



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

for the year ended 31 March 2020



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

GOVERNMENT OF MEGHALAYA
Report No. 2 of 2021

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of the
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Table of Contents

	<i>Paragraph(s)</i>	<i>Page(s)</i>
Preface		v
Executive Summary		vii
CHAPTER I Overview		
Profile of the State	1.1	1
Basis and Approach to State Finances Audit Report	1.2	2
Report Structure	1.3	2
Overview of Government Account Structure and Budgetary Processes	1.4	3
Fiscal Balance: Achievement of deficit and total debt targets	1.5	11
Conclusions	1.6	13
Recommendations	1.7	13
CHAPTER II Finances of the State		
Introduction	2.1	15
Major changes in Key fiscal aggregates during 2019-20 <i>vis-à-vis</i> 2018-19	2.2	15
Sources and Application of Funds	2.3	16
Resources of the State	2.4	17
Application of Resources	2.5	31
Public Account	2.6	44
Debt Management	2.7	49
Debt Sustainability Analysis	2.8	53
Conclusions	2.9	57
Recommendations	2.10	59
CHAPTER III Budgetary Management		
Budget Process	3.1	61
Budget projection and gap between expectation and actual	3.1.1	63
Expenditure incurred without authority of law	3.1.4	65
Expenditure on New Services	3.1.5	65
Excess expenditure and its regularisation	3.1.11	72

	<i>Paragraph(s)</i>	<i>Page(s)</i>
Review of selected Grants	3.2	77
Conclusions	3.3	79
Recommendations	3.4	80
CHAPTER IV		
Quality of Accounts and Financial Reporting Practices		
Funds transferred directly to State implementing agencies	4.1	83
Funds lying unutilised in the current account of DDOs	4.2	84
Delay in submission of Utilisation Certificates	4.3	85
Abstract Contingent bills	4.4	87
Personal Deposit Accounts	4.5	88
Indiscriminate use of Minor head 800	4.6	88
Outstanding balance under major Suspense and DDR heads	4.7	90
Non-reconciliation of Departmental figures	4.8	91
Reconciliation of Cash Balances	4.9	92
Compliance with Accounting Standards	4.10	92
Submission of Accounts/Separate Audit Reports of Autonomous Bodies	4.11	93
Arrears in finalisation of accounts by Public Sector Undertakings (PSUs)	4.12	93
Non-submission of details of grants / loans given to bodies and authorities	4.13	94
Autonomous District Councils (ADCs)	4.14	95
Timeliness and Quality of Accounts	4.15	97
Misappropriations, losses, thefts, <i>etc.</i>	4.16	97
Follow up action on State Finances Audit Report	4.17	98
Conclusions	4.18	99
Recommendations	4.19	99
CHAPTER V		
Functioning of State Public Sector Enterprises		
(Summary of financial performance of State Public Sector Enterprises)		
Introduction	5.1	101
Mandate	5.2	101
Working and non- working SPSEs	5.3	101
Investment in SPSEs	5.4	102
Budgetary assistance to SPSEs	5.5	103
Returns from Government Companies and Corporations	5.6	104

	<i>Paragraph(s)</i>	<i>Page(s)</i>
Long Term Debt of SPSEs	5.7	104
Operating Efficiency of SPSEs	5.8	105
Return on Capital Employed	5.9	105
Return on Equity	5.10	106
SPSEs incurring losses	5.11	106
SPSEs having complete erosion of capital	5.12	107
Performance of Power Sector SPSEs	5.13	108
Audit of State Public Sector Enterprises (SPSEs)	5.14	110
Appointment of statutory auditors of SPSEs by CAG	5.15	110
Submission of accounts by SPSEs	5.16	110
Timeliness in preparation of accounts by SPSEs	5.17	111
CAG's oversight - Audit of accounts and supplementary audit	5.18	111
Audit of accounts of Government Companies by Statutory Auditors	5.19	112
Supplementary Audit of accounts of Government Companies	5.20	112
Result of CAG's oversight role	5.21	112
Management Letters	5.22	115
Conclusions	5.23	116
Recommendations	5.24	116

Appendices

Appendix No.	Particulars	Page (s)
Appendix 2.1	Time Series Data on State Government Finances	119
Appendix 3.1	Glossary of important Budget related terms	122
Appendix 3.2	Details of cases where supplementary provision (₹ 50 lakh or more in each case) proved unnecessary	125
Appendix 3.3	Excess/unnecessary/insufficient re-appropriation	126
Appendix 3.4	List of Grants having large savings (savings above ₹ 100 crore during the year)	139
Appendix 3.5	Grant-wise utilisation of funds	141
Appendix 3.6	Details of surrender of funds in excess of (₹ 10 crore) at the end of March	143
Appendix 3.7	Excess over provision of previous years requiring regularisation	144
Appendix 3.8	Statement showing the details of incomplete projects where no expenditure was incurred during the year 2019-20	146
Appendix 3.9	Excess expenditure over budget provisions	148
Appendix 4.1	Statement showing Funds transferred by Government of India directly to State implementing agencies	150
Appendix 4.2	Statement showing arrears of Accounts as on 30 September 2020	154
Appendix 4.3	Statement showing investments made by State Government in PSUs whose accounts were in arrears	155
Appendix 4.4	Statement showing names of Autonomous Bodies and Authorities, the accounts of which had not been received under Section 14 (1) and 15	156
Appendix 5.1	Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2020	158



PREFACE

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

2. Chapter I gives the overview of the finances of the State Government.
3. Chapter II is based on the Finance Accounts and makes an assessment of the finances of the State Government as on 31 March 2020.
4. Chapter III is based on audit of Appropriation Accounts and reviews the budgetary management of the State Government.
5. Chapter IV gives the status of the quality of accounts and financial reporting practices.
6. Chapter V presents the financial performance of the State Public Sector Enterprises (SPSE)

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Report

The State Finances Audit Report of the Government of Meghalaya for the year ended 31 March 2020 provides an analytical review of the finances of the State Government. This report is primarily based on an analytical assessment of the audited accounts of the Government for the year ended 31 March 2020. The Report has five Chapters:

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

Chapter II is based on the Finance Accounts and makes an assessment of the finances of the State Government as on 31 March 2020.

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

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

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

2 Audit Findings

2.1 Fiscal Position

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

Gross State Domestic Product (GSDP) of Meghalaya during 2019-20 was ₹ 36,572 crore and had increased by ₹ 3091 crore (nine *per cent*) over the previous year. Service sector was the main driver of the State GSDP with more than half the share. The overall sectoral composition of the State GSDP for the period 2015-20, did not show any major changes, except that the Agriculture's share in the GSDP declined sharply from 23.75 *per cent* to 19.39 *per cent*.

The State's Revenue Receipt (₹ 9413.52 crore) as well as the Revenue Expenditure (₹ 9565.12 crore) fell short of the revised budget estimate by ₹ 5024 crore (35 *per cent*) and ₹ 4134 crore (30 *per cent*) respectively.

Though the State Government had planned for a Revenue Surplus of ₹ 738 crore as per forecast in the revised budget estimates, they ended with a revenue deficit of ₹ 152 crore at the end of the financial year. The fiscal deficit (₹ 1104 crore) was lower than the assessment made in the revised budget estimate by ₹ 219 crore (17 *per cent*) while the primary deficit (₹ 1862 crore) was higher than the assessment made in the revised budget estimate by ₹ 1286 crore (223 *per cent*).

The State was successful in containing the Fiscal Deficit below three *per cent* of GSDP in three out of the last five years, however, during the current year it remained around three *per cent*.

Recommendations

- *The main driver of the State GSDP is the Service Sector, which accounts for more than half of the GSDP. The rate of growth of this Sector has however stagnated over the last five years. As tourism is one of the important service sectors in the State of Meghalaya, the State Government should take steps to create infrastructure for tourism development and also act as a facilitator for private investment in the sector which will help in promoting economic growth of the State.*
- *The State should also increase its outlay under Agriculture Sector so as to boost agriculture activities and overcome the declining trend in its share to GSDP.*
- *Though the magnitude of Revenue Deficit and Fiscal Deficit has come down during 2019 as compared to the previous year, earnest efforts are required to further increase State's own revenue receipts and increase developmental expenditure.*
- *The State needs to augment its resources and spend more on creation of capital assets.*

(Chapter I)

2.2 Finances of the State

Revenue Receipts during 2019-20 were ₹ 9413.52 crore and had decreased by 3.14 *per cent* (₹ 305.10 crore) over the previous year, even though the own tax revenue, of the State (₹1891.25 crore) increased by 5.47 *per cent* (₹ 98.01 crore). The Goods and Services Tax (GST) registered an increase of ₹ 103.82 crore (12.88 *per cent*), over the previous year and the collections were ₹ 909.78 crore. The Central tax transfers decreased by ₹ 677.29 crore (13.85 *per cent*) during 2019-20 compared to previous year. The Central tax transfers, however, contributed 74.28 *per cent* of the revenue receipts during the year, indicating their predominance in revenue receipts of the State.

The Revenue Expenditure during 2019-20 which was ₹ 9565.12 crore decreased by 6.74 *per cent* compared to the previous year. The expenditure pattern of the State continued to be largely revenue in nature, being at an average of 87 *per cent* of the total expenditure over the period 2015-20. Revenue expenditure as percentage of total expenditure increased from 87.19 *per cent* in 2018-19 to 90.68 *per cent* in the current year. Expenditure on salaries and wages was ₹ 3440.17 crore (35.97 *per cent*). The pension payments, including other retirement benefits, were ₹ 1131.56 crore, an increase of 12.60 *per cent* over the previous year. The interest payments were ₹ 758.51 crore which was almost 8.00 *per cent* of the total revenue expenditure. The State Government had reduced its Revenue Expenditure and was able to maintain its fiscal deficit targets, but the same was at the cost of development

expenditure under Social and Economic Services and not as a result of Prudential Financial Management Policies.

Capital outlay during 2019-20 was ₹ 939.71 crore and declined by 33.70 per cent over the previous year. Capital expenditure as a percentage of total expenditure has declined from 15 per cent in 2015-16 to 9 per cent in 2019-20.

The Government's total investment in their Companies/Corporations stood at ₹ 2648.49 crore as of 31 March 2020. However, the return on investment has been less than one per cent during 2015-20, indicating huge financial burden of sustaining and running the State PSUs. As on September 2020, State Government had a cumulative investment of ₹ 225 crore in six companies whose net worth had completely eroded and ₹ 2163.94 crore in four loss making companies.

Out of the 218 incomplete projects as on 31 March 2020, 147 projects had over-shot their schedules by one to more than 10 years. The expenditure incurred on the 147 incomplete projects was ₹ 12163.14 crore. Disbursements in public account (₹ 4046.71 crore) exceeded the receipts (₹ 3866.03 crore) by ₹ 180.68 crore during 2019-20. In respect of Reserve Funds, there was short contribution of ₹ 0.65 crore to the Consolidated Sinking Fund during 2019-20. Against the available fund of ₹ 47.70 crore of the State Disaster Response Fund, the State Government withdrew ₹ 14.00 crore for investment, leaving a balance of ₹ 33.70 crore unutilised at the end of the year. Guarantee Commission fee under Guarantee Redemption Fund, of ₹ 38.79 crore (₹ 38.65 crore pertaining to years upto 2018-19 and addition of ₹ 0.14 crore for the year 2019-20) was not credited to the Government account, thereby overstating the Revenue Deficit by ₹ 0.14 crore.

The prevalence of Fiscal Deficit during 2015-20 indicated continued reliance of the State on borrowed funds, resulting in increased fiscal liabilities of the State over the period 2015-20. Fiscal liabilities increased by ₹ 910 crore (9 per cent) during 2019-20 compared to previous year. The fiscal liabilities during 2019-20 stood at 32 per cent of the GSDP and exceeded the limit of total outstanding Debt-GSDP ratio target fixed in the State FRBM Act, (28 per cent). Debt Repayment as a percentage of Debt Receipts ranged between 62 per cent and 103 per cent during 2015-20.

The State could not meet the targets set (₹ 2798 crore) by the XIV FC as the Tax Revenue (₹ 1891 crore) fell short of the normative assessment made by them by ₹ 907 crore (32 per cent) and the Non-Tax Revenue (₹ 530 crore) was 41 per cent lower than the target of XIV FC (₹ 903 crore). Revenue Expenditure as a percentage of Total Expenditure hovered around 87 per cent during the period (2015-20) leaving inadequate resources for creation of assets.

Cash Balances of the State Government at the end of the current year decreased by ₹ 209.09 crore from ₹ 814.33 crore in 2018-19 to ₹ 605.24 crore in 2019-20. Cash Balance investment decreased from ₹ 1070.04 crore in 2018-19 to ₹ 801.61 crore in 2019-20. Despite having large cash balances, the State Government had taken recourse to market loans on several occasions during the year leading to further accretion to cash

balances without putting it to productive use and increasing the debt liabilities of the State.

Recommendations

- *The State Government needs to further augment its own tax and non-tax revenues to reduce its dependency on Central transfers and Grants and increase its spending.*
- *The Government should adhere to targets of FRBM Act, set for outstanding debts and reduce its reliance on borrowed funds.*
- *The State Government may review its Cash Balances vis-à-vis its market borrowings and put them to productive use.*

(Chapter II)

2.3 Budgetary Management

Sound financial management requires advance planning and accurate estimation of revenues and expenditure. There were several instances of excess expenditure or substantial savings with reference to provisions made during the year, exhibiting weakness in expenditure monitoring and control.

Against original budget allocation ₹ 16376.94 crore, the expenditure was only ₹ 10967.32 crore (66.97 per cent, therefore, making the supplementary provision of ₹ 593.77 crore totally unnecessary. Out of the savings of ₹ 6003.39 crore, ₹ 5242.30 crore (87.32 per cent) was surrendered on the last working day of March 2020, in violation of Budget Rules and depriving valuable resources which could have been utilised by other Departments. The savings against budget was the highest in 2019-20, during the last five years, being almost double the amount of unutilised funds during 2018-19. This is indicative of over estimation as well as incapacity of Departments to spend. The Finance Department as overall custodian of Budget had also not done a critical review in time, to prevent these violations and reallocate the funds to needy Departments.

There were two instances (Grant No. 32 and 56) where expenditure (₹ 26.59 crore) was incurred without authority of law, unnecessary supplementary provision of ₹ 449.57 crore in 12 cases, unnecessary re-appropriation of (₹ 0.41 crore) in three cases and transfer of money (₹ 1.74 crore) to Public Accounts to escape lapse of funds.

During the year, expenditure of ₹ 309.80 crore was incurred in excess of authorisation under one Grant and one Appropriation under Revenue Section and one Grant and one Appropriation under Capital Section, which requires regularisation as per Constitutional provisions. It is observed that under Grant 24-Pension & Other Retirement Benefits, there has been excess expenditure consistently during the last five years. Accuracy in estimation under this Grant is not insurmountable, as the pensionary liabilities can be estimated realistically.

Excess expenditure of ₹ 2400.89 crore incurred (from 1971-72 to 2018-19) was pending for regularisation, despite repeated observations in the previous Reports of C&AG. The

State Legislature regularised ₹ 949 crore (March 2021) and a balance of ₹ 1451.84 crore was yet to be regularised.

Recommendations

- *The budgetary exercise requires urgent streamlining by the Finance Department in the State, on account of huge unutilised funds over the years. The Government should consider over hauling the preparation of estimates, which largely remained ambitious and also augment the capacity of the spending departments to utilise earmarked funds on time. Surrenders should be so timed that they can be gainfully utilised by other needy departments where projects continue to languish due to insufficient funds.*
- *The grants showing persistent savings may be reviewed by concerned Departments to ascertain and address the cause for such savings. During 2019-20, persistent saving was noticed in Grant No. 11 – Other Taxes and Duties on Commodities and Services, Power, etc., Grant No.40 – North Eastern Areas, Secretariat Economic Services, etc., Grant No. 19 – Secretariat General Services, Public Works, etc., Grant No. 29 – Urban Development, Housing, etc. and Grant No. 39 – Co-operation, Agriculture Programmes, etc.*
- *Expenditure of ₹26.59 crore was incurred under Grant No. 32 – Civil Supplies, Capital Outlay on Food Storage and Warehousing and Grant No. 56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges without any budget provision in the original budget/ supplementary and without any re-appropriation orders to this effect. The Finance Department may ensure that such cases are covered by providing adequate supplementary provision to avoid expenditure without provision in future as it undermines Legislative authority.*
- *The persistent excess expenditure under Grant No. 24- Pension and other Retirement benefits, needs to be reviewed for accurate budgetary estimation.*
- *Excess expenditure remaining un-regularised for prolong period needs to be viewed seriously as this dilutes parliamentary control over the exchequer. The State Government should also ensure that the remaining amount of ₹1452 crore is regularised at the earliest.*

(Chapter III)

2.4 Quality of accounts and financial reporting practices

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

A substantial amount of GoI funds (₹ 941.83 crore) were received directly by the State implementing agencies, despite GoI decision of 2015 to route all assistance to CSS and ACA under various schemes, through the State Budget and treasury system. As a consequence, the actual State receipt and expenditure as well as other fiscal variables did not present a true picture to that extent.

A large number of UCs were pending for submission. It is observed that 838 UCs for ₹ 3843.37 crore were due for submission during 2019-20 and further there was an increase ₹ 851.30 crore over the previous year balance of ₹ 4299.62 crore. in the pending amount of UCs. Since huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds, it is imperative that the State Government should monitor this aspect closely.

As of March 2020, DCC bills amounting to ₹ 94 crore were outstanding. Major defaulter in this regard is the Election Department where AC bills of ₹ 92 crore remained outstanding as of March 2020.

During the five year period, there was an extensive use of Minor Head 800 under both expenditure and revenue, though it has come down in 2019-20 as compared to 2018-19. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

In the absence of annual accounts and their audit, proper utilisation of grants and loans disbursed to bodies and authorities and their accounting cannot be assured. It is observed that annual accounts of three autonomous bodies were outstanding since 2016-17/2017-18. Similarly, accounts of 16 PSUs were in arrears for one to four years, ADCs for two to four years. This requires urgent intervention at the highest level in order to have a realistic and timely assessment of their financial position and review of financial assistance to these bodies due to arrears in their accounts.

There were also 72 instances theft, misappropriation and loss involving Government money amounting to ₹ 1.149 crore.

Recommendations

- *Government may hold the concerned persons accountable for submission of UCs in a timely manner and review further disbursement of grants to defaulting Departments.*
- *The Finance Department should, in consultation with the Accountant General (A&E), conduct a comprehensive review of all items presently appearing under minor head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.*
- *Finance Department should consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to have a realistic and timely assessment of their financial position. They should review further financial assistance to PSUs/ ADCs who are in arrears of their Annual Accounts.*

(Chapter IV)

2.5 Functioning of State Public Sector Enterprises

As on 31 March 2020, the State of Meghalaya had 18 SPSEs, which included 16 Government companies (15 working and one non-working) and two Statutory Corporations (all working). As on 31 March 2020, there was a difference of ₹ 592.47 crore in the

investment figures of the State Government (Equity: ₹ 132.79 crore; Long-term Loans: ₹ 459.68 crore) as per State Finance Accounts vis-à-vis records of SPSEs.

During 2019-20 the State Government has provided budgetary support of ₹ 263.53 crore to SPSEs in the form of Equity (₹ 135.53 crore), Loans (₹ 2.70 crore) and Grants/subsidy (₹ 125.30 crore). The major recipients of budgetary assistance during 2019-20 were four power sector companies, which received budgetary allocation of ₹ 231.97 crore (87.99 per cent) in the form of Equity (₹ 118.18 crore), Loans (₹ 2.70 crore) and Grants/subsidies (₹ 111.09 crore).

The overall losses of power sector SPSEs in last four years have increased by more than two folds from ₹ 234.92 crore (2016-17) to ₹ 478.54 crore (2019-20). Further, the net worth of one SPSE (Meghalaya Power Distribution Company Limited) was negative at (-) ₹ 934.25 crore due to complete erosion of its equity capital by the accumulated losses. Net worth of this SPSE had been negative for last four years since 2016-17 to 2019-20 as per its latest finalised accounts.

The losses of the power sector SPSEs are a drain on the State's economy and resources. Despite the consistent State budgetary support provided by the State Government, aggregating ₹ 430.04 crore to four power sector SPSEs during 2017-18 (₹ 137.26 crore), 2018-19 (₹ 60.81 crore) and 2019-20 (₹ 231.97 crore) by way of equity (₹ 164.98 crore), loans (₹ 35.77 crore) and grants/subsidy (₹ 229.29 crore), their performance has not improved.

During 2019-20, out of 16 working SPSEs (excluding one SPSE which has not finalised its first accounts), three SPSEs earned profits (₹ 2.83 crore) as per their latest finalised accounts. Further, the accumulated losses (₹ 2,159.69 crore) of seven working SPSEs had completely eroded their paid-up capital (₹ 1,147.33 crore).

As on 30 September 2020, all 17 working SPSEs had a total arrear of 29 Accounts ranging from one to four Accounts. The highest number of accounts pending finalisation (four Accounts each) pertained to Meghalaya Transport Corporation and Forest Development Corporation of Meghalaya Limited.

Recommendations

- *The State Government and the SPSEs concerned should take concrete steps to reconcile the differences in the investment figures (Equity and Long term Loans) of the State Government as appearing in the State Finance Accounts vis-à-vis SPSE records in a time-bound manner.*
- *Accumulation of huge losses by seven out of 17 working SPSEs had eroded public wealth, which is a cause of concern and the State Government needs to review the working of these SPSEs to either improve their profitability or close their operations.*
- *The losses of the Power Sector Companies, need to be critically reviewed to increase their revenues and decrease their losses.*
- *The Administrative Departments overseeing the SPSEs having backlog of Accounts need to ensure that these SPSEs finalise and adopt their Accounts within the stipulated period, failing which financial support to them be reviewed.*

(Chapter V)

CHAPTER-I

OVERVIEW

Chapter I: Overview

1.1 Profile of the State

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

The State is spread over a geographical area of 22,429 sq.km. (0.68 per cent of the country's total geographical area) and is home to around 29.67 lakh persons (0.25 per cent of the population of the country) as per Census 2011.

Table 1.1 and **1.2** present the general and financial data of the State, all India and the North Eastern and Himalayan States (NE & HS) respectively.

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

Sl. No.	Particulars	Meghalaya	All India
1.	Area in sq km.	22,429	32,87,240
2.	Population in lakh (As per Census 2011)	29.67	12,108.55
3.	Density of Population (Census 2011) (persons per sq km)	132	382
4.	Population below poverty line	12.20%	21.90%
5.	Literacy (Census 2011)	74.40%	73.00%
6.	Infant Mortality (per 1000 live births)	33	33
7.	Gross State Domestic Product (GSDP)/ Gross Domestic Product (GDP) 2019-20 at current prices (₹ in crore)	36,572	2,03,39,849
8.	GSDP CAGR (2011-12 to 2019-20)	7.89	11.14
9.	Per capita GSDP (2019-20)	1,02,672	1,51,677

Source: (1) For GSDP & GDP, the information as released by Ministry of Statistics and Programme Implementation, Government of India on its website as on 31 July 2020.

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

B. Financial Data (Compound Annual Growth Rate)		Figures (in per cent)			
		2010-11 to 2018-19		2018-19 to 2019-20	
Particulars		NE & HS	Meghalaya	NE & HS	Meghalaya
(a)	Revenue Receipts	12.26	10.86	-9.88	-3.14
(b)	Own Tax Revenue	13.29	15.37	-8.10	5.47
(c)	Non-Tax Revenue	13.92	4.47	-19.72	23.94
(d)	Total Expenditure	12.56	12.36	-6.05	-10.32
(e)	Capital Expenditure	11.41	11.94	-15.60	-33.70
(f)	Revenue Expenditure on General Education	12.75	13.84	-8.16	-2.28
(g)	Revenue Expenditure on Health & Family Welfare	15.50	17.74	-4.96	-20.17
(h)	Salaries and Wages	12.05	10.47	-7.07	2.58
(i)	Pension	16.56	16.33	3.05	12.60

The average compound annual growth rate in respect of GSDP for Meghalaya between 2011-12 and 2019-20 was 7.89 per cent which was lower than the all India average

(11.14 per cent). The per capita income of the State at current prices was ₹ 1,02,672 during 2019-20, which was lower than the all India average of ₹ 1,51,677.

1.2 Basis and Approach to State Finances Audit Report

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

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

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

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Accountant General (Audit);
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS),
- GSDP data and other State related statistics; and
- Various audit reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the XIV Finance Commission (FC), State Financial Responsibility and Budget Management Act, best practices and guidelines of the Government of India. The draft Report is forwarded to the State Government for comments and replies of the Government, where received, are incorporated in this Report at appropriate places.

1.3 Report Structure

The SFAR is structured into the following five Chapters:

Chapter - 1	Overview This Chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/surplus.
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Chapter - II	Finances of the State This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
Chapter - III	Budgetary Management This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.
Chapter - IV	Quality of Accounts & Financial Reporting Practices This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.
Chapter V	Functioning of the State Public Sector Enterprises (PSEs) This Chapter presents the financial performance of 'Government Companies', 'Statutory Corporations' and 'Government Controlled Other Companies'.

1.4 Overview of Government Account Structure and Budgetary Processes

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

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

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

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

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

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

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

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

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

Revenue expenditure consists of all those 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:** Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, *etc.*;
- **Non-debt receipts:** Proceeds from disinvestment, Recoveries of loans and advances;

Capital Expenditure includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

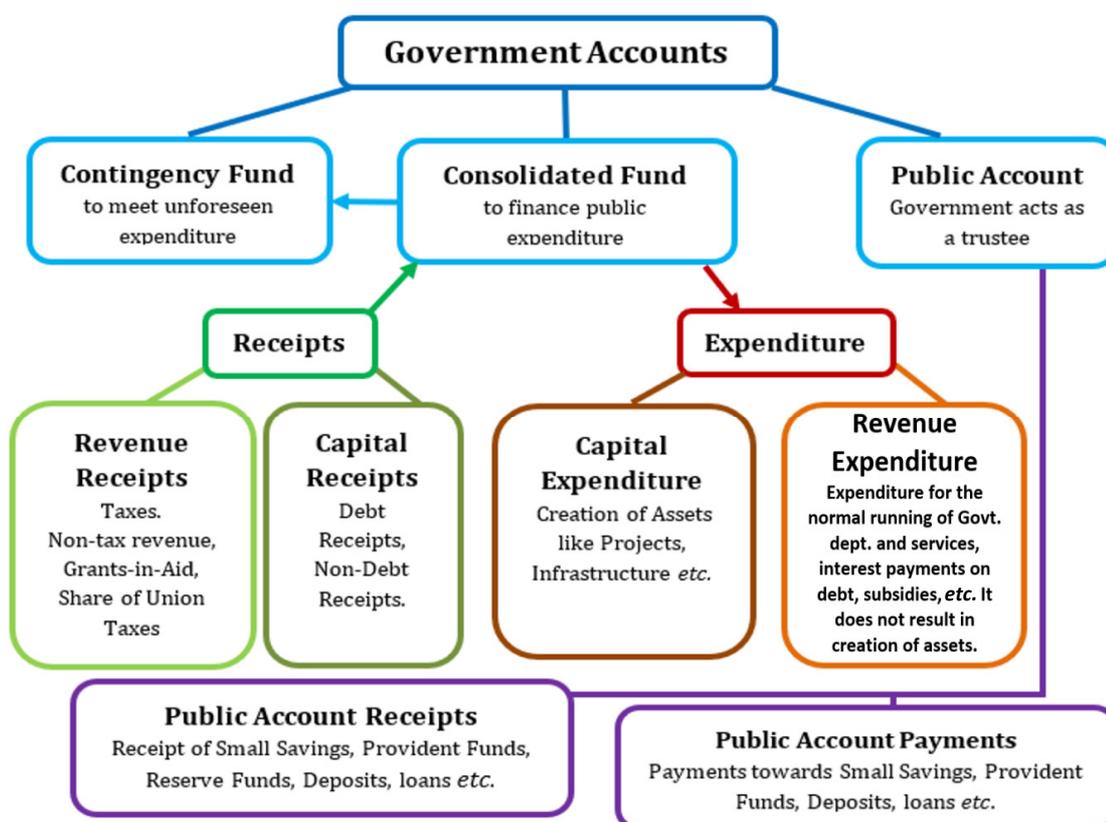
At present, we have an accounting classification system in government that is both functional and economic.

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

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

Chart 1.1 present the structure of Government Accounts.

Chart 1.1: Structure of Government Accounts



Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of State cause to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year 2019-20, in the form of an **Annual Financial Statement**. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund. Some States have more than one consolidated Budget – there could be sub-budgets like Child Budget, Agriculture Budget, Weaker sections (SC/ST) Budget, Disability Budget, Outcome budget, *etc.*

The State Budget Manual details the budget formulation process and guides the State Government in preparing its budgetary estimates and monitoring its expenditure activities. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

1.4.1 Gross State Domestic Product of the State

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

Table 1.3: Trends in GSDP compared to the national GDP

(₹ in crore)

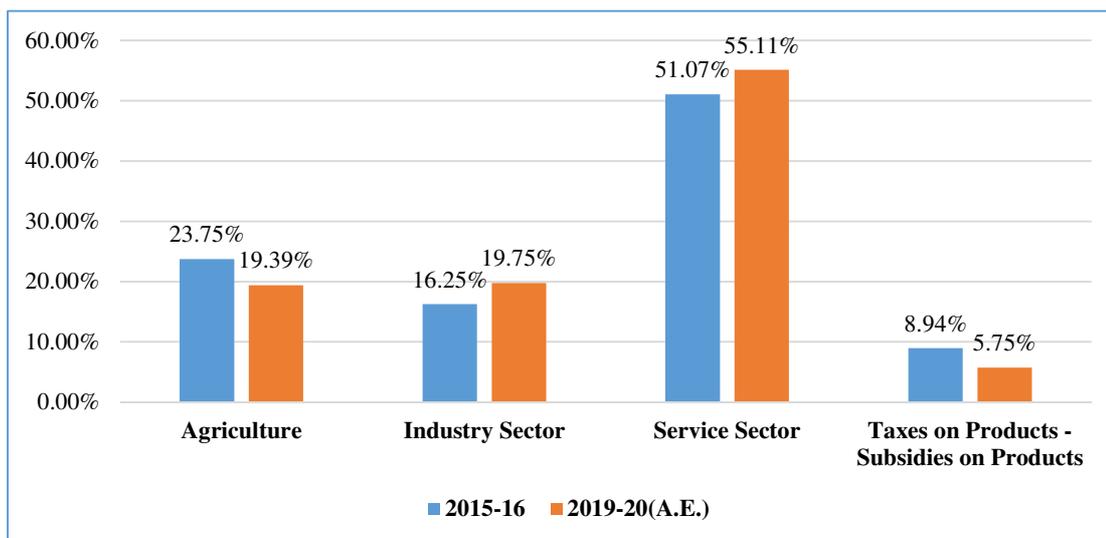
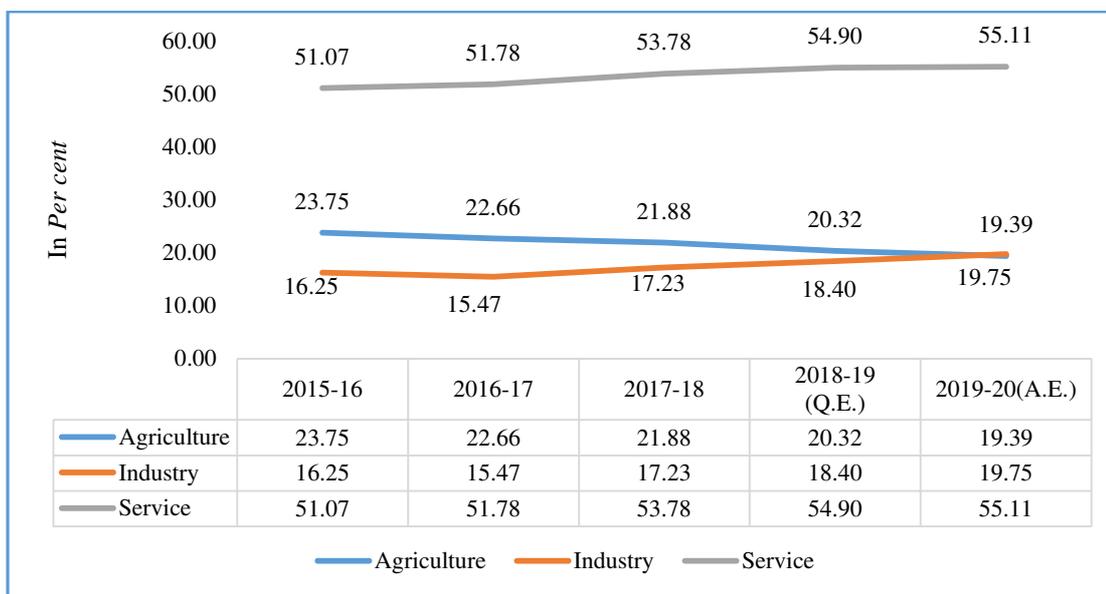
Year	2015-16	2016-17	2017-18	2018-19	2019-20
National GDP (2011-12 Series)	1,37,71,874	1,53,91,669	1,70,98,304	1,89,71,237	2,03,39,849
Growth rate of GDP over previous year (in per cent)	10.40	11.76	11.09	10.95	7.21
State's GSDP (2011-12 Series)	25,117	27,439	29,508	33,481	36,572
Growth rate of GSDP over previous year (in per cent)	8.10	9.24	7.54	13.46	9.23

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

The GSDP at current prices increased from ₹ 33,481 crore in 2018-19 to ₹ 36,572 crore in 2019-20, representing an increase of 9.23 per cent. The growth of GSDP during 2019-20 was lower, being 9.23 per cent, as against the assessment of XIV Finance Commission (FC) (12.22 per cent). However, in comparison to the national GDP growth rate (7.21 per cent), the growth rate of GSDP of Meghalaya (9.23 per cent) was higher, as compared to the previous year.

Changes in sectoral headings in GSDP

Changes in sectoral contribution to the GSDP are indication of the changing structure of the economy. The economic activity is generally divided into Primary, Secondary and Tertiary sectors, which correspond to the Agriculture, Industry and Service sectors. **Charts 1.2 and 1.3** present a sectoral analysis of GSDP of the state of Meghalaya.

Chart 1.2: Change in sectoral contribution to GSDP (2015-16 and 2019-20)**Chart 1.3: Sectoral growth in GSDP**

As seen from the GSDP composition in **Charts 1.2** and **1.3** above, the main driver of the state GSDP is the Service sector, with more than half of the GSDP being generated from this sector. The growth rate of the sector, however has almost plateaued during the last five years since the contribution from this sector has grown only by 4.04 *per cent*. On the other hand, the share of Agriculture sector, which was only about one-fourth of the total GSDP during 2015-16 has further shrunk to 19.39 *per cent* in 2019-20. The Industry sector contributed 19.75 *per cent* to the GSDP in 2019-20, which increased from 16.25 *per cent* in 2015-16.

The overall sectoral composition of the State GSDP has not shown any major change in the five-year period from 2015-16 to 2019-20, except that the Agriculture's share in the GSDP has declined sharply.

The steep decline in the share of Agriculture sector in GSDP is an area of concern as agriculture and horticulture are important economic activities for the primary sector of the State's economy.

1.4.2 Snapshot of Finances

The budget papers presented by the State Government provide estimation of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviation from the Budget Estimates (BE)/ Revised Budget Estimates (RE) indicates non-attainment of the desired fiscal objectives. **Table 1.4** presents the details of actual financial results *vis-a-vis* RE for the year 2019-20 *vis-a-vis* actual of 2018-19.

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

(₹ in crore)

Sl. No.	Components	2018-19 (Actual)	2019-20 (RE)	2019-20 (Actuals)	Percentage of Actual to R.E.	Percentage of Actuals to GSDP
1	Tax Revenue	1793.24	2089.80	1891.25	-9.50	5.17
2	Non-Tax Revenue	427.70	600.57	530.11	-11.73	1.45
3	Share of Union taxes/duties	4889.07	5422.37	4211.78	-22.33	11.52
4	Grants-in-aid and Contributions	2608.61	6325.22	2780.38	-56.04	7.60
5	Revenue Receipts (1+2+3+4)	9718.62	14437.96	9413.52	-34.80	25.74
6	Recovery of Loans and Advances	18.01	24.94	31.32	25.58	0.09
7	Other Receipts	NIL	Nil	NIL	Nil	Nil
8	Borrowings and other Liabilities (a)	1324.69	1736.65	1496.02	-13.86	4.09
9	Capital Receipts (6+7+8)	1342.70	1761.59	1527.34	-13.30	4.18
10	Total Receipts (5+9)	11061.32	16199.55	10940.86	-32.46	29.92
11	Revenue Expenditure	10255.94	13699.48	9565.12	-30.18	26.15
12	Interest payments	656.81	746.16	758.51	1.66	2.07
13	Capital Expenditure	1506.77	2086.26	983.49	-52.86	2.69
14	Capital outlay	1417.28	2030.30	939.71	-53.72	2.57
15	Loan and advances	89.49	55.96	43.78	-21.77	0.12
16	Total Expenditure (11+13)	11762.71	15785.74	10548.61	-33.18	28.84
17	Revenue Deficit (5-11)	-537.32	738.48	-151.60	-120.53	-0.41
18	Fiscal Deficit {16-(5+6+7)}	-2026.08	-1322.84	-1103.77	-16.56	-3.02
19	Primary Deficit (18-12)	-1369.27	-576.68	-1862.28	-222.93	-5.09

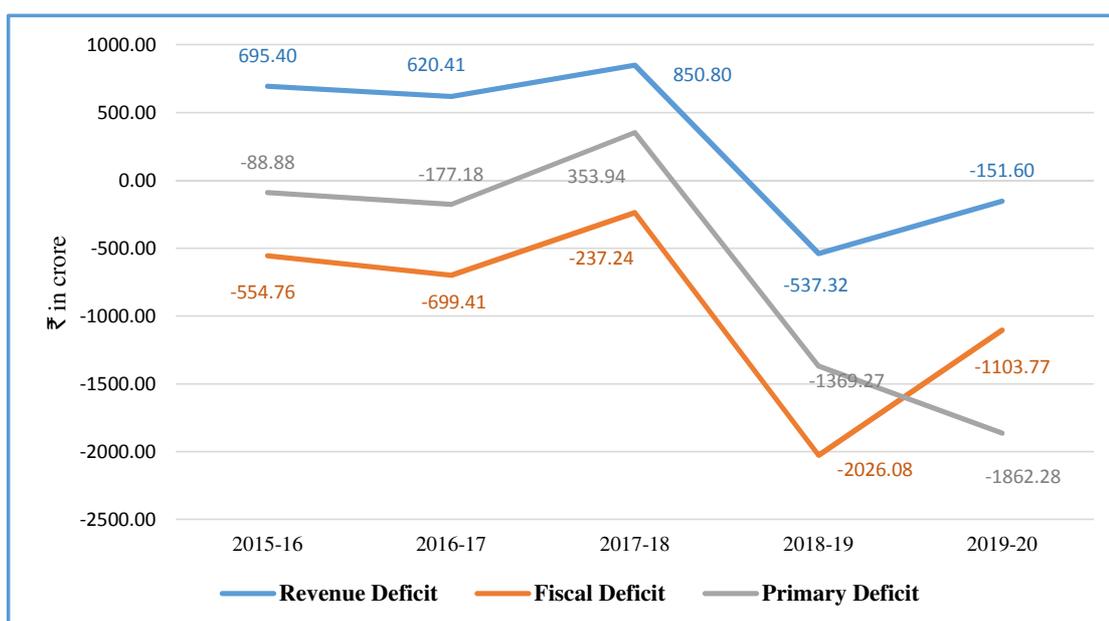
(a) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts - Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

From the above table, the following were noticed:

- Though a revenue surplus of ₹ 738.48 crore was estimated in the revised budget estimates of 2019-20, the actual figures depict revenue deficit of ₹ 151.60 crore. One of the key factors for revenue deficit is the shortfall in revenue receipts. The actual revenue receipts were ₹ 9413.52 crore as against the RE of ₹ 14437.96 crore resulting in a shortfall of 35 *per cent* over the estimates. The total receipts of the State (₹ 10940.86 crore), including capital receipts fell short by 32.46 *per cent* as against the RE of (₹ 16199.55 crore). Further, though tax revenue (₹ 1891.25 crore) and non-tax revenue (₹ 530.11 crore) in 2019-20 increased over the previous year by ₹ 98.01 crore and ₹ 104.41 crore, the Share of Union taxes/ duties (₹ 4211.78 crore) fell short over the previous year figure of ₹ 4889.07 crore by ₹ 677.92 crore. Similarly, while the RE projected ₹ 6325.22 crore as receipts from Grants-in-aid and other Contributions from the Centre, the actual receipts fell short by a whopping 56 *per cent* (₹ 3544.84 crore).
- The revenue expenditure of the State Government during 2019-20 also fell short of the revised budget estimate by 30.18 *per cent* (₹ 4134.36 crore) and also declined by 6.74 *per cent* (₹ 690.82 crore) over the previous year.
- Similarly, capital outlay *vis-à-vis* revised budget estimate was less by 53.72 *per cent* (₹ 1090.59 crore) and actual expenditure in 2019-20 was less by ₹ 477.57 crore over the previous year (₹ 939.71 crore).
- Due to compressed revenue expenditure, revenue deficit decreased compared with the revised budget estimate by ₹ 890.08 crore.

Charts 1.4 depicts the trends in surplus/ deficit parameters during the five-year period 2015-20.

Chart 1.4: Trends in deficit parameters



1.4.3 Snapshot of Assets and liabilities of the Government

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

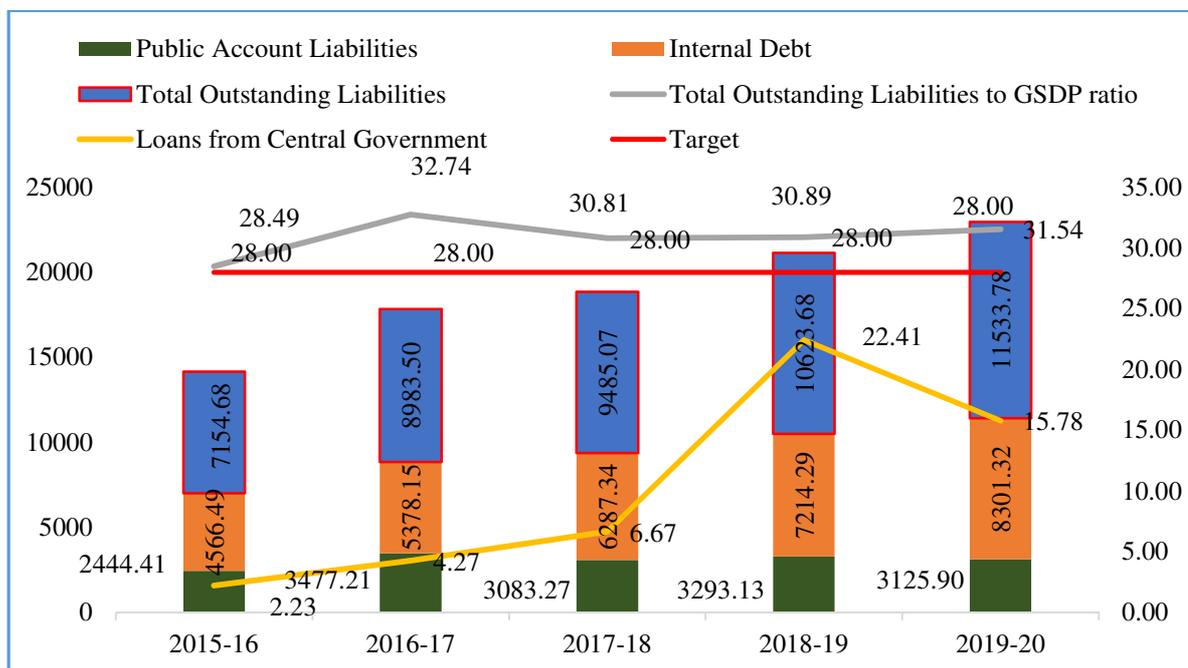
Table 1.5: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
		2018-19	2019-20	Per cent increase			2018-19	2019-20	Per cent increase
Consolidated Fund									
A	Internal Debt	7214.29	8301.30	15	A	Gross Capital Outlay	14036.78	14976.49	7
	Market loans	5962.04	7032.50			Investment in shares of Companies, etc	2638.43	2648.49	
	Loans from other institutions	1252.25	1268.80			Other Capital Outlay	11398.35	12328.00	
B	Loans and Advances from GoI	116.27	106.57	-8	B	Loans and Advances	854.29	866.76	1
	Contingency Fund	305.00	303.04	-1			305.00	305.00	-
Public Account									
A	Small Savings, Provident Funds, etc.	1710.89	1914.42	12	A	Advances	1.81	1.81	-
B	Deposits	1565.90	1005.00	-36	B	Remittance	-	-	-
C	Reserve Funds	382.46	630.89	65	C	Suspense and Miscellaneous	59.65	65.45	10
D	Remittances	105.31	97.64	-7		Cash balance (including investment in Earmarked Fund)	1180.70	1029.88	-13
	Total	3764.56	3647.95	-3		Total	1242.16	1097.14	-12
						Deficit in Revenue Account	5038.11	4886.53	-
	Total	11400.12	12358.86	5		Total	11400.12	12358.86	5

Charts 1.5 depicts the trends in fiscal liabilities and GSDP during the five-year period 2015-20.

Chart 1.5: Trends in Fiscal Liabilities and GSDP



Outstanding liabilities of the State increased from ₹ 7154.68 crore as on 31 March 2016 to ₹ 11533.78 crore as on 31 March 2020. Compared to previous year, the outstanding liabilities at the end of 2019-20 increased by 8.57 per cent (₹ 910.10 crore).

This was due to increase in market borrowings by ₹ 4030.88 crore (134.29 per cent) from ₹ 3001.62 crore as on 01 April 2015 to ₹ 7032.50 crore as on 31 March 2020. GoI loans during the same period had, however, decreased by ₹ 54.82 crore (33.97 per cent) from ₹ 161.39 crore as on 01 April 2015 to ₹ 106.57 crore as on 31 March 2020.

1.5 Fiscal Balance: Achievement of deficit and total debt targets

The Central and State Governments have passed Fiscal Responsibility and Budget Management Acts (FRBM) 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. In this context, the Act provides quantitative targets to be adhered by the state with regard to deficit measures and debt level.

In accordance with the recommendations of XII FC, Government of Meghalaya (GoM) has enacted the Meghalaya Fiscal Responsibility and Budget Management (MFRBM) Act, 2006. In accordance with the recommendations of the XIV FC, the MFRBM Act was amended by the State Government and came into force from 29 September 2015. The amended MFRBM Act laid down the following fiscal targets.

- (a) To ensure Revenue Surplus during the award period 2015-16 to 2019-20;
- (b) (i) to maintain fiscal deficit at an annual limit of three *per cent* of GSDP during the award period 2015-16 to 2019-20;
- (ii) provide for flexible limit of 0.25 *per cent* over and above the three *per cent* of GSDP for any given fiscal year to which its fiscal deficit is to be fixed if its debt-GSDP ratio is less than or equal to 25.00 *per cent* of the preceding year; and
- (iii) be further eligible for additional 0.25 *per cent* of the GSDP in a year for which the borrowing limits will be fixed if the interest payments are less than or equal to 10.00 *per cent* of the revenue receipts in the preceding year.
- (c) The government shall notify a Medium Term Fiscal Plan (MTFP) with three years rolling targets, giving details of all significant items of receipts and expenditure along with underlying assumptions made for projection purpose. The State Government did not notify the MTFP for the year 2019-20 and hence, the variation between the actuals *vis-à-vis* the projection in MTFP for the year 2019-20 could not be carried out.

The performance of the State during the period 2015-16 to 2019-20 in terms of key fiscal targets set for selected parameters laid down in the MFRBM Act, 2006, and as amended in 2015 *vis-à-vis* achievements are given in **Table 1.6**.

Table 1.6: Compliance with provisions of MFRBM Act

Fiscal Parameters	Fiscal targets set in the Act	Achievement (₹ in crore)				
		2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Revenue Surplus	+695.40 ✓	+602.41 ✓	+850.80 ✓	-537.32 ✗	-151.60 ✗
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	Three <i>per cent</i> (2015-16 to 2018-19) 3.25 ¹ <i>per cent</i> (2019-20)	-554.76 (-2.21) ✓	-699.41 (-2.55) ✓	-237.24 (-0.80) ✓	-2026.08 (-6.05) ✗	-1103.77 (-3.02) ✓
Ratio of total outstanding debt to GSDP (in <i>per cent</i>)	28.00 <i>per cent</i>	28.49 ✗	32.74 ✗	32.14 ✗	31.73 ✗	31.54 ✗

The State became Revenue Deficit during 2018-19 and 2019-20 from a Revenue Surplus State due to decrease in revenue receipts.

The Fiscal Deficit was below three *per cent* of GSDP in three out of four years during 2015-16 to 2018-19. It was 3.02 *per cent* in 2019-20 which was below the fiscal target of 3.25 *per cent* set in the MFRBM Act, 2006.

During the five-year period, the State was unable to maintain the outstanding debt below 28.00 *per cent* of GSDP (norms prescribed in the MFRBM Act, 2006).

¹ Interest payments/Revenue Receipts= ₹ 758.51/9718.62 = 7.80 *per cent* (Table 2.19).

1.6 Conclusions

Gross State Domestic Product (GSDP) of Meghalaya during 2019-20 was ₹ 36,572 crore and had increased by ₹ 3091 crore (nine *per cent*) over the previous year. Service sector was the main driver of the State GSDP with more than half the share. The overall sectoral composition of the State GSDP for the period 2015-20, did not show any major changes, except that the Agriculture's share in the GSDP declined sharply from 23.75 *per cent* to 19.39 *per cent*.

The State's Revenue Receipt (₹ 9413.52 crore) as well as the Revenue Expenditure (₹ 9565.12 crore) fell short of the revised budget estimate by ₹ 5024 crore (35 *per cent*) and ₹ 4134 crore (30 *per cent*) respectively.

Though the State Government had planned for a Revenue Surplus of ₹ 738 crore as per forecast in the revised budget estimates, they ended with a revenue deficit of ₹ 152 crore at the end of the financial year. The fiscal deficit (₹ 1104 crore) was lower than the assessment made in the revised budget estimate by ₹ 219 crore (17 *per cent*) while the primary deficit (₹1862 crore) was higher than the assessment made in the revised budget estimate by ₹ 1286 crore (223 *per cent*).

The State was successful in containing the Fiscal Deficit below three *per cent* of GSDP in three out of the last five years, however, during the current year it remained around three *per cent*.

1.7 Recommendations

- *The main driver of the State GSDP is the Service Sector, which accounts for more than half of the GSDP. The rate of growth of this Sector has however stagnated over the last five years. As tourism is one of the important service sectors in the State of Meghalaya, the State Government should take steps to create infrastructure for tourism development and also act as a facilitator for private investment in the sector which will help in promoting economic growth of the State.*
- *The State should also increase its outlay under Agriculture Sector so as to boost agriculture activities and overcome the declining trend in its share to GSDP.*
- *Though the magnitude of Revenue Deficit and Fiscal Deficit has come down during 2019 as compared to the previous year, earnest efforts are required to further increase State's own revenue receipts and increase developmental expenditure.*
- *The State needs to augment its resources and spend more on creation of capital assets.*

CHAPTER-II

FINANCES OF THE STATE

Chapter II: Finances of the State

2.1 Introduction

This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State. Information was also obtained from the State Government where necessary. Information was also obtained from the State Government where necessary.

2.2 Major changes in Key fiscal aggregates during 2019-20 vis-à-vis 2018-19

Table 2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during 2019-20, compared to the previous year.

Table 2.1: Changes in key fiscal aggregates in 2019-20 compared to 2018-19

Revenue Receipts	<ul style="list-style-type: none"> ✓ Revenue receipts of the State decreased by ₹ 305.10 crore (3.14 per cent) ✓ Own Tax receipts of the State increased by ₹ 98.01 crore (5.47 per cent) ✓ Own Non-tax receipts increased by ₹ 102.41 (23.94 per cent) ✓ State's Share of Union Taxes and Duties decreased by ₹ 677.29 crore (13.85 per cent) ✓ Grants-in-Aid from Government of India increased by ₹ 171.77 crore (6.58 per cent)
Revenue Expenditure	<ul style="list-style-type: none"> ✓ Revenue expenditure decreased by ₹ 690.82 crore (6.74 per cent) ✓ Revenue expenditure on General Services increased by ₹ 131.82 crore (3.73 per cent) ✓ Revenue expenditure on Social Services decreased by ₹ 375.81 crore (9.17 per cent) ✓ Revenue expenditure on Economic Services decreased by ₹ 446.83 crore (17.05 per cent) ✓ Expenditure on Grants-in-Aid decreased by ₹ 395.84 crore (12.08 per cent)
Capital Expenditure	<ul style="list-style-type: none"> ✓ Capital expenditure decreased by ₹ 477.57 crore (33.70 per cent) ✓ Capital expenditure on General Services decreased by ₹ 37.25 crore (43.83 per cent) ✓ Capital expenditure on Social Services decreased by ₹ 66.92 crore (18.59 per cent) ✓ Capital expenditure on Economic Services decreased by ₹ 373.40 crore (38.40 per cent)
Loans and Advances	<ul style="list-style-type: none"> ✓ Disbursement of Loans and Advances decreased by ₹ 45.71 crore (51.08 per cent) ✓ Recoveries of Loans and Advances increased by ₹ 13.31 crore (73.90 per cent)
Public Debt	<ul style="list-style-type: none"> ✓ Public Debt Receipts increased by ₹ 171.33 crore (12.93 per cent) ✓ Repayment of Public Debt increased by ₹ 22.77 crore (5.75 per cent)

Public Account	<ul style="list-style-type: none"> ✓ Public Account Receipts decreased by ₹ 702.40 crore (15.38 per cent) ✓ Disbursement of Public Account decreased by ₹ 326.48 crore (7.47 per cent)
Cash Balance	✓ Cash balance decreased by ₹ 209.09 crore (25.68 per cent)
Fiscal Deficit	<ul style="list-style-type: none"> ✓ Total expenditure decreased by ₹ 1214.10 crore (1.09 per cent) ✓ Revenue receipts decreased by ₹ 305.10 crore (3.14 per cent) ✓ Recoveries of Loans and Advances increased by ₹ 13.31 crore (73.90 per cent) ✓ Fiscal Deficit decreased by ₹ 922.31 crore (45.52 per cent)

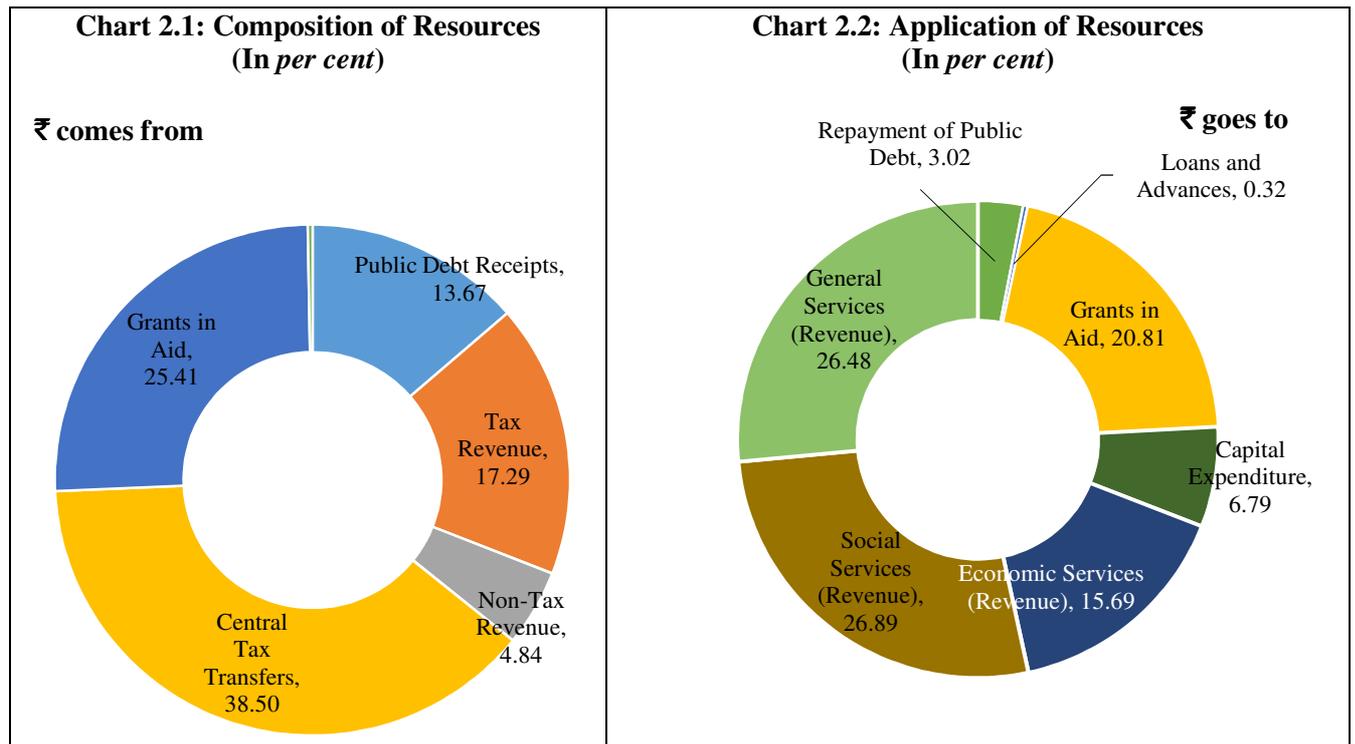
Each of the above indicators is analysed in the succeeding paragraphs.

2.3 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2019-20 with 2018-19 in figures, while **Charts 2.1** and **2.2** give the details of receipts into and expenditure from the Consolidated Fund during 2019-20 in terms of percentages.

Table 2.2: Details of Sources and Application of funds during 2018-19 and 2019-20
(₹ in crore)

	Particulars	2018-19	2019-20	Increase (+)/ Decrease (-)
Sources	Opening Cash Balance with RBI	1715.96	814.33	(-)901.63
	Revenue Receipts	9718.62	9413.52	(-)305.10
	Recoveries of Loans and Advances	18.01	31.32	13.31
	Public Debt Receipts (Net)	928.75	1077.31	148.56
	Public Account Receipts (Net)	195.70	-180.67	(-)376.37
	Total	12577.04	11155.81	(-)1421.23
Application	Revenue Expenditure	10255.94	9565.12	(-)690.82
	Capital Expenditure	1417.28	939.71	(-)477.57
	Disbursement of Loans and Advances	89.49	43.78	(-)45.71
	Contingency Fund disbursement	-	1.96	1.96
	Closing Cash Balance with RBI	814.33	605.24	(-)209.09
	Total	12577.04	11155.81	(-)1421.23



2.4 Resources of the State

The resources of the State are described below:

- Revenue receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
- Capital receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI.

Both revenue and capital receipts form part of the Consolidated Fund of the State.

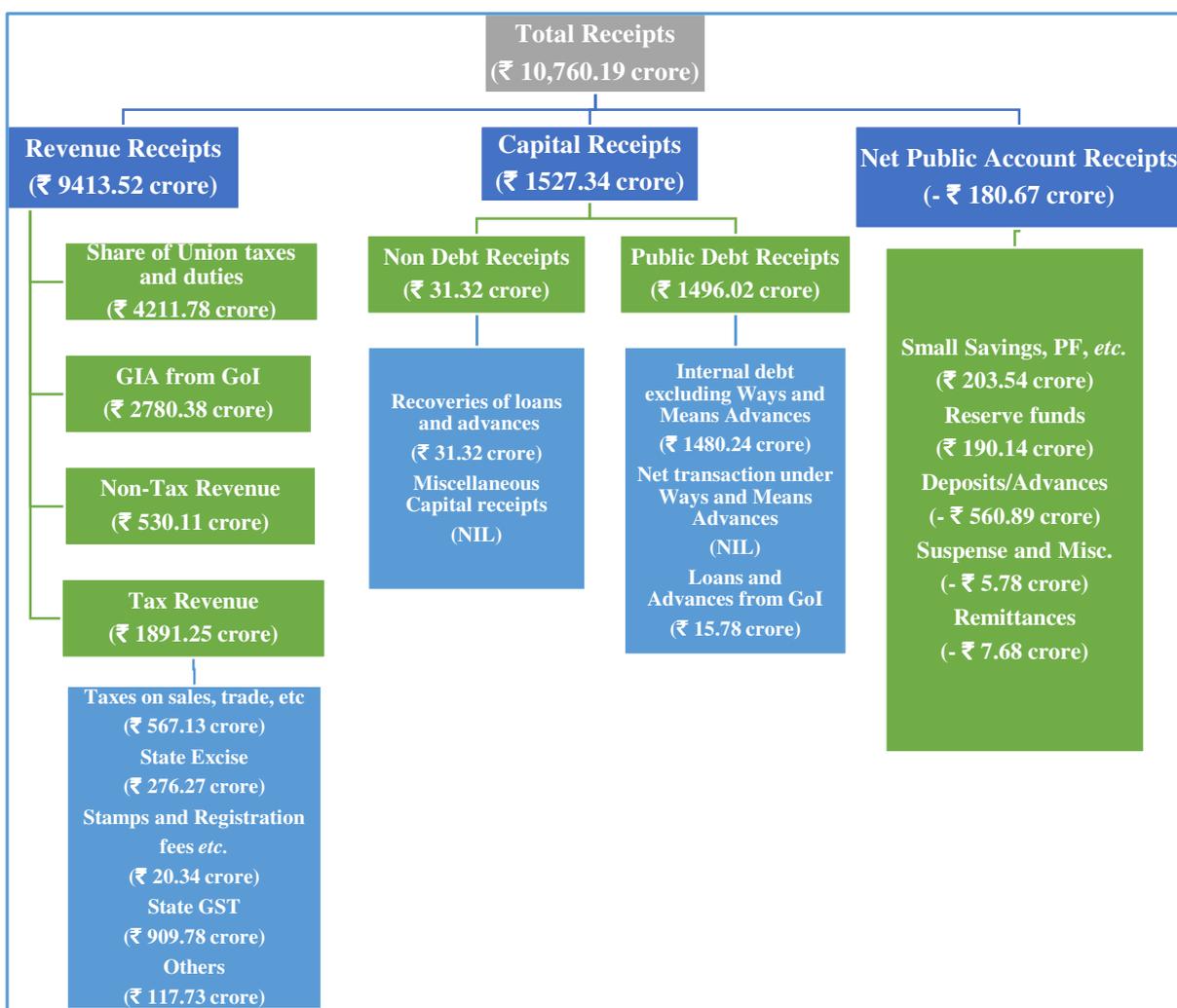
- Net Public Accounts receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund.

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

2.4.1 Receipts of the State

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

Chart 2.3: Composition of receipts of the State during 2019-20



The total receipts of the State for 2019-20 was ₹ 10760.19 crore, of which ₹ 9413.52 crore (87.45 per cent) came from Revenue receipts, while ₹ 1527.34 crore (14.19 per cent) came from recoveries of loans and advances and public debt receipts, which was offset by an amount of ₹ 180.67 crore (1.67 per cent) from the net public account receipts.

2.4.2 State's Revenue Receipts

This paragraph discusses the trends in revenue receipts and its components. It is followed by trends in the receipts bifurcated into receipts from the Central Government and State's own receipts.

2.4.2.1 Trends and growth of Revenue Receipts

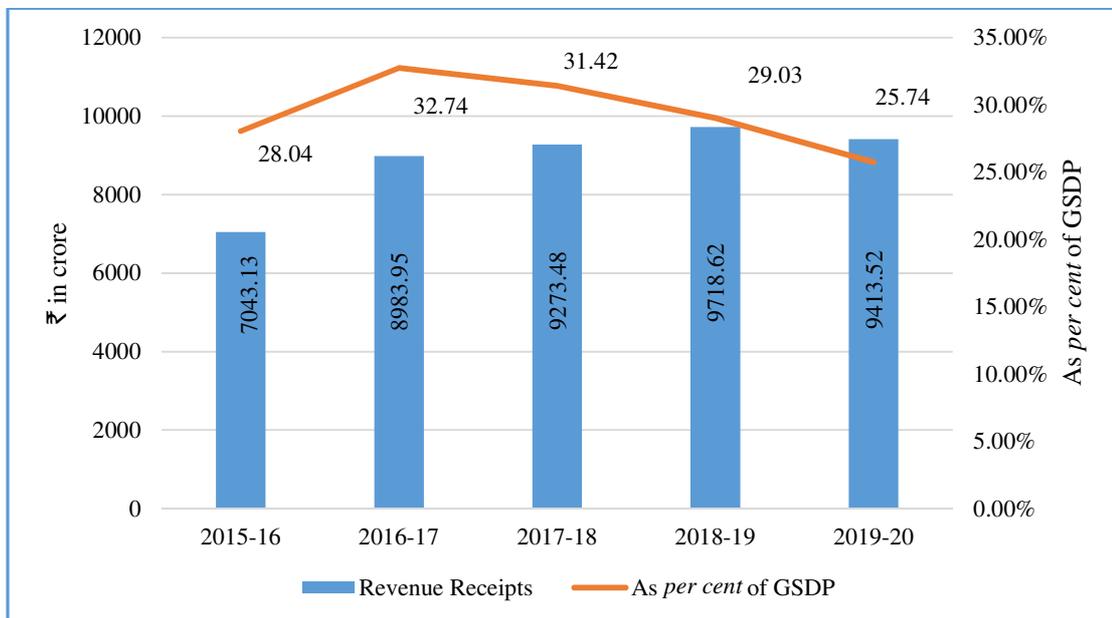
Table 2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2015-20. Further, trends in Revenue Receipts relative to GSDP and components of Revenue Receipts are given in **Charts 2.4** and **2.5** respectively.

Table 2.3: Trend in Revenue Receipts

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Own Tax Revenue	1056.82	1186.01	1450.10	1793.24	1891.25
Non-Tax Revenue	228.60	685.24	366.63	427.70	530.11
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (<i>per cent</i>)	0.23	45.57	-2.91	22.25	9.02
Revenue Receipts (RR) (₹ in crore)	7043.13	8983.95	9273.48	9718.62	9413.52
Rate of growth of RR (<i>per cent</i>)	9.57	27.56	3.22	4.80	-3.14
Gross State Domestic Product (₹ in crore) (2011-12 Series)	25117	27439	29508	33481	36572
Rate of growth of GSDP (<i>per cent</i>)	8.10	9.24	7.54	13.46	9.23
RR/GSDP (<i>per cent</i>)	28.04	32.74	31.42	29.03	25.74
Buoyancy Ratios ¹					
Revenue Buoyancy w.r.t GSDP	1.18	2.98	0.43	0.36	-0.34
State's Own Revenue Buoyancy w.r.t GSDP	0.03	4.93	-0.39	1.65	0.98

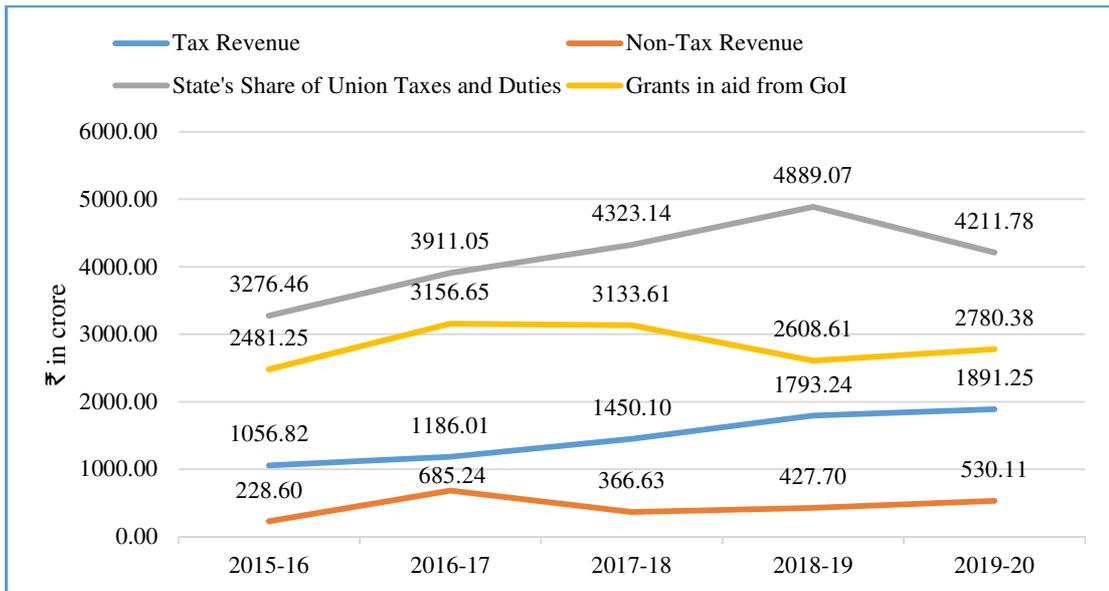
Source of GSDP figures: Information as released by Ministry of Statistics and Programme Implementation, Government of India on its website as on 31 July 2020.

Chart 2.4: Trend of Revenue Receipts as percentage of GSDP



¹ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 1.85 implies that Revenue Receipts tend to increase by 1.85 percentage points, if the GSDP increases by one *per cent*.

Chart 2.5: Trend of components of Revenue Receipts



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

- Revenue Receipts increased by 33.66 per cent from ₹ 7043.13 crore in 2015-16 to ₹ 9413.52 crore in 2019-20 at an average compound annual growth rate of 219.11.
- State's own revenue has grown by 9.02 per cent compared to 22.25 per cent in the previous year. This included Goods and Services Tax (GST) collection of ₹ 909.78 crore as compared to ₹ 805.96 crore in 2018-19, registering an increase of ₹ 103.82 crore (12.88 per cent). This included Advance Apportionment of Integrated Goods and Services Tax (IGST) amounting to ₹ (-) 11.45 crore.
- Though the State GSDP grew at 9.23 per cent over 13.46 per cent in the previous year, the share of revenue receipts in the GSDP came down from 29.03 per cent to 25.74 per cent. At the same time, the revenue buoyancy vis-à-vis growth in the State GSDP, which has been less than one in the past two years indicating that revenue growth has stagnated and not responsive to GSDP growth, became negative (-0.34) in 2019-20. This indicates inefficiency in revenue generation and higher cost of collection.
- About 25.72 per cent of the Revenue Receipts during 2019-20 came from the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 74.28 per cent. Hence, Central Tax Transfers and Grants-in-Aid continued to be the main source of Revenue Receipts for the State of Meghalaya, as for the other North Eastern States.
- During the current year, even though there was a decrease of 6.74 per cent (₹ 690.82 crore) in Revenue Expenditure, the State could not achieve Revenue Surplus as there was also a corresponding decrease of 3.14 per cent (₹ 305.10 crore) in Revenue Receipts compared to the previous year.

2.4.2.2 State's Own Resources

State's share in Central taxes is determined on the basis of recommendations of the Finance Commission. Grants-in-aid from Central Government is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes. State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The gross collections in respect of major Tax and Non-Tax Revenue and their relative share in GSDP during 2015-20 are given in *Appendix 2.1*.

Charts 2.6 and 2.7 present the growth and component of Own Tax Revenue of the State during the five-year period 2015-20.

Chart 2.6: Growth of Own Tax Revenue during 2015-20

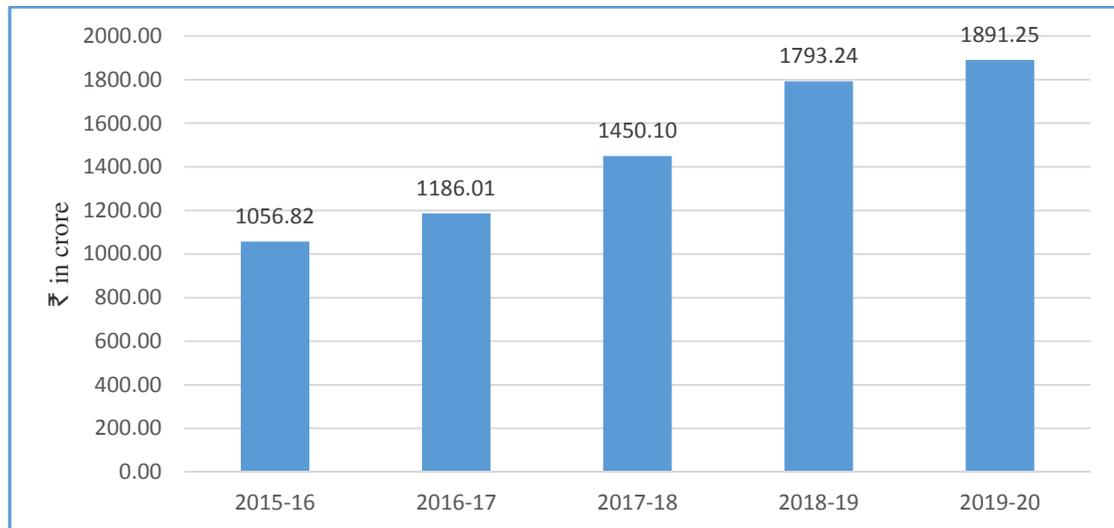


Chart 2.7: Components of State's own tax revenue

Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20	Sparkline
Sales Tax	811.79	931.06	766.63	627.50	567.13	
SGST	...	...	376.00	805.96	909.78	
State excise	170.04	168.98	199.30	226.21	276.27	
Taxes on vehicles	42.01	48.22	67.01	86.95	99.24	
Stamp duty and Registration fees	12.74	17.19	20.25	26.19	20.34	
Land revenue	3.18	1.27	2.08	2.73	1.00	
Taxes on goods and passengers	...	...	7.83	8.45	9.13	
Other taxes	17.06	19.29	11.00	9.25	8.36	
Total	1,056.82	1,186.01	1,450.10	1,793.24	1,891.25	

Source: Finance Accounts.

Own tax revenue of the State increased by ₹ 98.01 crore from ₹ 1793.24 crore in 2018-19 to ₹ 1891.25 crore in 2019-20 at an average compound annual growth rate of 5.47. The contributors of Tax Revenue during the current year were Goods and Services Tax (48.10 per cent), Sales Tax (30.00 per cent), State Excise (14.61 per cent), Taxes on vehicles (5.25 per cent), Stamp duty and Registration fees (1.08 per cent), taxes on

goods and passengers (0.48 per cent) and other taxes including Land Revenue (0.49 per cent).

The increase in the own tax revenue over the previous year was mainly due to increase in collection of taxes under SGST by ₹103.82 crore (12.88 per cent), State excise by ₹ 50.06 crore (22.13 per cent), taxes on vehicles by ₹ 12.29 crore (14.13 per cent) and Taxes on Goods and Passengers by ₹ 0.68 crore (8.05 per cent) which was offset by reduction of collection of taxes under Sales Tax by ₹ 60.37 crore (9.62 per cent), Stamp duty and registration fees by ₹ 5.85 crore (22.34 per cent), Land Revenue by ₹ 1.73 crore (63.37 per cent) and other taxes by ₹ 0.89 crore (9.62 per cent).

2.4.2.3 State Goods and Services Tax (SGST)

The Meghalaya Goods and Services Tax Act, 2017 was passed by the State Legislature on 15 June 2017 and made effective from 01 July 2017.

Registration under Goods and Services Tax (GST)

The State had 30599 registered dealers under the Meghalaya Value Added Tax (MVAT) Act as on 30 June 2017. The Taxation Department during the period from 1 July 2017 to 31 August 2020 registered 23426 dealers under the GST of which registration of 2774 dealers under GST were cancelled. Thus, as on 31 August 2020 there were 20652 registered dealers under GST with the State Taxation Department, out of which 10321² GST registrations pertained to dealers who had migrated from MVAT to GST and 11507 GST registrations were new addition.

The position of migrated dealers and GST dealers under State jurisdiction during the period from 1 July 2017 to 31 August 2020 is shown in the table below:

Table 2.4: Position of migrated dealers and GST dealers under State jurisdiction

Between 1 July 2017 and 31 March 2019		Between 1 April 2019 and 31 December 2019		Between 1 January 2020 and 31 August 2020		Total	
Migrated Dealers	New Dealers	Migrated Dealers	New Dealers	Migrated Dealers	New Dealers	Migrated Dealers	New Dealers
9145	8548	-	2055	-	904	9145	11507

Source: Information provided by Taxation Department.

Out of 30599 MVAT dealers registered in the State under the State Taxation Department as on 30 June 2017, only 10321 MVAT dealers could be found registered under GST during the period from 1 July 2017 to 31 August 2020, accounting for only about 33.73 per cent of the MVAT dealers.

Filing of GST Returns

The position of various GSTR returns to be filed and compliance by dealers during the period from 1 July 2017 to 31 August 2020 is as under:

² Out of 10321 migrated dealers from MVAT to GST, 9145 dealers are in State jurisdiction and 1176 dealers are in Centre jurisdiction.

Table 2.5: Position of various GSTR returns

Returns	Periodicity	Category of dealers to file	Total number of dealers	Total number of returns to be filed	Total number of returns actually filed	Percentage of returns filed
GSTR 1	Monthly	Regular	18811	647786	218388	33.71
GSTR 3B	Monthly	Regular	18811	647786	413313	63.80
GSTR 7	Monthly	TDS	310	10101	2034	20.13
GSTR 8	Monthly	TCS	31	944	296	31.36
GSTR 9	Annual	Regular	18811	49927	8239	16.50
GSTR 9A	Annual	Composition	1841	5207	Details not provided	-

Source: Information provided by Taxation Department.

From the table above, the following observations are made:

- The filing of GSTR 1 and GSTR 3B returns is mandated under Section 37 and 39(1) of the Meghalaya Goods and Services Tax (MGST) Act. GSTR 1 and GSTR 3B are monthly returns required to be filed by Regular dealers. However, it is seen that GSTR 3B returns filed were found to be higher in number than the GSTR 1 returns filed during the same period. The returns filed aggregated 33.71 per cent and 63.80 per cent respectively. The filing of GSTR 9 returns accounts for only 16.50 per cent.
- The GSTR 7 (Tax Deducted at Source) and GSTR 8 (Tax Collection at Source i.e., e-commerce dealers) returns filed during the period aggregated only 20.13 per cent and 31.36 per cent respectively.
- Detail of filing of GSTR 9A returns by Composition dealers was not provided by the Taxation Department.

GST Compensation

According to GST (Compensation to the States) Act 2017, the Central Government will compensate the States for loss of revenue arising on account of implementation of GST for a period of five years. The compensation to be paid is calculated by taking into account the protected revenue³ with 2015-16 as the base year. In case of Meghalaya, the revenue during the base year 2015-16 was ₹ 636.17 crore. The protected revenue of the State for the year 2019-20 works out to ₹ 1074.00 crore.

Details of SGST and compensation received by the State during April 2019 to March 2020 is given in **Table 2.6**.

³ Protected revenue is calculated/ arrived at by taking into consideration the revenue collected during the base year (2015-16) plus 14.00 per cent increase for every following year.

Table 2.6: Details of SGST and compensation received by the State

(₹ in crore)

Particulars	Amount
Revenue to be protected	1074.00
State Goods & Service Tax	909.78
Collection of Pre-GST Taxes	0.70
Total Collection	910.48
Compensation to be received during the year	163.52
Compensation received	166.00

Source: Commissioner of Taxes, Government of Meghalaya.

Under the GST (Compensation to States) Act, 2017, the State Government received compensation of ₹ 166.00 crore (including ₹ 9.00 crore pertaining to the year 2018-19 received during 2019-20) as Grant-in-aid from GoI. The compensation is provisional and subject to adjustment in subsequent financial year on receipt of audited figures.

Arrears of revenue and arrears of assessment

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

The arrears of revenue as on 31 March 2020 under some principal heads of revenue were ₹ 75.10 crore, as detailed in **Table 2.7**.

Table 2.7: Details of arrears of revenue collection

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2020	Amount outstanding for more than five years as on 31 March 2020
1	0040-Taxes on Sale, Trade, etc.	60.47	16.70
2	0039-State Excise	1.91	1.39
3	8782-Forest Remittance	12.72	5.08
	Total	75.10	23.17

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

From the table above, it could be seen that recovery of ₹ 75.10 crore was pending against three principal heads of revenue, which was 3.10 per cent of the State's own revenue collection for 2019-20. Revenue amounting to ₹ 23.17 crore (30.85 per cent of the total revenue arrears) was pending for recovery for more than five years.

The periodical tax returns filed by the dealers under Meghalaya Value Added Tax Act, 2003, are subject to assessment by the Taxation Authorities to verify and ascertain their correctness and completeness. The Taxation authorities may take recourse to best judgement assessment in case returns are not furnished by a registered dealer in the prescribed time limit. Since the MVAT has been replaced with Meghalaya SGST w.e.f. 01 July 2017, it is important that the assessments under the previous tax regime are completed and revenue arrears are recovered.

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

Table 2.8: Arrears of assessments of VAT

Head of revenue	Opening balance as on 1 April 2019	New cases due for assessment during 2019-20	Total assessments due	Cases disposed of during 2019-20	Balance at the end of the year
0040-Taxes on Sales, Trade, etc.	100991	837	101828	33829	68000

Source: Information received from the Taxation Department

From the table above, it is seen 33829, i.e. 33.22 per cent of the total pending cases were disposed off during 2019-20. There were, however, 68,000 cases (66.78 per cent) cases pending for assessment at the end of the year. Government should put in place a mechanism to expedite the disposal of cases pending for assessment, before expiring of the statutory period.

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

The cases of evasion of tax detected by the Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Details of evasion of tax detected during the year 2019-20 are given in the table below:

Table 2.9: Evasion of Tax Detected

Sl. No.	Head of revenue	Cases pending as on 31 March 2019	Cases detected during 2019-20	Total	No. of cases in which assessment / investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalisation as on 31 March 2020
					No. of cases	Amount of demand (₹ in crore)	
1.	0040 – Taxes/VAT on sales, Trade	2201	-	2201	-	-	2201
2	0006 – SGST	-	-	-	-	-	-

Source: Information furnished by Taxation Department.

It could be seen from the above table that during the year 2019-20, the Department did not detect evasion of tax and also did not dispose any cases and no demand noticed was raised. Further, the outstanding cases at the beginning of the year were still pending at the end of the year.

Pendency of Refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department. The number of refund cases pending at the beginning of the year 2019-20, claims received during the year, refunds made during the year and cases pending at the end of the year 2019-20, as reported by Taxation Department are given in the table below:

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

Sl. No.	Particulars	Sales tax/VAT		GST	
		Number of cases	Amount	Number of cases	Number of cases
1.	Claims outstanding at the beginning of the year	26	16.83	Online	Online
2.	Claims received during the year	10	5.56	-	-
3.	Refunds made during the year	03	5.33	62	62
4.	Refunds rejected during the year	-	-	31	31
5.	Balance outstanding at the end of year	33	17.06	-	-

Source: Information furnished by Taxation Department.

It could be seen that out of 36 cases, refunds in only three cases (8.33 per cent) in case of sales tax/VAT and 78 (61.90 per cent) out of 126 cases in respect of GST, were made during the year. The Meghalaya Value Added Tax Act provides for the payment of interest at the rate of eight per cent per annum, if the amount is not refunded to the dealer within 90 days from the date of any order authorising such refund. The Department should take initiative to dispose the pending refund cases in a time bound manner.

2.4.2.4 Non Tax Revenue

Chart 2.8 presents the component-wise details of Non-Tax Revenue collected during the years 2015-20.

Chart 2.8: Components of State's non-tax revenue**(₹ in crore)**

Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20	Add Sparkline
Interest receipts	39.34	46.25	52.50	58.26	28.91	
Dividends and Profits	0.07	0.11	0.11	0.11	0.14	
Other Non-Tax Receipts	189.20	638.88	314.02	369.33	501.06	
a) Non-ferrous Mining and Metallurgy*	60.75	469.52	207.88	147.56	322.84	
b) Forestry and Wildlife	72.08	103.99	55.61	78.31	81.27	
c) Other Administrative Services	3.49	3.11	3.76	9.25	41.30	
d) Public Works	8.40	10.22	17.01	17.64	9.78	
e) Police	16.28	25.21	4.51	16.27	8.17	
f) Animal Husbandry	1.96	1.59	1.85	2.10	1.91	
g) Crop Husbandry	3.18	3.46	4.49	6.71	2.29	
h) Others	23.06	21.78	18.91	91.49	33.50	
Total	228.61	685.24	366.63	427.70	530.11	

Source: Finance Accounts.

Non-Tax Revenue, which ranged between 3.25 and 7.67 per cent of Total Revenue Receipts of the State during the five-year period from 2015-16 to 2019-20, increased significantly by ₹ 102.41 crore (23.94 per cent) during 2019-20 over the previous year. Major contributors for the increase in Non-Tax Revenue were Non-ferrous Mining and

Metallurgy⁴ (₹ 322.84 crore), Forest and Wildlife (₹ 81.27 crore) and other Administrative Services (₹ 41.30 crore) which increased by 118.79 per cent, 3.78 per cent and 466.49 per cent respectively over the previous year.

State's performance in mobilisation of resources

State's performance in mobilisation of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. **Table 2.11** presents the State's own tax and non-tax receipts for the year 2019-20 *vis-à-vis* assessments made by the XIV FC and the State Government in BE are given below:

Table 2.11: Tax and non-tax receipts *vis-à-vis* projections (₹ in crore)

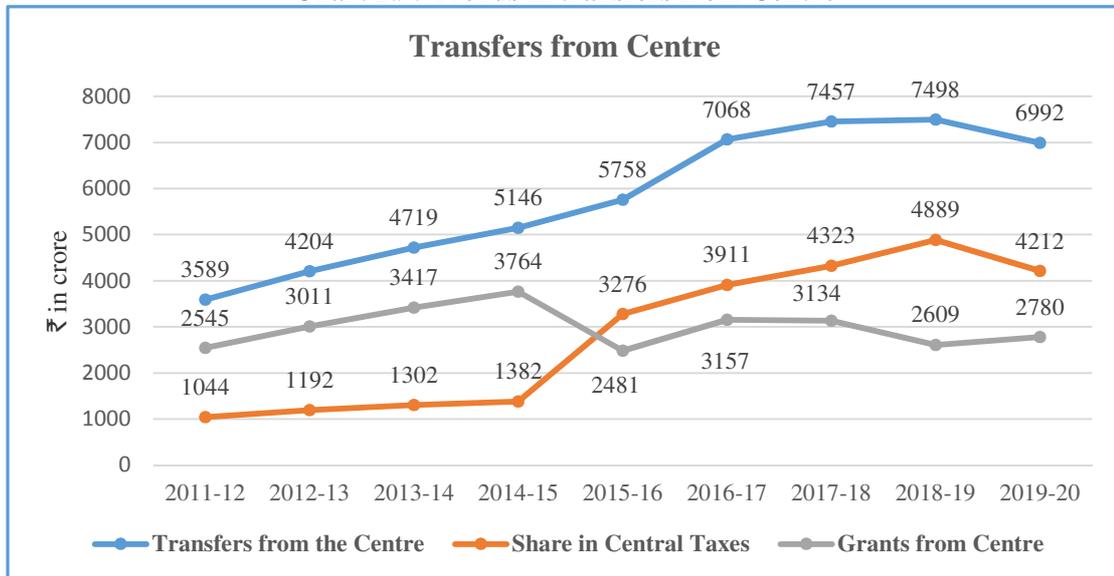
	FC projections	Budget Estimates 2019-20	Actual	Percentage variation of actual over	
				Budget Estimates	FC projections
Own Tax revenue	2798	2089.80	1891.25	9.50	32.41
Non-tax revenue	903	600.57	530.11	11.73	41.29

During the year, tax revenue was 32.41 per cent lower than the assessment made by the XIV FC and 9.50 per cent lower than the projection made in the BE. The non-tax revenue was 41.29 per cent lower than the target of XIV FC and 11.73 per cent lower than the assessment made in the BE for the year.

2.4.2.5 Transfers from the Centre

Transfer from the Centre includes Central Tax transfer (Share in Central Taxes) and Grants-in-aid. **Chart 2.9** present the trends in transfers from Government of India.

Chart 2.9: Trends in transfers from Centre



⁴ It is MH 0853- Non Ferrous Mining and Metallurgy which includes mineral concession fees, rents & royalties and Mines Department.

Central tax transfer

GoI accepted the recommendations of XIV FC to increase the States' share in the divisible pool of taxes from 32.00 *per cent* to 42.00 *per cent* with effect from 2015-16 onwards. This significant increase in the State's share altered the composition of central transfers in favour of statutory transfers from discretionary transfers made earlier. It also led to greater predictability and certainty in the quantum of funds being transferred to the State.

The details of Central tax transfers to the State during 2015-20 are given in **Table 2.12**.

Table 2.12: Central Tax Transfers**(₹ in crore)**

Head	2015-16	2016-17	2017-18	2018-19	2019-20
Central Goods and Services Tax (CGST)	...	...	61.44	1206.74	1195.17
Integrated Goods and Services Tax (IGST)	...	...	436.56	96.30	Nil
Corporation Tax	1037.05	1254.73	1324.23	1700.27	1436.04
Taxes on Income other than Corporation Tax	726.90	872.03	1118.20	1252.18	1125.24
Customs	522.21	539.73	436.40	346.56	266.97
Union Excise Duties	428.74	616.32	456.20	230.32	185.63
Service Tax	559.87	625.36	490.15	44.70	Nil
Other Taxes ⁵	1.69	2.88	-0.04	12.00	2.73
Central Tax transfers	3276.46	3911.05	4323.14	4889.07	4211.78
Percentage of increase over previous year	137.13	19.37	10.54	13.09	-13.85
Percentage of Central tax transfers to Revenue Receipts	46.52	43.75	46.62	50.31	44.74

Source: Finance Accounts of respective years.

Over the five-year period 2015-20, Central tax transfers increased by 28.55 *per cent* from ₹ 3276.46 crore in 2015-16 to ₹ 4211.78 crore in 2019-20. The central tax transfers, however reduced by ₹ 677.29 crore (13.85 *per cent*) compared to the previous year.

During the exit conference, the Secretary, Finance Department stated (April 2021) that the central tax transfers to the State depend on the total divisible pool collected by the Central Government. The reasons for less release of the State's share of Central may be due to less collection by GoI from the shareable taxes and duties.

The State Government should therefore take steps to further augment its own tax and non-tax revenues to reduce its dependency on Central transfers and Grants.

Grants-in-aid from GoI

Grants-in-aid (GIA) received by the State Government from GoI during 2015-20 are detailed in **Table 2.13**.

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

Table 2.13: Grants-in-aid from Government of India**(₹ in crore)**

Head	2015-16	2016-17	2017-18	2018-19	2019-20
Non-Plan Grants	673.86	640.47	-	-	-
Grants for State Plan Schemes	1240.15	2263.52	-	-	-
Grants for Central Plan Schemes*	270.44	19.33	-	-	-
Grants for Centrally Sponsored Schemes	-	-	2145.85	2011.17	2314.17
Grants for Special Plan Schemes	100.44	95.14	-	-	-
Grants for Centrally Sponsored Plan Schemes (CSS)	196.36	138.19	-	-	-
Finance Commission Grants	-	-	499.96	225.60	63.93
Other transfers/Grants to States/Union Territories with Legislature	-	-	487.80	371.84	402.28
Total	2481.25	3156.65	3133.61	2608.61	2780.38
Percentage of increase over the previous year	-34.08	27.22	-0.73	-16.75	6.58
Percentage of GIA to Revenue Receipts	35.23	35.14	33.79	26.84	29.54

Source: Finance Accounts.

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

Grants-in-aid from GoI increased by ₹ 171.77 crore (6.58 per cent) during the year compared to the previous year, constituting 29.54 per cent of Revenue Receipts during the year 2019-20. Grants for Centrally Sponsored Schemes (₹ 2,314.17 crore) to the State constituted 83.23 per cent of the total grants received during the year. While there was a substantial reduction in Finance Commission (FC) Grants (₹ 161.67 crore) during the year as compared to previous year. FC Grants (₹ 63.93 crore) to the State were provided for Urban Local Bodies (ULBs) and State Disaster Response Fund (SDRF) and constituted 2.30 per cent of total grants received during the year.

Fourteenth Finance Commission Grants

XIV FC grants were provided to the States for local bodies and SDRF. The details of grants recommended by XIV FC and provided by GoI to the State during the award period are given in **Table 2.14**.

Table 2.14: Recommended amount, actual release and transfers of Grants-in-aid
(₹ in crore)

Transfers	Recommendation of the XIV FC 2015-20	Recommendation of the XIV-FC			Actual release by GoI			Release by State Government		
		2015-16 to 2018-19	2019-20	Total	2015-16 to 2018-19	2019-20	Total	2015-16 to 2018-19	2019-20	Total
Grants to ULBs										
(a) General Basic Grant	25.22	17.65	7.57	25.22	-	25.23	25.23	-	25.23	25.23
(b) General Performance Grants	6.30	4.22	2.08	6.30	-	-	-	-	-	-
Total for ULBs	31.52	21.87	9.65	31.52	-	25.23	25.23	-	25.23	25.23
SDRF*	120.00	93.00	27.00	120.00	81.00	38.70	119.70	90.00	43.00	133.00
Grand Total	151.52	114.87	36.65	151.52	81.00	63.93	144.93	90.00	68.23	158.23

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

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

During XIV FC award period, the State did not receive any General Performance Grant (₹ 6.30 crore envisaged by XIV FC).

2.4.3 Capital receipts

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

Table 2.15 shows the trends in growth and composition of Capital Receipts.

Table 2.15: Trends in growth and composition of capital receipts

Sources of State's Receipts	2015-16	2016-17	2017-18	2018-19	2019-20
Capital Receipts	856.01	1229.24	1242.59	1342.70	1527.34
Miscellaneous Capital Receipts	NIL	NIL	NIL	NIL	NIL
Recovery of Loans and Advances	19.08	18.81	17.45	18.01	31.32
Net Public Debt Receipts	836.93	1210.43	1225.14	1324.69	1496.02
Internal Debt	834.70	1206.16	1218.47	1302.28	1480.24
Growth rate	15.58	44.50	1.02	6.88	13.67
Loans and advances from GoI	2.23	4.27	6.67	22.41	15.78
Growth rate	-53.25	91.48	56.21	235.98	-29.59
Rate of growth of debt Capital Receipts	15.13	44.63	1.22	8.13	12.93
Rate of growth of non-debt capital receipts	-3.44	-1.42	-7.23	3.21	73.90
Rate of growth of GSDP	8.10	9.24	7.54	13.46	9.23
Rate of growth of Capital Receipts (per cent)	14.64	43.60	1.09	8.06	13.75

Source: Finance Accounts.

Capital Receipts increased by 78.43 *per cent* from ₹ 856.01 crore in 2015-16 to ₹ 1527.34 crore in 2019-20. Major portion of Capital Receipts comprises of Public debt receipts which create future repayment obligation and are taken from Market, Financial Institutions and Central Government.

2.5 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector.

2.5.1 Growth and composition of expenditure

The Total Expenditure, its composition and relative share in GSDP during the years 2015-16 to 2019-20 is presented in **Table 2.16**.

Table 2.16: Total expenditure and its composition

(₹ in crore)					
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	7616.97	9657.17	9428.17	11762.71	10548.61
Revenue Expenditure (RE)	6347.73	8336.54	8422.68	10255.94	9565.12
Capital Expenditure (CE)	1110.89	1289.80	983.44	1417.28	939.71
Loans and Advances	158.35	30.83	22.05	89.49	43.78
As a percentage of GSDP					
TE/GSDP	30.33	35.20	31.95	35.13	28.84
RE/GSDP	25.27	30.38	28.54	30.63	26.15
CE/GSDP	4.42	4.70	3.33	4.23	2.57
Loans and Advances/GSDP	0.63	0.11	0.07	0.27	0.12

The above table shows that Total Expenditure of the State increased by 38.49 *per cent* from ₹ 7616.97 crore in 2015-16 to ₹ 10548.61 crore in 2019-20. As a percentage of GSDP, the Total Expenditure remained in the range of 28.84 *per cent* to 35.20 *per cent* during 2015-20. Further, it is seen that Capital expenditure has significantly decreased during 2019-20 as compared to previous year, with its share as a percentage of GSDP decreasing from 4.23 *per cent* during 2018-19 to 2.57 *per cent* during 2019-20.

Charts 2.10 and 2.11 present the trends in Total Expenditure relative to the share of its components and activities during the years 2015-16 to 2019-20.

Chart 2.10: Total Expenditure: Trends in share of its components

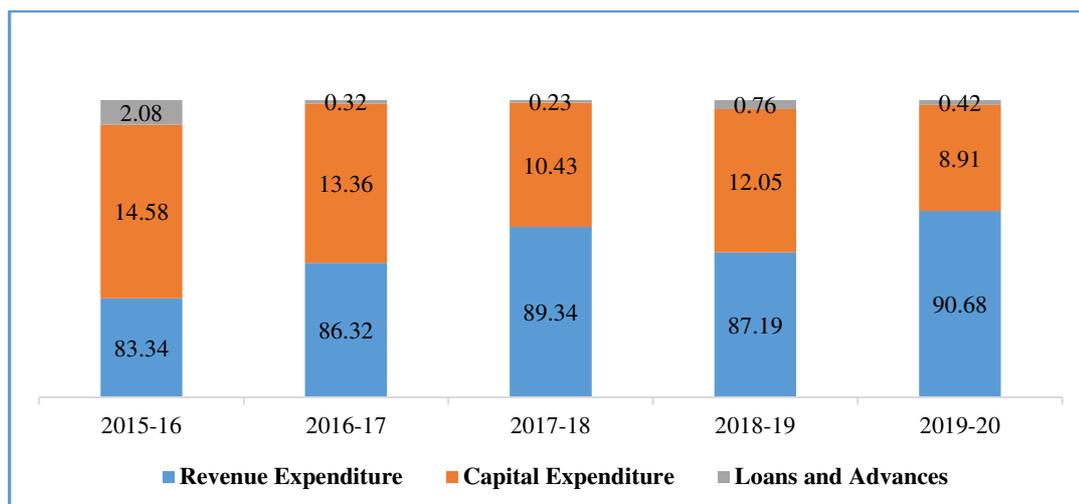


Chart 2.11: Total expenditure - Expenditure by activities

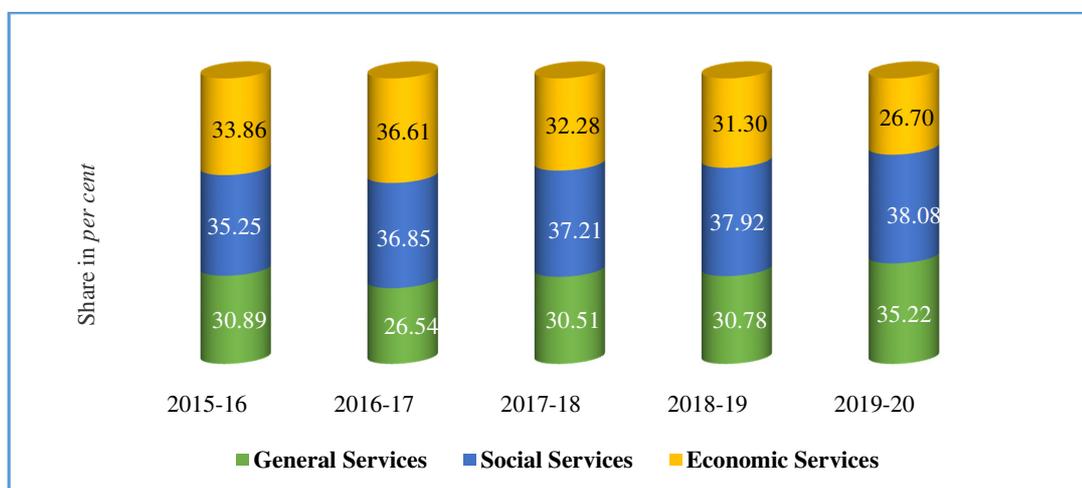
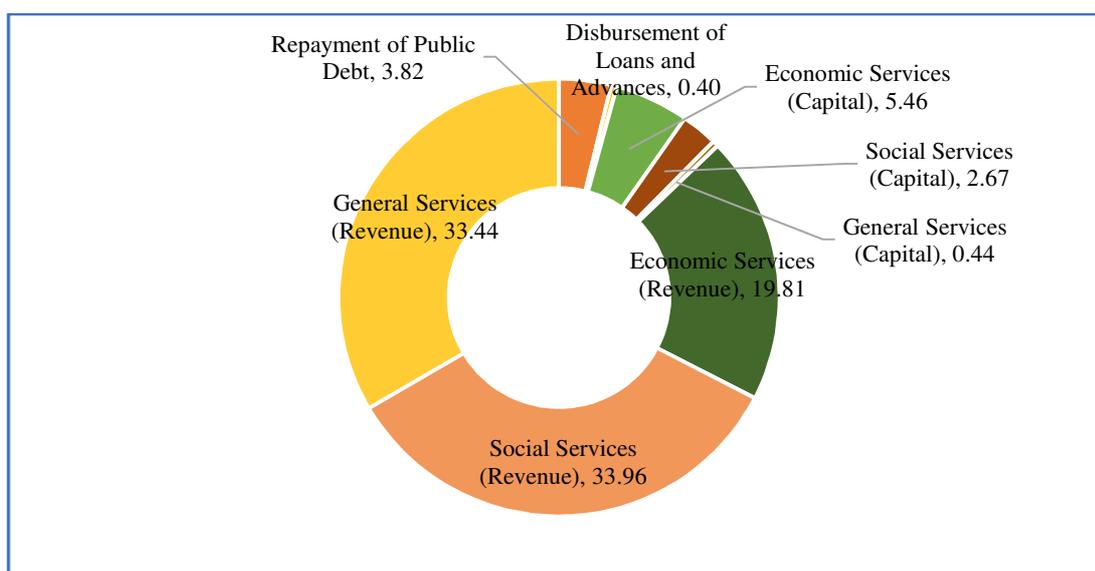


Chart 2.12 present the composition of expenditure during the year 2019-20.

Chart 2.12: Pie Chart for the composition of expenditure (in per cent)



As is evident from above, Revenue Expenditure as a percentage of Total Expenditure increased from 87 per cent in 2018-19 to 91 per cent in 2019-20 and Capital Expenditure as a percentage of Total Expenditure decreased from 12 per cent in 2018-19 to 9 per cent in 2019-20. In terms of activities, Total expenditure is composed of expenditure on General Services, Social services, Economic Services and others.

2.5.2 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy *vis-à-vis* GSDP and Revenue Receipts are indicated in **Table 2.17** and the sectoral distribution of Revenue Expenditure pertaining to 2019-20 is given in **Chart 2.13**.

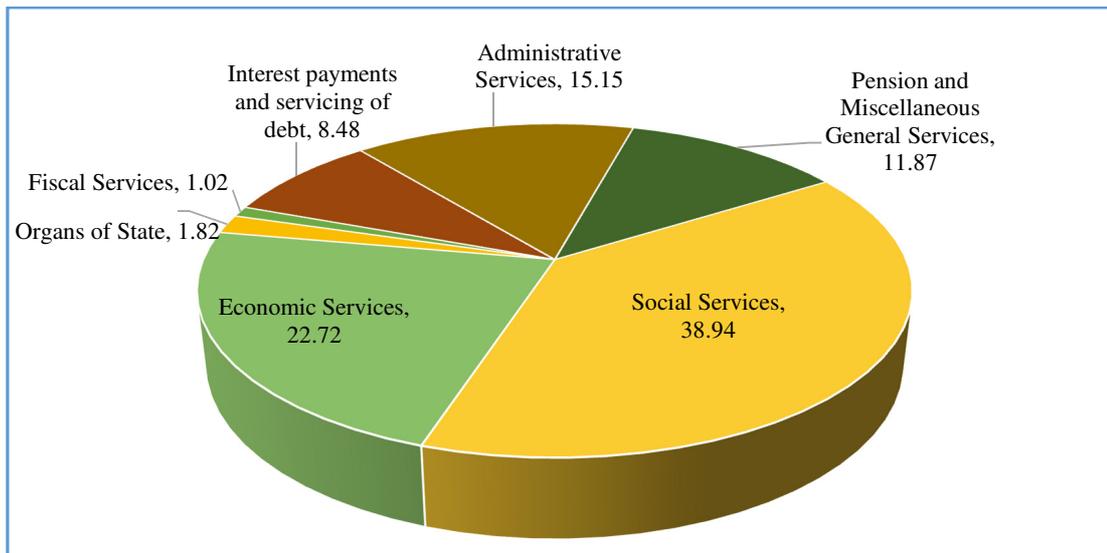
Table 2.17: Revenue Expenditure – Basic Parameters

(₹ in crore)

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	7616.97	9657.17	9428.17	11762.71	10548.61
Revenue Expenditure (RE)	6347.73	8336.54	8422.68	10255.94	9565.12
Rate of Growth of RE (<i>per cent</i>)	1.53	31.33	1.03	21.77	-6.74
Revenue Expenditure as percentage of TE	83.34	86.32	89.34	87.19	90.68
RE/GSDP (<i>per cent</i>)	25.27	30.38	28.54	30.63	26.15
RE as percentage of RR	90.13	93.26	90.83	105.53	101.61
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.19	3.39	0.14	1.62	-0.73
Revenue Receipts (ratio)	0.16	1.14	0.32	4.54	2.15

Source: Finance Accounts of respective years.

Chart 2.13: Sector-wise distribution of revenue expenditure



Revenue Expenditure formed on an average 87.37 per cent (ranging from 83.34 per cent in 2015-16 to 90.68 per cent in 2019-20) of the total expenditure during the period 2015-20.

During 2019-20, Revenue Expenditure has decreased over the previous year by ₹ 690.82 crore and has dipped as a percentage of GSDP from 30.63 per cent during 2018-19 to 26.15 per cent during the current year.

An analysis of the reasons for substantial reduction in revenue expenditure compared to the previous year, revealed that there were five Major Heads under Economic and Social Services where revenue expenditure had decreased by over ₹ 100 crore as compared to the previous year. There was a gross reduction of revenue expenditure of ₹ 713.01 crore, as shown in **Table 2.18** below:

Table 2.18: Substantial decrease in revenue expenditure (more than ₹ 100 crore) Major Head-wise

Sl. No.	Major Head	Expenditure		Decrease	
		2018-19	2019-20	Amount	Percentage
(₹ in crore)					
Economic Services					
1.	2801 – Power	162.92	19.92	143.00	88
2.	2515 – Other Rural Development Programmes	245.68	123.87	121.81	50
3.	3451 – Secretariat – Economic Services	383.17	248.35	134.82	35
Social Services					
1.	2235 – Social Security and Welfare	282.93	175.20	107.73	38
2.	2210 – Medical and Public Health	961.61	755.96	205.65	21
	Total			713.01	

Source: Finance Accounts 2019-20.

It was seen that the State government cut grants-in-aid meant for projects like up gradation of electrical sub-stations, hydro power projects, special rural works programmes, construction of working women’s hostel, pension welfare for handicapped, implementation of Persons with Disability Act, CM’s social assistance programme and contribution to the flexi pool under National Health Mission *etc.*

Thus, it is evident that though the State Government had reduced the revenue expenditure and was able to maintain the fiscal deficit as per the FRBM targets; it was at the cost of development expenditure under Social and Economic Services and not due to any prudential financial management policies.

2.5.2.1 Committed expenditure

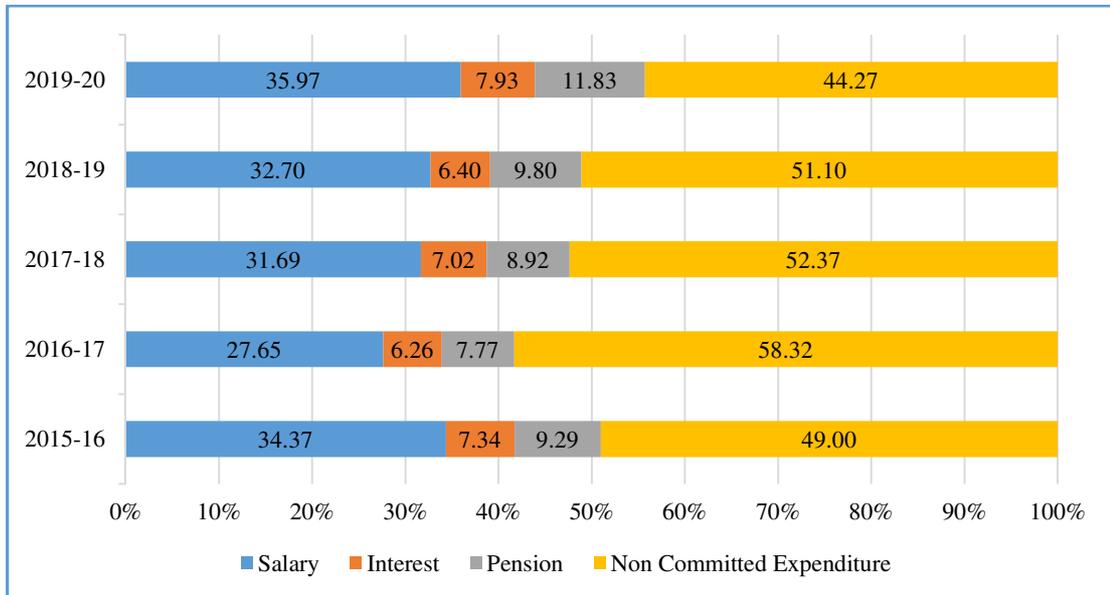
The committed expenditure of the State Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. The MFRBM Act, 2006, prescribes that there should be a Revenue Surplus, it is challenging to achieve it, given that a large proportion of Revenue Expenditure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

Table 2.19 presents the trends in the components of committed expenditure during 2015-20. Percentage of committed expenditure to Revenue Expenditure during 2015-20 is given in **Chart 2.14**.

Table 2.19: Components of Committed Expenditure

(₹ in crore)					
Components of Committed Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
Salaries & Wages	2181.80	2305.16	2669.48	3353.65	3440.17
Expenditure on Pensions	589.44	647.85	750.90	1004.91	1131.56
Interest Payments	465.88	522.23	591.18	656.81	758.51
Total	3237.12	3475.24	4011.56	5015.37	5330.24
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	30.98	25.66	28.79	34.51	36.54
Expenditure on Pensions	8.37	7.21	8.10	10.34	12.02
Interest Payments	7.34	5.81	6.37	6.76	8.06
Total	46.69	38.68	43.26	51.61	56.62
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	34.37	27.65	31.69	32.70	35.97
Expenditure on Pensions	9.29	7.77	8.92	9.80	11.83
Interest Payments	7.34	6.26	7.02	6.40	7.93
Total	51.00	41.68	47.63	48.90	55.73

Chart 2.14: Share of Committed expenditure in total Revenue Expenditure



As can be seen from the details tabulated above, the committed expenditure during the current year was 55.73 per cent of Revenue Expenditure which was the highest during the five-year period 2015-20, while it accounted for 56.62 per cent of the Revenue Receipts of the State. The details of various component of the committed expenditure are discussed below.

Salaries and Wages

There was a significant increase of ₹ 684.17 crore (25.63 per cent) in expenditure on salaries & wages during 2018-19 due to implementation of recommendation of the Fifth Meghalaya Pay Commission. The increase during the current year was, however, ₹ 86.52 crore (2.57 per cent) over the previous year. The expenditure on salaries & wages as a percentage of Revenue Receipts and Revenue Expenditure was the highest in 2019-20 during the last five years.

Interest Payments

Interest payments (₹ 758.51 crore) as a percentage of Revenue Expenditure constituted 7.93 per cent in 2019-20 while it was 6.40 per cent during the previous year. In absolute terms interest payments increased by ₹ 292.63 crore from ₹ 465.88 crore in 2015-16 to ₹ 758.51 crore in 2019-20. The overall interest payments were much higher than the projections made in the XIV FC (₹ 624.00 crore).

Pension

The pension payments (including other retirement benefits) indicated an increasing trend during the five-year period 2015-20. Pension payments during the current year had increased by ₹ 126.65 crore, an increase of 12.60 per cent over the previous year.

Undischarged liabilities in National Pension System

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

The details of funds under NPS and amount transferred to NSDL during 2015-20 are shown in the **Table 2.20** below:

Table 2.20: Details of funds under NPS during 2015-20

(₹ in crore)

Year	Opening Balance	Contribution			Transfer to NSDL	Less Transfer	Closing Balance
		Employees	Employer	Total			
2015-16	0.05	15.31	15.00	30.31	30.33	-0.02	0.03
2016-17	0.03	22.08	22.50	44.58	44.08	0.50	0.53
2017-18	0.53	30.60	31.36	61.96	61.63	0.33	0.86
2018-19	0.86	41.67	41.57	83.24	83.33	-0.09	0.77
2019-20	0.77	52.13	51.98	104.11	104.04	0.07	0.84

Source: Finance Accounts.

As on March 2020, an amount of ₹ 0.84 crore was not transferred to NSDL. In terms of the guidelines, the State Government was liable to pay interest on funds not transferred to NSDL.

Subsidies

There was a significant decrease in expenditure booked on subsidies during the year 2019-20 as can be seen from the details given in **Table 2.21**. Subsidies booked as a

percentage of Revenue Receipts decreased from 0.61 *per cent* in 2018-19 to 0.44 *per cent* in 2019-20. In absolute terms, expenditure on booking of subsidies decreased from ₹ 58.80 crore in 2018-19 to ₹ 41.72 crore in 2019-20.

Table 2.21: Expenditure on subsidies during 2014-19

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Subsidies (₹ in crore)	89.21	46.14	52.08	58.80	41.72
Subsidies as a percentage of Revenue Receipts	1.27	0.51	0.56	0.61	0.44
Subsidies as a percentage of Revenue Expenditure	1.41	0.55	0.62	0.57	0.44

Major departments where subsidy was highest were Fisheries ₹ 26.50 crore, Power ₹ 9.82 crore and Agriculture ₹ 5.20 crore.

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

Financial assistance is provided by the State Government to Local bodies and other institution by way of grants and loans. The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 2.22**.

Table 2.22: Financial Assistance to Local Bodies etc.

Financial Assistance to Institutions	2015-16	2016-17	2017-18	2018-19	2019-20
(A) Local Bodies					
Municipal Corporations and Municipalities	4.70	11.27	4.81	9.12	6.45
Panchayati Raj Institutions	-	-	-	-	-
Total (A)	4.70	11.27	4.81	9.12	6.45
(B) Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	617.57	888.43	1088.08	1021.99	954.62
Development Authorities	382.37	1295.88	717.21	235.37	156.33
Hospitals and Other Charitable Institutions	31.06	22.38	144.81	93.26	189.35
Other Institutions	464.95	782.72	603.27	686.75	514.45
Total (B)	1495.95	2989.41	2553.37	2037.37	1814.75
Total (A+B)	1500.65	3000.68	2558.18	2046.49	1821.20
Revenue Expenditure	6347.73	8336.54	8422.68	10255.94	9565.12
Assistance as percentage of Revenue Expenditure	23.64	35.99	30.37	19.95	19.04

Source: Finance Accounts.

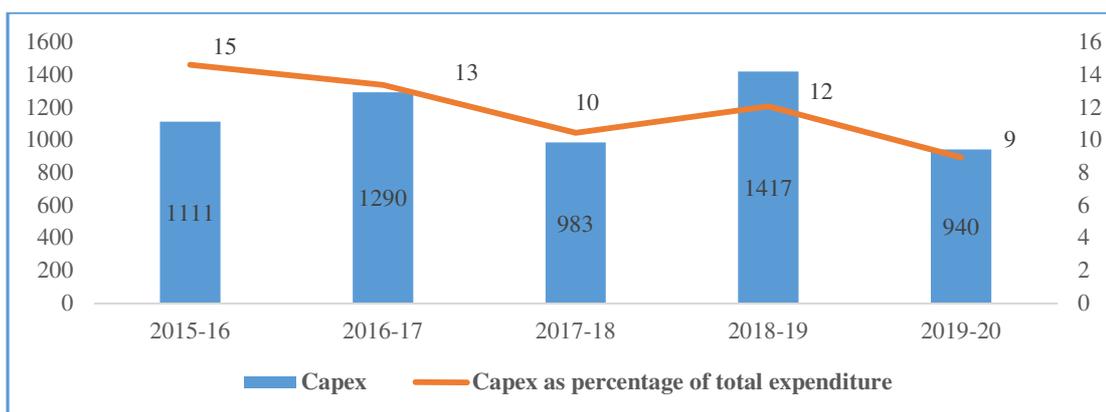
From the above table, it can be seen that the grants extended to local bodies and other institutions had decreased by ₹ 225.29 crore (11.01 *per cent*) from ₹ 2046.49 crore in 2018-19 to ₹ 1821.20 crore in 2019-20. This decrease was mainly due to decrease in assistance to Educational Institutions (₹ 67.37 crore), Development Authorities

(₹ 79.04 crore) and Other Institutions (₹ 172.30 crore), which was off-set by increase in assistance to Hospitals and Other Charitable Institutions (₹ 96.09 crore).

2.5.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings *etc.* Capex of the State during the current year decreased by ₹ 477 crore over the previous year and showed a fluctuating trend over the period 2015-16 to 2019-20. Details of Capex *vis-à-vis* its percentage to total expenditure during the five-year period 2015-20 are given in **Chart 2.15**.

Chart 2.15: Capital expenditure in the State



Capital expenditure as a percentage of total expenditure declined from 15.00 *per cent* in 2015-16 to 9.00 *per cent* in 2019-20. The decrease in Capital Expenditure (₹ 477 crore) over previous year was mainly on account of decrease in expenditure on Roads and Bridges (₹ 233.05 crore), Minor Irrigation (₹ 78.55 crore), Pubic Works (₹ 28.38 crore) and Flood Control Projects (₹ 12.06 crore).

2.5.3.1 Quality of capital expenditure

If the State Government keeps on making investments in loss making government companies, whose net worth is completely eroded, there are no chances of return on investment. Similarly, experience has shown the inevitability of write off the loans given to loss making corporations and other bodies such as sugar mills, financial corporations, *etc.* Requisite steps have to be taken to infuse transparency in such financial operations.

Quality of investments in the Companies, Corporations and other bodies

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

Investments made and loan given to companies, corporations, and cooperatives, which are loss making and those where net worth is completely eroded, affect quality of capital expenditure. Return on investment in share capital invested in PSUs and history of repayment of loans given to various bodies are important determinant of quality of capital expenditure. **Table 2.23** shows year-wise details of investment by Government of Meghalaya over the five-year period 2015-16 to 2019-20.

Table 2.23: Return on Investment

Investment/return/ cost of borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
Investment at the end of the year(₹ in crore)	466.93	2471.63	2628.56	2638.43	2648.49
Return (₹ in crore)	0.07	0.11	0.11	0.11	0.14
Return (per cent)	0.02	0.01	0.01	0.01	0.01
Average rate of interest on Government Borrowings(per cent)	6.70	6.47	6.40	6.53	6.85
Difference between interest rate and return (per cent)	6.68	6.46	6.39	6.52	6.84
Difference between interest on Government borrowings and return on investment (₹ in crore)#	465.81	522.12	591.07	656.70	758.37

Source: Finance Accounts.

Investment at the end of the year*Difference between interest rate and return.

The average return on investment in State PSUs was less than one *per cent* during 2015-20. Government however, paid interest on its borrowings at an average rate of interest of 6.40 *per cent* to 6.85 *per cent* during 2015-20. The State Government should review the performance of the above units. The MFRBM Act, 2006, also provides that the State Government should review the performance of the State PSUs including restructuring of those that are absolutely essential and closing those which are no longer viable.

Table 2.24 and 2.25 presents the investments made by the State Government in companies whose net worth was completely eroded and in loss making companies.

Table 2.24: Investments made in companies, whose net worth is completely eroded

Sl. No.	Company/ Corporation	Net worth	Investment made during the year	Cumulative investment as on 30 September 2020
1.	Mawmluh Cherra Cements Limited (MCCL)	-71.89	-	162.90
2.	Meghalaya Mineral Development Corporation Limited (MMDCL)	-4.78	-	2.32
3.	Meghalaya Tourism Development Corporation Limited (MTDCL)	-1.65	-	7.96
4.	Meghalaya Handloom & Handicraft Development Corporation Limited (MHHDC)	-3.49	-	1.49
5.	Meghalaya Transport Corporation (MTC)	-71.72	-	34.97
6.	Meghalaya Government Construction Corporation Limited (MGCCCL)	-18.29	-	15.81
Total				225.45

Table 2.25: Investments made in loss making companies

Sl. No.	Company/ Corporation	Loss during the previous year	Investment made during the year	Cumulative investment as on 30 September 2020
1.	Meghalaya Bamboo Chips Limited (MBCL)	-0.03	-	0.48
2.	Meghalaya Industrial Development Corporation Limited (MIDC)	-0.33	-	91.59
3.	Meghalaya Energy Corporation Limited (MeECL)	-14.68	37.37	2070.87
4.	Meghalaya Infrastructure Development and Finance Corporation Limited (MIDFCL)	0.04	-	1.00
Total			37.37	2163.94

From the tables above, it is seen that the State Government had invested ₹ 225.45 crore and ₹ 2163.94 crore in six and four companies respectively, whose net worth is completely eroded and who are loss making respectively.

Loans and Advances by the State Government

Table 2.26 presents the outstanding loans and advances, interest receipts *vis-à-vis* interest payments during the last five years.

Table 2.26: Quantum of loans disbursed and recovered during five years (₹ in crore)

Quantum of loans disbursed and recovered	2015-16	2016-17	2017-18	2018-19	2019-20
Opening Balance of loans outstanding	626.92	766.19	778.21	782.82	854.29
Amount advanced during the year	158.35	30.83	22.06	89.49	43.78
Amount recovered during the year	19.08	18.81	17.45	18.02	31.32
Closing Balance of the loans outstanding	766.19	778.21	782.82	854.29	866.75
Net addition	139.27	12.02	4.60	71.48	12.46
Interest received	7.69	8.27	7.61	6.06	6.00
Interest rate on Loans and Advances given by the Government	1.10	1.07	0.98	0.71	0.70
Rate of Interest paid on the outstanding borrowings of the Government	6.70	6.47	6.40	6.53	6.85
Difference between the rate of interest paid and interest received (<i>per cent</i>)	5.60	5.40	5.42	5.82	6.15

From the table above, it can be inferred that:

- The total outstanding loans and advances as on 31 March 2020 was ₹ 866.75 crore. Out of the loans of ₹ 43.78 crore advanced during 2019-20, ₹ 14.60 crore was given for power projects and ₹ 29.18 crore was given to Government servants.
- The current recovery of loan (₹ 31.32 crore) was 71.54 *per cent* of the advances (₹ 43.78 crore) made during the year and was an improvement over the previous year (₹ 18.02 crore). The actual recovery (₹ 31.32 crore) was also more than what was estimated in the Budget for recovery (₹ 24.94 crore).
- Interest receipts decreased from ₹ 7.69 crore in 2015-16 to ₹ 6.00 crore in 2019-20, with percentage of interest received to total outstanding loans and advances decreasing from 1.10 *per cent* in 2015-16 to 0.70 *per cent* in 2019-20.

Capital locked in incomplete projects

As per Appendix IX and Statement 16 of the Finance Accounts for the year 2019-20, there were 218 incomplete/ ongoing projects in the State as on 31 March 2020. Out of these 218 incomplete projects, the scheduled date of completion of 71 projects were after 31 March 2020 and the remaining 147 projects had overshoot their scheduled

completion dates by over one to more than 10 years. Age profile and department-wise details of these 147 incomplete projects as on 31 March 2020 is given in **Tables 2.27** and **2.28**.

Table 2.27: Age profile of incomplete projects as on 31 March 2020 (₹ in crore)

Year	No. of incomplete projects	Estimated cost	Expenditure (as on 31 March 2020)
Prior to 2010-11	22	238.69	172.82
2010-11	3	57.45	56.65
2011-12	14	351.84	210.59
2012-13	13	126.33	121.68
2013-14	5	309.86	91.62
2014-15	21	319.08	149.42
2015-16	8	73.16	60.68
2016-17	17	159.22	89.27
2017-18	21	567.74	261.94
2018-19	17	179.87	33.30
2019-20	6	56.37	15.17
Total	147	2439.61	1263.14

Table 2.28: Department-wise profile of incomplete projects as on 31 March 2020 (₹ in crore)

Department	No. of incomplete projects	Estimated cost	Expenditure
Public Works	112	1520.43	854.59
Public Health Engineering	19	811.84	321.64
Health & Family Welfare	13	80.34	62.14
Water Resources	3	27.00	24.77
Total	147	2439.61	1263.14

Source: Finance Accounts.

The expenditure incurred on the 147 incomplete projects was ₹ 1263.14 crore. Physical progress of the projects as on 31 March 2020 was in the range of 0.00 to 98.00 *per cent*⁶ in respect of projects being executed by Public Works Department, 19.00 to 95.00⁷ *per cent* in respect of projects being executed by Public Health Engineering Department, 60.00 to 98.00 *per cent* in respect of projects being executed by Health and Family Welfare Department and 99.00 to 100.00 *per cent* (86.00 to 97.00 *per cent* financially) in respect of projects being executed by Water Resources Department.

Thus, it could be seen that there was delay ranging from one to 29 years in completion of 147 projects/works and this would result in time overrun and cost overrun, besides denying the desired benefit to the beneficiaries.

Implementation of Ujwal Discom Assurance Yojana (UDAY)

The Ministry of Power, Government of India (GoI) had launched (November 2015) the Ujwal Discom Assurance Yojana (UDAY) Scheme for the financial turnaround of Power Distribution Companies (DISCOMs). With an objective to improve the operational and financial efficiency of the State DISCOMs, a tripartite Memorandum of Undertaking (MoU) was executed between Ministry of Power (GoI), concerned State Government and State Power Distribution Companies. This scheme facilitated State Governments to take over 75.00 *per cent* of DISCOM's outstanding debt over a period of two years.

⁶ 0.00 – 20.00 *per cent*: 8 projects, 21.00 – 50.00 *per cent*: 17 projects; 51.00 – 98.00 *per cent*: 87 projects.

⁷ 0.00 – 20.00 *per cent*: 2 projects, 21.00 – 50.00 *per cent*: 3 projects; 51.00 – 98.00 *per cent*: 14 projects.

The outstanding debt of the DISCOMs was taken over in the form of equity, loan and grant/subsidy. Government of Meghalaya entered the Yojana on 09 March 2017. As per the Memorandum of Understanding (MoU) amongst GoI, State Government and Meghalaya Power Distribution Corporation Limited (MePDCL), GoM was required to take over 75.00 per cent of outstanding loan as on 30 September 2015 payable by MePDCL and convert the same into grant and equity in 3:1 ratio. The total outstanding debt of the DISCOM as on 30 September 2015 was ₹ 166.67 crore and thus, 75 per cent of it, i.e. ₹ 125.00 crore was due for conversion into grant and equity. The State Government sanctioned ₹ 125.00 crore comprising of ₹ 93.75 crore as grant and ₹ 31.25 crore as equity in May 2017.

The loan extended to DISCOMs under UDAY has to be converted into grant and equity in the subsequent three years. Accordingly, the States have to convert loan into equity and subsidy. The State Government will have to takeover losses, if any, of the DISCOMs in a graded manner as detailed in **Table 2.29** below:

Table 2.29: Loss to be taken over by the State Government

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

Table 2.30 presents the position of equity/ loan/ subsidy under UDAY scheme.

Table 2.30: Position of Equity/Loan/ Subsidy under UDAY

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

It could be seen that in addition to ₹ 125.00 crore sanctioned during 2017-18, GoM sanctioned ₹ 13.43 crore (₹ 10.07 crore as grants and ₹ 3.36 crore as equity) during the year 2018-19 being 5.00 per cent loss of 2017-18. However, it had not sanctioned losses for the year 2018-19 in 2019-20.

2.5.4 Expenditure priorities

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

of these components to Total Expenditure, the quality of expenditure is considered to be better.

Table 2.31 compares the expenditure priority of the State Government with that of NE & Himalayan States with regard to Health, Education and Capital expenditure during 2019-20, taking 2014-15 as the base year.

Table 2.31: Expenditure priority of the State with regards to Health, Education and Capital expenditure

	(In per cent)			
	AE/GSDP	CE/AE	Education/ AE	Health/ AE
NE & Himalayan States (2014-15)	26.00	14.46	18.28	5.46
Meghalaya	31.96	15.06	17.53	7.69
NE & Himalayan States (2019-20)	23.02	14.08	17.42	6.19
Meghalaya	28.84	8.91	19.16	8.21

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

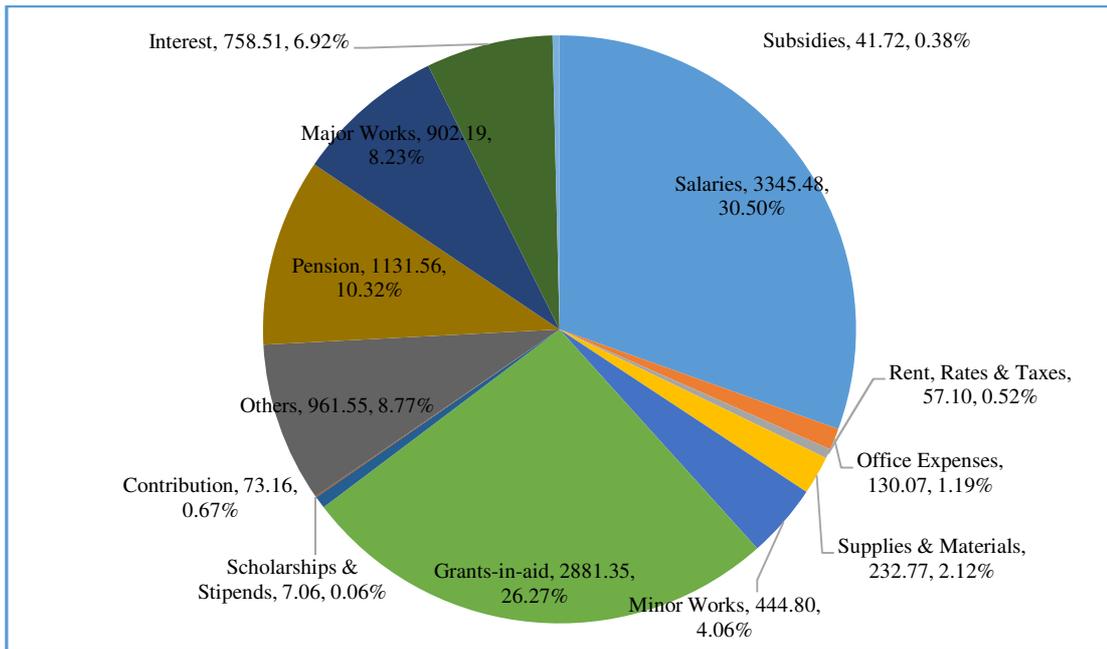
From the table above, the following was noticed:

- Aggregate Expenditure (AE) as ratio of GSDP of the State, was more than that of NE & Himalayan States during both the years 2014-15 and 2019-20.
- Capital expenditure was less than that of NE & Himalayan States during 2019-20.
- Expenditure of the State on Education was higher than that of NE & Himalayan States during 2019-20.
- The ratio of health-aggregate expenditure was higher in both 2014-15 and 2019-20 vis-à-vis NE & Himalayan States.

2.5.5 Object head wise expenditure

As per the Chart of Accounts, the object head wise expenditure captures information about the object/ purpose of the expenditure. Therefore, under each major/minor head representing the capital/revenue, sector/scheme/policy, the object head captures the expenditure incurred on the actual items such as salaries and pension, office expenses, rent/taxes, interest payment, subsidies and so on. Expenditure profile captured at the Object Head Level is given in **Chart 2.16**.

Chart 2.16: Object head wise expenditure



It is seen from the above that the highest expenditure was incurred in Salaries (30.50 per cent) followed by Grants-in-aid (26.27 per cent), pension (10.32 per cent), major works (8.23 per cent), interest (6.92 per cent), minor works (4.06 per cent).

2.6 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances *etc.*, which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.6.1 Net Public Account Balances

Table 2.32 present the component-wise net balances in Public Account of the State as on 31 March of each financial year. **Chart 2.17** presents the yearly changes in the composition of Public Account balances.

Table 2.32: Component-wise net balances in Public Account as of 31 March of the year

		(₹ in crore)				
Sector	Sub Sector	2015-16	2016-17	2017-18	2018-19	2019-20
I. Small Savings, Provident Funds, <i>etc.</i>	Small Savings, Provident Funds, <i>etc.</i>	131.74	141.17	157.71	179.37	203.54
J. Reserve Funds	(a) Reserve Funds bearing Interest ⁸	-5.81	13.00	-25.00	0	192.31
	(b) Reserve Funds not bearing Interest	12.55	-10.93	1.11	3.97	-2.17

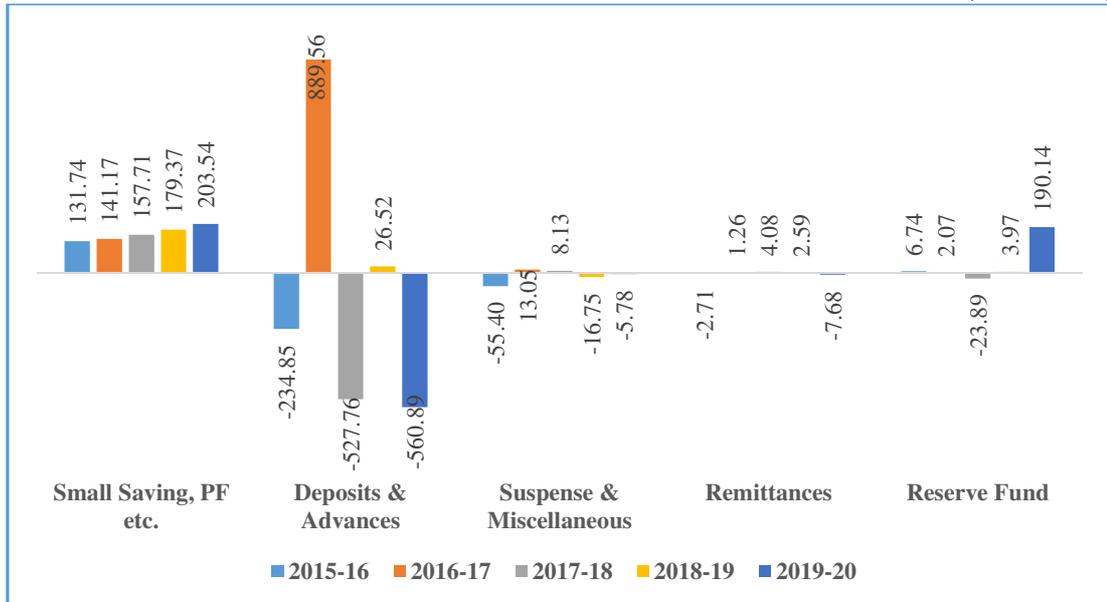
⁸ The increase of ₹192.31 crore over the previous year was due to receipt of State Compensatory Afforestation Fund (SCAF) and less disbursement from SDRF.

Sector	Sub Sector	2015-16	2016-17	2017-18	2018-19	2019-20
K. Deposits and Advances	(a) Deposits bearing Interest	-0.02	0.50	0.33	-0.09	0.07
	(b) Deposits not bearing Interest	-234.83	889.06	-528.09	26.61	-560.96
	(c) Advances	-	-	-	-	-
L. Suspense and Miscellaneous	(a) Suspense	-55.40	13.09	8.57	-17.21	-5.80
	(b) Other Accounts	-	-0.04	-0.44	0.46	0.02
	(c) Accounts with Governments of Foreign Countries	-	-	-	-	-
	(d) Miscellaneous	-	-	-	-	-
M. Remittances	(a) Money Orders, and other Remittances	-1.79	0.38	4.11	3.02	-6.82
	(b) Inter-Governmental Adjustment Account	-0.92	0.88	-0.03	-0.43	-0.86
Total		-154.48	1047.11	-381.73	195.70	-180.67

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

Chart 2.17: Yearly changes in composition of Public Account balances

(₹ in crore)



Source: Finance Accounts of respective years.

From the table and chart above, it can be concluded that:

- The receipts under Small Savings, Provident Fund, etc. was ₹ 437.93 crore as compared to disbursement of ₹ 234.39 crore with net fund of ₹ 203.54 crore available as on 31 March 2020.
- The receipts under Reserve Funds was ₹ 262.43 crore as compared to disbursement of ₹ 72.29 crore with net fund of ₹ 190.14 crore available as on 31 March 2020.
- The receipts under Deposits and Advances was ₹ 773.94 crore as compared to disbursement of ₹ 1334.83 crore with net fund of (-) ₹ 560.89 crore available as on 31 March 2020.

- The receipts under Suspense and Miscellaneous was ₹ 116.88 crore as compared to disbursement of ₹ 122.66 crore with net fund of (-) ₹ 5.78 crore available as on 31 March 2020.
- The receipts under Remittances was ₹ 2277.27 crore as compared to disbursement of ₹ 2284.94 crore with net fund of (-) ₹ 7.67 crore available as on 31 March 2020.
- Net Public Account receipts decreased from ₹ 195.70 crore during 2018-19 to (-) ₹ 180.67 crore during the current year.

2.6.2 Reserve Funds

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

The total accumulated balance as on 31 March 2020 was ₹ 630.89 crore in 11 reserve funds (four active funds: ₹ 628.85 crore and seven inactive funds: ₹ 2.04 crore) as given in the table below:

Table 2.33: Reserve funds

		(₹ in lakh)
Sl. No.	Head of Accounts	Balance as on 31 March 2020
Reserve fund bearing interest (active)		
1	8121-General and Other Reserve Fund, 122- State Disaster Response Fund (SDRF).	3,370.26
2	8121- General and Other Reserve Fund, 129-State Compensatory Afforestation Fund (SCAF)	16,330.66
Reserve fund not bearing interest (active)		
1	8222-Sinking Funds- 101-Sinking Funds	39,975.58
2	8235-General and Other Reserve Funds-117-Guarantee Redemption Fund (GFR)	3,208.19
Total		62,884.69
Reserve fund not bearing interest (inactive)		
1	8223- Famine Relief Fund-101- Famine Relief Fund	192.82
2	8226-Depreciation/Renewal Reserve Fund-102- Depreciation Reserve Funds of Govt. Non-Commercial Departments	2.25
3	8229-Development and Welfare Fund - 101- Development Funds For Educational Purpose	0.01
4	8229- Development and Welfare Fund - 103- Development Funds for Agricultural Purposes	0.50
5	8229- Development and Welfare Fund 124- National Fund for control of Drug abuse	0.40

Sl. No.	Head of Accounts	Balance as on 31 March 2020
6	8229- Development and Welfare Fund 200 Other Development and Welfare Fund	13.81
7	8235- General and Other Reserve Funds -200- Other Funds	-5.91
Total		203.88

Investment out of these funds was ₹ 438.40 crore, which was 69.49 *per cent* of the accumulated balance. The transactions during the year 2019-20 under major Reserve Funds are detailed below:

2.6.2.1 Consolidated Sinking Fund

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

During 2019-20, against requirement of ₹ 53.12 crore⁹, the State Government transferred ₹ 52.47 crore from MH 2048-01 to CSF. Thus, there was short contribution of ₹ 0.65 crore (₹ 53.12 crore - ₹ 52.47 crore) to the fund. The balance under CSF was ₹ 399.76 crore as on 31 March 2020.

2.6.2.2 State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 1 April 2010, which is an interest bearing Reserve Fund. In terms of the Guidelines on the Constitution and Administration of the SDRF and National Disaster Response Fund, which was notified in September 2010, the Centre and States are required to contribute to the Fund in the certain proportion. The contributions are to be transferred to the Public Account to Major Head – 8121. Expenditure during the year is incurred by operating Major Head – 2245.

As per Paragraph 4 of the Guidelines, the State Government shall pay interest to the SDRF at the rate applicable to overdrafts under overdraft Regulation Guidelines of the RBI. The interest will be credited on a half-yearly basis. Further, as per Paragraph 19 of the said Guidelines, the accretions to the SDRF together with the income earned on the investment of SDRF shall be invested in Central Government dated Securities, auctioned Treasury Bills and other interest earning deposits with Scheduled Commercial Banks.

In terms of the guidelines, the Centre and the North Eastern and Himalayan States are required to contribute to the Fund in the ratio of 90:10. During the year 2019-20, the State Government received ₹ 38.70 crore as grants towards SDRF from the Centre. The SDRF had an opening balance of ₹ 4.70 crore at the beginning of 2019-20 and ₹ 43.00

⁹ 0.5 *per cent* of outstanding liabilities of ₹ 10623.68 crore as on April 2019.

crore (₹ 38.70 crore Central Share and ₹ 4.30 crore State Share) was transferred to the Fund. Against the total available funds of ₹ 47.70 crore, the State Government withdrew ₹ 14.00 crore from the funds for investment leaving a balance of ₹ 33.70 crore unutilised at the end of the year.

As the SDRF is an interest bearing Reserve Fund, the liability of interest payment rests with the State Government. Non-payment of interest amounting to ₹ 0.35 crore¹⁰ resulted in understatement of Revenue Deficit to that extent.

2.6.2.3 Guarantee Redemption Fund

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

Accordingly, Government of Meghalaya constituted a Guarantee Redemption Fund (GRF) in 2014-15 with ₹ 11.74 crore for meeting its obligations arising out of the Guarantees issued on behalf of State level bodies, through an Act dated 23 June 2014. During the year 2019-20, the State Government made a contribution of ₹ 5.82 crore to the Fund Account (0.51 *per cent* of outstanding guarantees of ₹ 1150.31 crore as on April 2019) and the balances under the Fund as on 31 March 2020 was ₹ 32.08 crore. No Guarantees were invoked during the year.

During the year 2019-20, interest to the tune of ₹ 2.39 crore was realised on investment which was subsequently re-invested. However, Guarantee Commission fee of ₹ 38.79 crore (₹ 38.65 crore pertaining to years upto 2018-19 and addition of ₹ 0.14 crore for the year 2019-20) was not realised by the Government thereby overstating the Revenue Deficit by ₹ 0.14 crore.

2.6.2.4 State Compensatory Afforestation Fund (SCAF)

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

The moneys received by the State Governments from the user agencies need to be credited in 'State Compensatory Afforestation Deposits' under interest bearing section in Public Accounts of the State at Minor Head level below the Major Head 8336-Civil

¹⁰ ₹ 0.35 crore = Balance of ₹ 4.70 crore X 7.5 *per cent* (average rate of interest for Ways and Means Advances).

Deposits. As per Section 3 (4) of the Compensatory Afforestation Fund Act; 2016, 90.00 *per cent* of the fund needs to be transferred to the Major Head 8121-General and Other Reserve Fund in Public Account of State and balance 10.00 *per cent* shall be credited into the National Fund on yearly basis provided that, the credit of 10.00 *per cent* Central share of funds should be ensured on monthly basis so that the same is transferred to the National Fund.

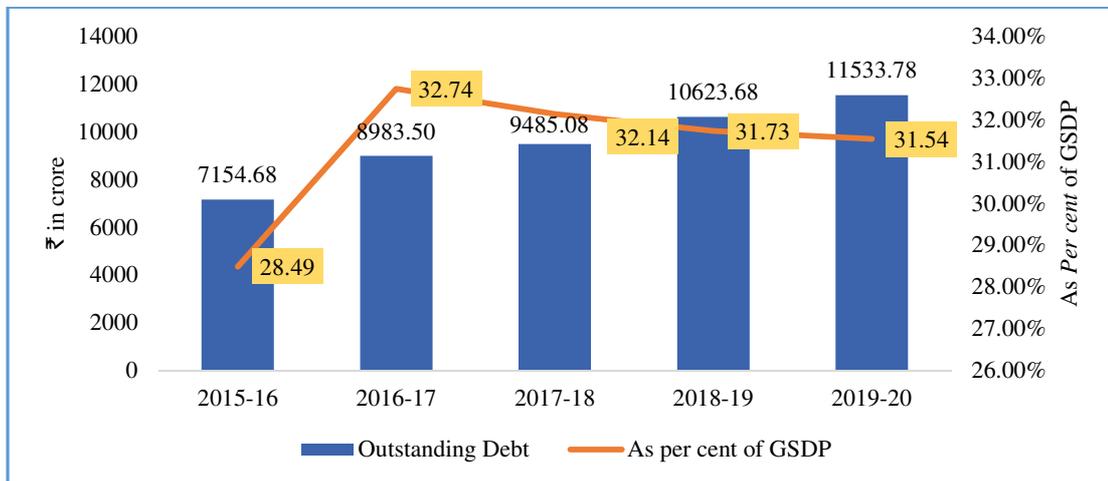
During the year 2019-20, the State Government received ₹ 163.31 crore (including interest of ₹ 46.82 crore) from Ministry of Environment, Forest and Climate Change, Forest Conservation/National Authority, Government of India being State share as per the provision of the Compensatory Afforestation Fund Act, 2016 and Compensatory Afforestation Fund (Accounting Procedure) Rules, 2018 for credit to the CAMPA Fund. As on 31 March 2020, neither any expenditure nor investment was made by the State Government out of the Fund.

2.7 Debt Management

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

The details relating to total outstanding debt and ratio of debt to GSDP during the five-year period 2015-20 is given in **Chart 2.18**.

Chart 2.18: Trend of overall debt



In absolute monetary terms, the overall debt of the State of Meghalaya has increased from ₹ 7154.68 crore during 2015-16 to ₹ 11533.78 crore during 2019-20. As percentage of GSDP, the overall debt peaked at 32.74 *per cent* in 2016-17, but has come down by about one-percentage points to 31.54 *per cent* in 2019-20.

The primary reason for a downward trend in debt/GSDP ratio since 2017-20 was because the rate of growth of GSDP is greater than the rate of growth of outstanding

debt during the same period. However, the State was not able to achieve the target set forth in the MFRBM Act, 2006 to maintain the debt-GSDP ratio under 28.00 per cent.

2.7.1 Debt profile: Components

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

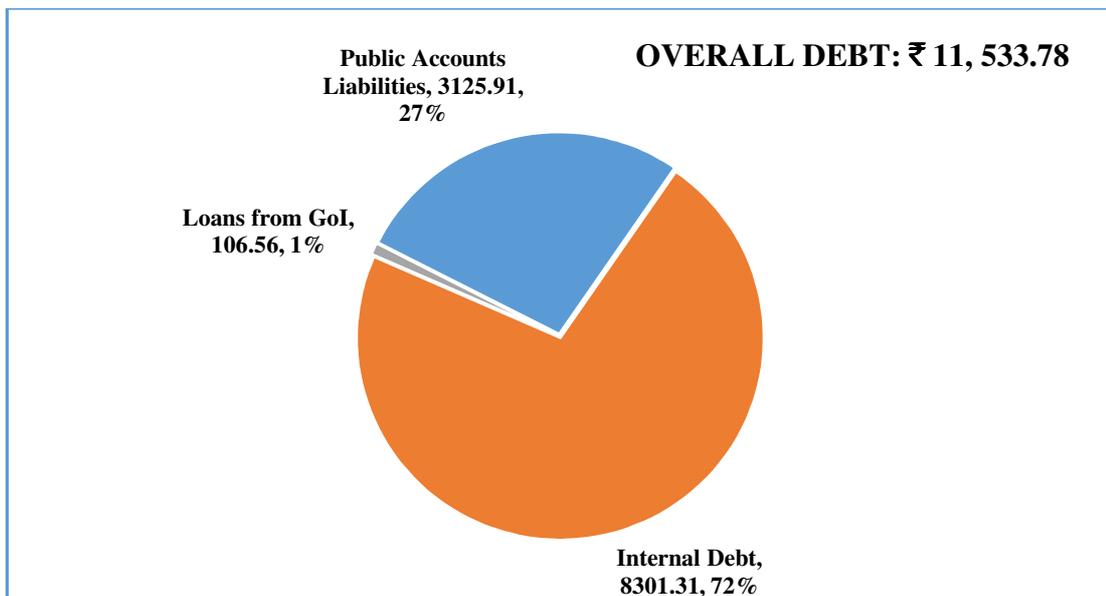
The total outstanding debt of the State Government at the end of 2019-20 was ₹ 11533.78 crore. The component-wise debt trends for the period 2015-16 to 2019-20 and break up of outstanding debt during 2019-20 and component wise are given in Table 2.34 and Chart 2.19.

Table 2.34: Component wise debt trends

		(₹ in crore)				
		2015-16	2016-17	2017-18	2018-19	2019-20
Outstanding Overall Debt		7154.68	8983.50	9485.08	10623.68	11533.78
Public Debt	Internal Debt	4566.49	5378.14	6287.33	7214.29	8301.31
	Loans from GoI	143.78	128.15	114.48	116.27	106.56
<i>Liabilities on Public Account</i>		2444.41	3477.21	3083.27	3293.12	3125.91
Rate of growth of outstanding Overall debt (percentage)		5.97	25.56	5.58	12.00	8.57
Gross State Domestic Product (GSDP)		25117	27439	29508	33481	36572
Debt/GSDP (per cent)		28.49	32.74	32.14	31.73	31.54
Total Debt Receipts		2151.92	3454.69	2954.36	3189.65	2941.07
Total Debt Repayments*		2214.57	2148.10	3043.96	2707.85	2789.48
Total Debt Available		-62.65	1306.59	-89.60	481.80	151.59
Debt Repayments/Debt Receipts (percentage)		102.91	62.18	103.03	84.89	94.85

*Note: Including interest.

Chart 2.19: Break up of Outstanding Overall Debt at the end of FY



It could be seen from the above that the outstanding debt comprises of internal debt (71.97 per cent), public account liabilities (27.10 per cent) and loans from GoI (0.92 per cent). Compared to previous year, the outstanding debt at the end of 2019-20 increased by 8.57 per cent (₹ 910.10 crore).

Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table 2.35**.

Table 2.35: Components of fiscal deficit and its financing pattern

		(₹ in crore)				
Particulars		2015-16	2016-17	2017-18	2018-19	2019-20
Composition of Fiscal Deficit						
1	Revenue Deficit	+695.40	+602.41	+850.80	-537.32	-151.60
2	Net Capital Expenditure	-1110.89	-1289.80	-983.44	-1417.28	-939.71
3	Net Loans and Advances	-139.27	-12.02	-4.60	-71.48	-12.46
Financing Pattern of Fiscal Deficit						
1	Market Borrowings	459.69	718.33	919.81	862.60	1070.46
2	Loans from GOI	-17.61	-15.64	-13.67	1.79	-9.71
3	Special Securities issued to NSSF	59.76	-42.38	45.38	-49.62	-53.75
4	Loans from Financial Institutions	-2.25	135.71	34.76	113.98	70.31
5	Small Savings, PF, etc.	131.74	141.17	157.71	179.36	203.54
6	Deposits and Advances	6.74	2.07	-23.89	3.97	-560.89
7	Suspense and Miscellaneous	-234.85	889.56	-527.76	26.52	-5.78
8	Remittances	-55.40	13.09	8.57	-17.21	-7.68
9	Reserve Fund	-2.70	1.26	4.09	2.59	190.14
10	Contingency Fund	-	-	-	-	-1.96
11	Overall Deficit	345.12	1843.17	605.00	1123.98	894.68
12	Increase/Decrease in cash balance	209.64	-1143.76	-467.76	902.10	209.09
13	Gross Fiscal Deficit	554.76	699.41	237.24	2026.08	1103.77

Fiscal deficits during the five year period, peaked at ₹ 2026.08 crore during 2018-19 and came down to ₹ 1103.77 crore during 2019-20.

The Receipts and Disbursements under components financing the fiscal deficit in given in **Table 2.36**.

Table 2.36: Receipts and Disbursements under components financing the fiscal deficit

		(₹ in crore)		
Particulars		Receipt	Disbursement	Net
1	Market Borrowings	1344	273.54	1070.46
2	Loans from GOI	15.78	25.49	-9.71
3	Special Securities issued to NSSF	-	53.75	-53.75
4	Loans from Financial Institutions	136.24	65.93	70.31
5	Small Savings, PF, etc.	437.93	234.39	203.54
6	Deposits and Advances	773.94	1334.83	-560.89
7	Suspense and Miscellaneous	116.88	122.66	-5.78
8	Remittances	2277.27	2284.95	-7.68
9	Reserve Fund	262.43	72.29	190.14

10	Contingency Fund	0	1.96	-1.96
11	Overall Deficit	5364.47	4469.79	894.68
12	Increase/Decrease in cash balance			209.09
13	Gross Fiscal Deficit	1344	273.54	1070.46

During 2019-20, fiscal deficit was primarily financed by net market borrowings (₹ 1070.46 crore), small savings, provident funds, etc. (₹ 203.54 crore), reserve funds (₹ 190.14 crore), and cash balances (₹ 209.09 crore).

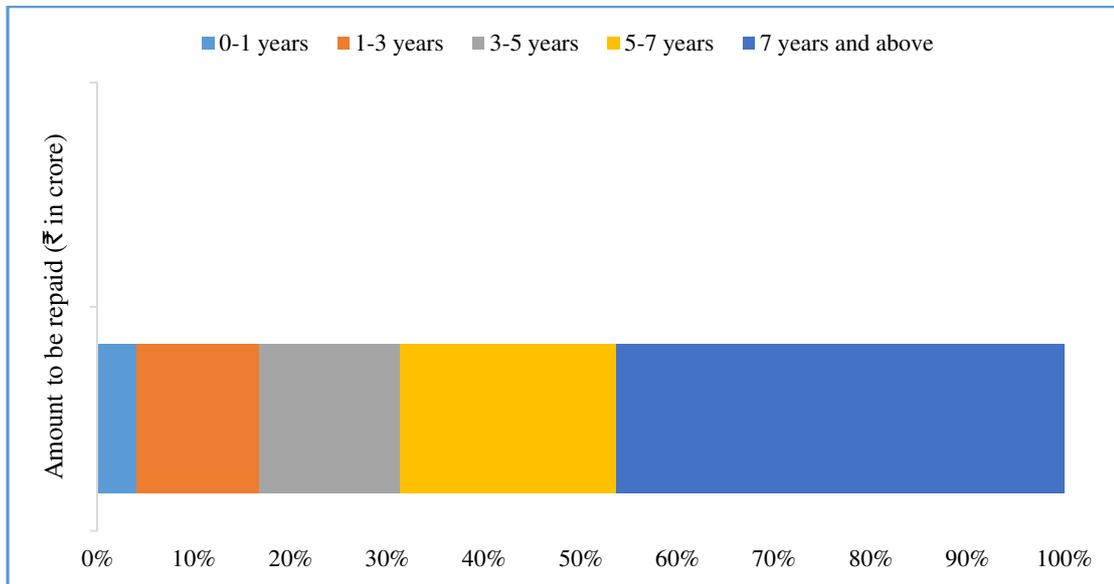
2.7.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt consists of Internal Debt and Loans and Advances received from GoI. As per Statement 17 of the Finance Accounts for the year 2019-20, the maturity profile of debt is as indicated in **Table 2.37** and **Chart 2.20**.

Table 2.37: Debt Maturity profile of repayment of State debt

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public debt)
0 – 1	346.64	4
1 – 3	1070.72	13
3 – 5	1240.51	15
5 – 7	1894.04	22
7 and above	3925.56	46
Total	8477.47	100

Chart 2.20: Debt Maturity Profile



The maturity profile of outstanding stock of public debt as on 31 March 2020 indicated that out of the outstanding public debt of ₹ 8477.47 crore, 53.69 per cent (₹ 4551.91 crore) is payable within the next seven years. The remaining 46.31 per cent was in the maturity bracket of seven years and above. Of the total outstanding public

debt, internal debt consisting of market borrowings, loans from LIC, GIC, NABARD, etc. constituted 97.97 per cent (₹ 8305.57 crore).

Repayment of debt of more than 50.00 per cent within seven years indicates an alarming position and State may be heading towards debt trap. Therefore, debt repayment and further borrowings in future should be planned in such a way that there is no bunching of repayments in any particular year as that will cause undue stress on the budget.

2.8 Debt Sustainability Analysis

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

Table 2.38 and **Chart 2.21** analyses debt sustainability indicators of the State for the five-year period beginning from 2015-16.

Table 2.38: Trends in debt Sustainability indicators

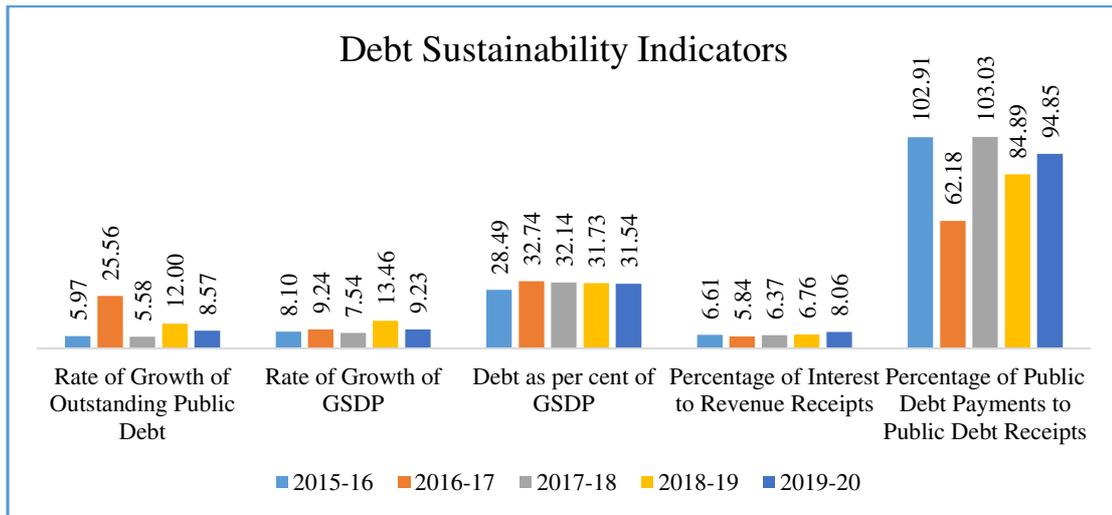
Debt Sustainability Indicators	2015-16	2016-17	2017-18	2018-19	2019-20
Outstanding Public Debt*	7154.68	8983.50	9485.08	10623.68	11533.78
Rate of Growth of Outstanding Public Debt	5.97	25.56	5.58	12.00	8.57
GSDP	25117	27439	29508	33481	36572
Rate of Growth of GSDP	8.10	9.24	7.54	13.46	9.23
Debt/GSDP	28.49	32.74	32.14	31.73	31.54
Average interest Rate of Outstanding Public Debt (per cent)	6.70	6.47	6.40	6.53	6.85
Percentage of Interest payment to Revenue Receipt	6.61	5.84	6.37	6.76	8.06
Percentage of Debt Repayment to Debt Receipt	102.91	62.18	103.03	84.89	94.85
Net Debt available to the State [#]	-62.65	1306.59	-89.60	481.80	151.59
Net Debt available as per cent to Debt Receipts	-2.91	37.82	-3.03	15.11	5.15
Debt Stabilisation (Quantum spread + Primary Deficit)	367.52	415.23	910.17	-821.09	-1587.78

Source Finance Accounts

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

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

Chart 2.21: Trends of Debt Sustainability indicators



From the above it is seen that the Debt-GSDP ratio ranged between 28.49 *per cent* and 32.74 *per cent* during the five-year period, 2015-16 to 2019-20. At 31.54 *per cent*, the Debt-GSDP ratio during 2019-20 (*Appendix 2.1*) was above the target of outstanding debt to GSDP (28.00 *per cent*) of MFRBM Act, 2006. In terms of net debt availability, the situation had worsened during 2019-20 compared to 2018-19, when the net debt available to the State had decreased by 68.54 *per cent*. The burden of interest payment, which ranged from 5.84 to 8.06 *per cent* of the Revenue Receipts, has been less than 10.00 *per cent* as recommended by the XIV FC.

2.8.1 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. The State Governments have come out with legislations or instructions with regard to cap on the guarantees. For instance, in some States, the Government guarantees are to be restricted to a certain percentage of the State’s Tax and Non-Tax Revenue of the second preceding year.

The details of outstanding guarantees given by the State Government including interest liability during the five-year period from 2014-15 to 2018-19 are shown in **Table 2.39**.

Table 2.39: Guarantees given by the State Government

Guarantees	2015-16	2016-17	2017-18	2018-19	2019-20
Criteria as per MFRBM Act, 2006	Restrict issuing of guarantees, except on selective basis where the quality and viability of the scheme to be guaranteed is properly analysed (there is no statutory limit)				
Outstanding amount of guarantees including interest	1042.19	982.89	1151.85	1163.09	1120.14

During 2019-20 the outstanding guarantee was 46.26 *per cent* of State Own Tax and Non- Tax Revenue as compared to 52.37 *per cent* during 2018-19. During 2019-20, out of the total outstanding guarantees, ₹ 1058.82 crore (94.53 *per cent*), while during

2018-19, out of the total outstanding guarantees, ₹ 1096.78 crore (94.30 per cent) pertains to power sector.

2.8.2 Management of Cash Balances

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

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

Table 2.40 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 2.40: Cash Balances and their investment

	(₹ in crore)	
	Opening balance on 1 April 2019	Closing balance on 31 March 2020
A. General Cash Balance		
Cash in treasuries	20.20	38.02
Deposits with Reserve Bank of India	-275.91	-234.39
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	-255.71	-196.37
Investments held in Cash Balance investment account	1070.04	801.61
Total (A)	814.33	605.24
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	0.22	0.20
Permanent advances for contingent expenditure with department officers	0.04	0.04
Investment out of earmarked funds	366.11	438.40
Total (B)	366.37	438.64
Total (A + B)	1180.70	1043.88
Interest realised	52.20	22.85

Source: Finance Accounts.

General Cash Balance of the State Government at the end of the current year decreased by ₹ 209.09 crore from ₹ 814.33 crore in 2018-19 to ₹ 605.24 crore in 2019-20. State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. The State Government has earned an interest of

₹ 22.85 crore during 2019-20 from the investments made in GoI Securities and Treasury Bills.

Out of the investment of ₹ 438.40 crore in earmarked funds, ₹ 392.58 crore was invested in the Consolidated Sinking Fund, ₹ 31.79 crore in Guarantee Redemption Fund and ₹ 14.03 crore in Other Development and Welfare Fund at the end of the year.

The cash balance investments of the State during the five-year period 2015-16 to 2019-20 are given in **Table 2.41** below:

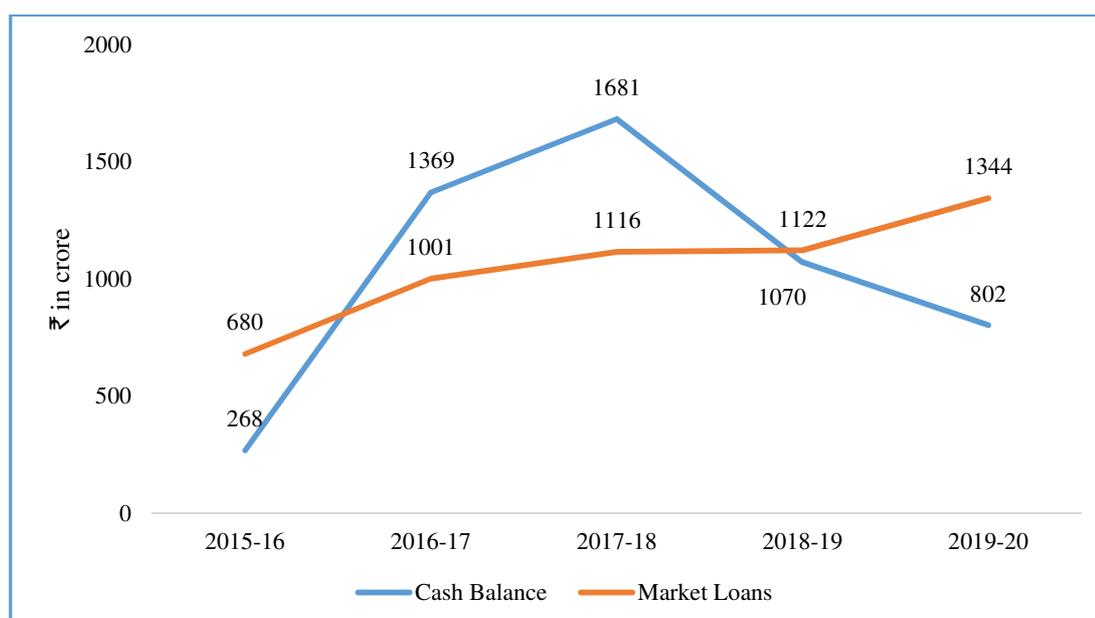
Table 2.41: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)				
Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2015-16	874.20	267.65	-606.55	31.48
2016-17	267.65	1369.24	1101.60	37.98
2017-18	1369.24	1680.66	311.42	44.88
2018-19	1680.66	1070.04	-610.62	52.20
2019-20	1070.04	801.61	-268.43	22.85

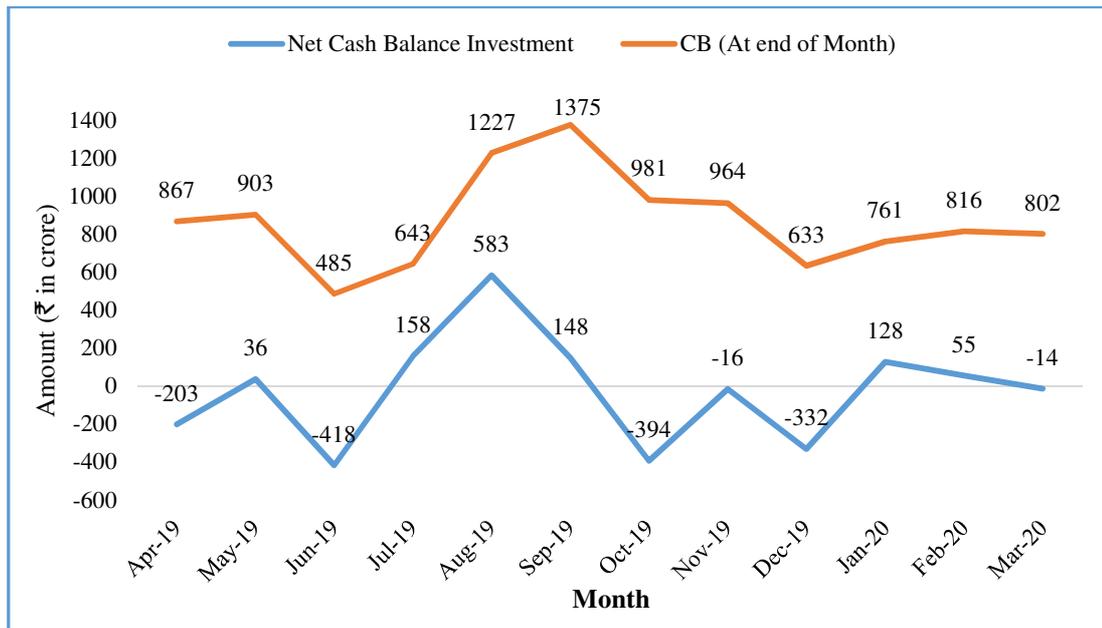
The trend analysis of the cash balance investment of the State Government during 2015-20 revealed that investment increased significantly during 2016-17. During the current year, *i.e.*, 2019-20, the cash balance stood at 4.72 per cent of the budget of the State.

Chart 2.22 compares the balances available in the Cash Balance Investment Account and the Market Loans taken by the State during the period 2015-20. **Chart 2.23** compares the month-wise cash balances and net cash balance investments during the year 2019-20.

Chart 2.22: Market loans vis-a-vis Cash Balance



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

Chart 2.23: Month wise movement of Cash Balances and net cash balance investments during the year

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

The above charts indicate that the State Government had taken recourse to market loans on several occasions during the year despite having large cash balances leading to further accretion to cash balances without putting it to productive use and increasing the debt liabilities of the State.

2.9 Conclusions

In conclusion, the analysis of state of finances of the Government of Meghalaya, in terms of its total receipts and expenditure for the financial year (FY) 2019-20 shows that the State turned into a revenue deficit State, from being a revenue surplus state until the FY 2017-18.

Revenue Receipts during 2019-20 were ₹ 9413.52 crore and had decreased by 3.14 per cent (₹ 305.10 crore) over the previous year, even though the own tax revenue, of the State (₹1891.25 crore) increased by 5.47 per cent (₹ 98.01 crore). The Goods and Services Tax (GST) registered an increase of ₹ 103.82 crore (12.88 per cent), over the previous year and the collections were ₹ 909.78 crore. The Central tax transfers decreased by ₹ 677.29 crore (13.85 per cent) during 2019-20 compared to previous year. The Central tax transfers, however, contributed 74.28 per cent of the revenue receipts during the year, indicating their predominance in revenue receipts of the State.

The Revenue Expenditure during 2019-20 which was ₹ 9565.12 crore decreased by 6.74 per cent compared to the previous year. The expenditure pattern of the State continued to be largely revenue in nature, being at an average of 87 per cent of the total expenditure over the period 2015-20. Revenue expenditure as percentage of total expenditure increased from 87.19 per cent in 2018-19 to 90.68 per cent in the current year. Expenditure on salaries and wages was ₹ 3440.17 crore (35.97 per cent). The pension payments, including other retirement benefits, were ₹ 1131.56 crore, an

increase of 12.60 *per cent* over the previous year. The interest payments were ₹ 758.51 crore which was almost 8.00 *per cent* of the total revenue expenditure. The State Government had reduced its Revenue Expenditure and was able to maintain its fiscal deficit targets, but the same was at the cost of development expenditure under Social and Economic Services and not as a result of Prudential Financial management policies.

Capital outlay during 2019-20 was ₹ 939.71 crore and declined by 33.70 *per cent* over the previous year. Capital expenditure as a percentage of total expenditure has declined from 15.00 *per cent* in 2015-16 to 9.00 *per cent* in 2019-20.

The Government's total investment in their Companies/Corporations stood at ₹ 2648.49 crore as of 31 March 2020. However, the return on investment has been less than one *per cent* during 2015-20, indicating huge financial burden of sustaining and running the State PSUs. As on September 2020, State Government had a cumulative investment of ₹ 225 crore in six companies whose net worth had completely eroded and ₹ 2163.94 crore in four loss making companies.

Out of the 218 incomplete projects as on 31 March 2020, 147 projects had over-shot their schedules by one to more than 10 years. The expenditure incurred on the 147 incomplete projects was ₹ 12163.14 crore. Disbursements in public account (₹ 4046.71 crore) exceeded the receipts (₹ 3866.03 crore) by ₹ 180.68 crore during 2019-20. In respect of Reserve Funds, there was short contribution of ₹ 0.65 crore to the Consolidated Sinking Fund during 2019-20. Against the available fund of ₹ 47.70 crore of the State Disaster Response Fund, the State Government withdrew ₹ 14.00 crore for investment, leaving a balance of ₹ 33.70 crore unutilised at the end of the year. Guarantee Commission fee under Guarantee Redemption Fund, of ₹ 38.79 crore (₹ 38.65 crore pertaining to years upto 2018-19 and addition of ₹ 0.14 crore for the year 2019-20) was not credited to the Government account, thereby overstating the Revenue Deficit by ₹ 0.14 crore.

The prevalence of Fiscal Deficit during 2015-20 indicated continued reliance of the State on borrowed funds, resulting in increased fiscal liabilities of the State over the period 2015-20. Fiscal liabilities increased by ₹ 910 crore (9 *per cent*) during 2019-20 compared to previous year. The fiscal liabilities during 2019-20 stood at 32 *per cent* of the GSDP and exceeded the limit of total outstanding Debt-GSDP ratio target fixed in the State FRBM Act, (28.00 *per cent*). Debt Repayment as a percentage of Debt Receipts ranged between 62 *per cent* and 103 *per cent* during 2015-20.

The State could not meet the targets set (₹ 2798 crore) by the XIV FC as the Tax Revenue (₹ 1891 crore) fell short of the normative assessment made by them by ₹ 907 crore (32 *per cent*) and the Non-Tax Revenue (₹ 530 crore) was 41 *per cent* lower than the target of XIV FC (₹ 903 crore). Revenue Expenditure as a percentage of Total Expenditure hovered around 87 *per cent* during the period (2015-20) leaving inadequate resources for creation of assets.

Cash Balances of the State Government at the end of the current year decreased by ₹ 209.09 crore from ₹ 814.33 crore in 2018-19 to ₹ 605.24 crore in 2019-20. Cash Balance investment decreased from ₹ 1070.04 crore in 2018-19 to ₹ 801.61 crore in 2019-20. Despite having large cash balances, the State Government had taken recourse to market loans on several occasions during the year leading to further accretion to cash balances without putting it to productive use and increasing the debt liabilities of the State.

2.10 Recommendations

- *The State Government needs to further augment its own tax and non-tax revenues to reduce its dependency on Central transfers and Grants and increase its spending.*
- *The Government should adhere to targets of FRBM Act, set for outstanding debts and reduce its reliance on borrowed funds.*
- *The State Government may review its Cash Balances vis-à-vis its market borrowings and put them to productive use.*

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 3.1*. The budget process commences with the issue of the budget circular, providing guidance to the departments in framing their estimates, for the next financial year. Finance Department issued the budget circular on 08 October 2018 with the stipulation that the budget estimates (BE) for the year 2019-20 should be submitted by 18 January 2019. All the departments had submitted their BE within the specified time.

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

Chart 3.1: Budget preparation process



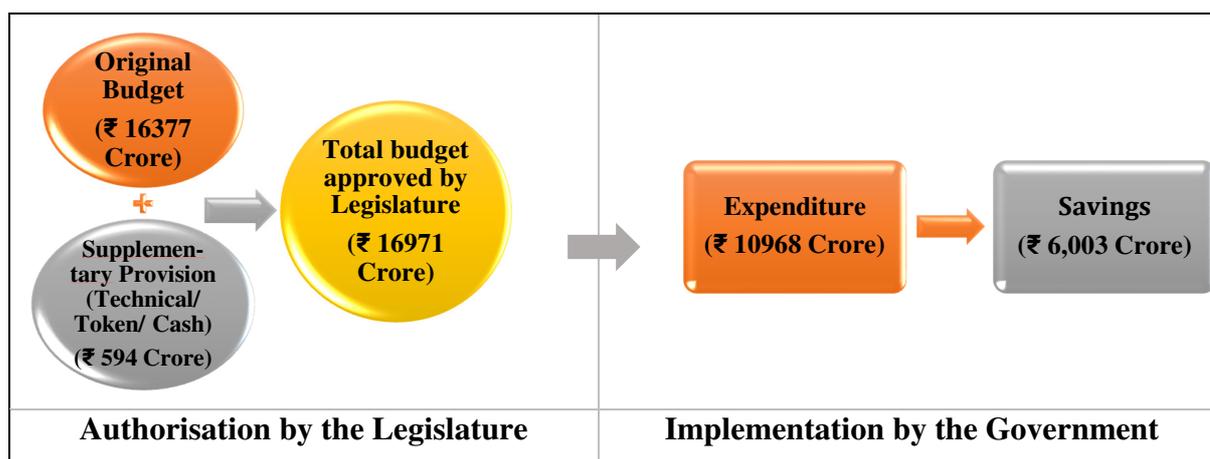
CSS: Centrally Sponsored Schemes; CS: Central Schemes.

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

As contemplated in Paragraphs 1 and 78 of Budget Manual¹, the duty of preparing Budget Estimates (BE) (Receipts and Expenditure) and Revised Estimates (RE) for laying before the Legislature vests with the Finance Department. The BE are prepared on departmental basis. The budget making process moves from the bottom to the top. As soon as the departmental estimates and RE are received, the Finance Department scrutinises these and after consultation with the administrative departments, enters the figures, which it accepts for the BE and RE. The estimates of receipts should show the amount expected to be actually realised within the year and in case of fluctuating revenue, the estimate should be based upon a comparison of last three years' receipts.

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

Chart 3.2: Components of the State Budget



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

¹ Budget Manual of the Government of Assam (Volume I) as adopted by the Government of Meghalaya.

3.1.1 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.

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

(₹ in crore)

Nature of expenditure		Original Grant/ App.	Supplementary Grant/ App.	Total	Actual expenditure	Net of Savings	Surrender during March	
							Amount	per cent
Voted	I. Revenue	12866.81	189.51	13056.32	8720.04	4336.28	3987.33	92
	II. Capital	1728.97	402.12	2131.09	939.71	1191.38	1069.81	71
	III. Loans & Advances	351.68	-	351.68	43.78	307.90		
	Total	14947.46	591.63	15539.09	9703.53	5835.56	5057.14	87
Charged	V. Revenue	838.28	2.14	840.42	845.08	-4.66	7.24	258
	VII. Capital	-	-	-	-	-	-	-
	VIII. Public Debt- Repayment	591.20	-	591.20	418.71	172.49	177.92	103
	Total	1429.48	2.14	1431.62	1263.79	167.83	185.16	110
Appropriation to Contingency Fund (if any)		-	-	-	-	-	-	-
Grand Total		16376.94	593.77	16970.71	10967.32	6003.39	5242.30	

Source: Appropriation Accounts.

As against total Budget provision of ₹ 16970.71 crore, the Department could spend ₹ 10967.32 crore. The net savings of ₹ 6003.39 crore was the result of overall savings of ₹ 6313.19 crore in 63 Grants and one Appropriation under Revenue Section and 26 Grants under Capital Section offset by excess of ₹ 309.80 crore in two Grants under Revenue Section and one Grant and one Appropriation under Capital Section. Out of the net savings of ₹ 6003.39 crore, ₹ 761.09 crore (12.68 per cent) was not surrendered which indicated inadequate budgetary control. Major defaulting departments were Finance (₹ 269 crore) and Transport (₹ 173 crore).

Out of net savings of ₹ 6003.39 crore, savings of ₹ 5242.30 crore (87.32 per cent) were surrendered on the last working day of March 2020. Surrender of funds on the last working day of March denied funds for other developmental purposes. The Finance Department needs to take stringent measures to curb this violation of Budgetary Rules.

3.1.2 Charged and Voted disbursements during the year

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

Table 3.2: Budget provision, disbursement and savings/excess during the financial year
(₹ in crore)

Total Budget provision		Disbursements		Savings	
Voted	Charged	Voted	Charged	Voted	Charged
15539.09	1431.62	9703.53	1263.79	5835.56	167.83

Source: Appropriation Accounts.

Out of the total budget provision of ₹ 16970.71 crore, the expenditure incurred was ₹ 10967.32 crore (64.62 per cent) resulting in savings of ₹ 6003.39 crore. Further, out of the expenditure of ₹ 10967.32 crore, ₹ 9703.53 crore (88.48 per cent) was voted expenditure while ₹ 1263.79 crore (11.52 per cent) was charged on the Consolidated Fund of the State.

3.1.3 Sub-optimal utilisation of budgeted funds

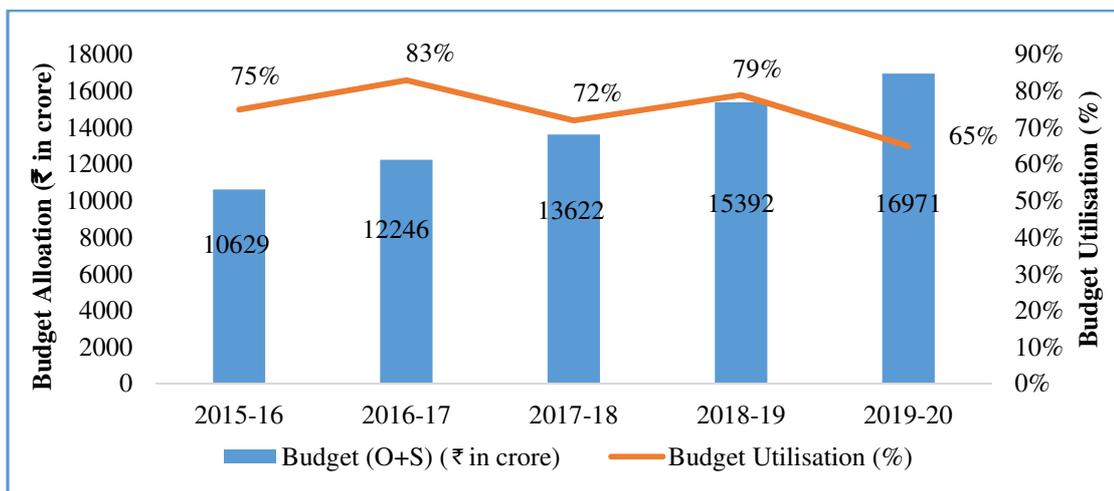
Utilisation of budgeted funds by the State has been sub-optimal every year during the past few years. The extent of utilisation of budget during the five-year period from 2015-16 to 2019-20 is shown below:

Table 3.3: Original Budget, Revised Estimate and Actual Expenditure during 2015-20
(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
Original Budget	9733.25	10682.09	13048.23	14276.89	16376.94
Supplementary Budget	896.11	1564.21	573.50	1114.99	593.77
Revised Estimate	10629.36	12246.30	13621.73	15391.88	16970.71
Actual Expenditure	7958.75	10172.86	9856.37	12159.25	10967.32
Saving	2670.61	2073.44	3763.36	3232.63	6003.39
Percentage of Saving	25.12	16.93	27.63	21.00	35.38

Source: Appropriation Accounts.

Chart 3.3: Budget utilisation during 2015-16 to 2019-20



As can be seen from the Chart and table above, utilisation of budget has rarely exceeded 80 per cent, except in the year 2016-17, and has shown further decrease during the current year. The percentage of savings in 2019-20 has been the highest in 2019-20 during the last five years. The amount of saving in 2019-20 was almost double in absolute monetary terms, as compared to the previous year. The expenditure was even less than the original budget and 37 per cent of the original provision. Large amount of

savings in allocated funds indicate both inaccurate assessment of requirement as well as inadequate capacity to utilise the funds for intended purposes.

Persistent savings noticed during the five-year period also raises question about the budget formulation process.

3.1.4 Expenditure incurred without authority of law

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

It was however, noticed that expenditure of ₹ 26.59 crore was incurred in two cases without any budget provision in the original budget/ supplementary and without any re-appropriation orders to this effect as detailed below;

Table 3.4: Case of expenditure without budget provision during 2019-20

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
32 – Civil Supplies, Capital Outlay on Food Storage and Warehousing	4408	26.39	01 – Food – 101 Procurement and Supply (01) Expenditure on Procurement and Supply of Rice General
56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges	5054	0.20	04 – District and Other Roads – 800 – Other Expenditure (45) North East Special Infrastructure Development Scheme (NESID)Sixth Schedule (Part II) Areas
Total		26.59	

Source: Appropriation Accounts.

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

3.1.5 Expenditure on New Services

Expenditure on new scheme should not be incurred without provision of funds. Paragraph 113 (vii) of the Budget Manual states that ‘the re-appropriation is not made for a new service not contemplated in the budget for the year nor for an object not specifically included in that estimates and for which no provision has been made’. It was however noticed that an expenditure of ₹ 0.96 crore was incurred in three cases without bringing it to the notice of the State Legislature as detailed below:

Table 3.5: Expenditure on new service without provision

(₹ in crore)

Sl.No	Grant No.	Major Head	Minor head	Re-appropriation	Expenditure
1	11	2801	80-101-(76) Dam Rehabilitation and Improvement Project (DRIP) under Externally Aided Project (General)	0.40	0.40
2	38	3451	091-(11) Planning Board (General)	0.26	0.14
3	51	2505	01-702-(13) Pradhan Mantri Adarsh Gram Yojana (PMAGY) (Sixth Schedule Part II Areas)	0.42	0.42
Total				1.08	0.96

Source: Appropriation Accounts.

3.1.6 Transfers to Minor Head 8443- Civil Deposit

As per Rule 211 of the Meghalaya Treasury Rules, 1986, no money shall be drawn from the Treasury unless it is required for immediate disbursement. Contrary to the prescribed procedure, during the year 2019-20, in three cases the State Government transferred an amount of ₹ 1.74 crore during March 2020 (constituting 0.02 per cent of total expenditure) to Public Accounts under 'Major Head 8443-Civil Deposits', primarily to exhaust the unspent budgetary provision as shown below:

Table 3.6: Transferred to Minor Head 8443-Civil Deposit

(₹ in crore)

Sl. No.	Major/Minor Head from where amount debited	Amount credited to 8443-Civil Deposits, 108-Public Works Deposit
1.	5054-800	1.67
2.	2059-001	0.03
3.	3054-105	0.04
Total		1.74

Source: Finance Accounts.

It was however seen that the amount transferred to '8443-Civil Deposits' during the present year has considerably improved over the previous year, where an amount of ₹ 615.50 crore was transferred to '8443-Civil Deposits' in March 2019.

3.1.7 Unnecessary or excessive supplementary grants

Supplementary provision aggregating ₹ 449.57 crore obtained in 12 cases (₹ 50 lakh or more in each case) during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed in *Appendix 3.2*. Out of the 12, significant cases where supplementary provision was more than ₹ 30.00 crore (in each case) are highlighted in the table below:

Table 3.7: Details of cases where supplementary provision (₹ 30 crore or more in each case) proved unnecessary

(₹ in crore)					
Sl. No.	Name of the Grant	Original	Supplementary	Actual	Saving out of Original Provisions
Revenue (Voted)					
1	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, Capital Outlay on North Eastern Areas	151.30	30.37	107.70	43.60
Capital (Voted)					
2.	19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, etc.	111.79	35.00	47.01	64.78
3.	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development	124.82	50.00	52.55	72.27
4.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges	587.31	307.00	518.38	68.93
	Total	975.22	422.37	725.64	249.58

Source: Appropriation Accounts.

Unnecessary excessive budget provision deprives allocation of resources to those projects which require funds, as detailed in **paragraph 3.1.12**.

3.1.8 Unnecessary or excessive re-appropriation

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. As per the Appropriation Accounts, re-appropriation made under 26 Grants and two Appropriations proved excessive or insufficient and resulted in savings/excess of Rupees one crore or above in each case as detailed in **Appendix 3.3**. This indicates that re-appropriation was not done on the basis of actual requirement. Cases where the savings/excess exceeded ₹ 20 crore is highlighted in the Table below.

Table 3.8: Cases of excess/unnecessary/insufficient re-appropriation

(₹ in crore)							
Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
1.	10 – Taxes on Vehicles, Other Administrative Services, etc., Capital Outlay on North Eastern Areas, etc. – CSS - 5053 – Capital Outlay on Civil Aviation 02 Air Ports – 102 Aerodromes (03) Up-gradation of Umroi Airport	170.00	---	(-)1.09	168.91	---	(-)168.91
2..	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 01 Elementary Education – 101 Government Primary School (01) Expenditure on Primary Schools	59.34	---	(-)0.62	58.72	14.81	(-)43.91

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
3..	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 01 Elementary Education – 102 Assistance to Non-Government Primary School (13) Expenditure on U.P. Schools under Non-Deficit System	93.89	---	(-)2.94	90.95	68.42	(-)22.53
4..	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. - 2202 – General Education – 01 Elementary Education – 102 Assistance to Non-Government Primary Schools (25) Sarva Shiksha Abhiyan	22.45	---	(+)8.99	31.44	59.11	(+)27.67
5.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – CSS - 2202 – General Education – 01 Elementary Education – 102 Assistance to Non-Government Primary Schools (25) Sarva Shiksha Abhiyan	50.00	---	(+)68.70	118.70	80.93	(-)37.77
6.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 – Pensions and Other Retirement Benefits – 01 Civil – 101 Superannuation and Retirement Allowance (01) Superannuation and Retirement Allowances	506.19	---	(-)0.20	505.99	554.22	(+)48.23
7.	35 – Welfare of SC/ST and Other Backward Classes, Social Security and Welfare – 2225 – Welfare of SC/ST and Other Backward Classes – 02 – Welfare of Scheduled Tribes – 800 - Other Expenditure (08) Special Problems Recommended by the 12 th /13 th Finance Commission in Tribal Administration	78.04	50.18	(-)48.18	80.04	100.11	(+)20.07
8.	49 – Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, Capital Outlay on Fisheries – CSS 2405 – Fisheries – 101 – Inland Fisheries (38) Blue Revolution Integrated Development and Management of Fisheries	30.00	---	(-)3.89	26.11	---	(-)26.11
9.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 2059 – Public Works -80 – General – 001 – Direction and Administration (07) Divisional and Subordinate Offices (Roads)	157.66	---	(-)12.38	145.28	121.31	(-)23.97

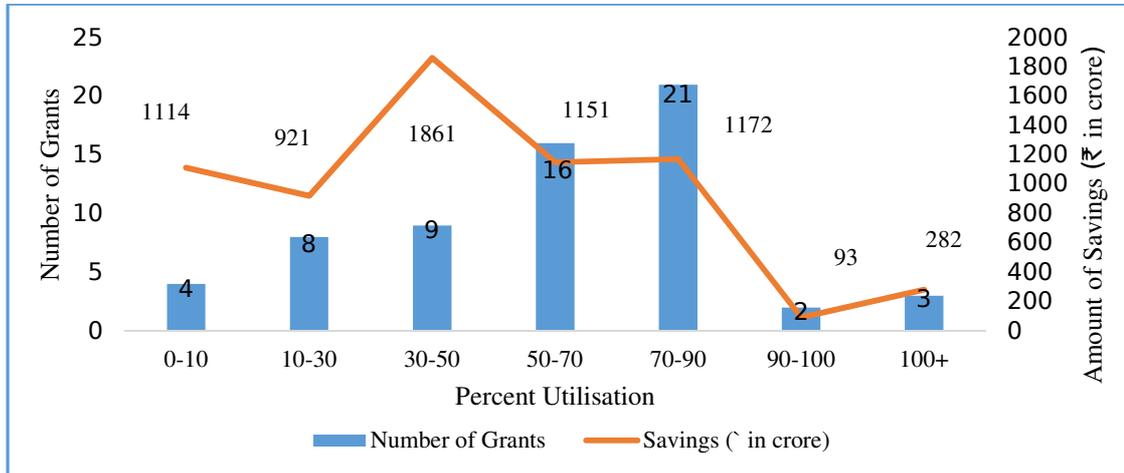
3.1.9 Large savings

In the year 2019-20 the total savings was ₹ 6003.39 crore as mentioned in **paragraph 3.1.1** above. Of these, ₹ 4947.84 crore (82.42 per cent) pertain to 17 grants and one

appropriation (Internal debt of the State Government) with savings of more than ₹ 100 crore each of the total provision (*Appendix 3.4*).

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

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



The above chart indicates that the utilisation was below 30 per cent in 12 grants, utilisation ranged between 30 and 90 per cent in 46 grants, while the utilisation was above 90 per cent in the remaining five grants. Details are given in *Appendix 3.5*.

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

Table 3.9: Grants/Appropriations with Budget Utilisation less than 50 per cent in 2015-20
(₹ in crore)

Sl. No.	Grant	2015-16	2016-17	2017-18	2018-19	2019-20	No. of years*	Budget 2019-20	Total Budget (5 Years)
Revenue – Voted									
1	11 – Other Taxes and Duties on Commodities and Services, Power, etc.	52%	61%	60%	44%	13%	2	221.95	1161.50
2	40 – North Eastern Areas, Secretariat Economic Services, etc.	16%	12%	37%	85%	80%	3	3.91	245.07
Capital – Voted									
1	19 – Secretariat General Services, Public Works, etc.	73%	54%	29%	64%	32%	2	146.79	720.15
2	29 – Urban Development, Housing, etc.	14%	83%	17%	36%	30%	4	174.82	749.54
3	39 – Co-operation, Agriculture Programmes, etc.	46%	31%	47%	88%	1%	4	4.36	71.34

* Number of years with utilisation below 50 per cent.

Source: Appropriation Accounts.

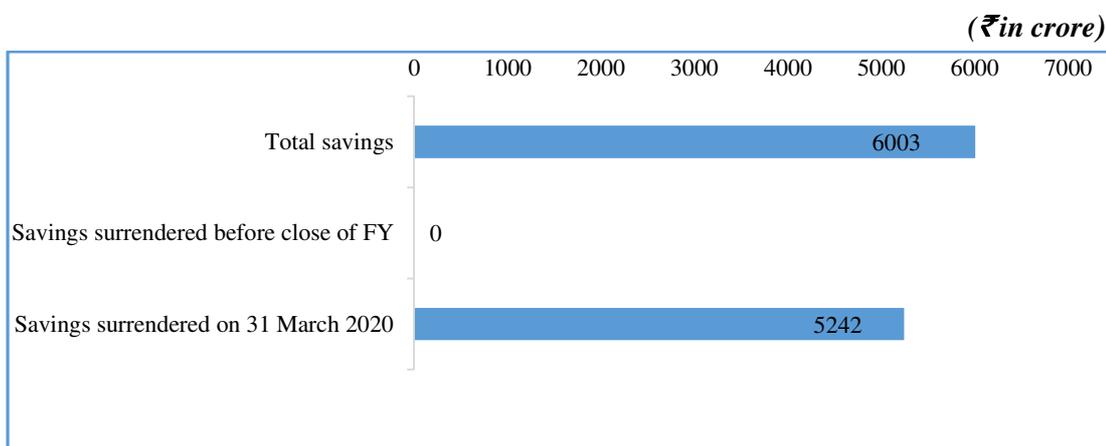
Improving urban infrastructure is a challenge faced by the State, and the low utilisation of grants under Grant No. 29 is a cause for concern. Similarly, low utilisation in Grant No. 39 relating to Agriculture Programmes need an in depth analysis by the State Government.

3.1.10 Surrender of funds

As per Paragraph 152 (iii) of Budget Manual, Controlling Officers are to surrender to the Finance Department all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known and in any case latest by the 15th of March. Scrutiny of the appropriation accounts however revealed the following:

- Out of total savings of ₹ 6003.39 crore, an amount of ₹ 5242.30 crore was surrendered on the last working day of March 2020. Surrender of funds on the last working day of March denied utilisation of savings for other developmental purposes.

Chart 3.5: Savings and surrenders before close of financial year 2019-20



- Substantial surrenders (the cases where more than ₹ 100 crore of total provision was surrendered) were made in respect of 15 Grants and one Appropriation² on various grounds like non-receipt of sanctions, less expenditure than anticipated, less requirement of funds, *etc.* In these 16 cases, out of the total provision of ₹ 10063.14 crore of above Grants/Appropriations, ₹ 4079.63 crore were surrendered, details of which are given in **Appendix 3.6**. Cases where surrender of funds was in excess of ₹ 300 crore during the year 2019-20 are given in the table below:

² 10 Grants in Revenue Section, five Grants in respect of Capital Section and one Appropriation in respect of Capital Section.

Table 3.10: Cases of surrender of funds in excess of ₹ 300 crore

(₹ in crore)

Sl. No.	Grant number/ Department	Original	Supplementary	Total Provision	Actual	Saving	Amount Surrendered
Revenue (Voted)							
1.	21- Education, Sports, Arts & Culture	2552.37	-	2552.37	1996.77	555.60	505.10
2.	38- Secretariat Economic Services	428.15	-	428.15	20.64	407.51	407.68
3.	51- Housing & Rural Departments	1735.11	-	1735.11	845.20	889.91	872.30
	Total	4715.63	-	4715.63	2862.61	1853.02	1785.08
Capital (Voted)							
1.	11-Power	322.49	10.03	332.52	26.76	305.76	305.39
	Total	322.49	10.03	332.52	26.76	305.76	305.39

Source: Appropriation Accounts.

The Secretary, Finance Department stated (April 2021) that some of the amounts surrendered could be from major heads under which supplementary demands may have been raised at the beginning of the fiscal year to make budget provision for new schemes/expenditure. The amounts so raised are not re-appropriated from the original/existing budget provision (BE) as the Departments anticipate to utilise the budget provision for implementation of schemes originally voted. At the end of the year, however, the amount originally provided in the budget (BE) had to be surrendered due to less expenditure, mainly due to less release of funds by GoI (especially for Centrally Sponsored Schemes, Central Sector Schemes other Central schemes) adversely affecting the ability of the Departments to implement the schemes and to fully utilise the amount provided in the budget. Moreover, the Finance Department prepares a notional budget estimates for Centrally Sponsored Schemes, Central Sector Schemes and other central schemes at the beginning of the year, however, the funds finally released by GoI for such schemes are less than the budgeted amount, resulting in less expenditure and savings which are deemed to be surrendered at the end of March.

The reply is not tenable in light of the fact that the budget estimates have been consistently off the mark over the previous five years, indicating that the state government needs to overhaul and streamline the preparation of budget estimates on realistic basis. Moreover, as pointed out in **paragraph 3.1.3**, the utilisation of budgeted funds by the State has been sub-optimal every year during the last five years, which indicates that the spending departments have not been able to efficiently utilise the allocated funds. Failure to carry out re-appropriation in time not only deprives the availability of resources for developmental schemes which are languishing for want of funds, it is also reflective of inadequate control over the execution and monitoring of budget.

3.1.11 Excess expenditure and its regularisation

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

3.1.11.1 Excess expenditure relating to current year

During the current year, expenditure under one Grant and one Appropriation under Revenue Section and one Grant and one Appropriation under Capital Section, amounting to ₹ 309.80 crore, are in excess of authorisation and require regularisation under Article 205 of the Constitution as detailed in the table below.

Table 3.11: Table indicating Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State during the financial year

(₹ in crore)

Sl. No.	Grant No.	Major Head	Major Head Description	Total provision	Expenditure	Excess
1	2	3	4	5	6	7=6-5
Revenue						
1	24	2071 & 2235	Pension and Other Retirement Benefits, Social Security and Welfare	864.72	1131.56	266.84
2	-	2049	Appropriation: Interest Payment	746.16	758.51	12.35
Capital						
3	32	4408	Civil Supplies, Capital Outlay on Food Storage and Warehousing	-	26.39	26.39
4	-	6004	Loans and Advances from the Central Government	21.27	25.49	4.22
Total				1632.15	1941.95	309.80

Source: Appropriation Accounts.

Under Grant No.24 - Pension & Other Retirement Benefits, expenditure in excess of the budget provision has been observed consistently for the last five years which is reflective of poor budgeting. Details are shown below:

Table 3.12: Detail showing persistent excess

(₹ in crore)

Sl. No	Description of Grant/Appropriation	2015-16	2016-17	2017-18	2018-19	2019-20
1.	24 –Pensions and Other Retirement Benefits, Social Security and Welfare					
	Budget provision	446.52	493.48	730.24	784.15	864.72
	Expenditure	589.44	647.85	750.90	1004.94	1131.56
	Excess	142.92	154.37	20.66	220.79	266.84

Source: Appropriation Accounts.

This is a liability where the outgo can be assessed with certain degree of accuracy, yet the excess expenditure ranged between three to 32 per cent during the five years. The excess expenditure requires regularisation for all the five years.

While agreeing to the audit observation, the Secretary, Finance Department during the exit conference stated (April 2021) that the reason for excess expenditure under '2071 - Pension & other retirement benefits' was because there was no single authority to monitor/control the head, whereas, all Departments operate the head for disbursement

of retirement benefits of their employees. However, at present, Finance (Pension Cell) Department was given the responsibility to monitor the head to ensure that excess expenditure under this head is minimised.

3.1.11.2 Regularisation of excess expenditure of previous financial years

As indicated in the Report of the Comptroller and Auditor General of India for the previous years, excess expenditure of ₹ 2400.89 crore for the years from 1971-72 to 2018-19 had not been regularised. Out of the total of ₹ 2400.89 crore an amount of ₹ 949.05 crore has been recommended for regularisation by the Public Accounts Committee³. During the PAC meeting held in the month of February 2021, the Finance Department assured that an amount of ₹ 949.05 crore as recommended by the PAC will be presented for the legislative approval in the upcoming budget session which was accordingly regularised by the State Legislature (March 2021) leaving a balance of ₹ 1451.84 crore yet to be regularised as detailed in *Appendix 3.7*. The excess expenditure over grants is a serious matter as it is a violation of the will of the Legislature which calls for fixing of responsibility to discourage this practice.

3.1.12 Supplementary provision and opportunity cost

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

Table 3.13: Unnecessary excessive budget/ supplementary provision

(₹ in crore)						
Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
Capital (Voted)						
1	11-Capital Outlay on Power Projects	322.49	10.03	332.52	26.76	305.76
2	19-Capital Outlay on Housing	111.79	35.00	146.79	47.01	99.78
3	29-Capital Outlay on North Eastern Areas	124.82	50.00	174.82	52.55	122.27
Total		559.20	95.03	654.13	126.32	527.81

Source: Appropriation Accounts.

From the table above it is seen that an amount of ₹ 126.32 crore (19.31 per cent) only was utilised out of the total allocation of ₹ 654.13 crore. It was further seen that the actual expenditure was lesser than the original allocation and hence the supplementary provision of ₹ 95.03 crore proved unnecessary. At the same time, there were large projects in the State which were stalled due to shortage of funds as detailed in the table below.

³ 23rd, 28th, 34th and 40th Report of the PAC presented to the Assembly on 08 April 1997, 16 December 2004, 19 March 2010 and 16 June 2014 respectively.

Table 3.14: Project/ schemes remaining incomplete

(₹ in crore)

Sl. No	Name of Scheme/ Project (having estimated cost of ₹ 100 crore or more)	Estimated cost of scheme/ Project	Year wise funds allocated during 2015-20	Scheduled date of completion	Expenditure as of 31 March 2020	Physical progress of the work	Funds required for completion of remaining work (as per revised estimate)
Public Health Engineering Department							
1	Implementation of New Shillong Township Water Supply Project under SPA	321.28	20.88	-	20.88	6%	-
2	Implementation of Laitryngew 12 Shnong Sohra & Neighbouring Villages	244.15	18.44	-	30.15 ⁴	12%	-
3.	Implementation of Greater Ampati WSS	139.73	87.00	2020	87.00	62%	52.73
	Total	705.16	126.32		138.03		
Public Works Department							
4.	Construction including metalling and black topping of Intermediate Lane on Rongjeng-MangsangA'dokgre Road (0.00 km to 32.00 km and 39.00km to 43.00 km including 90 m Bridge over Ildek River at 44th km) under NLCPR						
		210.00	52.64	2019	52.64	41%	157.36
	Total	210.00	52.64		52.64		
	Grand Total	915.16	178.96		190.67		

Source: Information furnished by Chief Engineers, Public Works and Public Health Engineering Departments.

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

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

While presenting the Budget for the year 2019-20 in the State Legislature, the Finance Minister under Grant No. 56 – Public Works (Roads and Bridges) announced two road projects⁵ under North East Special Infrastructure Development Scheme (NESIDS). The budget allotment and actual expenditure in this regard are given below.

⁴ Includes ₹ 11.71 crore of fund released prior to 2015-16.

⁵ Pynursla-Latangriwan road towards Mawlynnong and Upgradation of Mawsmal- Shella road upto Kynrem falls.

Table 3.15: Details of the schemes for which provision was made but no expenditure was incurred

(₹ in crore)					
Sl. No.	Department Name	Scheme Name	Approved outlay	Revised outlay	Actual expenditure
1	Public Works	North East Special Infrastructure Development Scheme (NESIDS)	19.00	-	0.20

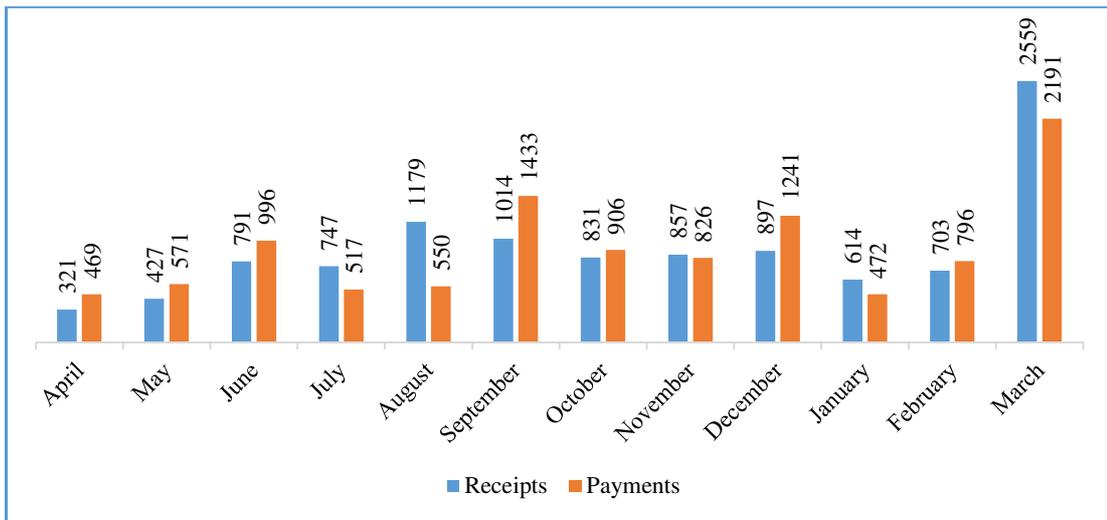
Source: Budget Speech and Appropriation Accounts (2019-20).

Audit observed that though provision of ₹ 19.00 crore was made, only an expenditure of ₹ 0.20 crore (one *per cent*) was incurred during the year.

3.1.14 Rush of expenditure

Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety and can lead to infructuous, nugatory or ill-planned expenditure. As such, Government expenditure is required to be evenly phased out throughout the year as far as possible. The monthly flow of receipts into the State Exchequer and disbursements during 2019-20 is given in the following chart.

Chart 3.6: Monthly receipts and expenditure during the FY for the State



It can be seen from the above that out of the total receipts⁶ of ₹ 10940.86 crore, an amount of ₹ 2558.74 crore constituting 23.39 *per cent* was received in March alone. Similarly, out of the total expenditure⁷ of ₹ 10967.32 crore, ₹ 2191.00 crore constituting 19.98 *per cent* was spent during March 2020.

It was also noticed that in three cases, 100 *per cent* of the expenditure while in another six case, 50 *per cent* or more of the total expenditure was incurred in March 2020 as detailed in the table below:

⁶ Includes revenue receipts, non-debt capital receipts and public debt receipts.

⁷ Includes revenue & capital expenditure, disbursement of loans & advances and repayment of public debt.

Table 3.16: Sub-Head (Schemes), where entire expenditure (or above particular percentage) was incurred in March 2020 (Descending amount of expenditure)

Sl. No.	Grant No.	Head of Account (up to Sub-Head)	100 % expenditure during March only (₹ in crore)
1	32	4408-Capital Outlay on Food Storage and Warehousing-01 Food-101 Procurement and Supply-(01) Expenditure on Procurement and Supply of Rice	26.39
2	11	2810-New and Renewable Energy-101 Grid Interactive and Distributed Renewable Power-(01) Administrative Expenses	3.77
3	10	5055-Capital Outlay on Road Transport-800 Other Expenditure-(01) Capital Contribution to Meghalaya Transport Corporation and 800 Other Expenditure-(23) Construction of Bus/ Tracks Terminus	1.11

Source: Appropriation Accounts.

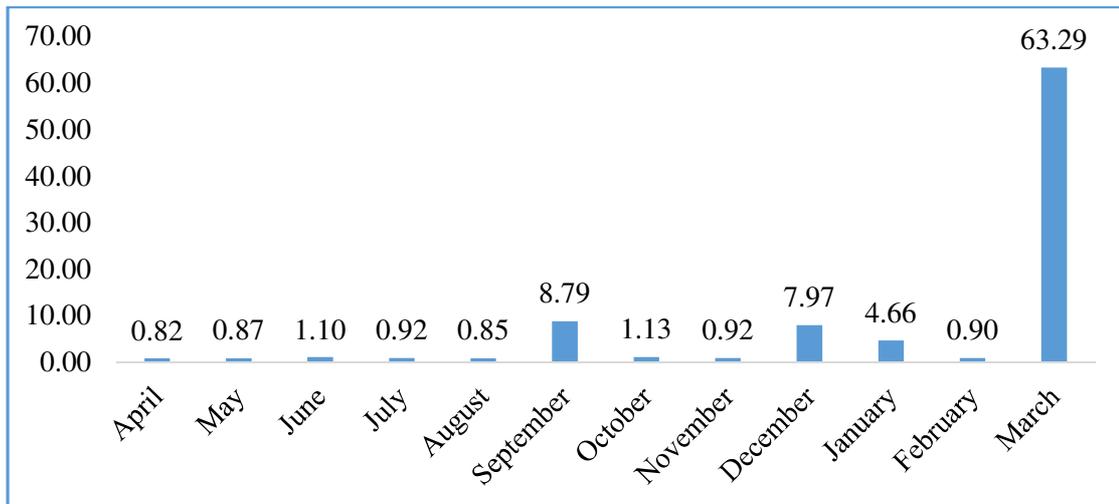
Table 3.17: Grants with more than 50 per cent of expenditure in March alone (Descending order of percentage)

Sl. No.	Grant No.	Description	(₹ in crore)						
			1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total	Expenditure in March	Expenditure in March as percentage of total expenditure
1	29	4217-Capital Outlay on Urban Development	-	1.09	-	51.45	52.54	51.45	98
2	25	2075-Miscellaneous General Services	0.28	0.28	0.37	3.11	4.04	2.99	74
3	19	4216-Capital Outlay on Housing	-	0.37	-	1.74	2.11	1.74	83
4	11	2801-Power	-	4.27	0.11	15.54	19.92	14.71	74
5	6	2245-Relief on Account of Natural Calamities	0.27	14.39	0.60	29.44	44.71	29.30	66
6	49	2405-Fisheries	4.05	4.22	5.71	32.59	46.57	30.74	66

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

Thus, contrary to the spirit of financial regulation, a substantial quantum of expenditure was incurred at the fag end of the year, indicating inadequate control over the expenditure and poor budgetary management.

Apart from the above, the expenditure pattern of Urban Affairs Department was scrutinised and it was seen that the Department had incurred maximum expenditure (63.29 per cent) during March as detailed in the chart below:

Chart 3.7: Month wise expenditure of Urban Affairs Department with very high percentage of expenditure in March

3.2 Review of selected Grants

A review of budgetary procedure and control over expenditure was conducted (October 2020) in respect of ‘Grant Number–21–Miscellaneous General Services General Education, Technical Education, Sports and Youth Services, Art and Culture, Other Scientific Research, Census Surveys and Statistics, Capital Outlay on Education, Sports, Art and Culture, Loan for Education, Sports, Art and Culture’. The observations noticed during the review are discussed below.

3.2.1 Excessive supplementary provision/non surrender of savings

The overall position of budget provision, actual expenditure and savings/excess under this Grant during the five-year period 2015-20 is given below:

Table 3.18: Budget and Expenditure of Grant No. 21

(₹ in crore)

Grant No. 21	2015-16	2016-17	2017-18	2018-19	2019-20
Total Budget Provision	1521.49	1674.95	2046.81	2212.49	2562.88
Expenditure	1284.06	1613.65	1736.34	2045.28	1997.33
Savings	237.43	61.30	310.47	167.21	565.55
Savings (percentage)	15.60	3.66	15.17	7.56	22.07
Revenue Provision					
Expenditure	1284.06	1609.29	1736.34	2043.18	1996.77
Savings	206.67	62.95	306.47	164.09	555.60
Savings (percentage)	13.86	3.76	17.65	7.43	21.77
Capital Provision					
Expenditure	-	4.36	-	2.10	0.56
Savings/ Excess (+)	30.75	(+) 1.66	4.00	3.12	9.95
Savings (percentage)	100	61.48	100	59.77	94.67

Source: Appropriation Accounts.

As can be seen from the table above, savings as a percentage of total budget provision ranged between 3.66 to 22.07 per cent during the period 2015-20. Savings under both Revenue & Capital section increased during the year increased substantially as compared to previous year. Persistent large savings is indicative of incorrect assessment

of actual needs and calls for a critical review of budget preparation exercise of the department.

3.2.2 Savings

During the year 2019-20, under the Grant No. 21, 100 per cent savings was noticed in 12 cases as detailed below:

Table 3.19: Cases where no part of budget provisions was utilised

(₹ in lakh)			
Sl. No.	Name of Scheme	Provision	Saving
2202 - General Education			
01 Elementary Education			
1.	103 Assistance to Local Bodies for Primary Schools 0001 (01) Expenditure on maintenance of District Councils	21.10	21.10
2.	109 Scholarships and Incentives 0001 (11) Middle English Schools Scholarship	25.37	25.37
80 General			
3.	003 Training 0033 (31) DERT-Central Assistance for CSS	0.34	0.34
4.	0034 (32) Other Programme-Central Assistance for CSS	213.99	213.99
5.	0038 (34) NEC Sate share	6.40	6.40
6.	0003 (03) NEC Sate share	1.00	1.00
04 Adult Education- Other Adult Programme			
80 General			
7.	003 Training 0033 (31) DERT-Central Assistance for CSS	30.60	30.60
8.	0034 (32) Other Programme-Central Assistance for CSS	2220.80	2220.80
2552 – North Eastern Areas			
80 General			
9.	0009 (01) Mbose E-Governance & Online Connectivity	2.00	2.00
10.	0010 (05) Training of Elementary Schools Teachers of Meghalaya in Science & Mathematics	8.00	8.00
11.	0011 (07) District Institute of Education & Training, Cherrapunjee, East Khasi Hills, Meghalaya	16.60	16.60
4552 –Capital Outlay on North Eastern Areas			
04 NEC Scheme			
12.	0010 (10) Construction of Nongkharai Christian Secondary Schools, building a Umsohpieng village, West Khasi Hills	90.00	90.00

Source: Appropriation Accounts.

Thus, the department could not utilise the grants as per the budget allocation. Further, as per Paragraph 152 (iii) of the Budget Manual, the Controlling Officer should surrender to the Finance Department, all savings anticipated in the Budget under their control as soon as the certainty of non-requirement of fund is known by 15 March at

the latest so that the same could be utilised for other purposes. In the above cases, none of the allocations were surrendered during the year.

3.2.3 Excess over provision

There was an excess expenditure of ₹ 210.18 crore over the budget provision under 22 schemes during 2019-20, details of which are given **Appendix 3.9**. Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in the Department.

3.2.4 Unnecessary re-appropriation of funds

Re-appropriation is transfer of fund within a Grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Re-appropriation made under three sub-heads were injudicious and unnecessary as no expenditure was incurred. The details are given below:

Table 3.20: Unnecessary re-appropriation of fund

(₹ in crore)

Sl. No.	Name of Scheme	Original Provision	Re-appropriation	Total provision	Savings
2202 General Education					
1.	109 Scholarship and Incentives 0011(11) Scholarship from Primary Schools Teachers	0.12	(+) 0.13	0.25	0.25
2.	80 General 003 Training 0037 (29) Block Institute of Teacher Education	0.28	(+) 0.61	0.89	0.89
3.	109 Government Secondary School 0020 (20) Implementation of Programme of Vocationalisation of Secondary Education	0.50	(-) 0.33	0.17	0.17
Total		0.90	0.41	1.31	1.31

Source: Appropriation Accounts.

3.3 Conclusions

Against original budget allocation ₹ 16376.94 crore, the expenditure was only ₹ 10967.32 crore (66.97 per cent) of the original allocation. Therefore, the supplementary provision of ₹ 593.77 crore totally proved unnecessary. Out of the savings of ₹ 6003.39 crore, ₹ 5242.30 crore (87.32 per cent) was surrendered on the last working day of March 2020, in violation of Budget Rules and depriving valuable resources which could have been utilised by other departments. The percentage savings against budget was the highest in 2019-20, during the last five years, being almost double the amount of unutilised funds during 2018-19. This is indicative of over estimation as well as incapacity of Departments to spend. The Finance Department as overall custodian of Budget had also not done a critical review in time, to prevent these violations and reallocate the funds to needy Departments.

There were two instances where expenditure (₹ 26.59 crore) was incurred without authority of law, transfer of money (₹ 1.74 crore) to Public Accounts to escape lapse of funds, unnecessary supplementary provision of ₹ 449.57 crore in 12 cases and unnecessary re-appropriation of (₹ 0.41 crore) in three cases.

During the year, expenditure of ₹ 309.80 crore was incurred in excess of authorisation under one Grant and one Appropriation under Revenue Section and one Grant and one Appropriation under Capital Section, which requires regularisation as per Constitutional provisions. It is observed that under Grant No. 24 – Pension & Other Retirement Benefits, excess expenditure has been incurred consistently during the last five years. Accuracy in estimation under this Grant is not insurmountable, as the pensionary liabilities can be estimated realistically. Excess expenditure of ₹ 2400.89 crore incurred (from 1971-72 to 2018-19) was pending for regularisation, despite repeated observations in the previous Reports of C&AG. The State Legislature regularised ₹ 949 crore (March 2021) and a balance of ₹ 1451.84 crore was yet to be regularised.

3.4 Recommendations

- *The budgetary exercise requires urgent streamlining by the Finance Department in the State, on account of huge unutilised funds over the years. The Government should consider over hauling the preparation of estimates, which largely remained ambitious and also augment the capacity of the spending departments to utilise earmarked funds on time. Surrenders should be so timed that they can be gainfully utilised by other needy departments where projects continue to languish due to insufficient funds.*
- *The grants showing persistent savings may be reviewed by concerned Departments to ascertain and address the cause for such savings. During 2019-20, persistent saving was noticed in Grant No. 11 – Other Taxes and Duties on Commodities and Services, Power, etc., Grant No.40 – North Eastern Areas, Secretariat Economic Services, etc., Grant No. 19 – Secretariat General Services, Public Works, etc., Grant No. 29 – Urban Development, Housing, etc. and Grant No. 39 – Co-operation, Agriculture Programmes, etc.*
- *Expenditure of ₹ 26.59 crore was incurred under Grant No. 32 – Civil Supplies, Capital Outlay on Food Storage and Warehousing and Grant No. 56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges without any budget provision in the original budget/ supplementary and without any re-appropriation orders to this effect. The Finance Department may ensure that such cases are covered by providing adequate supplementary provision to avoid expenditure without provision in future as it undermines Legislative authority.*

- *The persistent excess expenditure under Grant No. 24 – Pension and other Retirement benefits, needs to be reviewed for accurate budgetary estimation.*

- *Excess expenditure remaining un-regularised for prolong period needs to be viewed seriously as this dilutes parliamentary control over the exchequer. The State Government should also ensure that the remaining amount of ₹ 1452 crore is regularised at the earliest.*

CHAPTER-IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

CHAPTER IV: QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

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

4.1 Funds transferred directly to State implementing agencies

As per GoI decision, all assistance to Centrally Sponsored Schemes (CSS) and Additional Central Assistance (ACA) under various schemes would be released directly to the State Government and not to the State Implementing Agencies¹ and hence, these funds would be routed through the State budget from the year 2015-16 onwards. However, as per Appendix VI of Volume II of Finance Accounts, it was seen that GoI released ₹ 941.83 crore under 51 schemes (*Appendix 4.1*) directly to State Implementing Agencies during 2019-20, which were not routed through the budget of the State Government. Cases where the transfer of funds has exceeded ₹ 10 crores during 2018-19 and 2019-20 are shown in the table below:

Table 4.1: Funds in excess of ₹ 10 crore transferred by Government of India directly to State implementing agencies

(₹ in crore)				
Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2018-19	Government of India releases during 2019-20
1.	MPs Local Area Development Scheme MPLADS	Deputy Commissioner	10.00	12.50
2.	Organic Value Chain Development of NE Region	Directorate of Horticulture	16.47	...
3.	Integrated Development of Tourism Circuits around specific themes (Swadesh Darshan)	Meghalaya Tourism Development Corporation Ltd.	34.70	25.49
4.	National Rural Employment Guarantee Scheme (MGNREGA) CS	State Rural Employment Society, Shillong, Meghalaya	572.67	604.89
5.	Rashtriya Gokul Mission	State Implementing Agency Meghalaya	10.26	...
6.	AID to Voluntary Organisation working for the Welfare of Scheduled Tribe	Ramakrishna Mission, Shillong, Meghalaya	...	14.41

¹ State Implementing Agency includes any organisation/institution including non-Governmental Organisation which is authorised by the State Government to receive the funds from the Government of India for implementing specific programmes in the State.

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2018-19	Government of India releases during 2019-20
7.	Pradhan Mantri Kisan Sampada Yojana-Creation/ Reation/Expansion of Food Processing and Preservation Capacities	Department of Agriculture	...	51.20
8.	Universal Service Obligation Fund (USOF) Compensation	Bharti Hesacom Limited	...	135.29
9.	North East Road Sector Development Scheme	Public Works Department (Roads), Meghalaya	...	33.98

Source: Finance Accounts.

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

4.2 Funds lying unutilised in the current account of DDOs

The Drawing and Disbursing Officers (DDOs) are required to withdraw money from the Government Account/Consolidated Fund for making payment on behalf of the Government. As on 31 March 2020, an amount of ₹ 221.80 crore were lying in the current accounts of 16 DDOs out of 45.

During the Exit Conference (December 2020) held between the Accountant General (A&E) and the State Government, the representatives of the State Government stated that the DDOs were allowed to open current account due to Banking Cash Transaction Tax (BCTT) imposed by Government of India. The AG (A&E) insisted upon to close all the current accounts as BCTT has been rolled back and to follow the prescribed procedure of Treasury Rules, Receipts and Payments Rules *etc.* for drawal of money from Government Accounts. The treasury officers should be instructed not to pass any bill for payment which has been placed before them for drawal of money with the intention to transfer of balance to current account. The details of current accounts being operated by the 16 DDOs are given in the table below:

Table 4.2: Funds lying in current account of 16 Drawing and Disbursing Officers
(₹ incrore)

Sl. No.	Drawing and Disbursing Officers	Amount
1	Director, Economics and Statistics	0.14
2	Director of Health Services (MI)	25.22
3	Chief Engineer, PWD (Roads)	44.45
4	Director of Industries	1.45
5	Director, Zila Sainik	0.81
6	Director of School Education and Literacy	2.45
7	Director of Social Welfare	99.52
8	Director of Educational Research and Training	5.97
9	Additional Commissioner of Taxes	0.80

Sl. No.	Drawing and Disbursing Officers	Amount
10	Director, Printing and Stationery	0.00 ²
11	District Session Judge	0.02
12	Secretary, Meghalaya State Electricity Regulatory Commission	1.42
13	Chief Inspector of Boilers and Factories	0.01
14	Chief Electoral Officer	9.53
15	Director of Fisheries	29.71
16	Director of Accounts and Treasuries	0.30
	Total	221.80

The above funds were meant to incur expenditure on different heads *inter alia*, office expenses, committed liabilities, Central/State Scheme. Even though these amounts have already been accounted for as expenditure from the consolidated fund of the State, they are still lying idle parked outside the Government Accounts. Thus the expenditure shown in the Finance Accounts cannot be vouched as correct to that extent. Further, information from the remaining DDO's are still awaited (27.11.2020).

4.3 Delay in submission of Utilisation Certificates

Rule 515 (Appendix 14) of the Meghalaya Financial Rules, 1981, provides that unless otherwise ruled by the State Government, every grant made for a specified object is subject to the implied conditions that the grant will be spent upon that object within a reasonable time (one year from the date of issue of the letter sanctioning the grant, if no time-limit has been fixed by the sanctioning authority). Grantee Institutions receiving Grants-in-aid from Government are required to furnish Utilisation Certificates (UCs) to the Accountant General (Accounts & Entitlement) countersigned by the disbursing authority after thorough verification. The purpose for which the Grants-in-aid were utilised can be confirmed only on receipt of UCs which would safeguard against diversion of funds for other purposes. To the extent of non-receipt of UCs, the expenditure shown in the accounts can neither be treated as final nor can it be confirmed that the amount has been utilised for the intended purposes.

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

Table 4.3: Age-wise arrears in submission of Utilisation Certificates

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2016-17	448	1483.35	265	1021.78	56	287.32	657	2217.81
2017-18	657	2217.81	208	732.20	100	150.20	765	2799.81
Up to 2018-19	765	2799.81	394	1566.03	49	66.22	1110	4299.62
2019-20	1110	4299.62	180*	1343.12*	285**	491.82**	1005	5150.92

* Due only in 2020-21.

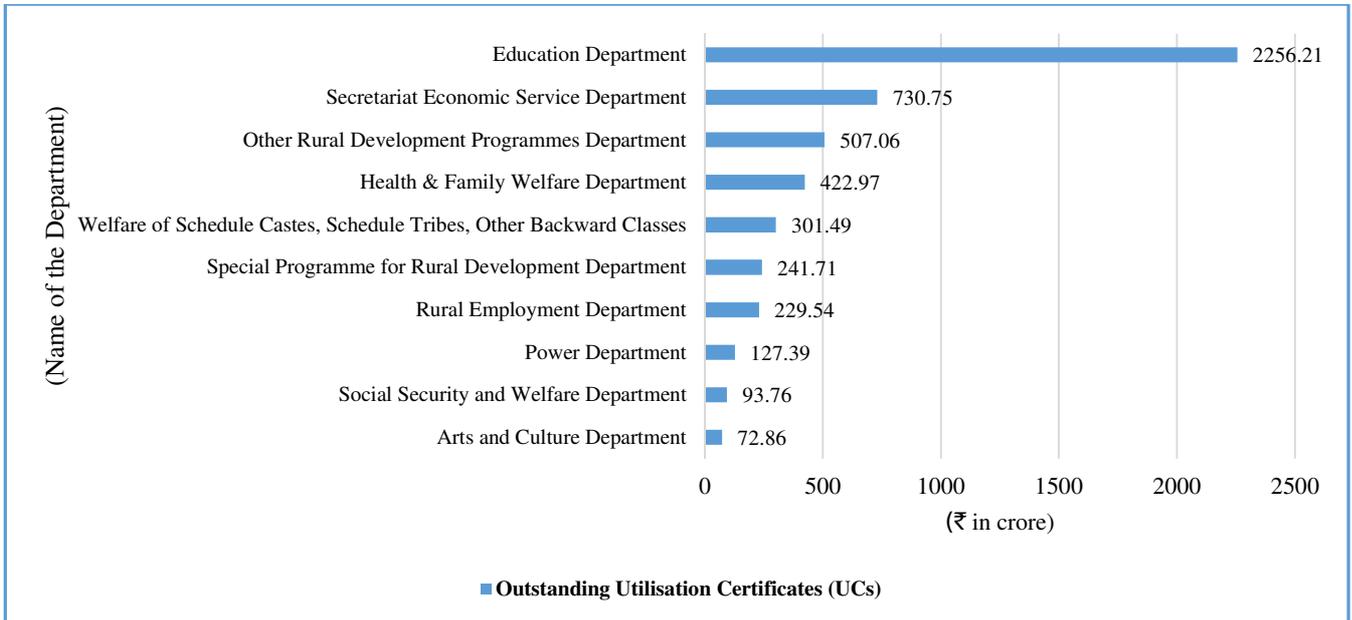
** Includes clearance of 13 numbers of UCs involving ₹ 35.57 crore for the year 2019-20.

Source: Finance Accounts.

² Amount being ₹10, 948 only.

As on 31 March 2020, 838 UCs amounting to ₹ 3,843.37 crore remained outstanding in the books of the Accountant General (A&E).

Chart 4.1: Outstanding UCs in respect of major Departments



Major defaulting departments who have not submitted UCs and their percentage against total outstanding amount under Grants-in-Aid were Education Department (₹ 2,256.21 crore, 43.80 per cent); Secretariat Economic Service Department (₹ 730.75 crore, 14.19 per cent); Other Rural Development Programmes Department (₹ 507.06 crore, 9.84 per cent); Health & Family Welfare Department (₹ 422.97 crore, 8.21 per cent); Welfare of Schedule Castes, Schedule Tribes, Other Backward Classes (₹ 301.49 crore, 5.85 per cent); Special Programme for Rural Development Department (₹ 241.71 crore, 4.69 per cent); Rural Employment Department (₹ 229.54 crore, 4.46 per cent); Power Department (₹ 127.39 crore, 2.47 per cent); Social Security and Welfare Department (₹ 93.76 crore, 1.82 per cent) and Arts & Culture Department (₹ 72.86 crore, 1.41 per cent).

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which these were disbursed. Further, it is likely that the funds received were not spent and were being held in the bank accounts of the respective departments. For example, **paragraph 3.2.1** of Chapter 3 it has been observed that the Education department had a savings of ₹ 565.55 crore (22.07 per cent) during 2019-20, out of which ₹ 369.66 crore received was on account of grants-in-aid for CSS. In the absence of UCs being submitted by the department it is impossible to gauge the implementation status of the scheme for which funds have been received.

Since huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds, it is imperative that the State Government should monitor this aspect closely and not only hold the concerned persons accountable for

submission of UCs in a timely manner but review disbursement of further Grants to defaulting Departments.

4.3.1 Recording of Grantee Institution as “Others”

As per Appendix III of the Finance Accounts, an amount of ₹ 2881.35 crore was released as grants-in-aid during the year 2019-20. Details of the grantees, however were not provided in respect of grants-in-aid ₹ 580.34 crore (20.14 per cent) which was released to grantee institutions during the year. These grantee institutions were merely shown as type ‘others’. Since Grants-in-Aid constitute a significant portion of the total expenditure of the State, it is essential that the State Government provides the details and nature of the Grantee Institution to which it is providing funds, in the interest of transparency of accounts.

4.4 Abstract Contingent bills

According to the Meghalaya Treasury Rules, 1985, the Controlling Officers are required to submit Detailed Countersigned Contingent (DCC) bills against the drawal of Abstract Contingent (AC) bills to the Accountant General (AG) within a month from the date of receipt of such bills in his office. As of March 2020, DCC bills amounting of ₹ 93.95 crore were outstanding as shown in the table below. Major defaulter in this regard is the Election Department where AC bills for ₹ 91.63 crore remained outstanding as of March 2020.

Table 4.4: Year wise progress in submission of DCC bills against the AC bills

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Closing Balance	
	Amount	No.	Amount	No.	Amount	No.	Amount	No.
2017-18	-	-	35.60	10	-	-	35.60	10
2018-19	35.60	10	54.25	66	1.76	06	88.09	70
2019-20	88.09	70	28.04	233	22.18	227	93.95	76

Table 4.5: Departments with pending DCC Bills

(₹ in crore)

Department	Pending DCC Bills
Election	91.63
Commerce & Industries	0.02
Secretariat General Services	0.28
Secretariat Economic Services	0.01
Other Administrative Services	0.13
Public Service Commission	0.004
Police	1.87

Expenditure against AC bills at the end of the year indicates poor public expenditure management and may point to the drawal being done primarily to exhaust the budget provision. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non-receipt of DCC bills,

the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

4.5 Personal Deposit Accounts

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

As on 01 April 2019, there were six PD accounts with an opening balance of ₹ 16.38 crore. Ten new accounts were opened while one account was closed during 2019-20. As on 31 March 2020, there were 15 PD accounts with a closing balance of ₹ 16.31 crore and all of these accounts were operative.

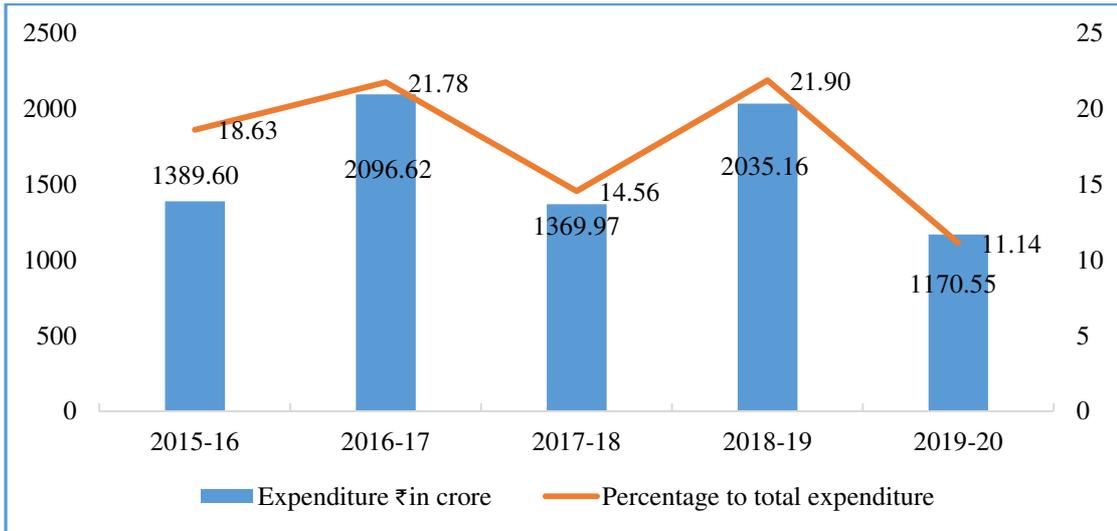
Non-transfer of unspent balances lying in PD Accounts to Consolidated Fund entails the risk of misuse of public fund, fraud and misappropriation.

4.6 Indiscriminate use of Minor Head 800

Minor head 800 relating to Other Receipts and Other Expenditure 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.

Government of Meghalaya has operated Minor Head 800 extensively during the five-year period 2015-20. Percentage expenditure booked under minor head 800 was 18.64 *per cent* in 2014-15 which reached almost 22 *per cent* in 2018-19 before coming down to 11.14 *per cent* in 2019-20 (**Chart 4.2**). During 2019-20, the State Government booked an expenditure of ₹ 1170.55 crore under Minor Head 800 under 39 Revenue and Capital Major Heads of Accounts, constituting 11.14 *per cent* of the total Revenue and Capital Expenditure of ₹ 10504.83 crore.

On the receipts side, however, the quantum of booking of receipts under Minor Head 800 has come down from 26.74 *per cent* of Total Receipts during 2016-17 to 0.85 *per cent* during 2019-20.

Chart 4.2: Operation of Minor Head 800 - Other Expenditure during 2015-20

Source: Finance Accounts of respective years.

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

Table 4.6: Significant expenditure booked under Minor Head 800 – Other Expenditure during 2019-20

Major Head	Description	Details of Expenditure		Per cent
		Total Expenditure	800 Expenditure	
2225	Welfare of Scheduled Caste, Scheduled Tribe, Other Backward Classes and Minorities	100.11	100.11	100.00
2552	North Eastern Areas	4.91	3.07	62.48
2575	Special Programmes for Rural Development	25.31	19.30	76.26
2853	Non Ferrous Mining and Metallurgical Industries	59.28	43.39	73.19
4202	Capital Outlay on Education, Sports, Arts and Culture	0.30	0.24	78.85
4552	Capital Outlay on North Eastern Areas	35.05	24.19	69.02
5054	Capital Outlay on Roads and Bridges	513.19	513.19	100.00
5055	Capital Outlay on Road Transport	2.11	2.11	100.00

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 held (December 2020) between the Accountant General (A&E) and the Finance Department, GoM, the State Government stated that instructions had been issued to all the departments to reduce the percentage by shifting the schemes to other minor head wherever possible and also assured that they will closely monitor the matter and bring further improvement in it.

4.7 Outstanding balance under major Suspense and DDR heads

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

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/ Works and Forest Divisions, etc. The position of gross figures under major suspense and remittance heads for the last three years is given in table below:

Table 4.7: Balances under Suspense and Remittance Heads

(₹ in crore)

Major head 8658- Suspense Accounts						
Name of Minor Head	2017-18		2018-19		2019-20	
	Dr	Cr	Dr	Cr	Dr	Cr
101- Pay and Accounts Office -Suspense	36.46	0.84	45.53	9.90	65.53	22.41
Net	Dr 35.62		Dr 35.63		Dr 43.12	
102- Suspense Account (Civil)	4.67	0.11	4.48	0.11	4.36	0.09
Net	Dr 4.56		Dr 4.37		Dr 4.27	
109- Reserve Bank Suspense -Headquarters	28.18	0.68	26.40	0.36	29.12	6.99
Net	Dr 27.50		Dr 26.04		Dr 22.13	
110-Reserve Bank Suspense -Central Accounts Office	23.27	44.77	35.58	37.18	133.23	133.84
Net	Cr 21.50		Cr 1.60		Cr 0.61	
112-Tax Deducted at source(TDS) Suspense	0.04	3.72	0.04	4.77	0.04	3.43
Net	Cr 3.68		Cr 4.73		Cr 3.39	
123- A.I.S Officers' Group Insurance Scheme	0.29	0.34	0.30	0.35	0.30	0.36
Net	Cr 0.05		Cr 0.05		Cr 0.06	
Major Head 8782- Cash Remittances and adjustments between Officers rendering accounts to the same Accounts Officer						
Name of Minor Head	2017-18		2018-19		2019-20	
	Dr	Cr	Dr	Cr	Dr	Cr
102- Public Works Remittances	19537.57	19679.27	21491.09	21633.52	23321.16	23460.11
103-Forest Remittances	2938.34	2895.96	3123.43	3083.33	3290.42	3246.95
Net	Cr 99.32		Cr 102.33		Cr 95.48	

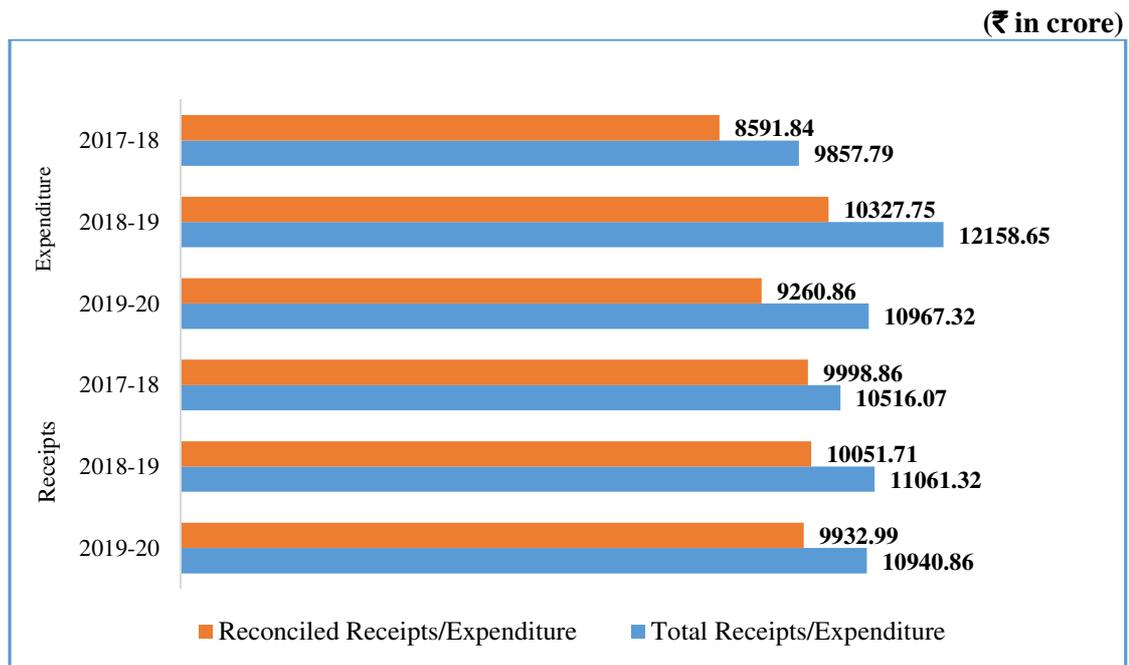
Source: Finance Accounts.

4.8 Non-reconciliation of Departmental figures

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

The status of reconciliation of receipts and expenditure figures by the COs during the three year period 2017-20 is shown in the Chart and table below:

Chart 4.3: Status of reconciliation during the three years 2017-20



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

Table 4.8: Status of Reconciliation of Receipts and Expenditure figures

(₹ in crore)

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all	Total Expenditure/ Receipts	Percentage of reconciliation
Expenditure						
2017-18	59	8591.84	Nil	1265.95	9857.79	87
2018-19	59	10294.61	33.14	1830.90	12158.65	85
2019-20	62	9260.86	Nil	1706.46	10967.32	84
Receipts						
2017-18	59	9982.24	16.62	517.21	10516.07	95
2018-19	59	10051.38	0.33	1009.61	11061.32	91
2019-20	62	9932.99	Nil	1007.87	10940.86	91

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

It could be seen from the above table that the percentage of reconciliation of expenditure has come down from 87 per cent during 2017-18 to 84 per cent during 2019-20 while the percentage of reconciliation of receipts has come down from 95 during 2017-18 to 91 per cent during 2019-20.

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

4.9 Reconciliation of Cash Balances

As on 31 March 2020, there was a difference of ₹ 6.44 crore (debit) between the figures reflected in the accounts (- ₹ 234.39 crore credit) and that intimated by the Reserve Bank of India (₹ 240.83 crore debit). The difference was due to misclassification by bank/treasury and non-receipt of details of adjustment made by RBI as shown below:

Table 4.9: Details of difference between the figures reflected in the accounts and RBI

1.	Misclassification by Bank/Treasury	Dr. ₹ 40.44 crore
2.	Non-receipt of details of adjustments made by RBI	Cr. ₹ 34.00 crore
Total		₹ 6.44 crore

4.10 Compliance with Accounting Standards

As per article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. Further, the Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the Comptroller and Auditor General of India, the President of India has so far notified three Indian Government Accounting Standards (IGAS). The details of these standards and the extent of compliance with these by the Government of Meghalaya in its financial statements for the year 2019-20 are given in table below:

Table 4.10: Compliance with Indian Government Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	IGAS-1: <i>Guarantees Given by the Government – Disclosure requirements</i>	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partly Complied	While the government has disclosed the maximum amount ³ of guarantees given during the year, information like number of guarantees was not furnished.

³ The maximum amount guaranteed (principal only) was ₹1369.80 crore.

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
2.	IGAS-2: <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Complied	The State government complied with the format prescribed by the Standard.
3.	IGAS-3: <i>Loans and Advances made by Government</i>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Complied	The State government complied with the format prescribed by the Standard.

4.11 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Several autonomous bodies have been set up by the State Government in the field of Khadi and Village Industries, Labour, *etc.* The position of annual accounts of three of the autonomous bodies whose audit was entrusted to the Comptroller and Auditor General of India (CAG) under Section 19 & 20 of DPC Act is given in the table below:

Table 4.11: Position of outstanding annual accounts

Name of Autonomous Body	Section of DPC Act under which audit is conducted	Due date for submission of Annual Accounts	Year of Annual Accounts received	Outstanding Annual Accounts
Meghalaya Khadi and Village Industries Board	19(3)	June every year	2016-17	2017-18 to 2019-20
Special Purpose Vehicle Society for Development of the Lafarge Umiam Mining Areas, Shillong	20(1)	-do-	2015-16	2016-17 to 2019-20
Meghalaya Building and Other Construction Workers' Welfare Board	19(2)	- do -	2015-16	2016-17 to 2019-20

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

4.12 Arrears in finalisation of accounts by Public Sector Undertakings (PSUs)

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

Corporations, their accounts are to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

As on 30 September 2020, 28 accounts of 16 working PSUs were in arrears for one to four years (**Appendix 4.2**). Out of the total arrears of 28 accounts for 2019-20, Meghalaya Transport Corporation (MTC) and Forest Development Corporation of Meghalaya Ltd. has maximum accounts in arrears for four years each.

In addition to the above, there were arrears of two accounts (2018-19 and 2019-20) as on 30 September 2020 in respect of the sole non-working PSU (Meghalaya Electronics Development Corporation Limited), which became defunct in 2006 and had been in the process of liquidation since June 2011. The State Government needs to expedite the liquidation process to wind up the above mentioned non-working PSU. The Committee of Public Undertakings (COPU) in its tenth report which was presented to the Legislature on 5 November 2020 also recommended that the process of liquidation of the non working PSU should be completed forthwith, within six months.

State Government had invested an amount aggregating ₹ 340.79 crore in 16 working PSUs {equity: ₹ 87.21 crore (three PSUs), loans: ₹ 31.97 crore (three PSUs) and grants ₹ 221.61 crore (six PSUs)} during the years for which the accounts of these PSUs had not been finalised as detailed in **Appendix 4.3**. In the absence of finalisation of accounts and their subsequent audit, it cannot be verified if the investments made and the expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not.

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

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

4.13 Non-submission of details of grants / loans given to bodies and authorities

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act), the Government/ Heads of the Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions.

Further, Regulation on Audit and Accounts (Amendments) 2020 provides that Governments and HODs, who sanction grants and/or loans to bodies or authorities shall furnish to Audit by the end of July every year a statement of such bodies and

authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

The annual accounts of 24 bodies/authorities due up to 2019-20 had not been received (November 2020) by the Accountant General (Audit). The details of these accounts are given in **Appendix 4.4** and their age-wise pendency is presented in table below: -

Table 4.12: Age-wise arrears of Annual Accounts due from Government Bodies

Sl. No.	Delay in number of years	Total No. of Accounts
1.	0 to 1 year	01
2.	Above 1 year to 3 years	10
3.	Above 3 years to 5 years	29
4.	Above 5 years to 7 years	33
5.	Above 7 years to 9 years	-
6.	Above 9 years	90
Total		163

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

4.14 Autonomous District Councils (ADCs)

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

Non-submission of Annual Accounts

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

Table 4.13: Arrears in submission of Annual Accounts

Name of the ADCs	Due date for submission of Annual Accounts	Year of Annual Accounts received	Outstanding Annual Accounts
KHADC	Not prescribed	2017-18	2018-19 & 2019-20
GHADC	30 June	2015-16	2016-17, 2017-18, 2018-19 & 2019-20
JHADC	30 June	2016-17	2017-18, 2018-19 & 2019-20

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

Utilisation of grants

During the period 2015-16 to 2019-20, the ADCs received grants (Central and State) for implementation of various development schemes. The details of utilisation of such grants are as under:

Table 4.14 : Utilisation of Central grants

(₹ in crore)				
Name of the ADCs	Year	Name of the Central Grant	Amount Sanctioned	Amount for which UCs submitted
KHADC	2015-16	Construction Rural Market under NLCPR, Ministry of DoNER, GoI	0.78	0.78
	2016-17	Special Assistance released by the Ministry of Finance, GoI	133.12	120.20
		Construction of District Councils Building under Art.275(1)	1.20	1.20
	2017-18	Grant for Areas not included in Pt. IX & IXA of the Constitution from the Ministry of Finance	32.25	30.90
	2018-19		50.18	Nil
	2019-20		50.18	Nil
JHADC	2016-17	Special assistance released by the Ministry of Finance, GoI	33.57	30.72
		Construction of District Councils Building under Art.275(1)	1.81	1.81
	2017-18	Grant for Areas not included in Pt. IX & IXA of the Constitution from the Ministry of Finance	10.75	6.40
	2018-19		16.73	Nil
	2019-20		16.73	Nil
GHADC	2016-17	Special Assistance released by the Ministry of Finance, GoI	100.71	84.79
		Construction of District Councils Building under Art.275(1)	1.83	1.32
	2017-18	Grant for Areas not included in Pt. IX & IXA of the Constitution from the Ministry of Finance	28.66	24.01
	2018-19		44.60	Nil
	2019-20		44.61	Nil
Total			567.71	302.13

Table 4.15: Utilisation of State grants

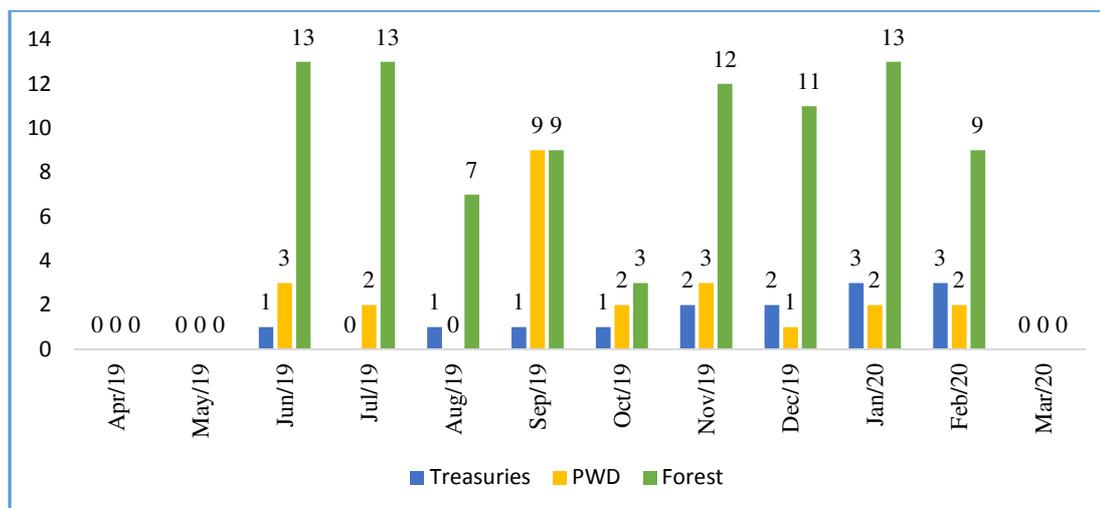
(₹ in crore)				
Name of the ADCs	Year	Name of the State Grant	Amount Sanctioned	Amount for which UCs submitted
KHADC	2015-16	Financial Assistance for Rural Road Communication etc.	0.19	0.19
	2017-18		0.18	0.18
JHADC	2015-16		0.06	0.06
GHADC	2015-16		0.17	0.17
	2017-18		0.16	0.16
Total			0.76	0.76

From the tables above it is seen that out of the grants of ₹ 567.71 crore received as Central Grant during 2015-20, the ADCs could utilise only ₹ 302.13 crore (53 per cent) of the total fund allotted. Non submission of the UCs means that the authorities have not explained as to how funds were spent over the years or they were not spent. The ADCs be advised to submit the pending UCs.

4.15 Timeliness and Quality of Accounts

The accounts of the State Government are compiled by the Accountant General (A&E) from the initial accounts rendered by district treasuries, sub-treasuries, Resident Commissioner (New Delhi), cyber treasury, public works divisions (PWD) and forest divisions, apart from the RBI advices. There are often delays in rendition of monthly accounts. Due to the failure of the account rendering units to furnish accounts on time, some accounts are excluded from the monthly Civil Accounts by the Accountant General (A&E). The position of exclusion of monthly Civil Accounts during 2019-20 is shown in the Chart below: -

Chart 4.4: Number of accounts excluded from monthly Civil Accounts during 2019-20



As can be seen from above, zero to three accounts of treasury divisions, zero to nine accounts of PWD and zero to 13 accounts of forest divisions were excluded from monthly Civil Accounts during the year. Exclusion of accounts not only distorts the budgetary position of the Government, but also impacts its monitoring of fund flow to the last mile of implementation, its planned pacing of expenditure on developmental programmes, providing intended benefits to the targeted beneficiaries, functioning of departments *etc.* during the year. The State Government needs to monitor closely and ensure the rendition of accounts by all the account rendering authorities to the Accountant General (A&E) on a timely basis, to manage its own budget more effectively.

4.16 Misappropriations, losses, thefts, etc.

According to Rule 112 of the Meghalaya Financial Rules, 1981, any defalcation or loss of public money or other property discovered in Government Treasury or other office or department, which is under the audit of the Accountant General, should be immediately reported to the Accountant General, even when such loss has been made good by the person responsible for it. Further, in all cases of theft, misappropriation, fraud and loss involving Government money, the First Information Report (FIRs) should invariably be lodged with the Police Department.

State Government reported 72 cases of theft, misappropriation and loss involving Government money amounting to ₹ 1.149 crore up to March 2020 on which final action was pending. A break up of pending cases and age-wise analysis is given in the table below:

Table 4.16: Pending cases of misappropriation, losses, theft, etc.

(₹ in crore)

Name of Department	Cases of misappropriation/ losses /theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal proceedings finalised but recovery of the amount pending	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Public Works	4	0.18	-	-	4	0.18	-	-
Horticulture	1	0.21	-	-	1	0.21	-	-
Community & Rural Development	1	0.03	-	-	1	0.03	-	-
Legislative Assembly	2	0.44	1	0.41	1	0.03	-	-
Land Record and Survey	1	0.02	-	-	1	0.02	-	-
Mining	1	0.17	-	-	1	0.17	-	-
Finance	1	0.02	1	0.02	-	-	-	-
Health	4	0.009	3	0.006	1	0.003	-	-
Public Health Engineering	57	0.07	56	0.06	1	0.01	-	-
Total	72	1.149	61	0.496	11	0.653	-	-

Source: Information furnished by the respective departments.

Out of ₹ 1.149 crore, the highest amount of misappropriation of ₹ 0.44 crore pertained to Meghalaya Legislative Assembly involving two cases.

4.17 Follow up action on State Finances Audit Report

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

The State Finances Audit Report for the years from 2008-09 to 2018-19 were placed before the State Legislature in March 2010, March 2011, March 2012, April 2013, June 2014, March 2015, March 2016, March 2017, April 2018, September 2019 and November 2020 respectively. However, *suo motu* explanatory notes on the observations made in those Audit Reports were not furnished by the Departments. Some random replies on only certain portions of Appendices to these Reports were sent by some Departments after placing of these Reports in the Legislative Assembly.

4.18 Conclusions

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

A substantial amount of GoI funds (₹ 941.83 crore) were received directly by the State implementing agencies, despite GoI decision of 2015 to route all assistance to CSS and ACA under various schemes, through the State Budget and treasury system. As a consequence, the actual State receipt and expenditure as well as other fiscal variables did not present a true picture to that extent.

A large number of UCs were pending for submission. It is observed that 838 UCs for ₹ 3843.37 crore were due for submission during 2019-20 and further there was an increase ₹ 851.30 crore over the previous year balance of ₹ 4299.62 crore in the pending amount of UCs. Since huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds, it is imperative that the State Government should monitor this aspect closely.

As of March 2020, DCC bills amounting to ₹ 94 crore were outstanding. Major defaulter in this regard is the Election Department where AC bills of ₹ 92 crore remained outstanding as of March 2020.

During the five-year period, there was an extensive use of Minor Head 800 under both expenditure and revenue, though it has come down in 2019-20 as compared to 2018-19. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

In the absence of annual accounts and their audit, proper utilisation of grants and loans disbursed to bodies and authorities and their accounting cannot be assured. It is observed that annual accounts of three autonomous bodies were outstanding since 2016-17/2017-18. Similarly, accounts of 16 PSUs were in arrears for one to four years, ADCs for two to four years. This requires urgent intervention at the highest level in order to have a realistic and timely assessment of their financial position and review of financial assistance to these bodies due to arrears in their accounts.

There were also 72 instances theft, misappropriation and loss involving Government money amounting to ₹ 1.149 crore.

4.19 Recommendations

- *Government may hold the concerned persons accountable for submission of UCs in a timely manner and review further disbursement of grants to defaulting Departments.*
- *The Finance Department should, in consultation with the Accountant General (A&E), conduct a comprehensive review of all items presently appearing under minor head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.*

- *Finance Department should consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to have a realistic and timely assessment of their financial position. They should review further financial assistance to PSUs/ ADCs who are in arrears of their Annual Accounts.*

CHAPTER-V

FUNCTIONING OF STATE PUBLIC SECTOR ENTERPRISES

CHAPTER V: FUNCTIONING OF STATE PUBLIC SECTOR ENTERPRISES

SUMMARY OF FINANCIAL PERFORMANCE OF STATE PUBLIC SECTOR ENTERPRISES

5.1 Introduction

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

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

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

5.2 Mandate

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

5.3 Working and non-working SPSEs

As on 31 March 2020, the state of Meghalaya had 18 SPSEs¹, which were under the audit jurisdiction of the C&AG, as shown in **Table 5.1**. The status of finalisation of the year wise accounts and other details of these 18 SPSEs is given in **Appendix 5.1**.

¹ Shillong Smart City Limited is yet to submit its first account as on 30 September 2020.

Table 5.1: Details of working and non-working SPSEs

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

The Meghalaya Electronics Development Corporation, which was incorporated in the year 1986, had been in the process of liquidation since June 2011.

One company *i.e.* Shillong Smart City Limited, incorporated on the 22 January 2019 for which entrustment of the supplementary audit was given to this office on 24 December 2019 was yet to submit its first account as on 30 September 2020.

Table 5.2 below provides the comparative details of working SPSEs turnover and State GSDP for a period of three years ending 2019-20.

Table 5.2: Contribution of SPSEs-turnover to GSDP

Particulars	(₹ in crore)		
	2017-18	2018-19	2019-20
SPSEs-Turnover ²	1,137	1,121	1,204
GSDP	29,508	33,481	36,572
Percentage of Turnover to GSDP	3.85	3.35	3.29

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

As seen from the table above, the contribution of SPSEs to the GSDP reduced from 3.85 *per cent* in 2017-18 to 3.29 *per cent* in 2019-20. The major contributors to SPSEs-turnover during 2019-20 were Meghalaya Power Distribution Corporation Limited (₹ 831.90 crore) and Meghalaya Power Generation Corporation Limited (₹ 191.36 crore).

5.4 Investment in SPSEs

State Government's investment in SPSEs

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

² As per the latest finalised accounts of working SPSEs as on 30th September of respective years.

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

(₹ in crore)

Year	2017-18			2018-19			2019-20		
	Amount as per			Amount as per			Amount as per		
	Finance Accounts #	Records of SPSEs ³	Difference	Finance Accounts	Records of SPSEs ³	Difference	Finance Accounts	Records of SPSEs ³	Difference
Equity	2,519.82	2,501.78	18.04	2,525.73	2,532.97	7.24	2,535.71	2,668.50	132.79
Loans	623.45	171.55	451.90	652.28	203.24	449.04	665.62	205.94	459.68

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

Does not include figures of Cooperative Societies

It can be noticed from the table above that, as on 31 March 2020, as per records of SPSEs, the Equity investment and Loan given by GoM increased from ₹ 2,673.33 crore in 2017-18 to ₹ 2,874.44 crore in 2019-20, an increase of 7.52 per cent. However, there were differences in the figures of Equity (₹ 132.79 crore) and Loan (₹ 459.68 crore) as per two sets of records. Out of 16⁴ SPSEs where State Government had made direct investment, the difference occurred in respect of 11 SPSEs.

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

5.5 Budgetary assistance to SPSEs

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

Table 5.4: Details regarding annual budgetary support to SPSEs

(₹ in crore)

Particulars	2017-18		2018-19		2019-20	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
Equity capital outgo from budget	4	90.47	4	31.19	3	135.53
Loans given from budget	3	1.38	3	31.69	1	2.70
Grants/subsidy from budget	8	115.53	10	222.31	6	125.30
Total Outgo		207.38		285.19		263.53

Source: As per SPSEs records

It can be noticed from the table above that the budgetary support provided by State Government to SPSEs increased from ₹ 207.38 crore in 2017-18 to ₹ 263.53 crore in

³ Figures are provisional and as provided by the SPSEs as none of 17 SPSEs had finalised their current accounts.

⁴ Excluding one Government company (Shillong Smart City Limited) which is yet to submit its first accounts.

2019-20, mainly due to budgetary support to four⁵ power sector PSUs amounting to ₹ 231.97 crore (equity ₹ 118.18 crore, loan ₹ 2.70 crore and grants/subsidies ₹ 111.09 crore).

5.6 Returns from Government Companies and Corporations

Profit earned and Dividend paid by SPSEs

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

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

Year	2017-18	2018-19	2019-20
Number of profit earning working SPSEs	4	4	3
Aggregate profit earned (₹ in crore)	8.94	9.61	2.83
Dividend paid	-	-	-

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

As can be noticed from table above, during last three years, only three to four SPSEs earned profits ranging from ₹ 2.83 crore (2019-20) to ₹ 9.61 crore (2018-19). The profits earned had declined over the period and none of these SPSEs had declared any dividend during the past three years. There was no recorded information about the existence of any specific policy of the State Government regarding payment of minimum dividend by the SPSEs. As such the State Government did not get any returns on the investment made by them.

During 2019-20, out of 16⁶ working SPSEs, three⁷ SPSEs earned aggregate profits of ₹ 2.83 crore as per their latest finalised accounts (detailed in **Appendix 5.1**) and all of them are non-power SPSEs.

5.7 Long Term Debt of SPSEs

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

Table 5.6: Position of Outstanding loans of the SPSEs

Particulars	(₹ in crore)		
	2017-18	2018-19	2019-20
Total Loans outstanding (State Government and Others)	1,751.68	1,938.43	1,921.98
State Government Loans outstanding	298.53	314.42	327.40
Interest on Total Loans	154.92	166.84	251.67
Interest on State Loan ⁸	23.11	24.59	25.94

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

⁵ Meghalaya Energy Corporation Limited, Meghalaya Power Generation Corporation Limited, Meghalaya Power Transmission Corporation Limited and Meghalaya Power Distribution Corporation Limited

⁶ Excluding one Government company (Shillong Smart City Limited) which is yet to submit its first accounts.

⁷ Forest Development Corporation Limited, Meghalaya Tourism Development Corporation Limited and Meghalaya State Warehousing Corporation.

⁸ Interest figures as available in the latest finalised accounts of respective SPSEs.

It can be noticed from the table above that, the total long term borrowings of the SPSEs (Companies and Corporations) from all sources registered an increase of ₹ 186.75 crore from ₹ 1,751.68 crore (2017-18) to ₹ 1,938.43 crore (2018-19) as per their latest finalised accounts as on September 2020. This was mainly due to new loan of ₹ 170.87 crore taken as per latest finalised accounts of 2018-19 by one power sector SPSE (Meghalaya Energy Corporation Limited) from Rural Electrification Corporation, for working capital purposes.

As on 31 March 2020, however, nine out of 16 working SPSEs did not have any outstanding long-term loans.

5.8 Operating Efficiency of SPSEs

Key parameters

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

Table 5.7: Key parameters of operational efficiency of working SPSEs

Year	No. of working SPSEs	Paid up capital	(₹ in crore)			
			Net overall Accumulated profits (+)/losses(-)	Net overall profits (+)/losses(-)	EBIT	Capital Employed ⁹
2017-18	16	4,395.95	(-) 2,164.62	(-) 410.17	(-)255.23	4,001.69
2018-19	16	4,425.05	(-) 2,229.77	(-) 419.16	(-) 252.25	3964.00
2019-20	16 ¹⁰	4,605.73	(-) 2,747.35	(-) 514.75	(-) 263.09	3780.36

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

From the table above, it can be seen that, over the last three years the position of the Net overall losses and 'Earnings before Interest and Tax' (EBIT) had worsened. The Capital Employed of SPSEs during 2019-20 has also reduced mainly due to increase in accumulated losses over the years.

During 2019-20, all the 16 working SPSEs were under net accumulated losses. The major contributors to the accumulated losses of SPSEs during 2019-20 were Meghalaya Power Distribution Corporation Limited (₹ 1,778.59 crore), Meghalaya Power Generation Corporation Limited (₹ 363.70 crore), Meghalaya Energy Corporation Limited (₹ 152.09 crore) and Meghalaya Transport Corporation (₹ 106.69 crore).

5.9 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures the long term profitability and efficiency of the total capital employed by a company. Companies create value when they generate returns on the capital employed in excess

⁹ Capital Employed = Paid up share capital *plus* Free reserves and Surplus *plus* Long term loans *minus* Accumulated losses *minus* Deferred revenue expenditure.

¹⁰ Excluding one Government company (Shillong Smart City Limited) which is yet to submit its first accounts.

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 2019-20, the overall capital employed in respect of 16 working SPSEs as per their latest finalised accounts was ₹ 3,780.36 crore. Further, out of 16 working SPSEs, only four SPSEs¹¹ had positive ROCE.

In comparison, however, the overall capital employed in respect of working SPSEs during the previous two years (2017-18 and 2018-19) was ₹ 4,001.69 crore and ₹ 3,964.00 crore respectively, showing a downward trend in each successive year. Further, out of 16 working SPSEs, only five SPSEs each in 2017-18¹² and 2018-19¹³ had positive ROCE during each of the previous two years.

5.10 Return on Equity (ROE)

Return on equity¹⁴ (ROE) is a measure of financial performance of companies calculated by dividing the 'net income earned' by the Equity. During 2019-20, three working SPSEs earned profits as per their latest finalised accounts as on 30 September 2020. However, ROE of one profit making SPSE (Meghalaya Tourism Development Corporation Limited) was not workable as the accumulated losses (₹ 8.42 crore) of this SPSE had completely eroded its paid-up capital (₹ 7.96 crore).

The ROE of remaining two SPSEs which earned profit was 4.18 and 100 *per cent* (*Appendix 5.1*) as detailed in **Table 5.8** below:

Table 5.8: Return on Equity

SI No.	Name of the Company	Year of Accounts	ROE (in per cent)
1.	Forest Development Corporation of Meghalaya Limited	2015-16	100.00 ¹⁵
2.	Meghalaya State Warehousing Corporation	2017-18	4.18

5.11 SPSEs incurring Losses

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

¹¹ Forest Development Corporation of Meghalaya Limited, Meghalaya Energy Corporation Limited, Meghalaya Tourism Development Corporation Limited and Meghalaya State Warehousing Corporation.

¹² Meghalaya Government Construction Corporation Limited, Meghalaya Mineral Development Corporation Limited, Meghalaya Power Generation Corporation Limited, Meghalaya Power Transmission Corporation Limited and Meghalaya State Warehousing Corporation.

¹³ Forest Development Corporation of Meghalaya Limited, Meghalaya Infrastructure Development and Finance Corporation Limited, Meghalaya Power Generation Corporation Limited, Meghalaya Power Transmission Corporation Limited and Meghalaya State Warehousing Corporation.

¹⁴ Return on Equity = (Net Profit after Tax and preference Dividend ÷ Equity) x 100, where Equity = Paid up Capital *plus* Free Reserves *minus* Accumulated Loss *minus* Deferred Revenue Expenditure.

¹⁵ [Paid up Capital (₹ 1.97 crore) + Accumulated losses (₹ - 0.45 crore)] ÷ Profit during the year (₹ 1.52 crore) X 100

Table 5.9: Details of loss making working SPSEs

Year	2017-18	2018-19	2019-20
Total No. of working SPSEs	16	16	16
Number of loss making working SPSEs	11	11	12 ¹⁶
Aggregate losses (₹ in crore)	419.11	428.77	517.58

The details of major contributors to losses of working SPSEs incurred during 2019-20 are given in **Table 5.10** below:

Table 5.10: Major contributors to losses of working SPSEs during 2019-20

(₹ in crore)			
Sl. No.	Name of the Company	Latest finalised accounts	Net Loss (₹ in crore)
1	Meghalaya Power Distribution Corporation Limited	2017-18	286.55
2.	Meghalaya Power Generation Corporation Limited	2017-18	163.54
3.	Mawmluh Cherra Cement Limited	2018-19	25.22
4.	Meghalaya Energy Corporation Limited	2017-18	14.61
5	Meghalaya Power Transmission Corporation Limited	2017-18	13.84
Total			503.76

From the table above, it can be noticed that approximately 97 per cent of the losses incurred by working SPSEs during 2019-20 was on account of the four PSEs in the Power sector and Mawmluh Cherra Cement Limited.

5.12 SPSEs having complete erosion of capital

The aggregate paid-up capital and accumulated losses of 16 working SPSEs as per their latest finalised accounts as on 30 September 2020 were ₹ 4,605.73 crore and (-) ₹ 2,747.35 crore respectively. Analysis of investment and accumulated losses of these SPSEs revealed that the accumulated losses of seven working SPSEs (₹ 2,159.69 crore) had completely eroded their paid-up capital (₹ 1,147.33 crore) as detailed in **Table 5.11**.

Table 5.11: Erosion of Capital of SPSEs

(₹ in crore)			
Name of SPSE	Latest finalised accounts	Paid up capital	Accumulated losses
Meghalaya Government Construction Corporation Limited (MGCCCL)	2018-19	0.75	19.04
Meghalaya Handloom & Handicraft Development Corporation Limited (MHHDCL)	2018-19	1.50	5.06
Meghalaya Mineral Development Corporation Limited (MMDCL)	2018-19	2.32	7.10
Meghalaya Tourism Development Corporation Limited (MTDCL)	2018-19	7.96	8.42
Meghalaya Transport Corporation (MTC)	2015-16	93.05	106.69
Mawmluh Cherra Cements Limited (MCCL)	2018-19	197.51	234.79
Meghalaya Power Distribution Corporation Limited (MePDCL)	2017-18	844.24	1778.59
Total		1147.33	2159.69

Source: As per latest finalised accounts of the SPSEs.

¹⁶ Details of loss making SPSEs are given in Appendix 5.1.

Out of the total eroded paid-up capital of ₹ 1,147.33 crore, the major portion pertained to MePDCL (73.58 *per cent*) followed by MCCL (17.21 *per cent*) and MTC (8.11 *per cent*). The reasons for under performance of these SPSEs had been highlighted in the previous audit reports as summarised below: -

- MePDCL had accumulated huge losses because of low revenue realised against the sale of power which was not sufficient to meet even the power purchase cost (including transmission/wheeling charges) mainly due to poor billing and collection efficiency and high power purchase cost¹⁷.
- Similarly, despite major capital investment in the MCCL, the Company could achieve only 22 *per cent* capacity utilisation against the projected capacity utilisation of 60 to 75 *per cent* which was mainly on account of excessive machine stoppages, idling of machineries/equipment and absence of skilled staff¹⁸.
- The MTC failed to grow as a major operator in the State public transport system and could not compete with the private players in the State on account of several reasons like, absence of a well thought state transport policy and long term planning for gradual and systematic increase in its share in the State Public Transport, inability to increase the fleet strength due to the financial constraints, operational inefficiencies and high cost of operations leading to continuous operational losses, *etc.*¹⁹.

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

5.13 Performance of power sector SPSEs

The power sector SPSEs play an important role in the economy of the State. Apart from providing critical infrastructure required for development of the State's economy, the sector also adds significantly to the Gross State Domestic Product (GSDP). As mentioned under **Paragraph 5.3**, SPSE-turnover to GSDP during 2019-20 stood at 3.29 *per cent*; of which, major portion to the extent of 3.03 *per cent* (₹ 1,109.26 crore) was contributed by the power sector SPSEs.

High losses of power sector SPSEs

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

¹⁷ Para No. 4.2.13, 4.2.8 and 4.2.9 of the Report of the Comptroller & Auditor General of India on Social, Economic, General & Economic (PSUs) Sectors – Government of Meghalaya for the year ended 31 March 2017.

¹⁸ Para 3.2 of the Report of the Comptroller & Auditor General of India on Social & Economic Sectors – Government of Meghalaya for the year ended 31 March 2019.

¹⁹ Para 4.2 of the Report of the Comptroller & Auditor General of India on Social, Economic, General & Economic (PSUs) Sectors – Government of Meghalaya for the year ended 31 March 2017.

Table 5.12: Details of aggregate losses of power sector SPSEs

Year	2016-17	2017-18	2018-19	2019-20
Total No. of power sector SPSEs	4	4	4	4
Number of loss making SPSEs	3	3	3	4
Number of profit earning SPSEs ²⁰	1	1	1	-
Net overall losses in power sector (₹ in crore)	(-) 234.92	(-) 369.72	(-) 369.19	(-) 478.54
Accumulated losses (₹ in crore)	(-) 1,226.91	(-) 1,812.90	(-) 1,836.03	(-) 2,314.57

Key parameters

Some of the key parameters of the operational efficiency of four power sector SPSEs as per their latest finalised accounts as on 30 September 2020 are given in **Table 5.13** below:

Table 5.13: Key parameters of the operations of power sector SPSEs during 2019-20
(₹ in crore)

Sl. No.	Name of the Company	Latest finalised accounts	Paid up capital	Net Loss for the year	Accumulated losses	Net worth ²¹
1	Meghalaya Power Distribution Corporation Limited (MePDCL)	2017-18	844.24	(-) 286.55	(-) 1,778.59	(-) 934.25
2.	Meghalaya Power Generation Corporation Limited (MePGCL)	2017-18	798.91	(-) 163.54	(-) 363.70	(+) 435.21
3	Meghalaya Energy Corporation Limited (MeECL)	2017-18	2,070.87	(-) 14.61	(-) 152.09	(+) 1,918.78
4	Meghalaya Power Transmission Corporation Limited (MePTCL)	2017-18	423.82	(-) 13.84	(-) 20.19	(+) 403.63
	Total		4,137.84	(-) 478.54	(-) 2,314.57	

It can be seen from the tables 5.12 and 5.13 above that during last four years (2016-17 to 2019-20), the overall losses of power sector SPSEs have increased by more than two folds from ₹ 234.92 crore (2016-17) to ₹ 478.54 crore (2019-20). Further, during 2019-20, the net worth of one SPSE (MePDCL) was negative at (-) ₹ 934.25 crore due to complete erosion of its equity capital by the accumulated losses. The net worth of MePDCL turned negative for the first time during 2016-17 when it's paid up capital (₹ 801.20 crore) was completely eroded by the accumulated losses (₹ 961.42 crore) as per it's latest finalised accounts (2014-15) as on 30 September 2017. During October 2017 to September 2020, MePDCL had finalised three annual accounts (2015-16 to 2017-18). However, the net worth of the Company remained negative during all these years.

This gradual process of incurring losses by the power sector SPSEs is a drain on the State's economy and resources. Despite constant deterioration in the overall performance of four power sector SPSEs, the State Government continued to provide

²⁰ During 2016-17 to 2018-19, Meghalaya Power Transmission Corporation Limited was the only power sector SPSE, which registered profit of ₹ 7.17 crore (2016-17) and ₹ 8.15 crore (2017-18 & 2018-19) as per its latest finalised accounts.

²¹ Net Worth means the sum total of the 'paid-up capital' and 'free reserves and surplus' minus 'accumulated losses' and 'deferred revenue expenditure'.

significant budgetary support to these SPSEs. Analysis of records of power sector SPSEs revealed that the State Government provided budgetary support aggregating ₹ 430.04 crore to four power sector SPSEs during 2017-18 (₹ 137.26 crore), 2018-19 (₹ 60.81 crore) and 2019-20 (₹ 231.97 crore) by way of equity (₹ 164.98 crore), loans (₹ 35.77 crore) and grants/subsidy (₹ 229.29 crore). This included budgetary support of ₹ 157.09 crore provided to MePDCL during 2017-18 (₹ 94.26 crore), 2018-19 (₹ 12.22 crore) and 2019-20 (₹ 50.61 crore) by way of loans (₹ 1.73 crore) and grants/subsidy (₹ 155.36 crore).

OVERSIGHT ROLE OF COMPTROLLER & AUDITOR GENERAL OF INDIA

5.14 Audit of State Public Sector Enterprises (SPSEs)

Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a Government Company and Government Controlled Other Company under Section 139(5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and supplement or comment upon the Audit Report of the statutory auditor. Statutes governing some corporations require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

5.15 Appointment of statutory auditors of SPSEs by CAG

Sections 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year. The statutory auditors of 18 SPSEs (excluding Meghalaya Transport Corporation, a statutory corporation for which CAG is the sole auditor) are appointed by the CAG.

5.16 Submission of accounts by SPSEs

Need for timely submission

According to Section 394 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before the State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the Act regulating the only statutory corporation (Meghalaya Transport Corporation) in the State. This mechanism provides the necessary Legislative control over the utilisation of public funds invested in the companies from the State budget.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial

Statement for the financial year has to be placed in the said AGM for their consideration.

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

Despite above, annual accounts of various SPSEs were pending and in arrears as on 30 September 2020, as discussed below.

5.17 Timeliness in preparation of accounts by SPSEs

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

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

Sl. No.	Particulars	2017-18	2018-19	2019-20
1.	Number of working SPSEs	16	16	17
2.	Number of Accounts finalised during the year	30	16	20
3.	Number of Accounts in arrears	32	32	29
4.	Number of Working SPSEs with arrears in Accounts	16	16	17
5.	Extent of arrears (number in years)	1 to 7	1 to 5	1 to 4

As can be seen from table above, although the situation improved gradually during last five years in terms of number of accounts finalised and extent of arrears, 29 accounts of 17 working SPSEs were still in arrears for one to four years as on 30 September 2020. Out of the total arrears of 29 accounts, Meghalaya Transport Corporation and Forest Development Corporation of Meghalaya Limited have maximum accounts in arrears for four years each. Shillong Smart City Limited, incorporated on the 22 January 2019 had not submitted its first accounts as of 30 September 2020.

The Administrative Departments concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts of SPSEs under their control are finalised and adopted by the SPSEs within the stipulated period.

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

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

Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory

Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. The statutory corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such corporations.

5.19 Audit of accounts of Government Companies by Statutory Auditors

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

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of the public sector enterprises with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively.

This function is discharged by exercising the power:

- to issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013 and
- to supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

5.20 Supplementary Audit of accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the Management of an entity.

The statutory auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

5.21 Result of CAG's oversight role

Audit of accounts of SPSEs

Government Companies

During 2019-20, 14 working companies had forwarded 18 accounts to the Accountant General (Audit), Meghalaya. 15 accounts of 12 Companies were selected for

Supplementary audit during the year. Non-Review Certificates (NRC) were issued against three accounts of two Companies.

Statutory Corporation

The Accountant General (Audit), Meghalaya is the sole auditor of Meghalaya Transport Corporation (MTC). MTC forwarded two accounts during the year and both were selected for audit.

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

Significant comments of the C&AG issued as supplement to the statutory auditors' reports on Government Companies/Government Controlled Other Companies

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

Table 5.15: Gist of significant comments on the accounts of the SPSEs

Sl. No.	Name of the Company	Comments
1	Meghalaya Energy Corporation Limited (Year of Accounts: 2017-18)	<ul style="list-style-type: none"> The Company had not included ₹ 5.53 crore being the inventories available with Material Management Division as per Physical Verification Report as on 31 March 2018. This has resulted in understatement of 'Inventories' with corresponding overstatement of 'Retained Earnings - Other Equity (debit balance)' (Note-9) by ₹ 5.53 crore each. The Company booked the consultancy charges amounting to ₹ 1.26 crore paid on behalf of the subsidiary companies, in their accounting, this expenditure, pertains to subsidiary companies (Meghalaya Power Generation Corporation Limited, Meghalaya Power Transmission Corporation Limited and Meghalaya Power Distribution Corporation Limited) should have been booked in the respective companies accounts. This has resulted in overstatement of 'Other Expenses' and 'loss for the year' by ₹ 1.26 crore each.
2	Meghalaya Power Generation Corporation Limited (Year of Accounts: 2017-18)	<ul style="list-style-type: none"> The Company included ₹ 4.99 crore, being the liabilities for supply of material (capital) lying unadjusted since 2013-14. The Company did not have the party-wise details to whom the amount was payable as well the details of the scheme works on which the said materials were utilised. The Company has not accounted ₹ 1.02 crore of the agency charges (7.50 per cent of the total project cost) received by the holding company (Meghalaya Energy Corporation Limited) from the Education Department, Government of Meghalaya on behalf of the Company against construction of school under Rashtriya Madhyamik Siksha Abhiyan Scheme. This has correspondingly resulted in overstatement of 'loss for the year' and understatement of 'Other Current Assets – Receivables from Meghalaya Energy Corporation Limited' by ₹ 1.02 crore each.
3	Meghalaya Power Distribution Corporation Limited (Year of Accounts: 2017-18)	<ul style="list-style-type: none"> The Company did not account ₹ 10.08 crore depreciation for the period from 2008-09 to 2016-17 on the capital expenditure (₹ 26.32 crore) incurred (November 2008) towards Building and Lines and Cables HV under APDRP Scheme though capitalized during 2017-18. This has correspondingly resulted in understatement of 'depreciation for the year' by ₹ 10.08 crore with corresponding understatement of 'loss for the year' to the same extent.

Sl. No.	Name of the Company	Comments
4	Meghalaya Power Transmission Corporation Limited (Year of Accounts: 2017-18)	<ul style="list-style-type: none"> Company has not included ₹ 51.81 lakh being the Annual Maintenance Contract Charges payable for the year to Watchmen guarding, Lines Maintenance and SCADA/EMS Systems at SLDC. Non accounting of the same has resulted in understatement of 'Other Expenses' & understatement of 'Loss for the year' by ₹ 51.81 lakh respectively.
5	Meghalaya Industrial Development Corporation Limited (Year of Accounts: 2017-18)	<ul style="list-style-type: none"> The Company's current liabilities were understated by ₹0.63 crore, due to improper adjustment of the advances paid (November 2017) to the contractor (M/s MD Construction) for construction of business incubation centre at Bakasapura against the 'current liabilities' relating to various projects. The Company should have shown both the items separately under 'current assets' and 'current liabilities'. This has correspondingly resulted in understatement of 'current liabilities' to the same extent. The Company received (March 2015) first instalment of ₹ 9.30 crore towards grant under ASIDE Scheme for creation of infrastructure for four projects and kept the same unutilised till March 2018. The Company received (March 2015) first instalment of ₹ 9.30 crore towards grant under ASIDE Scheme for creation of infrastructure for four projects and kept the same unutilised till March 2018. As per the sanction order, the Scheme fund was to be utilised till March 2016 and in case the fund is not utilised within the prescribed time, interest at the rate of 10 per cent per annum was chargeable on unspent scheme fund. Contrary to the Scheme conditions, the Company have not provided for the interest liability and have neither disclosed the reason for non-provisioning for the same.
6	Meghalaya Transport Corporation (Year of Accounts: 2015-16)	<ul style="list-style-type: none"> House Rent Receivable of ₹ 0.25 crore was understated due to non-accounting of Penal interest receivable from one tenant (Hotel ELGIN) for default in payment of rent dues (₹ 0.81 crore) as on 31st March 2016. This resulted in understatement of 'Non-operating revenue' and overstatement of 'Loss for the year' by ₹ 0.25 crore each. Sundry Debtors amount aggregating to ₹ 7.68 crore, for which the Corporation could not produce supporting documents. The Corporation also did not make any correspondence during the year to confirm the existence of these balances. Hence, the authenticity of these figures could not be verified in audit.
7	Meghalaya Bamboo Chips Limited (Year of Accounts: 2018-19)	<ul style="list-style-type: none"> The Auditor's Report stated that the Company has a regular programme of physical verification of its fixed assets. Also in their report, it was stated that the title deeds of immovable properties are held in the name of the company. However, scrutiny of available records revealed that there was no such regular programme of physical verification of fixed assets. Also the landed property was not held by the Company.

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

In exercise of the powers conferred by Section 469 of the Companies Act, 2013, read with Section 129 (1), Section 132 and Section 133 of the said Act, the Central Government prescribed Accounting Standards prescribed Accounting Standards 1 to 7 and 9 to 29. Besides these, the Central Government notified 41 Indian Accounting Standards (Ind AS) through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

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

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

Accounting Standard/Ind AS		Name of the Company	Year	Deviation
AS 6	Accounting of Government Grants	Meghalaya Mineral Development Corporation Limited	2018-19	Grants receivable amounting to ₹ 34.61 lakh should have been recognized in the accounts as per AS 6 and 'Principle of Conservatism'.
AS 10	Accounting for Property, Plant & Equipment	Meghalaya Mineral Development Corporation Limited	2018-19	The Company should have disclosed 'useful lives' and 'depreciation rates used' for each class of 'Property, Plant & Equipment'.
Ind AS 119	Accounting for Property, Plant & Equipment	Meghalaya Power Transmission Corporation Limited	2017-18	The Company should have included ₹1.27 crore being the software communication system which should have been segregated from the hardware components. This has resulted in overstatement of Office Equipment (Hardware Component) and understatement of Intangible Assets (Software Component) by ₹ 1.27 crore each.

5.22 Management Letters

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

The material observations on the financial statements of SPSEs were reported as comments by the CAG under Section 143 (6)(b) of the Companies Act, 2013. Besides these comments on accounts, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, are also communicated to the management through a 'Management Letter' for taking corrective action. These deficiencies generally related to -

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

As per latest finalised accounts as on 30 September of respective years, 'Management Letters' were issued to five SPSEs as shown in **Table 5.17**.

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

Sl. No.	Name of the SPSEs (Year of accounts finalised)
1	Meghalaya Tourism Development Corporation Limited (2017-18)
2	Meghalaya Tourism Development Corporation Limited (2018-19)
3	Meghalaya Industrial Development Corporation Limited (2017-18)
4	Meghalaya Bamboo Chips Limited (2017-18)
5	Meghalaya Bamboo Chips Limited (2018-19)

5.23 Conclusions

As on 31 March 2020, the State of Meghalaya had 18 SPSEs, which included 16 Government companies (15 working and one non-working) and two Statutory Corporations (all working). As on 31 March 2020, there was a difference of ₹ 592.47 crore in the investment figures of the State Government (Equity: ₹ 132.79 crore; Long-term Loans: ₹ 459.68 crore) as per State Finance Accounts vis-à-vis records of SPSEs.

During 2019-20 the State Government has provided budgetary support of ₹ 263.53 crore to SPSEs in the form of Equity (₹ 135.53 crore), Loans (₹ 2.70 crore) and Grants/subsidy (₹ 125.30 crore). The major recipients of budgetary assistance during 2019-20 were four power sector companies, which received budgetary allocation of ₹ 231.97 crore (87.99 per cent) in the form of Equity (₹ 118.18 crore), Loans (₹ 2.70 crore) and Grants/subsidies (₹ 111.09 crore).

The overall losses of power sector SPSEs in last four years have increased by more than two folds from ₹ 234.92 crore (2016-17) to ₹ 478.54 crore (2019-20). Further, the net worth of one SPSE (Meghalaya Power Distribution Company Limited) was negative at (-) ₹ 934.25 crore due to complete erosion of its equity capital by the accumulated losses. Net worth of this SPSE had been negative for last four years since 2016-17 to 2019-20 as per its latest finalised accounts.

The losses of the power sector SPSEs are a drain on the State's economy and resources. Despite the consistent State budgetary support provided by the State Government, aggregating ₹ 430.04 crore to four power sector SPSEs during 2017-18 (₹ 137.26 crore), 2018-19 (₹ 60.81 crore) and 2019-20 (₹ 231.97 crore) by way of equity (₹ 164.98 crore), loans (₹ 35.77 crore) and grants/subsidy (₹ 229.29 crore), their performance has not improved.

During 2019-20, out of 16 working SPSEs (excluding one SPSE which has not finalised its first accounts), three SPSEs earned profits (₹ 2.83 crore) as per their latest finalised accounts. Further, the accumulated losses (₹ 2,159.69 crore) of seven working SPSEs had completely eroded their paid-up capital (₹ 1,147.33 crore).

As on 30 September 2020, all 17 working SPSEs had a total arrear of 29 Accounts ranging from one to four Accounts. The highest number of accounts pending finalisation (four Accounts each) pertained to Meghalaya Transport Corporation and Forest Development Corporation of Meghalaya Limited.

5.24 Recommendations

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

- *Accumulation of huge losses by seven out of 17 working SPSEs had eroded public wealth, which is a cause of concern and the State Government needs to review the working of these SPSEs to either improve their profitability or close their operations.*
- *The losses of the Power Sector Companies, need to be critically reviewed to increase their revenues and decrease their losses.*
- *The Administrative Departments overseeing the SPSEs having backlog of Accounts need to ensure that these SPSEs finalise and adopt their Accounts within the stipulated period, failing which financial support to them be reviewed.*



Shillong
The: 31 August 2021

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

Countersigned



New Delhi
The: 07 September 2021

(Girish Chandra Murmu)
Comptroller and Auditor General of India

APPENDICES

APPENDIX 2.1
Time Series Data on State Government Finances
(Reference: Paragraphs 2.4.2.2 & 2.8)

(₹ in crore)

	2015-16	2016-17	2017-18	2018-19	2019-20
Part A – Receipts					
1. Revenue Receipts	7043.13	8938.95	9273.48	9718.62	9413.52
<i>(i) Tax Revenue</i>	1056.82 (15.00)	1186.01 (13.27)	1450.10 (15.64)	1793.24 (18.45)	1891.25 (20.09)
State Goods and Services Tax (SGST)	...	...	376.00 (25.93)	805.96 (44.95)	909.78 (48.10)
Sales Tax	811.79 (76.81)	931.06 (78.50)	766.63 (52.87)	627.50 (34.99)	567.13 (29.99)
State Excise	170.04 (16.09)	168.98 (14.25)	199.30 (13.74)	226.21 (12.61)	276.27 (14.61)
Taxes on Vehicles	42.01 (3.98)	48.22 (4.07)	67.01 (4.62)	86.95 (4.85)	99.24 (5.25)
Stamps and Registration fees	12.74 (1.21)	17.19 (1.45)	20.25 (1.40)	26.19 (1.46)	20.34 (1.08)
Land Revenue	3.18 (0.30)	1.27 (0.11)	2.08 (0.14)	2.73 (0.15)	1.00 (0.05)
Taxes on Goods and Passengers	...	...	7.83 (0.54)	8.45 (0.47)	9.13 (0.48)
Other Taxes	17.06 (1.61)	19.29 (1.63)	11.00 (0.76)	9.25 (0.51)	8.36 (0.44)
<i>(ii) Non Tax Revenue</i>	228.60 (3.25)	685.24 (7.67)	366.63 (3.95)	427.70 (4.40)	530.11 (5.63)
<i>(iii) State's share of Union Taxes and Duties</i>	3276.46 (46.52)	3911.05 (43.75)	4323.14 (46.62)	4889.07 (50.31)	4211.78 (44.74)
<i>(iv) Grants-in-aid from Government of India</i>	2481.25 (35.23)	3156.65 (35.31)	3133.61 (35.46)	2608.61 (26.84)	2780.38 (29.54)
2. Miscellaneous Capital Receipts	NIL	NIL	NIL	NIL	NIL
3. Recoveries of Loans and Advances	19.08	18.81	17.45	18.01	31.32
4. Total revenue and Non-debt capital receipts (1+2+3)	7062.21	8957.76	9290.93	9736.63	9444.84
5. Public Debt Receipts	836.93	1210.43	1225.14	1324.69	1496.02
Internal Debt (excluding Ways and Means Advances and Overdrafts)	834.70 (99.73)	1206.16 (99.65)	1218.47 (99.46)	1302.28 (98.31)	1480.24 (98.95)
Net transactions under Ways and Means Advances and Overdraft	NIL	NIL	NIL	NIL	NIL
Loans and Advances from Government of India ¹	2.23 (0.27)	4.27 (0.35)	6.67 (0.54)	22.41 (1.69)	15.78 (1.07)
6. Total receipts in the Consolidated Fund (4+5)	7899.14	10168.19	10516.07	11061.32	10940.86
7. Contingency Fund Receipts	NIL	100.00	100.00	NIL	NIL
8. Public Accounts Receipts	3527.16	4636.76	4187.87	4568.43	3866.03
9. Total receipts of the State (6+7+8)	11426.30	14904.95	14803.94	15629.75	14806.89
Part B – Expenditure					
10. Revenue Expenditure	6347.73	8336.54	8422.68	10255.94	9565.12
	2040.09 (32.14)	3695.32 (44.33)	...	...	....
<i>Non-Plan</i>	4307.64 (67.86)	4641.22 (55.67)	...	...	....
General Services (including Interest payments)	2255.52 (35.53)	2480.16 (29.75)	2826.87 (33.56)	3535.88 (34.48)	3667.70 (38.34)

¹ Includes Ways and Means Advances.

	2015-16	2016-17	2017-18	2018-19	2019-20
Social Services	2395.17 (37.73)	3099.11 (37.18)	3147.61 (37.37)	4100.07 (39.98)	3724.26 (38.94)
Economic Services	1697.04 (26.73)	2757.27 (33.07)	2448.20 (29.07)	2619.99 (25.55)	2173.16 (22.72)
11. Capital Expenditure (Capital Outlay)	1110.89	1289.80	983.44	1417.28	939.71
<i>Plan</i>	1110.66 (99.98)	1238.19 (96.00)	...	...	...
<i>Non-Plan</i>	0.23 (0.02)	51.61 (4.00)	...	...	...
General Services	97.24 (8.75)	83.00 (6.44)	49.77 (5.06)	84.98 (6.00)	47.73 (5.08)
Social Services	289.69 (26.08)	459.36 (35.61)	360.57 (36.66)	360.00 (25.40)	293.08 (31.19)
Economic Services	723.96 (65.17)	747.44 (57.95)	573.10 (58.28)	972.30 (68.60)	598.90 (63.73)
12. Disbursement of Loans and Advances	158.35	30.83	22.05	89.49	43.78
13. Total Expenditure (10+11+12)	7616.97	9657.17	9428.17	11762.71	10548.61
14. Repayments of Public Debt	337.34	414.41	329.62	395.94	418.71
Internal Debt (excluding Ways and Means Advances and Overdrafts)	317.49 (94.12)	394.50 (95.20)	309.28 (93.83)	375.32 (94.79)	393.22 (93.91)
Net transactions under Ways and Means Advances and Overdraft	NIL	NIL	NIL	NIL	NIL
Loans and Advances from Government of India	19.85 (5.88)	19.91 (4.80)	20.34 (6.17)	20.62 (5.21)	25.49 (6.09)
15. Appropriation to Contingency Fund	NIL	100.00	100.00	NIL	NIL
16. Total disbursement out of Consolidated Fund (13+14+15)	7954.31	10171.58	9857.79	12158.65	10967.32
17. Contingency Fund disbursements	NIL	NIL	NIL	NIL	1.96
18. Public Account disbursements	3681.63	3589.59	4569.16	4373.19	4046.71
19. Total disbursement by the State(16+17+18)	11635.94	13761.17	14426.95	16531.84	15015.99
Part C – Deficits					
20. Revenue Surplus (+) /Deficit (-) (1-10)	+695.40	+602.41	+850.80	-537.32	-151.60
21. Fiscal Deficit (-) (4-13)	-554.76	- 699.41	-237.24²	-2026.08	-1103.77
22. Primary Deficit (-)/Surplus (+) (21-23)	- 88.88	- 177.18	+353.94	-1369.27	-1862.28
Part D – Other Data					
23. Interest Payments (included in revenue expenditure)	465.88	522.23	591.18	656.81	758.51
24. Financial Assistance to local bodies, etc.	1500.72	3263.68	2650.06	1996.34	1821.20
25. Ways and Means Advances/Overdraft availed (days)	NIL	NIL	NIL	NIL	NIL
26. Interest on WMA/Overdraft	NIL	NIL	NIL	NIL	NIL
27. Gross State Domestic Product (GSDP) ³	25117	27439	29508	33481	36572
28. Rate of Growth of GSDP	8.10	9.24	7.54	13.46	9.23
29. Outstanding Debt (year end)	7154.68	8983.50	9485.08	10623.68	11533.78
30. Rate of Growth of Outstanding Debt	5.97	25.56	5.58	12.00	8.57
31. Outstanding guarantees (year end) including interest	1042.19	983.11	820.68	1163.09	1120.14
32. Maximum amount guaranteed (year end)	868.09	860.04	1139.94	1376.74	1369.80
33. Number of incomplete projects	65	225	194	193	218
34. Capital blocked in incomplete projects ⁴	215.68 (24)	734.30 (70)	1040.42 (79)	329.60 (32)	1263.14 (147)
35. Total Debt Receipts	2151.92	3454.69	2954.36	3189.65	2941.07
36. Total Debt Payments (Including Interest)	2214.57	2148.10	3043.96	2707.85	2789.48
37. Net Debt available to the State	-62.65	1306.59	-89.60	481.80	151.59

² The Fiscal Deficit is inclusive of ₹ 100.00 crore transferred to Contingency Fund during the year.

³ Source: GSDP as per the Directorate of Economics and Statistics, Government of Meghalaya.

⁴ Expenditure incurred up to the end of the year on incomplete works (in brackets).

	2015-16	2016-17	2017-18	2018-19	2019-20
Part E – Fiscal Health Indicator (in per cent)					
I. Resource Mobilisation					
Own Tax Revenue/GSDP	4.21	4.32	4.91	5.36	5.17
Own Non-Tax Revenue/GSDP	0.91	2.50	1.24	1.28	1.45
Central Transfers ⁵ /GSDP	22.92	25.76	25.27	22.39	19.12
II. Expenditure Management					
Total Expenditure/GSDP	30.33	35.20	31.95	35.13	28.84
Total Expenditure/Revenue Receipts	108.15	108.03	101.67	121.03	112.06
Revenue Expenditure/Total Expenditure	83.34	86.32	89.34	87.19	90.68
Expenditure on Social Services/Total Expenditure	35.25	36.85	37.21	37.92	38.08
Expenditure on Economic Services ⁶ /Total Expenditure	33.86	36.61	32.28	31.30	26.69
Capital Expenditure/Total Expenditure	14.58	13.36	10.43	12.05	8.91
Capital Expenditure on Social and Economic Services/Total Expenditure	13.31	12.50	9.90	11.33	8.46
III. Management of Fiscal Imbalances					
Revenue Surplus / GSDP	2.77	2.20	2.88	-1.60	-0.41
Fiscal Deficit (-) / GSDP	-2.21	-2.55	-0.80	-6.05	-3.02
Primary Deficit (-) Surplus (+) / GSDP	-0.35	-0.65	1.20	-4.09	-0.94
Revenue Deficit (-) Surplus (+) / Fiscal Deficit	-125.35	-86.13	-358.62	26.52	13.73
Primary Revenue Balance ⁷ /GSDP	4.62	4.10	4.89	0.36	1.66
IV. Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	28.49	32.74	32.14	31.73	31.54
Fiscal Liabilities/RR	101.58	100.50	102.28	109.31	122.52
Primary deficit <i>vis-à-vis</i> quantum spread (₹ in crore)	367.52	415.23	910.17	-821.09	-1587.78
Debt Repayment (Principal +Interest)/ Total Debt Receipts	102.91	62.18	103.03	84.89	94.85
V. Other Fiscal Health Indicators					
Return on Investment (<i>per cent</i>)	0.02	0.02	0.01	0.01	0.01
Balance from Current Revenue (₹ in crore)	959.48	1815.33	-2233.77	-3097.11	-2879.43
Financial Assets/Liabilities (Ratio)	1.54	1.50	1.55	1.44	1.65

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

⁵ State's share of central taxes and grants-in-aid from Government of India.

⁶ Including loans and advances.

⁷ Revenue Receipts – (Revenue Expenditure – Interest Payments).

APPENDIX 3.1

Glossary of important Budget related terms

(Reference: Paragraph 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 authorization 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 regularization 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. **'Reappropriation'** - means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
15. **'Revised Estimate'** - is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.
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 utilize 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.

Appendix 3.2

Details of cases where supplementary provision (₹ 50 lakh or more in each case)
proved unnecessary

(Reference: Paragraph 3.1.7)

(₹ in crore)

Sl. No.	Name of the Grant	Original	Supplementary	Actual	Saving out of Original Provisions
Revenue (Voted)					
1.	16 – Police, Other Administrative Services, <i>etc.</i> , Housing, Capital Outlay on Police	985.36	8.26	922.04	63.32
2.	20 – Other Administrative Services	50.60	1.75	41.27	9.33
3.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health	1090.35	2.62	816.90	273.45
4.	33 – District Administration, Vigilance, Other Administrative Services, Miscellaneous General Services, Social Security and Welfare	7.79	0.87	5.15	2.64
5.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, Capital Outlay on North Eastern Areas	151.30	30.37	107.70	43.60
6.	48 – Housing, Dairy Development, Agricultural Research and Education	36.12	0.97	11.04	25.08
7.	55 – Non-Ferrous Mining and Metallurgical Industries	70.73	0.95	59.28	11.45
8.	59 – Miscellaneous General Services, Secretariat – Economic Services	465.07	1.75	197.16	267.91
	Total	2857.32	47.54	2160.54	696.78
Capital (Voted)					
1.	11 – Other Taxes on Commodities and Services, Special Programmes for Rural Development, Power, New and Renewal Energy, Capital Outlay on North Eastern Areas, <i>etc.</i>	322.49	10.03	26.76	295.73
2.	19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, <i>etc.</i>	111.79	35.00	47.01	64.78
3.	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development	124.82	50.00	52.55	72.27
4.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges	587.31	307.00	518.38	68.93
	Total	1146.41	402.03	644.70	501.71
	Grand Total	4003.73	449.57	2805.24	1198.49

APPENDIX 3.3

**Excess/unnecessary/insufficient re-appropriation
(Reference: Paragraph 3.1.8)**

Sl. No.	Grant No. and Head of Accounts	Provisions			Actual Expenditure	Final Excess(+)/ Savings(-)	
		Original	Supple-mentary	Re-appropriation			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	4 – Administration of Justice 2014 – Administration of Justice – 108 – Criminal Courts (03) Establishment of Chief Judicial Magistrate and Other Judicial Magistrate	10.58	---	(-)3.87	6.71	4.57	(-)2.14
2.	4 – Administration of Justice 2014 – Administration of Justice – 108 – Criminal Courts (01) Courts of Deputy Commissioner, his Assistant, etc.	2.61	---	(-)0.46	2.15	4.59	(+)2.44
3.	5 – Elections – 2015 Elections – 102 Electoral Officers (02) Election Officers and Office Establishment in the Districts	7.77	---	(-)1.43	6.34	5.04	(-)1.30
4.	6 – Land Revenue, Relief on Account of Natural Calamities 2245 - Relief on Account of Natural Calamities – 05 State Disaster Response Fund – 901 Deduct Amount met from Calamity Relief Fund (01) Financial Assistance to the Victims of natural Calamities	29.00	---	(-)14.00	15.00	---	(-)15.00
5.	7 – Stamps and Registration 2030 – Stamps and Registration – 03 Registration – 001 Direction and Administration (02) District Registration Offices	3.38	---	(-)0.01	3.37	2.09	(-)1.28
6.	8 – State Excise – 2039 – State Excise – 001 Direction and Administration (03) District Establishment	17.13	---	(-)0.13	17.00	15.91	(-)1.09
7.	9 – Taxes on Sales, Trade etc., Other Taxes and Duties on Commodities and Services – 2040 – Taxes on Sales, Trade etc. – 101 Collection Charges (01) District level offices	18.91	---	(+)0.37	19.28	15.42	(-)3.86
8.	10 – Taxes on Vehicles, Other Administrative Services, etc., Capital Outlay on North Eastern Areas, etc. – 2070 - Other Administrative Services – 800 Other Expenditure (01) Operation of Helicopter Services	16.08	---	(-)1.37	14.71	3.15	(-)11.56
9.	10 – Taxes on Vehicles, Other Administrative Services, etc., Capital Outlay on North Eastern Areas, etc. – 5053 – Capital Outlay on North Eastern Areas – 02 Air Ports – 102 Aerodromes (03) Up-gradation of Umroi Airport	4.80	---	(-)0.56	4.24	3.16	(-)1.08

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
10.	10 – Taxes on Vehicles, Other Administrative Services, etc., Capital Outlay on North Eastern Areas, etc. – CSS - 5053 – Capital Outlay on Civil Aviation 02 Air Ports – 102 Aerodromes (03) Up-gradation of Umroi Airport	170.00	---	(-)1.09	168.91	---	(-)168.91
11.	14 – District Administration, Other Administrative Services – 2053 District Administration – 093 District Establishments (01) D.C'S Establishment	31.35	---	(+)0.07	31.42	33.04	(+)1.62
12.	16 – Police, Other Administrative Services etc., Housing, Capital Outlay on Police – 2055 – Police - 101 Criminal Investigation and Vigilance (02 State Special Branch	33.77	---	(-)2.01	31.76	33.04	(+)1.28
13.	16 – Police, Other Administrative Services etc., Housing, Capital Outlay on Police – 2055 – Police – 109 District Police (01) District Executive Police	322.98	---	(-)6.85	316.13	312.89	(-)3.24
14.	16 – Police, Other Administrative Services etc., Housing, Capital Outlay on Police – 2055 – Police – 104 Special Police (04) 2 nd Meghalaya Police Battalion	48.84	---	(+)5.58	54.42	55.68	(+)1.26
15.	19 – Secretariat General Services, Public works, Housing, Capital Outlay on Public Works, etc. – 2059 – Public Works – 80 General – 001 Direction and Administration (02) Chief Engineer and his Establishments (Buildings)	9.36	---	(-)2.57	6.79	5.43	(-)1.36
16.	19 – Secretariat General Services, Public works, Housing, Capital Outlay on Public Works, etc. – 4059	18.50	35.00	(-)26.65	26.85	38.96	(+)12.11
17.	– Capital Outlay on Public Works – 80 General – 051 Construction (01) Functional Non-residential Buildings under General Services	11.60	---	(-)5.91	5.69	7.72	(+)2.03
18.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 01 Elementary Education – 101 Government Primary School (01) Expenditure on Primary Schools	59.34	---	(-)0.62	58.72	14.81	(-)43.91
19.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 01 Elementary Education – 101 Government Primary School (03) Government M.E. School	33.31	---	(-)0.31	33.00	28.18	(-)4.82

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
20.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 01 Elementary Education – 102 Assistance to Non-Government Primary School (13) Expenditure on U.P. Schools under Non-Deficit System	93.89	---	(-)2.94	90.95	68.42	(-)22.53
21.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 01 Elementary Education – 104 Inspection (01) Deputy Inspector of Schools and Staff	14.11	---	(-)0.42	13.69	11.44	(-)2.25
22.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 02 Secondary Education – 001 Direction and Administration (01) Headquarter	4.32	---	(-)0.22	4.10	2.03	(-)2.07
23.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 02 Secondary Education – 101 Inspection (01) Inspector of Schools and Staff	19.12	---	(-)0.37	18.75	8.62	(-)10.13
24.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 02 Secondary Education – 110 Assistance to Non-Government Secondary Schools (01) Expenditure on Secondary Schools under Deficit System for Boys	86.33	---	(-)20.47	65.86	67.49	(+)1.63
25.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 – General Education – 02 Secondary Education – 110 Assistance to Non-Government Secondary Schools (02) Expenditure on Secondary Schools under Deficit System for Girls	63.88	---	(-)0.65	63.23	59.37	(-)3.86
26.		59.91	---	(-)1.25	58.66	57.02	(-)1.64

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
27.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 02 Secondary Education – 110 Assistance to Non-Government Secondary Schools (03) Expenditure on Non-deficit Secondary Schools for Boys	18.72	---	(-)9.43	9.29	7.50	(-)1.79
28.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 02 Secondary Education – 110 Assistance to Non-Government Secondary Schools (04) Expenditure on Non-deficit Secondary Schools for Girls	52.00	---	(-)23.37	28.63	33.62	(+)4.99
29.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 02 Secondary Education – 110 Assistance to Non-Government Secondary Schools (04) Expenditure on Non-deficit Secondary Schools for Girls	13.42	---	(-)0.23	13.19	11.53	(-)1.66
30.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 03 University and Higher Education – 103 Government Colleges and Institutes (13) Government Colleges	75.10	---	(-)35.57	39.53	40.72	(+)1.19
31.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 80 – General – 003 Training (01) Directorate (SCERT)	7.13	---	(-)1.11	6.02	4.87	(-)1.15
32.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 80 – General – 003 Training (21) Basic Training Centers Including Guru Training	4.83	---	0.08	4.75	3.73	(-)1.02
33.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – 2202 – General Education – 80 – General – 108 Examinations (01) Meghalaya Board of Schools Education	14.66	---	(-)0.16	14.50	11.35	(-)3.15
34.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, <i>etc.</i> – CSS - 2202 – General Education – 01 Elementary Education – 102 Assistance to Non-Government Primary Schools (29) Mid-Day Meal Incentive to Student	20.00	---	(-)10.00	10.00	4.73	(-)5.27

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
35.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. - 2202 – General Education – 01 Elementary Education – 102 Assistance to Non-Government Primary Schools (02) Expenditure on Schools under Non-deficit System	16.07	---	(+)2.94	19.01	17.90	(-)1.11
36.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. - 2202 – General Education – 01 Elementary Education – 102 Assistance to Non-Government Primary Schools (25) SarvaShikshaAbhiyan	22.45	---	(+)8.99	31.44	59.11	(+)27.67
37.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. - 2202 – General Education – 01 Elementary Education – 102 Assistance to Non-Government Primary Schools (25) SarvaShikshaAbhiyan	5.00	---	0.53	5.53	9.12	(+)3.59
38.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – CSS - 2202 – General Education – 01 Elementary Education – 102 Assistance to Non-Government Primary Schools (25) SarvaShikshaAbhiyan	50.00	---	(+)68.70	118.70	80.93	(-)37.77
39.	22 – Other Administrative Services, Housing, Social Security and Welfare – 2216 – Housing – 05 General Pool Accommodation – 053 Maintenance and Repairs (01) Work Charged Establishment	3.00	---	(-)0.04	2.96	1.96	(-)1.00
40.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 – Pensions and Other Retirement Benefits – 01 Civil – 101 Superannuation and Retirement Allowance (01) Superannuation and Retirement Allowances	506.19	---	(-)0.20	505.99	554.22	(+)48.23
41.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 – Pensions and Other Retirement Benefits – 01 Civil – 102 Commuted Value of Pensions (01) Commuted Value of Pension	55.00	---	(+)0.88	55.88	68.58	(+)12.70
42.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 – Pensions and Other Retirement Benefits – 01 Civil – 115 Leave Encashment Benefits (01) Leave Encashment	70.00	---	(-)0.88	69.12	81.14	(+)12.02
43.	26 – Medical and Public Health, Family and Welfare, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 01 – Urban Health Services-Allopathy – 110 Hospital and Dispensaries (01) Shillong Civil Hospital (including improvement thereof)	49.49	---	(-)2.12	47.37	38.96	(-)8.41

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
44.	26 – Medical and Public Health, Family and Welfare, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 03 – Rural Health Services-Allopathy – 104 Community Health Centres (01) Up-gradation of Primary Health Centres to 30 Bedded Hospitals	53.50	---	(-)0.03	53.47	49.11	(-)4.36
45.	26 – Medical and Public Health, Family and Welfare, Capital Outlay on Medical and Public Health – 2211 – Family Welfare – 001 Direction and Administration (02) District Family Welfare Bureau	14.18	---	(-)0.34	13.84	6.38	(-)7.46
46.	26 – Medical and Public Health, Family and Welfare, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 03 – Rural Health Services-Allopathy – 103 Primary Health Centres (01) Other Existing and New Primary Health Centres with Indoor Facilities	115.46	---	(-)0.01	115.45	121.09	(+)5.64
47.	26 – Medical and Public Health, Family and Welfare, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health –03 – Rural Health Services-Allopathy – 110 Hospital and Dispensaries (01) Other Existing and New Dispensaries with or without Indoor Facilities	13.95	---	(-)0.00	13.95	15.93	(+)1.98
48.	26 – Medical and Public Health, Family and Welfare, Capital Outlay on Medical and Public Health – 2210 – Medical and Public Health – 06 – Public Health – 101 Prevention and Control of Diseases (01) Malaria	12.31	---	(-)0.01	12.30	15.25	(+)2.95
49.	32 – Civil Supplies, Capital Outlay on Food Storage and Warehousing – CSS – 3456 – Civil Supplies – 104 Consumer Welfare Fund (01) Consumer Welfare Fund	9.00	---	(-)2.42	6.58	---	(-)6.58
50.	35 – Welfare of SC/ST and Other Backward Classes, Social Security and Welfare – 2225 – Welfare of SC/ST and Other Backward Classes – 02 – Welfare of Scheduled Tribes – 800 - Other Expenditure (08) Special Problems Recommended by the 12 th /13 th Finance Commission in Tribal Administration	78.04	50.18	(-)48.18	80.04	100.11	(+)20.07
51.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. –2401 Crop Husbandry– 001 – Direction and Administration (01) Directorate of Agriculture	7.36	---	(+)4.47	11.82	5.34	(-)6.48

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
52.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. –2401 Crop Husbandry– 001 – Direction and Administration (02) District Offices	21.38	---	(+)5.56	26.94	20.92	(-)6.02
53.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2401 Crop Husbandry– 105 – Manures and Fertilisers (05) State Soil Survey Organisation	3.19	---	(-)0.07	3.12	1.68	(-)1.44
54.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2401 Crop Husbandry – 108 – Commercial Crops (46) Agriculture Mission	3.00	---	(-)1.33	1.67	---	1.67
55.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2401 Crop Husbandry – 108 – Commercial Crops (03) Farmer’s Institute	3.57	---	(-)0.46	3.11	2.03	(-)1.08
56.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2401 Crop Husbandry – 113 – Agricultural Engineering (02) Agricultural Engineering (Mechanical)	8.02	---	(-)0.78	7.24	5.83	(-)1.41
57.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. CSS – 2401 Crop Husbandry – 109 – Extension and Farmer’s Training (15) National Mission on Agricultural Extension and Technology (NMAET)	13.37	---	(-)3.75	9.62	11.27	(+)1.65
58.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. CSS – 2401 Crop Husbandry – 800 – Other Expenditure (10) National Mission for Sustainable Agriculture (NMSA)	4.73	---	(-)1.60	3.13	2.13	(-)1.00

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
59.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. CSS – 2401 Crop Husbandry – 111 – Agricultural Economic and Statistics (03) Pradhan mantra KisanSammanNidhi (PM Kisan)	12.00	---	(-)9.00	3.00	---	(-)3.00
60.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2415 Agriculture Research and Education – 01 – Crop Husbandry – 004 Research (04) Agricultural Research Stations and Laboratories	5.18	---	(+)0.16	5.34	3.97	(-)1.37
61.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2435 – Other Agricultural Programmes (01) Marketing and Quality Control – 101 – Marketing Facilities (07) National Food Security Mission (NFSM)	6.30	---	(-)6.28	0.02	2.86	(+)2.84
62.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. CSS – 2435 – Other Agricultural Programmes (01) Marketing and Quality Control – 101 – Marketing Facilities (04) Central Assistance for Directorate of Food Processing	10.00	---	(-)5.00	5.00	---	(-)5.00
63.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, North Eastern Areas, Capital Outlay on Housing, etc. – 2435 – Other Agricultural Programmes (01) Marketing and Quality Control – 101 – Marketing Facilities (11) Directorate of Food Processing	4.68	---	(+)5.00	9.68	5.00	(-)4.68
64.	45 – Housing, Soil and Water Conservation, Agricultural Research and Education, Capital Outlay on Soil and Water Conservation – 2402 – Soil and Water Conservation – 001 – Direction and Administration (02) Divisional Soil Conservation Offices	24.20	---	(-)3.79	20.41	17.83	(-)2.58
65.	45 – Housing, Soil and Water Conservation, Agricultural Research and Education, Capital Outlay on Soil and Water Conservation – 2402 – Soil and Water Conservation – 001 – Direction and Administration (03) Soil Conservation Range Offices	19.92	---	(-)2.36	17.56	16.40	(-)1.16

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
66.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2216 – Housing – 800 – Other Expenditure (01) Construction	0.44	1.62	(-)0.38	1.68	---	(-)1.68
67.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2403 – Animal Husbandry – 001 – Direction and Administration (02) District Offices	12.63	---	(-)0.23	12.40	8.31	(-)4.09
68.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2403 – Animal Husbandry – 101 – Veterinary Services and Animal Health (24) Veterinary Dispensaries	15.52	---	(-)0.86	14.66	10.37	(-)4.29
69.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2403 – Animal Husbandry – 102 – Cattle and Buffalo Development (06) Intensive Cattle Development Project	7.47	---	(-)0.24	7.23	5.99	(-)1.24
70.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2403 – Animal Husbandry – 102 – Cattle and Buffalo Development (29) Rural Slaughter Houses to be Financed with NABARD Loan	1.50	---	(-)0.38	1.12	---	
71.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2403 – Animal Husbandry – 800 – Other Expenditure (04) Construction and Maintenance of Departmental Non-residential Buildings	1.08	1.62	(-)0.50	2.20	0.51	(-)1.69
72.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2403 – Animal Husbandry – 107 Fodder and Feed Development (09) Sub-Mission of Pig	1.14	14.17	(-)1.14	14.17	---	(-)14.17
73.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry, etc. – 2403 – Animal Husbandry – 113 – Administrative Investigation and Statistics (01) Livestock Census Office	1.00	---	(+)0.33	1.33	---	(-)1.33
74.	49 – Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, Capital Outlay on Fisheries – CSS 2405 – Fisheries – 101 – Inland Fisheries (38) Blue Revolution Integrated Development and Management of Fisheries	30.00	---	(-)3.89	26.11	---	(-)26.11

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
75.	50 – Forestry and Wild Life, Agricultural Research and Education, Capital Outlay on Forestry and Wild Life – 2406 – Forestry and Wild Life – 01- Forestry – 001 – Direction and Administration (04) Forest Ranges and Beat Offices	15.56	---	(-)4.39	11.17	9.91	(-)1.26
76.	50 – Forestry and Wild Life, Agricultural Research and Education, Capital Outlay on Forestry and Wild Life – 2406 – Forestry and Wild Life – 01- Forestry – 102 – Social and Farm Forestry (04) Social Forestry	19.25	---	(-)3.20	16.05	18.45	(+)2.40
77.	50 – Forestry and Wild Life, Agricultural Research and Education, Capital Outlay on Forestry and Wild Life – 2406 – Forestry and Wild Life – 02 – Environmental Forestry and Wild Life – 800 - Other Expenditure (07) Special Central Assistance to Tribal Sub Schemes	2.73	---	(+)0.04	2.77	---	(-)2.77
78.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on North Eastern Areas, etc., - 2501 – Special Programmes for Rural Development – 06 – Self Employment Programmes – 102 – National Rural Livelihood Mission (02) National Rural Livelihood Mission	50.00	---	(+)6.50	56.50	43.55	(-)12.95
79.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on North Eastern Areas, etc., - CSS 2505 – Rural Employment – 01 – National Programmes – 702 – Jawahar Gram Samridhi Yojana (03) Indira Gandhi Awas Yojana (IAY)	291.00	---	(-)282.84	8.16	21.12	(+)12.96
80.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on North Eastern Areas, etc., - CSS 2505 – Rural Employment – 02 – Rural Employment Guarantee Scheme – 101 – National Rural Employment Guarantee Scheme (01) The National Rural Employment Guarantee	970.00	---	(-)549.74	420.26	421.75	(+)1.49
81.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on North Eastern Areas, etc., - 2515 – Other Rural Development Programmes – 001 – Direction and Administration (01) Directorate of Community Development	8.70	---	(-)0.30	8.40	4.14	(-)4.26

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
82.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on North Eastern Areas, etc., - 2515 – Other Rural Development Programmes – 001 – Direction and Administration (05) Stage-II Block Offices	77.54	---	(-)0.75	76.79	69.69	(-)7.10
83.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on North Eastern Areas, etc., - 2515 – Other Rural Development Programmes – 800 – Other Expenditure (10) National Social Assistance Programme (NSAP) Old Age Pension	27.66	---	(-)8.77	18.89	22.57	(+)3.68
84.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on North Eastern Areas, etc., - CSS 2515 – Other Rural Development Programmes – 102 – Community Development (09) Shyama Prasad Mukherjee Rurban Mission (SPMRM)	5.00	---	(+)2.15	7.15	4.05	(-)3.10
85.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on North Eastern Areas, etc., - CSS 2515 – Other Rural Development Programmes – 800 – Other Expenditure (19) National Social Assistance Programme	4.40		(-)2.26	2.14	0.62	(-)1.52
86.	51 – Housing, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on North Eastern Areas, etc., - 2505 – Rural Employment – 02 – Rural Employment Guarantee Scheme – 101 – National Rural Employment Guarantee Scheme (01) The National Rural Employment Guarantee	75.00	---	(+)11.67	86.67	84.62	(-)2.05
87.	53 – Village and Small Industries – CSS 2851 – Village and Small Industries – 107 – Sericulture Industries (08) North Eastern Region-Textile Promotion Scheme	14.30	---	(-)8.82	5.48	---	(-)5.48
88.	54 – Village and Small Industries, Capital Outlay on Housing, Capital Outlay on North Eastern Areas, etc., - 2851 – Village and Small Industries – 200 – Other Village Industries (03) District Commerce and Industries Centres	21.94	---	(-)8.87	13.07	14.77	(+)1.70

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
89.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 2059 – Public Works -80 – General – 001 – Direction and Administration (07) Divisional and Subordinate Offices (Roads)	157.66	---	(-)12.38	145.28	121.31	(-)23.97
90.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 2059 – Public Works -80 – General – 052 – Machinery and Equipment (03) R/C of T&P etc.	6.70	---	(-)6.70	---	(-)3.46	(-)3.46
91.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 2059 – Public Works -80 – General – 001 – Direction and Administration (01) Chief Engineer and his General Establishment (Roads)	11.18	---	(-)2.37	8.81	23.98	(+)15.17
92.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 2059 – Public Works -80 – General – 001 – Direction and Administration (04) Superintending Engineers and their Establishments (Roads)	10.35	---	(-)0.79	9.56	13.10	(+)3.54
93.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 4552 – Capital Outlay on North Eastern Areas – 80 – General – 800 – Other Expenditure (51) Balance work of RongjengMangsangAdokre Road	19.70	---	(-)3.69	16.01	---	(-)16.01
94.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 5054 – Capital Outlay on Roads and Bridges – 04 - District and Other Roads – 800 – Other Expenditure (03)Construction of Rural Roads	120.00	150.00	(-)131.30	138.70	128.34	(-)10.36
95.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 5054 – Capital Outlay on Roads and Bridges – 04 - District and Other Roads – 800 – Other Expenditure (21) Special Plan Assistance (SPA 2014-15)	12.00	---	(-)7.69	4.31	2.68	(-)1.63

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
96.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges – 5054 – Capital Outlay on Roads and Bridges – 04 – District and Other Roads – 800 – Other Expenditure (17) Special Plan Fund (SPF)	69.40	---	(-)16.01	53.39	60.00	(+)6.61
97.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, etc.,-4711 – Capital Outlay on Flood Control Projects – 01 – Flood Control – 103 – Civil Works (01) Works	1.70	---	(-)0.02	1.68	---	(-)1.68
98.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, etc., - 2702 – Minor Irrigation – 80 – General – 001 – Direction and Administration (04) Strengthening of Surface Water-Minor Irrigation or Investigation Division	3.33	---	(+)0.05	3.38	5.38	(+)2.00
99.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, etc.- 4711 – Capital Outlay on Flood Control Projects – 01 – Flood Control – 103 – Civil Works (03) Critical Flood Control and Anti-Erosion Schemes	1.50	---	(-)0.02	1.48	---	(-)1.48
100.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, Capital Outlay on North Eastern Areas, Capital Outlay on Medium Irrigation, etc., 4711 – Capital Outlay on Flood Control Projects – 01 – Flood Control – 103 – Civil Works (01) Works	6.00	---	(-)0.60	5.40	---	(-)5.40
101.	Appropriation – 2049-- Interest Payment – 03 – Interest on Small Savings, Provident Funds etc. – 104 – Interest on State Provident Funds (01) Interest on General Provident Fund	128.64	---	4.85	133.49	145.84	(+)12.35
102.	Appropriation – 6004 - Loans and Advances from Central Government – 09 – Other Loans for States/Union Territories with Legislature Schemes – 101 – Block Loans (02) Block Loan-20 years Consolidated Loan in terms of Recommendation of the 12 th F.C.	14.90	---	(+)0.14	15.04	19.26	(+)4.22

APPENDIX 3.4

**List of Grants having large savings (savings above ₹ 100 crore during the year)
(Reference: Paragraph 3.1.9)**

(₹ in crore)

Sl. No.	Number and name of the grant	Original	Supple-mentary	Total	Actual	Savings	Surrender	Savings excluding surrender
Revenue (Voted)								
1.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, new and Renewal Energy, etc.	221.95	0.00	221.95	28.79	193.16	192.56	0.60
2.	21 – General Education, Technical Education, Sports and Youth Services, North Eastern Areas, etc.	2552.37	0.00	2552.37	1996.77	555.60	505.10	50.50
3.	26 – Medical and Public Health, Family Welfare, North Eastern Areas, etc.	1090.35	2.62	1092.97	816.90	276.07	195.61	80.46
4.	34 – Social Security and Welfare, Nutrition, Capital Outlay on Social Security and Welfare, etc.	516.36	0.00	516.36	314.02	202.34	204.22	(-)1.88
5.	38 – North Eastern Areas, Secretariat-Economic Services	428.15	0.00	428.15	20.64	407.51	407.68	(-)0.17
6.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, etc.	322.10	0.00	322.10	148.32	173.78	121.12	52.66
7.	45 – Housing, Soil and Water Conservation, Agricultural Research and Education, etc.	275.41	0.00	275.41	74.96	200.45	193.55	6.90
8.	50 – Forestry and Wild Life, Agricultural Research and Education, Capital Outlay on Forestry and Wild Life	246.82	0.00	246.82	110.60	136.22	135.22	1.00
9.	51 – Housing, Special Programmes for Rural Development, Rural Employment, etc.	1735.11	0.00	1735.11	845.20	889.91	872.30	17.61
10.	58 – Sports and Youth Services, North Eastern Areas	211.30	0.00	211.30	13.06	198.24	198.35	(-)0.11
11.	59 – Miscellaneous General Services, Secretariat-Economic Services	465.07	1.75	466.82	197.16	269.66	1.00	268.66
	Total	8064.99	4.37	8069.36	4566.42	3502.94	3026.71	476.23

Sl. No.	Number and name of the grant	Original	Supplementary	Total	Actual	Savings	Surrender	Savings excluding surrender
Capital (Voted)								
1.	10 – Taxes on Vehicles, Other Administrative Services <i>etc.</i>	191.50	0.00	191.50	15.27	176.23	3.18	173.05
2.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, new and Renewal Energy, <i>etc.</i>	322.49	10.03	332.52	26.76	305.76	305.39	0.37
3.	27 – Water Supply and Sanitation, Housing, <i>etc.</i>	315.52	0.00	315.52	196.68	118.84	118.70	0.14
4.	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development	124.82	50.00	174.82	52.55	122.27	122.27	0.00
5.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, <i>etc.</i>	587.31	307.00	894.31	518.38	375.93	170.53	205.40
6.	65 – Medium Irrigation, Minor Irrigation, Flood Control and Drainage, <i>etc.</i>	173.50	0.00	173.50	4.34	169.16	160.32	8.84
	Total	1715.14	367.03	2082.17	813.98	1268.19	880.39	387.80
Capital (Charged)								
1.	Appropriation – Internal Debt of the State Government	569.93	0.00	569.93	393.22	176.71	176.71	0.00
	Total	569.93	0.00	569.93	393.22	176.71	176.71	0.00
	Grand Total	10350.06	371.40	10721.46	5773.62	4947.84	4083.81	864.03

APPENDIX 3.5

Grant-wise utilisation of funds
(Reference: Paragraph 3.1.9)

Utilisation of funds	Grant Number	Description
Below 30%	10	Taxes on Vehicles, Other Administrative Services, <i>etc.</i>
	11	Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, <i>etc.</i>
	31	Labour, Employment and Skill Development
	37	North Eastern Areas and Secretariat-Economic Services
	38	
	44	Capital Outlay on Medium Irrigation and Capital Outlay on Food Control Projects
	45	Housing, Soil and Water Conservation, <i>etc.</i>
	48	Housing, Dairy Development, <i>etc.</i>
	57	North Eastern Areas, Tourism, <i>etc.</i>
	58	Sports and Youth Services and North Eastern Areas
	64	Art and Culture, North Eastern Areas, <i>etc.</i>
	65	Medium Irrigation, Minor Irrigation, <i>etc.</i>
	Between 30 and 90%	1	Parliament/ State/ Union Territory Legislature and Stationery and Printing
3		Council of Ministers and Secretariat-General Services
4		Administration of Justice
5		Elections
6		Land Revenue and Relief on Account of Natural Calamities
7		Stamps and Registration
8		State Excise
9		Taxes on Sales, Trades, <i>etc.</i>
13		Council of Ministers, Secretariat-General Services, <i>etc.</i>
14		District Administration and Other Administrative Services
15		Treasury and Accounts Administration
17		Jails
18		Stationery and Printing and Capital Outlay on Stationery and Printing
19		Secretariat-General Services, Public Works, <i>etc.</i>
20		Other Administrative Services
21		General Education, Technical Education, <i>etc.</i>
22		Other Administrative Services, Housing, <i>etc.</i>
23		Other Administrative Services and Secretariat-Social Services
25		Miscellaneous General Services
26		Medical and Public Health, Family Welfare, <i>etc.</i>
27	Water Supply and Sanitation, Housing, <i>etc.</i>	
28	Housing and Capital Outlay on Housing	
29	Urban Development, Capital Outlay on Housing, <i>etc.</i>	
30	Information and Publicity	

Utilisation of funds	Grant Number	Description
Between 30 and 90%	32	Civil Supplies and Capital Outlay on Food Storage and Warehousing
	33	District Administration, Vigilance, <i>etc.</i>
	34	Social Security and Welfare, Nutrition, <i>etc.</i>
	35	Welfare of Scheduled Castes, Scheduled Tribes, <i>etc.</i>
	39	Co-operation, Other Agricultural Programmes, <i>etc.</i>
	40	North Eastern Areas and Secretariat-Economic Services
	41	Census Survey and Statistics
	42	Housing, Other General Economic Services, <i>etc.</i>
	43	Housing, Crop Husbandry, <i>etc.</i>
	46	Special Programmes for Rural Development, North Eastern Areas, <i>etc.</i>
	47	Housing, Animal Husbandry, <i>etc.</i>
	49	Housing, Fisheries, <i>etc.</i>
	50	Forestry and Wild Life, Agricultural Research and Education, <i>etc.</i>
	51	Housing, Special Programmes for Rural Development, <i>etc.</i>
	52	Industries, Capital Outlay Cement and Non-Metallic Mineral Industries, <i>etc.</i>
	53	Village and Small Industries
	54	Village and Small Industries, Capital Outlay on Housing, <i>etc.</i>
	55	Non-Ferrous Mining and Metallurgical Industries
	56	Public Works, Roads and Bridges, <i>etc.</i>
	59	Miscellaneous General Services and Secretariat-Economic Services, <i>etc.</i>
60	Social Security and Welfare, Loans to Government Servants, <i>etc.</i>	
94	Internal Debt of the State Government	
Above 90%	2	President, Vice-President/ Governor, <i>etc.</i>
	12	Other Fiscal Services, Public Service Commission, <i>etc.</i>
	16	Police, Other Administrative Services, <i>etc.</i>
	24	Pensions and Other Retirement Benefits and Social Security and Welfare
	97	Loans and Advances from the Central Government

APPENDIX 3.6

**Details of surrender of funds in excess of (₹ 10 crore) at the end of March
(Reference: Paragraph 3.1.10)**

(₹ in crore)

Sl. No.	Grant number	Original	Supplementary	Total Provision	Actual	Saving	Amount Surrendered
Revenue (Voted)							
1.	11	221.95	0.00	221.95	28.79	193.16	192.56
2.	21	2552.37	0.00	2552.37	1996.77	555.60	505.10
3.	26	1090.35	2.62	1092.97	816.90	276.07	195.61
4.	34	516.36	0.00	516.36	314.02	202.34	204.22
5.	38	428.15	0.00	428.15	20.64	407.51	407.68
6.	43	322.10	0.00	322.10	148.32	173.78	121.12
7.	45	275.41	0.00	275.41	74.96	200.45	193.55
8.	50	246.82	0.00	246.82	110.60	136.22	135.22
9.	51	1735.11	0.00	1735.11	845.20	889.91	872.30
10.	58	211.30	0.00	211.30	13.06	198.24	198.35
	Total	7599.92	2.62	7602.54	4369.26	3233.28	3025.71
Capital (Voted)							
1.	11	322.49	10.03	332.52	26.76	305.76	305.39
2.	27	315.52	0.00	315.52	196.68	118.84	118.70
3.	29	124.82	50.00	174.82	52.55	122.27	122.27
4.	56	587.31	307.00	894.31	518.38	375.93	170.53
5.	65	173.50	0.00	173.50	4.34	169.16	160.32
	Total	1523.64	367.03	1890.67	798.71	1091.96	877.21
Capital (Charged)							
1.	Appropriation – Internal Debt	569.93	0.00	569.93	393.22	176.71	176.71
	Total	569.93	0.00	569.93	393.22	176.71	176.71
	Grant Total	369.65	10063.14	5561.19	4501.95	369.65	4079.63

APPENDIX 3.7

Excess over provision of previous years requiring regularisation

(Reference: Paragraph 3.1.11.2)

(₹ in crore)

Year	Number of Grant/ Appropriation	Grant(s)/Appropriation(s) numbers	Amount of excess
1971-72	4	64, 79, 80, 88	0.07
1972-73	3/1	12, 16, 71/ Interest on Debt and other obligations	0.01
1973-74	2	10, 64	0.00
1974-75	4	13, 15, 29, 54	0.04
1975-76	3/1	13, 29, 82/Governor	0.06
1976-77	4/1	29, 32, 54, 62/Interest Payment	0.02
1977-78	3/1	7, 13, 54/Governor	0.05
1978-79	2	3, 22	0.05
1979-80	2	13, 22	0.03
1980-81	4/1	13, 20, 30, 39/Governor	0.02
1981-82	7/1	13, 14, 20, 28, 31, 34, 37/Governor	0.06
1982-83	12/2	3, 5, 14, 19, 20, 22, 24, 26, 27, 31, 37, 55/Governor, Administration of Justice	0.12
1983-84	8	3, 8, 27, 31, 37, 40, 45, 56	0.28
1984-85	12	9, 10, 18, 20, 22, 24, 25, 27, 30, 43, 59, 64	0.43
1985-86	9/2	7, 8, 17, 18, 24, 27, 37, 38, 64/ Administration of Justice, Loans and Advances from Central Government	0.02
1986-87	10	7, 8, 9, 24, 25, 27, 29, 39, 55, 56	0.03
1987-88	11/1	1, 11, 13, 16, 20, 24, 28, 36, 38, 48, 54/ Public Service Commission	1.24
1988-89	6/1	9, 15, 20, 24, 36, 54/ Public Service Commission	0.00
1989-90	9/1	8, 11, 22, 24, 29, 36, 41, 48, 54/ Police	3.27
1990-91	10	9, 18, 24, 26, 28, 36, 37, 53, 54, 58	0.18
1991-92	12	5, 7, 8, 9, 18, 24, 26, 30, 33, 36, 54, 61	0.06
1992-93	11/2	5, 7, 8, 9, 13, 20, 24, 26, 33, 49, 54 / Internal Debt of State Government, Governor	0.61
1993-94	7/3	6, 8, 20, 24, 26, 40, 53 / Internal Debt of State Government, Loans and Advances, Public Service Commission	2.01
1994-95	4/3	20, 24, 53, 60/Interest Payment, Public Service Commission, Internal Debt	0.00
1995-96	5/2	1, 14, 24, 47, 53 /Parliament/ State/Union Territory Legislature, Water Supply and Sanitation	0.08
1996-97	14/2	1, 3, 5, 7, 9, 14, 20, 21, 22, 24, 29, 36, 41, 53 / Governor, Administration of Justice	0.68
1997-98	10/1	1, 6, 7, 8, 9, 15, 18, 20, 24, 25 / Governor	0.36
1998-99	5	1, 2, 6, 11, 24	5.59
1999-2000	2/1	9, 18/Governor	0.00
2000-01	2/3	1, 40 / 1, 2, 4	1.69
2001-02	3/2	1, 18, 35/ 1, 2	0.02
2002-03	4/3	11, 26, 35, 56/ 1, Internal Debt of the State Government, Loans &	1.23

Year	Number of Grant/ Appropriation	Grant(s)/Appropriation(s) numbers	Amount of excess
		Advances from Central Government	
2003-04	3/2	1, 20, 56/1 and Loans & Advances from Central Government	0.00
2004-05	5/2	1, 7, 19, 24, 56/ 1, Loans and Advances from the Central Government	0.00
2005-06	5/4	1, 16, 24, 54, 56/ 1, 36, Public Service Commission, Internal Debt of the State Government.	0.71
2006-07	6/2	1, 4, 8, 20, 24, 40/1, Loans and Advances from the Central Government	12.04
2007-08	8/1	1, 4, 8, 16, 20, 24, 26, 40 /1	25.47
2008-09	7/1	1, 4, 8, 20, 24, 35, 44./ Loans and Advances from the Central Government	0.02
2009-10	8	1,2,20,23,24,26,35,52	36.96
2010-11	11/1	1,2,4,7,9,14,24,26,35,36,44/63- Appropriation to Contingency Fund	203.37
2011-12	10/2	7, 14, 23, 24, 25, 32, 35, 44, 52, 56, Appropriation- Loans and Advances from the Central Government, Public Service Commission	142.52
2012-13	7/3	2, 7, 24, 44, 46, 48, 56/ Appropriation – 12, 16, 19	114.45
2013-14	5/3	7,9,24,26,44./Appropriation viz. 12,44, Internal Debt of the State Govt.	189.50
2014-15	2/2	7,24./Appropriation – Public Service Commission, Loans and Advances from the Central Government,	114.99
2015-16	6/1	7,20,24,26,27,56/Appropriation – 2 – Governor	167.49
2016-17	4/2	7,24,27,56/21,28	168.06
2017-18	2/2	24,56/47, Appropriation-Interest Payment	33.90
2018-19	1/1	24, Appropriation-Interest Payment	224.05
Total			1451.84

APPENDIX 3.8

Statement showing the details of incomplete projects where no expenditure was incurred during the year 2019-20

(Reference: Paragraph 3.1.12)

(₹ in lakh)

Sl. No.	Name of the projects/works	Estimated cost of work/date of sanction	Year of Commencement	Physical progress of work (in per cent)
1.	Extension of CE's office additional block to accommodate the office of the CE (NH) PWD (Roads), CE (Standard) PWD, SE, PWD (Bldg) and EE, PWD (Bldg)	551.46 Dt.31.03.2011	2011	-
2.	Construction of new District Jail Complex at West Khasi Hills District, Nongstoin	625.71 20.12.2003	2003	75%
3.	Construction of office building of Civil Defence & Home Guard at Jowai, West Jaintia Hills District.	938.62 Dt.08-03-2017	2017	60%
4.	Constructuion of Govt. Boys Higher secondary School, Jowai	764.78 Dt.31.03.2014	2014	95%
5.	Matkolgre FIP	536 Dt.28.06.2017	2017	67%
6.	Improvement and strengthening of Fuller Ride Road i/c improvement of junctions at Golflink, Pynthor and Rynjah	1250.00	2017	5%
7.	Constn of a road from Ladsohbar Mahadev road to Byrong via Wahjain (0-5 Km)	123.93 Dt.31-03-2003	2004	85%
8.	Impt i/c strengthening of damage pavement of Sohra Mawsmi Shella road (SPF)	1800.00	2017	46%
9.	Construction i/c of Diversion Road (20 ft wide) and construction of boundary wall at Shillong Airport, Umroi	1226.00	2015	68%
10.	Improvement incl MBT of Dwar Ksuid-Tyrso Road (0-4Km) and (14-20 Km) (L=11.50 Km) Job No. CRF/MG/2018-19/064.	1000.00	2019	40%
11	Improvement and strengthening of Umsning Kyrdem Kulai Road (0-10 Km) Job No. CRF/MG/2018-19/072	700.00	2019	35%
12	8443 - Dep III ASIDE Scheme (Improvement, widening i/c M&BT of an Approach rd to Borsora length 0-6.40Km)	1254.49	2006	76%

Sl. No.	Name of the projects/works	Estimated cost of work/date of sanction	Year of Commencement	Physical progress of work (in per cent)
13	Improvement including Metalling & Black Topping of Road from Maheskola to Darengiri (MD Road) (L = 10.00Kms) under SPA (2014-15) Upgradation of SHs & MDRs Phase II and Critical feeder roads and missing gap Phase II.	600.00	2015	60%
14	Re-construction of Permanent RCC Bridge No. 1/3 on Gokgulgre to Pedaldoba via Achothongre Road	650.00	2019	5%
15	Strengthening of weak pavement of ChokpotSibbari Road (0.28)Km (portion 11.00 Km-20th Km L=10.00 Km) with New Technology Under Special Plan Fund.	1500.00	2016	30%
16	Metalling & Blacktopping of road from Rongram to Selsella via Babadam	720.00	-	0%
17	Embankment cum (road) sluice gate on Mandagre to Selsella road at Holdibari (3rd Km)	1989.00	-	-
18	Sustainability resources of Darechigre WSS	1308.15 Dt.30.03.2013	2012-13	90%
19	Renovation of Dympep Combine and shifting the source of Supply of Mawjriong and Nongthymmai Combine WSS	1243.98 Dt.31.03.2012	2012-13	32%
20	Implementation of Laitryngew 12 ShnongSohra&Neighbouring Villages	24414.78 Dt.31.03.2013	2013-14	19%
21	Implementation of New Shillong Township Water Supply Project under SPA	32128.00 Dt.31.03.2014	2014-15	55%
22	Implementation of Sustainability of Water Source of Greater Ampati WSS	4277.28 Dt.31.03.2011	2011	50%
23	Sustainability measures on development and protection of UmmulongMoodymmai WSS	740.81 Dt.15.02.2011	2011-12	62%
24	Construction of Western Jirang Border Area Combine WSS	1282.07 Dt.22.11.2018	2019	16%
25	Construction of 50 Bedded Hospital at Mahendraganj	1400.00 Dt. 31.03.2017	-	-

APPENDIX 3.9

Excess expenditure over budget provisions

(Reference: Paragraph 3.2.3)

(₹ in crore)

Sl. No.	Name of Scheme	Final Grant	Actual expenditure	Excess
2202 - General Education				
01 Elementary Education				
1.	101 Government Primary Schools 0001 (01) Expenditure on Primary Schools (General)	250.65	337.82	87.17
2.	102 Assistance to Non-Government Primary Schools 0001(01) Expenditure on maintenance of Primary Schools under deficit system (Sixth Schedule)	190.94	201.25	10.31
3.	0002(02) Expenditure on schools under non deficit system (General)	19.21	19.85	0.64
4.	0003(03) Expenditure on pre-primary (Nursery)schools (Sixth Schedule)	5.90	6.04	0.14
5.	0011(11) Expenditure on ME schools under deficit system (Sixth Schedule)	54.87	58.44	3.57
6.	0025(25) SarvaShikshaAbhiyan (General) (Sixth Schedule)	31.44 5.53	59.11 9.12	27.67 3.59
7.	0029(29) Mid-Day Meal incentive to students (General)	8.00	36.69	28.69
8.	104 Inspection 0004(04) Administrator Primary Education Garo Hills (Sixth Schedule)	1.86	33.15	31.29
02 Secondary Education				
9	109 Government Secondary Schools 0003(03) Special Schools (Sixth Schedule)	16.03	16.52	0.49
10.	110 Assistance to Non-Government Secondary Schools 0001(01) Expenditure on Secondary Schools under deficit system for boys (General) (Sixth Schedule)	23.42 65.86	24.19 67.49	0.77 1.63
11.	0004(04) Expenditure on non-deficit Secondary Schools for Girls (Sixth Schedule)	28.63	33.62	4.99
12.	0009(09) Improvement facilities for teaching of Science in High Schools(Sixth Schedule)	10.40	10.56	0.16
03 University and Higher Education				
13.	001 Directions and Administration 0001(01) Headquarter (General)	2.45	2.83	0.38
14.	103 Government Colleges and Institutes 0005(05) Government Hostel at Shillong (Sixth Schedule)	0.14	0.16	0.02
15.	0012(12) B.Ed Government College, Tura (Sixth Schedule)	1.63	1.65	0.02
16.	0013(13) Government College (Sixth Schedule)	39.53	40.72	1.19
17.	104 Assistance to Non-Government College and Institutes 0001(01) Expenditure on College under deficit system (Sixth Schedule)	12.96	13.27	0.31
04 Adult Education				
80 General				
001 Direction and Administration				

18.	003 Training 0033 (02) Teachers Training (General)	4.93	5.02	0.09
Centrally sponsored Scheme				
01 Elementary Education				
19.	102 Assistance to Non-Government Primary Schools 0025(25) SarvaShikshaAbhiyan (General)	208.00	214.51	6.51
2203 Technical Education				
20.	001 Direction and Administration 0001(01) Headquarter and staff (General)	0.19	0.33	0.14
21.	0014(11) Tura Polytechnics (General)	2.73	2.77	0.04
2204-Sports and Youth				
22.	102 Youth Welfare Programme for Students 0003(03) National Cadet Corps Unit Offices (General)	1.19	1.56	0.37
Total		986.49	1196.67	210.18

APPENDIX 4.1

Statement showing Funds transferred by Government of India directly to State implementing agencies

(Reference: Paragraph 4.1)

(₹ in crore)

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2018-19	Government of India releases during 2019-20
1.	North Eastern Council	Eastern Panorama	1.32	-
		Bio-Resources Development Centre.	0.07	-
		William Carey University, Shillong	0.01	0.05
		State Sports Council Meghalaya	1.60	0.76
		North East India Mission Association	0.10	-
		Meghalaya Government Construction Corporation Ltd.	2.45	2.05-
		NICE Infotech	0.06	-
		Directorate of School Education & Literacy	0.45	-
		Merliham Arrangement	0.10	-
		Moreau Institute of Integral Training and Research Policy	0.20	-
		Meghalaya Information Technology Society	1.59	0.33
		Ramakrishna Mission, Shillong, Meghalaya	1.25	-
		Meghalaya Tourism Development Corporation Ltd.	-	0.32
		State Council of Science and Technology (SCSTE), Meghalaya	-	0.10
		Dr. A.P.J. Abdul Kalam Centre	-	1.20
		2.	Small Hydro Power-Grid Interactive	Animal Husbandry & Veterinary Department	0.38	-
Meghalaya State Electricity Board	-			0.68
3.	Solar Power - OFFGRID	Meghalaya Non-Conventional Rural Energy Development Agency	1.57	3.47
4.	Biogas Programme – OFFGRID	Meghalaya Non-Conventional Rural Energy Development Agency	0.12	-
5.	Grants-in-Aid to Voluntary Organisation Working for the Welfare of Scheduled Tribes	Ramakrishna Mission Ashrama, Meghalaya	7.96	-
6.	MPs Local Area Development Scheme MPLADS	Deputy Commissioner	10.00	12.50

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2018-19	Government of India releases during 2019-20
7.	NER-Textile Promotion Scheme	Director of Sericulture and Weaving, Government of Meghalaya	8.67	5.48
8.	Organic Value Chain Development of NE Region	Directorate of Horticulture	16.47	-
9.	Management Support to RD Programmes and Strengthening of District Planning Process in lieu of Programmes	Extension Training Centre Tura	1.10	0.44
		Principal Extension Training Centre, Meghalaya	-	0.24
		Director State Institute of Rural Development, Meghalaya		2.16
10.	Beti Bachao Beti Padhao	Deputy Commissioner Ri-Bhoi	0.16	0.42
		DM BBBP East Khasi Hills	-	0.25
11.	National AIDS and STD Control Programme (NACO)	Meghalaya AIDS Control Society	5.67	7.25
12.	Pradhan Mantri Matri Vandana Yojna	Montfort Center for Education	0.16	-
13.	Industrial and Entrepreneurship Development	Bio-Resources Development Centre	-	0.89
14.	Deen Dayal Disabled Rehabilitation Scheme SJE	Montfort Center for Education	-	0.05
		ASHA Rehabilitation Centre, Shillong	0.03	0.02
		Bethany Society	0.17	0.16
		Dwar Jingkyrmen School for Children in Need of Special Education	0.13	0.09
		The Society for the Welfare of the Disabled	0.06	-
15.	National Plan for Dairy Development	East Khasi Hills District Co-operative Milk Union Ltd.	4.28	-
16.	Pradhan Mantri Matri Matru Vandana Yojna	Directorate of Health Services, Meghalaya	-	1.43
17.	National Rural Livelihood Mission	Meghalaya State Rural Livelihoods Society, Shillong, Meghalaya	1.00	0.21
18.	Integrated Development of Tourism Circuits around specific themes (Swadesh Darshan)	Meghalaya Tourism Development Corporation Ltd.	34.70	25.49
19.	E-Court Phase-II	Registrar General, High Court of Meghalaya	0.62	-
20.	Establishment Expenditure Election Commission of India	Chief Electoral Officer, Meghalaya Additional Secretariat	0.75	-
21.	Training Schemes PPG & P	Meghalaya Administrative Training Institute	0.54	0.47
22.	Infrastructure Development and Capacity Building	Meghalaya Institute of Entrepreneurship	0.07	-
23.	Pollution Abatement	Meghalaya State Pollution Control Board	1.05	0.43
24.	Biotechnology Research and Development	St Anthonys College	0.36	0.09
		St. Mary's College	0.05	-
		St Edmunds' College	0.55	0.07
		Synod College	0.08	-
		Kiang Nangbah Govt. College, Jowai	0.07	0.05
		Lady Keane Girls College Educational Society	0.06	-

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2018-19	Government of India releases during 2019-20
		State Council of Science, Technology & Environment (SCSTE), Meghalaya	0.10	0.76
		Bio-Resources Development Centre	-	0.27
		Don Bosco College Meghalaya	-	0.07
25.	Science & Technology Institutional and Human Capacity Building	State Council of Science, Technology & Environment (SCSTE), Meghalaya	4.28	1.58
		University of Science and Technology	0.18	-
26.	Technical Textiles – Scheme for usage of Geo-Textiles in North Eastern Region	Public Works Department (Roads), Meghalaya	-	1.42
27.	National Rural Employment Guarantee Scheme (MGNREGA)CS	State Rural Employment Society, Shillong, Meghalaya	572.67	604.89
28.	Innovation, Technology Development and Deployment	State Council of Science, Technology & Environment (SCSTE), Meghalaya	0.25	-
		University of Science and Technology	0.05	0.21
29.	Rashtriya Gokul Mission	State Implementing Agency Meghalaya	10.26	-
30.	One Stop Centre	Deputy Commissioner	1.48	-
		One Stop Centre (OSC) EJHD	-	0.39
		Deputy Commissioner East Khasi Hills	-	0.12
		Deputy Commissioner and Chairman One Stop Centre, North Garo Hills, Resubelpara	-	0.15
		Office of the Deputy Commissioner Ri-Bhoi District, One Stop Centre	-	0.39
		One Stop Centre, South Garo Hills, Baghmara	-	0.15
		One Stop Centre, Ampati	-	0.28
		District Magistrate, One Stop Centre, South-West Khasi Hills, Mawkyrwat	-	0.15
		Deputy Commissioner, West Garo Hills	-	0.39
		Deputy Commissioner, One Stop Centre	-	0.79
		One Stop Centre, West Jaintia Hills	-	0.54
		One Stop Centre, West Khasi Hills	-	0.39
31.	Assistance to IHMS FCIS etc.	Food Craft Institute Society, Tura (West Garo Hills)	0.80	-
32.	AID to Voluntary Organisation working for the Welfare of Scheduled Tribe	Nongkrem Youth Development Association	0.27	0.12
		Ramakrishna Mission, Shillong, Meghalaya	0.29	14.41
33.	Khelo India	State Sports Council Meghalaya	0.70	-

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2018-19	Government of India releases during 2019-20
34.	Pradhan Mantri Kisan Sampada Yojana-Creation/Reation/Expansion of Food Processing and Preservation Capacities	Seshu Nutrition Private Limited	0.68	0.68
		Department of Agriculture		51.20
35.	Schemes Arising out of the Implementation of the person with Disabilities SJE	Office of the Commissioner for Persons with Disabilities, Government of Meghalaya	0.06	-
36.	Young Leaders Programme	Meghalaya State NSS Cell	0.02	-
37.	Action Research and Studies on Judicial Reforms	Meghalaya State Commission for Women, Shillong	0.07	-
38.	Women's Helpline	Deputy Commissioner, East Khasi Hills District	0.33	0.34
39.	Domestic Promotion and Publicity Including Marked Development Assistance	Director of Tourism	0.50	0.50
40.	Management Support to RD Programs and Strengthening of District Planning Process in Lieu of Programmes	Director State Institute of Rural Development Meghalaya	2.88	-
41.	National Social Assistance Programme CS	Director State Institute of Rural Development Meghalaya	0.01	-
42.	Support for Statistical Strengthening CS	Director of Economic and Statistics	2.73	-
43.	Institutional Development for inclusive Urban Governance, Building Material and Technology Promotion Council (BMTPC)	Urban Development and Urban Poverty Alleviation	0.15	-
44.	Central Council of Homeopathy, New Delhi	Meghalaya Board of Homeopathic Medicine	0.01	-
45.	Promotional Services Institutions and Programme	Meghalaya Basin Management Agency	-	2.54
46.	Procurement of Marketing Support Schemes	Meghalaya Basin Management Agency	-	1.00
47.	Universal Service Obligation Fund (USOF) Compensation	Bharti Hesacom Limited	-	135.29
48.	Strengthening of Infrastructure of Institutional Training	Meghalaya State Council for Training in Vocational Trades	-	8.76
49.	National Animal Disease Control Programme	State Implementing Agency Meghalaya	-	1.89
50.	National Service Scheme	St. Anthony's College	-	0.02
		Meghalaya State NSS Cell	-	2.19
51.	North East Road Sector Development Scheme	Public Works Department (Roads), Meghalaya	-	33.98
Total			704.79	941.83

Source: Finance Accounts.

APPENDIX 4.2

Statement showing arrears of Accounts as on 30 September 2020

(Reference: Paragraph 4.12)

Sl. No.	Name of SPSU	Last Audit as on Sept 2020	Arrears of Accounts as on September 2020	No. of Accounts
Working Government Companies/ Statutory Corporations				
1.	Meghalaya Bamboo Chips Limited (MBCL)	2018-19	2019-20	1
2.	Meghalaya Industrial Development Corporation Limited (MIDCL)	2017-18	2018-19 to 2019-20	2
3.	MawmluhCherra Cements Limited (MCCL)	2018-19	2019-20	1
4.	Meghalaya Mineral Development Corporation Limited (MMDCL)	2018-19	2019-20	1
5.	Meghalaya Energy Corporation Limited (MeECL)	2017-18	2018-19 to 2019-20	2
6.	Meghalaya Power Generation Corporation Limited (MePGCL)	2017-18	2018-19 to 2019-20	2
7.	Meghalaya Power Distribution Corporation Limited (MePDCL)	2017-18	2018-19 to 2019-20	2
8.	Meghalaya Power Transmission Corporation Limited (MePTCL)	2017-18	2018-19 to 2019-20	2
9.	Meghalaya Tourism Development Corporation Limited (MTDCL)	2018-19	2019-20	1
10.	Meghalaya Handloom & Handicraft Development Corporation Limited (MHHDCCL)	2018-19	2019-20	1
11.	Meghalaya Transport Corporation (MTC)	2015-16	2016-17 to 2019-20	4
12.	Meghalaya State Warehousing Corporation (MSWC)	2017-18	2018-19 to 2019-20	2
13.	Meghalaya Basin Management Agency (MBMA)	2018-19	2019-20	1
14.	Meghalaya Infrastructure Development and Finance Corporation Ltd. (MIDFCL)	2018-19	2019-20	1
15.	Forest Development Corporation of Meghalaya Ltd. (FDCM)	2015-16	2016-17 to 2019-20	4
16.	Meghalaya Government Construction Corporation Ltd (MGCCL)	2018-19	2019-20	1
	Total			28
Non-Working Government Companies/ Statutory Corporations				
17	Meghalaya Electronics Development Corporation Limited (MEDCL)	2017-18	2018-19 to 2019-20	2
	Grand Total			30

APPENDIX 4.3

Statement showing investments made by State Government in PSUs whose accounts were in arrears

(Reference: Paragraph 4.12)

(₹ in crore)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts finalised	Paid up capital ⁸	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
1.	Meghalaya Bamboo Chips Limited (MBCL)	2018-19	0.48	2019-20	-	-	-
2.	Meghalaya Industrial Development Corporation Limited (MIDCL)	2017-18	91.59	2018-19 to 2019-20	-	-	-
3.	MawmluhCherra Cements Limited (MCCL)	2018-19	162.90	2019-20	34.61	-	-
4.	Meghalaya Mineral Development Corporation Limited (MMDCL)	2018-19	2.32	2019-20	-	-	-
5.	Meghalaya Energy Corporation Limited (MeECL)	2017-18	2070.87	2018-19 to 2019-20	46.80	-	-
6.	Meghalaya Power Generation Corporation Limited (MePGCL)	2017-18	789.91	2018-19 to 2019-20	-	30.39	65.73
7.	Meghalaya Power Distribution Corporation Limited (MePDCL)	2017-18	844.23	2018-19 to 2019-20	-	1.22	51.79
8.	Meghalaya Power Transmission Corporation Limited (MePTCL)	2017-18	423.86	2018-19 to 2019-20	-	0.36	3.44
9.	Meghalaya Tourism Development Corporation Limited (MTDCL)	2018-19	7.96	2019-20	-	-	29.81
10.	Meghalaya Handloom & Handicraft Development Corporation Limited (MHHDCCL)	2018-19	1.49	2019-20	-	-	-
11.	Meghalaya Government Construction Corporation Limited (MGCCCL)	2018-19	0.75	2019-20	-	-	-
12.	Meghalaya Transport Corporation (MTC)	2015-16	34.97	2016-17 to 2019-20	5.80	-	-
13.	Meghalaya State Warehousing Corporation (MSWC)	2017-18	3.36	2018-19 to 2019-20	-	-	-
14.	Meghalaya Basin Management Agency (MBMA)	2018-19	0.05	2019-20	-	-	70.00
15.	Meghalaya Infrastructure Development & Finance Corporation Limited (MIDFCL)	2018-19	1.00	2019-20	-	-	-
16.	Forest Development Corporation of Meghalaya Ltd (FDCM)	2015-16	1.97	2016-17 to 2019-20	-	-	0.84
Grand Total			4437.71		87.21	31.97	221.61

⁸ Paid up Capital as per latest finalised accounts.

APPENDIX 4.4

Statement showing names of Autonomous Bodies and Authorities, the accounts of which had not been received under Section 14 (1) and 15

(Reference: Paragraph 4.13)

Sl. No	Name of the bodies Authorities	Under which Audited	Accounts pending	Number of Accounts Pending
1.	Meghalaya State Social Welfare Board (MSSWB)	14 (1)	2008-2009 to 2019-20	12
2.	State Sports Council	14 (1)	2017-18 to 2019-20	03
3.	District Rural Development Agency Shillong	14 (1)	2010-11 to 2019-20	10
4.	District Rural Development Tura	14 (1)	2007-08 to 2019-20	13
5.	District Rural Development Williamnagar	14 (1)	2008-09 to 2019-20	12
6.	District Rural Development Jowai	14 (1)	2010-11 to 2019-20	10
7.	District Rural Development Nongstoin	14 (1)	1998-99 to 2019-20	22
8.	District Rural Development Agency Nongpoh	14 (1)	2009-10 to 2019-20	11
9.	DHTE	15	2019-20	01
10.	Project Co-ordinator & Development Strategies North Eastern Region Community Resource Management Project (NERCORMP)	15	2016-17 to 2019-20	04
11.	State Institute of Rural Development (SIRD)	14 (1)	2016-17 to 2019-20	04
12.	Hospital Management Society, Civil Hospital	14 (1)	2018-19 to 2019-20	02
13.	State Rural Employment Society (SRES)	14 (1)	2013-14 to 2019-20	07
14.	National Rural Health Mission (NRHM)	14 (1)	2018-19 to 2019-20	02
15.	Meghalaya State Rural Livelihood Society	14 (1)	2016-17 to 2019-20	04
16.	Meghalaya State Skill Development Society Shillong	14 (1)	2016-17 to 2019-20	04
17.	Rama Krishna Mission Ashram (RKM)	14 (1)	2016-17 to 2019-20	04
18.	Meghalaya Urban Development Authority	14 (1)	2014-15 to 2019-20	06
19.	Project Director State Investment Programme Management & Implementation Unit (SIPMIU)	14 (1)	2017-18 to 2019-20	03

20.	Meghalaya State Agricultural Marketing Board, Shillong	14 (1)	2013-14 to 2019-20	07
21.	Meghalaya Information Technology Society (MITS)	14 (1)	2014-15 to 2019-20	06
22.	State Council of Science, Technology & Environment	14 (1)	2015-16 to 2019-20	05
23.	Meghalaya State Co-operative Marketing & Consumer Federation (MECOFED).	14 (1)	2013-14 to 2019-20	07
24.	Meghalaya Urban Development Agency	14 (1)	2016-17 to 2019-20	04
Total				163

APPENDIX 5.1

**Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2020
(Reference: Paragraphs 5.3, 5.6 & 5.10)**

(₹ in crore)

Sl. No.	Name of SPSE	Period of Accounts	Year in which accounts finalized	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss(-)	Capital employed	Return on capital employed
A. WORKING COMPANIES										
1	Forest Development Corporation of Meghalaya Limited (FDCML)	2015-16	2020-21	1.97	-	-0.45	2.08	1.52	1.52	1.52
2	Meghalaya Bamboo Chips Limited (MBCL)	2018-19	2020-21	0.48	-	-0.35	-	-0.01	0.13	-0.01
3	Meghalaya Industrial Development Corporation Limited (MIDCL)	2017-18	2020-21	157.94	-	-50.50	0.91	-4.18	107.44	-4.18
4	Meghalaya Government Construction Corporation Limited (MGCCL)	2018-19	2019-20	0.75	-	-19.04	46.54	-4.12	-18.29	-4.12
5	Meghalaya Infrastructure Development and Finance Corporation Limited	2018-19	2020-21	1.00	-	-0.13	-	-0.05	0.87	-0.05
6	MawmluhCherra Cement Limited (MCCL)	2018-19	2020-21	197.51	147.53	-234.79	19.49	-25.22	110.25	-13.60
7	Meghalaya Mineral Development Corporation Limited (MMDCL)	2018-19	2020-21	2.32	-	-7.10	-	-0.21	-4.78	-0.21
8	Meghalaya Energy Corporation Limited (MeECL)	2017-18	2020-21	2070.87	193.50	-152.09	-	-14.61	2112.28	11.35
9	Meghalaya Power Generation Corporation Limited (MePGCL)	2017-18	2020-21	798.91	1014.66	-363.70	191.36	-163.54	1449.87	-25.29
10	Meghalaya Power Distribution Corporation Limited (MePDCL)	2017-18	2020-21	844.24	492.09	-1778.59	831.90	-286.55	-442.26	-221.40
11	Meghalaya Power Transmission Corporation Limited (MePTCL)	2017-18	2020-21	423.82	65.46	-20.19	86.00	-13.84	469.09	-3.39

Sl. No.	Name of SPSE	Period of Accounts	Year in which accounts finalized	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss(-)	Capital employed	Return on capital employed
12	Meghalaya Tourism Development Corporation Limited (MTDCL)	2018-19	2020-21	7.96	8.35	-8.42	19.67	1.18	7.89	1.41
13	Meghalaya Handloom & Handicrafts Development Corporation Limited (MHDCL)	2018-19	2020-21	1.50	0.39	-5.06	0.13	-0.82	-3.17	-0.82
14	Meghalaya Basin Management Agency	2018-19	2020-21	0.05	-	-	-	-	0.05	-
15	Shillong Smart City Limited	First account yet to submit								
	Total A (All working Government Companies)			4509.32	1921.98	-2640.41	1198.08	-510.45	3790.89	-258.79
B. WORKING STATUTORY CORPORATION SERVICE										
16	Meghalaya Transport Corporation (MTC)	2015-16	2020-21	93.05	-	-106.69	4.88	-4.43	-13.64	-4.43
17	Meghalaya State Warehousing Corporation (MSWC)	2017-18	2017-18	3.36	-	-0.25	0.92	0.13	3.11	0.13
	Total B (All working Statutory Corporation)	-	-	96.41	-	-106.94	5.80	-4.30	-10.53	-4.30
	Grand Total (A+B)	-	-	4605.73	1921.98	-2747.35	1203.88	-514.75	3780.36	-263.09
C. NON-WORKING GOVERNMENT COMPANY										
18	Meghalaya Electronics Development Corporation Limited (MEDCL)	2017-18	2018-19	-	-	-	-	-	-	-
	Total C	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	-	-	4605.73	1921.98	-2747.35	1203.88	-514.75	3780.36	-263.09

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