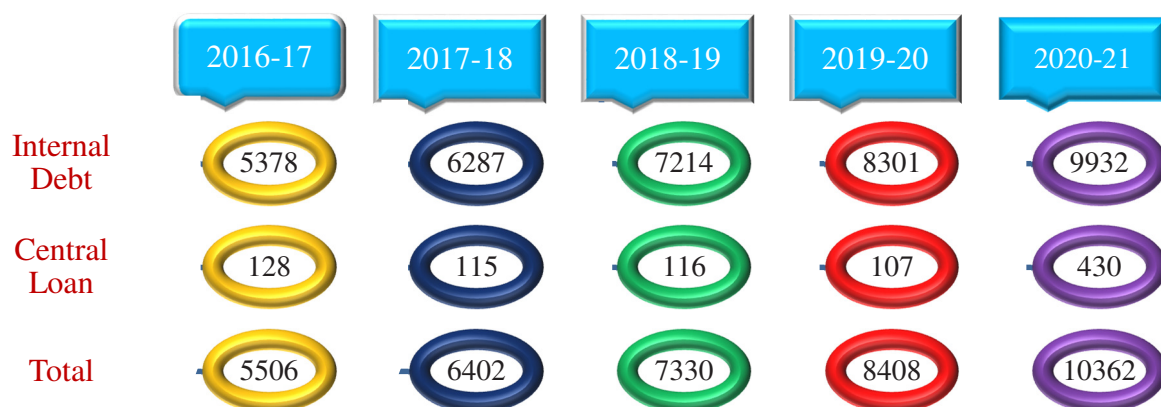


Grants-in-aid receipts from the Central Government from 2016-17 to 2020-21 has shown a declining trend in proportion to Expenditure.

2.7 Public Debt

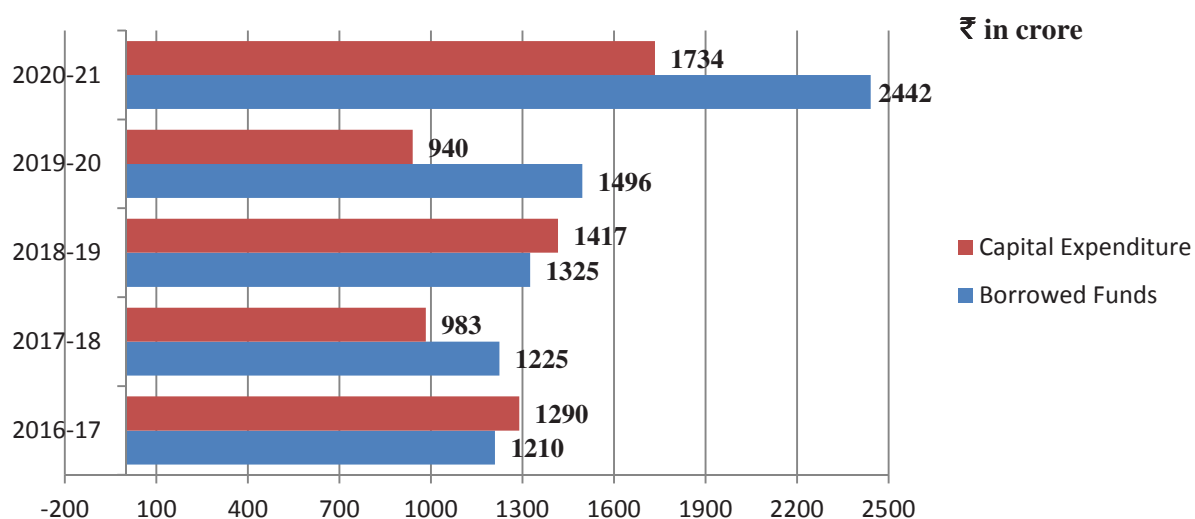
Trend of position of Public Debt over the past five years

(₹ in crore)					
Description	2016-17	2017-18	2018-19	2019-20	2020-21
Internal Debt	5378	6287	7214	8301	9932
Central Loans	128	115	116	107	430
Total	5506	6402	7330	8408	10362



During the year 2020-21, ten loans totalling ₹1777 crore were raised from the open market at interest rates varying from 6.45 *per cent* to 7.17 *per cent* and the same are redeemable during the period 2029-30. In addition, the State Government raised loan of ₹320 crore from Financial Institutions. Thus the total Internal Debt raised by the Government during the year 2020-21 aggregated to ₹2097 crore. The Government also received ₹345 crore from Government of India as Loans and Advances.

Borrowed funds viz-a-viz Capital Expenditure

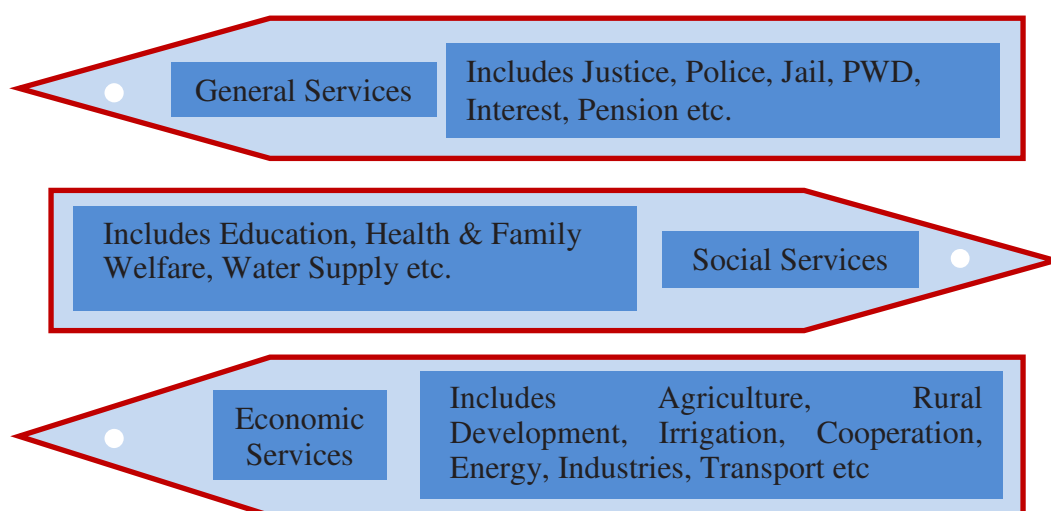


Chapter III Expenditure

3.1 Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue expenditure is used to meet the day-to-day expenditure for running of the organisation. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities.

In Government accounts, expenditure is broadly classified into three sectors: General Services, Social Services and Economic Services. The significant areas of expenditure covered under these sectors are mentioned in the table given below:



3.2 Revenue Expenditure

The actual revenue expenditure against budget estimates during the past five years is given below:

(₹ in crore)					
Year	2016-17	2017-18	2018-19	2019-20	2020-21
Budget Estimates	9762	11172	12802	13896	15562
Actuals	8337	8423	10256	9565	11499
Gap	1425	2749	2545	4331	4063
Percentage of variation of Actuals against BE	(-)15	(-)25	(-)20	(-)31	(-)26

Around 48 *per cent* of the total revenue expenditure was incurred on committed expenses viz. on Salaries and Wages (₹3383 crore), Interest payment (₹859 crore), Pensions (₹1194 crore) and subsidies (₹38 crore) which are the committed liabilities of the State Government.

The position of committed and uncommitted revenue expenditure over the last five years is given below:

(₹ in crore)					
Component	2016-17	2017-18	2018-19	2019-20	2020-21
Total revenue expenditure	8337	8423	10256	9565	11499
Committed revenue expenditure #	3459	3995	5001	5277	5474
Percentage of committed revenue expenditure to total revenue expenditure	41	47	49	55	48
Uncommitted revenue expenditure	4878	4428	5255	4288	6025

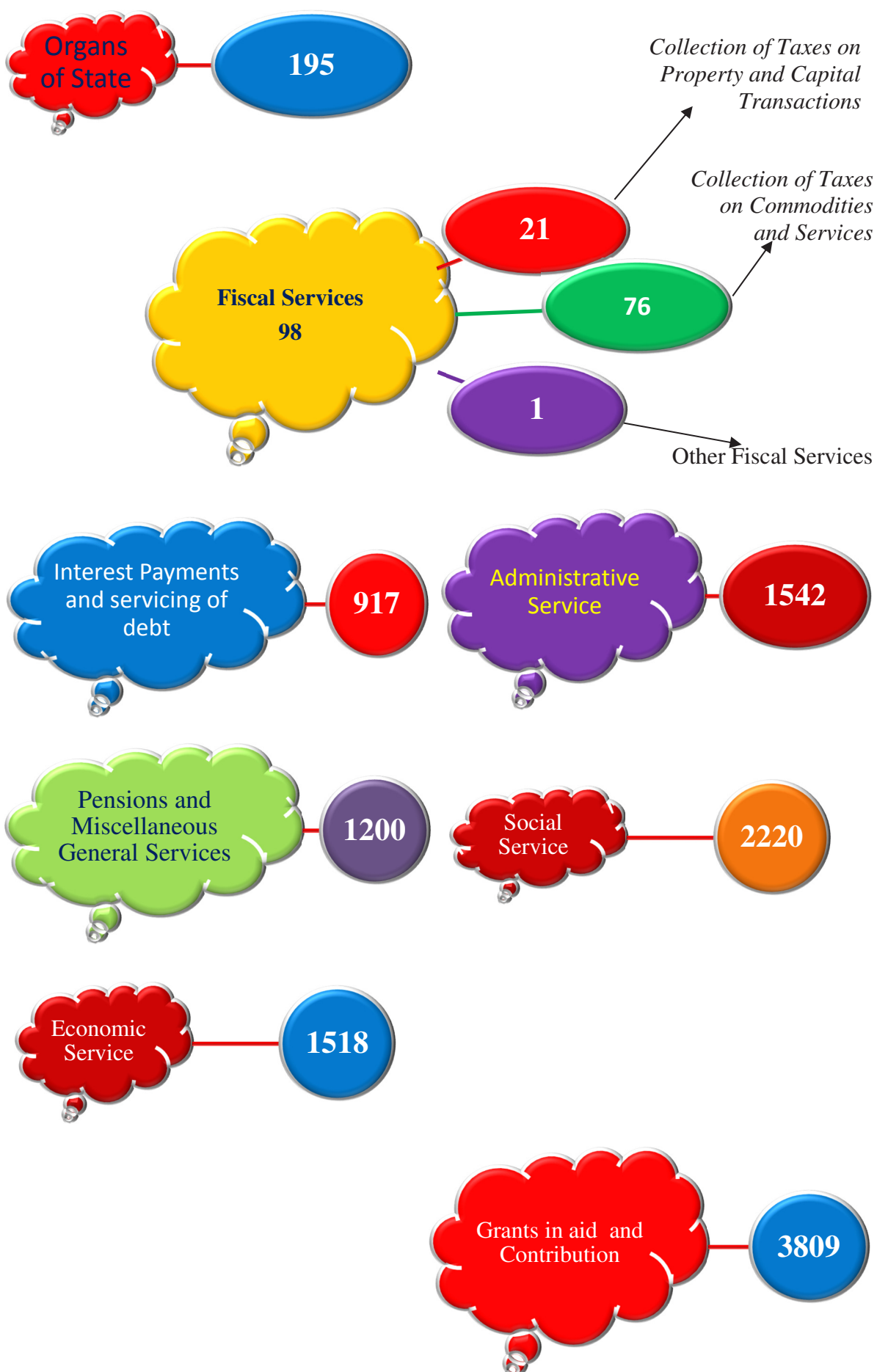
#Committed revenue expenditure includes expenditure on Salaries & Wages, Interest Payments, Pensions and Subsidies.

It may be seen that the uncommitted revenue expenditure available for implementation of various schemes has increased by 24 *per cent* from ₹4878 crore in 2016-17 to ₹6025 crore in 2020-21. The total revenue expenditure increased by 38 *per cent* from ₹8337 crore in 2016-17 to ₹11499 crore in 2020-21 and committed revenue expenditure increased by 58 *per cent* over the same period.

3.2.1 Sectoral distribution of Revenue Expenditure (2020-21)

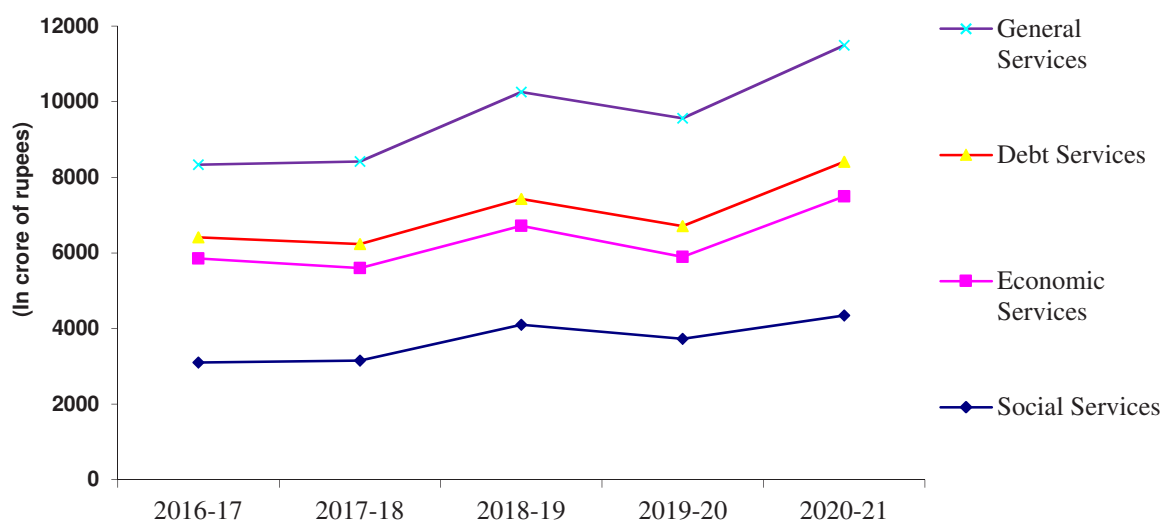
(₹ in crore)		
Components	Amount	Percentage
A. General Services	3952	35
a. Organs of State	195	2
b. Fiscal Services	98	1
(ii) Collection of Taxes on Property and Capital Transactions	21	...
(iii) Collection of Taxes on Commodities and Services	76	1
(iv) Other Fiscal Services	1	...
c. Interest Payment and Servicing of Debt	917	8
d. Administrative Services	1542	13
e. Pensions and Miscellaneous General Services	1200	11
B. Social Services	2220	19
C. Economic Services	1518	13
D. Grants-in-aid and Contributions	3809	33
Total - Expenditure (Revenue Account)	11499	100

(₹ in crore)



3.2.2 Major components of Revenue Expenditure 2016-17 to 2020-21

(Trend of Major Components of Revenue Expenditure)



3.3 Capital Expenditure

Capital Expenditure is defined as expenditure incurred with the objective of increasing concrete assets of a material and permanent character or of reducing permanent liabilities. Capital expenditure is essential if the growth process is to be sustained. Capital disbursements during 2020-21 amounting for ₹1734 crore (5 per cent of GSDP of ₹34803 crore) were less than Budget Estimates by ₹1066 crore (less disbursement of ₹395 crore under State Fund expenditure and ₹671 crore under Central Assistance Expenditures). The growth in capital expenditure has not kept pace with the steady growth of GSDP since 2016-17 onwards. This can be seen from the table below:

₹ in crore)						
Sl. No.	Components	2016-17	2017-18	2018-19	2019-20	2020-21
1	Budget (B.E.)	1854	1778	1883	2129	2800
2	Actual Expenditure (#)	1290	983	1417	940	1734
3	Percentage of Actual Exp. to B.E.	70	55	75	44	62
4	Yearly growth in Capital expenditure (in per cent)	16	(-)24	44	(-)34	84
5	GSDP	29567	31636	32972	38542	34803
6	Yearly growth in GSDP (in per cent)	8	7	4	17	(-)10

(#) Does not include expenditure on Loans and Advances

3.3.1 Sectoral distribution of Capital Expenditure

During 2020-21, the Government spent ₹74 crore on minor Irrigation Projects and ₹936 crore on construction of roads and bridges. It also invested ₹2 crore in Government Companies and Co-operative institutions.

3.3.2 Sectoral distribution of capital and revenue expenditure

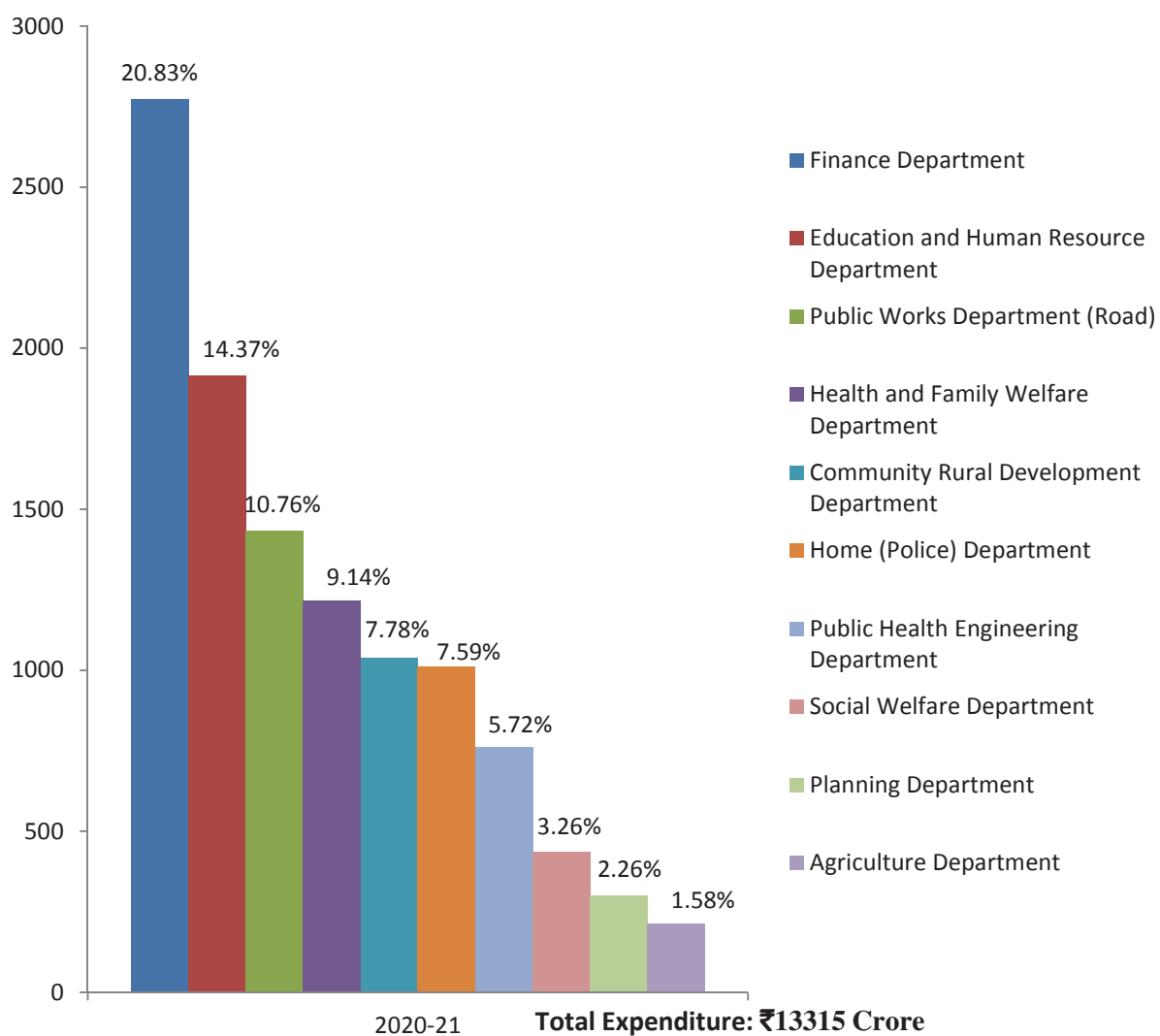
The comparative sectoral distribution of capital and revenue expenditure over the past five years is shown in the table below:

			(₹ in crore)				
Sl. No.	Sector		2016-17	2017-18	2018-19	2019-20	2020-21
(A)	General Services	Capital	83	50	85	48	132
		Revenue	2480	2827	3536	3668	4001
(B)	Social Services	Capital	459	361	360	293	540
		Revenue	3099	3148	4100	3724	4347
(C)	Economic Services	Capital	747	573	972	599	1062
		Revenue	2757	2448	2620	2173	3151
(D)	Grants-in-aid and contribution	Capital					
		Revenue	3293	2674	3277	2881	3809

3.4 Top 10 Departments Expenditure wise

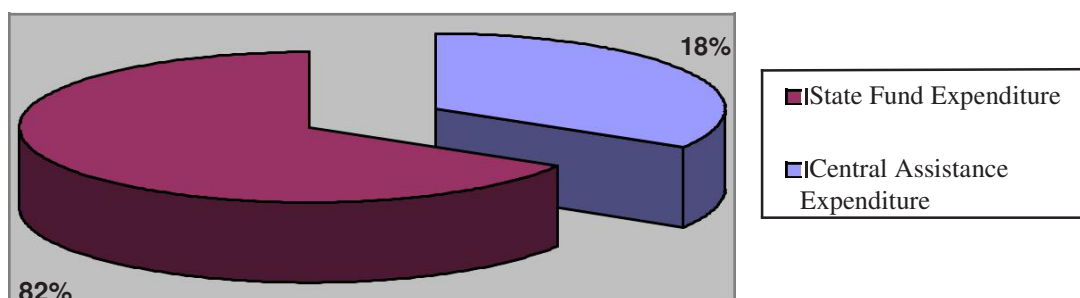
			(₹ in crore)			
Deptt. Code	Department	2016-17	2017-18	2018-19	2019-20	2020-21
10	Finance Department	1624	1936	2096	2554	2773
7	Education and Human Resource Department	1520	1683	2047	1991	1914
34	Public Works Department (Road)	909	788	1131	970	1433
15	Health and Family Welfare Department	691	706	1072	869	1217
6	Community Rural Development Department	1264	992	779	849	1036
18	Home (Police) Department	582	659	854	935	1011

33	Public Health Engineering Department	174	501	491	491	761
39	Social Welfare Department	372	322	478	316	434
28	Planning Department	-	-	-	-	301
2	Agriculture Department	174	194	220	149	211
Total		7310	7781	9168	9124	11091



Chapter IV State Fund and Central Assistance Expenditure

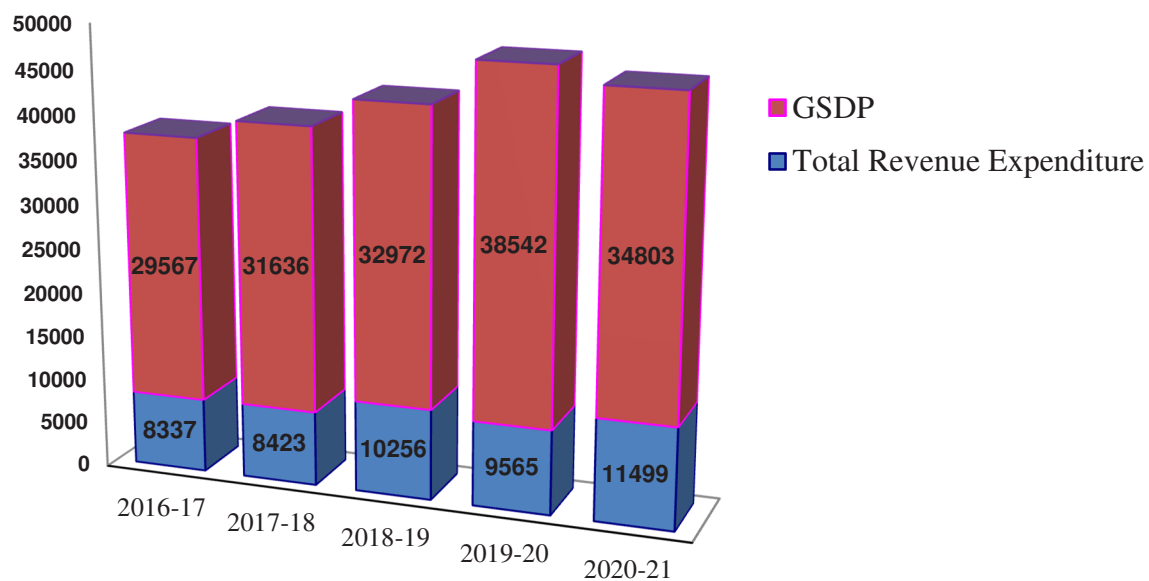
4.1 Distribution of expenditure (2020-21)



4.2 State Fund Expenditure

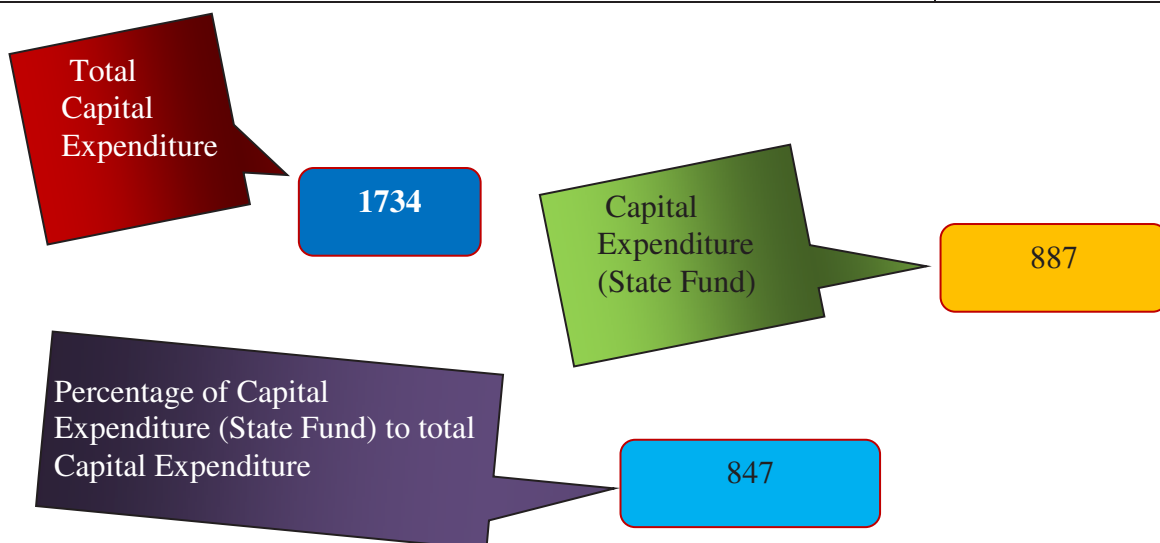
State Fund expenditure (both Revenue, Capital and Loans & Advances) during 2020-21 was ₹10866 crore constituting 82 *per cent* of the total expenditure of ₹13315 crore. Revenue expenditure constituted 91 *per cent* (₹9922 crore), Capital expenditure 8 *per cent* (₹887 crore) and Loans and Advances one *per cent* (₹57 crore), out of the total State Fund Expenditure.

Total Revenue Expenditure and Gross State Domestic Product



4.2.1. State Fund Expenditure under Capital Account

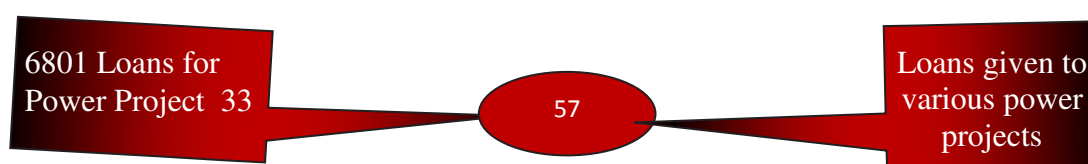
	(₹ in crore)
	2020-21
Total Capital Expenditure	1734
Capital Expenditure (State Fund)	887
Percentage of Capital Expenditure (State Fund) to total Capital Expenditure	847



4.2.2. State Fund expenditure on Loans and Advances and Appropriation to Contingency Fund.

Significant disbursements of Loans and Advances were as under:

Major Heads	(Amount (₹ in crore)	Purpose
6801 Loans for Power Project	57	Loans given to various power projects
Total	57	



4.3 Central Assistance Expenditure

Central Assistance expenditure (both Revenue, Capital and Loans and Advances) during 2020-21 was ₹2449 crore constituting 18 *per cent* of total expenditure of ₹13315 crore. Revenue expenditure constituted 64 *per cent* (₹1577 crore) and Capital expenditure and Loans and Advances constituted 36 *per cent* (₹847 crore and ₹25 crore respectively) of the total Central Assistance Expenditure.

The expenditure on salary amounting to ₹449 crore was 18 *per cent* of the total Central Assistance Expenditure

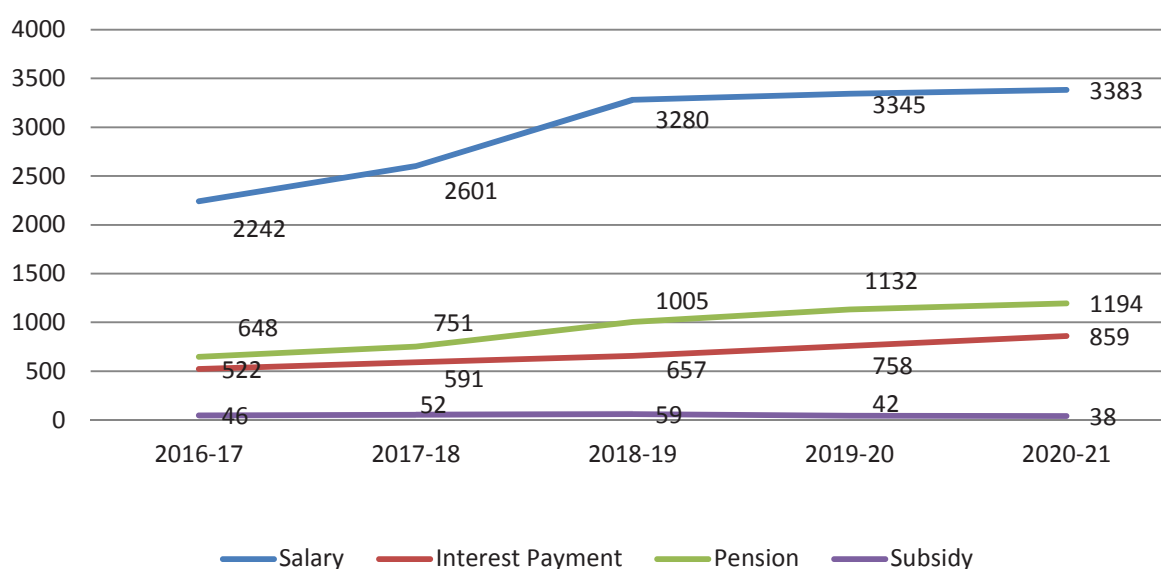
Central Assistance Expenditure and Gross State Domestic Product



4.4 Committed Expenditure

Expenditure on salaries, pensions and interest payments in 2020-21 increased over the previous year, mainly on account of revision of pay and pension.

Trend of Committed Expenditure
(₹ in crore)



The Trend of committed expenditure in comparison to revenue expenditure and revenue receipt over the past five year is depicted below:

(₹ in crore)

Component	2016-17	2017-18	2018-19	2019-20	2020-21
Committed Expenditure	3459	3995	5001	5277	5474
Revenue Expenditure	8337	8423	10256	9565	11499
Revenue Receipts	8939	9274	9719	9413	10683
Percentage of committed expenditure to Revenue Receipts	39	43	52	56	51
Percentage of committed expenditure to Revenue Expenditure	41	47	49	55	48

The committed expenditure increased by 58 *per cent* from 2016-17 to 2020-21 while revenue expenditure registered a growth of 38 *per cent* during the same period, leaving the Government with lesser flexibility in development spending.

Chapter V Appropriation Accounts

5.1 Summary of Appropriation Accounts for 2020-21

(₹ in crore)

Sl. No.	Nature of expenditure	Original grant	Supplementary grant	Surrender (by way of re-appropriation)	Total Budget	Actual expenditure (Net)	Saving(-) Excesses(+)
1	Revenue Voted Charged	13475 951	1109 27	3474 25	11110 953	10543 956	(-)567 (+)3
2	Capital Voted Charged	2383 ...	417 ...	984	1816 ...	1734 ...	(-)82 ...
3	Public Debt Charged	519	...	32	487	487	...
4	Loans and Advances Voted	102	16	36	82	82	...
	Total Voted Charged	15960 1470	1542 27	4494 57	13008 1440	12359 1443	(-)649 (+)3

5.2 Trend of Saving/Excess during the past five years

(₹ in crore)

Year	Savings (-)/Excess (+)				Total
	Revenue	Capital	Public Debt	Loan and Advances	
2016-17	(-)1427	(-)464	(-)164	(-)18	(-)2073
2017-18	(-)1273	(-)444	...	(-)1	(-)1718
2018-19	(-)242	(-)127	...	...	(-)369
2019-20	(-)334	(-)420	(+)4	(-)10	(-)760
2020-21	(-)564	(-)82	...	...	(-)646

5.3 Significant Savings

Substantial savings under a grant indicates either non-implementation or slow implementation of certain schemes/programmes.

Some grants with persistent and significant net savings are given below:-

(₹ in crore)						
Grant No	Nomenclature	2016-17	2017-18	2018-19	2019-20	2020-21
16	Police	38	55	17	3	16
26	Medical and Public Health	61	35	159	80	75
43	Housing, Crop Husbandry, Agricultural Research and Education etc.	65	95	44	53	54
47	Housing, Animal Husbandry etc.	25	10	11	59	15
51	Housing, Special Programmes for Rural Development etc.	9	326	8	18	9

The persistent huge savings under Relief on account of natural calamities, Capital Outlay on North Eastern Areas(Transport), Capital outlay on Public Works, General Education, Pension and other Retirement benefits, Medical and Public Health, Family Welfare, Forestry and Wild life, Other Rural Development Programmes, Public works, Capital Outlay Roads and Bridges, Sports and Youth Services, Secretariat-Economic Services, Capital outlay on Minor Irrigation, Internal Debt of the State Government etc is on account of Schemes which though approved by the legislature have been given lesser priority during implementation. This can be attributed either to increase budget estimation or the Government's desire to keep its fiscal deficit below the ceiling.

During 2020-21 Supplementary grants totaling ₹1569 crore (11.37 percent of the total expenditure) proved to be unnecessary in some cases. A few instances where there were savings at the end of the year even against Original allocation are given below:-

(₹ in crore)					
Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
10	4552-Capital Outlay on North Eastern Areas. 04-NEC Scheme 19-Transport 800-Other Expenditure (01)-Construction of Inter State Bus Terminus at Mawiong, East Khasi Hills District.	Capital	16	...	4

19	4059-Capital Outlay on Public Works 80-General 051-Construction (01)-Functional non-residential Buildings under General Services(CSS)	Capital	41	...	3
21	2202-General Education 01-Elementary Education 101-Government Primary School (01) Expenditure on Primary School 102-(01) Expenditure on maintenance of primary Schools under deficit system (13) Expenditure on Upper Primary school under non-deficit system. (25) Surva Shiksha Abhiyan	Revenue Revenue Revenue Revenue	60 218 30 29	... ... ... ...	14 179 22 20
21	2202-General Education 02-Secondary Education 101-Inspection (01) Inspector of school & staffs 109-Government Secondary School (01) Secondary Schools for boys (02)- Secondary Schools for Girls 110-Assistance to non-Government Secondary Schools (01) Expenditure on secondary Schools under deficit system for Boys (02) Expenditure on secondary Schools under deficit system for Girls 04-Adult Education 80-General 003-Training (30)-DIET-Central assistance for CSS(CSS)	Revenue Revenue Revenue Revenue Revenue	19 88 22 45 69 18	... ... ... ... ... ...	8 55 14 33 61 3

24	2071-Pension and other Retirement Benefits 01-Civil 102-Commuted value of Pensions (01) Commuted value of Pensions 104-Gratuities (02)-Death Gratuities	Revenue	98	...	75
		Revenue	30	...	12
26	2210-Medical and Public Health 01-Urban Health Service (Allopathy) 200-Other Health Scheme (02) Contribution towards EMRI 108(Recurring and Non-recurring) 07-NLCPR. 01-Urban Health service Allopathay 800-Other Expenditure (01)-Non-leasable Central pool resources	Revenue	19	...	13
		Revenue	20	...	2
26	2211-Family Welfare 001-Direction and Administration (02) District Family Welfare Bureau Centrally Sponsored Schemes	Revenue	16	...	7
26	2211-Family Welfare 101-Rural Family Welfare Services (02) Rural Family Welfare Sub-Centres(CSS)	Revenue	47	...	33
50	2406-Forestry and Wildlife 04-Afforestation and Ecology Development 103-State compensatory Afforestation(SCA) (01) Meghalaya State Authority	Revenue	...	34	19
51	2515-Other Rural Development Programmes 001-Direction & Administration (01) Directorate of Community Development (05) Stage-II block offices	Revenue	8	...	4
		Revenue	74	...	70

56	2059-Public Works 80-General 001-Direction & Administration (07)Divisional & Subordinate offices(Roads) 5054-Capital outlay on Roads & bridges 04-District & other Road 800-other expenditure (17) Special Plan Fund(SPF)	Revenue	140	...	117
		Capital	64	...	43
58	2204-Sports and Youth Services 104-Sports and Games (37) Pradhan Mantri Jan Vikas Karyakram(PMJVK)(CSS)	Revenue	44	...	10
59	3451-Secretariat-Economic Services 05-Externally aided project 092- Other offices (03) Externally aided project- Asian Development Bank(Administered by Finance (EA) Deptt)	Revenue	240	...	161
65	4702-Capital Outlay on Minor Irrigation 101-Surface Water (08)Pradhan Mantri Krishi Sinchai Yojana(PMKSY)(CSS)	Capital	65	...	6
96	6003-Internal Debt of the State Government 105-Loans from the National Bank for Agricultural and Rural Development (01)Loan from NABARD	Capital	76	...	69
6	2245- Relief on account of natural calamities 05- State Disaster Response Fund 101-Transfer to Reserve Fund and Deposit Accounts -State Disaster Response Fund (03) Transfer to 8121-General and other Reserve Fund-122- SDRF	Revenue	...	38	4

16	2055-Police 101-Criminal Investigation and Vigilance (01) State CID Organisation 104-Special Police (11) Raising of 5 th MLP Bn/3 rd IRBN	Revenue	9	1	8
		Revenue	63	4	54
19	2059-Public Works 80-General 001-Direction and Administration (02)Chief Engineer and his Establishment (Building) 4059-Capital Outlay on Public Works 80-General,051-Construction (01) Functional Non residential Buildings under General Services	Revenue	9	0.20	6
		Capital	30	5	18
47	2216-Housing 07-other Housing 800-Other expenditure, (01) Construction	Revenue	1	2	0.42
55	2853-Non-Ferrous Mining and Metallurgical Industries 02-Regulation and Development of Mines,001-Direction and Administration (01) Geology and Mining Establishment	Revenue	7	1	5
56	3054- Roads & bridges 01-National Highways 797-Transfer to /From Reserve Fund/Deposit Account (01) Road Finance from Central Road Fund-8449-Other Deposit103-Subentions from Central Road Fund	Revenue	31	46	...
58	2204-Sports & Youth Services, 104-Sports & Games(37)Pradhan Mantri Jan Vikas Karyakram(PMJVK)	Revenue	...	10	...

A few instances where there were excess expenditure at the end of the year even after Supplementary allocations were made are given below:-

(₹ in crore)					
Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
19	4059-Capital Outlay on Public Works 80-General 051-Construction (01) Functional non-residential Buildings under General Services	Capital	37	27	94
56	2059-Public Works 80-General 052-Maintenance & Repairs (03)RC of T& P etc	Revenue	1	1	3
	3054-Roads and Bridges 04-District and Other Roads 105-Maintenance and Repairs (01) Work Charged Establishment-Road Works	Revenue	65	17	84
	(02) Other Maintenance Expenditure Road works	Revenue	87	3	168

An Expenditure of ₹365 Crore in thirty two cases where funds were allocated directly by-passing the Legislature ie through re-appropriation instead of Original/Supplementary Budget are given below:-

(₹ in crore)						
Grant No.	Nomenclature	Section	Original	Supplementary	Re-Appropriation	Actual Expenditure
1	2011-Parliament/State/Union Territory Legislatures 02-State Union Territory Legislature 103-Legislative Secretariat (07) Legislative Assembly Building	Revenue	...	...	1	1

11	2801-Power 80-General 101-Assistance to Electric city Boards (01)-Subsidy to MSEB for Rural Electrification (78) Re-imbusement of local Taxes and SGST for the Saubhagya 800-Other Expenditure (03) Repayment of Loan Component & Interest (there to) on account of RGGVY 6801-Loans for power projects 800-other loans to Electricity Boards (08) Survey & Investigation	Revenue	...	...	18	18
		Revenue	...	...	33	33
		Revenue	...	...	12	12
		Capital	...	...	1	1
21	4202-Capital Outlay on Education, Sports, Art & Culture 203-University & Higher Education (08) Construction of Directorate Building	Capital	...	...	2	2
26	2210-Medical & Public Health 80-General 800-Other Expenditure (26) Meghalaya Health Systems Strengthening Project under NHM	Revenue	...	...	2	2
29	2217-Urban Development 80-General 192-Assistance in Municipalities/Municipal Councils (07) Smart Cities Mission (SCM) Centrally sponsored scheme inclusive of State share. (09) Up gradation of the Standard of Administration awarded by the Fifteenth Finance Commission.	Revenue	...	...	2	2
		Revenue	...	...	22	22

43	2401-Crop Husbandry 108-Commercial Crops (49) National Mission for sustainable Agriculture(CSS)	Revenue	...	...	4	4
	(16)Scheme for Bulk production of Mushroom(Central Sector Scheme)	Revenue	...	...	3	3
	115-Scheme of Small/Marginal farmers and agricultural Labour	Revenue	...	...	4	4
	(05) Interest Subvention Scheme under Kisan Credit Card(KCC) 119-Horticulture and Vegetable Crops (16)Multiplication of Planting materials including tissues culture	Revenue	...	...	3	2
45	2402-Soil and Water Conservation 102-Soil Conservation (23)Accelerated Irrigation Benefits Programme (AIBP)	Revenue	...	...	2	2
	(23)Accelerated Irrigation Benefits Programme (AIBP)(CSS)	Revenue	...	...	7	7
49	2405-Fisheries 101-Inland Fisheries (41) Pradhan Mantri Matsya Sampada Yojana(CSS)	Revenue	...	...	6	6
58	2204-Sports and Youth Services 104-Sports and Games (24)Special Central Assistance(SCA)	Revenue	...	...	2	2
	(17) Panchayat Yuva Krida Aur Khel Abhiyan)(PYKKA)	Revenue	...	...	1	1

64	2205-Arts and Culture 101-Fine Arts Education (14)Grant under Article275(1) for promotion of Cultural Programme	Revenue	...	...	1	1
	3425-Other Scientific Research 60-Others 004-Reacharch and Development (04) Tribal Research Institute-Babadam West Garo Hills	Revenue	...	...	5	5
96	6003-Internal Debt of the State Government 112-Special Drawing Facility on 91 Days Deposits (01) Special Drawing Facility on 91 Days Deposits	Capital	...	...	141	141
97	6004-Loans and Advances from the Central Governments 02-Loans for State/Union territory Plan Schemes 101-Block Loans (01) Block Loans (02) Non-Lapsable Central Pool Resources (03) Block Loans-20 Years consolidated loan in terms of recommendation of 12the Finance Commission. 05- Loans for Special Schemes 101-Schemes of North Eastern Council (01) NEC Regional Schemes	Capital	...	...	4	16
		Capital	...	...	1	2
		Capita	...	...	15	64
		Capital	...	...	0.46	2

Chapter VI Assets and Liabilities

6.1 Assets

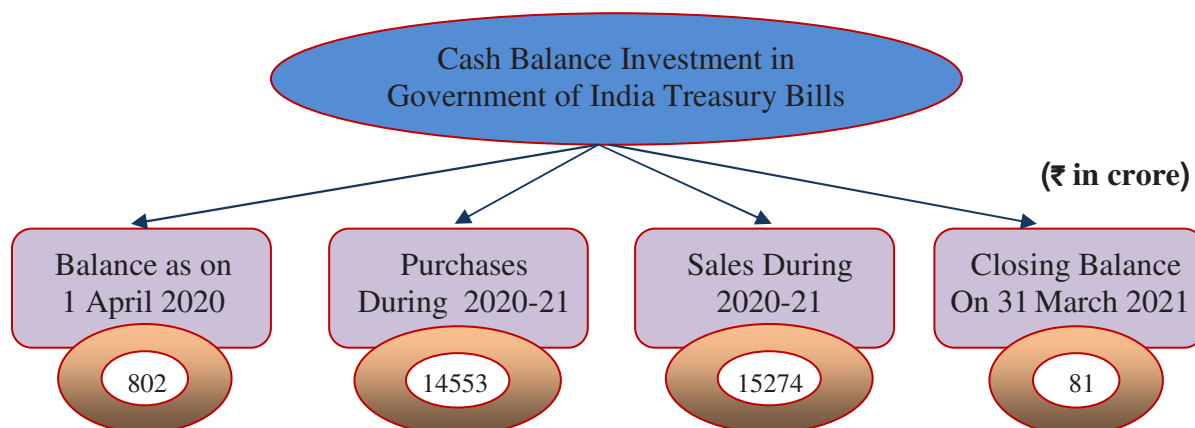
The existing forms of accounts do not clearly depict valuation of Government assets like land, building etc., except in the year of acquisition/ purchase. Similarly, while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations.

The State Government invest in the equity and share capital of Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Institutions etc. Total investment as share capital in non-financial public sector undertakings (PSUs) stood at ₹2650 crore at the end of the year of 2020-21. However, dividends received during the year were ₹0.002 crore on total investment. During the year 2020-21, investments increased by ₹2 crore and dividend income decreased by ₹0.138 crore.

Cash Balance with RBI stood at (-) ₹234 crore on 1st April 2020 and increased to ₹51 crore at the end of March 2021. In addition, Government had invested an amount of ₹14553 crore on 140 occasions in 14 days Treasury Bills and reinvested on Maturity ₹7712 crore on 74 occasions. During 2020-21 RBI rediscounted ₹7562 crore on 146 occasions. The position of investment during the year 2020-21 is depicted in the table given below:

(₹ in crore)

Cash Balance Investment in Government of India Treasury Bills			
Balance as on 1 April 2020	Purchases during 2020-21	Sales during 2020-21	Closing balance on 31 March 2021
802	14553	15274	81



6.2 Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund. Government of India determines, from time to time, the limit up to which State Government can borrow from the market. The limit for 2020-21 for the State of Meghalaya was ₹1777 crore. Against this, Government of Meghalaya availed open market borrowing of ₹1777 crore.

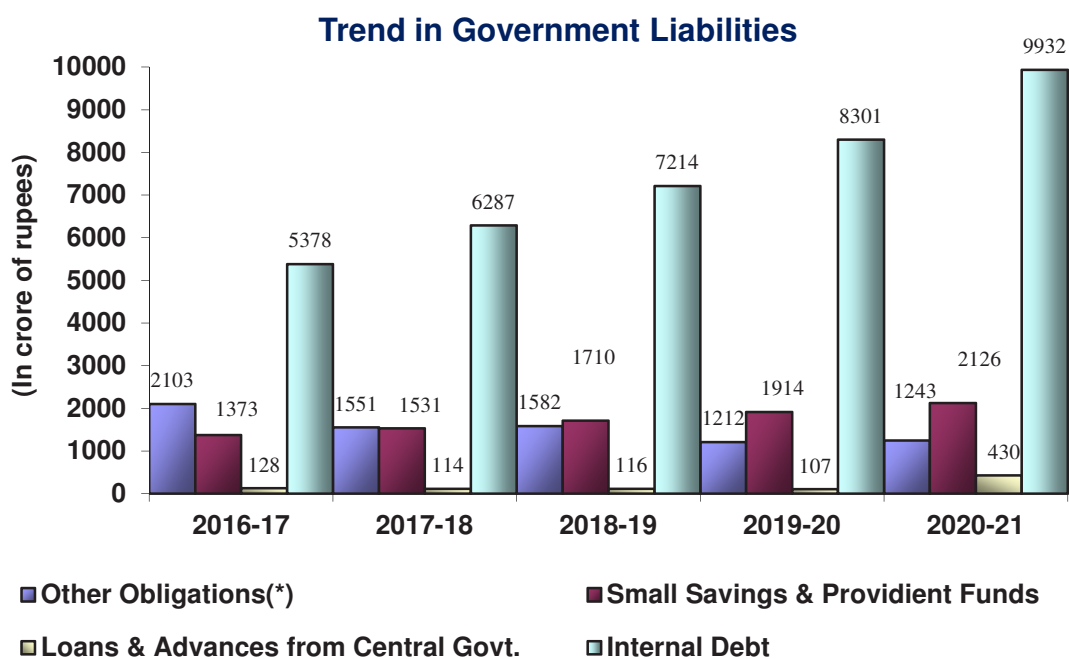
Details of the Public Debt and total liabilities of the State Government are as under:

(₹ in crore)						
Year	Public Debt	Per cent to GSDP	Public Account(*)	Per cent to GSDP	Total Liabilities	Per cent to GSDP
2016-17	5506	19	3475	12	8982	30
2017-18	6402	20	3081	10	9483	30
2018-19	7331	22	3291	10	10622	32
2019-20	8408	22	3126	8	11534	30
2020-21	10362	30	3369	10	13731	39

*Excludes civil advances, suspense and remittance balance.

Note: Figures are progressive balance to end of the year.

Total liabilities showed a net increase of ₹2197 crore (19 per cent) over the previous year.



* Interest & Non-interest bearing obligations such as deposits of Local Funds, other earmarked funds, etc.

6.3 Guarantees

In addition to directly raising loans, State Governments also guarantee loans raised by Government companies and corporation from the market and financial institution for implementation of various plan schemes and programmes. These guarantees are projected outside the State Budget. The position of guarantees by the State Government for the repayment of loans (payment of principal and interest thereon) raised by statutory corporation, government companies, corporations, cooperative societies etc., is given below.

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding as on 31 st March 2021	
		Principal	Interest
2016-17	860	975	8
2017-18	1140	814	7
2018-19	1377	1150	13
2019-20	1370	1106	14
2020-21	3093	3048	13

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed [Principal only]	Amount Outstanding at the end of the year	
		Principal	Interest
2016-17	860	975	8
2017-18	1140	814	7
2018-19	1377	1150	13
2019-20	1370	1106	14
2020-21	3093	3048	13

Chapter VII

Other Items

7.1 Adverse Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the Constitution of India. In addition to directly raising loans, the State Government also guarantees loans raised by government companies and corporations from the market and financial institutions for implementation of various plan schemes and programmes which are projected outside the State Budget. These loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. However, the loan repayments appear in Government account (in case of non-repayment by the loanee entities), resulting in irreconcilable adverse balances and understatement of liabilities in Government accounts. As on 31 March 2021 no adverse balance is appearing in favour of Meghalaya State.

7.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2020-21 was ₹921 crore. Out of this, loans and advances to government corporation/ companies, non-government institutions and local bodies amounted to ₹897 crore. Recovery of principal aggregating to ₹888 crore was in arrears at the end of 31 March 2021. The information relating to recovery of interest in arrear was not made available by the State Government. Effective steps to recover the outstanding loans would help the Government improve its fiscal position.

7.3 Financial assistances to local bodies and others

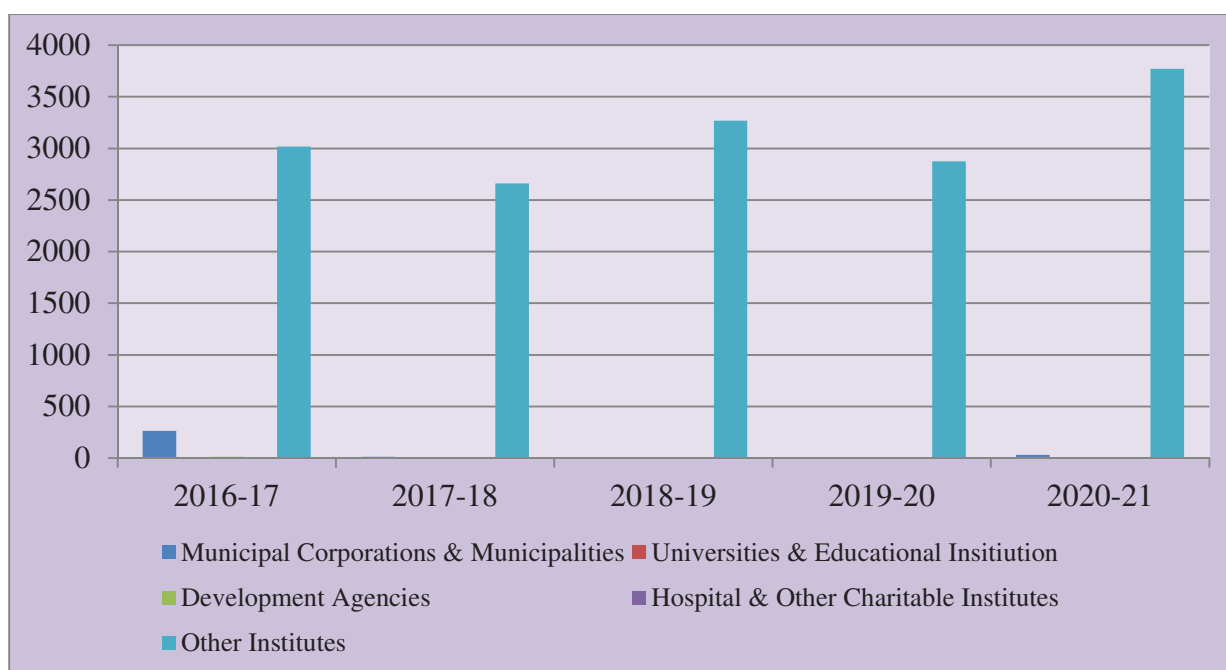
Grants-in-aid given to local bodies, autonomous bodies etc. increased from ₹3293 crore in 2016-17 to ₹3809 crore in 2020-21. Grants to Municipal Corporations and Municipalities (₹31 crore) represent one *per cent* of total grants given during the year.

Details of Grants-in-aid for the past 5 years are as under:

(₹ in crore)

S. No.	Name of the Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
1	Municipal Corporations & Municipalities	265	14	8	6	31
2	Universities & Educational Institution	-	-	-	-	-
3	Development Agencies	12	...	1	1	7
4	Hospital & Others Charitable Institutes	-	-	-	-	-
5	Other Institutes [*]	3016	2660	3268	2874	3771
Total		3293	2674	3277	2881	3809

[*] Other Institutes includes Government Companies, Statutory Corporations, Non-Government Organisations etc.



7.4 Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 April 2020	As on 31 March 2021	Net Increase [+]/ decrease[-]
Cash Balances	(-)196	81	277
Investment from cash balance			
(GOI Treasury Bills)	802	81	(-)721
Investment from earmarked fund balances	438	606	168
(a) Sinking Fund	393	451	58
(b) Guarantee Redemption Fund	32	37	05
Interest Realized during the year	23	06	(-)17

The State Government had a positive closing cash balance at the end of 31 March 2021. Interest receipt on the investment of cash balance has decreased by 74 *per cent* from ₹23 crore to ₹6 crore in 2020-21.

7.5 Reconciliation of Accounts

Chief Controlling Officer (CCOs)/ Controlling Officer (COs) are required to reconcile the receipts and expenditure figures of the Government with the figures accounted for by the office of the Accountant General (A&E). The extent of accuracy and completeness of accounts can be drawn only when there is complete reconciliation. Such reconciliation has been completed for expenditure of ₹12510 crore (91 *per cent* of the total expenditure of ₹13802 crore) and receipts of ₹12707 crore (97 *per cent* of the total receipts of ₹13153 crore). Finance Department, Government of Meghalaya has been requested to issue necessary instruction to ensure 100 *per cent* reconciliation.

7.6 Submission of Accounts by Accounts rendering units

The accounts of receipts and expenditure of the Government of Meghalaya have been compiled based on the initial accounts rendered by 12(twelve) District Treasuries, 4(four) Sub-Treasuries, 1(one) Cyber Treasury, 91 Public Works Divisions, 26 Forest and 20 Soil Divisions of the State Government and advices of the Reserve Bank of India. There were huge delays in rendition of monthly accounts especially by Public Works Divisions and Forest & Soil Divisions. However, no accounts were excluded at the end of the year.

7.7 Advance payments

Drawing and Disbursing Officers (DDOs) are authorized to draw sums of money by preparing Abstract Contingent (AC) bills by debiting service heads. They are required to present Detailed

Countersigned Contingent (DCC) Bills containing vouchers in support of Final Expenditure. Non-submission of DCC bills within stipulated time frame renders the expenditure under AC bills opaque. Details of such outstanding DCC bills are given below:

Year	No. of unadjusted AC Bills	Amount (₹ in crore)
Upto 2018-19	10	55.24
2019-20	08	4.89
2020-21	43	2.90
Total	61	63.03

7.8 Status of Suspense Balances

Details of outstanding balances under Major Head-8658-Suspense Account is as under: -

Name of Minor Head	2016-17		2017-18		2018-19		2019-20		2020-21	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658-Suspense Accounts										
101- Pay and Accounts office-suspense	33	1	36	1	46	10	65	22	101	41
Net	32		35		36		43		60	
102-Suspense Account (Civil)	4	1	5	...	4	...	4	...	4	...
Net	3		5		4		4		4	
110-Reserve Bank Suspense-Central Accounts Office	21	39	23	45	35	37	133	134	135	128
Net	18		22		2		1		7	
112-Tax Deducted at Source (TDS) Suspense	...	...	...	4	...	5	...	3	...	...
Net	...		4		5		3		...	

7.9 **Status of Outstanding Utilization Certificate**

The total number of UCs awaited upto 2018-19, 2019-20 and 2020-21 are as follows: -

Year*	Number of UCs Outstanding	Amount (₹ in crore)
Upto 2018-19	115	584.26
2019-20	53	679.65
2020-21	47	501.94
Total	215	1,765.85

7.10 **Commitments on account of Incomplete Capital works**

A total expenditure of ₹1323 crore as per Appendix IX in Volume II of the Finance Accounts was incurred up to the year 2020-21 by the State Government on various incomplete projects against an original estimated cost of ₹3251 crore.

The original estimated cost (₹3251 crore) has escalated by 0.49 *per cent* as a whole across various projects. A summarized view on commitments on account of 'Incomplete Capital Works' is furnished below:

(₹ in crore)

Sl. No.	Category of Works (No. of works)	Estimated cost of work	Expenditure during the year	Progressive expenditure to the end of the year	Pending payments	Estimated cost after revision
1	Construction	557	30	478	337	573
2	Water supply Schemes	233	22	110	131	233
3	Others	2461	189	735	851	2461
	Total	3251	241	1323	1319	3267

7.11 New Pension Schemes

State Government employees recruited with effect from 1 April 2010 are eligible for the New Pension Scheme which is a defined contributory pension scheme. In terms of the Scheme, the employee contributes 10 *per cent* of his/her monthly salary and dearness allowance, which is matched by the State Government as employer share. The entire amount is then transferred to designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank.

As per prescribed procedure, both the contributions are to be initially credited to the Public Account under Major Head 8342-Other Deposits-117 Defined Contribution Pension Scheme for Government Employees. Thereafter, the entire amount is to be transferred to the National Securities Depository Limited (NSDL)/ Trustee Bank through the designated fund manager in the same year itself.

The Government of Meghalaya, however did not follow the above procedure in transferring Government contribution. The State Government transfers the employee's and Government's contribution to NSDL/Trustee Bank from Current Account up-to July 2019 as informed by Directorate of Accounts and Treasuries (DAT). During 2020-21, the Government has transferred ₹121.94 crore (₹60.42 crore employees contribution plus ₹61.52 crore employer's contribution) towards NPS into Public Account. Thereafter, the State Government transferred ₹121.99 crore to the NSDL/Trustee Bank. However, as in previous years, the State Government did not credit the employer's contribution to the Public Account, and instead, transferred it directly to NSDL/Trustee Bank. Since the State Government did not route the employers' contribution through the Public Account, it has not been possible to ascertain the quantum of past liabilities representing employer's share remaining to be transferred to NSDL. Such short contributions over the years, if any, will attract interest, which will also have to be included at the time of transferring the employer's contribution to NSDL, but in the absence of information on quantum of short contribution over the years, it has not been possible to estimate this.

As on 1 April 2020, ₹0.84 crore yet to be transferred to NSDL was available in the Public Account under Major Head 8342-117. The interest accruing on such retained balances which constitute liabilities of the State Government- since the inception of the Scheme, has not been estimated. It has also not been possible to estimate whether the employees' contributions over the years under the Scheme have been correctly assessed. Against ₹122.78 crore (₹0.84 crore Opening balance Plus ₹121.94 crore contributed during the year), the State Government transferred ₹121.99 crore leaving a balance of ₹0.79 crore in the Public Account as on 31st March, 2021. Uncollected, unmatched and un-transferred amounts, with accrued interest represent outstanding liabilities under the scheme besides erroneously enhancing the liquidity position of the State Government.

7.12 Personal Deposit Accounts

Under Rule 415 of Meghalaya Treasury Rules, 1985, the moneys tendered as Personal Deposits may be received at the treasury from the administrators of the deposits account without specification of detailed item. Unspent balance lying in Personal Deposits Accounts are required to be transferred back to the Consolidated Fund before the close of the financial year and re-opened next year, if necessary. The details of the Personal Deposits accounts during the year 2020-21 are as under:

(₹ in crore)

PD Accounts as on 01.04.2020		PD Accounts opened during the year 2020-21		PD Accounts closed during the year 2020-21		Closing Balance	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
15	17	02	02	00	02	17	17

7.13 Investment

The State Government invests in the equity and shares of Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Institutions. As per the accounts the investment of Government in 24 entities was ₹2650 crore as on 31 March, 2021 on which an amount of ₹0.002 crore was received as dividend/interest. Details of this are given in Statement 19 of Finance Accounts. These figures, however, have not been reconciled with the figure of the investee organizations, which is to be done.

7.14 Rush of Expenditure

Uniform flow of expenditure during the year is essential to ensure that the primary requirement of budgetary control is maintained. Rush of expenditure, particularly in the closing months of the financial year should be avoided. The trend of expenditure incurred (as per the initial account furnished by various treasuries) during the last quarter, month of March and last three days of March 2021 as compared to the total expenditure during 2020-21 are given in the table below. This constituted 63 per cent, 39 per cent and 13 per cent respectively of receipts of ₹4362 crore during the last quarter.

(₹ in crore)

Expenditure incurred during January to March 2021	Expenditure incurred in March 2021	Expenditure incurred during last three days of March 2021	Total Expenditure	Percentage of total expenditure incurred during		
				Jan to March 2021	March 2021	Last three days of March 2021
2735	1682	562	9722	28	17	6

Month wise details of expenditure made by the State Government:

(₹ in crore)

Sl. No.	Month	Expenditure incurred
1	April 2020	541
2	May 2020	436
3	June 2020	854
4	July 2020	620
5	August 2020	746
6	September 2020	884
7	October 2020	676
8	November 2020	749
9	December 2020	1481
10	January 2021	295
11	February 2021	758
12	March 2021	1682

**© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
2021
www.cag.gov.in**

www.agmegh.cag.gov.in