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23 MAR 2012

**Report of the
Comptroller and Auditor General
of India**

**on
State Finances**

**For the year ended 31 March 2011
(Report No. 1)**

GOVERNMENT OF MEGHALAYA

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PREFACE

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2011.*
3. *Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.*
4. *Report containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Government Companies and the Report containing observations on Revenue Receipts are presented separately.*



EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

BACKGROUND

This Report on the Finances of the Government of Meghalaya is being brought out with a view to assess objectively the financial performance of the State during the year 2010-11. The aim of this Report is to provide the State Government with timely inputs based on actual data so that there is a better insight into both well performing as well as ill performing schemes/programmes of the Government. To give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in the Budget estimates of 2010-11 and projections made by the Twelfth/Thirteenth Finance Commissions.

Based on the audited accounts of the Government of Meghalaya for the year ending March 2011, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

THE REPORT

Chapter I is based on the audit of Finance Accounts and makes an assessment of Meghalaya Government's fiscal position as on 31 March 2011. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of central funds transferred directly to the State implementing agencies through off-budget route.

Chapter II is based on audit of Appropriation Accounts and it gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter III is an inventory of Meghalaya Government's compliance with various reporting requirements and financial rules.

The report also has an appendage of additional data collected from several sources in support of the findings.

AUDIT FINDINGS

❖ *Return to fiscal correction*

The fiscal position of the State viewed in terms of key fiscal parameters – revenue surplus, fiscal deficit, primary deficit – indicated that though the State successfully maintained revenue surplus during the last five-year period ending 2010-11, compared to the previous year, it declined during 2010-11. The fiscal deficit of the State has also significantly increased during 2010-11 compared to the previous year and the primary surplus of 2009-10 turned into a primary deficit.

❖ **Revenue Receipts**

Revenue receipts during 2010-11 grew by 23.59 *per cent* (₹ 813.13 crore) over the previous year. The tax revenue and non-tax revenue receipts exceeded normative assessment made by Thirteenth Finance Commission (ThFC) by 16.73 *per cent* and 6.34 *per cent* respectively. Central transfers comprising State's share of central taxes and grants-in-aid from the Government of India increased by ₹ 659 crore in 2010-11 and contributed around 81 *per cent* of the incremental revenue receipts during the year, indicating that central transfers were the main reason for increase in revenue receipts of the State.

The total loss of revenue due to understatement/short levy/non-levy of taxes, *etc.*, which was in excess of 31 *per cent* of the State's own resources consisting of tax and non-tax revenue during 2010-11, indicates the presence of loopholes in resource mobilisation. The percentage of expenditure on collection of taxes/VAT was much higher than the all India average percentage.

❖ **Revenue / Capital / Total Expenditure**

The overall revenue expenditure of the State increased by 110.44 *per cent* from ₹ 1,907 crore in 2006-07 to ₹ 4,013 crore in 2010-11. The expenditure pattern of the State reveals that though the revenue expenditure as a percentage of total expenditure increased only by 0.44 *per cent* in the current year over the previous year it hovered around 85 *per cent* during the period (2006-11) leaving inadequate resources for expansion of services and creation of assets. Within the revenue expenditure, NPPE at ₹ 2,546 crore in 2010-11 constituted 63.44 *per cent* and remained significantly higher than the normatively assessed level of ₹ 1,999 crore by ThFC for the year. Further, the salaries and wages, pensions, interest payments and subsidies continued to consume a major share of revenue expenditure and was about 53 *per cent* during 2010-11. During 2010-11, though the development expenditure (₹ 3,260 crore) increased by ₹ 735 crore (29 *per cent*), it was much below the budget estimate (₹ 3,562 crore) for 2010-11. The relative share of revenue development expenditure was 83 *per cent* of the total development expenditure, while this share in respect of capital development expenditure was only 16 *per cent*. Predominant share of revenue expenditure in development expenditure indicated that more emphasis was given on maintenance of the current level of services.

❖ **Government investments**

The average return on Meghalaya Government's investments in Statutory Corporations, Government Companies and Co-operative Societies was less than one *per cent* during 2006-11, whereas its average interest outgo was in the range of 6.32 to 7.62 *per cent*.

❖ ***Debt sustainability***

During 2010-11, there was deterioration in all the three major fiscal indicators, viz., revenue surplus, fiscal deficit and primary deficit over the previous year. The fiscal liabilities of the State Government increased by ₹ 285 crore (7.49 per cent) from ₹ 3,803 crore in 2009-10 to ₹ 4,088 crore in 2010-11. The prevalence of fiscal deficit during 2006-11 indicates continued reliance of the State on borrowed funds, resulting in increased fiscal liabilities of the State over this period, which stood at 27.11 per cent of the GSDP in 2010-11.

The increasing fiscal liabilities accompanied by a negligible rate of return on Government investments and inadequate interest cost recovery on loans and advances might lead to an unsustainable fiscal situation in medium to long term, unless suitable measures are initiated to compress the non-plan revenue expenditure and to mobilise additional resources both through tax and non tax measures in the ensuing years.

❖ ***Funds transferred directly by GOI to the State Implementing Agencies***

Funds flowing directly to the implementing agencies through off-budget route inhibit fiscal responsibility legislation requirements of transparency and therefore escape accountability. During the current year, GOI transferred ₹ 798 crore (approximate) directly to the State Implementing Agencies for implementation of various schemes/programmes without routing the amount through the State Budget. A system has to be urgently put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (A&E).

❖ ***Financial management and budgetary control***

During 2010-11, there was an overall saving of ₹ 883.25 crore, which was the result of saving of ₹ 1,118.63 crore offset by excess of ₹ 235.38 crore. The excess of ₹ 235.38 crore requires regularisation under Article 205 of the Constitution of India. There were also instances of inadequate provision of funds and unnecessary/excessive re-appropriations. In many cases, the anticipated savings were either not surrendered or surrendered on the last day of the year leaving no scope for utilising these funds for other development purposes. In many cases, reconciliation of expenditure figures was not done by the controlling officers. Budgetary procedure and expenditure control of the Government was weak.

❖ ***Financial reporting***

State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from delay in furnishing utilisation certificates for grants given by Government departments. Delays also figured in submission of annual accounts by some autonomous bodies. Also, there were instances of losses and misappropriations.

RECOMMENDATIONS

Revenue Receipts: The State Government should mobilise additional resources both through tax and non-tax sources by expanding the tax base and rationalising the user charges. The State should also make efforts to increase tax compliance, reduce tax administration costs and avoid leakages of revenue.

Greater priority to capital expenditure: Expenditure pattern of the State Government needs correction in the ensuing years. The State should initiate action to restrict the components of non-plan revenue expenditure. From the point of view of improving developmental expenditure, it is pertinent for Government of Meghalaya to take appropriate measures and lay emphasis on provision of development capital expenditure.

Government investments: Considering the low return on investment in Statutory Corporations, Government Companies and Co-operatives, the State Government should ensure better value for money in investments by identifying the companies/corporations which are endowed with low financial but high socio-economic returns and justify the use of high cost borrowed funds for non-revenue generating investments through clear and transparent guideline. It would also be prudent to review the working of State public sector undertakings which are incurring huge losses and work out either a revival strategy (for those that are strategic in nature and can be made viable) or close them down if they are not likely to be viable given current market conditions.

Debt sustainability: Recourse to borrowed funds in future should be carefully assessed and managed so that the recommendations of the ThFC to bring Fiscal Liabilities-GSDP ratio to 25 *per cent* could be achieved in four years. Maintaining a calendar of borrowings to avoid bunching towards the end of the fiscal year and a clear understanding of the maturity profile of debt payments will go a long way in prudent debt management. Efforts should also be made to increase revenue surplus and return to primary surplus as was the case during 2009-10.

Funds transferred directly from the GOI to the State implementing agencies: Direct transfers from the Union Government to the State Implementing Agencies runs the risk of poor accountability. As such, a system should be put in place to ensure proper accounting of these funds which remain outside the State budget.

Financial management and budgetary control: Efforts should be made by all departments to submit realistic budget estimates keeping in view the trends in receipts and expenditure in order to avoid large scale savings/excess. Savings should be surrendered as and when they are noticed and within the prescribed date. Last minute fund releases and issuance of re-appropriation/ surrender orders should be avoided.

Financial reporting: Departments should ensure timely submission of utilisation certificates for the grants released for specific purposes and the annual accounts of autonomous bodies. Departmental enquiries in all fraud/misappropriation cases should be expedited and internal controls strengthened to prevent such cases.

CHAPTER I

Finances of the State Government

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Finances of the State Government

Profile of Meghalaya

Meghalaya, a Special Category State¹, is situated in the North-East region of India and is bounded on the north by Goalpara, Kamrup and Nowgong Districts of Assam, on the east by Karbi Anglong and North Cachar Hills Districts of Assam and on the south and west by Bangladesh. With a geographical area of about 22,429 sq km, Meghalaya provides shelter to 0.24 *per cent* population of the country. According to the Census of India, 2011 (provisional data), the population of the State stands at 29,64,007 (Male: 14,92,668; Female: 14,71,339) and the density of population of the State is 132 persons per sq km. State's Gross Domestic Product during the year 2010-11 was ₹ 15,078 crore (base year 2004-05). The estimated per capita income of the State stood at ₹ 50,869 during 2010-11.

As per Gross State Domestic Product (GSDP)² series (base year 2004-05), there was a fluctuating trend in the growth rate of GSDP. While the growth of GSDP during 2006-07 was 18.72 *per cent*, and reached its peak in 2008-09 (19.33 *per cent*), it declined to 14.09 *per cent* in 2010-11. The average Compound Annual Growth Rate (CAGR) in respect of GSDP for Meghalaya between 2004-05 and 2010-11 was 14.88 *per cent*. The CAGR of capital expenditure between 2001-02 and 2009-10 was 14.77 *per cent*, which increased to 15.28 *per cent* between 2001-02 and 2010-11. The State depends mostly on resources transferred by the Central Government as the State's own resources during 2006-11 contribute only around 21 to 23 *per cent* of the total revenue receipts. The outstanding fiscal liabilities of the State as percentage to GSDP indicated a fluctuating trend during the period 2006-11. It declined from its peak of 32.27 *per cent* in 2007-08 to 27.11 *per cent* in 2010-11.

This chapter provides a broad perspective of the finances of the Government of Meghalaya during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years. The analysis has been made based on State Finance Accounts and the information obtained from State Government. The structure of Government Accounts, lay out of Finance Accounts, methodology adopted for the assessment of fiscal position and State Profile are shown in **Appendix 1.1**. **Appendix 1.2** of the Chapter briefly outlines the Fiscal Responsibility and Budget Management Act of the Government while **Appendix 1.3** presents the time series data on key fiscal

¹ The Fifth Finance Commission accorded (1969) special status to three states on the basis of harsh terrain, backwardness and social problems prevailing in these states. Thereafter number of such states has increased to 11 including Meghalaya. The special privileges given to Meghalaya include financial assistance from GOI in the ratio of 90 *per cent* grant and 10 *per cent* loan unlike non-special category states which get Central aid in the ratio of 70 *per cent* grant and 30 *per cent* loan.

² GSDP is defined as the total income of the State or the market value of goods and services using labour and all other factors of production.

variables/parameters and fiscal ratios relating to the State Government finances for the period 2006-11.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2010-11) *vis-à-vis* the previous year while Appendix 1.4 provides details of receipts and disbursements as well as overall fiscal position during the current year.

Table 1.1 : Summary of Current Year's Fiscal Transactions

(₹ in crore)							
2009-10	Receipts	2010-11	2009-10	Disbursements	2010-11		
Section – A : Revenue							
3447.35	Revenue Receipts	4260.48	3182.38	Revenue Expenditure	Non-Plan	Plan	Total
444.30	Tax revenue	571.45	1100.99	General Services	1257.34	59.46	1316.80
275.08	Non-tax revenue	301.53	1092.38	Social Services	832.24	543.79	1376.03
612.38	Share of Union Taxes/Duties	896.27	989.01	Economic Services	456.09	863.82	1319.91
2115.59	Grants-in-aid from Government of India	2491.23	...	...	...	...	...
Section – B : Capital							
...	Miscellaneous Capital receipts	...	481.29	Capital Outlay	...	574.73	574.73
16.68	Recoveries of Loans and Advances	27.25	26.65	Loans and Advances disbursed	15.19	26.46	41.65
403.02	Public Debt Receipts ³	356.39	143.03	Repayment of Public Debt	...	...	141.08
...	Contingency Fund	99.00	...	Contingency Fund	...	...	99.00 ⁴
2416.65	Public Account Receipts	2765.86	2511.86	Public Account Disbursements	...	...	2729.20
501.64	Opening Balance	440.13	440.13	Closing Balance	...	...	350.71
6785.34	Total	7949.11	6785.34	Total			7949.11

Following are the significant changes during 2010-11 over the previous year:

- **Revenue receipts** increased by 23.59 per cent (₹ 813.13 crore) over the previous year. The increase was contributed by grants-in-aid of ₹ 375.64 crore from the Government of India (GOI), State's share of Union taxes and duties - ₹ 283.89 crore, tax revenue of ₹ 127.15 crore and non-tax revenue of ₹ 26.45 crore.
- **Revenue expenditure** increased by 26.09 per cent (₹ 830.36 crore) over the previous year. While ₹ 419.66 crore of the increase was under plan heads, the increase under non-plan heads was ₹ 410.70 crore. However, capital expenditure during the year increased by only 19.41 per cent (₹ 93.44 crore) over the previous year.

³ Includes net Ways and Means Advances.

⁴ Appropriation from the Consolidated Fund

- **Recovery and disbursement of loans and advances** during the current year increased by ₹ 10.57 crore and ₹ 15 crore respectively compared to the previous year.
- **Public Debt receipts** decreased by ₹ 46.63 crore over the previous year mainly due to decrease in receipts under market loan bearing interest (₹ 83.54 crore). Repayment of Public Debt marginally decreased by ₹ 1.95 crore over the previous year.
- **Public Account receipts** and disbursements increased by ₹ 349.21 crore and ₹ 217.34 crore respectively over the previous year.
- Total inflow during 2010-11 was ₹ 7,949.11 crore against ₹ 6,785.34 crore in 2009-10, while total outflow during 2010-11 was ₹ 7,598.40 crore against ₹ 6,345.21 crore during the previous year registering increase of 17.15 per cent and 19.28 per cent respectively leading to **decline in the cash balances of the State by ₹ 89.42 crore (20.32 per cent) over the previous year**. The decrease was mainly due to increase in negative balance under deposits with Reserve Bank by ₹ 437.68 crore (623.21 per cent).

1.2 Meghalaya Fiscal Responsibility and Budget Management Act

In accordance of the Twelfth Finance Commission (TwFC), the Government of Meghalaya has enacted the Meghalaya Fiscal Responsibility and Budget Management (MFRBM) Act, 2006 (**Appendix 1.2**). The State Government has also developed its own Fiscal Correction Path for the period from 2005-06 to 2009-10 detailing the structural adjustments required for mobilising additional resources and identifying areas where expenditure could be compressed, to achieve the targets set out in the MFRBM Act. According to the recommendations of the Thirteenth Finance Commission (ThFC), *the states should amend/enact FRBM Acts to build in the fiscal reform path worked out. State-specific grants recommended for a state should be released upon compliance*. However, the MFRBM Act has been amended by the State Government only in October 2011, which came into force from 10 October 2011. The amended MFRBM Act substituted clauses (a), (b) and (c) of Section 4 of the MFRBM Act, 2006 and inserted a new clause (g) under Section 4 as follows:

- (a) Maintain revenue surplus during the award period of 2011-12 to 2014-15 as recommended by the ThFC {Clause (a) Section 4};
- (b) Reduce fiscal deficit to 3 per cent of GSDP or less during 2011-12 to 2014-15 of the award period of the ThFC {Clause (b) Section 4};
- (c) Ensure that outstanding debt of the State will be aligned as recommended by the ThFC and such outstanding debt expressed as percentage of GSDP shall progressively be reduced from 32.7 per cent during 2011-12 to 31.7 per cent during 2014-15 {Clause (c) Section 4};

- (d) Government shall notify a Medium Term Fiscal Plan with three years rolling targets, giving details of all significant items of receipts-expenditure along with underlying assumptions made for projection purpose {Clause (g) Section 4}.

1.3 Growth and Composition of GSDP

Gross State Domestic Product, a major fiscal indicator is considered to be a key factor for assessing the performance of the State's economy. It is prepared based on income generating approach that measures gross income generated by factors of production physically located within the geographical boundaries of the State and also represents the volume of goods and services produced within the State. As per New GSDP series furnished (September 2011) by the Directorate of Economics and Statistics, Government of Meghalaya (GOM), during 2010-11, the advance estimated GSDP for the State of Meghalaya was ₹ 15,078 crore, which was arrived at on the basis of current price taking into account 2004-05 as base year. The table below shows the trend of growth of GSDP for the last five years.

Table 1.2 : Trends in Gross State Domestic Product

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Gross State Domestic Product (₹ in crore)	8,625	9,735	11,617	13,216	15,078
Growth rate of GSDP	18.72	12.87	19.33	13.76	14.09

Source: GSDP figures (current prices – base year 2004-05) as furnished (September 2011) by the Directorate of Economics & Statistics, Government of Meghalaya.

The GSDP at current prices increased from ₹ 13,216 crore in 2009-10 to ₹ 15,078 crore in 2010-11, representing an increase of 14.09 per cent. The increase in the growth of GSDP during 2010-11 over that of previous year was mainly due to increase of 16.05 per cent under industrial sector followed by 11.10 per cent under agriculture and allied activities. The growth of GSDP during 2010-11 also exceeded the projection made by the ThFC (11.42 per cent). The average compound annual growth rate in respect of GSDP for Meghalaya between 2004-05 and 2010-11 was 14.88 per cent.

1.4 Budget Analysis

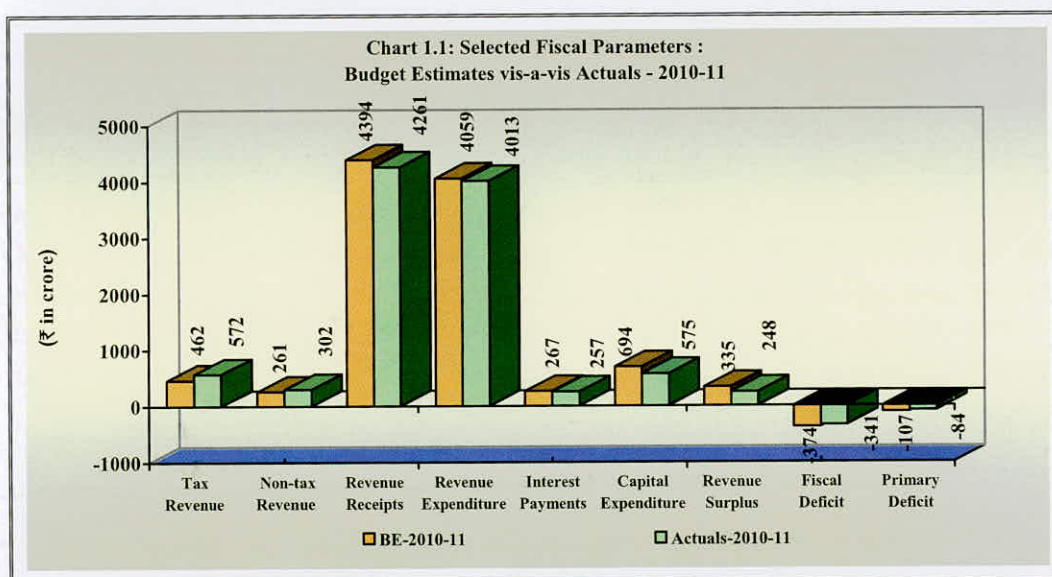
The budget papers presented by State Government provide descriptions of projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Several reasons may account for the deviation of the actual realisation from the budget estimates. It may be because of unanticipated and unforeseen events or under or over estimation of expenditure or revenue at the budget stage, etc. Actual realisation of revenue and its disbursement, however, depends on a variety of factors, some internal and others external. Table 1.3 presents the consolidated picture of State finances during 2009-10 (actuals) and 2010-11 (budget estimates, revised estimates

and actuals) and **Chart 1.1** presents the budget estimates and actuals for some important fiscal parameters.

Table 1.3 : Variation in major items – actuals of 2010-11 over 2009-10 Budget Estimates and Revised Estimates and actuals of 2010-11

(₹ in crore)

Parameters	2009-10	2010-11			Percentage of Excess (+)/Shortfall (-) with reference to	
	Actual	Budget Estimates (BE) ⁵	Revised Estimates (RE) ⁵	Actual	Actual of 2009-10	BE/RE
Tax Revenue	444	462	462	572	+ 28.83	+ 23.81
Non-Tax Revenue	275	261	261	302	+ 9.82	+ 15.71
Revenue Receipts	3,447	4,394	4,394	4,261 ⁶	+ 23.61	- 3.03
Non-debt Capital Receipts	17	20	20	27	+ 58.82	+ 35.00
Revenue Expenditure	3,182	4059	4059	4,013	+ 26.12	- 1.13
Interest Payments	234	267	267	257	+ 9.83	- 3.75
Capital Expenditure	481	694	694	575	+ 19.54	- 17.15
Disbursement of Loans & Advances	27	35	35	41	+ 51.85	+ 17.14
Revenue Surplus	265	335	335	248	- 6.42	- 25.97
Fiscal Deficit (-)	- 226	- 374	- 374	- 341	+ 50.88	- 8.82
Primary Deficit (-) / Surplus (+)	+ 8	- 107	- 107	- 84	-	- 21.50



- During 2009-10, both the actual **revenue receipts** and **revenue expenditure** fell short of the budget estimates by 3.03 per cent and 1.13 per cent respectively.
- The **capital expenditure vis-à-vis** budget estimate was less by 17.15 per cent (₹ 119 crore). Compared to previous year, the capital expenditure of the State increased by ₹ 94 crore, which was the net result of increase of ₹ 114 crore (39.09 per cent) under economic services, offset by decrease in general services by ₹ 12 crore (24.28 per cent) and social services under capital account by ₹ 8 crore (6.16 per cent),

⁵ Net estimates

⁶ ₹ 4260.48 crore has been rounded to ₹ 4,261 crore to arrive at the rounded figure of Revenue Surplus as ₹ 248 crore (₹ 247.74 crore). Accordingly, Tax Revenue of ₹ 571.45 crore has been rounded as ₹ 572 crore.

• The **revenue surplus** (₹ 248 crore) during the year declined by 25.97 per cent compared to the assessment made in the budget estimate. Actual fiscal deficit fell short of the assessment made in the budget estimate and revised estimate by 8.82 per cent (₹ 33 crore) mainly due to substantial increase in revenue receipts (₹ 814 crore) and a marginal increase in capital expenditure (₹ 94 crore) compared to previous year. Decrease in fiscal deficit by ₹ 33 crore together with decrease in interest payments by ₹ 10 crore compared to the budget estimates led to decrease in primary deficit by 21.50 per cent (₹ 23 crore) than the assessment made in the budget estimate. The wide variation between the budget estimates and the actuals indicated that the budgeting was unrealistic and lacked credibility. Repetition of the budget estimated figures of all parameters in the revised estimate was contrary to paragraph 50 of the Budget Manual which provides that the revised estimate should be a genuine re-estimation of the requirements in the light of updated knowledge.

1.5 Resources of the State

1.5.1 Resources of the State as per Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, 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 as well as accruals from Public Account. **Table 1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2 and Table 1.4** depicts the trends in various components of the receipts of the State during 2006-11. **Chart 1.3** depicts the composition of resources of the State during the current year.

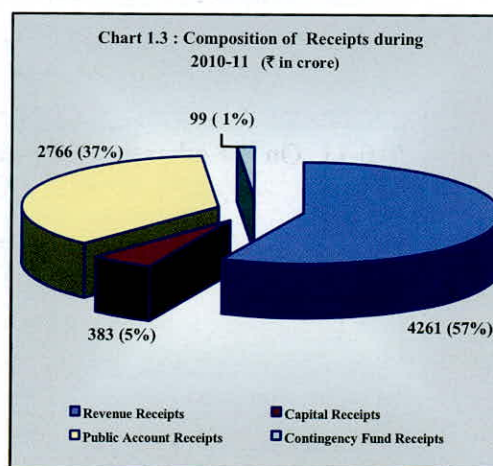
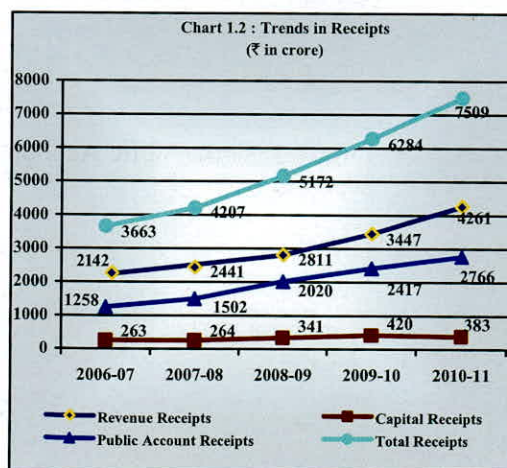


Table 1.4 : Trends in growth and composition of receipts

		(₹ in crore/Rate of growth in per cent)				
Sl. No.	Sources of State's Receipts	2006-07	2007-08	2008-09	2009-10	2010-11
I	Revenue Receipts	2,142	2,441	2,811	3,447	4,261
II	Capital Receipts (CR)	263	264	341	420	383
	Miscellaneous Capital Receipts	-	-	-	-	-
	Recovery of Loans and Advances	17	17	18	17	27
	Public Debt Receipts	246	247	323	403	356
	Rate of growth of non-debt capital receipts	- 10.52	0	5.88	- 5.56	58.82
	Rate of growth of debt capital receipts	- 1.60	0.41	30.77	24.77	- 11.66
	Rate of growth of GSDP	18.72	12.87	19.33	13.76	14.09
	Rate of growth of CR	- 2.23	0.38	29.17	23.17	- 8.81
III	Contingency Fund	-	-	-	-	99
IV	Public Account Receipts	1,258	1,502	2,020	2,417	2,766
	Small Savings, Provident Fund, etc.	91	101	106	122	156
	Reserve Funds	21	24	26	27	24
	Deposits and Advances	342	528	814	824	879
	Suspense and Miscellaneous	30	- 19	10	- 40	- 41
	Remittances	774	868	1,064	1,484	1,748
	Total Receipts	3,663	4,207	5,172	6,284	7,509

The **total receipts** during the current year has increased by ₹ 1,225 crore (19 per cent) over the previous year. Of the increase in total receipts, revenue receipts formed 66 per cent (₹ 814 crore) followed by public account receipts 29 per cent (₹ 349 crore). Out of the total receipts under public account, remittances constituted 18 per cent. While 75 per cent (₹ 1,312 crore) of the remittances have come from public works remittances, cash remittances between treasuries and currency chests (₹ 11 crore) and forest remittances (₹ 242 crore) together constituted 25 per cent.

The **total receipts** of the State for 2010-11 was ₹ 7,509 crore, of which ₹ 4,261 crore (57 per cent) came from revenue receipts and balance (43 per cent) came from borrowings and Public Account (42 per cent) and contingency fund receipts (one per cent). The total receipts of the State increased by 105 per cent from ₹ 3,663 crore in 2006-07 to ₹ 7,509 crore in 2010-11. The share of revenue receipts in total receipts of the State marginally decreased by one per cent from 58 per cent in 2006-07 to 57 per cent in 2010-11. On the other hand, the capital receipts together with Public Account ranged between 42 per cent and 46 per cent of total receipts during 2006-11.

Revenue receipts increased steadily by 99 per cent from ₹ 2,142 crore in 2006-07 to ₹ 4,261 crore in 2010-11, whereas the debt capital receipts which create future repayment obligation increased by 45 per cent from ₹ 246 crore (7 per cent of total receipts) in 2006-07 to ₹ 356 crore (5 per cent of total receipts) in 2010-11. The Public Account receipts increased steadily from ₹ 1,258 crore (34 per cent of total receipts) in 2006-07 to 2,766 crore (37 per cent of total receipts) in 2010-11.

The rate of growth of capital receipts decreased from 23.17 per cent in 2009-10 to a negative 8.81 per cent in 2010-11 while the **rate of growth of non-debt capital receipts** increased from a negative 5.56 per cent in 2009-10 to 58.82 per cent in

2010-11. Compared to 2006-07, the rate of growth of debt capital receipts decreased from a negative 1.6 per cent in 2006-07 to a negative 11.36 per cent in 2010-11 while the rate of growth of GSDP decreased from 18.72 per cent in 2006-07 to 14.09 per cent in 2010-11.

1.5.2 Funds Transferred to State Implementing Agencies outside the State Budget

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies⁷ for the implementation of various schemes/programmes in social and economic sectors recognised as critical. As these funds are not routed through the State Budget/State Treasury System, Annual Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated. An illustrative position of Central funds transferred to the State Implementing Agencies during 2010-11 for implementation of various schemes is given in **Appendix 1.5**. Scheme-wise position involving substantial amount of Central funds is given in **Table 1.5**.

Table 1.5 : Funds Transferred directly to State Implementing Agencies

(₹ in crore)			
Sl. No	Programme/ Scheme	Implementing Agency in the State	Funds transferred by the GOI
1.	Adult Education and Skill Development Scheme	Meghalaya Literacy Mission Authority	3.62
2.	Central Rural Sanitation Programme	State Water and Sanitation Mission, Meghalaya	31.05
3.	Crime and Criminal Tracking Network and System	Meghalaya Police Information Technology Society	10.20
4.	District Rural Development Agency (DRDA) Administration	DRDAs, East Garo Hills, East Khasi Hills, Jaintia Hills, Ri-Bhoi, South Garo Hills, West Garo Hills and West Khasi Hills	4.75
5.	Grant in Aid to NGOs for STs Including Coaching & Allied	R K Mission Ashrama Shillong , Meghalaya	6.19
6.	Health Insurance for Unorganised Sector Workers	State Health Society, Meghalaya	1.24
7.	Integrated Watershed Management Programme	SLNA Meghalaya, Shillong	9.88
		DRDAs, East Khasi Hills, Jaintia Hills, East Garo Hills, West Garo Hills and West Khasi Hills	4.08
8.	Mahatma Gandhi National Rural Employment Guarantee Act	DRDAs, South Garo Hills, West Garo Hills, Jaintia Hills, Ri-Bhoi, East Garo Hills, West Khasi Hills and East Khasi Hills	208.70
9.	MPs Local Area Development Scheme	Deputy Commissioner, West Garo Hills	4.00
		Deputy Commissioner, East Khasi Hills	2.00
10.	National Afforestation Programme	State Forest Development Agency Meghalaya	4.40
11.	National AIDS Control Programme including STD Control	Meghalaya AIDS Control Society	3.13
12.	National Project for Cattle and Buffalo Breeding	State Implementing Agency Meghalaya	2.00

⁷ 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, e.g., State Implementing Society for SSA and State Health Mission for NRHM, etc.

Sl. No	Programme/ Scheme	Implementing Agency in the State	Funds transferred by the GOI
13.	National Rural Drinking Water Programme	SWSM Meghalaya, Shillong	84.88
14.	National Rural Health Mission Centrally	Meghalaya State TB Control Society	1.55
		State Health Society, Meghalaya	42.16
15.	North Eastern Council	North Eastern Region Community Resource Management Society	29.53
		Meghalaya Board of School Education	1.00
16.	Off Grid DRPS	Meghalaya Non Conventional & Rural Energy Development Agency	6.19
17.	Pradhan Mantri Gram Sadak Yojana	State Rural Road Development Agency	64.55
18.	Product/Infrastructure Development for Destinations	Meghalaya Tourism Development Corporation ltd.	17.70
19.	Rural Housing –IAY	DRDAs, West Garo Hills, East Garo Hills, South Garo Hills, West Khasi Hills, Ri-Bhoi. East Khasi Hills and Jaintia Hills	47.40
20.	Sarva Shiksha Abhiyan(SSA)	Sarva Shiksha Abhiyan State Mission Authority of Meghalaya	185.41
21.	Support to Extension Programme for Extension	Meghalaya Small Farmers Agri-Business Consortium Agency	2.21
22.	Swaranjayanti Gram Swarozgar Yojana	DRDAs, Jaintia Hills, Ri-Bhoi, West Khasi Hills, South Garo Hills, East Garo Hills and East Khasi Hills	6.78
23.	Upgradation of Govt ITIs through PPP	IMC Society of ITI Rynjah	2.50
Total			787.10

Source: Central Plan Scheme Monitoring System of CGA website.

The GOI directly transferred ₹ 798 crore to State Implementing Agencies during 2010-11. With this transfer, the total availability of State resources increased from ₹ 7,509 crore to ₹ 8,307 crore. Of ₹ 798 crore, ₹ 272 crore (around 34 per cent) was transferred to the District Rural Development Agencies and ₹ 185 crore (23 per cent) to State Mission Authority of Sarva Shiksha Abhiyan. Direct transfer from the Union to the State Implementing Agencies runs the risk of poor accountability. Unless uniform accounting practices are diligently followed by all these agencies and there is proper documentation and timely reporting of expenditure, it will be difficult to monitor the end use of these direct transfers.

An analysis on how these funds are being transferred and utilised for the purposes for which they are sanctioned is carried out based on the data/information obtained from four units, viz., Pradhan Mantri Gram Sadak Yojana, Sarva Shiksha Abhiyan, Mahatma Gandhi National Rural Employment Act and National Rural Drinking Water Programme, which revealed the following:

➤ Pradhan Mantri Gram Sadak Yojana

Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched by the Government of India (GOI) in December 2000 with the objective of connecting every habitation that had a population of 1,000 or more through good all weather roads within three years, i.e., by 2003 and habitations with 500 people or more, by the end of Tenth Plan (2007). The PMGSY is executed in the State by the District Project Implementation

Unit (DPIUs) headed by an Executive Engineer under the supervision of State Rural Road Development Agency (SRRDA) headed by the Empowered Officer.

During 2010-11, GOI transferred ₹ 64.55 crore to the Chief Engineer cum Empowered Officer, SRRDA, who in turn released the entire amount to various Project Implementing Units (PIUs)/DPIUs. Out of ₹ 64.55 crore, ₹ 42 crore was utilised, leaving unspent balance of ₹ 22.55 crore. However, utilisation certificates for ₹ 42 crore were not furnished to the GOI. The Empowered Officer stated (May 2011) that the utilisation certificate for the year 2010-11 would be furnished within four months of closing of the financial year.

➤ **Sarva Shiksha Abhiyan**

Sarva Shiksha Abhiyan (SSA) was launched by GOI in January 2001 to provide useful and relevant elementary education to all children in the age group 6-14 years. The SSA was being implemented in Meghalaya by the SSA State Mission Authority constituted in March 2002. Table below shows the position of funds received *vis-à-vis* releases under SSA programme during 2010-11:

Table 1.6

(₹ in crore)

Opening balance	Fund released			Fund received			Miscellaneous receipts	Total fund available	Expenditure	Unspent balance (per cent)
	GOI	State	Total	GOI	State	Total				
45.68	185.41	3.60	189.01	185.41	3.60	189.01	1.33	236.02	200.41	35.61 (15)

Funds released by GOI and State Government for implementation of SSA were to be utilised during the respective years. But the SMA could not utilise 15 per cent of funds available during 2010-11. Information regarding submission of utilisation certificate for the fund received during 2010-11 had not been furnished.

➤ **Mahatma Gandhi National Rural Employment Guarantee Act**

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), initially named as National Rural Employment Act, was launched by GOI in 2005 and was being implemented in Meghalaya since July 2006. The primary objective of MGNREGA was to provide 100 days guaranteed wage employment in a financial year to every household who is willing to work.

During 2010-11, GOI released ₹ 53.72 crore to the District Rural Development Agency (DRDA), East Khasi Hills District for implementation of MGNREGA. In addition, ₹ 2.17 crore released by GOI during 2009-10 was received by the DRDA during 2010-11. Against the total available funds of ₹ 55.89 crore, expenditure of ₹ 60.59 crore was incurred by the DRDA. The excess expenditure of ₹ 4.70 crore was met from the State share (₹ 4.45 crore), refund amount by BDOs (₹ 0.16 crore) and fund transferred from SGRY account (₹ 0.09 crore). Utilisation certificate for the funds released by GOI was not submitted. The Project Director of the DRDA stated

(May 2011) that due to non-completion of audit report by the Chartered Accountant utilisation certificate had not been submitted so far.

➤ National Rural Drinking Water Programme

The Accelerated Rural Water Supply Programme (ARWSP) was renamed as National Rural Drinking Water Programme (NRDWP) in April 2009. The main objectives of the programme were to provide adequate safe drinking water to all households.

During 2010-11, GOI released ₹ 84.88 crore to the State Implementing Agency, viz. Chief Engineer (CE), Public Health Engineering (PHE), Meghalaya for implementation of the programme. It was noticed that out of the total fund received by the implementing agency, ₹ 70.47 crore (including unutilised fund from previous year: ₹ 0.18 crore) was spent for implementation of various components under the programme leaving an unspent balance of ₹ 14.59 crore.

The CE, PHE stated (September 2011) that no particular date was fixed by GOI for submission of utilisation certificates. However, utilisation certificate for ₹ 39.85 crore has since been submitted to GOI till August 2011.

1.6 Revenue Receipts

Statement 11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2006-11 are presented in **Appendix 1.3** and also depicted in **Charts 1.4** and **1.5** respectively. The trends in revenue receipts relative to GSDP are presented in **Table 1.7**.

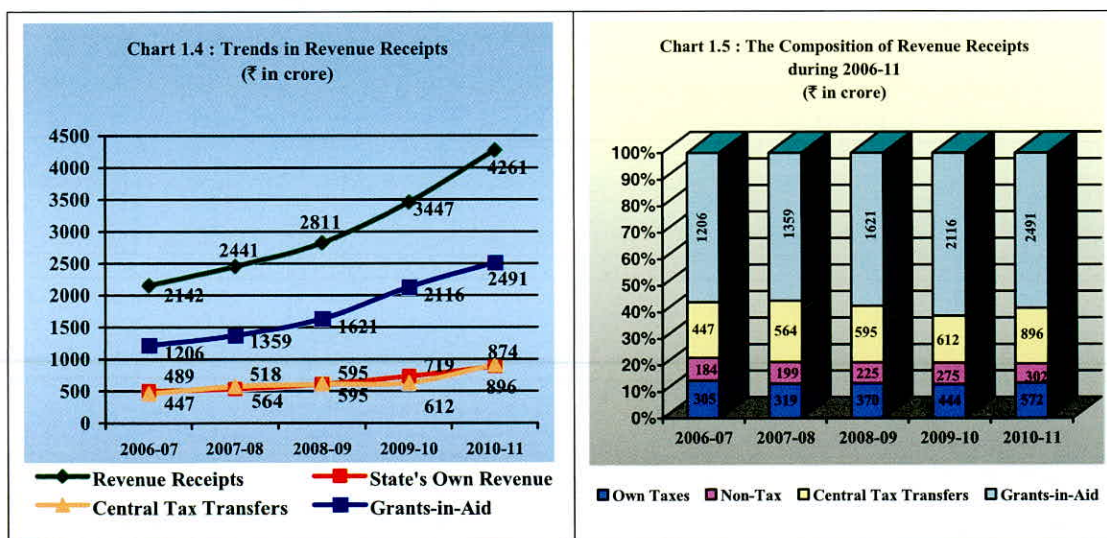


Table 1.7 : Trends in Revenue Receipts relative to GSDP

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Receipts (RR) (₹ in crore)	2,142	2,441	2,811	3,447	4,261
Rate of Growth of RR (<i>per cent</i>)	22.61	13.96	15.16	22.63	23.61
Rate of Growth of Own Taxes (<i>per cent</i>)	20.55	4.59	15.99	20.00	28.83
RR/GSDP (<i>per cent</i>)	24.83	25.07	24.20	26.08	28.26
Buoyancy Ratio⁸					
Revenue Buoyancy Ratio with reference to GSDP	1.21	1.08	0.78	1.64	1.68
State's Own Taxes Buoyancy Ratio with reference to GSDP	1.10	0.36	0.83	1.45	2.05
State's Own Taxes Buoyancy Ratio with reference to Revenue Receipts	0.91	0.33	1.05	0.88	1.22

1.6.1 General Trends

The **revenue receipts** of the State increased by ₹ 2,119 crore from ₹ 2,142 crore in 2006-07 to ₹ 4,261 crore in 2010-11. There were, however, wide inter-year variations in the growth rates, which increased to 23.61 *per cent* in 2010-11 from 22.63 *per cent* during the preceding year. All the components of revenue receipts have exhibited increases in absolute terms over the period 2006-11. The buoyancy ratios of revenue receipts and the State's own tax revenue with reference to GSDP have increased primarily due to significant increase in the rates of growth of both revenue receipts and the State's own tax revenue under Taxes on Vehicles (36 *per cent*), Taxes on Sales, Trade, *etc.* (28 *per cent*) in 2010-11 relative to the previous year. Buoyancy ratio of State's own taxes to revenue receipts indicates that the pace of growth of own taxes was faster than the revenue receipts in two (2008-09 and 2010-11) out of five years while it grew at lower pace during the remaining three years.

1.6.2 Central Tax Transfers

The **Central Tax transfers** increased significantly by 46 *per cent* (₹ 284 crore) over the previous year and constituted 21 *per cent* of revenue receipts. The increase was mainly due to transfer of additional amount of ₹ 98 crore as corporation tax during 2010-11 (₹ 350 crore) compared to previous year (₹ 252 crore). The central tax transfers also contributed around 35 *per cent* of the incremental revenue receipts (₹ 814 crore) during the year.

1.6.3 Grants-in-Aid

Details of Grants-in-aid from the GOI are given in **Table 1.8**.

⁸ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance revenue buoyancy at 1.67 during 2010-11 implies that revenue receipts tend to increase by 1.67 percentage points, if the GSDP increases by one *per cent*.

Table 1.8 : Grants-in-Aid from the GOI

Particulars	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Non-Plan Grants	472	461	440	377	664
Grants for State Plan Schemes	569	645	958	1395	1,427
Grants for Central Plan Schemes	11	4	8	26	13
Grants for Centrally Sponsored Schemes	107	179	159	251	315
Grants for Special Plan Schemes	47	70	56	67	72
Total	1,206	1,359	1,621	2,116	2,491
Percentage of increase over previous year	20.84	12.69	19.28	30.54	17.72

Grants-in-aid from the GOI have increased by 17.72 per cent (₹ 375 crore) from ₹ 2,116 crore in 2009-10 to ₹ 2,491 crore in the current year and contributed 46 per cent of the incremental revenue receipts during the year. Within the plan grants, while grants for Centrally Sponsored Plan Schemes increased by 25 per cent (₹ 64 crore), grants for Special Plan Scheme and State Plan Scheme increased by 7 per cent and 2 per cent respectively. The major increase under Centrally Sponsored State Plan Schemes was in the form of increased grants for National Programme of Mid Day Meal in Schools (₹ 74 crore) and Post Matric Scholarships (₹ 19 crore). Receipts of grants for Central Plan Schemes during 2010-11, however, declined by 50 per cent compared to previous year mainly due to non-release of any grants for development of rural tourism project, setting up of new polytechnic and census for identification of below poverty line households.

The Non-Plan grants (₹ 664 crore) constitute 27 per cent of the total grants during the year, of which 59 per cent (₹ 393 crore) was primarily for meeting the non-plan revenue deficit. Other components of non-plan grants mainly included grants for (i) Value Added Tax (VAT) related expenditure (₹ 169 crore), (ii) maintenance of forests (₹ 21 crore), (iii) urban local bodies (₹ 20 crore) and (iv) local bodies (₹ 15 crore).

1.6.4 State's Own Resources

As the State's share in central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of central tax receipts and central assistance for plan schemes, etc., the 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. **Tables 1.9 and 1.10** below show the trends of tax and non-tax revenue during the years 2006-11 as well as the variation between the budget estimates of revenue receipts and the actual receipts under the principal heads of tax and non-tax revenue for the year 2010-11.

Table 1.9 : Tax Revenue

(₹ in crore)

Heads	2006-07	2007-08	2008-09	2009-10	2010-11		
					Budget Estimate	Actuals	Variations Increase (+) Shortfall (-) (per cent)
Taxes on Sales, Trade, etc.	216	235	282	321	324	410	+ 86 (27)
State Excise	54	59	70	90	100	105	+ 5.00 (5)
Taxes on Vehicles	09	11	13	14	16	19	+ 03 (19)
Stamps and Registration Fees	06	06	06	11	09	11	+ 02 (22)
Land Revenue	06	02	0.50	0.26	03	17	+ 14 (467)
Other Taxes ⁹	14	06	- 1.50	08	10	10	...
Total	305	319	370	444	462	572	+ 110 (24)

Table 1.10 : Non-Tax Revenue

(₹ in crore)

Heads	2006-07	2007-08	2008-09	2009-10	2010-11		
					Budget Estimate	Actuals	Variations Increase (+) Shortfall (-) (per cent)
Interest receipts, dividends and profits	13	15	18	23	12	25	+ 13 (108)
General Services	36	29	46	18	31	24	- 07 (29)
Social Services	3	3	4	9	17	06	- 11 (65)
Economic Services	132	152	157	225	201	247	+ 46 (23)
Non-ferrous Mining and Metallurgical Industries	109	124	133	198	165	216	+ 51 (31)
Forestry and Wild life	17	16	17	20	23	22	- 01 (04)
Other Economic Services	6	12	7	7	13	09	- 04 (31)
Total	184	199	225	275	261	302	+ 41 (16)

1.6.4.1 Tax Revenue

Tax revenue has increased by around 29 per cent during the current year (₹ 572 crore) over the previous year (₹ 444 crore). The revenue from sales tax contributed the major share of tax revenue (72 per cent) and it increased by 28 per cent over the previous year. State excise, Taxes on Vehicles and Stamps and Registration Fees were the other major contributors in the State's tax revenue. Though there was an increase in the tax revenue during 2010-11 over previous year, the tax-GSDP ratio (3.79 per cent) during 2010-11 was marginally lower than the projection (3.98 per cent) made by the ThFC. The CAGR of tax revenue between 2001-02 and 2009-10 was 15.95 per cent, which has marginally increased to 17.29 per cent between 2001-02 and 2010-11.

➤ Cost of Collection

The gross collection of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2008-09 to

⁹ Other Taxes include taxes on professions, trades, callings and employment, taxes on goods and passengers, taxes and duties on electricity and other taxes and duties on commodities and services.

2010-11 along with the relevant all India average percentage of expenditure on collection to gross collections are mentioned below.

Table 1.11

(₹ in crore)

Sl. No.	Head of revenue	Year	Gross collection	Cost of collection	Percentage of expenditure to gross collection	All India average percentage during the preceding year
1.	Taxes/VAT on Sales, Trade, etc.	2008-09	281.83	4.46	1.58	0.83
		2009-10	321.39	6.80	2.12	0.88
		2010-11	409.89	8.71	2.12	0.96
2.	State Excise ¹⁰	2008-09	69.79	6.21	8.90	3.27
		2009-10	90.29	7.23	8.19	3.66
		2010-11	104.50	9.95	9.52	3.64
3.	Taxes on Vehicles	2008-09	13.21	3.14	23.77	2.58
		2009-10	13.61	3.89	28.58	2.93
		2010-11	19.19	4.86	25.33	3.07

As can be seen from the above table, while the cost of collection of Taxes/VAT on Sales, Trade, etc. remained static during 2009-11, in respect of State Excise the cost of collection increased marginally from 8.19 *per cent* in 2009-10 to 9.52 *per cent*. Though the situation in respect of Taxes on Vehicles was quite satisfactory during 2010-11 when compared to the previous year, cost of collection of around 24 *per cent* to 29 *per cent* during 2008-11 was a cause of concern. Besides, the percentage of expenditure on collection during 2009-11 as compared to the all India average percentage was on the higher side, which is indicative of the fact that the excess expenditure incurred on collection of revenue might impede the path of improvement towards achieving a healthy fiscal path in the State.

1.6.4.2 Non-Tax Revenue

The non-tax revenue (NTR), which constituted 7 *per cent* of the total revenue receipts, has increased by ₹ 27 crore during 2010-11 recording a growth rate of 10 *per cent* over the previous year. 82 *per cent* (₹ 247 crore) of non-tax revenue during 2010-11 was received from economic services and within this category, receipts under non-ferrous mining and metallurgical industries alone contributed 87 *per cent* (₹ 216 crore). This was mainly due to receipts of additional amount of ₹ 99 crore under Mineral concession fees, rents and royalties during the current year over that of previous year. The trends in interest receipts and dividends and profits also reveal significant improvement (85 *per cent*) during 2010-11 compared to 2006-07 mainly because of increase in realisation of interest on investment of cash balances by ₹ 8.09 crore. The CAGR of non-tax revenue for Meghalaya between 2001-02 and 2009-10 (14.35 *per cent*) has, however, marginally declined to 13.81 *per cent* between 2001-02 and 2010-11.

¹⁰ Department's figures.

➤ **Cost recovery in supply of merit goods and services**

The current levels of cost recovery (non-tax revenue receipts as a percentage of non-plan revenue expenditure) in supply of merit goods and services by Government were negligible, as depicted in **Table 1.12**.

Table 1.12 : Cost Recovery – 2010-11

(₹ in lakh)

Particulars	Non-tax revenue receipts	Non-plan revenue expenditure	Cost Recovery (per cent)
Secondary Education	62.62	13185.81	0.47
Medical & Public Health	68.87	13295.41	0.52
Water Supply & Sanitation	304.31	10177.52	2.99
Roads & Bridges	10.11	8337.54	0.12
Minor Irrigation	13.22	1869.37	0.71

As can be seen from above, while the cost recovery for water supply and sanitation during 2010-11 was 2.99 per cent, for minor irrigation, medical and public health, secondary education and roads and bridges the percentages were 0.71, 0.52, 0.47 and 0.12 respectively. However, there was increase in the cost recovery under all the above heads during the current year as compared to last year.

1.6.4.3 Own resources vis-à-vis assessments made by the Twelfth/Thirteenth Finance Commissions

The mobilisation of State's own resources vis-à-vis assessments made by the TwFC (2006-10)/ThFC (2010-11) and State Government in its own Fiscal Correction Path (2006-10)/Budget Estimate (BE) (2010-11) are given below:

Table 1.13

(₹ in crore)

Year	Assessment made by TwFC/ThFC			Assessment made by State Government in Fiscal Correction Path (FCP)/BE			Actuals		
	Tax Revenue	Non-Tax Revenue	Total	Tax Revenue	Non-Tax Revenue	Total	Tax Revenue	Non-Tax Revenue	Total
2006-07	276	180	456	268	173	441	305	184	489
2007-08	312	200	512	332	176	508	319	199	518
2008-09	353	221	574	383	196	579	370	225	595
2009-10	400	244	644	464	216	680	444	275	719
2010-11	490	284	774	462	261	723	572	302	874

The State has **successfully achieved** the target fixed by TwFC/ThFC in collection of tax revenue during 2006-11. During 2010-11, tax revenue was 16.73 per cent higher than the assessment made by the ThFC and 23.81 per cent higher than the assessment made in the budget estimate for the year. The non-tax revenue was 6.34 per cent and 15.71 per cent higher than the assessment made by the ThFC and in the budget estimate respectively during the year.

1.6.4.4 Loss of Revenue due to Evasion of Taxes, Write off/Waivers and Refunds

Test-check of the records of sales tax, state excise, motor vehicles tax, other tax receipts, forest receipts and other non-tax receipts conducted during the year 2010-11 revealed underassessment/short/non-levy/loss of revenue amounting to ₹ 557.24 crore in 240 cases. The total loss of revenue, which was around 64 per cent of the State's own resources consisting of tax and non-tax revenue (₹ 872.98 crore) during 2010-11, indicates the presence of loopholes in resource mobilisation thereby adversely affecting the developmental activities of the State. Serious irregularities which resulted in loss of revenue of the State have been discussed in the Report of the Comptroller and Auditor General of India (CAG) for the year ended 31 March 2011 (Revenue Receipts).

1.6.4.5 Revenue Arrears

The arrears of tax revenue at the end of March 2011 in respect of three heads of revenue were ₹ 11.44 crore (Taxes on Sales, Trade, etc.: ₹ 9.68 crore; Taxes on Motor Vehicles: ₹ 1.15 crore; State Excise: ₹ 0.61 crore) of which, ₹ 2.45 crore (21.38 per cent) relating to Taxes on Sales, Trade, etc. were more than three years old. Appropriate steps need to be initiated by the State Government for recovery of arrear revenue, which would in turn provide a cushion to reduce the burden of fiscal liabilities of the State.

1.7 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is, therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially expenditure directed towards development and social sectors.

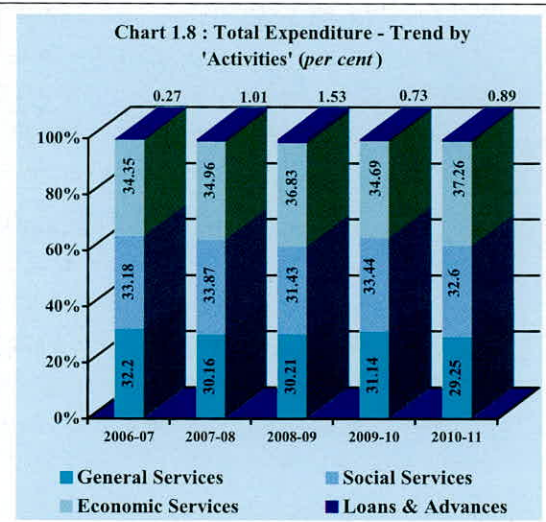
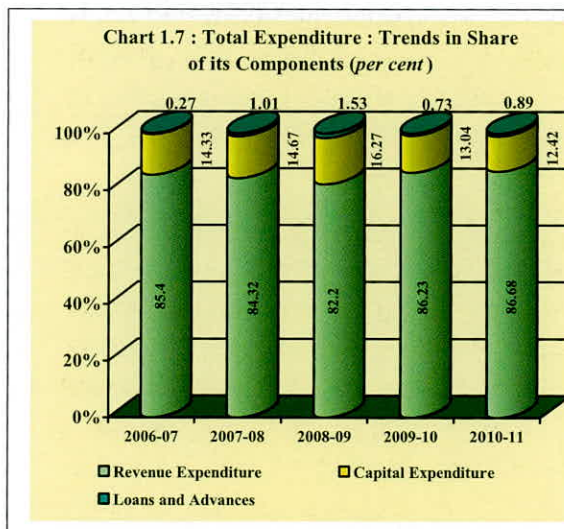
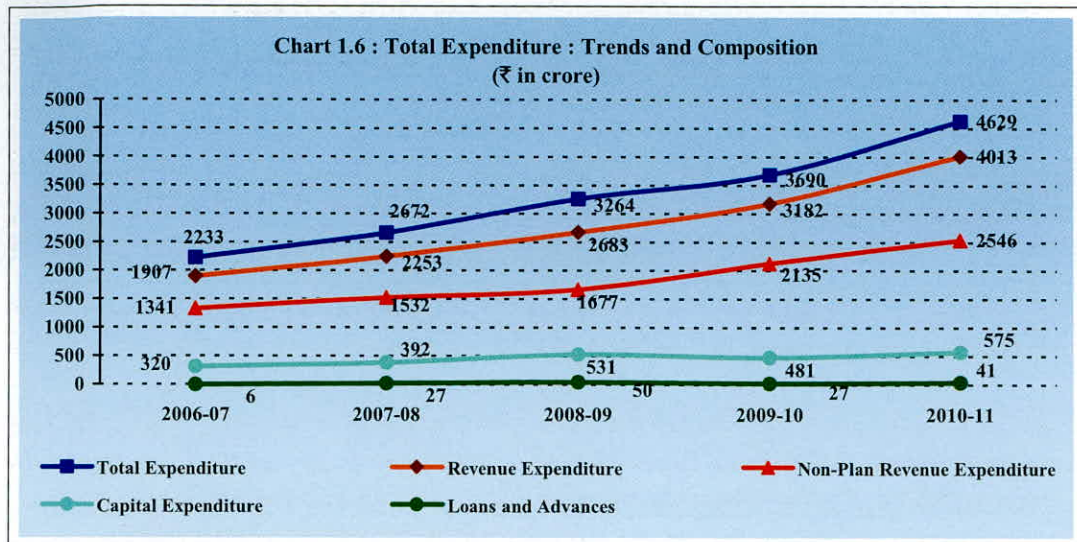
1.7.1 Growth and Composition of Expenditure

The total expenditure and its compositions during the years 2006-07 to 2010-11 are presented in the Table 1.14.

Table 1.14 : Total expenditure and its compositions

Particulars	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Total Expenditure	2,233	2,672	3,264	3,690	4,629
Revenue Expenditure	1,907	2,253	2,683	3,182	4,013
<i>Of which, Non-plan Revenue Expenditure</i>	<i>1,341</i>	<i>1,532</i>	<i>1,677</i>	<i>2,135</i>	<i>2,546</i>
Capital Expenditure	320	392	531	481	575
Loans and Advances	6	27	50	27	41

Chart 1.6 presents the trends in total expenditure over a period of five years (2006-11) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.7 and 1.8**.



1.7.1.1 Trends in Total Expenditure

The total expenditure of the State increased by ₹ 2,396 crore (107.3 per cent) from ₹ 2,233 crore in 2006-07 to ₹ 4,629 crore. The total expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table 1.15**.

Table 1.15 : Total Expenditure – Basic Parameters

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Total Expenditure (TE) (₹ in crore)	2,233	2,672	3,264	3,690	4,629
Rate of growth (<i>per cent</i>)	14.87	19.66	22.16	13.05	25.45
TE/GSDP ratio (<i>per cent</i>)	25.89	27.45	28.10	27.92	30.70
RR/TE ratio (<i>per cent</i>)	95.92	91.35	86.12	93.41	92.05
Buoyancy of Total Expenditure with reference to:					
GSDP (ratio)	0.79	1.53	1.15	0.95	1.81
RR (ratio)	0.66	1.41	1.46	0.58	1.08

The increase of ₹ 939 crore (25.45 *per cent*) in total expenditure during 2010-11 over previous year was mainly on account of increase of ₹ 831 crore in revenue expenditure followed by increase in capital expenditure and disbursement of loans and advances by ₹ 94 crore and ₹ 14 crore respectively. While the share of plan expenditure constituted 45 *per cent* (₹ 2,069 crore) of the total expenditure, the remaining 55 *per cent* (₹ 2,560 crore) was non-plan expenditure. During the current year, 92 *per cent* (₹ 4,261 crore) of the total expenditure was met from revenue receipts and the remaining (₹ 368 crore) from capital receipts and borrowed funds. The buoyancy of total expenditure to GSDP stood at 1.81 in 2010-11 due to growth rate of total expenditure at much greater pace as compared to that of GSDP. Similarly, the buoyancy ratio of total expenditure to revenue receipts stood at 1.08 indicating increase in expenditure at a pace much higher than the receipt.

In terms of the activities, total expenditure is composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Of the total expenditure during 2010-11, expenditure on general services and interest payments, which is considered as non-developmental, together accounted for 29.25 *per cent*. On the other hand, expenditure on social and economic services together accounted for 70.43 *per cent* during 2010-11. The relative share of social services declined from 33.44 *per cent* in 2009-10 to 32.60 *per cent* in 2010-11. The relative share of economic services, which ranged between 34.35 *per cent* and 36.83 *per cent* during the last four year period 2006-10, has increased to 37.27 *per cent* in 2010-11. Loans and advances revealed wide fluctuations during the period 2006-11 and stood at 0.89 *per cent* of total expenditure during 2010-11.

1.7.1.2 Incidence of Revenue Expenditure

Revenue expenditure had the predominant share in the total expenditure. Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table 1.16**.

Table 1.16 : Revenue Expenditure – Basic Parameters

(₹ in crore)					
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Expenditure (RE)	1,907	2,253	2,683	3,182	4,013
<i>Of which</i>					
Non-Plan Revenue Expenditure (NPRE)	1,341 (70.32)	1,532 (68.00)	1,677 (62.50)	2,135 (67.10)	2,546 (63.44)
Plan Revenue Expenditure (PRE)	566 (29.68)	721 (32.00)	1,006 (37.50)	1,047 (32.90)	1,467 (36.56)
Rate of Growth of					
RE (per cent)	13.92	18.14	19.09	18.60	26.12
NPRE (per cent)	13.36	14.24	9.46	27.31	19.25
PRE (per cent)	15.27	27.39	39.53	4.08	40.11
Ratio (per cent)					
RE as percentage of TE	85.40	84.32	82.20	86.23	86.67
NPRE/GSDP (per cent)	15.55	15.74	14.44	16.15	16.89
NPRE as percentage of TE	60.05	57.34	51.38	57.86	54.99
NPRE as percentage of RR	62.60	62.76	59.66	61.94	59.75
Buoyancy Ratio of Revenue Expenditure with					
GSDP	0.74	1.41	0.99	1.35	1.85
Revenue Receipts	0.62	1.30	1.26	0.82	1.11

(Figures in brackets represent percentages to revenue expenditure)

Revenue expenditure constituted 82 per cent to 87 per cent of total expenditure during 2006-11 and increased by 110.44 per cent from ₹ 1,907 crore in 2006-07 to ₹ 4,013 crore in 2010-11. The non-plan revenue expenditure (NPRE) during the same period increased from ₹ 1,341 crore to ₹ 2,546 crore. However, as a percentage of total revenue expenditure, NPRE declined from 70.32 per cent in 2006-07 to 63.44 per cent in 2010-11. As a result, plan revenue expenditure (PRE), which normally covers the maintenance expenditure incurred on services, increased its share in total revenue expenditure from 29.68 per cent during 2006-07 to 36.56 per cent during 2010-11.

The NPRE constituted a dominant share of more than 63.44 per cent in the revenue expenditure during 2010-11 and has increased by ₹ 411 crore over the previous year. The growth of NPRE during 2010-11 decreased to 19.25 per cent against 27.31 per cent during the previous year mainly due to decreased expenditure on Rural Development (₹ 23.35 crore) followed by Transport (₹ 14.43 crore). PRE, which normally covers the maintenance expenditure incurred on services, has also increased by ₹ 420 crore over previous year. The significant growth of PRE during 2010-11 (40.11 per cent) against 4.08 per cent during the previous year was mainly due to increased expenditure on agriculture and allied activities by ₹ 168.84 crore followed by ₹ 96.95 crore on rural development and ₹ 60.31 crore on general economic services.

The NPRE at ₹ 2,546 crore during 2010-11 was 27.36 per cent (₹ 547 crore) higher than the normatively assessed level of ₹ 1,999 crore by ThFC (Table 1.17).

Table 1.17 : Non-Plan Revenue Expenditure during 2010-11: Actuals vis-à-vis Normative Assessment by ThFC

(₹ in crore)

Sectors	ThFC Recommendations	Actuals
Salary	921	1,242 ¹¹
Interest Payments	265	257
Pension	206	300
Other General Services	163	176
Social Services	296	385
Economic Services	148	186
Total	1,999	2,546

Except for interest payments during 2010-11, the actual expenditure incurred on all other components of NPRE was more than the assessments made by the ThFC. The total NPRE during 2010-11 also exceeded the projection made by the State Government in its Budget (₹ 2,202 crore) by 15.62 per cent (₹ 344 crore).

According to the recommendation of the ThFC, “the practice of diversion of plan assistance to meet non-plan needs of special category states should be discontinued to leave these states with adequate plan expenditure”. During 2010-11, the revenue receipts of Meghalaya, excluding Plan assistance (₹ 1,827 crore), was ₹ 2,433 crore. Against this, the NPRE during the year was ₹ 2,546 crore. Obviously, plan assistance was diverted for non-plan heads and thus, the State could not adhere to the recommendation of the ThFC.

1.7.1.3 Capital Expenditure

Capital expenditure during the current year (2010-11) increased by ₹ 94 crore over previous year mainly due to increased expenditure on Irrigation and Flood Control (by ₹ 48 crore) and Transport (by ₹ 39 crore). However, the capital expenditure during 2010-11 constituted only 12.42 per cent of total expenditure during the year against 13.04 per cent during the preceding year. Though there was an increase in capital expenditure during the current year compared to the previous year, the State Government failed to fulfill its commitment made in the budget estimate for incurring capital expenditure during the year (₹ 694 crore).

1.7.2 Committed Expenditure

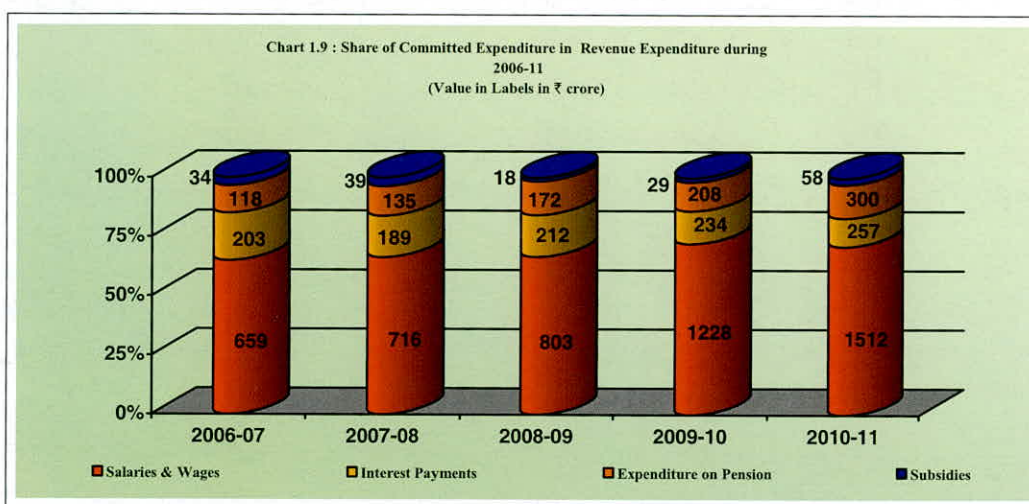
The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.18** and **Chart 1.9** present the trends in the expenditure on these components during 2006-11.

¹¹ Including wages: ₹ 10.93 crore.

Table-1.18 : Components of Committed Expenditure

		(₹ in lakh)				
Components of Committed Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	
Salaries & Wages	659 (31)	716 (29)	803 (29)	1,228 (36)	1,512 (35)	
<i>Of which</i>						
<i>Non-Plan Head</i>	547 (26)	596 (24)	651 (23)	1,011 (30)	1,242 (29)	
<i>Plan Head</i>	112 (5)	120 (5)	152 (6)	217(6)	270 (6)	
Interest Payments	203 (9)	189 (8)	212 (8)	234 (7)	257 (6)	
Expenditure on Pension and other retirement benefits	118 (6)	135 (6)	172 (6)	208 (6)	300 (7)	
Subsidies	34 (2)	39 (2)	18 (1)	29 (1)	58 (1)	
Other Components of revenue expenditure, i.e, other than committed expenditure	893 (42)	1,174 (48)	1,478 (53)	1,483 (43)	1,886 (44)	

(Figures in the parentheses indicate percentage to Revenue Receipts)



1.7.2.1 Salaries and Wages

Salaries and wages during 2010-11 alone accounted for around 35 per cent of the revenue receipts of the State during the year. It increased by 23.13 per cent from ₹ 1,228 crore in 2009-10 to ₹ 1,512 crore in 2010-11 and also exceeded the estimated amount indicated in the Budget Speech - 2010-11 (₹ 1,160 crore) by 30.34 per cent. Expenditure on salaries and wages under non-plan head during 2010-11 increased by ₹ 231 crore (22.84 per cent) over the previous year, whereas this expenditure on plan head increased by ₹ 53 crore (24.42 per cent) over the previous year. The expenditure on non-plan salary and wage component during 2010-11 was also significantly higher by around 35 per cent than the assessment made by the ThFC for the State (₹921 crore).

1.7.2.2 Interest Payments

Interest payments increased by 26.6 per cent from ₹ 203 crore in 2006-07 to ₹ 257 crore in 2010-11. Compared to previous year, interest payments during 2010-11 increased by 9.83 per cent. Interest payments were on market loans (₹ 129 crore), Provident Funds (₹ 45 crore), Special Securities issued to National Small Savings

Fund of the Central Government (₹ 35 crore), other internal debts (₹ 22 crore), loans and advances received from Central Government (₹ 26 crore). Of the total interest payments during the year, 50 per cent (₹ 129 crore) were paid on market borrowings. The overall interest payments (₹ 257 crore) was lower than the projections made by the ThFC (₹ 265 crore) as well as budget estimates (₹ 267 crore) of the year.

1.7.2.3 Pension Payments

The pension payments (including other retirement benefits) indicated an increasing trend during the five year period 2006-11. Pension payments during the current year have increased by ₹ 92 crore, an increase of over 44.23 per cent over the previous year. The comparative analysis of actual pension payments and the assessment/projection made by ThFC and the State Government shows that actual pension payment exceeded the assessment made by ThFC by ₹ 94 crore and the projection made by the State Government in its Budget for the year 2010-11 by ₹ 98 crore as shown in (Table 1.19).

Table 1.19 : Actual Pension Payments vis-à-vis Projection

(₹ in crore)

Year	Assessment made by the TwFC/ThFC	Assessment made by the State Government in		Actuals	Expenditure in excess of Assessment made in the		
		FCP	Budget		TwFC/ThFC	FCP	Budget
2006-07	97	95	95	118	21 (22)	23 (24)	23 (24)
2007-08	106	113	113	135	29 (27)	22 (19)	22 (19)
2008-09	117	122	126	172	55 (47)	50 (41)	46 (37)
2009-10	129	132	176	208	79 (61)	76 (58)	32 (18)
2010-11	206	(NA)	202	300	94 (46)	(NA)	98 (49)

(Figures in brackets represent percentages). NA: Not available.

GOI introduced a defined, contribution based New Pension System (NPS) with effect from 01 April 2004 to cover all new entrants to government service. According to the recommendations of the ThFC, the migration to the NPS needs to be completed at the earliest. Information regarding Government's action on the matter, though called for from the Finance Department, Government of Meghalaya in August 2011 had not been furnished (October 2011).

1.7.2.4 Subsidies

Table 1.18 shows that the expenditure on payment of subsidies increased by 100 per cent from ₹ 29 crore in 2009-10 to ₹ 58 crore during the current year. The increase of ₹ 29 crore is mainly due to increase in payment of subsidies by the departments like Fisheries by ₹ 33.50 crore, offset by ₹ 4.72 crore due to payment of less subsidy by Power Department compared to previous year.

1.7.3 Financial Assistance by State Government to local bodies and other institutions

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 1.20**.

Table 1.20 : Financial Assistance to Local Bodies, etc.

(₹ in crore)

Financial Assistance to Institutions	2006-07	2007-08	2008-09	2009-10	2010-11	
					Budget Estimate	Actuals
University and Educational Institutions	164	243	245	291	423	379
Co-operative Societies	5	2	2	1	1	1
District Councils	1	12	17	1	12	11
Municipalities	1	2	2	2	2	3
Power sector	35	100	209	111	295	114
Other Institutions ¹²	2	9	4	35	33	33
Total	208	368	479	441	766	541
Assistance as percentage of RE	10.91	16.33	17.85	13.86		13.48

The financial assistance extended to local bodies and other institutions with inter-year variations increased by 22.68 *per cent* from ₹ 441 crore in 2009-10 to ₹ 541 crore in 2010-11. The share of financial assistance in revenue expenditure marginally decreased from 13.86 *per cent* in 2009-10 to 13.48 *per cent* during the current year. However, the State Government was successful to restrict the expenditure on payment of financial assistance within the projection made in its annual budget for the year 2010-11.

University and Educational Institutions were the major recipients as around 70 *per cent* of the total financial assistance during 2010-11 was given to them. The share under this sector increased by 30.24 *per cent*, i.e. from ₹ 291 crore during 2009-10 to ₹ 379 crore during the current year. Of ₹ 379 crore, ₹ 201 crore was given to Non-Government Primary Schools and ₹ 129 crore to Non-Government Secondary Schools.

1.8 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, *viz.*, adequacy of the expenditure (i.e. adequate provisions for providing public services); efficiency of expenditure use and the effectiveness (assessment of outlay-outcome relationships for select services).

¹² **Other Institutions (figures for 2010-11 in brackets):** National Rural Health Mission (₹ 13.44 crore), Emergency Management Research Institute and Non Government Organisations (₹ 18.60 crore), Forest Development Corporation of Meghalaya (₹ 0.40 crore), Meghalaya State Medical Plant Board (₹ 0.31 crore), Artisans, organisations, trained and technically qualified persons in small scale industries for self employment (₹ 0.12 crore)

1.8.1 Efficiency of Expenditure Use

In view of the importance of public expenditure for social and economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods¹³. Apart from improving the allocation towards development expenditure¹⁴, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.21** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted and the previous years, **Table 1.22** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

Table 1.21 : Development Expenditure

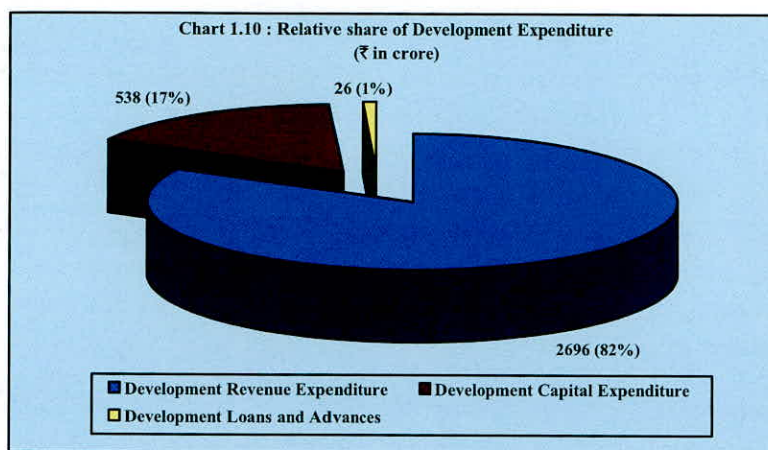
Components of Development Expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE (Net)	Actuals
Development Expenditure (a to c)	1,510 (67.62)	1,859 (69.57)	2,271 (69.58)	2,525 (68.43)	3,562 (79.39)	3,260 (70.43)
a. Development Revenue Expenditure	1,204 (53.92)	1,475 (55.20)	1,745 (53.46)	2,081 (56.40)	2,900 (60.57)	2,696 (58.24)
b. Development Capital Expenditure	304 (13.61)	364 (13.62)	483 (14.80)	433 (11.73)	634 (13.24)	538 (11.62)
c. Development Loans and Advances	2 (0.09)	20 (0.75)	43 (1.32)	11 (0.30)	28 (0.58)	26 (0.56)

(Figures in parentheses indicate percentage to aggregate expenditure)

The development expenditure increased by 29.11 *per cent* over previous year. During the current year, though the State Government earmarked 79.39 *per cent* of the estimated aggregate expenditure for development expenditure, this assessment fell short by 8.98 *per cent* at the end of the year. The relative share of development expenditure during 2010-11 given in **Chart 1.10** below showed that 82 *per cent* of the development expenditure was incurred on revenue account and only 17 *per cent* was utilised for capital expenditure.

¹³ *Core public goods* are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. *Merit goods* are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore, wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation, etc.

¹⁴ The analysis of expenditure data is disaggregated into development and non-development expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorized into social services, economic services and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.



Predominant share of revenue expenditure in development expenditure indicated that more emphasis was given on maintenance of the current level of services (including 15 per cent of revenue expenditure on salaries and wages under social services and 8.26 per cent on economic services) which did not result in any addition to State's infrastructure and service network. Thus, expenditure pattern under this sector needs correction in the ensuing year.

Table 1.22 : Efficiency of Expenditure Use in Selected Social and Economic Services

(In per cent)

Social/Economic Infrastructure	2009-10		2010-11	
	Ratio of Capital Expenditure to Total Expenditure ¹⁵	In Revenue Expenditure, the share of Salary & Wages	Ratio of Capital Expenditure to Total Expenditure ¹⁵	In Revenue Expenditure, the share of Salary & Wages
Social Services (SS)	11.46	43.30	8.80	43.77
General Education	0.42	38.34	1.15	38.48
Technical Education, Sports, Arts and Culture	1.01	32.57	1.32	33.17
Health and Family Welfare	9.37	75.92	6.77	71.19
Water Supply & Sanitation, Housing and Urban Development	41.13	38.40	37.84	45.37
Other SS	0.13	23.71	3.15	23.73
Economic Services (ES)	22.76	27.41	23.50	25.29
Agriculture and Allied Activities	5.12	44.38	3.63	36.03
Irrigation & Flood Control	56.04	57.41	69.85	53.20
Energy	-	-	-	-
Transport	66.76	-	73.46	-
Other ES	7.52	15.70	11.06	15.83

Social Services

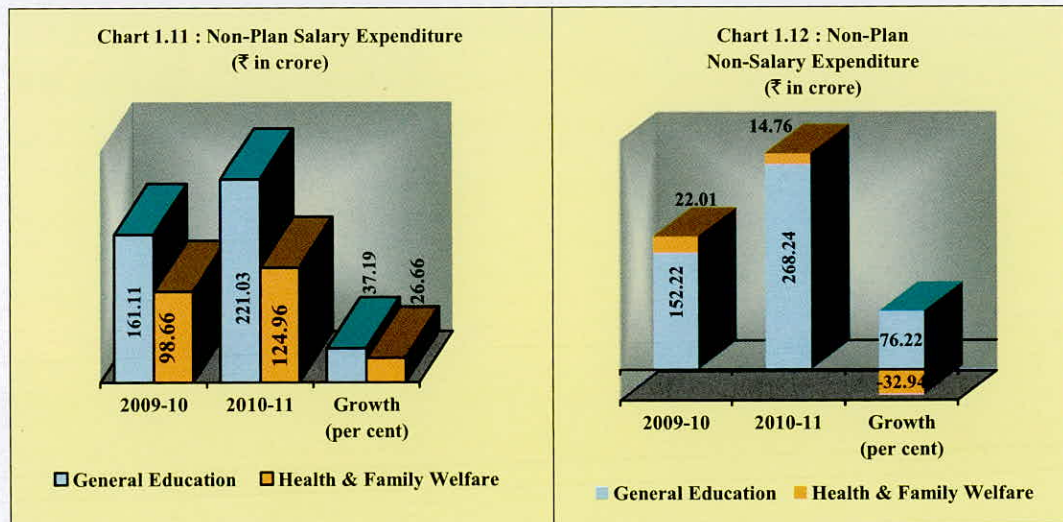
The trends presented in Table 1.22 reveal that development capital expenditure as a percentage of total expenditure declined from 11.46 per cent in 2009-10 to 8.8 per cent in 2010-11, which indicated that the revenue expenditure was dominant. While

¹⁵ Total revenue and capital expenditure of the services concerned.

there was marginal improvement in the share of capital expenditure during 2010-11 under General Education, Technical Education, Sports, Arts and Culture, under Health and Family Welfare, Water Supply and Sanitation, Housing and Urban Development, there was significant deterioration in the share of capital expenditure during the year. Compared to 2009-10, Water Supply and Sanitation, Housing and Urban Development sector was the worst sufferer, as only 37.84 per cent of total expenditure on this sector was incurred on capital account during 2010-11 against 41.13 per cent during the preceding year.

Of the revenue expenditure on social services, the share of salary and wage component has marginally increased from 43.30 per cent in 2009-10 to 43.77 per cent in 2010-11. The non-salary and wage expenditure on social services has increased by 24.92 per cent during 2010-11 from ₹ 619.36 crore in 2009-10 to ₹ 773.72 crore in 2010-11. Within the priority sectors, non-salary and wage component continue to have the dominant share under education, sports, art and culture and water supply, sanitation, housing and urban development. High salary and wage expenditure during 2009-10 (76 per cent) and 2010-11 (71 per cent) was observed under health and family welfare services.

Charts 1.11 and **1.12** provide non-plan salary and non-salary expenditure under social services incurred during 2009-11.



The expenditure on non-plan salary and wage component during 2010-11 under both education and health and family welfare sectors increased by 37.19 per cent and 26.66 per cent respectively over the previous year. The decrease of 32.94 per cent in non-salary (non-plan) expenditure under health and family welfare was a matter of concern. Thus, expenditure pattern under this sector needs correction in the ensuing years because of sufferings of 21.79 per cent (6,45,967) persons of the State from various diseases and increase in the air and water borne diseases by 9.34 per cent and 9.55 per cent respectively during 2010 over previous year, as discussed in paragraph 1.1 of the Report of the CAG of India for the year ended 31 March 2011 (Civil and Commercial).

Economic Services

The expenditure on economic services (including loans and advances) during 2010-11 (₹ 1,751 crore) accounted for about 38 per cent of the total expenditure¹⁶ and 54 per cent of the development expenditure during the year. Out of the total expenditure on economic services during the current year, 32.71 per cent was incurred on agriculture and allied activities, 9.37 per cent on industry and minerals and 7.93 per cent on energy.

The trends in revenue and capital expenditure on economic services indicate that capital expenditure consistently increased from ₹ 177 crore in 2006-07 to ₹ 405 crore (129 per cent) in 2010-11. However, the share of capital expenditure on economic services to total of revenue and capital expenditure on economic services during 2009-11 almost remained constant (between 22.73 and 23.48 per cent) which indicated that the revenue expenditure was dominant. Revenue expenditure also consistently increased from ₹ 590 crore in 2006-07 to ₹ 1,320 crore (124 per cent) in the current year. An increase of ₹ 331 crore (33.47 per cent) during 2010-11 over the previous year in revenue expenditure was mainly due to the increase under agriculture and allied activities (₹ 188.20 crore), rural development (₹ 73.59 crore), general economic services (₹ 70.70 crore) and industry and minerals (₹ 19.70 crore), partly offset by decrease under transport (₹ 12.66 crore), energy (₹ 8.78 crore) and special areas programmed (₹ 8.35 crore). Within the revenue expenditure on economic services, salary and wage component constituted 27 per cent and 25 per cent of the total revenue expenditure during 2009-10 and 2010-11 respectively. It increased from ₹ 271 crore in 2009-10 to ₹ 334 crore (23.25 per cent) during the current year.

1.8.3 Effectiveness of the Expenditure, i.e. Outlay-Outcome Relationship

Some of the Centrally Sponsored/Central Sector Schemes where significant shortfall in achievement was noticed is given in **Table 1.23** below:

Table 1.23

(₹ in crore/ Targets, Achievements and Shortfall in numbers)

Sl. No.	Centrally Sponsored/ Central Sector Schemes	Performance indicator	Unit of measurement	Budget allocation/ Expenditure	Targets	Achievements	Shortfall in achievement of targets (per cent)
1.	Rural Roads (PMGSY)	Length of Road Constructed	Km.	274.93/ 42.11	645.29	422.636	222.65 (35)
2.	Rural Water Supply Programme	Habitations covered	Nos.	60.00/ 59.99	260	178	82 (32)
3.	Accelerated Rural Water Supply Programme	Habitations covered	Nos.	93.33/ 70.29	500	202	298 (60)
4.	Total Sanitation Campaign	(i) Individual Household Latrines constructed (ii) School Toilets (iii) Sanitary Complex (iv) Angwd Toilets	Nos. Nos. Nos. Nos.	37.88/ 23.72	115305 7261 222 1546	65417 2833 55 710	49888 (43) 4428 (61) 167 (75) 836 (54)

¹⁶ Revenue expenditure + Capital expenditure + Disbursement of Loans and Advances

Sl. No.	Centrally Sponsored/ Central Sector Schemes	Performance indicator	Unit of measurement	Budget allocation/ Expenditure	Targets	Achievements	Shortfall in achievement of targets (per cent)
5.	Accelerated Irrigation Benefit Programme	Schemes (53 ongoing and Nil new schemes) Beneficiaries	Nos.	75.00/ 75.00	53 3141	41 2415	12 (23) 726 (23)
6.	Rural Electrification (RGGVY)	Electrification (i)UEV - (ii)DEV - (iii)EV - (iv)H/H - (v)BPL (Rhh)-	Nos.	248.60/ 122.62	(i) 1502 (ii) 364 (iii) 3239 (iv) - (v) 109696	49 102 1112 - 33754	1453 (97) 262 (72) 2127 (66) - 75942 (69)
7.	Sarva Shiksha Abhiyan	Teaching & Learning equipment New Primary Schools New Upper Primary Schools	Centre/ School School	236.02/ 200.41	574 302	20 53	554 (97) 249 (82)
8.	Horticulture Mission for North East & Himalayan States	Production of planting materials	HA	34.96/ 18.75	273.21	217.09	56.12 (21)
9.	Mid Day Meal	Foodgrains	Metric Tonnes	67.01/ 63.03	11049.85	6739.95	4309.10 (39)
10.	National Rural Health Mission (NRHM)	1. Janani Suraksha Yojana (i) Home Deliveries 2. Maternal Health Training (i) EmOC Training (ii) MTP Training (iii) RTI/STI Training	Nos.	101.54/ 18.70	16374 6 45 41	3250 3 26 29	13214 (80) 3 (50) 19 (42) 12 (29)

Source: Information furnished (July 2011) by the Directorate of Programme Implementation and Evaluation, Government of Meghalaya.

As can be seen from the above table, shortfall in achievement of targets under most of the schemes ranged between 21 per cent and 97 per cent. Against the target for coverage of 500 habitations under Accelerated Rural Water Supply Programme, achievement was only 202. Under Total Sanitation Programme, 55 sanitary complex were completed against the target of 222. Out of all the above programmes, major shortfall in achievement of targets (66 per cent to even 97 per cent) during 2010-11 was under Rural Electrification.

1.9 Financial Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowing) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market based resources, the State Government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year *vis-à-vis* previous years.

1.9.1 Incomplete projects

According to the information available in Appendix X of the Finance Accounts for the year 2010-11, as of 31 March 2011, there were 263 ongoing projects in the State. The department-wise information pertaining to incomplete projects as on 31 March 2011 even after target date(s) of completion is given in **Table 1.24**.

Table 1.24 : Department-wise Profile of Incomplete Projects

Department	Number of incomplete projects	Initial estimated cost	Original estimated cost of projects which were revised		Revised cost of incomplete projects which were revised	Cost overrun of projects which were revised	Cumulative actual expenditure as on 31 March 2011
			Number	Amount			
Public Health Engineering	24	53.39	...	...	...	...	34.17
Public Works	28	42.48	03	8.21	9.68	1.47	31.28
Urban Affairs	01	16.40	...	...	...	...	8.20
Total	53	112.27	03	8.21	9.68	1.47	73.65

Source: Finance Accounts 2009-10.

As can be seen from the above table, 53 projects stipulated for completion on or before 31 March 2011 at an estimated cost of ₹ 112.27 crore, remained incomplete with an expenditure of ₹ 73.65 crore till March 2011. Of these, 13 projects remained incomplete for one to six years. The revised cost of three incomplete projects increased by 17.9 per cent from ₹ 8.21 crore (estimated cost) to ₹ 9.68 crore (total revised cost) resulting in a total cost overrun of ₹ 1.47 crore.

Effective steps need to be taken to complete the incomplete projects without further delay to avoid cost overrun due to time overrun.

1.9.2 Investment and returns

As per Statement 14 of Finance Accounts for the year 2010-11, as of 31 March 2011, the State Government had invested ₹ 315.79 crore in two Statutory Corporations (₹ 71.11 crore), eight Government Companies (₹ 177.51 crore) and 1,442 Co-operative Banks and Societies (₹ 67.17 crore). The average return on this investment was less than one per cent during 2006-11, while the Government paid interest at an average rate of 6.32 per cent to 7.62 per cent on its borrowings during the period. Details are given in **Table 1.25**.

Table 1.25 : Return on Investment

Investment/Return/Cost of Borrowings	2006-07	2007-08	2008-09	2009-10	2010-11
Investment at the end of the year (₹ in crore)					
(i) Statutory Corporations	40.19	40.34	40.79	70.91	71.11
(ii) Government Companies	102.29	102.59	112.92	152.51	177.51
(iii) Co-operative Societies	40.68	43.86	46.72	62.77	67.17
Total	183.16	186.79	200.43	286.19	315.79
Return (₹ in crore)	0.01	0.02	0.03	0.04	0.03
Return (per cent)	0.01	0.01	0.01	0.01	0.01
Average rate of interest on Government borrowing (per cent)	7.62	6.40	6.32	6.34	6.51
Difference between interest rate and return (per cent)	7.61	6.39	6.31	6.33	6.50

Of the two Statutory Corporations, bulk of the investment (₹ 68.97 crore) was made to the Meghalaya Transport Corporation Limited during 1986-2010 despite accumulated loss of ₹ 62.61 crore sustained by the Corporation up to 31 March 2009¹⁷. Out of ₹ 177.51 crore invested in Government Companies, ₹ 88.46 crore was invested in six loss making Companies, which had accumulated loss of ₹ 27.91 crore as detailed in **Table 1.26**. Similarly, out of ₹ 67.17 crore invested in co-operative bank, societies, ₹ 31.26 crore was invested in 1,091 loss making co-operative banks/societies, as detailed in **Table 1.27**. Working results of one Government company and 357 co-operative banks/societies had not been intimated (August 2011).

Table 1.26 : Details of loss making Government Companies

(₹ in crore)

Sl. No.	Name of Companies	Amount invested	Invested up to	Accumulated loss	Period up to ¹⁸
1.	Mawmluh Cherra Cement Ltd.	72.72	2010-11	2.85	2009-10
2.	Meghalaya Tourism Development Corporation Ltd.	7.96	2001-02	3.12	2009-10
3.	Meghalaya Government Construction Corporation Ltd.	0.75	2000-01	12.77	2009-10
4.	Meghalaya Handloom and Handicrafts Development Corporation Ltd.	2.74	2009-10	1.75	2009-10
5.	Meghalaya Mineral Development Corporation Ltd.	2.32	2001-02	5.27	2009-10
6.	Forest Development Corporation of Meghalaya Ltd.	1.97	2001-02	2.15	2007-08
Total		88.46		27.91	

Table 1.27 : Details of loss making Government Co-operatives Societies

(₹ in crore)

Sl. No.	Name of Companies	Number of Societies	Amount invested	Invested up to	Accumulated loss	Period up to ¹⁹
1.	Credit Co-operatives	477	4.79	2009-10	2.71	2009-10
2.	Housing Co-operatives	16	2.61	2010-11	0.03	2009-10
3.	Labour Co-operatives	01	0.02	1998-99	0.01	2009-10
4.	Processing Co-operatives	5	0.35	2008-09	2.33	2009-10
5.	Dairy Co-operatives	66	0.91	2010-11	2.19	2009-10
6.	Co-operative Spinning Mills	148	0.92	2006-07	0.03	2009-10
7.	Consumers' Co-operatives	377	18.61	2009-10	0.01	2009-10
8.	Meghalaya Co-operative Apex Bank Ltd.	01	3.05	2010-11	0.17	2009-10
Total		1091	31.26		7.48	

1.9.3 Loans and advances by State Government

In addition to investments in co-operative societies, corporations and companies, Government has also been providing loans and advances for other purposes, e.g., loans for power projects, loans to Government servants, loans for tourism, etc. **Table 1.28** presents the outstanding loans and advances as on 31 March 2011, interest receipts *vis-à-vis* interest payments during the last three years.

¹⁷ Position after March 2009 had not been intimated.

¹⁸ Working results for the subsequent years had not been intimated.

¹⁹ Working results for the subsequent years had not been intimated.

Table 1.28 : Average Interest Received on Loans and Advances given by the State Government

Particulars	(₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Opening Balance	480	469	479	511	521
Amount advanced during the year	6	27	50	27	41
Amount recovered during the year	17	17	18	17	27
Closing Balance	469	479	511	521	535
Net Addition	- 11	10	32	10	14
Interest Receipts	1.36	1.65	2.04	2.59	4.62
Interest received as <i>per cent</i> to outstanding Loans and Advances	0.29	0.35	0.41	0.50	0.88
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	7.62	6.40	6.32	6.34	6.51
Difference between interest payments and receipts (<i>per cent</i>)	7.33	6.05	5.91	5.84	5.63

Loans and advances given by the State Government during 2010-11 increased by around 52 *per cent* over previous year. During 2006-11, recovery of loans and advances was ₹ 96 crore against ₹ 151 crore advanced during the period. The total outstanding loans and advances as on 31 March 2011 was ₹ 535 crore. *As the current level of recovery on loans advanced by the states is extremely poor, the ThFC projected the interest receipts of states on a normative basis without linking it to the current level. Outstanding loans and advances at the end of 2009-10 have been projected by ThFC as constant over the projection period and applied an interest rate of 7 per cent to these outstanding loans and taken as the interest receipt in each of the years.* Interest receipt of ₹ 4.62 crore on loans and advances by Government of Meghalaya during 2010-11 constituted around 0.89 *per cent* only of the outstanding loans and advances at the end of 2009-10 (₹ 521 crore) and thus, much below the interest rate of 7 *per cent* as applied by ThFC.

1.9.4 Cash Balances and Investment of Cash balances

Table 1.29 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 1.29 : Cash Balances and Investment of Cash Balances

Particulars	(₹ in crore)		
	As on 1 st April 2010	As on 31 March 2011	Increase(+)/ decrease (-)
Cash Balances ²⁰	440.13	350.71	- 89.42
Investments from Cash Balances (a & b)	501.78	844.20	+ 342.42
a. GOI Treasury Bills	493.03	835.45	+ 342.42
b. GOI Stock/Securities	8.75	8.75	
Fund-wise break-up of Investment from Earmarked balances (a & b)	82.62	98.25	+ 15.63
a. Sinking Fund Investment Account	82.59	98.22	+ 15.63
b. Other Development and Welfare Fund	0.03	0.03	...
Interest realised on investment of cash balances	20.68	20.09	- 0.59

²⁰ Excluding investment of earmarked funds.

Cash balances of the State Government at the end of the current year decreased from ₹ 440.13 crore in 2009-10 to ₹ 350.71 crore in 2010-11. As on 31 March 2011, the State Government has invested ₹ 835.45 crore in GOI Treasury Bills and ₹ 8.75 crore in GOI stock/securities. During 2010-11, interest of ₹ 20.09 crore was earned on investment of cash balances. Further, the Government invested ₹ 98.25 crore in Sinking Fund and Development and Welfare Fund as of March 2011.

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA) – Ordinary and Special – from Reserve Bank of India (RBI) has been put in place.

During the years 2006-07 to 2010-11, the Government did not have to resort to ways and means Advances and overdraft indicating comfortable position of cash balances of the State.

1.10 Assets and Liabilities

1.10.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4** gives an abstract of such liabilities and the assets as on 31 March 2011, compared with the corresponding position on 31 March 2010. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

1.10.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.3**. However, the composition of fiscal liabilities during the current year *vis-à-vis* the previous year are presented in **Charts 1.13** and **1.14**.

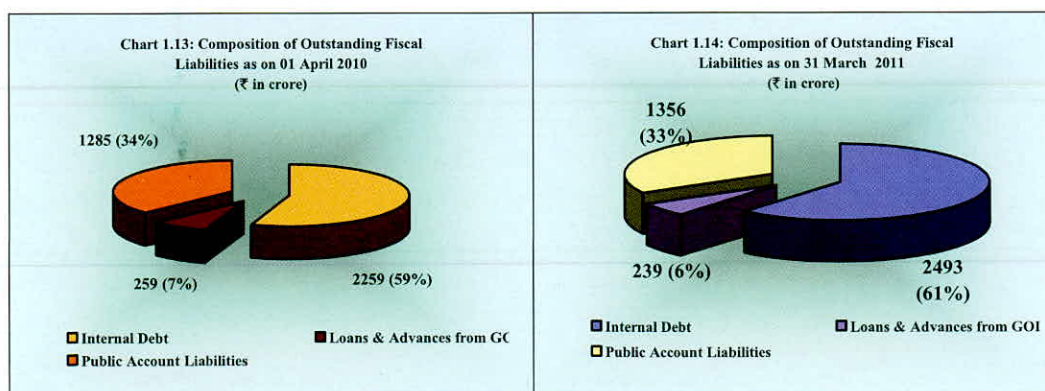


Table 1.30 gives the fiscal liabilities of the State, their rate of growth, the ratio of these liabilities to GSDP to revenue receipts and State's own resources as also the buoyancy of fiscal liabilities with reference to these parameters.

Table 1.30 : Fiscal Liabilities – Basic Parameters

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Fiscal Liabilities ²¹ (₹ in crore)	2,762	3,141	3,573	3,803	4,088
Rate of Growth (<i>per cent</i>)	7.64	13.72	13.75	6.44	7.49
Ratio of Fiscal Liabilities to					
GSDP (<i>per cent</i>)	32.02	32.27	30.76	28.76	27.11
Revenue Receipts (<i>per cent</i>)	128.94	128.68	127.11	110.33	95.94
Own Resources (<i>per cent</i>)	564.83	606.37	600.50	528.93	468.27
Buoyancy of Fiscal Liabilities to					
GSDP (ratio)	0.41	1.07	0.71	0.47	0.53
Revenue Receipts (ratio)	0.34	0.98	0.91	0.28	0.32
Own Resources (ratio)	0.34	2.31	0.93	0.31	0.35

Fiscal liabilities of ₹ 4,088 crore during 2010-11 consist of internal debt, e.g., market loans bearing interest, loans from financial institutions, Special Securities issued to National Small Savings Fund of the Central Government, *etc.* (₹ 2,493 crore), loans and advances from Central Government (₹ 239 crore), small savings, provident funds (State Provident Funds and Insurance & Pension Funds: ₹ 626 crore) and other liabilities, e.g., Reserve Funds and Deposits (₹ 730 crore). Overall fiscal liabilities of the State increased from ₹ 2,762 crore in 2006-07 to ₹ 4,088 crore in 2010-11. The growth rate in 2010-11 was 7.49 *per cent* over the previous year. The ratio of fiscal liabilities to GSDP decreased from 28.76 *per cent* in 2009-10 to 27.11 *per cent* in 2010-11. These liabilities stood at almost equal to the revenue receipts and 4.68 times of the State's own resources at the end of 2010-11. The buoyancy of these liabilities with respect to GSDP during the year was 0.53 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 0.53 *per cent*.

As per the recommendations of the ThFC, fiscal consolidation path embodies the steady reduction in augmented debt stock or the states to less than 25 per cent of GDP by 2014-15. Further, the State Government in its Fiscal Policy Strategy Statement, committed to follow a debt strategy that would strive to bring the Debt-GSDP ratio to 25 per cent as recommended by the ThFC. As can be seen from the Table 1.30 above, the fiscal liabilities to GSDP ratio during 2010-11 decreased by 1.65 per cent from 28.76 per cent in 2009-10 to 27.11 per cent in 2010-11.

During 1999-2000, the State Government constituted a 'Consolidated Sinking Fund' for redemption and amortisation of open market loans. In 2010-11, the Government has appropriated ₹ 15.63 crore from revenue and credited to this fund for investment in the Government of India Securities.

²¹ Includes Internal Debt, Loans and Advances from Government of India, Small Savings, Provident Funds, *etc.*, Reserve Funds and Deposits.

1.10.3 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. As per Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2006-07 are given in **Table 1.31**.

Table 1.31 : Guarantees given by the Government of Meghalaya

Particulars	₹ in crore)				
	2006-07	2007-08	2008-09	2009-10	2010-11
Maximum amount guaranteed	562.02	954.16	1083.19	1033.34	948.79
Outstanding amount of guarantees (including interest)	435.80	750.63	990.25	953.74	1110.77
Percentage of maximum amount guaranteed to total revenue receipts	26.24	39.08	38.54	29.97	22.27

Government has guaranteed loans raised by various Corporations and others, which at the end of 2010-11 stood at ₹ 1110.77 crore (including interest). Bulk of the guaranteed amount (₹ 1101.46 crore) was outstanding against the power sector for repayment of principal and payment of interest on loans from Rural Electrification Corporation, Housing and Urban Development Corporation, short term loans and bonds, etc. The outstanding amount of guarantees is in the nature of contingent liabilities, which was above 27 per cent of revenue receipts of the State during 2010-11.

1.11 Debt Sustainability

The Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

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 stabilisation²²; sufficiency of non-debt receipts²³; net availability of borrowed funds²⁴; burden of interest payments (measured by interest payments to revenue receipts ratio)

²² A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable, provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

²³ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

²⁴ Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

and maturity profile of State Government securities. **Table 1.32** analyses the debt sustainability of the State according to these indicators for the period of five years beginning from 2006-07.

Table 1.32 : Debt Sustainability: Indicators and Trends

(₹ in crore)					
Indicators of Debt Sustainability	2006-07	2007-08	2008-09	2009-10	2010-11
Debt Stabilisation (Quantum Spread + Primary Deficit)	414	154	186	273	202
Sufficiency of Non-debt Receipts (Resource Gap)	+ 104	- 140	- 221	+ 209	- 117
Net Availability of Borrowed Funds	- 8	190	221	- 4	29
Burden of Interest Payments (IP/RR Ratio)	0.09	0.08	0.08	0.07	0.06

Table 1.32 reveals that the quantum spread together with primary deficit has been positive for the last five years (2006-11) resulting in decline in Debt/GSDP ratio from 0.32 in 2006-07 to 0.27 in 2010-11. These trends indicate the tendency towards debt stabilisation which would eventually improve the debt sustainability of the State.

The trends in resource gap indicate the oscillation between positive and negative magnitudes. The resource gap has been negative in three out of five year period indicating that the incremental non-debt receipts were not sufficient to meet the incremental primary expenditure and interest burden. Thus, the State needs to step up its resource mobilisation as well as prune unproductive expenditure to maintain debt stability.

The debt redemption ratio has fluctuated widely during 2006-11 which remained more than unity in 2006-07 and 2009-10, while varied between 78 and 98 *per cent* in the remaining years. During the current year, Government repaid ₹ 1,273 crore as principal and interest on internal debt (₹ 306 crore), loans and advances from Central Government (₹ 46 crore) and other liabilities²⁵ (₹ 921 crore), as a result of which the borrowed funds of ₹ 29 crore were available at the end of the year. However, about 61 *per cent* (₹ 45 crore) of the net funds available from internal debt (₹ 48 crore) and other obligations (₹ 25 crore) was used to meet the repayment obligation of the loans and advances from the Central Government.

It was observed that burden of interest payments (interest payments/revenue receipts) marginally decreased from 0.07 *per cent* in 2009-10 to 0.06 *per cent* in 2010-11.

The maturity profile of the State debt is given in **Table 1.33**.

Table 1.33 : Maturity Profile of State Debt

(₹ in crore)		
Maturity Profile ^(a)	Amount	Per cent
0-1 year	141.74	4.93
1-3 years	479.99	16.71
3-5 years	471.94	16.43
5-7 years	618.66	21.54
7 years and above	1160.22	40.39
Total	2872.55	100

^(a) As per Finance Accounts.

²⁵ Small Savings, Provident Funds, Reserve Funds, Deposits, etc.

The maturity profile of the State's debt during the current year indicates that around 16.71 per cent is payable in 1-3 years time, 16.43 per cent.

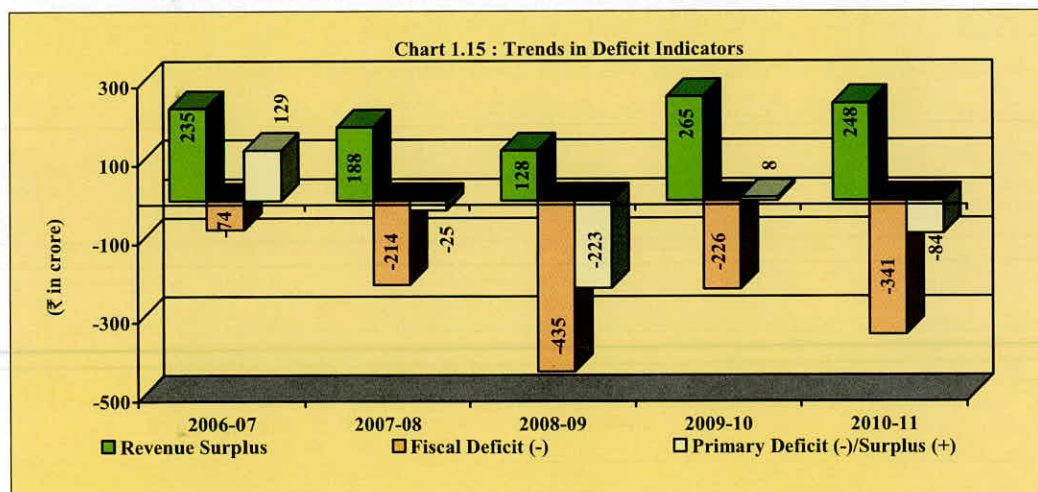
The maturity profile of the State's debt during the current year indicates that out of the outstanding debt stock of ₹ 2872.55 crore, around 60 per cent (₹ 1712.33 crore) is payable within the next seven years while the remaining 40 per cent are to be paid in more than seven years time. Since there was no fiscal surplus during the last five years (2006-11), the Government will have to borrow further to discharge the expenditure obligations unless there is adequate fiscal surplus. Ideally, further borrowings in future should be made in such a way that there is no bunching of repayments in any particular year as that will cause undue stress on the budget.

1.12 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the Finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under FRBM Act/Rules for the financial year 2010-11.

1.12.1 Trends in Deficits

Charts 1.15 and 1.16 present the trends in deficit indicators over the period 2006-11.



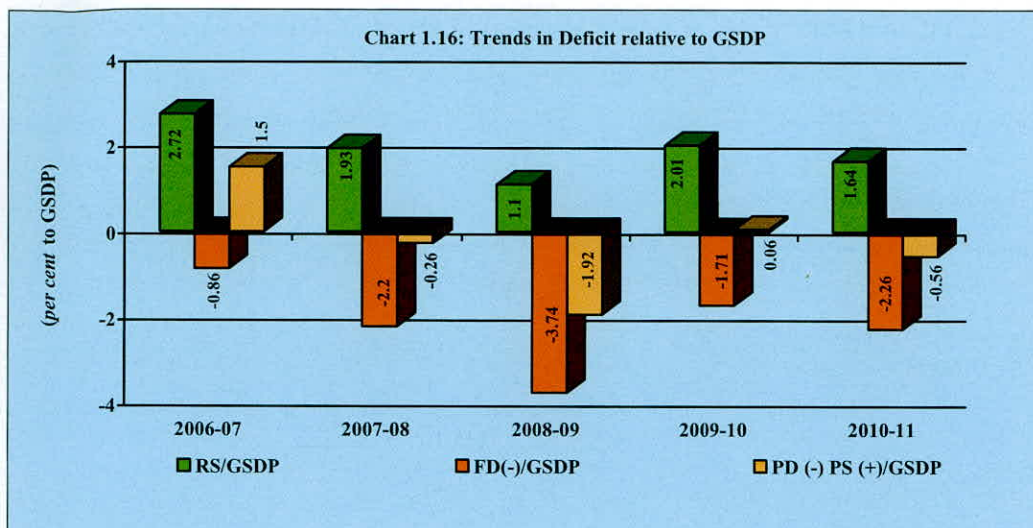


Chart 1.15 reveals that the State had a revenue surplus during the period 2006-11, which after inter-year variations, increased from ₹ 235 crore in 2006-07 to ₹ 248 crore during the current year. Compared to 2009-10, revenue surplus declined by ₹ 17 crore (6.42 per cent) mainly on account of increase in revenue expenditure by ₹ 831 crore (26.12 per cent) against ₹ 813 crore (23.59 per cent) in revenue receipts.

The fiscal deficit, which represents the total borrowings of the Government and its total resource gap increased from ₹ 226 crore in 2009-10 to ₹ 341 crore during 2010-11. The decrease in revenue surplus (₹ 17 crore) and increase in capital expenditure (₹ 94 crore) as well as in loans and advances disbursed (₹ 15 crore) over the previous year led to an increase in fiscal deficit by ₹ 115 crore during the current year.

As per the recommendations of the ThFC, *all special category states with base fiscal deficit of less than 3 per cent of GSDP in 2007-08 could incur a fiscal deficit of 3 per cent in 2011-12 and maintain it thereafter.* Though Government of Meghalaya was successful to restrict the fiscal deficit-GSDP ratio to 2.26 per cent during 2010-11 against 3 per cent earmarked by the ThFC, increase of this ratio during 2010-11 by 0.55 per cent over previous year is an alarming situation for the fiscal health of the State.

The primary surplus of ₹ 8 crore which was experienced by the State during 2009-10 after witnessing primary deficit²⁶ for the two consecutive years (2007-09), took a turnaround in 2010-11 and resulted in a primary deficit of ₹ 84 crore. A sharp increase of ₹ 115 crore in fiscal deficit and a moderate increase in interest payment (₹ 23 crore) resulted in a primary deficit of ₹ 84 crore during the current year.

²⁶ Primary deficit, defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the States during the course of the year.

1.12.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in the **Table 1.34**.

Table 1.34 : Components of Fiscal Deficit and its Financing Pattern

(₹ in crore)

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Decomposition of Fiscal Deficit						
	Fiscal Deficit (-) (1 - 2 - 3)	- 74	- 214	- 435	- 226	- 341
1.	Revenue Surplus	235	188	128	265	248
2.	Net Capital Expenditure	320	392	531	481	575
3.	Net Loans and Advances	- 11	10	32	10	14
Financing Pattern of Fiscal Deficit^(a)						
1.	Market Borrowing	164	147	186	192	120
2.	Loans from GOI	- 27	- 15	- 54	- 18	- 19
3.	Special Securities issued to NSSF	22	9	6	61	90
4.	Loans from Financial Institutions	1	7	15	25	24
5.	Small Savings, PF, etc.	36	46	46	67	84
6.	Reserve Funds	3	- 9	^(b)	7	- 4
7.	Deposits and Advances	- 4	194	233	- 105	- 10
8.	Suspense and Miscellaneous	19	- 37	58	- 40	- 29
9.	Remittances	5	- 1	16	- 25	- 4
10.	Increase (-) / Decrease (+) in Cash Balances	- 145	- 127	- 71	+ 62	+ 89
11.	Increase or decrease in Ways & Means Advances	0	0	0	0	0
	Overall Deficit (-)	- 74 (0.86)	- 214 (2.20)	- 435 (3.74)	- 226 (1.71)	- 341 (2.26)

Figures in brackets indicate *per cent* to GSDP.

^(a) All these figures are net of disbursements/outflows during the year. ^(b) ₹ 0.20 crore only.

There were fiscal deficit during the five year period ending 2010-11, which reached to ₹ 341 crore during 2010-11 against ₹ 226 crore during previous year. During 2010-11, fiscal deficit was mainly met out from market borrowing (₹ 120 crore), special securities issued to National Small Savings Fund (NSSF) of the Central Government (₹ 90 crore) and small savings, provident fund, etc. (₹ 84 crore). While the net market borrowing declined by 37.5 *per cent* during 2010-11 over previous year, the special securities issued to NSSF and small savings, provident fund, etc. increased by 47.54 *per cent* and 25.37 *per cent* respectively over the previous year.

1.12.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of

the primary deficit (**Table 1.35**) would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.35 : Primary Deficit/Surplus – Bifurcation of Factors

(₹ in crore)

Year	Non-debt Receipt	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary Revenue Surplus	Primary Deficit (-)/ Surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2 -6)
2006-07	2,159	1,704	320	6	2,030	455	+ 129
2007-08	2,458	2,064	392	27	2,483	394	- 25
2008-09	2,829	2,471	531	50	3,052	358	- 223
2009-10	3,464	2,948	481	27	3,456	516	+8
2010-11	4,288	3,756	575	41	4,372	532	- 84

The bifurcation of the factors resulting into primary deficit or surplus of the State during 2006-11 reveals that in three (2007-09 and 2010-11) out of five years the State experienced primary deficit during 2007-09, which was on account of capital expenditure incurred and loans and advances disbursed by the State Government. In other words, non-debt receipts of the State were sufficient to meet the primary expenditure²⁷ requirements, but was not adequate for capital expenditure and loans and advances. But the surplus non-debt receipts were not enough to meet the expenditure requirements under capital account and loans and advances during 2007-09 and 2010-11 resulting in primary deficit. However, the extent to which the primary deficit has been mainly on account of increase in capital expenditure during 2010-11 by ₹ 94 crore compared to previous year, which may be desirable to improve the productive capacity of the State's economy.

1.13 Institutional measures

Towards strengthening fiscal disciplines in the State, the Government of Meghalaya had taken certain institutional measures like legislation in respect of guarantees and fiscal responsibilities in the form of enactment of the Meghalaya Fiscal Responsibility and Budget Management Act in 2006. Since then the Government had been undertaking measures like introduction of VAT.

As a measure to improve fiscal transparency, the Government of India outlined several initiatives to assist the State Governments in their developmental and social roles. The Public Private Partnership (PPP) is such an initiation that enables implementation of Government programmes/schemes in partnership with the private sector. The potential benefits derived from PPP are cost effectiveness of the project, higher productivity, accelerated delivery, enhanced social service and recovery of user

²⁷ Primary expenditure of the State, defined as the total expenditure net of the interest payments, indicates the expenditure incurred on transactions undertaken during the year.

charges. It also allows the State Government to use limited budgetary resources on high priority schemes where private sector is not willing to enter.

In view of the above, several State Governments across India are entering into PPP agreements in the areas of infrastructure projects, survey and exploitation of mines and minerals, development of industrial estates, development of hydro-electricity projects, *etc.*

Information regarding framing of any policy on PPP and particulars of PPP projects under execution in the State, though called for (July 2011) from the Finance Department, Government of Meghalaya, had not been furnished (September 2011). As such, the position of PPP projects in the State could not be ascertained by Audit.

A PPP involves several risks, e.g., feasibility/organisational risk, condition precedent risks, financing risk, construction risk, operation and maintenance risk, demand risk, *etc.* and a balanced sharing of these risks between the public and private sector partners is essential for its enduring success. Since the PPP projects go through several stages such as finalisation of the contracts, financial closure, construction, maintenance and operation, *etc.*, appropriate precautionary measures need to be taken by the State Government to safeguard the interest of the State keeping in view the risk factors in particular.

1.14 Conclusion and Recommendations

The fiscal position of the State viewed in terms of key fiscal parameters – revenue surplus, fiscal deficit, primary deficit – indicated that though the State successfully maintained revenue surplus during the last five-year period ending 2010-11, compared to previous year, it declined during 2010-11. The fiscal deficit of the State has also significantly increased during 2010-11 compared to previous year and the primary surplus of 2010-11 turned into a primary deficit.

Revenue Receipts

Revenue receipts during 2010-11 grew by 23.61 *per cent* (₹ 814 crore) over previous year. The tax revenue and non-tax revenue receipts exceeded normative assessment made by ThFC by 16.73 *per cent* and 6.34 *per cent* respectively. Central transfers comprising State's share of central taxes and grants-in-aid from the Government of India increased by ₹ 659 crore in 2010-11 and contributed around 81 *per cent* of the incremental revenue receipts during the year, indicating central transfers being the key in the increase in revenue receipts of the State. The total loss of revenue due to understatement/short levy/non-levy of taxes, *etc.*, which was in excess of 31 *per cent* of the State's own resources consisting tax and non-tax revenue during 2010-11, indicates the presence of loopholes in resource mobilisation. The percentage of expenditure on collection of taxes/VAT was much higher than the all India average percentage.

The State Government should mobilise additional resources both through tax and non-tax sources by expanding the tax base and rationalizing the user charges. The State should make efforts to increase tax compliance, reduce tax administration costs and to avoid leakages of revenue.

Revenue and Total Expenditure

The overall revenue expenditure of the State increased by 110.44 *per cent* from ₹ 1,907 crore in 2006-07 to ₹ 4,013 crore in 2010-11. The expenditure pattern of the State reveals that though the revenue expenditure as a percentage of total expenditure increased by 0.44 *per cent* in the current year over previous year, hovered around 85 *per cent* during the period (2006-11) leaving inadequate resources for expansion of services and creation of assets. Within the revenue expenditure, NPRES at ₹ 2,546 crore in 2010-11 constituted 63.44 *per cent* and remained significantly higher than the normatively assessed level of ₹ 1,999 crore by ThFC for the year. Further, the salaries and wages, pensions, interest payments and subsidies continued to consume a major share of revenue expenditure which was about 53 *per cent* during 2010-11. During 2010-11, though the development expenditure (₹ 3,260 crore) increased by ₹ 735 crore (29 *per cent*), it was much below the budget estimate (₹ 3,562 crore) for 2010-11. The relative share of revenue development expenditure was 83 *per cent* of the total development expenditure, while this share in respect of capital development expenditure was only 16 *per cent*. Predominant share of revenue expenditure in development expenditure indicated that more emphasis was given on maintenance of the current level of services.

Expenditure pattern of the State Government needs correction in the ensuing years. The State should initiate action to restrict the components of non-plan revenue expenditure. Though expenditure incurred under capital heads had been increasing over the years, yet the expenditure pattern under this sector also needs correction. From the point of view of improving developmental expenditure, it is pertinent for Government of Meghalaya to take appropriate expenditure measures and lay emphasis on provision of development capital expenditure.

Fiscal Correction Path

During 2010-11, there was deterioration in all the three major fiscal indicators, *viz.*, revenue surplus, fiscal deficit and primary deficit over previous year. The prevalence of fiscal deficit during 2006-11 indicates continued reliance of the State on borrowed funds, resulting in increasing fiscal liabilities of the State over this period, which stood at 27.11 *per cent* of the GSDP in 2010-11.

The average return on investment in Statutory corporations, Government companies and Co-operative societies was less than one *per cent* during 2006-11, while the Government paid interest at an average rate of 6.32 *per cent* to 7.62 *per cent* on its borrowings during the period. The increasing fiscal liabilities accompanied by a negligible rate of return on Government investments and inadequate interest cost

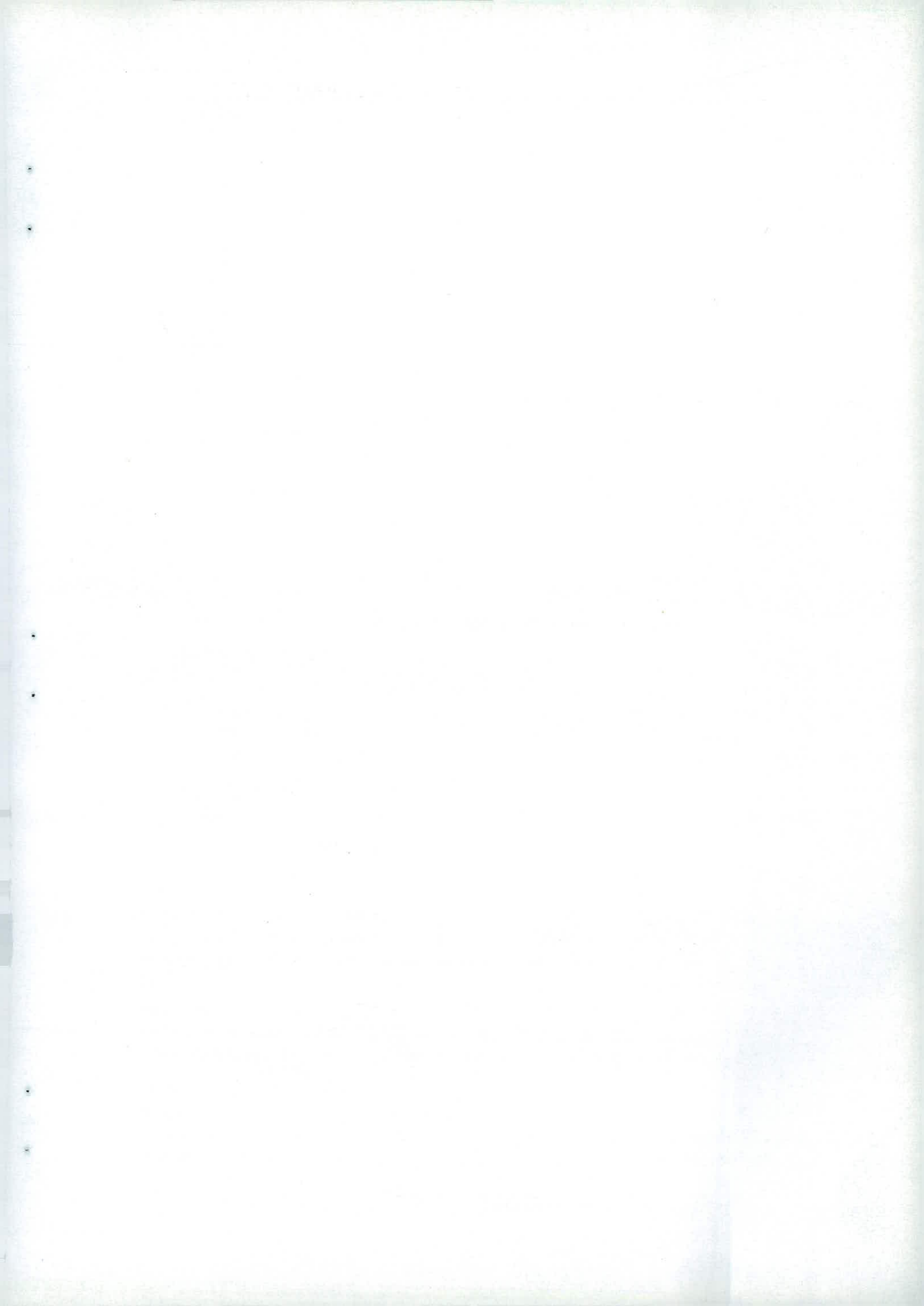
recovery on loans and advances might lead to an unsustainable fiscal situation in medium to long term, unless suitable measures are initiated to compress the non-plan revenue expenditure and to mobilise additional resources both through the tax and non tax sources in the ensuing years.

The State should make efforts to increase revenue surplus and return to primary surplus as was the case during 2009-10. The State Government should ensure better value for money in investments by identifying the companies/corporations which are endowed with low financial but high socio-economic returns and justify the use of high cost borrowed funds for non-revenue generating investments through a clear and transparent guideline. Recourse to borrowed funds in future should be carefully assessed and managed so that the recommendations of the ThFC to bring Fiscal Liabilities-GSDP ratio to 25 per cent could be achieved in four years.

Accounting of funds transferred to State Implementing Agencies

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies for implementation of various schemes/programmes in social and economic sectors.

Direct transfer from the Union to the State Implementing Agencies runs the risk of poor accountability. As such, a system should be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (A&E).





CHAPTER II

Financial Management and Budgetary Control

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Financial Management and Budgetary Control

2.1 Introduction

Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts is thus a control document facilitating management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

Audit of appropriations seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2010-11 against 58 Grants and six Appropriations is given in **Table 2.1**:

Table 2.1 : Summarised Position of Actual Expenditure *vis-à-vis* Original/Supplementary provisions

		(₹ in crore)				
	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I. Revenue	3768.69	642.57	4411.26	3738.86	(-) 672.40
	II. Capital	694.00	132.05	826.05	574.73	(-) 251.32
	III. Loans and Advances	34.58	13.38	47.96	41.65	(-) 6.31
	Total Voted	4497.27	788.00	5285.27	4355.24	(-) 930.03
Charged	IV. Revenue	293.19	0.56	293.75	280.24	(-) 13.51
	V. Capital	...	...	...	...	...
	VI. Public Debt- Repayment	179.79	...	179.79	141.08	(-) 38.71
	Total Charged	472.98	0.56	473.54	421.32	(-) 52.22
Appropriation to Contingency Fund (if any)		...	...	...	99.00	(+) 99.00
Grand Total		4970.25	788.56	5758.81	4875.56	(-) 883.25

The overall saving of ₹ 883.25 crore was the result of saving of ₹ 1118.63 crore in 45 Grants and 10 Appropriations under Revenue Section, 23 Grants and two

Appropriations under Capital Section, offset by excess of ₹ 235.38 crore in 11 Grants under Revenue Section and one Appropriation under Capital Section.

The savings/excesses (Detailed Appropriation Accounts) were intimated (August 2011) to the Controlling Officers requesting them to explain the significant variations. Out of 806 sub-heads, explanations for variation were not received in respect of all 806 sub-heads. Department-wise position involving substantial amount of savings/excess for which reasons were not furnished is given in **Appendix 2.1**.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 25 cases, savings exceeded ₹ 1 crore in each case and also by more than 20 per cent of total provision (**Appendix 2.2**). Against the total savings of ₹ 1118.63 crore, savings of ₹ 687.97 crore (61.5 per cent)¹ occurred in six cases relating to six Grants as indicated in **Table 2.2**.

Table 2.2: List of Grants with savings of ₹ 50 crore and above

Number and name of the Grant	Original	Supple- mentary	Total	₹ in crore)	
				Actual expenditure	Savings
I. Revenue-Voted					
11- Other Taxes and Duties on Commodities and Services, etc.	285.43	...	285.43	116.14	169.29
21- Miscellaneous General Services, etc.	887.14	122.45	1009.59	759.03	250.56
34- Welfare of Scheduled Castes/Scheduled Tribes, etc.	195.34	5.38	200.72	131.67	69.05
43- Housing, Crop Husbandry, Agricultural, Research and Education etc.	228.76	60.28	289.04	237.15	51.89
Total Revenue -Voted	1596.67	188.11	1784.78	1243.99	540.79
II. Capital-Voted					
29- Urban Development, Capital outlay on Housing etc	101.54	...	101.54	5.56	95.98
56- Roads and Bridges Capital outlay on Roads and Bridges	202.22	82.51	284.73	233.53	51.20
Total Capital -Voted	303.76	82.51	386.27	239.09	147.18
Grand Total	1900.43	270.62	2171.05	1483.08	687.97

Reasons for excessive savings in the above cases had not been furnished (August 2011).

2.3.2 Persistent Savings

In seven cases, during the last five years, there were persistent savings of more than ₹ 50 lakh in each case and also by 20 per cent or more of the total provision (**Table 2.3**).

¹ Exceeding ₹ 50 crore in each case.

Table 2.3: List of Grants indicating Persistent Savings during 2006-11

(₹ in crore)						
Sl. No.	No. and Name of the grant	Amount of savings				
		2006-07	2007-08	2008-09	2009-10	2010-11
Revenue-Voted						
1.	11- Other Taxes and Duties on Commodities and Services, etc	73.12 (44)	96.33 (41)	105.04 (27)	155.52 (56)	169.29 (59)
2.	29- Urban Development, Capital Outlay on Housing, etc	14.79 (51)	14.29 (38)	13.09 (38)	16.14 (31)	24.37 (45)
3.	31-Labour and Employment	3.31 (32)	6.49 (46)	4.01 (31)	3.36 (22)	5.88 (26)
4.	34-Welfare of Scheduled Castes, etc.	56.68 (51)	82.90 (59)	45.33 (39)	73.06 (39)	69.05 (34)
5.	40-North Eastern Areas	37.11 (84)	43.00 (66)	65.59 (72)	14.96 (39)	44.08 (74)
Revenue-Charged						
6.	4-Administration of Justice	1.20 (100)	1.41 (100)	1.73 (99)	2.65 (100)	2.70 (100)
Capital-Voted						
7.	39-Cooperation	2.35 (32)	4.16 (47)	3.81 (48)	4.08 (53)	3.01 (40)

(Figures in the parentheses indicate percentage of saving to total provision)

Three grants, viz. 'Other Taxes and Duties on Commodities and Services, etc.', 'North Eastern Areas' and 'Welfare of Scheduled Castes, etc.' posted large savings persistently for the last five years. There were also instances of inadequate provision of funds and unnecessary/excessive re-appropriations.

2.3.3 Excess Expenditure

In six cases, expenditure aggregating ₹ 135.28 crore exceeded the approved provisions by ₹ 1 crore or more in each case or by more than 20 per cent of the total provisions during the current year. Details are given in **Appendix 2.3**. Of these, in the following grants/heads (**Table 2.4**), excess expenditure by more than ₹ 1 crore or 20 per cent of the budget provision has been observed consistently for the last five years.

Table 2.4 : List of Grants indicating persistent excess expenditure during 2006-11

(₹ in crore)						
Sl. No.	Number and name of the Grant	Amount of Excess Expenditure				
		2006-07	2007-08	2008-09	2009-10	2010-11
Revenue-Voted						
1.	1-Parliament/State Union Territory Legislature	21.56	22.18	11.25	2.19	3.61
2.	24- Pension and other Retirement benefits	22.54	21.32	46.19	31.89	97.97
Total		44.10	43.50	57.44	34.08	101.58

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 145.07 crore was incurred in 34 cases as detailed in **Appendix 2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect. Significant cases of such expenditure involving expenditure in excess of ₹ 1 crore are given in **Table 2.5**.

Table 2.5 : Expenditure incurred without provision during 2010-11

		(₹ in crore)
Sl. No.	Grant/Appropriation No. – Major Head of Accounts - Sub-Head - Detailed Head	Expenditure without provision
1.	5 – 2015 – 103 – (03) Expenditure on BLOs, etc.- Sixth Schedule (Part II) Areas	1.58
2.	21 – 2202 – 102 – (07) Mid Day Meal Incentive to Students – General	18.81
3.	26 – 2211 – 101 – (02) Rural Family Welfare Sub-Centres Sixth Schedule (Part II) Areas	1.32
4.	26 – Centrally Sponsored Schemes – 2211-101 – (02) Rural Family Welfare Sub-Centres – General	4.43
5.	38 -3451 – 092 - (01) – Economic Empowerment through financial inclusion (administered by Finance (EA) Department) – General	15.00
6.	40 – 4552 – 14 – 800 - (11) Maintenance of Roads – Sixth Schedule (Part-II) Areas	38.06
7.	43 – 2401 – 115 – (04) Assistance to Small Farmers and Marginal Farmers – Sixth Schedule (Part II) Areas	2.10
8.	43 – Central Sector Schemes 2401 – 109 – (10) Promotion/Strengthening of Information Technology in Agriculture – General	1.43
9.	47 – 2403 – 103 – (09) Employment Generation and Promotion of Food Sufficiency for Poultry Farming under SPA – General	3.81
10.	47 – 2403 – 105 – (01) Employment Generation and Promotion of Food Sufficiency for Piggery Farming under SPA – General	4.52
11.	50 – 4406 – 01 – 070 – (05) Twelfth Finance Commission under Special Problem – Sixth Schedule (Part II) Areas	2.95
12.	50 – 4406 – (05) Twelfth/Thirteen Finance Commission under Special Problem – Sixth Schedule (Part-II) Areas	4.00
13.	53 – 2851 – 001 – 107 - (25) Sericulture Catalytic Development Programme funded by Central Silk Board – General	6.44
14.	56 – 3054 – 04 – 105 - (03) Maintenance and Repairs of District Roads – Sixth Schedule (Part-II) Areas	4.80
15.	56 – 3054 – 800 - (03) Maintenance and Repairs of District Roads – Sixth Schedule (Part-II) Areas	20.58
16.	56 – 5054 – 04 – 800 - (10) Completion of Critical ongoing Spill Over Schemes Construction of Rural Roads (one time ACA) – Sixth Schedule (Part-II) Areas	6.09

2.3.5 Drawal of funds to avoid lapse of budget grant

According to Rule 211 of Meghalaya Treasury Rules, 1986, no money shall be drawn from the Treasury unless it is required for immediate disbursement. In respect of the cases mentioned in **Appendix 2.5**, an amount of ₹ 276.86 crore were drawn at the fag end of the year and deposited into the head of Account 8443-Civil Deposit to avoid lapse of budget grant.

2.3.6 Excess over provisions relating to previous years requiring 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 expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As indicated in the Reports of the Comptroller and Auditor General of India, excess expenditure of ₹ 975.58 crore for the years from 1971-72 to 2009-10 was yet to be regularised, details of which are given in **Appendix 2.6**.

Out of the total excess expenditure of ₹ 975.58 crore, ₹ 697.38 crore was recommended by the PAC for regularisation. But Act of Legislature in support of regularisation of the excess expenditure had not been furnished, though called for (May 2011) from the Law Department, Government of Meghalaya. Department-wise position of such excess expenditure is given in **Appendix 2.7**.

2.3.7 Excess over provisions during 2010-11 requiring regularisation

Table 2.6 contains the summary of total excess in 11 Grants and one Appropriation amounting to ₹ 235.38 crore over authorisation from the Consolidated Fund during 2010-11 and requires regularisation under Article 205 of the Constitution.

Table 2.6 : Excess over provisions requiring regularisation during 2010-11

(₹ in crore)				
Sl. No.	Number and title of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess
Revenue – Voted				
1.	1-Parliament/State/ Union Territory Legislature, etc.	28.58	32.19	3.61
2.	2- Governor, Capital Outlay on Housing	0.04	0.21	0.17
3.	4- Administration of Justice	7.29	8.48	1.19
4.	7- Stamps and Registration	1.39	1.46	0.07
5.	9- Taxes on Sales, Trades, etc.	11.22	12.13	0.91
6.	14- District Administration	18.19	19.49	1.30
7.	24-Pension and Other Retirement Benefits	201.65	299.62	97.97
8.	26-Medical and Public Health, Family Welfare, etc.	245.90	276.94	31.04
9.	35- Social Security and Welfare	0.65	0.68	0.03
10.	36- Miscellaneous General Services, etc.	1.84	1.89	0.05
11.	44- Medium Irrigation, Flood Control and Drainage, etc.	0.77	0.81	0.04
Capital – Voted				
1.	63- Appropriation to Contingency Fund	...	99.00	99.00
Total		517.52	752.90	235.38

2.3.8 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating ₹ 197.43 crore obtained in 17 cases (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.8**. In two cases, supplementary provision of ₹ 40.68 crore proved insufficient by more than ₹ 1 crore in each case leaving an aggregate uncovered excess expenditure of ₹ 34.65 crore (**Table 2.7**).

Table 2.7: Insufficient Supplementary Provisions

Number and Name of Grant	(₹ in crore)				
	Original Provision	Supplementary provision	Total	Expenditure	Excess
1-Parliament/State/ Union Territory Legislature, Stationery and Printing, Capital Outlay on Stationery and Printing	28.19	0.39	28.58	32.19	3.61
26- Medical and Public Health, Family Welfare, Capital outlay on Medical and Public Health, etc.	205.61	40.29	245.90	276.94	31.04
Total	233.80	40.68	274.48	309.13	34.65

2.3.9 Excessive/unnecessary re-appropriation of funds

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 114 sub-heads proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh. Instances of such cases where excess/saving was more than ₹ one crore in each case are detailed in **Appendix 2.9**.

2.3.10 Unexplained re-appropriations

According to Paragraph 115 of the Budget Manual (Volume I), read with Form 'K' of re-appropriation statement, reasons for all re-appropriations of ₹ 1,000 or more should be given. Scrutiny of Appropriation Accounts revealed that reasons for re-appropriations made during 2010-11 under various head of accounts were not explained in detail. Reasons given for additional provision/withdrawal of provision in re-appropriation orders were of general nature like "less requirement of funds", "requirement of more funds", "less expenditure", "non-receipt of sanction", etc.

2.3.11 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision was surrendered) were made in respect of 149 sub-heads on account of either non-implementation or non receipt of sanction of schemes/programmes. Out of the total provision of ₹ 536.74 crore in these 149 schemes, ₹ 445.04 crore were surrendered, which included cent per cent surrender in 89 schemes. The details of 15 such cases involving surrender of entire provisions of ₹ 86.63 crore are given in **Appendix 2.10**.

2.3.12 Surrender in excess of actual saving

The spending departments, as per the provisions of the Budget Manual, are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. Surrender of the provision in anticipation of savings and incurring expenditure subsequently by controlling officers is resulting in surrender in excess of overall saving grant/appropriation.

In 15 cases, the amount surrendered was in excess of actual savings indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 305.89 crore, the amount surrendered was ₹ 312.83 crore resulting in excess surrender of ₹ 6.94 crore (**Appendix 2.11**). Some significant cases are shown in (**Table 2.8**).

Table 2.8 : Cases of surrender in excess of savings

Number and name of Grant	Total Grant	Savings	(₹ in crore)	
			Amount surrendered	Amount surrendered in excess of savings
11 – Other Taxes and Duties on Commodities and Services, etc. Revenue – Voted	285.43	169.29	170.44	1.15
18-Stationery and Printing, Capital Outlay on Stationery and Printing, etc. Revenue – Voted	16.71	0.50	0.92	0.42
27 – Water Supply and Sanitation, Housing, etc. Revenue – Voted	106.94	1.00	1.64	0.64
28 – Housing Capital Outlay on Housing, Loans for Housing Revenue – Voted	12.08	1.01	1.88	0.87
34 – Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes, etc. Capital – Voted	14.00	8.14	8.54	0.40
53 – Village and Small Industries, Capital Outlay on Village and Small Industries, etc. Revenue – Voted	50.16	3.45	4.30	0.85
55 – Non-Ferrous Mining and Metallurgical Industries, Capital Outlay on Housing, etc. Revenue – Voted	64.94	0.36	0.94	0.58
Total	550.26	183.75	188.66	4.91

2.3.13 Anticipated savings not surrendered

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 by the 15th March at the latest. At the close of the year 2010-11, there were, however, 17 Grants/Appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was ₹ 141.32 crore (16 per cent of the total savings) (**Appendix 2.12**).

Similarly, out of total savings of ₹ 554.75 crore under 15 other Grants/Appropriation (savings of ₹ 1 crore and above were indicated in each Grant/Appropriation), amount aggregating ₹ 325.38 crore (59 per cent of total savings) were not surrendered, details of which are given in **Appendix 2.13**. Besides, in 34 cases, (surrender of funds in excess of ₹ 1 crore), ₹ 669.78 crore were (**Appendix 2.14**) surrendered on the last working day of March 2011, indicating inadequate financial control and the fact that these funds could not be utilised for other development purposes.

2.3.14 Rush of expenditure

Rush of expenditure at the close of the year can lead to in fructuous, nugatory or ill-planned expenditure. As such, Government expenditure is required to be evenly phased out throughout the year as far as possible. It was, however, noticed that during 2010-11, the expenditure during the fourth quarter and in the month of March compared to the total expenditure during the year ranged between 29 per cent and 66 per cent and 16 per cent and 62 per cent respectively in respect of eight illustrative major heads of account as indicated in **Table 2.9** below:

Table 2.9 : Cases of Rush of Expenditure towards the end of the financial year 2010-11

(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2011	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2055	304.78	87.83	29	49.57	16
2.	2202	716.14	366.38	51	157.14	22
3.	2210	249.87	106.35	43	77.42	31
4.	2235	40.16	15.57	39	8.41	21
5.	2401	193.42	127.09	66	119.95	62
6.	2406	67.75	26.93	40	19.75	29
7.	2501	41.45	26.98	65	25.84	62
8.	2852	6.59	2.56	39	1.93	29

As can be seen from the table above, the uniform flow of expenditure during the year, which is a primary requirement of budgetary control, was not maintained, indicating deficient financial management.

2.4 Reconciliation of department figures

2.4.1 Detailed Contingent Bills against Abstract Contingency Bills

According to the Meghalaya Treasury Rules, 1985, the Controlling Officers are 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 per Finance Accounts for the year 2010-11 (Volume I), the total amount of DCC bills received during the period 2008-11 was only ₹ 30.28 crore against the amount of AC bill of ₹ 33.98 crore leading to an outstanding balance of DCC bills of ₹ 3.70 crore as on March 2011. Year wise details are given in the table below:

Table 2.10 : Outstanding DCC Bills

(₹ in crore)

Year	Amount of AC bills	Amount of DCC bills	DCC bills as percentage to AC bills	Outstanding DCC bills
Up to 2007-08	24.46	24.44	99.92	0.02
2008-09	6.79	4.79	70.54	2.00
2009-10	0.28	0.14	50.00	0.14
2010-11	2.45	0.91	37.14	1.54
Total	33.98	30.28	89.11	3.70

Non-adjustment of advances for long period is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs.

2.4.2 Un-reconciled Expenditure

To enable Controlling Officers (COs) of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Budget Manual stipulates that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General(A&E). Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of COs in this regard continued to persist during 2010-11 also. 29 COs did not reconcile expenditure amounting to ₹ 2333.26 crore as of March 2011 (**Appendix 2.15**). Of these, amounts exceeding ₹ 10 crore in each case remained un-reconciled during 2010-11 in respect of 21 COs as given in **Table 2.11**.

Table 2.11 : Un-reconciled expenditure exceeding ₹ 10 crore

(₹ in crore)			
Sl. No.	Controlling Officers	Number of Head of Accounts involved	Amount not reconciled
1.	Registrar of Co-operative Society	2425	12.93
2.	Directorate Technical Education and Director of Sports	2203, 2202	759.02
3.	Directorate of Community & Rural Development	2216, 4216, 2415, 2415	204.19
4.	Directorate of Border Area	2501	37.43
5.	Directorate of Industries & Director of Mineral Resources	2851, 2852, 2853	31.59
6.	Directorate of Animal Husbandry & Veterinary	2403	61.99
		2404	8.34
		2415	2.69
7.	Chief Election Officer	2015	11.93
8.	Director General of Police	2055	204.78
9.	Secretary, Legislative Assembly	2011	32.85
10.	Director of Printing & Stationery	2058	16.86
11.	Secretary, District Administration	2053	19.49
12.	Chief Engineer PWD(Building), Shillong	2059	28.71
		4059	28.64
13.	Chief Engineer PWD(Roads), Shillong	2059	138.08
		3054	84.76
		5054	23.35
		4552	38.43
14.	Chief Engineer Irrigation & Water Resources, Shillong	2702	34.84
		4702	80.58
15.	Commissioner of State Excise	2039	10.12
16.	Commissioner of Labour	2230	16.93
17.	Director of Fisheries	4405, 2405	46.95
18.	Director of Agriculture	2401	193.42
19.	Commissioner of Transport	2041, 2070	10.07
20.	Director of Information & Public Relation	2220	14.05
21.	Secretary, Planning	3451	83.94
Total			2236.96

2.5 Personal Deposit Accounts

Personal Deposit (PD) Accounts is created for parking funds by debit to the Consolidated Fund of the State and should be closed at the end of the financial year by minus debit to the relevant service heads. As of 01 April 2010, there were 13 PD accounts with a balance of ₹ 89.05 lakh. During 2010-11, neither any PD account was closed nor any new account was opened. The departmental officer also did not conduct any verification/reconciliation of PD accounts during 2010-11.

2.6 Review of Budgetary Process

2.6.1 Introduction

A major concern is that budgetary process are being undertaken in a mechanical and routine fashion and adequate due diligence is not being given to ensure a high level of preparedness before the budget is finalised. This could reduce the effectiveness of the Government to ensure that developmental goals are achieved as intended by Government.

2.6.2 Budget and Accounts

The Annual Financial Statement of the estimated receipt and expenditure of the State for a financial year is laid before the House of the Legislature in accordance with Article 202 of the Constitution of India. The estimates of expenditure embodied in the Annual Finance Statement shall show separately – (a) the sums required to meet expenditure charged upon the Consolidated Fund of the State, and (b) the sums required to meet other expenditure proposed to be made from the Consolidated Fund of the State.

Government accounts are kept in three parts, namely Part-I Consolidated Fund, Part - II Contingency Fund and Part-III Public Account. The details of transactions under the three parts are classified according to various Major Heads, Sub-Major Heads, Minor Heads, Sub-Heads and Detailed Heads of accounts prescribed by the Controller General of Accounts.

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. In Public Account, records are kept for all transactions relating to public moneys other than those of the Consolidated Fund and the Contingency Fund.

2.6.3 Examination and evaluation of the budgeting system

An attempt has been made to examine and evaluate the budget documents of the Government of Meghalaya covering the period from 2008-11. The findings of Audit are given in the succeeding paragraphs.

2.6.4 Budgetary Process

As contemplated in Paragraphs 1 and 78 of Budget Manual ², the duty of preparing budget estimates (Receipts and Expenditure) and revised estimates for laying before the Legislature vests with the Finance Department. The budget estimates are prepared on departmental basis. The budget making process moves from the bottom to the top. As soon as the departmental estimates and revised estimates are received, the Finance Department scrutinises these and after consultation with the administrative departments, enters the figures, which it accepts for the revised and budget estimates. 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.

During scrutiny of records of Finance Department it was noticed that the departmental budget estimates were not submitted by the Administrative Departments within the target date (31 October) fixed by the Finance (Budget) Department in September 2009. Instances of such delays are given in **Table 2.12**

Table 2.12 : Statement showing the date of submission of Budget Estimates

Sl. No.	Name of Department	Grant Number (Head of Accounts)	Date of submission of Departmental Budget Estimates	Period of delay
1.	Printing and Stationery	18 (2058)	01 December 2010	One month
2.	Housing	28 (2216)	08 December 2009	One month
3.	Border Areas Development	46 (2501)	03 December 2010	One month
4.	Agriculture	43 (0401, 2401)	21 December 2009 & 08 February 2010	One to three months
5.	Law	04 (2014)	08 January 2010	Two months
6.	Mining and Geology	55 (2853)	20 January 2010	Two months
7.	Public Health Engineering	27 (2215)	30 November 2009	One month
8.	Animal Husbandry and Veterinary	48 (2404)	15 January 2010	Two months

As can be seen from the above table, there were delays ranging from one month to three months in submission of departmental budget estimates to the Finance Department. Consequently, there was either no scope or little scope for scrutiny of these estimates by the Finance Department.

2.6.5 Actual receipts in Consolidated Fund vis-à-vis budget provision

The position of Revenue and Capital receipts under Consolidated Fund during 2008-11 is presented in **Table 2.13** below:

² Budget Manual of the Government of Assam (Volume I) as adopted by Government of Meghalaya

Table 2.13 : Revenue and Capital Receipts

(₹ in crore)

Year	Revenue Account				Capital Account			
	Budget provision	Actual Receipt	Shortfall in receipt	Percentage of shortfall	Budget provision	Actual Receipt	Shortfall in receipt	Percentage of shortfall
2008-09	3702.86	2810.64	892.22	24.10	402.07	340.81	61.26	15.24
2009-10	3806.31	3447.35	358.96	9.43	500.18	419.70	80.48	16.09
2010-11	4393.81	4260.48	133.33	3.03	543.72	383.64	160.08	29.44

Source: Annual Financial Statement up to 2009-10 & Actuals for 2010-11 from FA

As can be seen from the table above, the shortfall of revenue receipts ranged between 3.03 per cent and 24.10 per cent, and that of capital receipts ranged between 15.24 per cent and 29.44 per cent during 2008-11. The basis on which the provision of receipts in both revenue account and capital accounts were worked out/estimated was not available on record. A more reliable and scientific method of forecasting revenues should be adopted so that there is better planning of expenditure and recourse to need based borrowings.

2.6.6 Estimates of expenditure under Consolidated Fund

The estimates of expenditure should be prepared for the charges that will be needed for actual payment during the year. It is of great importance that the expenditure estimates should be accurately framed. The Finance Department could not furnish to Audit the departmental estimates and revised estimates, if any, received from the various departments. Thus, it could not be verified whether proposals of the departments were duly considered in framing the budget.

Budget provisions for expenditure (gross) and actuals thereagainst under revenue and capital accounts during 2008-11 are shown in **Table 2.14** below:

Table 2.14

(₹ in crore)

Year	Revenue Account (Voted and Charged)				Capital Account (including Loans and Advances and Public Debt)			
	Budget provision	Actual expenditure	Savings	Percentage of savings	Budget provision	Actual expenditure	Savings	Percentage of savings
2008-09	3300.40	2692.09	608.31	18.43	928.58	749.94	178.64	19.24
2009-10	3822.80	3192.19	630.61	16.50	1076.77	650.97	425.80	39.54
2010-11	4705.01	4019.10	685.91	14.58	1053.80	856.46	197.34	18.72

In all the three years there was overestimation of expenditure which resulted in savings ranging from around 15 per cent to 18 per cent under Revenue Account and 19 per cent to 40 per cent under and Capital Account. This was indicative of the fact that contrary to the prescribed budgetary regulations estimation was made without proper analysis of actual needs. The reasons for such huge savings, was neither on record nor stated.

2.6.7 Inaccuracy in preparation of revised estimates

According to the Budget Manual, the actuals of previous years and the revised estimates ordinarily form the best guide in framing the budget estimate. The revised

estimate should not merely be a repetition of the budget figures of the year, but a genuine re-estimation of requirement.

Significant cases of variations between the revised estimate and the actuals during 2010-11 under both receipts and expenditure heads of accounts are given below.

Table 2.15 : Variations between revised estimates and actuals

(₹ in crore)				
Sl. No.	Number and name of head of accounts	Revised estimated provision	Actuals	Variation Excess (+)/ Shortfall (-) (per cent)
RECEIPTS				
1.	0029- Land Revenue	2.99	17.11	+ 14.12 (472)
2.	0043- Taxes and Duties on Electricity	1.26	0.26	- 1.00 (79)
3.	0049-Interest Receipts	12.24	24.72	+ 12.48 (102)
4.	0055-Police	6.12	2.44	- 3.68 (60)
5.	0059-Public Works	7.59	12.71	+ 5.12 (67)
6.	0070-Other Administrative Services	5.45	8.01	+ 2.56 (47)
7.	0075-Misc. General Services	10.80	0.17	- 10.63 (98)
8.	0215- Water Supply and Sanitation	12.00	3.04	- 8.96 (75)
9.	0230- Labour and Employment	1.24	0.67	- 0.57 (46)
10.	0404- Dairy Development	1.30	0.03	- 1.27 (98)
EXPENDITURE				
1.	2039- State Excise	13.26	10.12	- 3.14 (24)
2.	2055- Police	226.61	304.78	+ 78.17(34)
3.	2071- Pension and Other Retirement Benefits	201.65	299.62	+ 97.97 (49)
4.	2203- Technical Education	13.43	6.58	+ 6.85 (51)
5.	2205- Arts and Culture	19.31	9.79	- 9.52 (49)
6.	2210- Medical and Public Health	173.43	249.78	+ 76.35 (44)
7.	2217-Urban Development	53.68	29.30	- 24.38 (45)

Wide variations between the budget provisions and actuals particularly with reference to revised estimates indicated absence of proper care in estimating the revised estimates by the concerned controlling officers as envisaged in the Budget Manual and failure of the Finance (Budget) Department in exercising adequate check over the rough preliminary revised estimates.

2.6.8 Budgetary control monitoring

As per Paragraph 152 (2) of Budget Manual, for the purpose of facilitating the watch over progress of expenditure and the provision of additional funds when necessary a statement in duplicate was to be submitted to the Finance Department twice a year (by 25th November and 1st January). Statements/returns received, if any, from the different Controlling Officers/Heads of Departments were not furnished to Audit. However, shortcomings in the budget formulation as noticed and discussed in the succeeding paragraphs indicated that the prescribed budgetary control/monitoring system to watch over the progress of expenditure remained ineffective and the Finance Department could not take any step to contain the trend of shortcomings like excess expenditure, persistent savings, etc.

2.6.9 Anticipated savings not surrendered

According to Budget Manual (Paragraph 10), the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department latest by 15 March as an when the savings are anticipated. There were, however, over estimation in respect of 35 to 44 Grants/Appropriations under revenue section and 10 to 12 Grants under capital section during 2008-11. The percentage of savings during the period from 2008-11 *vis-a-vis* budget provisions and actual expenditure is depicted in **Table 2.16**.

Table 2.16

(₹ in crore)

Section	Year	No. of Grants/ Appropriation	Total Budget provision	Total expendi- ture	Savings (per cent)	Amount surrendered (per cent)	Unsurren- dered savings (per cent)
Revenue	2008-09	35	1610.71	1267.55	343.16 (21)	268.45 (78)	74.71 (22)
	2009-10	38	2986.72	2347.86	638.86 (21)	485.95 (76)	152.91 (24)
	2010-11	44	3957.01	3142.94	814.07 (21)	498.65 (61)	315.42 (39)
Capital	2008-09	10	188.30	180.78	7.52 (40)	7.84 (104)	...
	2009-10	15	597.17	347.98	249.19 (42)	179.97 (72)	69.22 (28)
	2010-11	12	416.78	217.63	199.15 (48)	156.59 (79)	42.56 (21)

Source – Appropriation Accounts

Huge savings against budget provisions, which was 21 *per cent* under revenue section and 40 *per cent* to 48 *per cent* under capital section during 2008-11, indicated that the provisions were made without assessing the actual requirement. 21 *per cent* to 39 *per cent* of these savings were also not surrendered to the Finance Department as required under Budget Manual. The reasons for such huge savings and non-surrendering of the same were not furnished despite repeated requests.

2.6.10 Excess expenditure over budget provisions

Paragraph 7 of the Budget Manual envisages that no expenditure which has not been provided for in the budget estimate as passed by the Legislature, can be incurred without prior consultation and approval of the Finance Department provided that such expenditure does not lead to an excess over the appropriation authorised for the particular grant under which the charge will fall and that the expenditure is not a new expenditure. Contrary to this, huge excess expenditure was incurred against three to six Grants/Appropriations under Revenue Account and three to five Grants/Appropriations under Capital Account during 2008-09 to 2010-11. Instances of such cases involving excess expenditure exceeding ₹ 1 crore in each case are given in **Table 2.17**.

Table 2.17

(₹ in crore)

Name of Account	Year	Grant No./ Appropriations	Total Grant/ Appropriation	Total expenditure	Excess expenditure
Revenue Account	2008-09	1, 4, 20 & 24	167.23	232.15	64.92
	2009-10	1, 20, 24 & 26	425.35	474.02	48.67
	2010-11	1, 4, 14, 24 & 26	501.61	635.82	134.21
Capital Account	2008-09	44 & Loans & Advances from Central Government	22.36	42.54	20.18
	2009-10	...	...	...	...
	2010-11	...	...	...	...

It is, thus, evident that due to failure/non-implementation of the existing control mechanism not only led to huge excess expenditure over budget provisions but also violated the codal provisions.

2.6.11 Technical and qualitative application of resources

Budget provisions (revised), actual expenditure and shortfall (savings) under Plan and Non-Plan heads of both revenue and capital sections in respect of Social Services and Economic Services for the years 2008-11 are presented in **Table 2.18**.

Table 2.18 : Social Services and Economic Services

(₹ in crore)

Year	Budget Estimate (net) (percentage to total provisions)			Actual expenditure (percentage to total provisions)			Shortfall (-)/ Excess (-)	
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan
							Amount (per cent)	Amount (per cent)
Social Services								
2008-09	808.68 (62.97)	475.47 (37.03)	1284.15	547.95 (67.76)	478.48 (100.63)	1026.43	- 260.73 (32.24)	+ 3.01 (0.63)
2009-10	970.76 (60.88)	623.90 (39.12)	1594.66	603.33 (62.15)	630.50 (101.06)	1233.83	- 367.43 (37.85)	+ 6.60 (1.06)
2010-11	1085.17 (61.62)	676.02 (38.38)	1761.19	676.53 (62.34)	832.24 (123.11)	1508.77	- 408.64 (37.66)	+ 156.22 (23.11)
Total	2864.61 (61.74)	1775.39 (38.26)	4640.00	1827.81 (63.81)	1941.22 (109.34)	3769.03	- 1036.80 (36.19)	+ 165.83 (9.34)
Economic Services								
2008-09	1281.19 (81.42)	292.34 (18.58)	1573.53	906.08 (70.72)	296.19 (101.32)	1202.27	- 375.11 (29.28)	+ 3.85 (1.320)
2009-10	1286.54 (76.54)	394.40 (23.46)	1680.94	827.33 (64.31)	453.12 (114.89)	1280.45	- 459.21 (35.69)	+ 58.72 (14.89)
2010-11	1333.46 (75.43)	434.40 (24.57)	1767.86	1269.17 (95.18)	456.09 (104.99)	1725.26	- 64.29 (4.82)	+ 21.69 (4.99)
Total	3901.19 (77.68)	1121.14 (22.32)	5022.33	3002.58 (76.97)	1205.40 (107.52)	4207.98	- 898.61 (23.03)	+ 84.26 (7.52)

Source: Memorandum of Budget Estimates and Finance Accounts

• Social Services

During 2008-11, provisions for Plan and Non-Plan expenditure under social services were made as ₹ 2864.61 crore and ₹ 1775.39 crore respectively which constituted 61.74 per cent and 38.26 per cent of the total provisions. However, the actual

expenditure under Plan and Non-Plan was for ₹ 1827.81 crore and ₹ 1941.22 crore, which constituted 63.81 *per cent* and 109.34 *per cent* of the total provisions under Plan and Non-Plan respectively during the period. Further, while there was shortfall in Plan expenditure against the budget provisions during all the three years (2008-11), the Non-Plan expenditure exceeded the budget provisions.

This revealed that while the achievement against Plan provisions declined significantly from 67.76 *per cent* in 2008-09 to 62.34 *per cent* in 2010-11, the achievement under Non-Plan grew correspondingly with reference to provisions from 100.63 *per cent* in 2008-09 to 123.11 *per cent* in 2010-11.

- **Economic Services**

There was improvement in consumption of budget provisions for Plan expenditure, which increased to 95.18 *per cent* in 2010-11 from 70.72 *per cent* in 2008-09. But the achievement under Non-Plan expenditure far surpassed the budget provisions during all the three years (2008-11). While the overall shortfall over the expectation (provisions) under Plan expenditure was 23.03 *per cent*, the Non-Plan expenditure exceeded the budget provisions by 7.52 *per cent* during the period.

The above positions indicated that the expenditure under Plan schemes of Social Services and Economic Services was inadequate in comparison to the Non-Plan schemes, basically meant for payment of salary and office expenses.

2.6.12 Budget commitment

During Budget Speech of 2008-09, the Finance Minister stated that the construction of 600 unit housing complex for urban poor at Nongmynsong, Shillong under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) were underway. Even after three years, i.e. 2010-11, only 50 *per cent* work of the housing complex was completed.

In his Budget Speech for the year 2010-11, the Deputy Chief Minister in-charge Finance, Government of Meghalaya stated that from September 2009, the rate of royalty on coal was revised from ₹ 220 to ₹ 290 per metric tonne inclusive of cess and with this revision, the State was expected to mobilise additional revenue of ₹ 20 crore by the end of fiscal year 2009-10 and ₹ 42 crore from the next financial year. Realisation of ₹ 198.64 crore as royalty on coal during 2010-11 against ₹ 165.75 crore during 2009-10 indicated that the commitment was partially materialised in 2010-11.

2.7 Outcome of review of selected Grant

A review of budgetary procedure and control over expenditure was conducted (September 2011) in respect of “Grant Number-16 Police, Other Administrative Services *etc.* Housing, Capital Outlay on Public Works, Capital Outlay on Housing”. The **Director General of Police** was the CO of this Grant. Under this Grant, expenditure during 2010-11 was booked under the major head of account “2055

Police and 4055 Capital Outlay on Police, 2070-Other Administrative Services-108-Fire Protection Control and 2216 Housing – 06 Police Housing”.

Significant cases of savings and excess expenditure over budget provisions noticed during review are detailed below:

2.7.1 Excessive supplementary provision/non surrender of savings

Against budget provision of ₹ 347.10 crore (including supplementary provision of ₹ 97.47 crore), under revenue head, the actual expenditure incurred was ₹ 330.94 crore resulting in savings of ₹ 16.16 crore. In view of final saving of ₹ 16.16 crore, the supplementary provision of ₹ 97.47 crore obtained during the year was in excess of requirement. Out of the saving of ₹ 16.16 crore, the CO surrendered ₹ 14.45 crore on 31 March 2011. The balance saving of ₹ 1.71 crore was not surrendered during the year contrary to the provisions contained in Paragraphs 152 (iii) of the Budget Manual which provides for surrender of all anticipated savings to the Finance Department latest by 15th March so that the same could be utilised for other purposes.

Under Capital account, against the budget provision of ₹ 12.50 crore, the actual expenditure was ₹ 6.86 crore, resulting in a saving of ₹ 5.64 crore. Against this, the CO surrendered ₹ 5.67 crore resulting in excess surrender of ₹ 0.03 crore.

2.7.2 Savings

Hundred *per cent* savings were occurred under eight schemes, in respect of major head of accounts 2055-Police and 2070-Other Administrative Services-108 Fire Protection Control. Major cases are shown in **Table 2.19**.

Table 2.19 : Cases where no part of budget provisions was utilised

Name of the scheme	₹ in lakh	
	Original provisions	Savings
2055 - Police		
Amenities for all police personnel	3.50	3.50
Contribution to Meghalaya Police Relief and Welfare Fund	4.50	4.50
Central Workshop, Bishnupur, Shillong	9.87	9.87
Range Workshop, Tura	3.97	3.97
Hospital charges(2 nd IR Bn.)	2.62	2.62
Hospital charges(3 rd IR Bn.)	7.68	7.68
Establishment of Traffic Volunteer Schemes	9.72	9.72
2070 – Other Administrative Services - 108 Fire Protection and Control		
Acquisition of Land	200.00	200.00

Failure to utilise the entire budget provisions indicated that the budget provisions were unrealistic.

2.7.3 Excess over provision

As per the detailed Appropriation Accounts for the year 2010-11 prepared by the Accountant General (A&E), under 21 schemes, expenditure of ₹ 195.55 crore exceeded the budget provision by ₹ 5.95 crore. Significant cases are given below:

Table 2.20 : Significant cases of excess expenditure over budget provisions under 2055 - Police during 2010-11

(₹ in lakh)

Major Head & Group Head	Final grant or appropriation	Actual expenditure	Excess (per cent)
101-Criminal Investigation and Vigilance - 0001(01) State CID Organisation	343.06	412.89	69.83
104-Special Police - 0004(04) 2 nd MLP Battn.	2311.64	2451.11	139.47
109 -District Police - 0001 (01) District Executive Police	11391.08	11661.13	270.05
0013(13) Establishment of Watch Post Scheme	79.44	94.79	15.35
0019(19)- Cost of Police Guards supplied to Monitoring Station, Tura	15.06	27.32	12.26
0020(20) – Establishment of Special Guards for checking/ detecting infiltration from Bangladesh	99.29	112.41	13.12

There were, however, discrepancies between the above figures and those furnished by the CO, the details of which are given below:

Table 2.21 : Details of discrepancies

(₹ in lakh)

Major Head & Group Head	Final Grant		Actual expenditure		Difference	
	Detailed Appropriation Accounts	Department's figures	Detailed Appropriation Accounts	Department's figures	Final Grant	Actual expenditure
2055 Police - 101-Criminal Investigation & Vigilance - 0001(01) State CID Organisation	343.06	368.25	412.89	339.72	25.19	73.17
104-Special Police - 0004(04) 2 nd MLP Battn.	2311.64	2342.20	2451.11	2413.48	30.56	37.63
109 -District Police - 0001 (01) District Executive Police	*11391.08	11474.19	11661.13	11462.23	83.11	198.90
109-0013(13) Establishment of Watch Post Scheme	79.44	81.42	94.79	77.01	1.98	17.78
109-0019(19)- Cost of Police Guards supplied to Monitoring station, Tura	15.06	15.06	27.32	12.96	...	14.36
109-(20) – Establishment of special Guards for checking/ Detecting infiltration from Bangladesh	99.29	102.59	112.41	107.42	3.30	4.99

According to the Budget Manual, reconciliation of CO's figures of expenditure with those booked in the accounts of the Accountant General (A&E) should be done periodically. But no such reconciliation was done by the CO during 2010-11 which resulted in the discrepancies as indicated above.

2.8 Conclusion and Recommendations

The financial management and budgetary control of the Government was not satisfactory. Government presented ambitious budget of ₹ 5,758.81 crore³ for the year 2010-11, of which it could incur an expenditure of ₹ 4,875.56 crore resulting in an

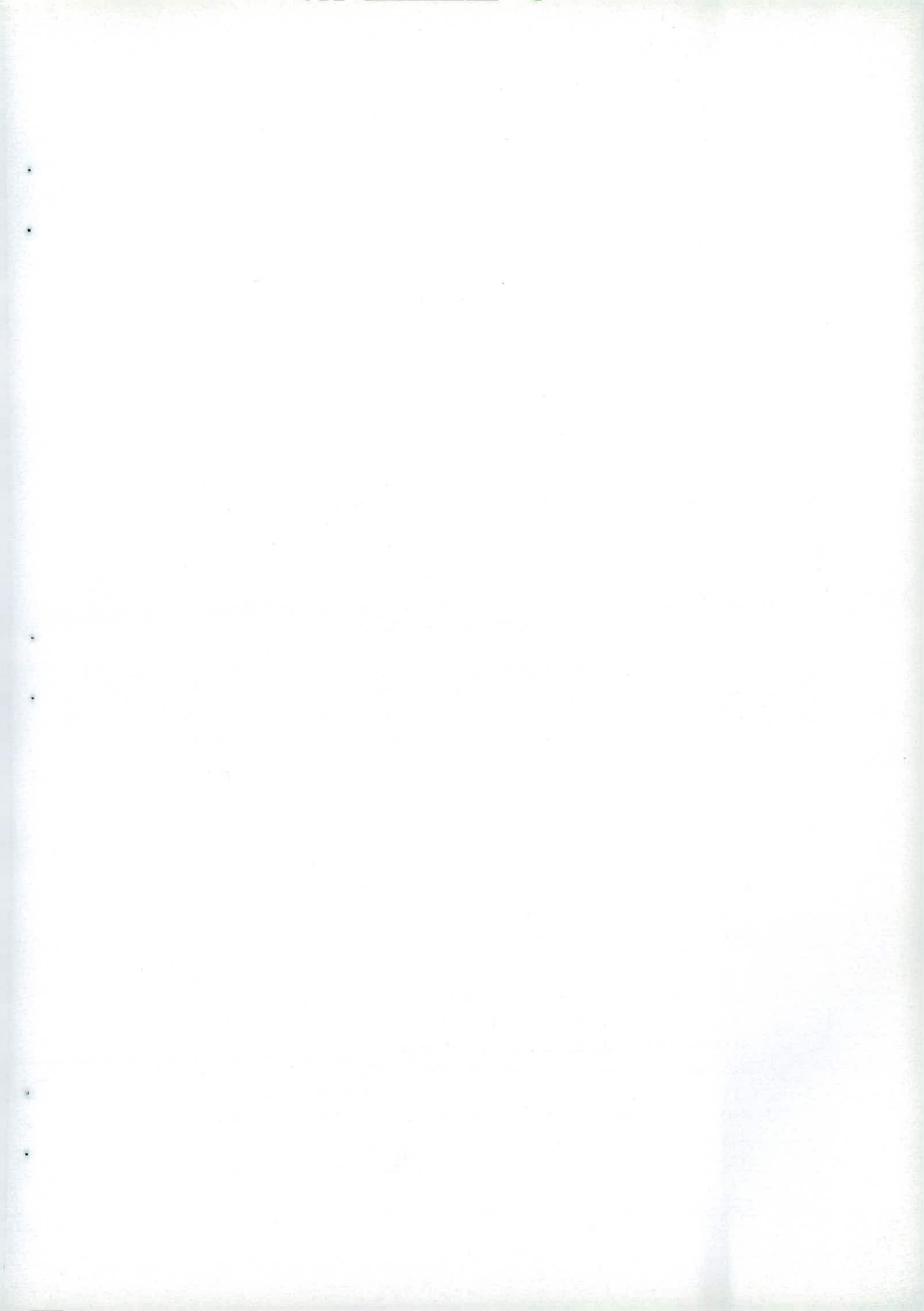
³ Original plus Supplementary.

overall shortfall in disbursements of ₹ 883.25 crore (15.34 *per cent* of total provision). Supplementary provision of ₹ 197.43 crore obtained in 17 cases proved unnecessary as the expenditure did not come up to the level of original provision. During the current year, Government incurred ₹ 235.38 crore in excess of the provisions under 11 Grants and one Appropriation, which requires regularisation by the State Legislature. There were also instances of inadequate provision of funds and unnecessary/excessive re-appropriations. In many cases, the anticipated savings were not surrendered or surrendered on the last day of the year leaving no scope for utilising these for other development purposes.

There were deficiencies in budgetary procedure and expenditure control. The estimates for receipts and expenditure were prepared without adequate due diligence in observing prescribed budgetary regulations. Delayed submission of departmental estimates, poor verification of departmental figures, *etc.* indicate absence of financial control.

Recommendations

- **Efforts should be made by all the departments to submit realistic budget estimates keeping in view the trends in receipts and expenditure in order to avoid large scale savings/excess, re-appropriations and surrenders at the fag end of the year. Savings should be surrendered as and when they were noticed, but not later than the prescribed date of 15 March.**
- **Re-appropriation should be judicious supported by justified reasons to avoid excessive and insufficient funds.**
- **Timely reconciliation should be ensured to avoid misclassifications and distortions in financial reporting.**
- **Finance Department should ensure strict compliance of codal provisions as well as its own instructions of budgetary procedure.**





CHAPTER III

Financial Reporting

CHAPTER III Financial Reporting

A sound internal financial reporting 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 compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing 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.

Department-wise position of Utilisation Certificates (UC) for the grants provided for specific purposes, though called for (May 2011) from various departments, have been received only in respect of two departments, viz., Registrar of Cooperative Societies and Community and Rural Development. No UC is outstanding in respect of Community and Rural Development.

As revealed from the records of 10 departments/organisations and information furnished by the Registrar of Co-operative Societies, 773 UCs for an aggregate amount of ₹ 36.21 crore were in arrears as of March 2011. The department-wise break-up of outstanding UCs is given in **Appendix 3.1**. Age-wise delay in submission of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of Utilisation Certificates

Sl. No.	Range of Delay	Total grants paid		Utilisation Certificates Outstanding as on 31 st March 2011	
		Number	Amount	Number	Amount
1	Up to 1 year	457	1399.74	314	1196.05
2	Above 1 year to 3 years	1244	2018.87	373	1330.92
3	Above 3 years to 5 years	705	1284.56	63	432.07
4	Above 5 years to 7 years	07	2657.54	7	491.01
5	Above 7 years to 9 years	03	6.70	03	6.70
6	Above 9 years	22	1569.77	13	164.72
	Total	2438	8937.18	773	3621.47

(₹ in lakh)

Out of 754 UCs involving ₹ 35.81 crore pending as on March 2011, five UCs pertaining to Directorate of Commerce and Industries involving ₹ 26.96 lakh were pending for more than 10 years.

In the absence of UCs it could not be ascertained whether the recipients had utilised the grants for the purposes for which these were given.

3.2 Non-submission/delay in submission of accounts

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, 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. Information for the year 2010-11 called for in June 2010 from 21 departments/organisations¹ was awaited as of March 2011.

The annual accounts of 35 autonomous bodies/ authorities due up to 2010-11 had not been received (June 2011) by the Principal Accountant General (Audit). The details of these accounts are given in **Appendix 3.2** and their age-wise pendency is presented in **Table 3.2**.

Table 3.2: Age-wise arrears of Annual Accounts due from Government Bodies

Sl. No.	Delay in number of years	Number of Bodies/Authorities	Grants received (₹ in crore)		
			Year	Number of Bodies/Authorities	Amount
1.	Up to 1 year	03	2009-10	02	29.93
2.	Above 1 year to 3 years	10	2007-08	03	33.54
			2008-09	05	35.60
			2009-10	01	8.54
			2010-11	01	5.75
3.	Above 3 years to 5 years	08	2006-07	03	87.02
			2006-10	05	3.98
4.	Above 5 years to 7 years	04	2003-04	01	12.41
			2008-09	02	7.87
5.	Above 9 years	10	200-01	01	17.90
			2007-08	03	7.05
			2008-09	01	4.50
		35			254.09

Out of 35 bodies/authorities, annual accounts in respect of eight organisations, viz., Managing Director Economic Development Society, Tura, Project Executive, District Rural Development Agency, Shillong, Meghalaya State Housing Board, Secretary Meghalaya Supervision and Cadre Management Co-operative, Registrar of Co-

¹ Housing, Fisheries, Education (Higher & Technical), Community & Rural Development, Programme Implementation, Power, Agriculture, Health & Family Welfare, Social Welfare, Animal Husbandry & Veterinary, Soil Conservation, Printing & Stationery, Mining & Geology, Arts & Culture and Forest & Environment Departments/ Meghalaya State Co-operative Marketing & Consumers Federation Limited, Meghalaya Non-Conventional & Rural Energy Development Agency, Meghalaya Eco Development Society, Meghalaya Aids Control Society, Science & Technology Society and Inspectorate of Electricity.

operative Societies Meghalaya Shillong, Director of Industries, Director of Health Services (MI) and Special Commissioner and Special Secretary to the Government of Meghalaya (Power Department) were outstanding for the period of 15 years and more.

3.3 Delay in submission of Accounts of Autonomous Bodies

Several autonomous bodies have been set up by the State Government in the field of khadi and village industries, urban development, *etc.* Of these, the audit of accounts of the Meghalaya Khadi and Village Industries Board (MKVIB) up to 2009-10 was entrusted to the Comptroller and Auditor General of India under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. However, the annual accounts of the MKVIB for the year 2009-10, due for submission by June 2010, had not been furnished (September 2011).

3.4 Misappropriations, losses, defalcations, *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.

State Government reported 86 cases of misappropriation, defalcation, *etc.* involving Government money amounting to ₹ 1.78 crore up to the period March 2011 on which final action was pending. Break up of pending cases and age-wise analysis is given in **Appendix 3.3** and department-wise break up of pending cases is given in **Table 3.3**.

Table 3.3: Department-wise break-up of pending cases

(₹ in lakh)

Name of Department	Theft		Misappropriation		Loss of Government material		Total	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Public Works	4	4.20	1	0.22	2	4.53	7	8.95
Health & Family Welfare	1*	NA	--	--	4	5.86	5	5.86
Home (Police)	-	-	1	0.18	-	-	1	0.18
Agriculture	1	0.23	1	0.44	-	-	2	0.67
Public Health Engineering	56	7.41	-	-	1	0.18	57	7.59
Legislative Assembly	-	-	1	3.34	-	-	1	3.34
Finance	1	1.20	1	0.92	2	102.24	4	104.36
Forest & Environment	2	2.14	-	-	-	-	2	2.14
Mining & Geology	-	-	1	16.55	-	-	1	16.55
Soil Conservation	1	2.17	-	-	-	-	1	2.17

* Amount not intimated.

Name of Department	Theft		Misappropriation		Loss of Government material		Total	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Community & Rural Development	1	3.03	-	-	-	-	1	3.03
Printing & Stationery	1	0.25	-	-	-	-	1	0.25
Labour	--	--	--	--	1	0.66	1	0.66
Land Record & Survey	1	1.56	--	--	--	--	1	1.56
Horticulture	--	--	--	--	1	21.06	1	21.06
Total	69	22.19	6	21.65	11	134.53	86	178.37

Age-profile of pending cases and the number of cases pending in each category (theft and misappropriation/loss) are summarised in **Table 3.4**.

Table 3.4: Profile of Misappropriations, losses, defalcations, etc.

(₹ in lakh)

Age-Profile of the Pending Cases			Nature of the Pending Cases		
Range in years	Number of cases	Amount involved	Nature/characteristics of the cases	Number of cases	Amount involved
0 - 5	9	29.53	Theft	69	22.19
5 - 10	6	88.23			
10 - 15	35	27.10			
15 - 20	6	10.62	Misappropriation/loss of material	17	156.18
20 - 25	24	3.58	Total	86	178.37
25 & above	6	19.31	Cases of losses written off during the year	Nil	--
			Recovery during the year	Nil	--
Total	86	178.37	Total Pending Cases	86	178.37

A further analysis indicates that the reasons for which the cases were outstanding could be classified, for example, in the categories listed in **Table 3.5**.

Table 3.5: Reasons for Outstanding cases of Misappropriations, losses, defalcations etc.


(₹ in lakh)

Reasons for the Delay/Outstanding Pending Cases		Number of cases	Amount
1.	Awaiting departmental and criminal investigation	61	55.57
2.	Departmental action initiated but not finalised	8	3.79
3.	Awaiting orders for recovery or write off	14	99.40
4.	Pending in the courts of law	3	19.61
Total		86	178.37

Out of ₹ 1.78 crore, the highest amount of theft, misappropriation and losses was ₹ 1.04 crore in Finance Department involving four cases, while the highest number of theft cases (56 cases) involving ₹ 7.41 lakh were pending in Public Health Engineering Department.

3.5 Conclusion and Recommendation

State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from delay in furnishing utilisation certificates for grants given by various authorities/organisations and also delays in submission of accounts by various autonomous bodies. Analysis of pending misappropriation cases revealed that the cases related mainly due to theft and loss of Government material which remained unsettled with various departments for period ranging from one to over 25 years. All the 86 cases were pending due to non-initiation of departmental and criminal investigation (61 cases), non-issue of orders for recovery or write off (14 cases), non-finalisation of departmental action (eight cases) and cases pending in the court of law (three cases). Departmental enquiries in all misappropriation/defalcation cases should be expedited to bring the defaulters to book. Internal controls in all the organisations should be strengthened to prevent such cases.



(A.W.K. LANGSTIEH)
Principal Accountant General (Audit)
Meghalaya

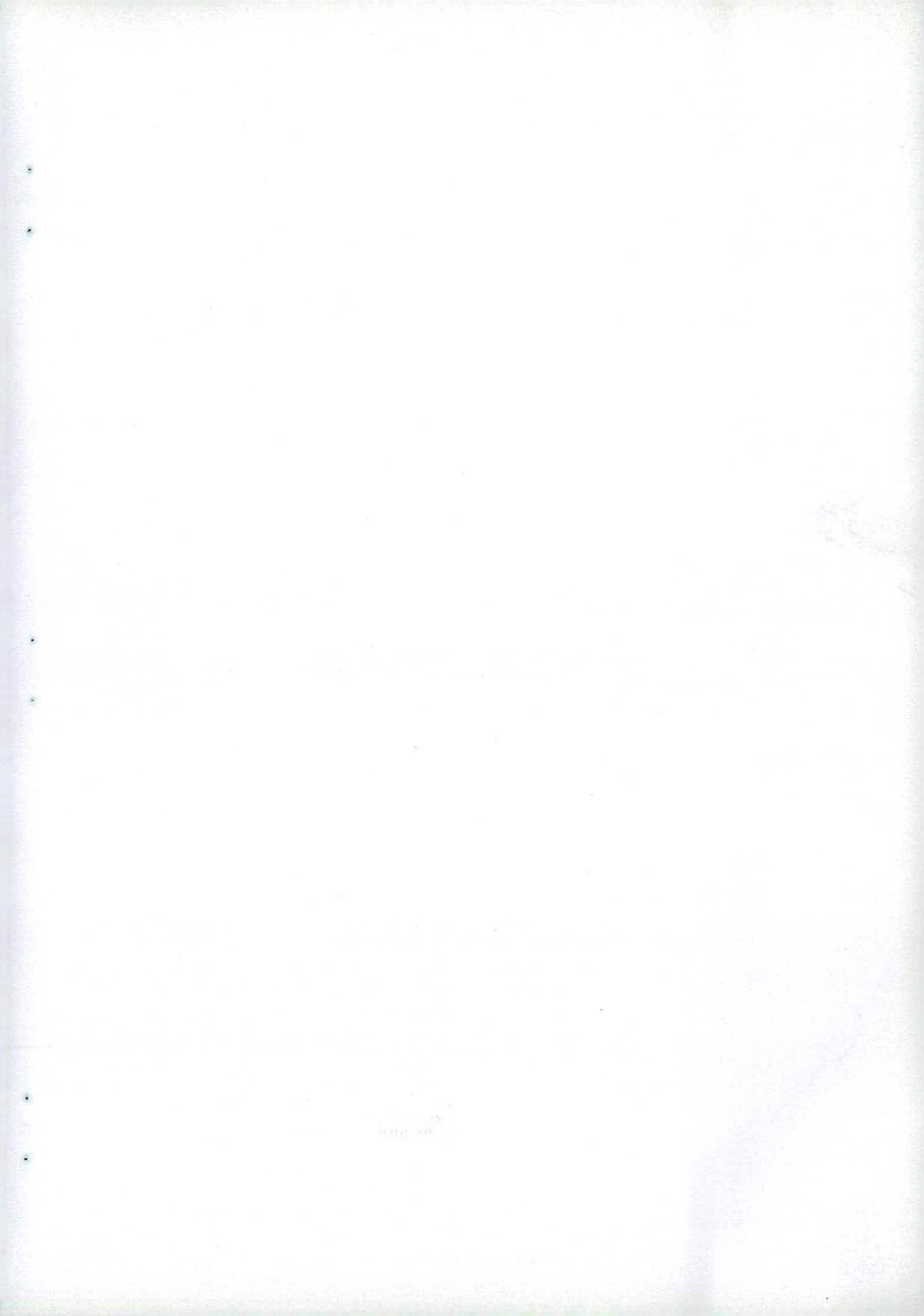
Shillong
The 23 FEB 2012

Countersigned



(VINOD RAI)
Comptroller and Auditor General of India

New Delhi
The 27 FEB 2012



APPENDICES

APPENDIX 1.1**Part A - Structure and Form of Government Accounts****(Reference: Page 1)**

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund : Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: 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.

APPENDIX 1.1

Part-B: Layout of Finance Accounts

(Reference: Page 1)

Layout of Finance Accounts

The Finance Accounts (new format introduced from the year 2009-10) has been divided into two Volumes – Volume I and II. Volume I represents the financial statements of the Government in summarised form while Volume II represents detailed financial statement. The layout of the Finance Accounts is chalked out in the following manner:

Layout	
VOLUME I	
Statement No. 1	Statement of Financial Position
Statement No. 2	Statement of Receipts and Disbursements
Statement No. 3	Statement of Receipts in Consolidated Fund
Statement No. 4	Statement of Expenditure in Consolidated Fund By Function and Nature Notes to Accounts
Appendix I	Cash Balances and Investment of Cash Balances
VOLUME II - PART I	
Statement No. 5	Statement of Progressive Capital expenditure
Statement No. 6	Statement of Borrowings and other Liabilities
Statement No. 7	Statement of Loans and Advances given by the Government
Statement No. 8	Statement of Grants-in-aid given by the Government
Statement No. 9	Statement of Guarantees given by the Government
Statement No. 10	Statement of Voted and Charged Expenditure
PART II	
Statement No. 11	Detailed Statement of Revenue and Capital Receipts by minor heads
Statement No. 12	Detailed Statement of Revenue Expenditure
Statement No. 13	Detailed Statement of Capital Expenditure
Statement No. 14	Detailed Statement of Investments of the Government
Statement No. 15	Detailed Statement of Borrowings and other Liabilities
Statement No. 16	Detailed Statement on Loans and Advances given by the Government
Statement No. 17	Detailed Statement on Sources and Application of funds for expenditure other than revenue account
Statement No. 18	Detailed Statement on Contingency Fund and Public Account transactions
Statement No. 19	Detailed Statement on Investments of earmarked funds
PART III APPENDICES	
II	Comparative Expenditure on Salary
III	Comparative Expenditure on Subsidy
IV	Grants-in-aid (Scheme wise and Institution wise)
V	Externally Aided Projects
VI	Plan Scheme expenditure (Central and State Plan Schemes)
VII	Direct transfer of funds to implementing agencies
VIII	Summary of Balances Consolidated Fund, Contingency Fund and Public Account
IX	Financial results of Irrigation Schemes
X	Incomplete Works
XI	Statement of items for which allocation of balances as a result of re-organisation of States has not been finalised
XII	Maintenance expenditure with segregation of salary and non-salary portion

APPENDIX 1.1

Part-C: Methodology adopted for the Assessment of Fiscal Position

(Reference: Page 1)

The norms/ceilings prescribed by the Twelfth Finance Commission for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other statements required to be laid in the Legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that Gross State Domestic Product¹ (GSDP) is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure, *etc.*, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series with 2004-05 as base as furnished (September 2011) by the Director of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

List of terms used in the Chapter I and basis for their calculation

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)2]*100
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock *Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received [(Opening balance + Closing balance of Loans and Advances)2]*100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt
Compound Annual Growth Rate (CAGR)	The compound annual growth rate is calculated by taking the n th root of the total percentage growth rate, where n is the number of years in the period being considered. CAGR = $[\text{Ending Value}/\text{Beginning Value}]^{(1/\text{no. of years}) - 1}$

¹ GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production.

APPENDIX 1.1
Part D: State Profile
(Reference: Page 1)

A. General Data		
Sl No.	Particulars	Figures
1.	Area	22,429 sq km
2.	Population	
	2010-11 (As per census 2011 – provisional data)	29,64,007
	Male	14,92,668
	Female	14,71,339
3.	Density of Population (2011 – provisional data) (All India Average = 382 persons per sq km)	132 persons per sq km
4.	Population below poverty line (All India Average = 27.5%)	2,07,265 households 48.70%
5.	Population Growth (2001 to 2011)	27.82%
6.	Literacy (As per census 2011 – provisional data) (All India Average = 64.8%)	75.48%
7.	Infant Mortality (per 1000 live births) (All India Average = 50 per 1000 live births)	59
8.	Gross State Domestic Product (GSDP) 2010-11	₹ 15,078 crore
9.	GSDP ² CAGR (2001-02 to 2010-11)	14.88%

B. Financial Data			
Particulars		Figures (in per cent)	
		2001-02 to 2009-10	2001-02 to 2010-11
CAGR of			
(a)	Revenue Receipts	15.06	15.96
(b)	Own Tax Revenue	15.95	17.29
(c)	Non-Tax Revenue	14.35	13.81
(d)	Total Expenditure	13.29	14.58
(e)	Capital Expenditure	14.77	15.28
(f)	Revenue Expenditure on General Education	11.03	13.55
(g)	Revenue Expenditure on Health & Family Welfare	12.39	14.47
(h)	Salary ³	17.31	18.27
(i)	Pension	17.25	19.97

Source: Sl.4: Official Website of Community & Rural Development Department, Government of Meghalaya; Sl 7: SRS Bulletin January 2011 – Estimated Infant mortality rate, 2009.

² Based on GSDP Series (current prices) with 2004-05 as Base Year as furnished by the Directorate of Economics & Statistics, Meghalaya in September 2011.

³ For the period 2004-05 to 2009-10 or 2010-11 as the case may be.

APPENDIX 1.2

Fiscal Responsibility and Budget Management Act, 2006

(Reference: Pages 1 & 3)

The Fiscal Responsibility and Budget Management Act

The State Government has enacted the Meghalaya Fiscal Responsibility and Budget Management (MFRBM) Act, 2006 to (i) ensure fiscal prudence, stability and efficiency, (ii) achieve fiscal consolidation for facilitating the generation of revenue surplus for enhancing the scope for improvement of investment in the social and economic sectors/infrastructure, (iii) ensure fiscal and debt sustainability through progressive reduction of the fiscal deficit and proper debt management system and (iv) provide a more transparent and accountable system of budgeting that will ensure an efficient and effective system of governance. The MFRBM Act, 2006 came into effect on 6 November 2006. To give effect to the fiscal management principles as laid down in the Act and/or the rules framed there under, the Act prescribed *inter alia* the following targets:

Section 4 of MFRBM Act, 2006:

- (a) reduce revenue deficit as a percentage of GSDP in each financial year, beginning from 2006-07, in a manner that will enable the State to completely eliminate it by 2008-09;
- (b) reduce fiscal deficit as a percentage of GSDP in each of the financial years beginning from 2006-07, in a manner that will enable the State to achieve fiscal deficit of 3 per cent of GSDP by 2008-09;
- (c) ensure that total outstanding liabilities on the Consolidated Fund are not more than 28 per cent of the GSDP;
- (d) restrict issuing of guarantees except on selective basis where the quality and viability of the scheme to be guaranteed is properly analysed;
- (e) bring out an annual statement that gives a perspective on the State's economy and related fiscal strategy; and,
- (f) bring out a special report along with the budget giving details of the number of employees in the Government, Public Sector Undertakings and aided institutions and related salaries, not later than two years from the date on which the Meghalaya Fiscal Responsibility Rules, 2006 came into force.

The Act also provides that the above limits may exceed on account of unforeseen circumstances such as natural calamities, internal disturbances and shortfall in the transfer of financial resources from the GOI.

❖ Fiscal Policy Statements

As prescribed in the Act, the State Government had incorporated the following disclosure statements for the year 2010-11:

- Macro Economic Framework Statement
- Medium Term Fiscal Policy (MTFP) Statement prescribing fiscal targets and assumptions for achieving them. The targets for the year 2010-11 were as under:

- Revenue surplus as a percentage of total revenue receipts:	7.50
- Debt as a percentage of GSDP:	29.03
- Fiscal deficit as a percentage of GSDP:	3.03
- Fiscal Policy Strategy Statement of the State for the ensuing year relating to taxation, expenditure, borrowings, etc.

APPENDIX 1.3
Time Series Data on State Government Finances
(Reference: Pages 1, 11 & 33)

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Part A - Receipts					
1. Revenue Receipts	2,142	2,441	2,811	3,447	4,261
<i>(i) Tax Revenue</i>	<i>305 (14)</i>	<i>319 (13)</i>	<i>370 (13)</i>	<i>444 (13)</i>	<i>572 (13)</i>
Taxes on Sales, Trade, etc.	216 (71)	235 (74)	282 (76)	321 (72)	410 (72)
State Excise	54 (18)	59 (18)	70 (19)	90 (20)	105 (18)
Taxes on Vehicles	9 (3)	11 (3)	13 (3)	14 (3)	19 (3)
Stamps and Registration fees	6 (2)	6 (2)	6 (2)	11 (3)	11 (2)
Land Revenue	6 (2)	2 (1)	0.50	4	17 (3)
Other Taxes	14 (4)	6 (2)	- 1.50	8 (2)	10 (2)
<i>(ii) Non Tax Revenue</i>	<i>184 (9)</i>	<i>199 (8)</i>	<i>225 (8)</i>	<i>275 (8)</i>	<i>302 (7)</i>
<i>(iii) State's share of Union Taxes and Duties</i>	<i>447 (21)</i>	<i>564 (23)</i>	<i>595 (21)</i>	<i>612 (18)</i>	<i>896 (21)</i>
<i>(iv) Grants-in-aid from Government of India</i>	<i>1,206 (56)</i>	<i>1,359 (56)</i>	<i>1,621 (58)</i>	<i>2,116 (61)</i>	<i>2,491 (59)</i>
2. Miscellaneous Capital Receipts	...	...	...	...	...
3. Total revenue and Non-debt capital receipts (1+2)	2,142	2,441	2,811	3,447	4,261
4. Recoveries of Loans and Advances	17	17	18	17	27
5. Public Debt Receipts	246	247	323	403	356
Internal Debt (excluding Ways and Means Advances and Overdrafts)	243 (99)	244 (99)	317 (98)	403 (100)	355 (99.72)
Net transactions under Ways and Means Advances and Overdraft	...	...	...	...	...
Loans and Advances from Government of India ⁵	3 (1)	3 (1)	6 (2)	6	1 (0.28)
6. Total receipts in the Consolidated Fund (3+4+5)	2,405	2,705	3,152	3867	4,644
7. Contingency Fund Receipts	...	...	...	...	99
8. Public Accounts Receipts	1,258	1,502	2,020	2,417	2,766
9. Total receipts of the State (6+7+8)	3,663	4,207	5,172	6,284	7,509
Part B - Expenditure/Disbursement					
10. Revenue Expenditure	1,907	2,253	2,683	3,182	4,013
<i>Plan</i>	<i>566 (30)</i>	<i>721 (32)</i>	<i>1,006 (37)</i>	<i>1,047(33)</i>	<i>1,467</i>
<i>Non-Plan</i>	<i>1,341 (70)</i>	<i>1,532 (68)</i>	<i>1,677 (63)</i>	<i>2,135(67)</i>	<i>2,546</i>
General Services (including Interest payments)	703 (37)	778 (35)	938 (35)	1,101(35)	1,317
Social Services	614 (32)	753 (33)	805 (30)	1,092 (34)	1,376
Economic Services	590 (31)	722 (32)	940 (35)	989 (31)	1,320
11. Capital Expenditure	320	392	531	481	575
<i>Plan</i>	<i>313 (98)</i>	<i>388 (99)</i>	<i>531 (100)</i>	<i>480(100)</i>	<i>575</i>
<i>Non-Plan</i>	<i>7 (2)</i>	<i>4 (1)</i>	<i>7</i>	<i>1</i>	...
General Services	16 (5)	28 (7)	48 (9)	48 (10)	37
Social Services	127 (40)	152 (39)	221 (42)	142 (30)	133
Economic Services	177 (55)	212 (54)	262 (49)	291 (60)	405
12. Disbursement of Loans and Advances	6	27	50	27	41
13. Total (10+11+12)	2,233	2,672	3,264	3,690	4,629
14. Repayments of Public Debt	86	99	169	143	141
Internal Debt (excluding Ways and Means Advances and Overdrafts)	56 (65)	82 (83)	109 (64)	124 (87)	121
Net transactions under Ways and Means Advances and Overdraft	...	...	...	...	...
Loans and Advances from Government of India	30 (35)	17 (17)	60 (36)	19 (13)	20
15. Appropriation to Contingency Fund	...	...	...	...	99
16. Total disbursement out of Consolidated Fund (13+14+15)	2,319	2,771	3,433	3,833	4,869
17. Contingency Fund disbursements	...	...	...	...	...
18. Public Account disbursements	1,198	1,309	1,668	2,512	2,729
19. Total disbursement by the State(16+17+18)	3,517	4,080	5,101	6,345	7,598

⁴ ₹ 0.26 crore only

⁵ Includes Ways and Means Advances

⁶ ₹ 0.49 crore only

⁷ ₹ 0.28 crore only

	2006-07	2007-08	2008-09	2009-10	2010-11
Part C – Deficits					
20. Revenue Surplus (1-10)	235	188	128	265	248
21. Fiscal Deficit (-) (3+4-13)	- 74	- 214	- 435	- 226	- 341
22. Primary Deficit (-)/Surplus (+) (21-23)	+ 129	- 25	- 223	+ 8	- 84
Part D – Other data					
23. Interest Payments (included in revenue expenditure)	203	189	212	234	257
24. Arrears of Revenue (Percentage of Tax and Non-tax Revenue Receipts) ⁸	91.96 (18.8)	56.07 (10.81)	89.82 (15.03)	90.70 (12.61)	11.46 (1.31)
25. Financial Assistance to local bodies, etc.	208	368	478	454	557
26. Ways and Means Advances/Overdraft availed (days)	Nil	Nil	Nil	Nil	Nil
27. Interest on WMA/Overdraft	Nil	Nil	Nil	Nil	Nil
28. Gross State Domestic Product (GSDP) ⁹	8,625	9,735	11,617 ¹⁰	13,216 ¹¹	15,078 ¹²
29. Outstanding Fiscal Liabilities (year end)	2,762	3,141	3,573	3,803	4,088
30. Outstanding guarantees (year end) including interest	436	751	990	954	1,111
31. Maximum amount guaranteed	562.02	954.16	1,083.19	1,033	948.79
32. Number of incomplete projects	282	323	346	446	263
33. Capital blocked in incomplete projects ¹³	11.76 (43)	12.77 (44)	31.62 (21)	105.35 (59)	73.65 (53)
Part E – Fiscal Health Indicator (in per cent)					
I. Resource Mobilisation					
Own Tax Revenue/GSDP	3.54	3.28	3.18	3.36	3.79
Own Non-Tax Revenue/GSDP	2.13	2.04	1.94	2.08	2.00
Central Transfers/GSDP	5.18	5.79	5.12	4.63	5.94
II. Expenditure Management					
Total Expenditure/GSDP	25.89	27.45	28.10	27.92	30.70
Total Expenditure/Revenue Receipts	104.25	109.46	116.12	107.05	108.64
Revenue Expenditure/Total Expenditure	85.40	84.32	82.20	86.23	86.69
Expenditure on Social Services/Total Expenditure	33.18	33.91	31.43	33.44	32.60
Expenditure on Economic Services ¹⁴ /Total Expenditure	34.48	35.67	38.17	34.99	37.85
Capital Expenditure/Total Expenditure	14.33	14.67	16.27	13.04	12.42
Capital Expenditure on Social and Economic Services/Total Expenditure	13.61	13.62	14.80	11.73	11.62
III Management of Fiscal Imbalances					
Revenue Surplus / GSDP	2.72	1.93	1.10	2.01	1.64
Fiscal deficit (-) / GSDP	- 0.86	- 2.20	- 3.74	- 1.71	- 2.26
Primary Deficit (-) Surplus (+) / GSDP	+ 1.50	- 0.26	- 1.92	+ 0.06	- 0.56
Revenue Deficit/Fiscal Deficit					
Primary Revenue Balance ¹⁵ /GSDP	5.08	3.87	2.93	3.78	3.34
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	32.02	32.27	30.76	28.78	27.11
Fiscal Liabilities/RR	128.94	128.68	127.11	110.33	95.96
Primary deficit <i>vis-à-vis</i> quantum spread (₹ in crore)	414	154	186	273	202
Debt Redemption (Principal +Interest)/ Total Debt Receipts	101.16	77.86	81.86	100.31	97.79
V Other Fiscal Health Indicators					
Return on Investment	0.01	0.01	0.01	0.01	0.01
Balance from Current Revenue (₹ in crore)	77	23	- 34	- 412	- 97
Financial Assets/Liabilities (Ratio)	1.48	1.48	1.45	1.50	1.51

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

⁸ In respect of some principal heads only. 2010-11: For two heads only.

⁹ GSDP figures (current prices – Base Year 2004-05) as furnished (September 2011) by the Directorate of Economics & Statistics.

¹⁰ Provisional

¹¹ Quick Estimates

¹² Advanced Estimates

¹³ Expenditure incurred up to the end of the year on incomplete works (in brackets) scheduled to be completed by end of the respective year.

¹⁴ Including loans and advances

¹⁵ Revenue Receipts – (Revenue Expenditure – Interest Payments).

APPENDIX 1.4

**Abstract of Receipts and Disbursements for the year 2010-11
(Reference: Paragraph 1.1; Pages 2)**

		(₹ in crore)						
2009-10	Receipts	2010-11	2009-10	Disbursements				2010-11
Section – A : Revenue								
	I. Revenue Receipts			I. Revenue Expenditure	Non-Plan	Plan	Total	
444.30	Tax Revenue ¹⁶	571.45	1100.99	General Services	1257.34	59.46	1316.80	1316.80
275.08	Non-Tax Revenue	301.53	1092.38	Social Services	832.24	543.79	1376.03	1376.03
612.38	State's Share of Union Taxes and Duties ¹⁷	896.27	527.20	General Education	489.27	226.87	716.14	1319.91
			36.44	Technical Education, Sports, Art and Culture	10.74	31.25	41.99	
377.12	Non-Plan Grants	664.07	208.88	Health and Family Welfare	139.72	137.21	276.93	
1394.56	Grants for State Plan Schemes	1427.57	103.56	Water Supply and Sanitation,	101.77	3.84	105.61	
			63.98	Housing and Urban Development	29.28	25.85	55.13	
277.25	Grants for Central Plan and Centrally Sponsored Plan Schemes	327.73	7.32	Information and Broadcasting	4.89	9.16	14.05	
66.66	Grants for Special Plan Schemes	71.86	18.87	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	23.49	4.50	27.99	
			11.96	Labour and Labour Welfare	10.27	6.67	16.94	
			108.38	Social Welfare and Nutrition	17.11	98.44	115.55	
			5.79	Others	5.70	---	5.70	
			989.01	Economic Services	456.09	863.82	1319.91	
			364.23	Agriculture and Allied Activities	182.41	370.02	552.43	
			168.22	Rural Development	27.09	214.72	241.81	
			23.17	Special Areas Programmes	---	14.82	14.82	
			27.26	Irrigation and Flood Control	19.50	16.14	35.64	
			122.64	Energy	14.27	99.59	113.86	
			117.20	Industry and Minerals	93.54	43.36	136.90	
			97.82	Transport	83.38	1.78	85.16	
			0.27	Science, Technology and Environment	0.39	---	0.39	
			68.20	General Economic Services	35.51	103.39	138.90	
3447.35	Total	4260.48	3182.38	Total	2545.67	1467.07	4012.74	4012.74
	II. Revenue Deficit carried over to Section B		...	II. Revenue Surplus carried over to Section B	---	---	---	247.74
3447.35	Total	4260.48	3182.38	Total	2545.67	1467.07	4012.74	4260.48

¹⁶ Excluding share of net proceeds of taxes and duties assigned to State.

¹⁷ Share of net proceeds assigned to State.

2009-10	Receipts	2010-11	2009-10	Disbursements			2010-11
Section – B : Others							
					Non-Plan	Plan	Total
501.64	III. Opening Cash Balance including permanent advances and cash balance investment	440.13	...	III. Opening Overdraft from RBI	---	---	---
...	IV. Miscellaneous Capital Receipts		481.29	IV. Capital Outlay	---	574.73	574.73
			48.40	General Services	---	36.65	36.65
			141.45	Social Services	---	132.74	132.74
			2.20	General Education	---	8.36	8.36
			0.38	Technical Education, Sports, Art and Culture	---	0.56	0.56
			21.60	Health and Family Welfare	---	20.10	20.10
			96.35	Water Supply and Sanitation	---	87.96	87.96
			20.72	Housing and Urban Development	---	9.90	9.90
			0.20	Social Welfare and Nutrition	---	5.86	5.86
			291.44	Economic Services	---	405.35	405.35
			19.67	Agriculture and Allied Activities	---	20.82	20.82
			0.32	Rural Development	---	1.20	1.20
			26.19	Special Areas Programmes	---	39.69	39.69
			34.75	Irrigation and Flood Control	---	82.56	82.56
			14.11	Industry and Minerals	---	25.38	25.38
			196.40	Transport	---	235.70	235.70
			...	General Economic Services	---	---	---

2009-10	Receipts	2010-11	2009-10	Disbursements	2010-11
16.68	V. Recoveries of Loans and Advances	27.25	26.65	V. Loans and Advances Disbursed	41.65
...	From Power Projects ...		7.52	For Power Projects 23.11	
16.47	From Government Servants 25.02		16.13	To Government Servants 15.19	
0.21	From Others 2.23		3.00	To Others 3.35	
264.97	VI. Revenue Surplus brought down	247.74	...	VI. Revenue Deficit brought down	---
403.02	VII. Public Debt receipts	356.39	143.03	VII. Repayment of Public Debt	141.08
402.53	Internal debt other than Ways and Means Advances and Overdraft 354.92		124.21	Internal debt other than Ways and Means Advances and Overdraft 120.56	
...	Net transactions under Ways and Means Advances including Overdraft ...		...	Net transactions under Ways and Means Advances including Overdraft ...	
0.49	Loans and Advances from Central Government 1.47		18.82	Repayment of Loans and Advances to Central Government 20.52	
2416.65	VIII. Public Account Receipts	2765.86	2511.86	VIII. Public Account Disbursements	2729.20
121.56	Small Savings and Provident Funds 155.74		53.91	Small Savings and Provident Fund 71.44	
27.26	Reserve Funds 24.17		20.24	Reserve Funds ¹⁸ 28.31	
823.65	Deposits and Advances 878.80		928.79	Deposits and Advances 888.92	
(-) 39.89	Suspense and Miscellaneous ¹⁹ (-) 40.85		(-) 0.18	Suspense and Miscellaneous ⁵ (-) 11.96	
1484.07	Remittances 1748.00		1509.10	Remittances 1752.49	
...	IX. Closing Overdraft from Reserve Bank of India		440.13	IX. Cash Balance at end	350.71
			8.82	Cash in Treasuries 14.22	
			(-) 70.23	Deposits with Reserve Bank (-) 507.91	
			(-) 0.24	Departmental Cash Balance 0.20	
			501.78	Cash Balance Investment 844.20	
3602.96	Total	3837.37	3602.96	Total	3837.37

¹⁸ Includes disbursement on investment.

¹⁹ Excluding 'Other Accounts'.

APPENDIX 1.4 (concl.)

Summarised Financial Position of the Government of Meghalaya as on 31 March 2011
(Reference: Paragraph 1.10.1; Page 33)

(₹ in crore)

As on 31 March 2010	Liabilities		As on 31 March 2011
...	External Debt		...
2258.73	Internal Debt		2493.08
1645.60	Market loans bearing interest	1765.60	
0.01	Market loans not bearing interest	²⁰	
0.52	Loan from LIC	0.41	
612.60	Loans from other Institutions	727.07	
...	Ways and Means Advances	...	
...	Overdraft from Reserve Bank of India	...	
258.56	Loans and Advances from Central Government		239.51
5.37	Pre 1984-85 Loans	5.37	
13.91	Non-plan Loans	12.24	
221.14	Loans for State Plan Schemes	204.33	
0.18	Loans for Central Plan Schemes	0.14	
11.34	Loans for Centrally Sponsored Plan Schemes	11.57	
6.62	Loans for Special Schemes	5.86	
6.00	Contingency Fund		105.00
542.01	Small Savings, Provident Funds, etc.		626.31
722.97	Deposits		713.16
102.98	Reserve Funds		114.47
...	Remittance Balances		---
1931.08	Surplus on Government Accounts		2178.82
1666.11	(i) Revenue Surplus as on 31 March 2010	1931.08	
264.97	(ii) Revenue Surplus for the year 2010-11	247.74	
5822.33			6470.35
	Assets		
4683.10	Gross Capital Outlay on Fixed Assets		5257.83
286.19	Investment in shares of Companies, Corporation, etc.	315.79	
4396.91	Other Capital Outlay	4942.04	
520.89	Loans and Advances		535.28
440.02	Loans for power projects	463.11	
32.65	Other Development Loans	33.79	
48.22	Loans to Government Servants and miscellaneous loans	38.38	
82.62	Investment of Earmarked Funds		98.25
1.50	Advances		1.81
77.65	Suspense and Miscellaneous Balances		106.54
6.00	Appropriation to Contingency Fund		105.00
10.45	Remittances		14.93
440.12	Cash		350.71
8.82	Cash in Treasuries	14.22	
(-) 70.24	Deposits with Reserve Bank of India	(-) 507.91	
(-) 0.24	Departmental Cash Balance	0.20	
...	Permanent Advances	...	
501.78	Cash Balance Investment	844.20	
5822.33			6470.35

²⁰ ₹ 0.39 lakh

Explanatory Notes to Appendices 1.3 and 1.4

1. The abridged accounts in the above Appendices have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the surplus/deficit on Government account, as shown in **Appendix 1.4** indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation in stock figure, *etc.*, do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payment made on behalf of the State and other pending settlement, *etc.*
4. There was a net difference of ₹ 52.61 crore between the figures reflected in the accounts {(-) ₹ 507.91 crore} and that intimated by the Reserve Bank of India {(-) ₹ 560.52 crore} due to (i) misclassification by Bank/Treasury (₹ 50.59 crore) and (ii) non-receipt of details of adjustment made by RBI (₹ 2.02 crore).

APPENDIX 1.5

Funds Transferred directly to State Implementing Agencies during 2010-11

(Reference: Paragraph 1.5.2; Page 8)

(Amount in ₹)

Sl. No	Programme/ Scheme	Implementing Agency in the State	Funds transferred by GOI
1.	Adult Education and Skill Development Scheme	Meghalaya Literacy Mission Authority	36202317
2.	Ayush and Public Health	Martin Luther Christian University	1800000
3.	Baba Saheb Ambedkar Hastshilpa Yojana	Women Net Making & Cane Workers Industrial Cooperative Society Ltd.	75000
4.	Capacity Building for Service Providers	Food Craft Institute Society, Tura (West Garo Hills)	1057000
5.	Central Rural Sanitation Programme	State Water and Sanitation Mission, Meghalaya	310523000
6.	Community Polytechnics	Shillong Polytechnic	400000
		Meghalaya Board of Wakf	2129000
7.	Crime and Criminal Tracking Network and System	Meghalaya Police Information Technology Society	101984000
8.	Deafness	State Health Society, Meghalaya	3155000
9.	Deen Dayal Disabled Rehabilitation Scheme SJE	The Society for the Welfare of the Disabled	2767176
		Dwar Jingkyrmen School for Children in Need of Special Education	1380697
		Asha Rehabilitation Centre, Meghalaya	867250
		Bethany Society	916168
		Montfort Center for Education	1427965
10.	Design & Technical Development	Women Net Making & Cane Workers Industrial Coop Society Ltd.	63778
11.	District Rural Development Agency (DRDA) Administration	DRDAs, East Garo Hills, East Khasi Hills, Jaintia Hills, Ri-Bhoi, South Garo Hills, West Garo Hills and West Khasi Hills	47539000
12.	Electronic Governance	Meghalaya Information Technology Society	3900000
13.	Grant in Aid to NGOs for STs Including Coaching & Allied	R K Mission, RK Mission Ashrama, Shillong	61925620
14.	Health Insurance for Unorganised Sector Workers	State Health Society, Meghalaya	12420030
15.	Human Resource Development	Meghalaya Handloom & Handicrafts Development Corporation Ltd.	125000
16.	Information Education and Communication	Bethany Society	115000
17.	Information Publicity and Extension	Meghalaya Non Conventional & Rural Energy Development Agency	2576120
18.	Integrated Watershed Management Programme	SLNA Meghalaya(Shillong)	98820000
		DRDAs, East Khasi Hills, Jaintia Hills, East Garo Hills, West Garo Hills and West Khasi Hills	40772305
19.	Mahatma Gandhi National Rural Employment Guarantee Act	DRDA, South Garo Hills	139431000
		DRDA, West Garo Hills	357844000
		DRDA, Jaintia Hills	214477000
		DRDA, Ri Bhoi	207913000
		DRDA, East Garo Hills	343125000
		DRDA, West Khasi Hills	287021000
		DRDA, East Khasi Hills	537161000
20.	Marketing and Export Promotion Scheme	Meghalaya Apex Handloom Weavers & Handicrafts Cooperative Federation Ltd., Shillong	1599780
		Director of Sericulture & Weaving, Govt. of Meghalaya, Shillong	2632725
21.	Marketing Support and Services & Export Promotion Scheme	Meghalaya HL&HC Development Corporation Ltd	675000
22.	Medicinal Plants	Meghalaya State Medicinal Plants Board Agency	4500000

Sl. No	Programme/ Scheme	Implementing Agency in the State	Funds transferred by GOI
23.	MPs Local Area Development Scheme	Deputy Commissioner, West Garo Hills	40000000
		Deputy Commissioner, East Khasi Hills	20000000
24.	Museums	Don Bosco Centre for Indigenous Cultures, Shillong	1754822
25.	National Afforestation Programme	State Forest Development Agency Meghalaya	44000000
26.	National AIDS Control Programme including STD Control	Meghalaya AIDS Control Society	31309000
27.	National Mission on Bamboo	East Khasi Hills Social Forestry Division Forest Development Agency	9500000
28.	National Mission on Medicinal Plants	Meghalaya State Medicinal Plants Board	6850000
29.	National Mission on Micro Irrigation	Meghalaya State Farmers Agri-business Consortium	5000000
30.	National Project for Cattle and Buffalo Breeding	State Implementing Agency, Meghalaya	20000000
31.	National Rural Drinking Water Programme	SWSM Meghalaya, Shillong	848813000
32.	National Rural Health Mission Centrally	Meghalaya State TB Control Society	15500000
		State Health Society, Meghalaya	421626822
33.	National Rural Health Mission (NRHM) Central Sector	State Health Society, Meghalaya	5770000
34.	North Eastern Council	North Eastern Region Community Resource Management Society	295322000
		Meghalaya Board of School Education	10000000
		Meghalaya Information Technology Society	9700000
35.	Off Grid DRPS	Meghalaya Non Conventional & Rural Energy Development Agency	61898000
36.	Pollution Abatement	Meghalaya State Pollution Control Board	4648050
37.	Pradhan Mantri Gram Sadak Yojana	State Rural Road Development Agency	645500000
38.	Product/Infrastructure Development for Destinations	Meghalaya Tourism Development Corporation Ltd.	177034000
39.	Renewable Energy for Rural Applications for All	Meghalaya Non Conventional & Rural Energy Development Agency	8135100
		Animal Husbandry & Veterinary Department	1670000
40.	Research and Development Department of Biotechnology	North Eastern Space Applications Centre	661000
		Martin Luther Christian University	2473000
41.	Rural Housing –IAY	DRDAs, West Garo Hills, East Garo Hills, South Garo Hills, West Khasi Hills, Ri-Bhoi. East Khasi Hills and Jaintia Hills	473973700
42.	Sarva Shiksha Abhiyan(SSA)	Sarva Shiksha Abhiyan State Mission Authority of Meghalaya	1854090000
43.	Scheme for Technology	M/s Meghalaya Fusions Ltd.	3319500
		AA Nutritions	3342500
		K.D. Agro Industries	2845500
		Silda Milk Processing Unit	1326000
44.	Science and Technology Programme for Socio Economic	State Council of Science Technology & Environment (SCSTE), Meghalaya	270225
		Bethany Society	550000
45.	Solar Thermal Systems Water Heating	Meghalaya Non Conventional & Rural Energy Development Agency	2500000
46.	State Science and Technology Programme	SCSTE, Meghalaya	1125000
47.	Strengthening of Existing Polytechnics	Jowai Polytechnic	1000000
48.	Support to Extension Programme for Extension	Meghalaya Small Farmers Agri-Business Consortium Agency	22073000
49.	Swaranjayanti Gram Swarozgar Yojana	DRDAs, Jaintia Hills, Ri-Bhoi, West Khasi Hills, South Garo Hills, East Garo Hills and East Khasi Hills	67819000
50.	Upgradation of Govt ITIs through PPP	IMC Society of ITI Rynjah	25000000
Total			7975720150

Source: Central Plan Scheme Monitoring System of CGA website.

APPENDIX 2.1

Department-wise position of savings/excess for which reasons were not furnished

(Reference: Paragraph 2.2; Page 46)

		(₹ in crore)
Name of Department	Number & Name of Grant/Appropriation	Savings (-) Excess (+)
Assembly Secretariat	1-Parliamentary/State/Union Territory Legislature, Stationery and Printing, Capital Outlay on Stationery and Printing Revenue - Voted	(+) 3.61
Law	4 - Administration of Justice - Revenue - Voted Revenue - Charged	(+) 1.19 (-) 2.70
Election	5-Elections Revenue - Voted	(-) 2.06
Revenue	6 - Land Revenue, Relief on Account of Natural Calamities, etc Revenue - Voted	(-) 8.40
Excise	8-State Excise Revenue - Voted	(-) 3.14
Transport	10 - Taxes on Vehicles, Other Administrative Services etc., Revenue - Voted Capital - Voted	(-) 1.54 (-) 3.49
Power (Electricity)	11-Other Taxes and Duties on Commodities and Services, etc. Revenue - Voted Capital - Voted	(-) 169.29 (-) 4.89
Chief Minister's Secretariat, Secretariat Administration, Finance, Law and Political	13 - Secretariat General Services, etc Revenue - Voted	(-) 6.46
Personnel including Passport, Political and Chief Minister's Secretariat	14 - District Administration Revenue - Voted	(+) 1.30
Home (Police)	16 - Police, Other Administrative Services etc., Housing, Capital Outlay on Police Revenue - Voted Capital - Voted	(-) 16.16 (-) 5.64
Home (Jails)	17 - Jails Revenue - Voted	(-) 1.82
Public Works	19 - Secretariat General Services, Public Works, etc. Revenue - Voted Capital - Voted	(-) 18.69 (-) 25.69
Education, Sports and Youth Affairs and Arts & Culture	21- Miscellaneous General Services, etc. Revenue - Voted	(-) 250.56
General Administration, Transport and Communications and Political	22 - Other Administrative Services etc., Housing Revenue - Voted	(-) 8.48
Finance	24 - Pensions and other Retirement Benefits Revenue - Voted	(+) 97.97
Health and Family Welfare	26 - Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, etc. Revenue - Voted Capital - Voted	(+) 31.04 (-) 5.20
Public Health Engineering	27 - Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, Capital Outlay on Housing, Capital - Voted	(-) 14.00
Housing	28-Housing, Capital outlay on Housing, Loans for Housing Revenue - Voted	(-) 1.01
Urban Development	29 - Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development, etc. Revenue - Voted Capital - Voted	(-) 24.37 (-) 95.98
Labour	31 - Labour and Employment Revenue - Voted	(-) 5.88
District Council Affairs and Social Welfare	34 - Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes, etc. Revenue - Voted Capital - Voted	(-) 69.05 (-) 8.14

Name of Department	Number & Name of Grant/Appropriation	Savings (-) Excess (+)
Planning	38 – Secretariat Economic Services Revenue – Voted	(-) 4.52
Co-operation	39–Co-operation, Capital Outlay on Co-operation, <i>etc.</i> Revenue – Voted Capital - Voted	(-) 5.87 (-) 3.01
Agriculture, Animal Husbandry and Veterinary Industries, <i>etc.</i>	40 – North Eastern Areas, (Special Areas Programme), Capital Outlay on North Eastern Areas Revenue – Voted Capital - Voted	(-) 44.08 (-) 8.68
Planning	41 – Census, Survey and Statistics Revenue – Voted	(-) 1.88
Weights and Measures	42 – Housing, Other General Economic Services Revenue – Voted	(-) 1.66
Agriculture	43 – Housing, Crop Husbandry, <i>etc.</i> Revenue – Voted Capital – Voted	(-) 51.89 (-) 24.97
Public Works	44 – Medium Irrigation-Flood Control and Drainage, Capital Outlay on Medium Irrigation <i>etc.</i> Capital - Voted	(-) 2.02
Soil Conservation	45 – Housing, Soil and Water Conservation, Agricultural Research and Education Revenue – Voted	(-) 6.53
Animal Husbandry and Veterinary	47 – Housing, Animal Husbandry, Agricultural Research and Education Revenue – Voted	(-) 9.60
Animal Husbandry and Veterinary	48 – Housing, Dairy Development Revenue – Voted	(-) 2.49
Fisheries	49 – Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, Capital Outlay on Fisheries Revenue – Voted	(-) 8.07
Forest	50- Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Revenue – Voted	(-) 36.11
Community and Rural Development	51– Housing, Crop Husbandry, <i>etc.</i> Revenue – Voted	(-) 6.79
Industries	52 - Industries, Capital Outlay on Cement, Capital Outlay Industries and Minerals, <i>etc.</i> Capital – Voted	(-) 2.68
Industries (Sericulture and Weaving)	53 – Village and Small Industries Capital Outlay on Village and Small Industries, <i>etc.</i> Revenue – Voted	(-) 3.45
Industries	54 - Village and Small Industries Capital Outlay on Housing, Capital Outlay on Housing, <i>etc.</i> Revenue – Voted	(-) 3.65
Public Works	56 – Roads and Bridges, Capital Outlay on Roads and Bridges Revenue – Voted Capital – Voted	(-) 25.32 (-) 51.20
Transport (Tourism)	57-Tourism, Capital Outlay on Public works, Capital outlay on Tourism, Loans for Tourism Revenue – Voted	(-) 3.63
Finance	63 - Appropriation to the Contingent Fund Revenue – Voted	(+) 99.00
	Appropriation – Interest Payment Revenue - Charged	(-) 9.64
	Appropriation – Internal Debt of the State Government Capital – Charged	(-) 37.27
	Appropriation - Loans and Advances from the Central Govt. Capital – Charged	(-) 1.43

APPENDIX 2.2

Statement of various grants/appropriations where saving was more than ₹ 1 crore each and more than 20 per cent of the total provision

(Reference: Paragraph 2.3.1; Page 46)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
1.	6	Land Revenue, Relief on account of Natural Calamities <i>etc.</i> Revenue – Voted	27.63	8.40	30
2.	8	State Excise Revenue – Voted	13.26	3.14	24
3.	10	Taxes on Vehicles, Other Administrative Services, Road Transport, Capital Outlay on Civil Aviation, Capital Outlay on Road Transport. Capital – Voted	5.65	3.49	62
4.	11	Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, <i>etc.</i> Revenue – Voted	285.43	169.29	59
5.	16	Police, Other Administrative Services, Housing, Capital Outlay on Police Capital – Voted	12.50	5.64	45
6.	19	Secretariat General Services, Public Works, <i>etc.</i> Capital – Voted	65.23	25.69	39
7.	21	Miscellaneous General Services, General Education, <i>etc.</i> Revenue – Voted	1009.59	250.56	25
8.	22	Other Administrative Services, Housing Revenue – Voted	31.10	8.48	27
9.	26	Medical and Public Health, Family Welfare, <i>etc.</i> Capital – Voted	25.30	5.20	21
10.	29	Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development, <i>etc.</i> Revenue – Voted	53.68	24.37	45
11.		Capital – Voted	101.55	95.98	95
12.	31	Labour and Employment Revenue – Voted	22.82	5.88	26
13.	34	Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes, Social Security and Welfare, Nutrition, <i>etc.</i> Revenue – Voted	200.72	69.05	34
14.		Capital – Voted	14.00	8.14	58
15.	39	Co-operation, Capital Outlay on Co-operation, Capital Outlay on Other Agricultural Programmes, Loans for Co-operation Revenue – Voted	18.80	5.87	31
16.		Capital – Voted	7.46	3.01	40
17.	40	North Eastern Areas, Capital Outlay on North Eastern Areas Revenue – Voted	58.90	44.08	75
18.	42	Housing, Other General Economic Services Revenue – Voted	4.32	1.66	38
19.	43	Housing, Crop Husbandry, Agricultural Research and Education, <i>etc.</i> Capital – Voted	107.19	24.97	23
20.	44	Medium Irrigation, Flood Control and Drainage, Capital Outlay on Medium Irrigation, <i>etc.</i> Capital – Voted	4.00	2.02	51

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
21.	48	Housing, Dairy Development Revenue – Voted	10.89	2.49	23
22.	50	Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Revenue – Voted	105.79	36.11	34
23.	56	Roads and Bridges, Capital Outlay on Roads and Bridges Revenue – Voted	110.48	25.32	23
24.	57	Tourism, Capital Outlay on Public Works, Capital Outlay on Tourism, Loans for Tourism Revenue – Voted	12.16	3.63	30
25.	Appropriation	Internal Debt of the State Government Capital – Charged	157.83	37.27	24

APPENDIX 2.3

Statement of various Grants/Appropriations where excess expenditure was more than ₹ 1 crore each or more than 20 per cent of the total provision

(Reference: Paragraph 2.3.3; Page 47)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/ Appropriation	Total Grant/ Appropriation	Excess expenditure	Percentage of excess expenditure
1.	1	Parliament/State/Union Territory Legislature, Stationery and Printing, Capital Outlay on Stationery and Printing Revenue-Voted	28.58	3.61	13
2.	2	Governor, Capital Outlay on Housing Revenue - Voted	0.04	0.17	425
3.	4	Administration of Justice Revenue-Voted	7.29	1.19	16
4.	14	District Administration Revenue-Voted	18.19	1.30	7
5.	24	Pensions and Other Retirement Benefits Revenue-Voted	201.65	97.97	49
6.	26	Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, Capital Outlay on Family Welfare Revenue-Voted	245.90	31.04	13
		Total	501.65	135.28	

APPENDIX 2.4

Statement showing expenditure without provision

(Reference: Paragraph 2.3.4 ; Page 48)

Sl. No.	Grant/Appropriation Number – Major Head of Accounts - Sub-Head - Detailed Head	(₹ in lakh) Expenditure without provision
1.	5 – 2015 – 103 – (03) Expenditure on BLOs, etc.- Sixth Schedule (Part II) Areas	157.72
2.	21 – 2202 – 102 – (07) Mid Day Meal Incentive to Students – General	1881.40
3.	21 – 2202 – Centrally Sponsored Schemes (CSS) – 80 – 003 – (05) DIET – Sixth Schedule (Part-II) Areas	26.60
4.	22 – 3454 – 01 – 800 (01) Census Establishment – Sixth Schedule (Part-II) Areas	94.29
5.	26 – 2210 – 03 - 101 - (03) Other Existing and new Primary Health Centres and Sub-Centres with indoor facilities under the Basic Minimum Services Programme – Sixth Schedule (Part II) Areas	45.09
6.	26 – CSS – 2210 – 06 – 101 – (01) National Malaria Eradication Programme – Sixth Schedule (Part II) – Areas	13.79
7.	26 – 2211 – 001 – (02) District Family Welfare Bureau - General	66.59
8.	26 – 2211 – 101 – (02) Rural Family Welfare Sub-Centres – Sixth Schedule (Part II) Areas	131.95
9.	26 – 2211 – 101 – (02) Rural Family Welfare Sub-Centres - General	74.75
10.	26 – CSS – 2211 – 001 – (01) State Family Welfare Bureau – Sixth Schedule (Part II) Areas	64.21
11.	26 – CSS – 2211-101 – (02) Rural Family Welfare Sub-Centres – General	443.48
12.	34 – 4235 – 02 – 800 - (03) – Construction of office building of the Directorate of Social Welfare - General	40.00
13.	38 -3451 – 092 - (01) – Economic Empowerment through financial inclusion (administered by Finance (EA) Department) – General	1500.00
14.	40 – 4552 – 14 – 800 - (10) Cherra – Mawsmal – Shella Road – Sixth Schedule (Part-II) Areas	14.71
15.	40 – 4552 – 14 – 800 - (11) Maintenance of Roads – Sixth Schedule (Part-II) Areas	3805.93
16.	43 – 2401 – 115 – (04) Assistance to Small Farmers and Marginal Farmers – Sixth Schedule (Part-II) Areas	210.00
17.	43 – 2401 – 107 – (05) Plant Protection including IPM – Sixth Schedule (Part-II) Areas	22.47
18.	43 – Central Sector Scheme - 2401 – 109 – (10) Promotion/Strengthening of Information Technology in Agriculture – General	143.31
19.	43 – 2702 – 800 – (02) Rationalisation of Minor Irrigation Statistics – General	14.81
20.	47 – 2403 – 103 – (09) Employment Generation and Promotion of Food Sufficiency for Poultry Farming under SPA – General	381.32
21.	47 – 2403 – 105 – (10) Employment Generation and Promotion of Food Sufficiency for Piggery Farming under SPA – General	451.92
22.	47 – 2415 – 01 – 004 – (04) Agricultural Research Stations and Laboratories – Sixth Schedule (Part-II) Areas	31.70
23.	50 – 2406 – 800 – (04) Intensification of Forest Management Scheme – Sixth Schedule (Part-II) Areas	46.92
24.	-do- - General	34.98
25.	50 – 4406 – 01 – 070 – (05) Twelfth Finance Commission under Special Problem – Sixth Schedule (Part-II) Areas	295.09
26.	50 – 4406 – 01 - (05) Twelfth/Thirteenth Finance Commission under Special Problem – Sixth Schedule (Part-II) Areas	400.07
27.	53 – 2851 – 001 – 107 - (25) Sericulture Catalytic Development Programme funded by Central Silk Board – General	643.99
28.	53 – 2851 – 103 (20) – Integrated Handloom Development Scheme – General	83.48
29.	53 – 2851 – 001 – 800 - (65) Special Plan Assistance (SPA) to NIFT, Shillong Centre – General	100.00

Sl. No.	Grant/Appropriation Number – Major Head of Accounts - Sub-Head - Detailed Head	Expenditure without provision
30.	56 – 3054 – 04 – 105 - (03) Maintenance and Repairs of District Roads – Sixth Schedule (Part-II) Areas	480.43
31.	56 – 3054 – 800 - (03) Maintenance and Repairs of District Roads – Sixth Schedule (Part-II) Areas	2057.66
32.	56 – 5054 – 04 – 800 - (10) Completion of Critical ongoing Spill Over Schemes Construction of Rural Roads (one time ACA) – Sixth Schedule (Part-II) Areas	608.52
33.	Appropriation – Internal Debt of the State Government 6003– 106 – (01) 8.50% Meghalaya Government Power Bond October 2010 – General	69.95
34.	Appropriation – Internal Debt of the State Government 6003– 106 – (01) 8.50% Meghalaya Government Power Bond April 2011 – General	69.95
	Total	14507.08

APPENDIX-2.5

Statement showing the amount debited head wise and credited to 8443

(Reference: Paragraph 2.3.5 Page 48)

(₹ in crore)

SI No.	Debit Head	Date of drawal & deposit of the amount	Credit Amount (in rupees)
1.	2012	Deposit in March/2011	0.13
2.	2013	-do-	0.29
3.	2014	-do-	0.23
4.	2052	-do-	0.78
5.	2053	-do-	0.15
6.	2056	-do-	0.06
7.	2070	-do-	3.32
8.	2202	-do-	38.39
9.	2203	-do-	0.03
10.	2204	-do-	8.65
11.	2205	-do-	0.50
12.	2501	-do-	2.57
13.	2505	-do-	5.04
14.	2515	-do-	34.30
15.	2552	-do-	5.73
16.	2851	-do-	8.94
17.	2853	-do-	21.76
18.	3451	-do-	2.94
19.	3452	-do-	2.95
20.	3456	-do-	1.62
21.	3475	-do-	0.06
22.	2029	-do-	0.05
23.	2040	-do-	1.14
24.	2055	-do-	18.81
25.	2210	-do-	23.51
26.	2220	-do-	5.76
27.	2225	-do-	11.13
28.	2230	-do-	0.81
29.	2235	-do-	3.93
30.	2236	-do-	0.41
31.	2245	-do-	1.11
32.	2401	-do-	16.63
33.	2403	-do-	0.43
34.	2404	-do-	0.29
35.	2405	-do-	0.90
36.	2415	-do-	0.17
37.	2425	-do-	0.14
38.	2435	-do-	0.88
39.	2801	-do-	11.24
40.	2810	-do-	1.20
41.	2406	-do-	10.15
42.	2402	-do-	28.99
43.	2415	-do-	0.04
44.	2552	-do-	0.07
45.	2059	-do-	0.07
46.	3054	-do-	0.35
47.	2215	-do-	0.13
48.	3425	-do-	0.08
Total			276.86

APPENDIX 2.6

Excess over provision of previous years requiring regularisation

(Reference: Paragraph 2.3.6; Page 49)

(₹ in crore)

Year	Number of Grant/Appropriation	Grant(s)/Appropriation(s) numbers	Amount of excess	Stage of consideration by PAC
1971-72	4	64, 79, 80, 88	0.08	During 2010-11, no excess expenditure was considered by the PAC.
1972-73	3/1	12, 16, 71/ Interest on Debt and other obligations	0.26	
1973-74	2	10, 64	0.01	
1974-75	4	13, 15, 29, 54	0.05	
1975-76	3/1	13, 29, 82/Governor	0.07	
1976-77	4/1	29, 32, 54, 62/Interest Payment	0.10	
1977-78	3/1	7, 13, 54/Governor	0.07	
1978-79	2	3, 22	0.05	
1979-80	2	13, 22	0.03	
1980-81	4/1	13, 20, 30, 39/Governor	0.09	
1981-82	7/1	13, 14, 20, 28, 31, 34, 37/Governor	0.37	
1982-83	12/2	3, 5, 14, 19, 20, 22, 24, 26, 27, 31, 37, 55/Governor, Administration of Justice	7.29	
1983-84	8	3, 8, 27, 31, 37, 40, 45, 56	3.30	
1984-85	12	9, 10, 18, 20, 22, 24, 25, 27, 30, 43, 59, 64	3.15	
1985-86	9/2	7, 8, 17, 18, 24, 27, 37, 38, 64/ Administration of Justice, Loans and Advances from Central Government	4.70	
1986-87	10	7, 8, 9, 24, 25, 27, 29, 39, 55, 56	0.95	
1987-88	11/1	1, 11, 13, 16, 20, 24, 28, 36, 38, 48, 54/ Public Service Commission	1.78	
1988-89	6/1	9, 15, 20, 24, 36, 54/ Public Service Commission	0.71	
1989-90	9/1	8, 11, 22, 24, 29, 36, 41, 48, 54/ Police	4.37	
1990-91	10	9, 18, 24, 26, 28, 36, 37, 53, 54, 58	2.44	
1991-92	12	5, 7, 8, 9, 18, 24, 26, 30, 33, 36, 54, 61	2.56	
1992-93	11/2	5, 7, 8, 9, 13, 20, 24, 26, 33, 49, 54 / Internal Debt of State Government, Governor	30.31	
1993-94	7/3	6, 8, 20, 24, 26, 40, 53 / Internal Debt of State Government, Loans and Advances, Public Service Commission	263.13	
1994-95	4/3	20, 24, 53, 60/Interest Payment, Public Service Commission, Internal Debt	183.34	
1995-96	5/2	1, 14, 24, 47, 53 /Parliament/ State/Union Territory Legislature, Water Supply and Sanitation	4.34	
1996-97	14/2	1, 3, 5, 7, 9, 14, 20, 21, 22, 24, 29, 36, 41, 53 / Governor, Administration of Justice	7.94	
1997-98	10/1	1, 6, 7, 8, 9, 15, 18, 20, 24, 25 / Governor	6.23	
1998-99	5	1, 2, 6, 11, 24	22.82	
1999-2000	2/1	9, 18/Governor	0.17	
2000-01	2/3	1, 40 / 1, 2, 4	3.92	
2001-02	3/2	1, 18, 35/ 1, 2	1.76	
2002-03	4/3	11, 26, 35, 56/ 1, Internal Debt of the State Government, Loans & Advances from Central Government	22.10	
2003-04	3/2	1, 20, 56/1 and Loans & Advances from Central Government	30.18	
2004-05	5/2	1, 7, 19, 24, 56/ 1, Loans and Advances from the Central Government	36.74	
2005-06	5/4	1, 16, 24, 54, 56/ 1, 36, Public Service Commission, Internal Debt of the State Government.	34.69	
2006-07	6/2	1, 4, 8, 20, 24, 40/1, Loans and Advances from the Central Government	65.41	
2007-08	8/1	1, 4, 8, 16, 20, 24, 26, 40 /1	72.79	
2008-09	7/1	1, 4, 8, 20, 24, 35, 44/ Loans and Advances from the Central Government	107.57	
2009-10	8	1,2,20,23,24,26,35,52	49.71	
Total			975.58	

APPENDIX 2.7

Excess expenditure recommended by the Public Accounts Committee (PAC) for regularisation, but not regularised through Act of State Legislature

(Reference: Paragraph 2.3.6; Page 49)

(Amount in ₹)

Sl. No.	Department	Years	Number & Name of Grant/Appropriation	Excess yet to be regularised despite PACs recommendation	PAC Report No.
1.	Inspector General of Prisons	1985-86	17 – Jails (Revenue-Voted)	4,71,945	23 rd Report presented to the Assembly on 08.04.1997.
2.	Agriculture	1983-84	45–Agriculture, Minor Irrigation, Other Social and Community Services, etc. (Revenue-Voted)	22,06,937	23 rd Report presented to the Assembly on 08.04.1997.
3.	Public Health Engineering	1981-82	28–Public Health Sanitation and Water Supply, etc.	11,04,718	28 th Report presented to the Assembly on 16.12.2004.
4.	Finance	1971 to 72 1973 to 74, 1976-77, 1982-83, 1984-85 to 1998-99, 2002-03 to 2006-07	64, 88, 24, 15, 61, 60, 36, Appropriations – Interest on Debt and other obligations, Interest Payment, Loans and Advances from Central Government (Capital-Charged)	587,41,01,113	34 th Report presented to Assembly on 19.03.2010.
5.	Finance (AF) and Political Department	1987-88 to 1989-90, 1996-97 to 2005-06	36–Social Security & Welfare	14,62,591	-do-
6.	Home	1980-81 to 1982-83, 1984-85, 1986-87 to 1988-89, 1992-93 to 1994-95, 1995-96, to 1997-98, 2003-04 & 2006-07	20–Other Administrative Services,-1-Civil Defence and Home Guards	2,01,89,975	-do-
7.	Meghalaya Legislative Assembly Secretariat	1987-88, 1995-96 to 1998-99, 2000-2001 to 2007-08	1-Parliament/ State/UT/Legislature	102,94,33,622	-do-
8.	Industries	1983-84, 1987-88 1996-97, 2005-06	53, 54 & 56	60,00,000 3,52,65,311	-do-
9.	Printing and Stationery	1983-84 to 1985-86, 1989-90 to 1991-92, 1997-98, 1999-2000 to 2001-02	18-Stationery & Printing	35,78,476	-do-
		Total		697,38,14,688	

APPENDIX 2.8

Cases where supplementary provision (₹ 10 lakh or more in each case) proved unnecessary

(Reference: Paragraph 2.3.8; 49)

(₹ in lakh)

Sl. No.	Number & name of Grant	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
1.	6- Land Revenue, Relief on account of Natural Calamities, etc. Revenue – Voted	2496.50	1922.85	573.65	266.37
2.	10 - Taxes on Vehicles etc. Revenue - Voted	2311.00	2239.31	71.69	82.50
3.	11- Other Taxes and Duties on Commodities and Services etc. Capital – Voted	2377.10	2310.46	66.64	422.80
4.	13- Secretariat General Services etc. Revenue – Voted	8062.50	7514.23	548.27	97.26
5.	19 – Secretariat General Services, etc. Revenue – Voted	15055.52	14440.20	615.32	1253.41
6.	Capital – Voted	5980.76	3953.29	2027.47	542.00
7.	21- Miscellaneous General Services, General Education etc. Revenue – Voted	88713.73	75902.45	12811.28	12244.92
8.	27- Water Supply and Sanitation, Housing, etc. Capital – Voted	9564.00	8923.72	640.28	759.66
9.	31- Labour & Employment etc. Revenue - Voted	1897.24	1693.60	203.64	384.82
10.	34- Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes, etc. Revenue – Voted	19534.16	13166.65	6367.51	537.86
11.	39- Co-operation, Capital Outlay on Co-operation, etc. Revenue – Voted	1671.54	1293.46	378.08	208.70
12.	Capital – Voted	718.95	445.25	273.70	27.00
13.	40- North Eastern Areas, Capital Outlay on North Eastern Areas Revenue – Voted	5461.00	1482.20	3978.80	428.93
14.	43- Housing, Crop Husbandry, Agricultural Research and Education, etc. Capital – Voted	9165.00	8222.24	942.76	1554.00
15.	50- Forestry and Wildlife, Agricultural Research and Education, etc. Revenue – Voted	9916.46	6968.20	2948.26	662.47
16.	54- Village and small Industries, Capital Outlay on Housing, etc. Revenue – Voted	2198.40	1902.85	295.55	69.93
17.	56- Roads and bridges, Capital Outlay on Roads and Bridges. Revenue – Voted	10847.98	8515.88	2332.10	200.00
	Total	195971.84	160896.84	35075.00	19742.63

APPENDIX 2.9

Injudicious re-appropriation resulted in savings/excess of over ₹ 1 crore

(Reference: Paragraph 2.3.9; Page 50)

(₹ in crore)

Sl. No.	Grant Number	Description	Head of Account	Re-appropriation	Excess (+) Savings (-)	
1.	9	101 – Collection of charges (01) – District Level Officers Sixth Schedule (Part-II) Areas	2040	(+) 0.02	(+) 1.32	
2.	11	800 – Other Loans to Electricity Boards (04) – Non Lapsable Central Pool of Resources Sixth Schedule (Part-II) Areas	6801	(+) 6.52	(-) 2.00	
3.	14	093 – District Establishments (01) – DC's Establishment Sixth Schedule (Part-II) Areas	2053	(-) 0.07	(+) 1.06	
4.		094 – Other Establishments (01) – Sub Divisional Establishment – Sixth Schedule (Part-II) Areas		(+) 0.07	(+) 1.07	
5.	19	80 – General - 001 -Direction and Administration (01) Chief Engineer and his General Establishment (Roads) – General	2059	(+) 0.83	(-) 1.73	
6.		80 – General – 001 - Direction and Administration (04) Superintending Engineers and their establishments (Roads) – General		(+)0.13	(-) 1.55	
7.		80 – General - 001 - Direction and Administration (07) Divisional and Subordinate Offices (Roads) Sixth Schedule (Part-II) Areas		(+) 0.42	(-) 9.36	
8.		052 – Machinery and Equipment (03) R/c of T&P etc. – Sixth Schedule (Part II) Areas		(-) 0.64	(-) 6.09	
9.		80 – General - 051 – Construction (01) Functional Non-Residential Buildings under General Services General		(-) 0.22	(-) 1.07	
10.		80 – General - 051 – Construction (01) Functional Non-Residential Buildings under General Services Sixth Schedule (Part-II) Areas		4059	(-) 0.64	(-) 1.02
11.		800 – Other Expenditure (18) Non-Lapsable Central Pool of Resources – General		2202	(-) 2.88	(-) 11.61
12.	800 – Other Expenditure (08) 12 th /13 th Finance Commission Award – General	(-) 6.86	(-) 1.07			
13.	03 – University & Higher Education – 104 – Assistance to Non-Government Colleges and Institutes (01) Expenditure on Colleges Under Deficit System – General	(+) 6.59	(-) 4.79			
14.	80 – General – 003 – Training- (22) Expenditure on Trainees in Basic Training Centres Sixth Schedule (Part II) Areas	(+) 0.17	(-) 1.31			
15.	80 – General - 003 – Training (01) Directorate (SCERT) - General	(+) 0.02	(-) 1.65			
16.	80 – General - 003 – Training (21) Basic Training Centres including Guru Training Sixth Schedule (Part-II) Areas.	(+)0.10	(+) 1.25			
17.	104 – Sports and Games (04) Construction of Outdoor and Indoor Stadium Sixth Schedule (Part-II) Areas	2204	(-) 0.70		(-) 1.19	

Sl. No.	Grant Number	Description	Head of Account	Re-appropriation	Excess (+) Savings (-)
18.	43	800 – Other Expenditure (07) Macro Management of Agriculture - New Innovations - General	2401	(+) 0.50	(-) 2.05
19.		80 – General - 001 – Direction and Administration (02) District Offices Sixth Schedule (Part-II) Areas		(+) 0.21	(-) 3.17
20.		80 – General - 001 – Direction and Administration (02) Establishment of Division & Sub-Division (Minor I Works) Sixth Schedule (Part-II) Areas	2702	(-) 0.05	(+) 1.43
21.	48	102 – Dairy Development Projects (09) Assistance to Dairy Co-operative Societies Sixth Schedule (Part-II) Areas	2216	(-) 0.17	(-) 2.43
22.	50	01 – Forestry - 001 – Direction and Administration (09) Twelfth Finance Commission Award for maintenance of Forests – Sixth Schedule (Part-II) Areas	2406	(-) 1.05	(-) 3.81
23.		102 – Social and Farm Forestry (04) Social Forestry Sixth Schedule (Part-II) Areas		(+) 1.02	(-) 1.20
24.	56	04 – District and Other Roads - 800 – Other Expenditure (11) Completion of critical ongoing and Spillover Schemes Sixth Schedule (Part-II) Areas	5054	(-) 16.54	(-) 32.86
25.		04 – District and Other Roads - 800 – Other Expenditure (02) Externally aided Project under Asian Development Bank Sixth Schedule (Part-II) Areas		(-) 4.67	(-) 13.85
26.		04 – District and Other Roads - 800 – Other Expenditure (21) Project undertaken under Special Plan Assistance Sixth Schedule (Part-II) Areas		(+) 28.05	(-) 93.87
27.		04 – District and Other Roads - 800 – Other Expenditure (03) Construction of Rural Road Sixth Schedule (Part-II) Areas		(-) 8.04	(+) 54.72

APPENDIX 2.10

Results of review of substantial surrenders made during the year

(Reference: Paragraph 2.3.11 ; Page 50)

(₹ in lakh)

Sl. No.	Number and title of Grant/Appropriation	Name of the Scheme (Head of Account)	Amount of surrender	Percentage of Surrender	Reasons attributed for surrender
1.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, New and Renewable Energy, etc.	Survey and Investigation (2801)	261.00	100	Non-receipt of sanction
2.	21 – Miscellaneous General Services, General Education, Technical Education, Sports and Youth Services, Art & Culture, etc.	Strengthening of College (2202)	150.00	100	Non-implementation of the scheme
3.		Non-Lapsable Central pool of Resources (2202)	1560.00	100	Non-implementation of the scheme
4.		Non-Lapsable Central Pool of Resources (2217)	100.00	100	Non-release of fund by GOI
5.		Construction of Flyover in Shillong (4217)	850.00	100	Revision of Plan outlay
6.	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development, Loans for Urban Development	Development of Satellite Township for Shillong (4217) – Sixth Schedule (Part II) Areas	3000.00	100	Non-earmarking of Satellite Township
7.		Development of Satellite Town Ship for Shillong (4217) - General	500.00	100	Release of fund directly to implementing agency
8.		Provision for Land Acquisition (4217)	100.00	100	Revision of Plan outlay
9.	39 – Co-operation, Capital Outlay on Co-operation, Capital Outlay on other Agricultural Programmes, Loans for Co-operation	Assistance for revival and restructuring of credit structures in the State (2425)	500.00	100	Non-implementation of the scheme
10.	40- North Eastern Areas, Capital Outlay on North Eastern Areas	Control of Siltation and Pollution of Umiam Lake (2552)	100.00	100	Non-receipt of sanction from the GOI
11.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Minor Irrigation, Capital Outlay on Housing, Capital Outlay on Crop Husbandry, etc.	Macro Management of Agriculture Seed Production Programmes (2401)	450.00	100	Non-receipt of administrative approval
12.		Schemes/Macro Management for Promotion of Agricultural Mechanisation (2401)	420.00	100	Non-receipt of administrative approval
13.		National Project on Organic Farming Scheme (2401)	180.00	100	Non-receipt of administrative approval
14.	49 – Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, Capital Outlay on Fisheries	Agriculture Development for one thousand ponds (2405)	383.11	100	Economy cut
15.	Appropriation – Loans and Advances from the Central Government	Repayment of Advance Special Plan Assistance (6004)	109.00	100	Repayment done at source
Total			8663.11		

APPENDIX 2.11

Surrender in excess of Actual savings

(Reference: Paragraph 2.3.12; Page 51)

(₹ in lakh)

Sl No.	Number and Name of Grant/Appropriation	Total Grant	Saving	Amount surrendered	Amount surrendered in excess
1.	11-Other Taxes and Duties <i>etc.</i> Revenue – Voted	28542.90	16928.52	17043.96	115.44
2.	16-Police, Other Administrative Services, <i>etc.</i> Capital - Voted	1250.00	564.25	567.38	3.13
3.	18-Stationery & Printing Capital Outlay on Stationery & Printing Capital outlay on Housing Revenue - Voted	1670.72	49.56	92.06	42.50
4.	22-Other Administrative Services <i>etc.</i> Revenue – Voted	3110.46	847.68	858.23	10.55
5.	23 – Other Administrative Services Revenue - Voted	213.00	67.47	91.81	24.34
6.	27-Water Supply & Sanitation <i>etc.</i> Revenue – Voted	10694.46	99.71	163.83	64.12
7.	28-Housing, Capital outlay on Housing, Loans for Housing Revenue – Voted	1208.03	100.67	187.60	86.93
8.	29- Urban Development, Capital Outlay on Housing, <i>etc.</i> Capital – Voted	10154.50	9598.09	9598.12	0.03
9.	30-Information and Publicity Revenue - Voted	1474.36	69.32	100.34	31.02
10.	34-Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes, <i>etc.</i> Capital – Voted	1400.00	814.00	854.00	40.00
11.	38-Secretariat Economic Services Revenue - Voted	8846.50	452.16	482.63	30.47
12.	39-Co-operation, Capital outlay on Cooperation, Capital outlay on other Agriculture Programmes, Loans for Co-operation Revenue - Voted	1880.24	586.78	606.95	20.17
13.	46-Special Programme for Rural Development Revenue – Voted	3772.70	29.38	112.58	83.20
14.	53-Village and Small Industries, <i>etc.</i> Revenue – Voted	5015.65	344.64	430.32	85.68
15.	55-Non-ferrous Mining and Metallurgical Industries, Capital outlay on Housing, <i>etc.</i> Revenue - Voted	6494.01	36.48	93.57	57.09
	Total	85727.53	30588.71	31283.38	694.67

APPENDIX 2.12

Statement of various grants/appropriations in which savings occurred but no part of which had been surrendered

(Reference: Paragraph 2.3.13; Page 51)

			(₹ in crore)
Sl. No.	Grant No.	Name of Grant/Appropriation	Saving
1.	1	Parliamentary/State/Union Territory Legislature, Stationery and Printing, Capital Outlay on Stationery and Printing Revenue – Charged	0.71
2.	2	Governor Revenue – Charged	0.10
3.	4	Administration of Justice Revenue – Charged	2.70
4.	5	Elections Revenue - Voted	2.06
5.	10	Taxes, on Vehicles, Other Administrative Services, etc., Road Transport, Capital Outlay on Civil Aviation, Capital Outlay on Road Transport Capital – Voted	3.49
6.	12	Other Fiscal Services Revenue - Voted	0.09
7.	17	Jails Revenue – Voted	1.82
8.	19	Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, Capital Outlay on Education, Capital Outlay on Medical and Public Health, Capital Outlay on Housing Revenue – Charged	0.06
9.	20	Other Administrative Services, Capital Outlay on Public Works Revenue – Voted	0.48
10.	26	Medical and Public Health, etc. Capital – Voted	5.20
11.	40	North Eastern Areas (Special Areas Programmes) Capital outlay on North Eastern Areas Capital – Voted	8.68
12.	41	Census, Survey and Statistics Revenue – Voted	1.88
13.	42	Housing, Other General Economic Services Revenue – Voted	1.66
14.	43	Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Minor Irrigation, Capital Outlay on Housing, Capital Outlay on Crop Husbandry, Investments in Agricultural Financial Institutions, Capital Outlay on Minor Irrigation Capital – Voted	24.97
15.	51	Housing, Crop Husbandry, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, Capital Outlay on Housing, Capital Outlay on Other Rural Development Programmes Revenue – Voted	6.79
16.		Capital – Voted	0.11
17.	56	Roads and Bridges, Capital Outlay on Roads and Bridges Revenue – Voted	25.32
18.		Capital - Voted	51.20
19.	57	Tourism, Capital Outlay on Public Works, Capital Outlay on Tourism, Loans for Tourism Revenue – Voted	3.63
20.		Capital – Voted	0.37
Total			141.32

APPENDIX 2.13

Details of saving of ₹ 1 crore and above not surrendered

(Reference: Paragraph 2.3.13 ; Page 51)

(₹ in crore)

Sl. No.	Number and Name of Grant/Appropriation	Saving	Surrender	Saving which remained to be surrendered
1.	10 – Taxes on vehicles, other Administrative Services, Road Transport, Capital outlay on Civil Aviation, Capital outlay on Road Transport. Revenue – Voted	1.54	0.29	1.25
2.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, etc. Capital – Voted	4.89	2.89	2.00
3.	13 – Secretariat General Services, Secretariat Social services, Secretariat Economic Services, Capital outlay on other communication services. Revenue – Voted	6.46	5.06	1.40
4.	16 – Police, Other Administrative Services, Housing, Capital outlay on Police. Revenue – Voted	16.16	14.45	1.71
5.	19 – Secretariat General Services, Public works, Housing, etc. Revenue – Voted	18.69	0.56	18.13
6.	Capital – Voted	25.69	22.67	3.02
7.	21 – Miscellaneous General Services, General Education, Technical Education, Sports and Youth Services, etc. Revenue – Voted	250.56	39.34	211.22
8.	31 – Labour and Employment Revenue – Voted	5.88	0.36	5.52
9.	34 – Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes, Social Security and Welfare, etc. Revenue – Voted	69.05	47.18	21.87
10.	40 – North Eastern Areas, Capital outlay on North Eastern Areas. Revenue – Voted	44.08	15.65	28.43
11.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Minor Irrigation, etc. Revenue – Voted	51.89	47.90	3.99
12.	44 – Medium Irrigation, Flood Control and Drainage, Capital Outlay on Medium Irrigation, etc. Capital – Voted	2.02	0.47	1.55
13.	47 – Housing, Animal Husbandry, Agricultural Research and Education Revenue – Voted	9.60	0.33	9.27
14.	48 – Housing, Dairy, Development Revenue – Voted	2.49	0.13	2.36
15.	50 – Forestry and Wildlife, Agricultural Research and Education, Capital outlay on Forestry and Wildlife Revenue – Voted	36.11	28.53	7.58
16.	Appropriation – Interest Payments Revenue – Voted	9.64	3.56	6.08
	Total	554.75	229.37	325.38

APPENDIX 2.14

Cases of surrender of funds in excess of ₹ 1 crore on 31 March 2011

(Reference: Paragraph 2.3.13 ; Page 51)

(₹ in crore)				
Sl. No.	Grant No. & Name	Head of Account	Amount surrendered	Percentage of total provision
1.	6 – Land Revenue	2029,2245, 2250	7.56	27
2.	8 – State Excise	2039	2.17	16
3.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, etc.	2045, 2501, 2801, 2810	170.44	60
4.		6801	2.89	10
5.	13 – Secretariat General Services, Secretariat Social Services, Secretariat Economic Services, etc.	2052, 2251, 3451	5.06	6
6.	16 – Police, other Administrative Services etc.,	2055, 2070, 2216	14.45	4
7.		4055	5.67	45
8.	19 – Secretariat General Services, Public works, Housing, Capital outlay on Public works, Capital Outlay on Education, Sports, Art and Culture, Capital Outlay on Medical and Public Health, Capital Outlay on Housing	4059, 4202, 4216	22.67	35
9.	21 – Miscellaneous General Services, General Education, Technical Education, Sports and Youth Services, etc.	2075, 2202, 2203, 2204, 2205, 3425, 3454	39.34	4
10.	22 – Other Administrative Services., Housing	2070, 2216, 3454	8.58	28
11.	24 – Pension and Other retirement benefits	2071	22.39	11
12.	27 – Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, Capital Outlay on Housing	2215, 2216	1.64	2
13.		4215, 4216	13.59	13
14.	28 – Housing, Capital outlay on Housing, Loans for Housing	2216	1.88	16
15.	29 – Urban Development, Capital outlay on Housing, Capital outlay on Urban Development, etc.	2217	24.34	45
16.		4216, 4217	95.98	95
17.	30 – Information and Publicity	2220	1.00	7
18.	34 – Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes, etc.	2225, 2235, 2236	47.18	24
19.		4235	8.54	61
20.	38 – Secretariat Economic Services	3451	4.83	5
21.	39 – Co-operation, Capital Outlay on Co-operation, Capital Outlay on other Agricultural Programmes, Loans for Co-operation	2425	6.07	32
22.		4425, 4435, 6425	3.00	40
23.	40 – North Eastern Areas, Capital outlay on North Eastern Areas	2552	15.65	27
24.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Minor Irrigation, etc.	2216, 2401, 2415, 2435, 2702	47.90	17
25.	45 – Housing, Soil, and Water Conservation, Agricultural Research and Education	2216, 2402, 2415	6.47	4

Sl. No.	Grant No. & Name	Head of Account	Amount surrendered	Percentage of total provision
26.	46 – Special Programmes for Rural Development	2501	1.13	3
27.	49 – Housing, Fisheries, Agricultural Research and Education, Capital outlay on Housing, Capital outlay on Fisheries	2216, 2405, 2415	7.96	14
28.	50 – Forestry and Wildlife, Agricultural Research and Education, Capital outlay on Forestry and Wildlife	2406, 2415	28.53	27
29.	52 – Industries, Capital Outlay on Cement, Capital Outlay on Industries and Minerals, Other Loans to Industries and Minerals	4854, 4885	2.68	10
30.	53 –Village and Small Industries, Capital Outlay on Village and Small Industries, Loans for Village and Small Industries	2851	4.30	9
31.	54 – Housing, Village and Small Industries, Capital Outlay on Housing, <i>etc.</i>	2851	3.63	16
32.	Appropriation – Interest Payment	2049	3.56	1
33.	Appropriation – Internal Debt of the State Government	6003	37.27	24
34.	Appropriation – Loans and Advances from the Central Government	6004	1.43	7
	Total		669.78	

APPENDIX 2.15

Position of un-reconciled expenditure

(Reference: Paragraph 2.4.2 ; Page 53)

(₹ in crore)

Sl. No.	Controlling Officers	Number of Head of Accounts involved	Amount not reconciled
1.	Registrar of Co-operative Societies	2425	12.93
		4425	4.25
2.	Directorate Technical Education and Director of Sports	2203	759.02
		2202	
3.	Directorate of Community & Rural Development	2216	204.19
		4216	
		2515	
		2415	
4	Directorate of Border Area	2501	37.43
5.	Director of Social Welfare	4235	1.88
		2235	0.68
6.	Directorate of Industries & Director of Mineral Resources	2851	31.59
		2852	
		2853	
7.	Directorate of Animal Husbandry & Veterinary	2403	61.99
		2404	8.34
		2415	2.69
8.	Chief Election Officer	2015	11.93
9.	Director General of Police	2055	204.78
10.	Secretary, Legislative Assembly	2011	32.85
11.	Director of Printing & Stationery	2058	16.86
12.	Secretary, Law Department	2014	8.49
13.	Secretary, District Administration	2053	19.49
14.	Chief Engineer PWD(Building), Shillong	2059	28.71
		4059	28.64
		4202	8.92
		4216	1.97
		2216	4.98
15.	Chief Engineer PWD(Roads), Shillong	2059	138.08
		3054	84.76
		5054	23.35
		4552	38.43
		2711	0.81
		4711	1.98
16.	Chief Engineer Irrigation & Water Resources, Shillong	2216	7.86
		2702	34.84
		4216	0.40
		2401	0.75
		4401	1.09
		4702	80.58
17.	Director of State Lotteries	2075	0.64
18.	Director of Land Records & Excise	2245	9.31
		2029	9.92
19.	Commissioner of State Excise	2039	10.12
20.	Commissioner of Labour	2230	16.93
21.	Director of Fisheries	4405	46.95
		2405	
		2415	
22.	Director of Agriculture	4401	1.09
		2401	193.42
		2435	4.69
		2415	3.37
23.	Controller Weight & Measures	3475	2.66
24.	Commissioner of Transport	2041	10.07
		2070	

Sl. No.	Controlling Officers	Number of Head of Accounts involved	Amount not reconciled
25.	Estate Officer, Meghalaya, Shillong	2216	6.30
26.	Director of Information & Public Relation	2220	14.05
27.	Director of Civil Aviation & Transport	5055	2.16
28.	Director of Economic & Statistic	3454	8.87
29.	Secretary, Planning	3451	83.94
	Total		2333.26

APPENDIX 3.1
Utilisation Certificates outstanding as on 31 March 2011

(Reference: Paragraph 3.1; Page 65)

(₹ in lakh)

Sl. No.	Department	Year of payment of Grant	Total Grants Paid		Utilisation Certificates			
			Amount	Number of Utilisation Certificates required	Received		Outstanding	
					Number	Amount	Number	Amount
1.	Co-operative Societies	2005-06	485.11	321	308	474.69	13	10.42
		2006-07	385.90	361	334	377.80	27	8.10
		2007-08	446.08	654	542	412.42	112	33.66
		2008-09	491.10	570	329	275.52	241	215.58
		2009-10	427.50	445	143	203.69	302	223.81
2.	Directorate of Commerce and Industries, Meghalaya, Shillong	1994-95	12.52	2	Nil	Nil	2	12.52
		1995-96	6.00	1	Nil	Nil	1	6.00
		1998-99	1.37	1	Nil	Nil	1	1.37
		2000-01	7.08	1	Nil	Nil	1	7.08
		2008-09	778.37	3	Nil	Nil	3	778.37
		2009-10	813.00	2	Nil	Nil	2	813.00
3.	Education	2003-04	69.39	1	Nil	Nil	1	69.39
4.	Director of Sports & Youth Affairs	2004-05	322.00	14	Nil	Nil	14	322.00
		2005-06						
		2008-09	30.25	3	Nil	Nil	3	30.25
5.	Director of Urban Affairs	2007-08	239.32	1	Nil	Nil	1	239.32
		2008-09						
		2009-10	15.00	1	Nil	Nil	1	15.00
6.	Forest	2000-01	3.52	1	Nil	Nil	1	3.52
		2001-02	2.92	1	Nil	Nil	1	2.92
		2002-03	1.34	1	Nil	Nil	1	1.34
		2003-04	0.67	1	Nil	Nil	1	0.67
		2004-05	28.00	2	Nil	Nil	2	28.00
		2005-06	40.42	4	Nil	Nil	4	40.42
		2006-07	48.63	4	Nil	Nil	4	48.63
		2007-08	5.10	4	Nil	Nil	4	5.10
		2008-09	19.56	1	Nil	Nil	1	19.56
		2009-10	5.50	1	Nil	Nil	1	5.50
7.	Community & Rural Development	2006-07	2.50	1	Nil	Nil	1	2.50
		2007-08	2.50	1	Nil	Nil	1	2.50
		2008-09	3.69	1	Nil	Nil	1	3.69
		2009-10	5.38	1	Nil	Nil	1	5.38
8.	Transport	1988-89	0.50	1	Nil	Nil	1	0.50
9.	Border Area	2001-02	2.44	1	Nil	Nil	1	2.44
10.	Shillong Municipal Board	June 2009-December 2009	9.38	1	Nil	Nil	1	9.38
		-do-	0.69	1	Nil	Nil	1	0.69
		-do-	3.82	1	Nil	Nil	1	3.82
11.	District Council Affairs	1981-82 to 1984-85	116.79	3	3	9.86	3	106.93
		1995-96	270.00	3	3	1395.19	3	26.81
		1996-97	292.00					
		1997-98	410.00					
		1998-99	450.00	3	3	2166.53	3	392.95
		2000-01 to 2004-05	2559.48					
		2007-08	0.50					
		2008-09	2.39					
2009-10	92.66	3	3	Nil	3	92.66		
-do-	26.81	1	1	Nil	1	26.81		
Total			8937.18					3621.48

APPENDIX 3.2
Statement showing names of bodies and authorities, the accounts of which had not been received

(Reference: Paragraph 3.2; Page 66)

(₹ in lakh)

Sl. No.	Name of the body/authority	Years for which accounts had not been received	Grants received	
			Year	Amount
1.	Chairman, Meghalaya State Social Welfare Advisory Board	2008-09 to 2010-11	2007-08	86.45
2.	Secretary, State Sports Council	2008-09 to 2010-11	2008-09	1387.17
3.	Meghalaya State Pollution Control Board, Shillong	2004-05 to 2010-11	2008-09	120.00
4.	Chief Executive Officer Municipality, Shillong	2009-10 to 2010-11	2009-10	853.97
5.	District Rural Development Agency, Tura	2007-08 to 2010-11	2006-07	7411.43
6.	District Rural Development Agency, Williamnagar	2008-09 to 2010-11	2007-08	1984.16
7.	District Rural Development Agency, Nongpoh	2009-10 to 2010-11	2008-09	1926.58
8.	Meghalaya State Agricultural Marketing Board, Shillong	2009-10 to 2010-11	2008-09	25.00
9.	District Rural Development Agency, Nongstoin	2006-07 to 2010-11	2006-07	1274.89
10.	Managing Director Economic Development Society, Tura	1996-97 to 2010-11	2007-08	35.00
11.	Secretary, Ramakrishna Mission Ashrama, Cherrapunjee	2004-05 to 2010-11	2008-09	667.35
12.	District Rural Development Agency, Shillong	2004-05 to 2010-11	2003-04	1241.20
13.	Project Executive, District Rural Development Agency, Shillong	1995-96 to 2010-11	-	-
14.	District Rural Development Agency, Jowai	2010-11	2009-10	2252.39
15.	Secretary, Meghalaya Urban Development Authority, Shillong	2008-09 to 2010-11	2007-08	1283.31
16.	Secretary, Seva Bharti A.S. Mandir Building, Shillong	New	2006-07	15.94
17.	Meghalaya Commercial crop Development Board, Shillong	2008-09	2008-09	25.00
18.	North Eastern Region Community Resource Management Project (NERCORMP), Shillong	2010-11	2009-10	740.76
19.	Meghalaya State Housing Board	1991-92 to 2010-11	2000-01	1789.60
20.	Jowai Municipal Board	New	2006-10	71.93
21.	Tura Municipal Board	New	2006-10	160.32
22.	Williamnagar Municipal Board	New	2006-10	60.04
23.	Baghmara Municipal Board	New	2006-10	46.04
24.	Resubelpara Municipal Board	New	2006-10	59.97
25.	State Institute of Rural Development (SIRD), Nongsder, Meghalaya	New	2008-09	196.41
26.	State Investment Programme Management and Implementation Unit (SIPMIU), Meghalaya, Shillong	2010-11	2010-11	387.85
27.	Secretary, Meghalaya Supervision and Cadre Management Co-operative	1993-94 to 2010-11	-	-
28.	Registrar of Co-operative Societies Meghalaya, Shillong	1998-99 to 2010-11	2007-08	239.60
29.	Director of Industries	1989-90 to 2010-11	2007-08	430.05
30.	Director of Health Services(MI) Shillong	1989-90 to 2010-11	2008-09	450.00
31.	Special Commissioner and Special Secretary to the Government of Meghalaya(Power Deptt)	1994-95 to 2010-11	-	-
32.	Director of Meghalaya Non-Conventional and Rural Energy Development	1999-2000 to 2010-11	-	-
33.	Director, Meghalaya and Khadi and Village Industries Commission	2009-10 to 2010-11	2010-11	574.93
34.	Director of Urban Development, Shillong	1.2.2000 to 2010-11	-	-
35.	Director of Higher and Technical Education	2004-05 onwards	-	-
	Total			25797.34

APPENDIX 3.3

Department wise /duration wise break-up of the cases of misappropriation, defalcation, etc.

(Cases where final action pending at the end of March 2011)

(Reference: Paragraph 3.4; Page 67)

							(₹ in lakh)
Name of the Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 Years to more	Total No. of cases
Public Works	1 (3.80)	1 (0.20)		1 (1.78)	1 (0.22)	3 (2.95)	7 (8.95)
Health and Family Welfare	1 (0.65)	1*	1 (4.94)	1 (0.27)	1*		2*+3 (5.86)
Home (Police)						1 (0.18)	1 (0.18)
Agriculture			1 (0.23)			1 (0.44)	2 (0.67)
Public Health Engineering	2 (0.59)	2 (1.28)	31 (2.35)		22 (3.36)		57 (7.58)
Legislative Assembly				1 (3.34)			1 (3.34)
Finance	1 (1.20)	1 (86.50)		1 (0.92)		1 (15.74)	4 (104.36)
Forest	1*			1 (2.14)			1*+1 (2.14)
Mining			1 (16.55)				1 (16.55)
Soil Conservation				1 (2.17)			1 (2.17)
Community and Rural Development			1 (3.03)				1 (3.03)
Printing and stationery		1 (0.25)					1 (0.25)
Labour	1 (0.66)						1 (0.66)
Land Record and Survey	1 (1.56)						1 (1.56)
Horticulture	1 (21.06)						1 (21.06)
	1*+8 (29.52)	1*+5 (88.23)	35 (27.10)	6 (10.62)	1*+23 (3.58)	6 (19.31)	3*+83 (178.36)

(Figures in brackets indicate ₹ in lakh)

* Amount not intimated.

