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

for the year ended 31 March 2017



GOVERNMENT OF MEGHALAYA
Report No. 1 of 2018

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PREFACE

This Report has been prepared for submission to the Governor of Meghalaya 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 2017.

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 Sector are presented separately.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Report

Based on the audited accounts of the Government of Meghalaya for the year ended March 2017, this Report provides an analytical review of the finances of the State Government. The Report has three Chapters:

Chapter 1 is based on the Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2017. It broadly presents and analyses the State Government's resources and their applications.

Chapter 2 is based on audit of Appropriation Accounts and reviews the allocative priorities of the State Government and the manner in which the allocated resources were managed by various Departments.

Chapter 3 gives an overview and status of the State Government's compliance with various financial rules, procedures and directives during 2016-17.

2 Audit Findings

2.1 Finances of the State Government

The fiscal position of the State are viewed in terms of key fiscal parameters – revenue surplus, fiscal deficit, primary deficit. There was a revenue surplus of ₹ 602.41 crore during 2016-17. The revenue surplus was utilised to partially finance the capital expenditure of ₹ 1289.80 crore during the year. The fiscal deficit as well as primary deficit of the State had increased significantly during 2016-17 compared to previous year.

The prevalence of fiscal deficit during 2012-17 indicated continued reliance of the State on borrowed funds, resulting in increasing the fiscal liabilities of the State over the period 2012-17. Fiscal liabilities increased by 25.56 *per cent* during 2016-17 compared to previous year. The fiscal liabilities during 2016-17 stood at 30.38 *per cent* of the GSDP during the current year against 27.77 *per cent* during 2015-16 and exceeded the limit of total outstanding Debt-GSDP ratio projected in Medium Term Fiscal Plan (24.57 *per cent*) for the year. The Debt-Repayment as a percentage of Tax Revenue ranged between 173.75 *per cent* and 242.66 *per cent* during 2012-17.

The Central tax transfers comprising State's share of Union taxes and duties from the Government of India continued to be key in the increase in revenue receipts of the State. The central tax transfers increased by 228 *per cent* during 2012-17 and constituted 43.75 *per cent* of the revenue receipts of the State during 2016-17. The State's own resources (tax and non-tax revenue) during 2012-17 increased

by 45.57 *per cent* and constituted only 20.93 *per cent* of the revenue receipts (₹ 1871.25 crore) during 2016-17.

The State could not meet the targets set by the 14th FC as the tax revenue receipts fell short of normative assessment made by 14th FC by 29.78 *per cent* and the non-tax revenue was 4.03 *per cent* lower than the target of 14th FC.

The expenditure pattern of the State revealed that the revenue expenditure as a percentage of total expenditure hovered around 86 *per cent* during the period (2012-17) leaving inadequate resources for expansion of services and creation of assets. The revenue expenditure of the State increased by 31.33 *per cent* from ₹ 6347.73 crore in 2015-16 to ₹ 8336.54 crore in 2016-17.

Capital outlay during 2016-17 (₹ 1289.80 crore) increased by ₹ 178.91 crore (16.11 *per cent*) over previous year and fell short by 5.20 *per cent* (₹ 70.73 crore) of the projection (₹ 1360.53 crore) made by the State Government in its budget estimates for the year. Share of Capital Outlay to total expenditure during 2014-17 decreased from 15.06 *per cent* (2014-15) to 13.36 *per cent* (2016-17) despite three fold increase in the Central Tax Transfer during the same period from ₹ 1381.69 crore (2014-15) to ₹ 3911.05 crore (2016-17).

The average return on Meghalaya Government's investments in Statutory Corporations, Government Companies and Co-operative Societies was less than one *per cent* during 2012-17, whereas the average interest payment on Government borrowings was in the range of 6.22 to 6.70 *per cent*.

Therefore, it is recommended that the State Government may review the working of the units which were incurring losses and take appropriate action to avoid further financial burden on the Government.

(Chapter 1)

2.2 Financial Management and Budgetary Control

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

The overall saving of ₹ 2073.44 crore was the result of saving of ₹ 2241.50 crore in 50 Grants under Revenue Section, 23 Grants and two Appropriations under Capital Section. This was offset by excess of ₹ 168.06 crore in four Grants under Revenue Section and two Grants under Capital Section.

There was excess expenditure over the budget allocation amounting to ₹ 1974.87 crore pertaining to the years from 1971-72 to 2015-16 which was yet to be regularised as of December 2017. The cases of excess expenditure over grants are a serious matter and are in violation of the will of the Legislature. It is important that responsibility is fixed in this regard to discourage this practice.

Supplementary provision aggregating ₹ 357.13 crore obtained in 29 cases proved to be unnecessary as the actual expenditure (₹ 2874.54 crore) was less than the original provision (₹ 3806.83 crore) by ₹ 932.29 crore, thus depriving the provision of funds to the needy departments.

Out of the total savings of ₹ 2073.44 crore, ₹ 1604.97 crore (77.41 per cent) was surrendered during the year and the balance savings of ₹ 468.47 crore (22.59 per cent) remained un-surrendered.

There were also instances of inadequate provision of funds and unnecessary/excessive re-appropriations. In many cases, the anticipated savings were not surrendered. All this shows that budgetary procedure and expenditure control of the Government was weak.

(Chapter 2)

2.3 Financial Reporting

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

There were delays in furnishing utilisation certificates for grants given by Government departments. Delays also figured in submission of annual accounts by some autonomous bodies. There were also 74 instances of loss and misappropriation.

(Chapter 3)

Recommendations

It is recommended that:

Greater priority to capital expenditure: The State needs to give more priority to capital expenditure and ensure that it increases over the years.

Government investments: State Government may review the working of the units which were incurring losses and take appropriate action to avoid further financial burden on the Government.

Financial management and budgetary control: The budget should be more realistic and cases of persistent non-utilisation of funds, excessive provision of funds should be avoided. Anticipated savings should be surrendered early so that there is sufficient scope for utilising these for other development purposes.

Regularisation of excess expenditure over appropriation: The cases of excess expenditure over grants are a serious matter and should be avoided.

Financial reporting: There is a need to ensure that utilisation certificates are submitted by recipient of grants within the prescribed time. Departmental enquiries in all misappropriation cases should be expedited and internal controls strengthened to prevent such cases.

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

CHAPTER I

Finances of the State Government

Profile of Meghalaya

Meghalaya, a Special Category State, is situated in the North-Eastern region of India and is bound in the north and east by Assam and in the south and west by Bangladesh. As indicated in **Appendix 1.1 (Part-D)**, the State's population increased from 23,18,822 in 2001 to 29,66,889 in 2011 recording a decadal growth of 27.95 *per cent*. The percentage of population below the poverty line of the State (11.90 *per cent*) was 10.00 *per cent* less than the all India average (21.90 *per cent*). The State's Gross Domestic Product (GSDP) in 2016-17 at current prices was ₹ 29,567 crore. The State's literacy rate increased from 62.56 *per cent* (2001) to 74.40 *per cent* (as per 2011 census). General data relating to the State is given in **Appendix 1.1 (Part-D)**.

Gross State Domestic Product

Gross State Domestic Product (GSDP) is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important indicator of the State's economy as it indicates the standard of living of the State's population. The trends in the annual growth of India's GDP *vis-à-vis* State's GSDP at current prices are indicated below:

Table 1.1 : Trends in Gross State Domestic Product

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
India's GDP (₹ in crore)	99,44,013	1,12,33,522	1,24,45,128	1,36,82,035	1,51,83,709
Growth rate of GDP (<i>per cent</i>)	13.82	12.97	10.79	9.94	10.98
Gross State Domestic Product (₹ in crore)	21,872	22,938	23,235	25,767	29,567 [#]
Growth rate of GSDP (<i>per cent</i>)	9.81	4.87	1.29	10.90	14.75

Source: For GSDP, the information as available on Ministry of Statistics and Program Implementation website as on 01 August 2017 (based on new base year 2011-12).

GSDP figures for 2016-17 as per the Directorate of Economics and Statistics, Government of Meghalaya.

As per GSDP series, there was a fluctuating trend in the growth rate of GSDP. The GSDP increased from ₹ 25,767 crore in 2015-16 to ₹ 29,567 crore in 2016-17, representing an increase of 14.75 *per cent*. The GSDP during 2016-17 also fell short of the assessment (₹ 30,012 crore) made by the Fourteenth Finance Commission (14th FC) by 1.48 *per cent*. The growth of GSDP during 2016-17 at 14.75 *per cent* exceeded the assessment of the 14th FC (12.22 *per cent*). The average compound annual growth rate in respect of GSDP for Meghalaya between 2007-08 and 2016-17 was 13.14 *per cent* which is less than the all India average (14.20 *per cent*).

1.1 Introduction

This chapter provides a broad perspective of the finances of the Government of Meghalaya (GoM) 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 and form of Government Accounts, layout of Finance Accounts, methodology adopted for the assessment of fiscal position and State Profile are shown in **Appendix 1.1 (Parts A, B, C & D)**. The time series data on key fiscal variables/parameters and fiscal ratios relating to the State Government finances for the period 2012-17 are presented in **Appendix 1.2**.

1.1.1 Summary of Current Year's Fiscal Transactions

Table 1.2 presents the summary of the State Government's fiscal transactions while **Appendix 1.3** provides details of receipts and disbursements as well as the overall fiscal position during the current year (2016-17) *vis-à-vis* the previous year (2015-16).

Table 1.2: Summary of Current Year's Fiscal Transactions

(₹ in crore)

Receipts			Disbursements				
	2015-16	2016-17		2015-16	2016-17		
Section – A : Revenue							
					Non-Plan	Plan	Total
Revenue Receipts	7043.13	8938.95	Revenue Expenditure	6347.73	4641.22	3695.32	8336.54
Tax revenue	1056.82	1186.01	General Services	2255.52	2466.89	13.27	2480.16
Non-tax revenue	228.60	685.24	Social Services	2395.17	1398.57	1700.56	3099.13
Share of Union Taxes/Duties	3276.46	3911.05	Economic Services	1697.04	775.76	1981.49	2757.25
Grants-in-aid from Government of India	2481.25	3156.65					
Section – B : Capital							
Miscellaneous Capital receipts	NIL	NIL	Capital Expenditure	1110.89	51.61	1238.19	1289.80
Recoveries of Loans and Advances	19.08	18.81	Loans and Advances disbursed	158.35	22.41	8.42	30.83
Public Debt Receipts¹	836.93	1210.43	Repayment of Public Debt¹	337.34	NIL	NIL	414.41
Contingency Fund	NIL	100.00	Contingency Fund	NIL	NIL	NIL	100.00
Public Account Receipts²	3527.16	4636.76	Public Account Disbursements³	3681.63	NIL	NIL	3589.59
Opening Balance	405.55	195.91	Closing Balance	195.91	NIL	NIL	1339.69
Total	11831.85	15100.86	Total	11831.85			15100.86

Source: Finance Accounts 2016-17

Following are the significant changes during 2016-17 over the previous year:

¹ Includes net Ways and Means Advances.

² Gross receipts

³ Gross Disbursements

- Revenue receipts increased by 26.92 *per cent* (₹ 1895.82 crore) over the previous year. The increase was due to increase in State's share of Union taxes and duties (₹ 634.59 crore), tax revenue (₹ 129.19 crore), non-tax revenue (₹ 456.64 crore) and Grants-in-aid from Government of India (₹ 675.40 crore).
- Revenue expenditure increased by 31.33 *per cent* (₹ 1988.81 crore) over the previous year. There was significant increase under both non-plan heads (₹ 333.58 crore) and plan heads (₹ 1655.23 crore) compared to the previous year.
- Compared to previous year, the capital outlay of the State increased by 16.11 *per cent* (₹ 178.91 crore), which was the net result of increase under economic services (₹ 23.48 crore) and social services (₹ 169.67 crore) and decrease in general services (₹ 14.24 crore).
- Recovery of loans and advances during the current year marginally decreased by ₹ 0.27 crore while disbursement of loans and advances decreased significantly by ₹ 127.52 crore (-80.53 *per cent*) compared to the previous year.
- Public debt receipts and repayments increased by ₹ 373.50 crore and ₹ 77.07 crore respectively over the previous year.
- Public account receipts increased by ₹ 1109.59 crore and public account disbursement decreased by ₹ 92.04 crore over the previous year.
- Cash balance increased significantly by ₹ 1143.77 crore over the previous year.

1.1.2 Review of fiscal situation

In accordance with the recommendations of the Twelfth Finance Commission (12th FC), the GoM has enacted the Meghalaya Fiscal Responsibility and Budget Management (MFRBM) Act, 2006. In accordance with the recommendations of the 14th FC, the MFRBM Act was amended by the State Government and came into force from 29 September 2015. The amended MFRBM Act (**Appendix 1.1- Part E**) laid down the following fiscal targets.

- (a) ensure revenue surplus during the award period 2015-16 to 2019-20;
- (b) (i) maintain fiscal deficit to an annual limit of 3 *per cent* of GSDP during the award period 2015-16 to 2019-20;
(ii) Provide for flexible limit of 0.25 *per cent* over and above the 3 *per cent* of GSDP for any given fiscal year to which its fiscal deficit is to be fixed if its debt-GSDP ratio is less than or equal to 25 *per cent* of the preceding year.
- (c) Government shall notify a Medium Term Fiscal Plan (MTFP) with three years rolling targets, giving details of all significant items of receipts and expenditure along with underlying assumptions made for projection purpose.

The MTFP, as prescribed in the MFRBM Act, 2006 (as amended), was notified by the State Government in June 2014 to provide details of all significant items on receipts and expenditure along with projection for the next three years *viz.*, 2015-16 to 2017-18.

The performance of the State during 2016-17 in terms of key fiscal targets set for selected parameters laid down in the MFRBM Act, 2006 and projections made in the MTFP Statement /Medium Term Fiscal Plan (MTF Plan) *vis-à-vis* achievements are given in **Table 1.3**.

Table 1.3: Trends in Major Fiscal Parameters *vis-à-vis* Projections for 2016-17

Fiscal parameters	2016-17			
	14 th FC targets for the State	Targets as prescribed in MTF Plan	Projections in MTFP Statement	Actual
Revenue Surplus (+)/ Deficit (-) (₹ in crore)	Maintain revenue surplus	1405.66	386.90	602.41
Revenue Surplus/Total Revenue Receipts (<i>per cent</i>)	_*	_*	4.31	6.74
Fiscal Deficit/GSDP (<i>per cent</i>)	3.25	3.00	3.63	2.37
Total Outstanding Liabilities/GSDP (<i>per cent</i>)	27.34	24.57	26.18	30.38

Source: 14th FC Report, MTF Plan, MTFP Statement and Finance Accounts

*Not prescribed

During 2016-17, the State did not achieve the target for revenue surplus as prescribed in MTF Plan. The actual revenue surplus to total revenue receipts (as *per cent*) was 6.74 against projection of 4.31 made in MTFP Statement. The Fiscal Deficit-GSDP ratio was within the limit fixed in MTFP Statement/MTF Plan as well as that prescribed by 14th FC. Total Outstanding Liabilities-GSDP ratio exceeded the limit fixed by the 14th FC and MTFP Statement/MTF Plan.

1.1.3 Budget Estimates and Actual

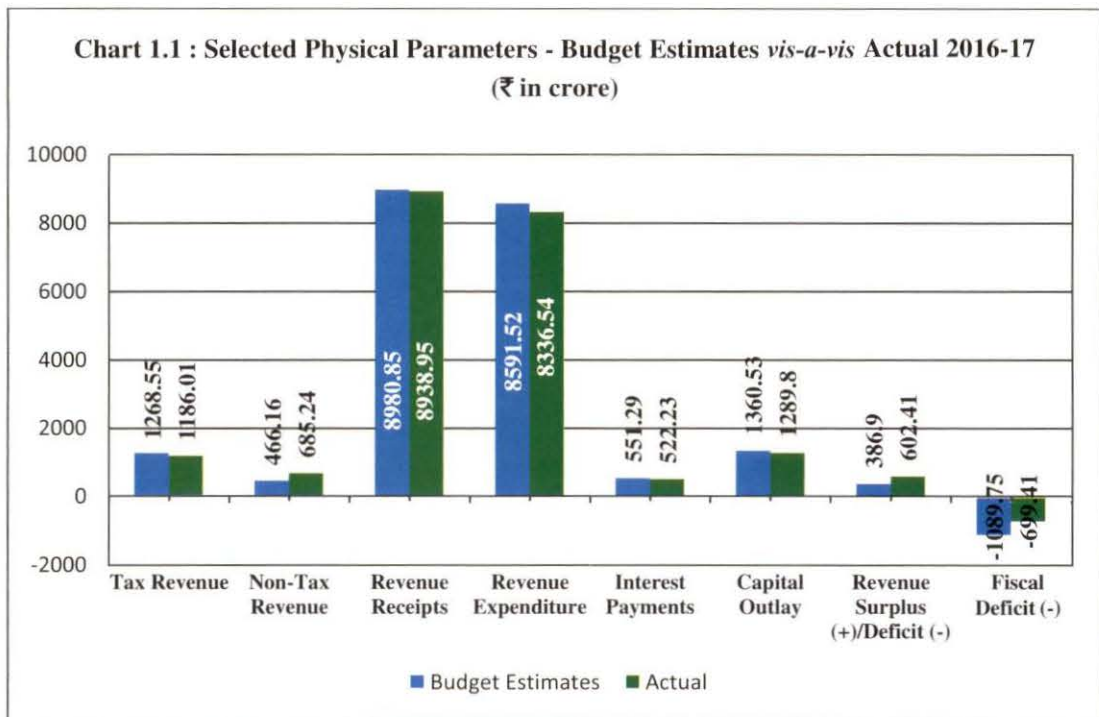
The budget papers presented by the State Government provide descriptions of projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviation from the Budget Estimates are indicative of non-attainment and non-optimisation of the desired fiscal objectives due to a variety of causes, some within the control of the Government and some beyond the control of the Government. **Table 1.4** presents the consolidated picture of finances of the State during 2015-16 (actual) and 2016-17 (budget estimates, revised estimates and actual) and **Chart 1.1** presents the budget estimates and actual for some important fiscal parameters.

Table 1.4 : Variation in major items – Actual of 2016-17 over 2015-16, Actual of 2016-17 vis-à-vis Budget Estimates and Revised Estimates

(₹ in crore)

Parameters	2015-16	2016-17			Percentage of Excess (+)/ Shortfall (-) during 2016-17 with reference to	
	Actual	Budget Estimates (BE)	Revised Estimates (RE)	Actual	Actual of 2015-16	BE/RE
Tax Revenue	1056.82	1268.55	1268.55	1186.01	12.22	-6.51
Non-Tax Revenue	228.60	466.16	466.16	685.24	199.76	47.00
Revenue Receipts	7043.13	8980.85	8980.85	8938.95	26.92	-0.47
Non-debt Capital Receipts	19.08	32.60	32.60	18.81	-1.42	-42.30
Revenue Expenditure	6347.73	8591.52	8591.52	8336.54	31.33	-2.97
Interest Payments	465.88	551.29	551.29	522.23	12.10	-5.27
Capital Outlay	1110.89	1360.53	1360.53	1289.80	16.11	-5.20
Disbursement of Loans & Advances	158.35	48.72	48.72	30.83	-80.53	-36.72
Revenue Surplus (+)/Deficit (-)	695.40	386.90	386.90	602.41	-13.37	55.70
Fiscal Deficit (-)	-554.76	-1089.75	-1089.75	-699.41	26.07	35.82
Primary Deficit (-)/ Surplus (+)	-88.88	-538.46	-538.46	-177.18	99.35	67.10

Source: Budget Estimates and Finance Accounts



- During 2016-17, actual revenue receipts fell marginally short of the budget estimates and revised estimates by 0.47 per cent.

- The revenue expenditure of the State Government during 2016-17 was less than the budget estimate by 2.97 per cent (₹ 254.98 crore).
- The capital outlay *vis-à-vis* budget estimate was less by 5.20 per cent (₹ 70.73 crore).
- The year 2016-17 ended with a revenue surplus of ₹ 602.41 crore against assessment for revenue surplus of ₹ 386.90 crore made in the budget estimate and revised estimate for the year. There was excess in revenue surplus compared to the budget estimate during 2016-17 by ₹ 215.51 crore and shortfall in capital expenditure by ₹ 70.73 crore. As a result, actual fiscal deficit and primary deficit during 2016-17 was lower than the assessment made in the budget estimate by 35.82 per cent (₹ 390.34 crore) and 67.10 per cent (₹ 361.28 crore) respectively. The wide variation between the budget estimates and the actual indicated that the budgeting was unrealistic and lacked credibility.
- The fiscal deficit *vis-à-vis* budget estimate was short by 35.82 per cent (₹ 390.34 crore).

1.1.4 Gender Budgeting

Gender budget of a State discloses the expenditure proposed to be incurred within the overall budget on schemes which are designed to benefit women fully or partly. The budget documents for the year 2016-17 presented to the State Legislature did not include any separate volume on gender budget. The information as to whether gender budgeting was introduced in Meghalaya, though called for (August 2017) from the Finance Department, had not been furnished.

1.2 Resources of the State

1.2.1 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 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. Besides the funds available in the public accounts after disbursement are also utilised by the Government to finance its deficit. **Chart 1.2** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.3** depicts the trends in various components of the receipts of the State during 2012-17 and **Chart 1.4** depicts the composition of resources of the State during the current year.

Chart 1.2

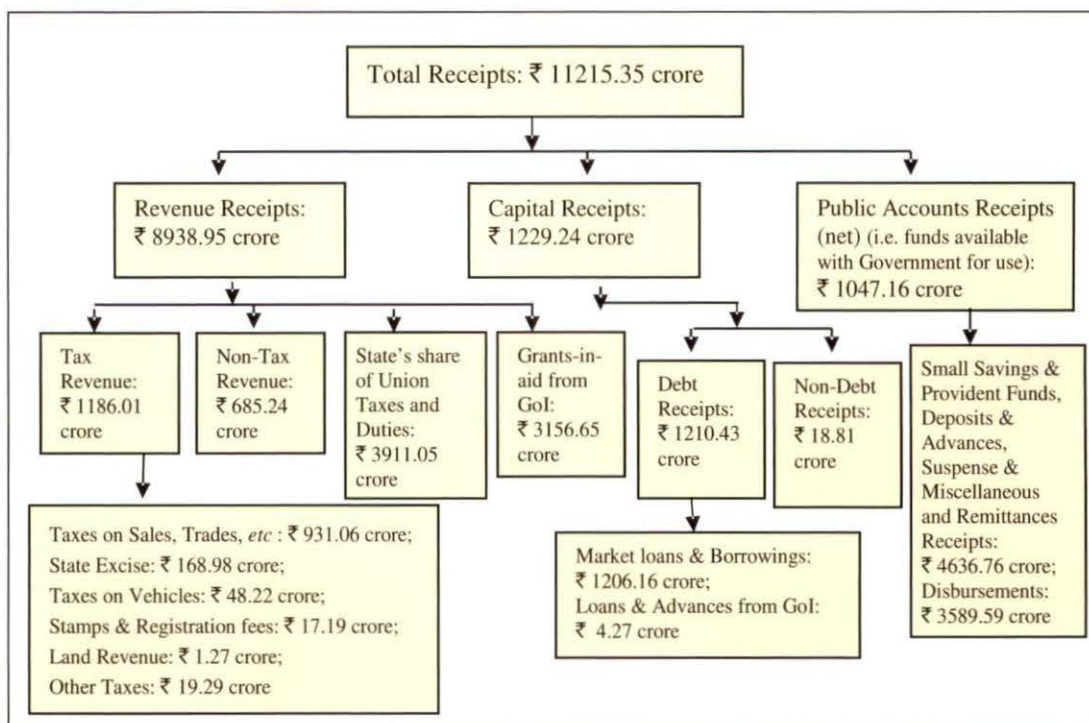
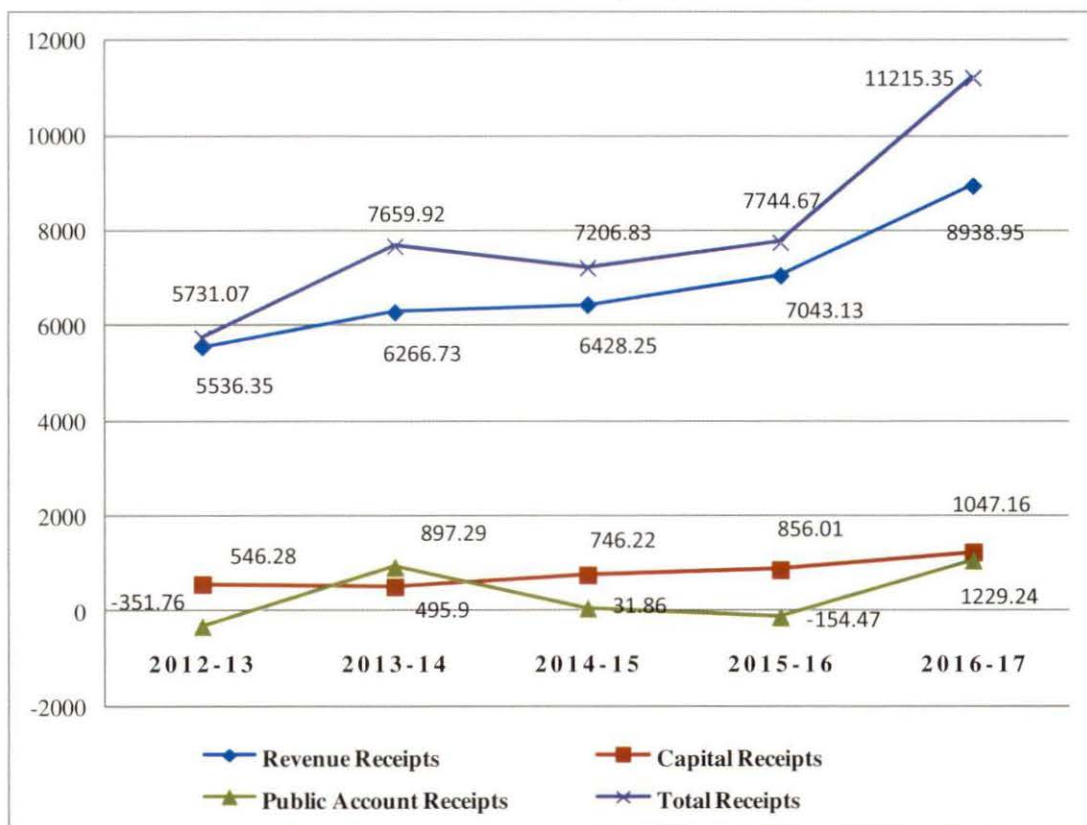


Chart 1.3 Trends in Receipts (₹ in crore)



The total receipts during the current year increased by ₹ 3470.68 crore (44.81 per cent) over the previous year. This was mainly due to increase in revenue, capital and public account receipts during 2016-17 when compared to the previous year.

The total receipts of the State for 2016-17 was ₹ 11215.35 crore, of which ₹ 8938.95 crore (79.70 per cent) came from revenue receipts and ₹ 1229.24 crore (10.96 per cent) came from recoveries of loans and advances and borrowings. The total receipts of the State increased by 95.69 per cent from ₹ 5731.07 crore in 2012-13 to ₹ 11215.35 crore in 2016-17.

The debt capital receipts which create future repayment obligation increased by 131.34 per cent from ₹ 523.23 crore (8.60 per cent of total receipts) in 2012-13 to ₹ 1210.43 crore (10.79 per cent of total receipts) in 2016-17. The net public account receipts fluctuated widely during the period 2012-17, with a receipt of ₹ 1047.16 crore during 2016-17. During the current year, the capital receipts (recoveries of loans and advances plus public debt receipts) accounted for 10.96 per cent of total receipts.

1.2.2 Funds Transferred to State Implementing Agencies outside the State Budget

As per GoI decision, all assistance to CSS and Additional Central Assistance (ACA) under various schemes would be released directly to the State Government and not to the State Implementing Agencies⁴ and hence, these funds would be routed through the State budget from the year 2015-16 onwards. But as per records of the Public Financial Management System (PFMS) portal of Controller General of Accounts, it was seen that an approximate amount of ₹ 58.75 crore under 15 schemes (Appendix 1.5) was released directly to State Implementing Agencies during 2016-17, which were not routed through the budget of the State Government. The scheme-wise position, where more than ₹ 5 crore were transferred are given in Table 1.5 below:

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.	Pradhan Mantri Koushal Vikas Yojana	Meghalaya State Council for Training in Vocational Trades	17.01
2.	North Eastern Council	North Eastern Region Community Resource Management Society	17.23
3.	Off-Grid Distributed and Decentralised Renewable Power	Meghalaya Non-Conventional Rural Energy Development Agency	8.34

Source: Public Financial Management System of CGA website.

With the release of these funds directly to the Implementing Agencies in the State, the resources of the State during the year 2016-17 stood at ₹ 14,863.70 crore (including the net receipts of ₹ 14,804.95 crore in the State) as on 31 March, 2017.

⁴ 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.

1.3 Revenue Receipts

Statement 14 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 2012-17 are presented in **Appendix 1.2** and also depicted in **Charts 1.4** and **1.5** respectively. The trends in revenue receipts relative to GSDP are presented in **Table 1.6**.

Chart 1.4: Trends in Revenue Receipts (₹ in crore)

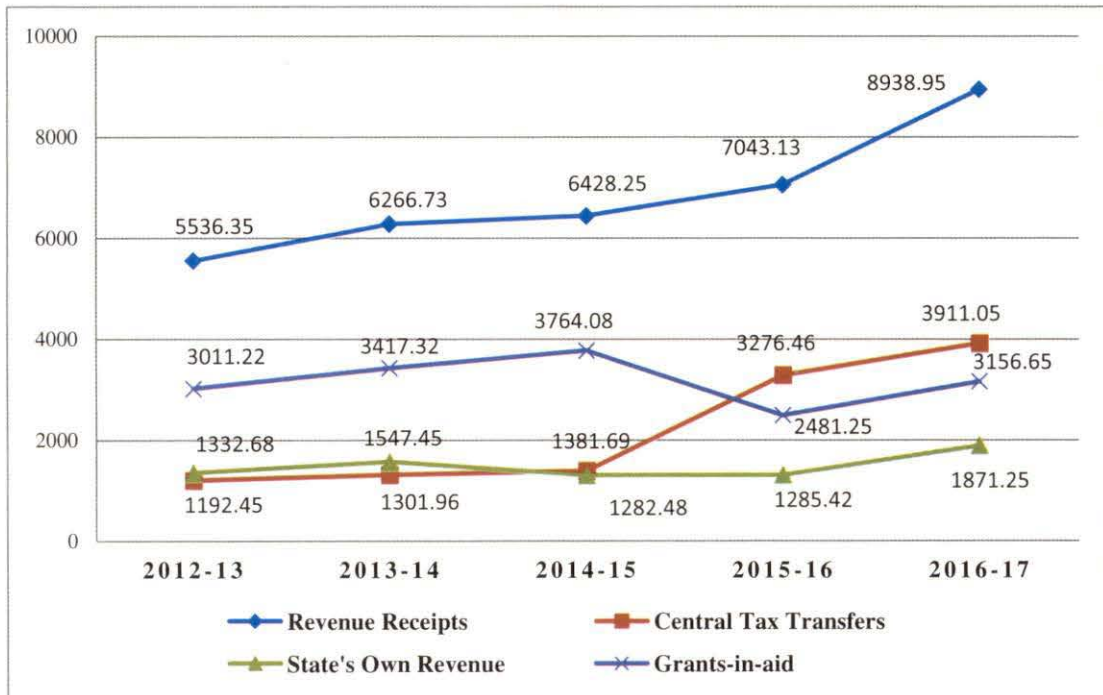


Chart 1.5: Composition of Revenue Receipts (₹ in crore)

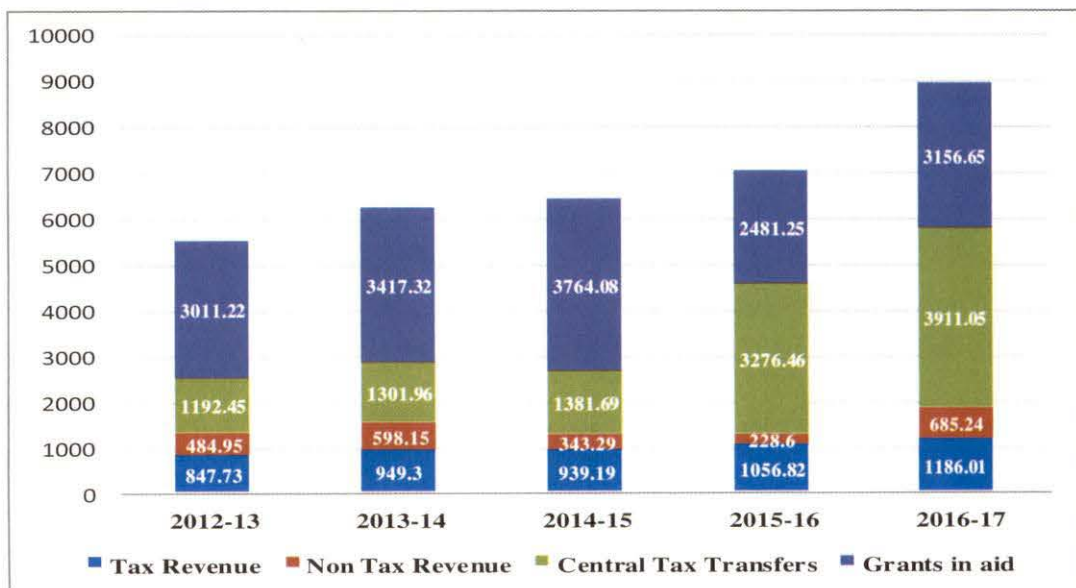


Table 1.6 : Trends in Revenue Receipts relative to GSDP

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue Receipts (RR) (₹ in crore)	5536.35	6266.73	6428.25	7043.13	8938.95
Rate of Growth of RR (<i>per cent</i>)	18.95	13.19	2.58	9.57	26.92
Rate of Growth of Own Taxes (<i>per cent</i>)	21.53	11.98	-1.06	12.52	12.22
RR/GSDP (<i>per cent</i>)	25.31	27.32	27.67	27.33	30.23
Buoyancy Ratio⁵					
Revenue Buoyancy Ratio with reference to GSDP	1.93	2.71	2.00	0.88	1.83
State's Own Taxes Buoyancy Ratio with reference to GSDP	2.19	2.46	-0.82	1.15	0.83
State's Own Taxes Buoyancy Ratio with reference to Revenue Receipts	1.14	0.91	-0.41	1.31	0.45

Source: Finance Accounts

1.3.1 General trends

The revenue receipts of the State increased by ₹ 3402.60 crore from ₹ 5536.35 crore in 2012-13 to ₹ 8938.95 crore in 2016-17. There were however, wide inter-year variations in the growth rates. The rate of growth of revenue receipts was 26.92 *per cent* in 2016-17 compared to growth rate of 9.57 *per cent* during the preceding year. The buoyancy ratio of revenue receipts in 2016-17 with reference to GSDP has increased primarily due to significant increase in the rate of growth of revenue receipts compared to previous year. The buoyancy ratio of the State's own tax revenue with reference to GSDP has also decreased significantly because the rate of growth of own tax revenue in 2016-17 relative to the previous year was less. Buoyancy ratio of State's own taxes with reference to revenue receipts was 0.45 during the year 2016-17 against buoyancy ratio of 1.31 in 2015-16.

1.3.2 State's Own Resources

The State's share in central taxes and Grants-in-aid is 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 resources should therefore, be assessed in terms of its own resources comprising own tax and non-tax sources.

The State's actual tax and non-tax receipts for the year 2016-17 *vis-à-vis* assessments made by the 14th FC and the State Government in Budget Estimates (BE) are given below:

⁵ 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 1.83 during 2016-17 implies that revenue receipts tend to increase by 1.83 percentage points, if the GSDP increases by one *per cent*.

Table 1.7: State actual tax and non-tax receipts for the year 2016-17

(₹ in crore)

	14 th FC projections	Budget Estimates	Actual
Tax revenue	1689	1268.55	1186.01
Non tax revenue	714	466.16	685.24

Source: 14th FC Report, Budget Estimates and Finance Accounts

During the year, tax revenue was 29.78 per cent lower than the assessment made by the 14th FC and 6.51 per cent lower than the projection made in the budget estimate. The non-tax revenue was 4.03 per cent lower than the target of 14th FC and 47.00 per cent higher than the assessment made in the budget estimate for the year. State's own resources (tax and non-tax revenue) during 2016-17 (₹ 1871.25 crore) were 45.57 per cent more than those of previous year (₹ 1285.42 crore) but constituted only 20.93 per cent of the revenue receipts of the year. A quarterly review report of the trend in receipts and expenditure of the State for the quarter ending December 2016 was conducted as per the requirement of Section 9(1) of the MFRBM Act, 2006. The Report indicated that the increase in State's own non-tax revenue receipts over the budgeted amount was basically due to realisation of more revenue from royalty on coal in view of the National Green Tribunal order that allowed transportation of extracted coal.

1.3.2.1 Tax Revenue

Table 1.8: Tax Revenue

(₹ in crore)

Heads	2012-13	2013-14	2014-15	2015-16	2016-17	Variations*
Taxes on Sales, Trade, etc.	631.12	723.65	726.20	811.79	931.06	119.27(14.69)
State Excise	153.01	162.66	151.14	170.04	168.98	-1.06(-0.62)
Taxes on Vehicles	35.82	36.72	39.38	42.01	48.22	6.21(14.78)
Stamps and Registration Fees	10.32	9.78	9.90	12.74	17.19	4.45(34.93)
Land Revenue	6.27	3.47	0.08	3.18	1.27	-1.91(-60.06)
Other Taxes ⁶	11.19	13.02	12.49	17.06	19.29	2.23(13.07)
Total	847.73	949.30	939.19	1056.82	1186.01	129.19(12.22)

Source: Finance Accounts

*Variations over previous year and percentage of Increase (+)/decrease (-) given in bracket.

Tax revenue had increased by 12.22 per cent during the current year (₹ 1186.01 crore) over the previous year (₹ 1056.82 crore). The revenue from sales tax contributed the major share of tax revenue (78.50 per cent) and it increased by 14.69 per cent over the previous year. Revenue from taxes on Vehicles and Stamps and Registration Fees, Land Revenue and State Excise were the other contributors to the State's tax revenue. **The Tax-GSDP ratio (4.01 per cent) during 2016-17 was less than the projection (5.63 per cent) made by the 14th FC.**

⁶ 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.

1.3.2.2 Non-Tax Revenue
Table 1.9: Non-Tax Revenue

(₹ in crore)

Sl. No.	Heads	2012-13	2013-14	2014-15	2015-16	2016-17	*Variations
1.	Interest receipts	25.38	33.57	37.73	39.34	46.25	6.91(17.56)
2.	Dividends and Profits	0.08	0.13	0.13	0.07	0.11	0.04(57.14)
3.	General Services	52.83	29.29	18.00	30.99	41.57	10.58(34.14)
4.	Social Services	7.44	9.46	8.92	10.39	14.93	4.54(43.70)
5.	Economic Services	399.22	525.70	278.51	147.81	582.38	434.57(294.01)
5.1	Non-ferrous Mining and Metallurgical Industries	357.97	455.75	195.10	60.75	469.52	408.77(672.87)
5.2	Forestry and Wildlife	30.87	60.12	71.99	72.08	103.99	31.91(44.27)
5.3	Other Economic Services	10.38	9.83	11.42	14.98	8.87	-6.11(-40.79)
Total (1 to 5)		484.95	598.15	343.29	228.60	685.24	456.64(199.76)

Source: Finance Accounts

*Variations over previous year and percentage of increase (+)/decrease (-) given in bracket.

The **Non-Tax Revenue** (NTR), which constituted only 7.67 per cent of the total revenue receipts, had increased by ₹ 456.64 crore during 2016-17 recording a growth rate of 200 per cent over the previous year. Over 84 per cent (₹ 582.38 crore) of NTR during 2016-17 was received from economic services. Within this category, receipts under non-ferrous mining and Metallurgical Industries alone contributed 80.62 per cent (₹ 469.52 crore).

1.3.3 Grants-in-Aid

 The details of Grants-in-aid from GoI are given in **Table 1.10**.

Table 1.10: Grants-in-Aid from GoI

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Non-Plan Grants	895.72	921.41	803.71	673.86	640.47
Grants for State Plan Schemes	1747.75	2046.28	2580.17	1240.15	2263.52
Grants for Central Plan Schemes	14.50	31.65	8.89	270.44	19.33
Grants for Centrally Sponsored Plan Schemes	268.20	348.40	293.44	196.36	138.19
Grants for Special Plan Schemes	85.05	69.58	77.87	100.44	95.14
Total	3011.22	3417.32	3764.08	2481.25	3156.65
<i>Percentage of increase over previous year</i>	18.34	13.49	10.15	-34.08	27.22

Source: Finance Accounts

Grants-in-aid from GoI had increased by 27.22 per cent (₹ 675.40 crore) from ₹ 2481.25 crore in 2015-16 to ₹ 3156.65 crore in the current year. Within the plan grants, while grants for Special Plan Schemes decreased by 5.28 per cent (₹ 5.30 crore), grants for Central Plan Schemes decreased by 92.85 per cent (₹ 251.11 crore) and Centrally Sponsored Plan Schemes decreased by 29.62 per cent (₹ 58.17 crore).

Grants for State Plan Schemes increased during 2016-17 by 82.52 per cent from ₹ 1240.15 crore in 2015-16 to ₹ 2263.52 crore in 2016-17. In spite of high growth of 82.52 per cent in 2016-17 it was less than the level of ₹ 2580.17 crore in 2014-15. In other words, compared to ₹ 2580.17 crore in 2014-15, it declined by 51.94 per cent in 2015-16.

The non-plan grants (₹ 640.47 crore) constituted 20.29 per cent of the total grants during the year and decreased by 4.96 per cent (₹ 33.39 crore) over the previous year. Of the non-plan grants, 83.53 per cent (₹ 535.00 crore) was for meeting the non-plan revenue deficit. Other components of non-plan grants mainly included grants for 'State Disaster Response Fund' (₹ 22.50 crore), 'SRE Schemes' (₹ 16.54 crore), 'Civil Defence' (₹ 4.48 crore), 'Election Expenditure' (₹ 14.00 crore) and Revision of pay scales of University and Colleges (₹ 45.57 crore).

1.3.4 Analysis of Receipts and Expenditure under Fourteenth Finance Commission (14th FC)

The Fourteenth Finance Commission (14th FC) was constituted by the President of India under Article 280 of the Constitution on 2nd January 2013.

During 2012-17, 14th FC awarded the following grants-in-aid to Government of Meghalaya as shown in the **Table 1.11** below:

Table 1.11: Details of Grants-in-aid received from GoI for 2012-17

Particulars	₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
(A) Total Non-Plan Grants	895.72	921.41	803.71	673.86	640.47
<i>Of which, Finance Commission's grants (Non-plan)</i>	835.29	859.47	734.71	618.00	535.00
<i>Grants for meeting Non-Plan Revenue Deficit of the State</i>	819.00	708.93	571.00	618.00	535.00
(B) All other Grants-in-aid (Plan) received from GoI (<i>viz.</i> , Grants for State Plan + Central Plan + Centrally Sponsored Plan + Special Plan Schemes)	2115.50	2495.91	2960.37	1807.39	2516.18
Grand Total (A+B)	3011.22	3417.32	3764.08	2481.25	3156.65

Source: Finance Accounts

During 2012-17, of the non-plan grants, ₹ 819.00 crore (91.43 per cent), ₹ 708.93 crore (76.94 per cent), ₹ 571.00 crore (71.05 per cent), ₹ 618.00 crore (91.71 per cent) and ₹ 535.00 crore (83.53 per cent) respectively was for meeting the non-plan revenue deficits of the State Government.

Government of Meghalaya, however, had not constituted the State Finance Commission, thus depriving the Municipalities and Urban Local Bodies their due share of the net proceeds of revenue from the GoM as well as the GoI.

1.3.5 Impact on State Budget

With the addition of FC's grants-in-aid, the Total Revenue Receipts of the State increased to that extent and as a result Revenue Surplus and Fiscal Deficit increased proportionately.

Table 1.12: Effect on Revenue Surplus and Fiscal Deficit

(₹ in crore)					
Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue Receipts ^a	5536.35	6266.73	6428.25	7043.13	8938.95
Revenue Expenditure ^b	4999.54	5551.59	6251.86	6347.73	8336.54
Total Revenue Receipts ^c	5559.60	6287.21	6448.01	7062.21	8957.76
Total Expenditure ^d	5954.90	6669.39	7426.46	7616.97	9657.17
Revenue Surplus (+)	536.81	715.14	176.39	695.40	602.41
Fiscal Deficit(-)	-395.30	382.18	-978.45	-554.76	-699.41

Source: Finance Accounts

^a Revenue Receipts includes Tax Revenue, Non-Tax Revenue, State's Share of Union Taxes and Duties and Grants-in-aid from GoI.

^b Revenue Expenditure includes expenditure on Social Services, Economic Services and General Services (including interest paid).

^c Total Revenue Receipts includes Tax Revenue, Non-Tax Revenue, State's Share of Union Taxes and Duties and Grants-in-aid from GoI and Recoveries of Loans & Advances.

^d Total Expenditure includes (Revenue Expenditure, Capital Expenditure and Disbursement of Loans & Advances).

1.3.6 Central Tax Transfers

The **Central Tax transfers** increased by ₹ 634.59 crore (19.37 per cent) over the previous year and constituted 43.75 per cent of revenue receipts. The increase was mainly due to transfer of additional amount under 'Taxes on Income other than Corporation Tax' (₹ 145.13 crore), 'Corporation Tax' (₹ 217.68 crore), 'Union Excise Duties' (₹ 187.58 crore), 'Service Tax' (₹ 65.49 crore) and 'Customs' (₹ 17.52 crore) during 2016-17 compared to previous year.

The Central tax transfers were the main source of revenue receipts for the State of Meghalaya. The State share of Central taxes and Grants-in-aid from GoI contributed 69.09 per cent (₹ 1309.99 crore) of the incremental revenue receipts (₹ 1895.82 crore) during 2016-17.

1.4 Capital Receipts

The trends in Growth and Composition of Capital Receipts are given in **Table 1.13** below:

Table 1.13: Trends in Growth and Composition of Capital Receipts

(₹ in crore)

Sources of State's Receipts	2012-13	2013-14	2014-15	2015-16	2016-17
Capital Receipts (CR)	546.48	495.90	746.72	856.01	1229.24
Recovery of Loans and Advances	23.25	20.48	19.76	19.08	18.81
Public Debt Receipts	523.23	475.42	726.96	836.93	1210.43
Rate of growth of debt capital receipts	11.82	- 9.14	52.91	15.13	44.63
Rate of growth of non-debt capital receipts	2.38	11.91	- 3.52	-3.44	-1.42
Rate of growth of CR (<i>per cent</i>)	11.39	- 9.26	50.58	14.64	43.60

Source: Finance Accounts

Capital Receipts increased by 124.94 *per cent* from ₹ 546.48 crore in 2012-13 to ₹ 1229.24 crore in 2016-17. The rate of growth of capital receipts also increased from 14.64 *per cent* in 2015-16 to 43.60 *per cent* in 2016-17. The rate of growth of debt capital receipts, which is the main component of capital receipts, increased significantly from 15.13 *per cent* in 2015-16 to 44.63 *per cent* in 2016-17. The debt receipts from internal sources (market loans, borrowings from financial institutions, *etc.*) increased by ₹ 371.46 crore and loans and advances from GoI increased by ₹ 2.04 crore during 2016-17 over previous year. Market loans constituted the major share of debt capital receipts during the current year which increased from ₹ 680.00 crore in 2015-16 to ₹ 1001.00 crore during 2016-17. Non-debt capital receipts in the form of recoveries of loans and advances marginally decreased by ₹ 0.27 crore during 2016-17 over previous year.

1.5 Public Account Receipts

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. Here the Government acts as a banker. The balance after disbursements is the fund available with the government for use. The Composition of Public Account Receipts is given in **Table 1.14**.

Table 1.14: Composition of Public Account Receipts (Net)

(₹ in crore)

Resources under various heads	2012-13	2013-14	2014-15	2015-16	2016-17
Public Account Receipts (Net)⁷	- 351.76	897.29	31.86	-154.47	1047.16
(a) Small Savings, Provident Fund, etc.	109.07	127.17	133.28	131.74	141.17
(b) Reserve Fund	- 7.44	18.08	- 13.70	6.74	2.07
(c) Deposits and Advances	- 582.04	825.60	- 161.66	-234.84	889.57
(d) Suspense and Miscellaneous	110.67	- 76.71	82.28	-55.40	13.09
(e) Remittances	17.98	3.15	- 8.34	-2.71	1.26

Source: Finance Accounts

Public Account Receipts increased from negative ₹ 154.47 crore during 2015-16 to ₹ 1047.16 crore during the current year. Increase in receipts under public account during 2016-17 was mainly due to substantial increase under 'Deposits and Advances' from a negative ₹ 234.84 crore during 2015-16 to ₹ 889.57 crore during 2016-17.

1.6 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 the expenditure directed towards development and social sectors.

1.6.1 Growth and Composition of expenditure

The total expenditure and its composition during the years 2012-13 to 2016-17 are presented in the **Table 1.15**.

Table 1.15: Total Expenditure and its Composition

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Total expenditure	5954.90	6669.39	7426.46	7616.97	9657.17
Revenue expenditure	4999.54	5551.59	6251.86	6347.73	8336.54
<i>Of which, Non-plan Revenue expenditure</i>	<i>3280.13</i>	<i>3702.82</i>	<i>4071.37</i>	<i>4307.64</i>	<i>4641.22</i>
Capital Outlay	928.34	1075.47	1118.49	1110.89	1289.80
Loans and Advances	27.02	42.33	56.11	158.35	30.83

Source: Finance Accounts

Charts 1.6, 1.7 and 1.8 present the trends in total expenditure over a period of five years (2012-17) and its composition both in terms of 'economic classification' and 'expenditure by activities':

⁷ Public account receipts minus Disbursements. Details in Appendix 1.3.

Chart 1.6: Total Expenditure – Trends and Composition (₹ in crore)

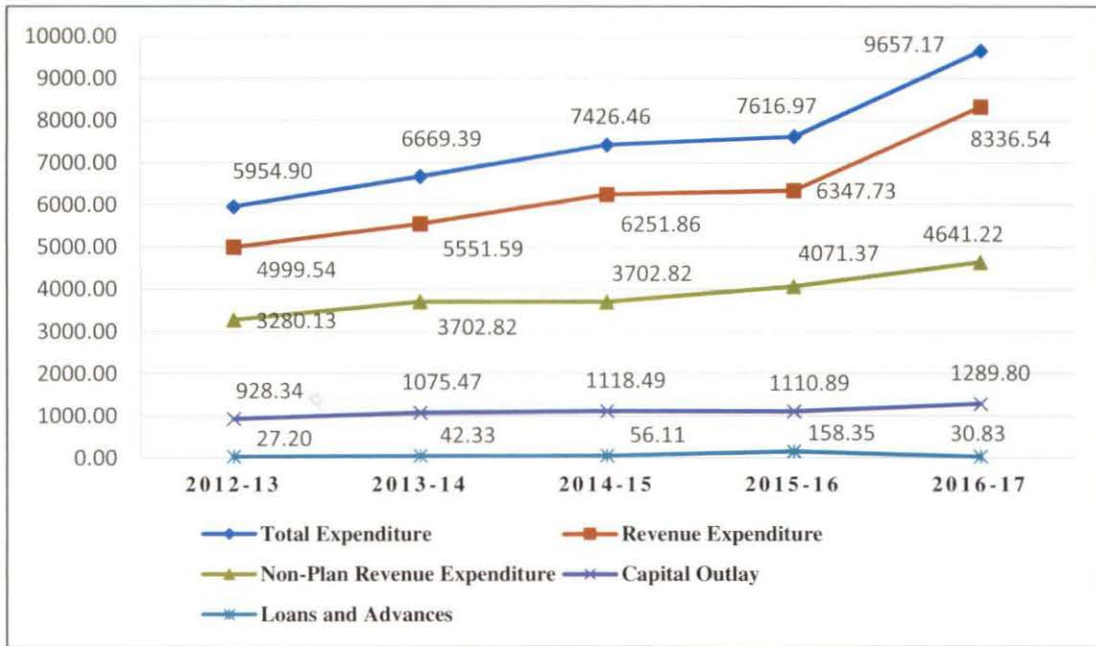


Chart 1.7: Total Expenditure: Trend in Share of its Components (per cent)

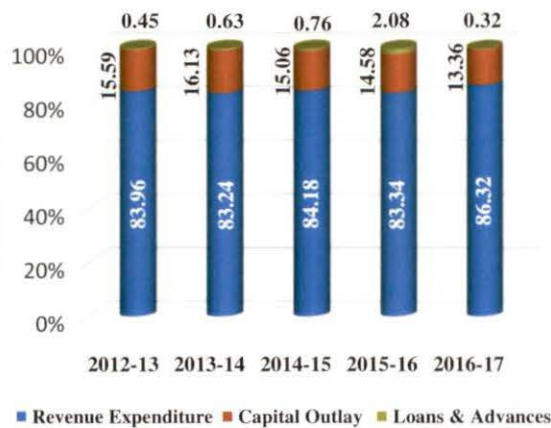
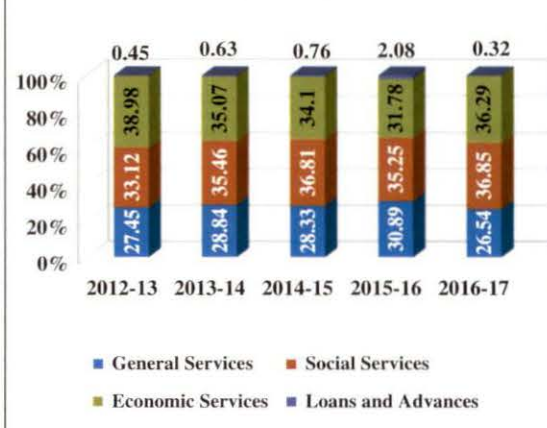


Chart 1.8: Total Expenditure - Trend by 'Activities' (per cent)



1.6.1.1 Trends in Total Expenditure

The total expenditure of the State increased by ₹ 3702.27 crore (62.17 per cent) from ₹ 5954.90 crore in 2012-13 to ₹ 9657.17 crore in 2016-17. The total expenditure, its annual growth rate, the ratio of expenditure to the GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table 1.16**.

Table 1.16: Total Expenditure – Basic Parameters

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Total expenditure (TE) (₹ in crore)	5954.90	6669.39	7426.46	7616.97	9657.17
Rate of growth (<i>per cent</i>)	3.70	12.00	11.35	2.57	26.78
TE/GSDP ratio (<i>per cent</i>)	27.23	29.08	31.96	29.56	32.66
RR/TE ratio (<i>per cent</i>)	92.97	93.96	86.56	92.47	92.56
Buoyancy of Total expenditure with reference to:					
GSDP (ratio)	0.38	2.46	8.80	0.24	1.82
RR (ratio)	0.20	0.91	4.40	0.27	0.99

Source: Finance Accounts

The increase of ₹ 2040.20 crore (26.78 *per cent*) in total expenditure during 2016-17 over the previous year was on account of increase of ₹ 1988.81 crore in revenue expenditure and ₹ 178.91 crore in Capital Expenditure offset by ₹ 127.52 crore in disbursement of loans and advances. The share of plan expenditure constituted 51.17 *per cent* (₹ 4941.95 crore) of the total expenditure and the remaining 48.83 *per cent* (₹ 4715.22 crore) was non-plan expenditure.

During the current year, 92.56 *per cent* (₹ 8938.95 crore) of the total expenditure was met from revenue receipts.

The buoyancy of total expenditure to GSDP stood at 1.82 in 2016-17 due to growth rate of total expenditure (26.78 *per cent*) at faster pace as compared to that of GSDP growth rate (14.75 *per cent*).

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 2016-17, expenditure on general services including interest payments, which is considered as non-developmental, together accounted for 25.54 *per cent*.

On the other hand, expenditure on social and economic services (excluding loans and advances) together accounted for 73.14 *per cent* during 2016-17. The relative share of social services expenditure to total expenditure increased from 35.25 *per cent* in 2015-16 to 36.85 *per cent* in 2016-17. The relative share of economic services expenditure to total expenditure increased from 31.78 *per cent* during 2015-16 to 36.29 *per cent* during 2016-17. Loans and advances revealed wide fluctuations during the period 2012-17 and stood at 0.32 *per cent* of total expenditure during 2016-17.

1.6.1.2 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 1.17**.

Table 1.17: Revenue Expenditure – Basic Parameters

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue expenditure (RE)	4999.54	5551.59	6251.86	6347.73	8336.54
<i>Of which</i>					
Non-Plan Revenue Expenditure (NPRE)	3280.13 (65.61)	3702.82 (66.70)	4071.37 (65.12)	4307.64 (67.86)	4641.22 (55.67)
Plan Revenue Expenditure (PRE)	1719.41 (34.39)	1848.77 (33.30)	2180.49 (34.88)	2040.09 (32.14)	3695.32 (44.33)
Rate of Growth of					
RE (per cent)	3.41	11.04	12.61	1.53	31.33
NPRE (per cent)	14.05	12.89	9.95	5.80	7.74
PRE (per cent)	- 12.22	7.52	17.94	-6.44	81.14
Ratio (per cent)					
RE as percentage of TE	83.96	83.24	84.18	83.34	86.32
NPRE/GSDP (per cent)	15.00	16.14	17.52	16.72	15.70
NPRE as percentage of TE	55.08	55.52	54.82	56.55	48.06
NPRE as percentage of RR	59.25	59.09	63.34	61.16	51.92
Buoyancy Ratio of Revenue expenditure with					
GSDP	0.35	2.27	9.78	0.14	2.12
Revenue Receipts	0.18	0.84	4.89	0.16	1.16

Source: Finance Accounts

Revenue expenditure constituted 83.24 per cent to 86.32 per cent of total expenditure during 2012-17 and increased by ₹ 3337.00 crore (66.75 per cent) from ₹ 4999.54 crore in 2012-13 to ₹ 8336.54 crore in 2016-17. The non-plan revenue expenditure (NPRE) during the same period increased by ₹ 1361.07 crore (41.49 per cent) from ₹ 3280.13 crore to ₹ 4641.20 crore. Plan revenue expenditure (PRE), which normally covers the maintenance expenditure incurred on services, stood at 44.33 per cent of revenue expenditure during 2016-17.

The NPRE constituted a dominant share of 55.67 per cent in the revenue expenditure during 2016-17 and has increased by ₹ 333.58 crore (7.74 per cent) over the previous year. The growth of NPRE during 2016-17 however, increased to 7.74 per cent against 5.80 per cent during the previous year. In absolute terms, the increase in NPRE during 2016-17 was mainly due to increase in expenditure under General Services (₹ 228.38 crore), Social Services (₹ 51.21 crore) and Economic Services (₹ 55.97 crore). On the other hand, PRE increased by ₹ 1655.23 crore over the previous year mainly due to increase in expenditure under Social Services (₹ 652.72 crore) and Economic Services (₹ 1006.25 crore) and decrease in expenditure under General Services (₹ 3.74 crore). The increase of PRE during 2016-17 was 81.14 per cent (₹ 1655.23 crore).

1.6.1.3 Components of Revenue Expenditure

The expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.18** presents the trends in the expenditure on these components during 2012-17.

Table 1.18: Components of Revenue expenditure

(₹ in crore)

Components of expenditure	2012-13	2013-14	2014-15	2015-16	2016-17
Salaries and Wages	1619.97 (29.26)	1820.13 (29.04)	2037.65 (31.70)	2181.80 (30.98)	2305.16 (25.79)
<i>Non-Plan Head</i>	1477.70 (26.69)	1674.86 (26.72)	1853.31 (28.83)	1981.54 (28.13)	2084.63 (23.32)
<i>Plan Head</i>	142.27 (2.57)	145.27 (2.32)	184.34 (2.87)	200.26 (2.84)	220.53 (2.47)
Interest Payments	313.82 (5.67)	371.50 (5.93)	405.10 (6.30)	465.88 (6.61)	522.23 (5.84)
Expenditure on Pension and other retirement benefits	388.26 (7.01)	450.87 (7.19)	514.94 (8.01)	589.44 (8.37)	647.85 (7.25)
Subsidies	80.39 (1.45)	72.44 (1.16)	123.60 (1.92)	89.21 (1.27)	46.14 (0.52)
Other Components of revenue expenditure, i.e, other than salaries and wages, interest payments, pension and subsidies	2597.10 (46.91)	2836.65 (45.27)	3170.57 (49.32)	3021.40 (42.90)	4878.04 (54.57)

Source: Finance Accounts

(Figures in the parentheses indicate percentage to revenue receipts)

1.6.1.4 Salaries and Wages

Salaries and wages during 2016-17 accounted for 25.79 per cent of the revenue receipts of the State during the year. It also increased by 5.65 per cent from ₹ 2181.80 crore in 2015-16 to ₹ 2305.16 crore in 2016-17. Expenditure on salaries and wages under non-plan head during 2016-17 significantly increased by ₹ 103.09 crore (5.20 per cent) over the previous year and expenditure under plan head increased by ₹ 20.27 crore (10.12 per cent) over the previous year. Further, the State Government, in its Fiscal Policy Strategy (FPS) Statement for the year 2016-17, committed to reduce expenditure on salaries and wages, in an attempt to contain non-plan expenditure. Increase in expenditure on salaries and wages by 5.65 per cent during 2016-17 indicated that the State Government was not successful in fulfilling its commitment.

1.6.1.5 Interest Payments

Interest payments were on market loans (₹ 305.63 crore), State Provident Funds (₹ 105.58 crore), Special Securities issued to National Small Savings Fund of the Central Government (₹ 73.96 crore), loans and advances received from Central Government (₹ 16.34 crore) and other internal debts including other obligations (₹ 20.72 crore). Compared to the previous year, interest payments during 2016-17 increased by 12.10 per cent (₹ 56.35 crore).

Of the total interest payments during the year, 58.52 *per cent* (₹ 305.63 crore) were paid on market borrowings. The overall interest payments (₹ 522.23 crore) was however, much higher than the projections made by the 14th FC (₹ 436.00 crore) but lower than the budget estimates (₹ 551.29 crore) for the year.

1.6.1.6 Pension Payments

The pension payments (including other retirement benefits) indicated an increasing trend during the five year period 2012-17. Pension payments during the current year had increased by ₹ 58.41 crore, an increase of 9.91 *per cent* over the previous year. The comparative analysis of actual pension payments (₹ 647.85 crore) and the projection made by the 14th FC (₹ 484.00 crore) and State Government showed that actual pension payment (₹ 647.85 crore) exceeded the projection made by the State Government in its Budget (₹ 490.98 crore) for the year 2016-17.

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 14th FC, the migration to the NPS needs to be completed immediately in order to reduce their future burden. The NPS for the employees of the GoM had been adopted since 1st April 2010.

1.6.1.7 Subsidies

Table 1.18 shows that the expenditure on payment of subsidies decreased by 48.28 *per cent* from ₹ 89.21 crore in 2015-16 to ₹ 46.14 crore during 2016-17. The decrease of ₹ 43.07 crore was due to decrease in payment of subsidy under Power by ₹ 7.68 crore, Animal Husbandry and Veterinary by ₹ 39.94 crore, Food and Civil Supplies by ₹ 6.35 crore and increase in Agriculture (₹ 5.01 crore), Fisheries (₹ 5.00 crore), Transport (₹ 0.59 crore) and Tourism (₹ 0.30 crore) during the current year over previous year.

1.6.2 Capital Outlay

Capital outlay during the current year (2016-17) increased by ₹ 178.91 crore over previous year (**Appendix 1.2**). As compared to the total expenditure, the capital outlay showed a fluctuating trend over the period 2012-13 to 2016-17 and ranged between 13.34 *per cent* and 16.13 *per cent*. Though there was an increase in capital outlay during the current year compared to the previous year, the State Government did not fulfil its commitment made in the budget as it fell short by 5.20 *per cent* (₹ 70.73 crore) of the budget estimate (₹ 1360.53 crore) for the year. It is further evident from **Appendix 1.2** that **Central Tax Transfer on account of recommendations of 14th FC had increased three fold from ₹ 1381.69 crore (2014-15) to ₹ 3911.05 crore (2016-17). The Capital Outlay of the State, however, had gone down to 13.36 *per cent* (2016-17) from 15.06 *per cent* (2014-15).** The entire enhanced revenue receipts had been consumed under revenue expenditure and no capital asset had been created correspondingly.

1.6.3 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 1.19**.

Table 1.19: Financial Assistance to Local Bodies and others

(₹ in crore)

Financial Assistance to Institutions	2012-13	2013-14	2014-15	2015-16	2016-17	
					Budget Estimate	Actual
University and Educational Institutions	507.84	586.86	560.46	697.54	888.22	918.37
Co-operative Societies	2.77	2.60	1.78	2.06	2.08	1.99
District Councils	2.60	5.98	1.60	0.36	262.58	262.58
Municipalities, Meghalaya Urban Development Authority, etc.	10.30	20.19	5.40	4.70	11.42	11.42
Power Sector	174.22	160.09	203.19	102.44	205.11	133.44
Other Institutions ⁸	44.33	71.65	68.07	53.19	359.34	293.62
Total	742.06	847.37	840.50	860.29	1728.75	1621.42
Assistance as percentage of RE	14.84	15.26	13.44	13.55		19.45

Source: Finance Accounts

The financial assistance extended to the local bodies and other institutions with inter-year variations increased by 88.51 per cent from ₹ 860.29 crore in 2015-16 to ₹ 1621.42 crore in 2016-17. The share of financial assistance in revenue expenditure also increased from 13.55 per cent in 2015-16 to 19.45 per cent during the current year. The State Government was successful in restricting the expenditure on payment of financial assistance within the projection (₹ 1728.75 crore) made in its annual budget for the year 2016-17.

University and Educational Institutions were the major recipients followed by District Councils. The financial assistance to District Councils increased substantially from ₹ 2.60 crore during 2012-13 to ₹ 262.58 crore during 2016-17. Around 57 per cent of the total financial assistance during 2016-17 was given to University and Educational Institutions. The assistance under this sector increased by 31.66 per cent, i.e. from ₹ 697.54 crore during 2015-16 to ₹ 918.37 crore during the current year. Of ₹ 918.37 crore, ₹ 607.57 crore was given to Non-Government Primary Schools and ₹ 296.25 crore to Non-Government Secondary Schools & Colleges. Out of ₹ 293.62 crore given to other institutions, major share (₹ 164.46 crore) was paid to the National Aids Control, Horticulture (₹ 33.70 crore), Anganwadi Centre (ICDS) (₹ 25.47 crore), Old Age Pension (₹ 20.75 crore), National Rural Health Mission (₹ 14.28 crore), etc.

⁸ **Other Institutions (figures for 2016-17 in brackets):** Emergency Management Research Institute & NGOs (₹ 8.10 crore), National Rural Health Mission (₹ 14.28 crore), Anganwadi Centre (ICDS) (₹ 25.47 crore) Meghalaya State Housing Board (₹ 3.16 crore), Indian Red Cross Society, Shillong (₹ 0.12 crore), Junior Red Cross (₹ 0.24 crore), Voluntary Organisations (₹ 0.64 crore), Public Sector Undertakings and other Undertakings (₹ 8.32 crore), State Control Animal Diseases (₹ 0.77 crore), State Sports Council (₹ 3.73 crore), National Aids Control (₹ 164.46 crore), Horticulture (₹ 33.41 crore), Old-age Pension (₹ 20.75 crore), Meghalaya Transport Corporation (₹ 7.50 crore), Physically Handicapped (₹ 0.20 crore), Rubber Plantation (₹ 0.75 crore), ASIDE (₹ 1.60 crore), Warehousing (₹ 0.12 crore).

1.7 Local Bodies

There are no Panchayati Raj Institutions (PRIs) in Meghalaya. Instead there are three Autonomous District Councils (ADCs) in Meghalaya viz. Khasi Hills, Garo Hills & Jaintia Hills ADCs. The Community and Rural Development Department (C&RD) governs the rural population in areas which are not covered by ADCs. Moreover, there are six Urban Local Bodies (ULBs), viz. (i) Shillong Municipal Board, (ii) Tura Municipal Board, (iii) Jowai Municipal Board, (iv) Williamnagar Municipal Board, (v) Baghmara Municipal Board and (vi) Resubelpara Municipal Board. The main function of these Municipal Boards is to provide civic amenities, e.g., water supply, street lighting, drainage and sanitation.

1.7.1 Accounts and Audit

As per the Meghalaya Municipal Act, 1973, the accounts of these ULBs are to be submitted within four months after the close of the financial year. Except Shillong Municipal Board, the other five ULBs had not maintained their annual accounts as per prescribed format. The audit of accounts of these ULBs is conducted under Section 20(1) of Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971. Audit findings arising out of conduct of such audit are conveyed to the State Government in the form of an Annual Technical Inspection Report (ATIR).

1.7.2 Devolution of funds to Urban Local Bodies

As per the information furnished (September 2017) by the Director, Urban Affairs, Meghalaya, the devolution of funds by the State Government to urban local bodies(ULBs) during 2012-13 to 2016-17 is as indicated in **Table 1.20**:

Table 1.20: Devolution of Funds to ULBs

	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Amount sanctioned					
Grants-in-aid (Non-Plan)					
(i) General purpose	3.06	3.37	3.37	3.41	NA
(ii) Special purpose	0	0.45	0.44	NA	NA
Grants-in-aid (Plan)	0.56	0.65	0.60	NA	NA
13 th FC/ 14 th FC Award	15.24	0.51	1.81	NA	4.19
Total	18.86	4.98	6.22	3.41	4.19
Expenditure					
Grants-in-aid (Non-Plan)					
(i) General purpose	2.96	3.29	3.37	3.33	NA
(ii) Special purpose	0	0.45	0.44	NA	NA
Grants-in-aid (Plan)	0.34	0.41	0.15	NA	NA
13 th FC/14 th FC Award	15.24	0.51	1.81	NA	NA
Total	18.54	4.66	5.77	3.33	

Source: Finance Accounts

Against ₹ 37.66 crore sanctioned by the State Government during 2012-17, information regarding expenditure of ₹ 32.30 crore only (till 2015-16) had been furnished by the Director, Urban Affairs, Meghalaya. As regards expenditure of Grants-in-aid (Plan and Non Plan) and 14th FC Award during 2016-17, though ₹ 4.19 crore was sanctioned under 14th FC Award in 2016-17, the Director, Urban Affairs Department stated that no funds were released to the Boards till September 2017.

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 provision for providing public services), efficiency of expenditure use and the effectiveness (assessment of outlay-outcome relationships for select services).

1.8.1 Adequacy of Public Expenditure

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 goods⁹. Apart from improving the allocation towards development expenditure⁹, 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. **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 and provides the details of capital outlay and the components of revenue expenditure incurred on the selected social and economic services.

Table 1.21: Fiscal Priority of the State in 2013-14 and 2016-17

	AE/GSDP	SSE/AE	ESE/AE	DE/AE	CE/AE	Education/AE	Health/AE
Special Category States Average (Ratio) 2013-14	24.80	34.30	30.70	61.10	15.10	18.10	5.30
Meghalaya (Ratio) 2013-14	29.08	35.46	35.46	70.92	16.13	17.00	6.74
Special Category States Average (Ratio) 2016-17	27.40	34.20	30.00	61.50	13.60	16.60	5.40
Meghalaya (Ratio) 2016-17	32.66	36.85	36.43	73.28	13.36	16.76	7.11

AE: Aggregate expenditure (total expenditure), GSDP: Gross State Domestic Product, SSE: Social Sector expenditure, ESE: Economic Sector Expenditure, DE: Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans & Advances disbursed, CE: Capital expenditure

⁹ As defined in Appendix 1.1:Part C under List of Term used in Chapter I.

Table 1.21 analyses the fiscal priority of the State Government with regard to Development expenditure, social sector expenditure and capital expenditure during 2016-17, taking 2013-14 as the base year.

Government of Meghalaya contributed a higher portion of its GSDP by way of aggregate expenditure both in 2013-14 and 2016-17 *vis-a-vis* Special Category States. The developmental expenditure-aggregate expenditure, Social Sector expenditure-aggregate expenditure, economic sector expenditure-aggregate expenditure and expenditure on health-aggregate expenditure ratios were higher in 2013-14 and 2016-17. The ratio of capital expenditure–aggregate expenditure was however, higher in 2013-14 but lower in 2016-17 and expenditure on education-aggregate expenditure was lower in 2013-14 and higher in 2016-17 *vis-a-vis* Special Category States. The trends in the efficiency of expenditure in selected Social and Economic Services are depicted in **Table 1.22** below:

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

(In per cent)

Social/Economic Infrastructure	2015-16		2016-17	
	Ratio of capital expenditure to Total expenditure ¹⁰	In revenue expenditure, the share of Salaries and Wages	Ratio of capital expenditure to Total Expenditure ¹⁰	In revenue expenditure, the share of Salaries and Wages
Social Services (SS)	10.79	35.33	12.91	28.72
General Education	0.23	32.38	0.70	26.81
Technical Education, Sports, Arts and Culture	1.61	16.53	0.28	16.94
Health and Family Welfare	15.23	56.08	12.04	50.57
Water Supply & Sanitation, Housing and Urban Development	39.27	33.30	54.23	37.41
Other SS	0.98	21.88	8.69	11.10
Economic Services (ES)	29.90	26.40	21.33	16.12
Agriculture and Allied Activities	1.18	45.98	1.65	45.99
Irrigation & Flood Control	8.40	67.84	51.99	60.74
Energy	7.35	0.00	0.00	0.00
Transport	81.56	1.97	75.28	1.76
Other ES	5.34	17.83	6.40	8.48

Source: Finance Accounts

¹⁰ Total revenue and capital expenditure of the services concerned.

Social Services

The trends presented in **Table 1.22** reveal that development capital expenditure as a percentage of total expenditure constituted only 12.91 *per cent* in 2016-17, which indicated that the revenue expenditure was dominant. Compared to 2015-16, there was improvement in the share of capital expenditure during 2016-17 under all the infrastructure of social services except technical education, sports, arts and culture and Health and Family Welfare.

Of the revenue expenditure on social services, the share of salaries and wages component decreased from 35.33 *per cent* in 2015-16 to 28.72 *per cent* in 2016-17. Within the priority sectors, salaries and wages component continue to have the dominant share under health and family welfare. Around 51 *per cent* of revenue expenditure under this service during 2016-17 were incurred on salaries and wages.

Economic Services

The share of capital expenditure on economic services to total of revenue and capital expenditure on economic services decreased to 21.33 *per cent* during 2016-17 from 29.90 *per cent* in 2015-16. Salaries and wages component within the revenue expenditure on economic services as a percentage of the total expenditure on economic sector also decreased from 26.40 *per cent* in 2015-16 to 16.12 *per cent* during 2016-17. During 2016-17, share of expenditure on salaries and wages under irrigation and flood control was 60.74 *per cent* of revenue expenditure.

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

According to the information furnished (September 2017) by the Directorate of Programme Implementation & Evaluation, GoM, the position of implementation of flagship programmes/schemes till 2016-17 is given in **Appendix 1.6**. Details of significant shortfall in achievement of targets are given in **Table 1.23** below:

Table 1.23: Shortfall of Achievement of Targets

Sl. No.	Programme/ Scheme	Financial Outlays and Expenditure (₹ in crore)		Physical Achievement/Outcome of the Programme up to March 2017			
		Funds available up to 31 March 2017	Actual expenditure up to 31 March 2017	Performance Indicator	Unit of measurement	Physical Targets	Achievement/ Outcome (Shortfall in <i>per cent</i>)
1.	Prime Minister's Awas Yojana	66.00	86.07	Houses constructed	Nos.	17,030	2,953 (83.66)
2.	National Rural Livelihoods Mission (NRLM)	0.00	2.39	Self Help Groups	Nos.	2032	1787 (12.06)
3.	Accelerated Irrigation Benefit Programme (AIBP)	60.00	44.70	Schemes on Soil & Water Conservation	In Ha	4382	3262 (25.56)
4.	Integrated Watershed Management Programme (IWMP)	79.41	7.09	Water Resources	In Ha	40,000	7400 (81.50)
5.	Special Nutrition Programme (SNP)	140.18	31.48	AWCs/Mini AWCs	Nos.	6,48,973	5,68,425 (12.41)
6.	Pradhan Mantri Gram Sadak Yojana (PMGSY)	235.26	178.93	Phase II-Phase VIII	Km	400	175 (56.25)

Source: Directorate of Programme Implementation & Evaluation, GoM

As can be seen from the table, shortfall in achievement of targets under the above programmes/schemes ranged between 12.06 per cent and 83.66 per cent, the maximum being under Prime Minister Awas Yojana (PMAY) (83.66 per cent) followed by Integrated Watershed Management Programme (IWMP) (81.50 per cent).

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 IX and Statement 16 of the Finance Accounts for the year 2016-17, as on 31 March 2017, there were 70 ongoing projects in the State. The department-wise information pertaining to incomplete projects as on 31 March 2017 even after passage of target date(s) of completion is given in **Table 1.24**.

Table 1.24 : Department-wise Profile of Incomplete Projects

(₹ in crore)

Department	Number of incomplete projects	Initial estimated cost	Original estimated cost of projects which were revised		Revised cost of five incomplete projects	Cost overrun	Cumulative expenditure on incomplete projects (as on March 2017)
			Number	Amount			
Public Works (Roads & Bridges)	48	716.84	2	36.03	58.82	22.79	581.10
Public Health Engineering	10	140.79	1	17.43	27.45	10.02	105.29
Health & Family Welfare	12	54.91	2	3.55	4.53	0.98	47.90
Total	70	912.54	5	57.01	90.80	33.79	734.29

Source: Finance Accounts

As can be seen from the above table, 70 projects stipulated for completion on or before March 2017 at an estimated cost of ₹ 912.54 crore, remained incomplete after incurring an expenditure of ₹ 734.29 crore. Out of 70 incomplete projects, five projects (two projects in respect of Public Works Department (Roads & Bridges), two projects in respect of Health & Family Welfare Department and one project in respect of Public Health Engineering Department) had been revised during 2016-17. The cost of one project under PHE Department, *viz.* 'Greater Rymbai Water Supply Scheme' was revised by 57.49 per cent from ₹ 17.43 crore to ₹ 27.45 crore. However, the

actual expenditure on the project till March 2017 was ₹ 19.62 crore i.e. 28.52 per cent (₹ 7.83 crore) lesser than the revised cost. Effective steps need to be taken to complete these projects without further delay to avoid cost overrun due to time overrun.

1.9.2 Financial Results of Irrigation Works

The State Government had not declared any irrigation project as commercial/productive. Hence, the financial results in respect of irrigation projects have not been worked out.

1.9.3 Investment and Returns

As per Statements 8 and 19 of Finance Accounts for the year 2016-17, as on 31 March 2017, the State Government had invested ₹ 2471.63 crore in two Statutory Corporations (₹ 91.26 crore), nine Government Companies (₹ 2274.58 crore) and 1444 Co-operative Banks and Societies (₹ 105.79 crore). Details are given in **Table 1.25**.

Table 1.25: Return on Investment

Investment/Return/Cost of Borrowings	2012-13	2013-14	2014-15	2015-16	2016-17
Investment at the end of the year (₹ in crore)					
(i) Statutory Corporations	71.11	83.41	83.41	91.29	91.26
(ii) Government Companies	228.68	254.36	273.90	273.90	2274.58
(iii) Co-operative Societies	83.72	92.01	97.68	101.74	105.79
Total	383.51	429.78	454.99	466.93	2471.63
Return (₹ in crore)	0.08	0.13	0.13	0.07	0.11
Return (<i>per cent</i>)	0.02	0.03	0.03	0.02	0.02
Average rate of interest on Government borrowing (<i>per cent</i>)	6.24	6.61	6.22	6.70	6.47
Difference between interest rate and return (<i>per cent</i>)	6.22	6.58	6.19	6.68	6.45

Of the two Statutory Corporations, bulk of the investment (₹ 89.13 crore) was made in the Meghalaya Transport Corporation Limited during 1986-2017 which had accumulated loss of ₹ 99.62 crore till 2013-14. Out of ₹ 2274.58 crore invested in Government Companies, ₹ 2004.41 crore was invested in Meghalaya Energy Corporation Limited during 2012-13 to 2015-16, which had accumulated loss of ₹ 99.58 crore, ₹ 162.79 crore was invested in Mawmluh Cherra Cements Limited during 1958-2015, which had accumulated loss of ₹ 122.65 crore up to 2015-16. Out of ₹ 2274.58 crore invested in Government Companies, ₹ 2274.53 crore was invested in eight loss making Companies, which had accumulated loss of ₹ 287.76 crore, as detailed in **Table 1.26** below:

Table 1.26: Details of loss making Government Companies

(₹ in crore)

Sl. No.	Name of Companies	Amount invested up to March 2017	Invested up to	Accumulated loss	Period up to ¹¹
1.	Mawmluh-Cherra Cements Limited (MCCL)	162.79	2014-15	122.65	2015-16
2.	Meghalaya Energy Corporation Limited (MeECL)	2004.41	2015-16	99.58	2014-15
3.	Meghalaya Industrial Development Corporation (MIDC)	91.59	2014-15	36.15	2013-14
4.	Meghalaya Mineral Development Corporation Limited (MMDC)	2.32	2001-02	6.98	2015-16
5.	Forest Development Corporation of Meghalaya Limited (FDCML)	1.97	2001-02	5.46	2010-11
6.	Meghalaya Government Construction Corporation Limited (MGCCCL)	0.75	2000-01	7.00	2014-15
7.	Meghalaya Tourism Development Corporation Limited (MTDCL)	7.96	1999-02	7.82	2010-11
8.	Meghalaya Handloom and Handicraft Development Corporation Limited (MHHDCCL)	2.74	2009-10	2.12	2004-05
	Total	2274.53		287.76	

Further, out of ₹ 105.79 crore invested in co-operative banks/societies, ₹ 25.09 crore was invested in 1,091 loss making co-operative banks/societies, which had accumulated losses of ₹ 7.48 crore up to 31 March 2010. Working results of 126 co-operative banks/societies had not been intimated (October 2017).

The average return on investment in statutory corporations, Government companies and co-operative Banks/Societies was less than one per cent during 2012-17. However, Government paid interest on its borrowings at an average rate of interest of 6.22 per cent to 6.70 per cent during 2012-17.

1.9.3.1 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of State Public Sector Undertakings (SPSUs) should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of

¹¹ Working results for the subsequent years are in arrears.

differences. The position in this regard as at 31 March 2017 is stated in **Table 1.27** below:

Table 1.27: Equity, Loans, Guarantees outstanding as per Finance Accounts vis-a-vis records of SPSUs

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	2365.80 ¹²	2411.16	45.36
Loans	Not available ¹³	290.33	--
Guarantees	943.01 ¹⁴	944.10	1.09

Audit observed that the difference in equity occurred in respect of 7 SPSUs¹⁵ and some of differences were pending reconciliation since 2012-13. The Principal Secretary, Finance Department, Government of Meghalaya as well as the management of the SPSUs concerned were apprised after every three months about the differences from time to time and stressed upon the need for early reconciliation. However, no significant progress was noticed in this regard. The matter was also regularly taken up with the Chief Secretary, Government of Meghalaya after every three months to take necessary steps. The Government and the SPSUs concerned should take concrete steps to reconcile the differences in a time-bound manner.

1.9.4 Loans and Advances by the 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, interest receipts vis-à-vis interest payments during the last five years.

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

(₹ in crore)					
Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Opening Balance	564.95	568.72	590.57	626.92	766.19
Amount advanced during the year	27.02	42.33	56.11	158.35	30.83
Amount recovered during the year	23.25	20.48	19.76	19.08	18.81
Closing Balance	568.72	590.57	626.92	766.19	778.21
Net Addition	3.77	21.85	36.35	139.27	12.02

¹² Includes ₹ 2.14 crore in Meghalaya State Warehousing Corporation (MSWC), ₹ 89.13 crore in Meghalaya Transport Corporation (MTC), ₹ 91.59 crore in MIDC, ₹ 162.79 crore in MCCL, ₹ 2.32 crore in MMDCL, ₹ 2004.41 crore in MeECL, ₹ 1.97 crore in FDCML, ₹ 0.75 crore in MGCCCL, ₹ 7.96 crore in MTDCCL and ₹ 2.74 crore in MH&HDCL.

¹³ State Government's loans to State PSUs are extended through the Government Departments. These Government Departments reallocate the loan funds to different PSUs. Hence, the PSU-wise figures of State Government loans are not available in the Finance Accounts.

¹⁴ Guarantee commitment given by the State Government against loans were ₹ 943.01 crore (Principal: ₹ 935.72 crore and interest: ₹ 7.29 crore) for MeECL. Guarantee commitment given by the State Government against loans were ₹ 943.01 crore for MeECL.

¹⁵ Forest Development Corporation Limited, Meghalaya Industrial Development Corporation, Meghalaya Energy Corporation Limited, Meghalaya Handloom & Handicraft Development Corporation Limited, Meghalaya Basin Management Agency, Meghalaya Transport Corporation and Meghalaya Infrastructure Development & Finance Corporation Limited.

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Interest Receipts	6.46	6.76	8.28	7.69	8.27
Interest received as <i>per cent</i> to outstanding Loans and Advances	1.14	1.17	1.36	1.10	1.06
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	6.24	6.61	6.22	6.70	6.47
Difference between interest payments and receipts (<i>per cent</i>)	5.10	5.44	4.86	5.60	5.41

Loans and advances given by the State Government during 2016-17 decreased by 80.53 *per cent* over the previous year. The total outstanding loans and advances as on 31 March 2017 was ₹ 778.21 crore. Out of the loans of ₹ 30.83 crore advanced during 2016-17, ₹ 8.42 crore was given for power projects and ₹ 17.39 crore was given to Government servants and ₹ 5.02 crore to others. Interest receipt of ₹ 8.27 crore on loans and advances by GoM during 2016-17 constituted 1.06 *per cent* only of the outstanding loans and advances given by the State Government, whereas the Government was paying interest at an average rate of 6.47 *per cent* for the outstanding liabilities.

1.9.5 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

(₹ in crore)

Particulars	Opening balance on 01 April 2016	Closing balance on 31 March 2017
(a) General Cash Balance-		
Cash in Treasuries	40.81	24.70
Deposits with Reserve Bank	-112.79	-54.53
	-71.98	-29.83
Investments held in Cash Balance investment account	267.65	1369.24
Total (a)	195.67	1339.41
(b) Other Cash Balances and Investments		
Cash with departmental officers of Forest and Public Works Department	0.21	0.25
Permanent advances for contingent expenditure with departmental officers	0.03	0.03
Investment of earmarked funds	211.10	256.59
- <i>Sinking Fund Investment Account</i>	211.07	244.82
- <i>Other Development and Welfare Fund</i>	0.03	11.77
Total (b)	211.34	256.87
Grand Total (a) + (b)	407.01	1596.28

Cash balances (excluding investment of earmarked funds) of the State Government at the end of the current year increased from ₹ 195.91 crore in 2015-16 to ₹ 1339.69 crore in 2016-17. As on 31 March 2017, the Government invested ₹ 256.59 crore in Sinking Fund and other Development and Welfare Fund. During 2016-17, interest of ₹ 37.98 crore was earned on investment of cash balances against ₹ 31.48 crore earned during the preceding year.

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. Under an agreement with the RBI, the State Government was to maintain a minimum cash balance of ₹ 21 lakh with the Bank.

During the five-year period ending 2016-17, the Government did not have to resort to WMA and overdraft, except during 2013-14 (₹ 157.09 crore), indicating comfortable position of cash balances of the State in four out of five years.

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, 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 2017, compared with the corresponding position on 31 March 2016. While the liabilities consist mainly of internal borrowings, loans and advances from 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/debt of the State are presented in **Appendix 1.2**. However, the composition of fiscal liabilities during the current year *vis-à-vis* the composition of fiscal liabilities during the current year *vis-à-vis* the previous year are presented in **Charts 1.9** and **1.10**.

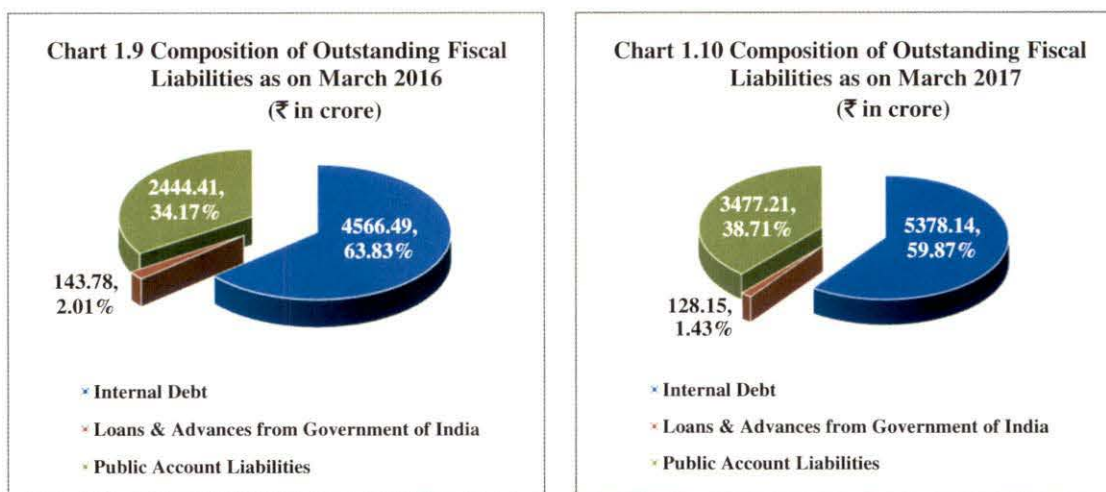


Table 1.30 gives the fiscal liabilities/debt of the State, their rate of growth, the ratio of these liabilities to GSDP, revenue receipts and State's own resources as also the buoyancy of fiscal liabilities with reference to these parameters.

Table 1.30: Fiscal Liabilities – Basic Parameters

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Fiscal Liabilities ¹⁶ (₹ in crore)	4964.58	6269.23	6751.46	7154.68	8983.50
Rate of Growth (<i>per cent</i>)	-2.47	26.28	7.69	5.97	25.56
Ratio of Fiscal Liabilities to					
GSDP (<i>per cent</i>)	22.70	27.33	29.06	27.77	30.38
Revenue Receipts (<i>per cent</i>)	89.67	100.04	105.03	101.58	100.50
Own Resources (<i>per cent</i>)	372.53	405.13	526.44	556.60	480.08
Buoyancy of Fiscal Liabilities to					
GSDP (ratio)	-0.25	5.40	5.96	0.55	1.73
Revenue Receipts (ratio)	-0.13	1.99	2.98	0.62	0.95
Own Resources (ratio)	-0.10	1.63	-0.45	25.96	56.09

Fiscal liabilities of ₹ 8983.50 crore as on 31 March 2017 consist of internal debt, *e.g.*, market loans, loans from financial institutions, Special Securities issued to National Small Savings Fund, *etc.* (₹ 5378.14 crore), loans and advances from Central Government (₹ 128.15 crore), small savings, provident funds, *etc.* (₹ 1373.81 crore) and other liabilities, *e.g.*, Reserve Funds and Deposits (₹ 2103.40 crore).

Fiscal liabilities of the State increased from ₹ 4964.58 crore as on 31 March 2013 to ₹ 8983.50 crore as on 31 March 2017. Compared to previous year, the fiscal liabilities at the end of 2016-17 increased by 25.56 *per cent* (₹ 1828.82 crore) mainly due to increase in internal debt in the form of market loans by ₹ 718.33 crore (20.75 *per cent*).

The ratio of fiscal liabilities to GSDP increased from 27.77 *per cent* in 2015-16 to 30.38 *per cent* in 2016-17. These liabilities were a little above the revenue receipts

¹⁶ Includes Internal debt, Loans and Advances from Government of India, Small Savings, Provident Funds, *etc.*, Reserve Funds and Deposits.

and over four times of the State's own resources at the end of 2016-17. The buoyancy of these liabilities with respect to GSDP during the year was 1.73 indicating that for each one *per cent* increase in GSDP, fiscal liabilities increased by 1.73 *per cent*.

The State Government in its MTFP Statement projected the total Outstanding Liabilities-GSDP ratio for the year 2016-17 as 26.18 *per cent*. As can be seen from the **Table 1.30** above, the Fiscal Liabilities-GSDP ratio of the State (30.38 *per cent*) was higher than the limit fixed in the MTF Plan.

1.10.3 Transactions under Reserve Funds

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

The total accumulated balance as on 31 March 2017 was ₹ 292.86 crore (active funds: ₹ 290.82 crore; inactive funds: ₹ 2.04 crore) in ten reserve funds. However, only three funds were active and seven funds were inactive for more than 20 years. Investment out of these funds was ₹ 256.60 crore, which was 87.62 *per cent* of the accumulated balance. Action needs to be taken to close the inoperative reserve funds and remit the balances into the Consolidated Fund of the State.

During 1999-2000, the State Government constituted a 'Consolidated Sinking Fund' for redemption and amortisation of open market loans. During 2016-17, the Government had appropriated ₹ 33.76 crore from revenue and credited to this fund for investment in the Government of India Securities.

1.10.4 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 of the State, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2012-13 are given in **Table 1.31**.

Table 1.31: Guarantees given by GoM

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Maximum amount guaranteed	947.02	1188.64	1054.43	868.09	860.04
Outstanding amount of guarantees (including interest)	1285.19	1610.55	1173.81	1042.19	983.11
Percentage of maximum amount guaranteed to total revenue receipts	17.11	18.97	16.40	12.33	9.62

Government had guaranteed loans raised by various Corporations and others, which at the end of 2016-17 stood at ₹ 983.11 crore (including interest). Bulk of the guaranteed amount (₹ 943.01 crore) was outstanding against the power sector for repayment of principal and payment of interest on loans from Rural Electrification Corporation (₹ 252.65 crore), and short term loans, bonds, *etc.* (₹ 690.36 crore). The outstanding amount of guarantees is in the nature of contingent liabilities, which was 11 *per cent* of revenue receipts of the State during 2016-17. In order to provide for sudden discharge of the States' obligations on guarantees, the 13th FC recommended that State should set up guarantee redemption funds. As per the Fiscal Policy Strategy Statement for the year 2016-17, to service contingent liabilities arising out of the invocation of State Government Guarantees, the Government had constituted the Meghalaya Guarantee Redemption Fund to be managed by the Reserve Bank of India.

As on 31 March 2017, commission/fee amounting to ₹ 24.84 crore for the guarantees given by the State Government was receivable.

The figure in respect of guarantees outstanding in respect of SPSUs as per their records (₹ 325.00 crore) differs with that shown in the Finance Accounts (₹ 943.01 crore). However, the discrepancies had not been reconciled as discussed in paragraph 1.9.3.1 above.

1.11 Debt Management

1.11.1 Debt Sustainability

Debt sustainability is defined as the ability of the State to service its debt in future. Sustainability of debt therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with 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/GSDP ratio, burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. The rate of growth of GSDP ranged between 1.29 *per cent* and 14.75 *per cent* during 2012-13 to 2016-17 whereas average interest rate on outstanding debt ranged between 6.22 *per cent* and 6.70 *per cent* during 2012-13 to 2016-17. GSDP growth rate is much more than the average interest paid by the State Government on public debt. **Table 1.32** analyses the debt sustainability of the State according to these indicators for the period of five years beginning from 2012-13.

Table 1.32: Debt Sustainability: Indicators and Trends

(₹ in crore)

Indicators of Debt Sustainability	2012-13	2013-14	2014-15	2015-16	2016-17
Outstanding debt (year-end)	4964.58	6269.23	6751.46	7154.68	8983.50
Rate of Growth of Outstanding debt	-2.47	26.28	7.69	5.97	25.56
Gross State Domestic Product(GSDP)	21872	22938	23235	25767	29567
Rate of Growth of GSDP	9.81	4.87	1.29	10.90	14.75
Debt/GSDP(<i>in per cent</i>)	22.70	27.33	29.06	27.77	30.38
Tax Revenue	847.73	949.30	939.19	1056.82	1186.81
Debt Repayment/Tax Revenue (<i>in per cent</i>)	242.66	173.75	236.46	209.55	181.00
Average interest rate of Outstanding debt	6.24	6.61	6.22	6.70	6.47
Interest Paid/Revenue Receipts(IP/RR)	5.67	5.93	6.30	6.61	5.84
Debt Repayment/Debt Receipts	1.27	0.64	0.97	1.03	0.62
Total Debt Receipts	1617.62	2582.57	2297.91	2151.92	3454.69
Total Debt Payments	2057.14	1649.42	2220.78	2214.57	2148.10
Net Debt available to the State	-439.52	933.15	77.13	-62.65	1306.59

Table 1.32 reveals that the Debt-GSDP ratio ranged between 22.70 *per cent* and 30.38 *per cent* during 2012-13 to 2016-17. Whereas Debt-Repayment as a percentage of Tax Revenue ranged between 173.75 *per cent* and 242.66 *per cent* during 2012-17. At 30.38 *per cent*, the Debt¹⁷-GSDP ratio during 2016-17 (**Appendix 1.2**) was well above the target of outstanding debt to GSDP (27.34 *per cent*) set forth by 14th FC for the State and also above the assessment made by the State Government in the MTFP Statement (26.18 *per cent*). The trends in net Debt available to the State indicate the oscillation between positive and negative magnitudes. The net Debt available to the State has been negative in two out of five-year period ending 2016-17 indicating that the incremental revenue receipts were not sufficient to meet the incremental primary expenditure and interest burden. Compared to 2015-16, the situation had been improved during 2016-17, when the net Debt available to the State had turned positive at ₹ 1306.59 crore against negative ₹ 62.65 crore during 2015-16. These trends indicate that the State had made sustainable efforts to mobilise more resources to meet the incremental liabilities arising on account of additional primary expenditure and interest payment during the year.

The trends in debt redemption ratio fluctuated widely during 2012-17 and decreased to 62.18 *per cent* during 2016-17 against 102.91 *per cent* during the previous year (**Appendix 1.2**). During the current year, against receipts of ₹ 3454.69 crore, Government repaid ₹ 2148.10 crore as principal and interest on internal debt (₹ 794.81 crore), loans and advances from Central Government (₹ 36.25 crore) and

¹⁷ Internal debt, Loans & Advances from GoI and Other Liabilities (Small Savings, Provident Funds, Reserve Funds, Deposits)

other liabilities¹⁸ (₹ 1317.04 crore), as a result of which borrowed fund at ₹ 1306.59 crore was available at the end of the year.

1.11.2 Debt Profile

As per Annexure to Statement 17 of the Finance Accounts for the year 2016-17, the maturity profile of the State debt is as indicated in **Table 1.33**.

Table 1.33: Maturity Profile of State Debt

(₹ in crore)

Debt maturity	Maturity Profile	Amount			Per cent
		Internal Debt	Loans & Advances from GoI	Total	
During 2017-18	0-1 year	309.40	20.34	329.74	5.92
Between 2018-19 & 2019-20	Over 1 year to 2 years	769.41	40.85	810.26	14.54
Between 2020-21 & 2021-22	Over 2 years to 5 years	712.78	41.04	753.82	13.53
Between 2022-23 & 2023-24	Over 5 years to 7 years	913.43	40.94	954.37	17.13
2024-25 onwards	Over 7 years and above	2654.10	70.02	2724.12	48.88
Total		5359.12	213.19	5572.31	100

The maturity profile of outstanding stock of public debt as on 31 March 2017 indicates that out of the outstanding public debt of ₹ 5572.31 crore, 51.11 per cent (₹ 2848.19 crore) is payable within the next seven years. The remaining 48.89 per cent was in the maturity bracket of seven years and above. Of the total outstanding public debt, internal debt consisting of market borrowings, loans from LIC, GIC, NABARD, etc. constituted 96.17 per cent (₹ 5359.12 crore).

Repayment of debt of more than 50 per cent within seven years indicates an alarming position and State may be heading towards debt stress. Therefore debt repayment and further borrowings in future should be planned in such a way that there is no bunching of repayments in any particular year as that will cause undue stress on the budget.

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 represent 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 2016-17.

¹⁸ Small Savings, Provident Funds, Reserve Funds, Deposits, etc.

1.12.1 Trends in Deficits

Charts 1.11 and 1.12 present the trends in deficit indicators over the period 2012-17.

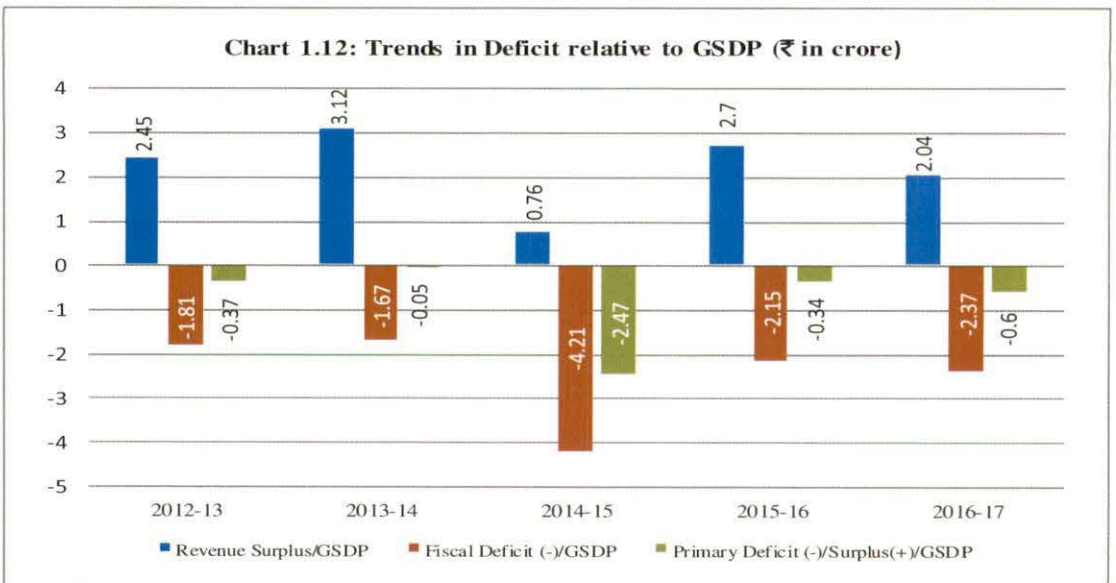
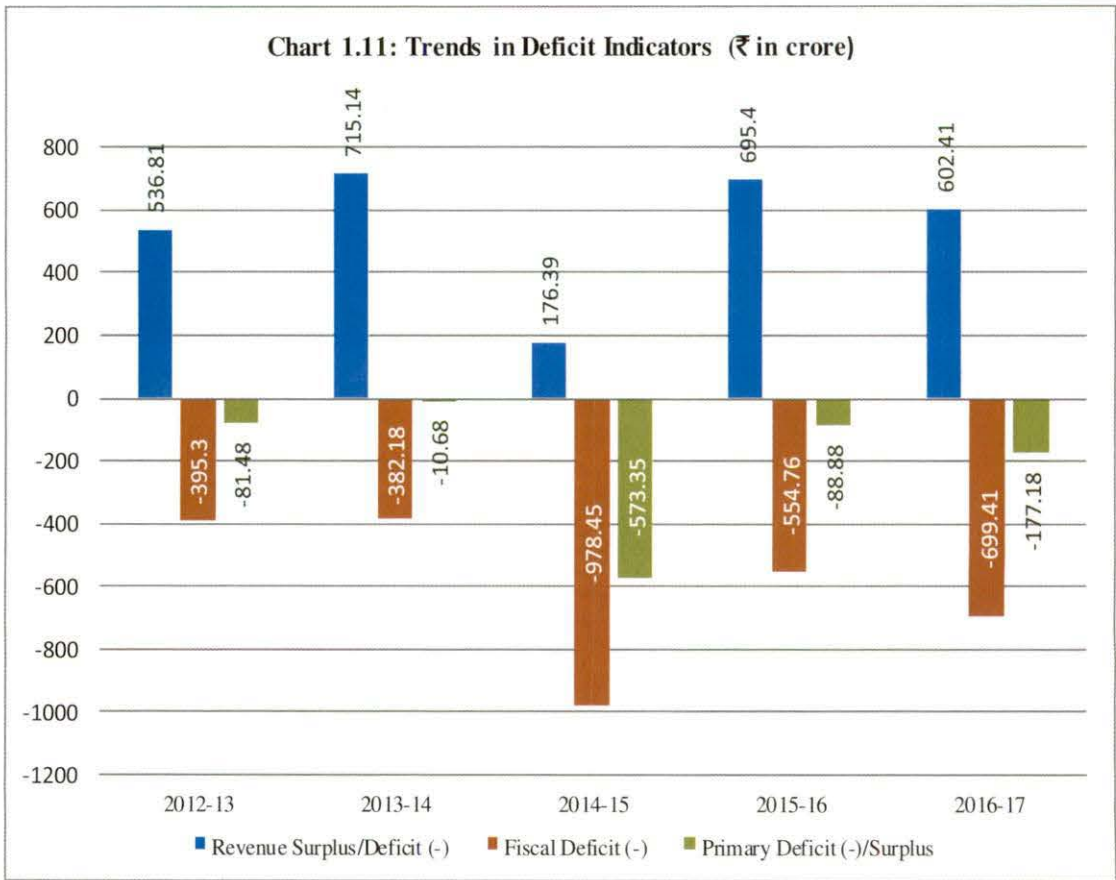


Chart 1.11 reveals that the State was able to attain a revenue surplus of ₹ 602.41 crore during 2016-17, which was -13.37 per cent (-₹ 92.99 crore) less than the revenue surplus of previous year (₹ 695.40 crore). The fall in revenue surplus by ₹ 92.99 crore during 2016-17 from previous year was the effect of increase of revenue receipts

(₹ 1895.82 crore) as well as corresponding increase in revenue expenditure (₹ 1988.81 crore). The State Government was successful in fulfilling the commitment made in the MFRBM Act, (as amended) to maintain revenue surplus during 2016-17, as recommended by the 14th FC.

The fiscal deficit, which represents the total borrowings of the Government and total net debt available to the State significantly increased from ₹ 554.76 crore in 2015-16 to ₹ 699.41 crore in 2016-17. This was mainly due to the fact that the increase in revenue expenditure was more compared to increase in revenue and non-debt capital receipts during the current year relative to the previous year. During the current year, the revenue and non-debt capital receipts increased by 26.84 *per cent* against 9.53 *per cent* during the previous year, while the increase in revenue expenditure was 31.33 *per cent* against 1.53 *per cent* during previous year.

As per the recommendations of the 14th FC, fiscal deficit of all States should be anchored to an annual limit of 3.25 *per cent* of GSDP. GoM also agreed in the MFRBM Act (as amended) to reduce fiscal deficit to 3 *per cent* of GSDP or less during 2016-20 of the award period of the 14th FC. The fiscal deficit-GSDP ratio was at 2.37 *per cent* during 2016-17 and thus, GoM succeeded to restrict this ratio as per recommendation of the 14th FC (3.25) and its own commitment in the amended MFRBM Act.

The primary deficit during 2016-17 substantially increased by ₹ 88.30 crore over previous year due to decrease in fiscal deficit (₹ 144.65 crore) and increase in interest payment (₹ 56.35 crore). The primary deficit stood at ₹ 177.18 crore during the current 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	2012-13	2013-14	2014-15	2015-16	2016-17
Decomposition of Fiscal Deficit (1 + 2 + 3)						
Fiscal Deficit		395.30	382.18	978.45	554.76	699.41
1.	Revenue Surplus (+)/ Deficit (-)	536.81	715.14	176.39	695.40	602.41
2.	Net Capital Outlay	928.34	1075.47	1118.49	1110.89	1289.80
3.	Net Loans and Advances	3.77	21.85	36.35	139.27	12.02
Financing Pattern of Fiscal Deficit^(a)						
1.	Market Borrowing	298.00	286.55	442.92	459.69	718.33
2.	Loans from GoI	- 17.77	- 19.26	-15.05	- 17.61	- 15.64
3.	Special Securities issued to NSSF	70.73	69.02	84.12	59.76	- 42.38
4.	Loans from Financial Institutions	3.76	- 2.51	12.31	- 2.25	135.71

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
5.	Small Savings, PF, etc.	109.07	127.17	133.28	131.74	141.17
6.	Reserve Funds	- 7.44	18.08	- 13.70	6.74	2.07
7.	Deposits and Advances	- 582.04	825.60	- 161.66	- 234.85	889.56
8.	Suspense and Miscellaneous	110.67	- 76.71	82.28	- 55.40	13.09
9.	Remittances	17.98	3.15	- 8.34	- 2.70	1.26
10.	Increase (+) / Decrease (-) in Cash Balances	- 392.34	848.91	- 422.29	- 209.64	- 1143.76
Fiscal Deficit		395.30	382.18	978.45	554.76	699.41
Fiscal Deficit (percentage to GSDP)		1.81	1.67	4.07	2.03	2.37

^(a) All these figures are net of disbursements/outflows during the year.

There were fiscal deficits during the five year period ending 2016-17, which peaked at ₹ 978.45 crore during 2014-15. A redeeming feature of the fiscal deficit is that the State Government borrows fund from market *etc.* to finance Capital Expenditure. The fiscal deficit increased to ₹ 978.45 crore during 2014-15. However, it significantly decreased to ₹ 699.41 crore during 2016-17.

During 2016-17, fiscal deficit of ₹ 699.41 crore was financed from net market borrowings (₹ 718.33 crore), which was sufficient to finance the fiscal deficit alone. The revenue surplus lowered the fiscal deficit in 2016-17 despite the increase in capital expenditure. The increase of 52.26 *per cent* (₹ 258.64 crore) in net market borrowings during current year over previous year for financing the deficit increased the interest burden for the year 2016-17.

It is evident from the above that Government raised excess market loans than was required for financing its deficit. During 2016-17, fiscal deficit was over financed through market borrowing and other heads of public account leading to an increase in cash balances from ₹ 195.91 crore in 2015-16 to ₹ 1339.68 crore in 2016-17.

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 outlay as well as 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 Outlay	Loans and Advances	Primary Expenditure ¹⁹	Primary Revenue Surplus	Primary Deficit (-)/ Surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2 -6)
2012-13	5559.60	4685.72	928.34	27.02	5641.08	873.88	- 81.48
2013-14	6287.21	5180.09	1075.47	42.33	6297.89	1107.12	- 10.68
2014-15	6448.01	5846.76	1118.49	56.11	7021.36	601.25	- 573.35
2015-16	7062.21	5881.85	1110.89	158.35	7151.09	1180.36	- 88.88
2016-17	8957.76	7814.31	1289.80	30.83	9134.94	1143.45	-177.18

The bifurcation of the factors resulting into primary deficit or surplus of the State during 2012-17 revealed that-

- Non-debt receipts increased by 61.12 *per cent* from ₹ 5559.60 crore in 2012-13 to ₹ 8957.76 crore in 2016-17.
- Total primary expenditure increased by ₹ 3493.86 crore (61.94 *per cent*) during 2016-17 compared to 2012-13 due to increase in primary revenue expenditure to the extent of ₹ 3128.59 crore (66.77 *per cent*) during the period 2012-13 to 2016-17.
- The primary revenue surplus decreased to ₹ 1143.45 crore in 2016-17 from ₹ 1180.36 crore during 2015-16.
- In all the five years (2012-17), the State experienced primary deficit. During the period, the non-debt receipts of the State were sufficient to meet the primary revenue expenditure²⁰ and loans and advances, but was not adequate for expenditure on capital outlay. The extent of the primary deficit during 2016-17 has been mainly on account of increase in capital expenditure by ₹ 178.91 crore and decrease in loans and advances by ₹ 127.52 crore compared to the previous year.

1.13 Institutional Measures

Towards strengthening fiscal disciplines, 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 MFRBM Act in 2006. Since then the Government had been undertaking measures like introduction of VAT.

As a measure to improve fiscal transparency, 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 initiative that enables implementation of

¹⁹ 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.

²⁰ Primary revenue expenditure represents revenue expenditure less interest payments.

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 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 policy on PPP and particulars of PPP projects under execution in the State was called for (July 2017) from the Finance Department, GoM. As per the information furnished (October 2017) by the Finance Department, GoM, there is no PPP project in the State.

1.14 Significant Findings

The fiscal position of the State viewed in terms of key fiscal parameters – revenue surplus, fiscal deficit, primary deficit. During 2016-17, though the State continued to maintain the status of revenue surplus, this surplus decreased to ₹ 602.41 crore against ₹ 695.40 crore during 2015-16. The revenue surplus was utilised to partially finance the capital expenditure of ₹ 1289.80 crore during the year. The fiscal deficit as well as primary deficit of the State had increased significantly during 2016-17 compared to previous year.

Revenue Receipts

Revenue receipts during 2016-17 grew by 26.92 per cent (₹ 1895.82 crore) over previous year. The tax revenue receipts fell short of normative assessment made by 14th FC by 29.78 per cent and the non-tax revenue was 4.03 per cent lower than the target of 14th FC. State's own resources (tax and non-tax revenue) during 2016-17 (₹ 1871.25 crore) were 45.57 per cent more than those of previous year (₹ 1285.42 crore) and constituted only 20.93 per cent of the revenue receipts of the year. The Central transfers comprising State's share of central taxes and Grants-in-aid from Government of India increased by ₹ 1309.99 crore in 2016-17 and contributed 69.10 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.

Revenue and Total Expenditure

Compared to the previous year, the revenue expenditure during 2016-17 increased by 31.33 per cent. The expenditure pattern of the State revealed that though the revenue expenditure as a percentage of total expenditure increased from 83.34 per cent in 2015-16 to 86.32 per cent in the current year, it hovered around 86 per cent during the period (2012-17) leaving inadequate resources for expansion of services and creation of assets. Within the revenue expenditure, NPRES at ₹ 4641.22 crore in 2016-17 constituted 55.67 per cent. Further, expenditure on salaries and wages, pensions, interest payments and subsidies continued to consume a large share of revenue

expenditure which was 42.24 per cent (₹ 3521.38 crore) during 2016-17. Capital outlay during 2016-17 (₹ 1289.80 crore) increased by ₹ 178.91 crore (16.11 per cent) over previous year. It decreased to 13.36 per cent of total expenditure during 2016-17 against 14.58 per cent during the preceding year and also fell short by 5.20 per cent (₹ 70.73 crore) of the projection (₹ 1360.53 crore) made by the State Government in its budget estimate for the year.

In view of this, it is recommended that the State needs to give more priority to capital expenditure and ensure that it does not decrease over the years.

Fiscal Correction Path

The revenue surplus decreased to ₹ 602.41 crore during 2016-17 compared to the revenue surplus of ₹ 695.40 crore during 2015-16. The fiscal deficit increased from ₹ 554.76 crore in 2015-16 to ₹ 699.41 crore during the current year. Primary deficit also increased significantly by ₹ 88.30 crore from ₹ 88.88 crore in 2015-16 to ₹ 177.18 crore in 2016-17. The fiscal deficit-GSDP ratio stood at 2.37 per cent during 2016-17 within the ceiling of 3 per cent or less prescribed in the MFRBM Act, 2006 (as amended) and also the recommendation of the 14th FC to maintain this ratio at 3.25 per cent of GSDP. **The prevalence of fiscal deficit during 2012-17 indicated continued reliance of the State on borrowed funds resulting in increasing fiscal liabilities or debt of the State over the period 2012-17.** Fiscal liabilities or debt increased by 25.56 per cent during 2016-17 as compared to previous year. The fiscal liabilities or debt during 2016-17 stood at 30.38 per cent of the GSDP during the current year against 27.77 per cent during 2015-16 and exceeded the limit of total outstanding Debt-GSDP ratio projected in MTFP Statement (26.18 per cent) for the year.

The average return on investment in Statutory corporations, Government companies and Co-operative banks/societies was less than one per cent during 2012-17. However, the State Government paid interest at an average rate of 6.22 per cent to 6.70 per cent on its borrowings during the period. Interest received as per cent to outstanding Loans and Advances given by the State Government was also inadequate, which ranged between 1.06 per cent and 1.36 per cent during 2012-17 and stood at 1.06 per cent during 2016-17.

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.

Therefore, it is recommended that the State Government may review the working of the units which were incurring losses and take appropriate action to avoid further financial burden on the Government.

CHAPTER-II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

CHAPTER II

Financial Management and Budgetary Control

2.1 Introduction

Effective financial management ensures that policy decisions are implemented at the administrative level without wastage or diversion of funds and with reasonable assurance about successful implementation of policy at the ground level. This Chapter reviews the appropriations and allocative priorities of the State Government and comments on the transparency and effectiveness of its budgetary processes.

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 2016-17 against 58 Grants and two Appropriations is given in **Table 2.1**:

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

(₹ in crore)

Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving	Amount Surrendered	Amount Surrendered on 31 March 2017	Percentage of Savings surrendered on 31 March 2017 to total amount of Savings
Voted								
I. Revenue	7984.76	1168.59	9153.35	7760.04	1393.31	1085.82	1085.82	77.93
II. Capital	1460.53	393.35	1853.88	1389.80	464.08	325.78	325.78	67.59
III. Loans and Advances	48.72	Nil	48.72	30.83	17.89			
Total Voted	9494.01	1561.94	11055.95	9180.67	1875.28	1411.60	1411.60	75.27
Charged								
IV. Revenue	609.20	2.27	611.47	577.78	33.69	28.90	28.90	85.78
V. Capital	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
VI. Public Debt- Repayment	578.88	Nil	578.88	414.41	164.47	164.47	164.47	100
Total Charged	1188.08	2.27	1190.35	992.19	198.16	193.37	193.37	97.58
Appropriation to Contingency Fund (if any)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total	10682.09	1564.21	12246.30	10172.86	2073.44	1604.97	1604.97	77.41

The overall saving of ₹ 2073.44 crore was the result of saving of ₹ 2241.50 crore in 50 Grants under Revenue Section, 23 Grants and two Appropriations under Capital Section. This was offset by excess of ₹ 168.06 crore in four Grants under Revenue Section and two Grants under Capital Section. Out of the total savings of ₹ 2073.44 crore, ₹ 1604.97 crore (77.41 per cent) was surrendered during the year and the balance savings of ₹ 468.47 crore (22.59 per cent) remained un-surrendered.

The savings/excess were intimated (July 2017) to the Controlling Officers requesting them to explain the significant variations. Department-wise position involving substantial amount of savings/excess (exceeding ₹ 10 crore) for which reasons were not furnished (August 2017) by the departments concerned 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 revealed that in 36 cases, savings of ₹ 1723.09 crore exceeded ₹ 1 crore in each case and also by more than 20 per cent of total provision (**Appendix 2.2**). Against the savings of ₹ 1723.09 crore, savings of ₹ 1302.44 crore (75.59 per cent) over ₹ 50 crore and above occurred in 10 cases relating to seven Grants and one Appropriation as indicated in **Table 2.2**.

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

(₹ in crore)

Number and name of the Grant	Original	Supplemen- -tary	Total	Actual expenditure	Savings
I. Revenue-Voted					
11 – Other Taxes and Duties on Commodities and Services, etc.	185.06	28.46	213.52	131.14	82.37
32 – Civil Supplies, Capital Outlay on Food Storage and Ware-housing	109.79	30.30	140.09	58.23	81.86
38 – Secretariat Economic Services, etc.	447.34	114.21	561.55	234.70	326.86
40 – North Eastern Areas, Capital Outlay on North Eastern Areas	92.44	0.12	92.56	10.80	81.76
43 – Housing, Crop Husbandry, Agricultural Research, etc.	417.15	0	417.15	212.47	204.68
45 – Housing, Soil and Water Conservation, etc.	254.32	0	254.32	129.69	124.63
Total Revenue -Voted	1506.10	173.09	1679.19	777.03	902.16
II. Capital-Voted					
27 – Water Supply and Sanitation, Housing, etc.	273.18	27.48	300.66	185.69	114.97
40 – North Eastern Areas, Capital Outlay on North Eastern Areas	107.56	4.14	111.70	40.74	70.97
43 – Housing, Crop Husbandry, Agricultural Research, etc.	94.05	3.00	97.05	47.02	50.03
Total Capital -Voted	474.79	34.62	509.41	273.45	235.97
III. Capital – Charged					
Appropriation -Internal Debt of the State Government	558.81	0	558.81	394.50	164.31
Total Capital - Charged	558.81	0	558.81	394.50	164.31
Grand Total	2539.70	207.71	2747.41	1444.98	1302.44

Reasons for excessive savings in the above cases had not been furnished (August 2017).

2.3.2 Persistent Savings

In six 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).

Table 2.3: List of Grants indicating Persistent Savings during 2012-17

(₹ in crore)

Sl. No.	Number and Name of the grant	Amount of savings				
		2012-13	2013-14	2014-15	2015-16	2016-17
Revenue-Voted						
1.	11- Other Taxes and Duties on Commodities and Services, etc.	106.00 (37)	45.73 (23)	77.67 (32)	65.34 (48)	82.37 (38.58)
2.	40-North Eastern Areas, etc.	90.13 (77)	76.64 (80)	48.27 (77)	91.81 (84)	81.76 (88.33)
3.	43 – Housing, Crop Husbandry, Agricultural Research and Education etc.	214.12 (47)	233.36 (52)	234.43 (48)	135.99 (34)	204.68 (49.07)
4.	50 – Forestry and Wildlife, Agricultural Research and Education, etc.	58.95 (43)	53.29 (30)	74.59 (34)	54.30 (31)	33.70 (21.40)
Capital-Voted						
5.	19 – Secretariat General Services, Public Works, etc.	68.00 (58)	79.23 (42)	95.11 (57)	39.66 (27)	70.43 (45.66)
6.	39-Cooperation, etc.	8.33 (54)	7.79 (48)	9.30 (62)	5.04 (54)	11.74 (69.43)

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

There have been large savings persistently for the last five years in six Grants, viz. 'Other Taxes and Duties on Commodities and Services, etc.', 'North Eastern Areas', 'Housing, Crop Husbandry, Agricultural Research and Education, etc.' 'Forestry and Wildlife, etc.', 'Secretariat General Services, Public Works, etc.', and 'Co-operation.'

2.3.3 Expenditure without Budget Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds in Budget. **The cases of excess expenditure over Budget provision is a very serious matter as it is a violation of the wishes of the Legislature. In all such cases, the responsibility needs to be fixed.** It was, however, noticed that expenditure of ₹ 33.49 crore was incurred in nine cases as detailed in **Appendix 2.3** without any budget provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect. Six significant cases of such expenditure involving expenditure in excess of ₹ 2 crore are given in **Table 2.4**.

Table 2.4: Expenditure incurred without provision during 2016-17

(₹ in crore)		
Sl. No.	Grant/Appropriation Number – Major Head of Accounts - Sub-Head - Detailed Head	Expenditure without provision
1.	16 – 2055 – 102 – (01) Re-imburement to State for Civil Defence – General	4.48
2.	56 – 3054 – 337 – (01) Maintenance by Road Wings – Sixth Schedule (Part II) Areas	8.85
3.	2049 – 101 – (01) 7.98% MSDL/MGS 2026 – General	2.39
4.	2049 – 101 – (02) 8.0% MSDL/MGS 2026 – General	4.00
5.	2049 – 101 – (04) 7.43% MSDL/MGS 2026 – General	3.72
6.	2049 – 101 – (05) 7.18% MSDL/MGS 2026 – General	5.38
Total		28.82

Government may consider fixing responsibility on officials responsible for incurring expenditure without budget provisions.

2.3.4 Drawal of funds to avoid lapse of budgetary provision

As per Paragraph 152 (iii) of Budget Manual, controlling officers are to surrender to the Finance Department all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known and in any case latest by the 15th March. Further, as per Rule 211 of Meghalaya Treasury Rules, 1986, no money shall be drawn from the Treasury unless it is required for immediate disbursement. Contrary to the prescribed procedure, ₹ 1462.17 crore was transferred in March 2017 into the major head of Account '8443 – Civil Deposits' primarily to exhaust the unspent budgetary provision. Instances of such transfer (over ₹ five crore in each case) in respect of the 27 cases involving ₹ 1331.55 crore are mentioned in **Appendix 2.4**.

2.3.5 Excess over provision 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 excess 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 Report of the Comptroller and Auditor General of India for the previous year, excess expenditure of ₹ 1974.87 crore for the years from 1971-72 to 2015-16 had not been regularised, details of which are given in **Appendix 2.5**.

2.3.6 Excess over provision during 2016-17 requiring regularisation

Table 2.5 contains the summary of total excess in four Grants under Revenue Section and two Grants under Capital Section amounting to ₹ 168.06 crore over authorisation from the Consolidated Fund during 2016-17 which requires regularisation under Article 205 of the Constitution. **The cases of excess expenditure over**

Grants/provisions is a very serious matter as it is a violation of the will of the Legislature. In all such cases, the responsibility needs to be fixed.

Table 2.5: Excess over provision requiring regularisation during 2016-17

(₹ in crore)

Sl. No.	Number and title of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess (+) (per cent to Total Grant/ Appropriation)
Revenue – Voted				
1.	7 – Stamps and Registration	1.87	2.28	0.41 (21.93)
2.	24 – Pensions and Other Retirement Benefits	493.48	647.85	154.37 (31.28)
3.	27 – Water Supply and Sanitation, Housing, etc.	184.29	186.79	2.50 (1.36)
4.	56 – Roads and Bridges, etc.	177.18	186.16	8.98 (5.07)
Capital – Voted				
1.	21 – Miscellaneous General Services, General Education, etc.	2.70	4.36	1.66 (61.48)
2.	28 – Housing, Capital on Housing, Loans for Housing	1.60	1.74	0.14 (8.75)
Total		861.12	1029.18	168.06

In one of the above cases, viz. Grant No.24 - Pension & other retirement benefits, excess expenditure by more than ₹ 50 crore of the budget provision has been observed consistently for the last five years (Table 2.6).

Table 2.6: Persistent excess expenditure during 2012-17

(₹ in crore)

Number and name of the Grant	Amount of Excess Expenditure				
	2012-13	2013-14	2014-15	2015-16	2016-17
24- Pension and other Retirement benefits (Revenue - Voted)	73.49	53.89	114.63	142.92	154.37

Further, the amount of excess expenditure has been increasing year on year.

Government may consider fixing responsibility on officials responsible for incurring expenditure in excess of the Grants/provisions.

2.3.7 Excessive/inadequate supplementary provision

Supplementary provision aggregating ₹ 357.13 crore obtained in 29 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 2.6. In five cases supplementary provision of ₹ 34.47 crore proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 167.92 crore (Table 2.7).

Table 2.7: Insufficient Supplementary Provision

(₹ in crore)

Number and Name of Grant	Original Provision	Supplementary provision	Total	Expenditure	Excess
7 – Stamps & Registrations, etc. Revenue – Voted	1.80	0.07	1.87	2.28	0.41
21 - Miscellaneous General Services, General Education, etc. Capital - Voted	-	2.70	2.70	4.36	1.66
24 – Pensions and Other Retirement Benefits Revenue – Voted	490.98	2.50	493.48	647.85	154.37
27 – Water Supply and Sanitation, Housing, etc. Revenue – Voted	168.34	15.95	184.29	186.79	2.50
56 - Roads and Bridges, Capital Outlay on Roads and Bridges, etc. Revenue - Voted	163.93	13.25	177.18	186.16	8.98
Total	825.05	34.47	859.52	1027.44	167.92

In one case, no supplementary provision was obtained resulting in an excess expenditure of ₹ 0.14 crore as given in **Table 2.8**.

Table 2.8: Excess expenditure but no Supplementary Provision were obtained

(₹ in crore)

Number and Name of Grant	Original Provision	Expenditure	Excess
28 – Housing, Capital on Housing, Loans for Housing Capital – Voted	1.60	1.74	0.14

2.3.8 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 213 sub-heads proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh.** Instances of 59 such cases where excess/saving was ₹ one crore or above in each case are detailed in **Appendix 2.7**.

2.3.9 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 2016-17 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”, “less expenditure than anticipated”, “non-receipt of sanction”, “non-approval of Scheme”, “discontinuation of Scheme”, “less claim”, “revised budget outlay” and “reduction of provision” etc.

2.3.10 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision was surrendered) were made in respect of 103 sub-heads on various grounds like non-receipt of sanction, less expenditure, non-release of funds, etc. Out of the total provision of ₹ 1172.30 crore in 103 sub-heads, ₹ 946.20 crore were surrendered, which included 100 per cent surrender in 48 schemes/projects/works. The details of such cases involving substantial surrenders are given in **Appendix 2.8**.

2.3.11 Surrender in excess of actual saving

The spending departments, as per the provision 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 results in surrender in excess of overall saving under grant/appropriation.

In 19 cases, the amount surrendered was in excess of actual savings indicating lack of or inadequate budgetary control in those departments. As against savings of ₹ 361.81 crore, the amount surrendered was ₹ 407.58 crore resulting in excess surrender of ₹ 45.77 crore (**Appendix 2.9**). The cases of surrender in excess of actual savings, however, should be avoided by prudent budgeting. Some significant cases of surrender in excess of actual savings are shown in **Table 2.9**.

Table 2.9: Cases of surrender in excess of savings

(₹ in lakh)					
Sl No.	Number and Name of Grant/Appropriation	Total Grant	Saving	Amount surrendered	Amount surrendered in excess of savings
1.	2 – Governor Revenue – Charged	875.00	110.95	157.36	46.41
2.	21 - Miscellaneous General Services, General Education, etc. Revenue – Voted	167224.79	6295.48	10388.65	4093.17
3.	22 – Other Administrative Services, Housing, Census, Survey and Statistics Revenue – Voted	3136.46	163.84	194.41	30.57
4.	30 – Information and Publicity Revenue – Voted	1860.48	242.63	276.83	34.20
5.	41 – Census, Survey and Statistics Revenue – Voted	1910.47	669.37	697.41	28.04
6.	45 – Housing, Soil and Water Conservation, etc. Revenue - Voted	25432.00	12463.11	12487.61	24.50
7.	50 – Forestry and Wildlife, Agricultural Research and Education, etc. Revenue - Voted	15750.02	3370.31	3521.67	151.36
8.	56 - Roads and Bridges, Capital Outlay on Roads and Bridges Capital – Voted	61161.08	5263.76	5353.03	89.27

The surrender in excess of actual savings resulted in excess expenditure in various heads of accounts under 19 grants/appropriations which indicated lack of financial prudence in the management of budget in the concerned departments.

2.3.12 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 latest by the 15th March. At the close of the year 2016-17, there were however, nine Grants in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in those cases was ₹ 199.89 crore (9.64 per cent of the overall savings of ₹ 2073.44 crore) (Appendix 2.10).

Similarly, out of total savings of ₹ 1399.50 crore under 26 other Grants (savings of ₹ 1 crore and above in each Grant), amount aggregating ₹ 583.78 crore (41.71 per cent of total savings) were not surrendered, details of which are given in Appendix 2.11. Besides, in 49 cases, (surrender of funds in excess of ₹ 1 crore), ₹ 1600.64 crore were (Appendix 2.12) surrendered on the last working day of March 2017, indicating inadequate financial control and the fact that these funds could not be utilised for other development purposes.

2.3.13 Rush of expenditure

Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. As such, Government expenditure is required to be evenly phased out throughout the year as far as possible. It was however, noticed that during 2016-17, compared to the total expenditure during the year the expenditure during the fourth quarter ranged between 28.01 per cent and 88.86 per cent. In the month of March it ranged between 20.25 per cent and 88.20 per cent in respect of five illustrative major heads of account as indicated in Table 2.10 below:

Table 2.10: Cases of Rush of Expenditure towards the end of the financial year 2016-17

(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2017	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2055	577.59	161.81	28.01	116.98	20.25
2.	2202	1477.30	425.83	28.82	330.66	22.38
3.	2205	75.20	66.82	88.86	66.33	88.20
4.	2210	565.60	249.57	44.12	210.76	37.26
5.	2235	177.54	113.48	63.92	105.55	59.45

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 departmental figures

2.4.1 Detailed Countersigned 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 2016-17 (Volume I), against an amount of AC bills of ₹ 4.57 crore, no DCC Bills were received which resulted in 31 AC bills involving ₹ 4.57 crore remaining outstanding as of March 2017.

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

Government may consider fixing responsibility on officials for failing to settle the outstanding AC bills within the stipulated period of one month.

2.4.2 Un-reconciled Expenditure

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 (Accounts & Entitlement). This is in order 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. During 2016-17, 20 out of 59 COs did not reconcile expenditure amounting to ₹ 1513.22 crore (14.88 per cent of total gross expenditure of ₹ 10172.86 crore) as of March 2017. This is despite the fact that non-reconciliation of departmental figures is being pointed out regularly in Audit Reports. Out of the unreconciled expenditure of ₹ 1513.22 crore, ₹ 625.35 crore related to the Directors of Accounts and Treasury followed by ₹ 262.58 crore in respect of the Director of Social Welfare and ₹ 239.08 crore in respect of Director of Technical Education and Sports and Youth Affairs Department.

2.5 Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for discharging the liabilities of the Government arising out of special enactment. The amount credited to these accounts will be debited to the Consolidated Fund of the State and booked as expenditure of the year. As on 01 April 2016, there were six PD accounts with a balance of ₹ 5.58 crore. Out of six PD accounts, three PD accounts remained inoperative for periods ranging from 10 years to 14 years and were closed during 2016-17. Two PD accounts for ₹ 1.71 crore were opened during 2016-17. As on 31 March 2017, five PD accounts involving ₹ 6.43 crore were in existence.

Paying interest at higher rates (6.47 per cent during 2016-17) on borrowings while keeping balance in PD Account which did not bear any interest showed poor cash and financial management of the State Government.

2.6 Outcome of Analysis of Budgetary Assumptions

2.6.1 Unrealistic Budget Estimates

During 2016-17, the original budget estimate and the revised budget estimate for Revenue Expenditure was ₹ 8593.95 crore. Against this provision, actual expenditure of ₹ 8336.54 crore was incurred during 2016-17. Details of the original, revised estimates and actual revenue expenditure for the last two years are given in **Table 2.11**.

Table 2.11: Original budget, revised estimates and actual revenue expenditure during 2015-16 and 2016-17

(Expenditure)

(₹ in crore)

	2015-16	2016-17
Original Budget	7621.48	8593.95
Revised Estimate	7621.48	8593.95
Actual Expenditure	6347.73	8336.54
Shortage (-)/Excess (+)	(-) 1273.75	(-)257.41

Source: Budget at a Glance

The revenue expenditure of the State Government during 2015-16 was less than the budget estimate by 16.71 per cent (₹ 1273.73 crore) and during 2016-17, revenue expenditure was less than the budget estimate by only 3.00 per cent (₹ 257.41 crore).

Details of the original, revised estimates and actual revenue receipts for the last two years are given in **Table 2.12**.

Table 2.12: Original budget, revised estimates and actual revenue receipts during 2015-16 and 2016-17

(Revenue)

(₹ in crore)

	2015-16	2016-17
Original Budget	8403.02	8980.85
Revised Estimate	8403.02	8980.85
Actual Receipts	7043.13	8938.95
Shortage (-)/Excess (+)	(-) 1359.89	(-)41.90

Source: Budget at a Glance

The revenue receipts of the State Government during 2015-16 was less than the budget estimate by 16.18 per cent (₹ 1359.89 crore) and during 2016-17, revenue receipts was less than the budget estimate by only 0.47 per cent (₹ 41.90 crore).

2.6.2 Unrealistic forecasting of resources

Details of tax revenue and non-tax revenue for the last two years are given in **Table 2.13** below:

Table 2.13: Tax Revenue, Non-Tax Revenue during 2015-16 and 2016-17

(₹ in crore)

	2015-16		2016-17	
	Tax Revenue	Non-Tax Revenue	Tax Revenue	Non-Tax Revenue
Original Budget	1035.57	312.17	1268.55	466.16
Revised Estimate	1035.57	312.17	1268.55	466.16
Actual Receipts	1056.82	228.60	1186.01	685.24
Shortage (-)/Excess (+)	(+)21.25	(-)83.57	(-)82.54	(+)219.08

Source: Budget at a Glance

During 2016-17, the actual tax revenue receipts was lower than the budget estimate by 6.51 per cent (₹ 82.54 crore), while Non-Tax Revenue was much more than the budget estimate exceeding it by 47 per cent (₹ 219.08 crore). Hence the budget estimate for non-tax revenue was unrealistic.

2.6.3 Projection of Capital Outlay, Disbursement of Loans & Advances and Interest Payments

The projections of Capital Outlay, Disbursement of Loans & Advances and Interest Payments are detailed in **Table 2.14**.

Table 2.14: Capital Outlay, Disbursement of Loans & Advances and Interest Payments

(₹ in crore)

	Particulars	Budget Estimates	Revised Estimates	Actual Expenditure	Difference
2015-16	Capital Outlay	1603.41	1603.41	1110.89	(-)492.52
	Disbursement of Loans & Advances	28.13	28.13	158.35	(+)130.22
	Interest Payments	471.06	471.06	465.88	(-)5.18
2016-17	Capital Outlay	1360.53	1360.53	1289.80	(-)70.73
	Disbursement of Loans & Advances	48.72	48.72	30.83	(-)17.89
	Interest Payments	551.29	551.29	522.23	(-)29.06

During 2016-17, Actual Capital Outlay was less than Budget estimate/revised estimate by ₹ 70.73 crore, which fell short by 5.20 per cent, Loans & Advances were also disbursed less by 36.37 per cent (₹ 17.89 crore) than it was budgeted.

Compared to previous year, interest payment during 2016-17 increased by 12.10 per cent (₹ 56.35 crore).

2.7 Review of Budgetary Process

2.7.1 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 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.

2.7.2 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 receipt 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.

2.7.3 Examination and evaluation of the budgetary system

The findings of Audit after examining and evaluating the budget documents of the Government of Meghalaya for the year 2016-17 are given in the succeeding paragraphs.

2.7.4 Budget Process

As contemplated in Paragraphs 1 and 78 of Budget Manual¹, 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 2015) fixed by the Finance (Budget) Department in August 2015. Instances of such delays are given in **Table 2.15**.

Table 2.15: Statement showing the date of submission of Budget Estimates

Sl. No.	Name of the Department	Grant Number (Head of Accounts)	Date of submission of Departmental Budget Estimates	Period of delay
1.	Secretariat Administrative	13 (2052, 2251)	16.02.2016	Three months
2.	Home (Police)	17 (2056)	21.01.2016	Two months
3.	Health & Family Welfare	26 (2210)	10.02.2016	Three months
4.	Public Health Engineering	27 (2215)	15.02.2016	Three months
5.	Urban Development	29 (2217)	20.01.2016	Two months
6.	Tourism	57 (3452)	09.02.2016	Three months
7.	Animal Husbandry and Veterinary	47 (2216, 2403, 2415, 4403)	20.01.2016	Two months
8.	Education	21 (2202 to 2205, 3425, 3454, 4202)	07.01.2016	Two months
9.	Stamps & Registration	7 (2030)	08.01.2016	Two months

Source: Statement furnished by the Finance Department

As can be seen from the above table, there were delays ranging from two months to three months in submission of departmental budget estimates to the Finance Department. Consequently, there was less time for scrutiny of these estimates by the Finance Department.

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

2.7.5 Actual receipts in Consolidated Fund vis-à-vis provision

The position of Revenue and Capital receipts under Consolidated Fund during 2014-15 to 2016-17 is presented in **Table 2.16** below:

Table 2.16: 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/ Excess in receipt	Percentage of shortfall/ excess
2014-15	11127.60	6428.25	4699.35	42.23	740.61	746.72	6.11	0.82
2015-16	8403.02	7043.13	1359.89	16.18	1029.02	856.01	(-)173.01	(-)16.81
2016-17	8980.85	8938.95	41.90	0.47	1368.00	1229.24	138.76	10.14

Source: Annual Financial Statement & Finance Accounts

It can be seen from the table above, the shortfall of revenue receipts ranged between 0.47 per cent and 42.23 per cent during 2014-17. As regards capital receipts there was an increase in actual receipts by 10.14 per cent during 2016-17 as compared to the previous year where the actual receipts was less than the budget provision by 16.81 per cent. In view of the wide fluctuations, it is necessary that a more reliable and scientific method of forecasting revenues need to be adopted to achieve better planning of expenditure.

2.7.6 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 furnished the dates of receipt of departmental estimates and revised estimates but could not furnish to Audit the departmental estimates and revised estimates received from the various departments, though called for in September 2017. Thus, it could not be verified whether proposals of the departments were duly considered in framing the budget.

Budget provision for expenditure (gross) and actual expenditure thereagainst under revenue and capital accounts during 2014-15 to 2016-17 are shown in the **Table 2.17** below:

Table 2.17: Budget provision for expenditure (Gross) and Actual expenditure

(₹ in crore)

Year	Revenue Account				Capital Account (including Loans and Advances and Public Debt)			
	Budget provision (O + S)	Actual expenditure	Saving	Percentage of savings	Budget provision (O + S)	Actual expenditure	Saving	Percentage of savings
2014-15	10435.95	6259.71	4176.24	40.02	2141.11	1377.26	763.85	35.68
2015-16	8192.35	6352.17	1840.18	22.46	2437.01	1606.59	830.42	34.08
2016-17	9764.82	8337.82	1427.00	14.61	2481.48	1835.04	646.64	26.06

(O: Original; S: Supplementary)

In all the three years, there was an overestimation of expenditure which resulted in savings ranging from 14.61 *per cent* to 40.02 *per cent* under Revenue Account and 26.06 *per cent* to 35.68 *per cent* under Capital Account. This was indicative of the fact that contrary to the prescribed budgetary regulations, estimation was made without proper analysis of actual needs.

2.7.7 Inaccuracy in preparation of revised estimates

According to Paragraphs 29 and 50 of the Budget Manual, the revised estimate of receipts should be the best forecast that the estimating officer can make and the revised estimates for expenditure should not merely be a repetition of the budget figures of the year, but a genuine re-estimation of requirements.

Significant cases of variation between the revised estimates and the actuals during 2016-17 under both receipts and expenditure heads of accounts are given below:

Table 2.18: Variation between revised estimates and actuals

(₹ in crore)

Sl. No.	Number and name of head of accounts	Budget Estimates (BE)	Revised estimates (RE)	Actuals	Variation Excess (+)/ Shortfall (-) from RE (<i>per cent</i>)
RECEIPTS					
1.	0029 – Land Revenue	5.49	5.49	1.27	-4.22 (76.87)
2.	0055 – Police	11.14	11.14	25.21	+14.07 (126.30)
3.	0059 – Public Works	14.46	14.46	10.21	-4.25 (29.39)
4.	0070 – Other Administrative Services	10.19	10.19	3.11	-7.08 (69.48)
5.	0202 – Education ,Sports, Art and culture	2.63	2.63	3.80	+1.17 (44.49)
6.	0210 – Medical and Public Health	2.44	2.44	1.59	-0.85 (34.84)
7.	0853 – Non-Ferrous Mining and Metallurgical Industries	232.40	232.40	469.52	+237.12 (102.03)
EXPENDITURE					
1.	2029-Land Revenue	15.99	15.99	13.55	-2.44 (15.26)
2.	2071 – Pension and other Retirement Benefit	490.98	490.98	647.85	+156.87 (31.95)
3.	2225 – Welfare of Schedule Caste/Tribe and OBC	105.41	105.41	262.58	+157.17 (149.10)
4.	2402 – Soil and water Conservation	252.45	252.45	128.21	-124.24 (49.21)
5.	2404-Dairy Development	12.33	12.33	7.66	-4.67 (37.88)
6.	2405-Fisheries	52.70	52.70	26.10	-26.60 (50.47)
7.	2702-Minor Irrigation	75.95	75.95	40.97	-34.98 (46.06)
8.	2801-Power	164.70	164.70	125.02	-39.68 (24.09)
9.	3451 – Secretariat Economics Services-II Planning Board <i>etc.</i>	467.34	467.34	251.37	-215.97 (46.21)
10.	3452 – Tourism	24.18	24.18	17.25	-6.93 (28.66)
11.	3456 – Civil Supplies	109.79	109.79	58.23	-51.56 (46.96)

Wide variations ranging from 29.39 per cent to 126.30 per cent under Receipt heads and 15.26 per cent to 149.10 per cent under Expenditure heads between the budget provision and actual 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.

2.7.8 Errors in Budgetary Process

2.7.8.1 Paragraph 98 of the Budget Manual requires that when the expenditure requiring provision is obligatory, a supplementary grant or appropriation may be taken towards the end of the year provided that the total provision made by law under the grant concerned, is not exceeded before the Supplementary Demand is obtained.

It was observed that the expenditure in the State was not in conformity with the approved Budget leading to large-scale savings under the Revenue (voted) and Capital (voted) sections as under:

- Under Revenue (voted), the original grants and supplementary grants were ₹ 7984.76 crore and ₹ 1168.59 crore respectively aggregating to ₹ 9153.35 crore, against which the actual expenditure was ₹ 7760.04 crore resulting in savings of ₹ 1393.31 crore. Thus, savings was more than the supplementary provision (₹ 1168.59 crore).
- Similarly under Capital (voted) including Loans and Advances, the original and supplementary grants were ₹ 1509.25 crore and ₹ 393.35 crore respectively aggregating to ₹ 1902.60 crore against which the actual expenditure was ₹ 1420.63 crore, resulting in savings of ₹ 481.97 crore. Thus, savings was more than the supplementary grants (₹ 393.35 crore).

From the above cases, the supplementary provision of ₹ 1168.59 crore under Revenue (voted) and ₹ 393.35 crore under Capital (voted) obtained during the year, proved unnecessary as the actual expenditure did not come up to the level of original provision as indicated in **Table 2.19**.

Table 2.19: Actual Expenditure vis-à-vis Original/Supplementary provisions

(₹ in crore)

Sl. No.	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Savings (-) / Excess (+)
1.	Revenue (voted)	7984.76	1168.59	9153.35	7760.04	(-)1393.31
2.	Capital (voted)	1509.25	393.35	1902.60	1420.63	(-)481.97
Total		9494.01	1561.94	11055.95	9180.67	(-)1875.28

2.7.8.2 Expenditure relating to minor works, repairs and grants-in-aid is to be classified as revenue expenditure. Capital expenditure is incurred with the object of increasing concrete assets of a material and permanent character or of reducing permanent liabilities. As per Finance Accounts for the year 2016-17 (Volume-I), the

State Government made budget provision and incorrectly classified ₹ 14.88 crore on major works under the Revenue section and ₹ 1.74 crore on minor works under the Capital section. Instances of such cases are given in **Appendix 2.13**.

2.7.9 Technical and qualitative application of resources

Budget provision (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 2014-17 are presented in **Table 2.20**.

Table 2.20: Social Services and Economic Services

(₹ in crore)

Year	Budget Estimate (net)			Actual expenditure			Shortfall (-)/Excess (+) to Budget Estimates	
	(percentage to total provisions)			(percentage to provision of respective sector)			Non-Plan	Plan
	Non-Plan	Plan	Total	Non-Plan	Plan	Total		
Social Services								
2014-15	1428.54 (24.76)	4340.41 (75.24)	5768.95	1255.71 (87.90)	1477.87 (34.05)	2733.58	-172.83 (12.10)	-2862.54 (65.95)
2015-16	1183.21 (38.19)	1914.88 (61.81)	3098.09	1347.55 (113.89)	1337.30 (69.84)	2684.85	+64.34 (13.89)	-577.58 (30.16)
2016-17	1372.65 (39.93)	2065.40 (60.07)	3438.05	1398.54 (101.89)	2159.93 (104.58)	3558.47	+25.89 (1.89)	+94.53 (4.58)
Total	3984.40 (32.38)	8320.69 (67.62)	12305.09	4001.80 (44.58)	4975.10 (55.42)	8976.90	17.40 (0.44)	-3345.59 (40.21)
Economic Services								
2014-15	811.76 (21.77)	2916.58 (78.23)	3728.34	819.84 (101.00)	1712.90 (58.73)	2532.74	+8.08 (1.00)	-1203.68 (41.27)
2015-16	735.30 (19.74)	2989.21 (80.26)	3724.51	721.80 (98.16)	1699.20 (56.84)	2421.00	-13.50 (1.84)	-1290.00 (43.16)
2016-17	789.53 (21.61)	2864.01 (78.39)	3653.54	825.77 (104.59)	2678.94 (93.54)	3504.71	+36.24 (4.59)	-185.07 (6.46)
Total	2336.59 (21.04)	8769.80 (78.96)	11106.39	2367.41 (101.32)	6091.04 (69.45)	8558.45	30.82 (1.32)	-2678.75 (30.55)

Source: Memorandum of Budget Estimates and Finance Accounts

- **Social Services**

During 2014-17, provision for Non-Plan and Plan expenditure under Social services were ₹ 3984.40 crore and ₹ 8320.69 crore respectively which constituted 32.38 per cent and 67.62 per cent of the total provision. However, the actual expenditure under Non-Plan and Plan was ₹ 4001.80 crore and ₹ 4975.10 crore respectively which constituted 44.58 per cent and 55.42 per cent of the total provision. While there was a shortfall in Plan expenditure against the budget provision during 2014-16, expenditure exceeded the Budget provision during 2016-17. The actual Non-Plan expenditure also

exceeded the budget provision during 2015-16 and 2016-17. The percentage of aggregate Plan expenditure during 2014-17 fell short of the budget provision by 40.21 *per cent* and the percentage of Non-Plan expenditure exceeded the budget provision by 0.44 *per cent*.

- **Economic Services**

Non-Plan expenditure surpassed the budget provision during 2014-15 and 2016-17 by ₹ 8.08 crore and ₹ 36.24 crore respectively, while there was a shortfall during 2015-16. There was a decline in Plan expenditure *vis-à-vis* the budget provision, which increased to 93.54 *per cent* during 2016-17 against 56.84 *per cent* during 2015-16. While the overall shortfall during 2014-17 over the expectation (provision) under Plan expenditure was 30.55 *per cent*, the Non-Plan expenditure exceeded the budget provision by 1.32 *per cent* during the period.

To sum up, the above position indicated that the State was not able to utilise the budget provision made under Plan component of Social and Economic Services in comparison to the Non-Plan component, basically meant for payment of salary and office expenses.

2.7.10 Budgetary control/monitoring system

As per paragraph 152 (i) 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, though called for (September 2017) from the Finance (Budget) Department, were not furnished to Audit. However, shortcomings in the budget formulation as discussed in the foregoing paragraphs indicated that the prescribed budgetary control/monitoring system to watch over the progress of expenditure remained ineffective and the Finance Department did not take any initiative to contain the trend of shortcomings like excess expenditure, persistent savings, *etc.*

2.8 Outcome of Review of Selected Grant

A review on budgetary procedure and control over expenditure was conducted (October 2017) in respect of “Grant No. 26 – Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, Capital Outlay on Family Welfare (Major Head of Accounts: 2210, 2211), Capital Outlay (Major Head of Accounts: 4210) on Medical and Public Health” in which significant cases of savings and excess expenditure over budget provision noticed during review are detailed below:

2.8.1 Excessive supplementary provision/ non surrender of savings

Against a budget provision of ₹ 666.24 crore (including supplementary provision of ₹ 30.59 crore) under the revenue head, the actual expenditure incurred was ₹ 604.34 crore resulting in final savings of ₹ 61.90 crore constituting 9.29 *per cent* of the total

provision. In view of the final savings of ₹ 61.90 crore, the supplementary provision of ₹ 30.59 crore obtained under this grant was not at all required as the actual expenditure did not come up even to the original provision (₹ 635.65 crore). Also in view of savings of ₹ 61.90 crore, surrender of ₹ 0.53 crore in March 2017 was inadequate surrender.

Under capital account, against budget provision of ₹ 92.88 crore including supplementary provision of ₹ 9.00 crore, actual expenditure of ₹ 82.73 crore was incurred during 2016-17 resulting in savings ₹ 10.15 crore. Of this savings of ₹ 10.15 crore, no surrender was made till 31 March 2017, contrary to the provision of the Budget Manual (Paragraph 152-iii) which provides for surrender of all anticipated savings to the Finance Department latest by 15 March 2017 so that the same could be utilised for other purposes.

2.8.2 Savings

As per the Appropriation Accounts for the year 2016-17, under Grant No -26, 100 per cent savings had occurred in 10 cases, as shown in **Table 2.21**. The Controlling Officer could not utilise any part of the budget provision made in the budget, indicating that the budget provision were unrealistic.

Table 2.21: Cases where no part of original budget provisions was utilised

(₹ in lakh)

Sl. No.	Name of the schemes	Original Provision	Savings	Percentage of savings
1.	2210 - 01 - 001 - (11) Expenditure of Chairman/Deputy Chairman/Vice Chairman Meghalaya State Health Advisory Board	18.30	18.30	100
2.	2210 - 01 - 110 - (26) Chief Minister's Assistance for Critical Illness	300.00	300.00	100
3.	2210 - 80 - 800 - (19) Contribution of State's Share towards Scheme under N.E.C.	50.00	50.00	100
4.	4210 - 01 - 110 - (24) Establishment of Blood Cell Component Separation Unit in Blood Bank attached to Pasteur Institute, Shillong	20.00	20.00	100
5.	4210 - 01 - 110 - (25) Up-gradation of Ampati CHC to Hospital	200.00	200.00	100
6.	4210 - 01 - 110 - (26) Up-gradation of Mawkyrwat CHC to Hospital	200.00	200.00	100
7.	4210 - 03 - 200 - (02) Construction of Ayurvedic/Homeopathic Dispensaries, etc.	80.00	80.00	100
8.	4210 - 04 - 106 - (02) Construction of the Office of the Assistant Commissioner of Food Safety	150.00	150.00	100
9.	4210 - 04 - 106 - (03) Renovation and Improvement of Pasteur Institute	112.90	112.90	100
10.	4210 - 04 - 106 - (01) Construction of the Office of the Commissioner of Food Safety	105.00	105.00	100
Total		1236.20	1236.20	

As per Paragraph 152 (iii) of the Budget Manual (Volume I), the controlling officers should surrender to the Finance Department all savings anticipated in the Budget under their control as soon as the certainty of non-requirement of fund is known by 15th of March at the latest for utilisation by the Finance Department for other purposes. However, in the above cases, none of the amounts had been surrendered.

2.8.3 Excess expenditure over provision

As per Appropriation Accounts for the year 2016-17, under 14 schemes, expenditure of ₹ 196.50 crore exceeded the budget provision (₹ 167.31 crore) by ₹ 29.19 crore. The details are given in **Table 2.22** below:

Table 2.22: Significant cases of excess expenditure over Budget Provision

(₹ in lakh)

Sl. No.	Major Head and Name of the schemes	Total Provision	Actual Expenditure	Excess (Percentage)
1.	2210 – 01 – 001 – (08) Establishment of Joint Director of Health Services Offices (in the Divisions)	8.41	22.09	13.68(163)
2.	2210 – 110 – (02) Ganesh Das Hospital (including Improvement thereof)	2098.80	2156.51	57.71(3)
3.	2210 – 110 – (16) Up-gradation of 30 bedded CHC to Hospital	2364.01	2568.08	204.07(9)
4.	2210 – 110 – (17) Meghalaya Institute of Mental Health and Neurological Sciences	377.00	410.49	33.49(9)
5.	2210 – 03 – 101 – (01) Other Existing and New Primary Health Centres and Sub-Centres with Indoor Facilities	685.30	770.33	85.03(12)
6.	2210 – 103 – (01) Other Existing and New Primary Health Centres and Sub-Centres with Indoor Facilities	5810.01	7705.92	1895.91(33)
7.	2210 – 103 – (02) Other Existing and New Primary Health Centres and Sub-Centres with Indoor Facilities under Basic Minimum Service Programme	631.32	672.79	41.47(7)
8.	2210 – 104 – (01) Up-gradation of Primary Health Centres to 30 bedded Hospitals	3342.40	3389.73	47.33(1)
9.	2210 – 110 – (02) Establishment of T.B Centres and Isolation-Beds	345.05	416.80	71.75(21)
10.	2210 – 110 – (03) Mobile Unit/Vehicles/ Staff	199.80	210.13	10.33(5)
11.	2210 – 06 – 101 – (08) Basic Health Services Schemes	203.55	220.50	16.99(8)
12.	2211 – 101 – (01) Rural Family Welfare Centres	432.90	838.92	406.02(94)
13.	2211 – 101 – (04) Post-Partum Programme at Sub-Divisional Level	32.00	47.70	15.70(49)
14.	4210 – 01 – 200 – (01) Construction of Nurses Training School cum-Hostel including Staff Quarter	200.00	219.53	19.53(10)
	Total	16730.55	19649.52	2919.01

Reasons for final excess of ₹ 29.19 crore had not been intimated by the Controlling Officers.

2.8.4 Savings occurred but not surrendered

Against available saving of 61.90 crore, only ₹ 0.53 crore was surrendered during March 2017 leaving ₹ 61.37 crore un-surrendered. (**Appendix 2.11**).

2.9 Significant Findings

The financial management and budgetary control of the Government was not adequate. Government budgeted expenditure of ₹ 12246.30 crore² for the year 2016-17, of which it could incur expenditure of ₹ 10172.86 crore resulting in savings of ₹ 2073.44 crore (16.93 *per cent* of total provision). Supplementary provision of ₹ 357.13 crore obtained in 29 cases proved unnecessary as the expenditure did not come up to the level of original provision. There were also instances of inadequate provision of funds and insufficient/excessive re-appropriations.

During the current year, Government incurred ₹ 168.06 crore in excess of provision in certain grants, which required regularisation by the State Legislature. 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.

² Original plus Supplementary.

CHAPTER-III

FINANCIAL REPORTING

CHAPTER III Financial Reporting

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such 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 with respect to financial reporting.

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). Grantee Institutions receiving Grants-in-aid from Government are required to furnish Utilisation Certificates (UCs) to the Accountant General (Accounts & Entitlement) countersigned by the disbursing authority after thorough verification. The purpose for which the Grant-in-aid were utilised can be confirmed only on receipt of UCs which would safeguard against diversion of funds for other purposes. To the extent of non-receipt of UCs, the expenditure shown in the accounts can neither be treated as final nor can it be confirmed that the amount has been expended/utilised for the intended purposes. **At the close of March 2017 accounts, 713 UCs amounting to ₹ 2,505.13 crore remained outstanding** in the books of the Accountant General (Accounts & Entitlement) The details are given in **Table 3.1**.

Table 3.1: Age-wise arrears of Utilisation Certificates

(₹ in crore)

Year*	Number of Utilisation Certificate awaited	Amount
Up to 2014-15	371	1,179.35
2015-16	77	304.00
2016-17*	265	1,021.78
Total	713	2,505.13

*The year mentioned above relates to 'Due Year' i.e. after 12 months of actual drawal.

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

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. On receipt of this information the following was observed:

The annual accounts of 30 bodies/authorities due up to 2016-17 had not been received (October 2017) by the Principal Accountant General (Audit). The details of these accounts are given in **Appendix 3.1** and their age-wise pendency is presented in **Table 3.2**.

Table 3.2: Age-wise arrears of Annual Accounts due from bodies/authorities

(₹ in crore)

Sl. No.	Delay in number of years	No. of Bodies/ Authorities	Grants Received		
			Year	No. of Bodies/ Authorities	Amount
1.	0 to 1 year	02	2015-16	02	60.58
2.	Above 1 year to 3 years	04	2013-14 to 2014-15	04	423.06
3.	Above 3 years to 5 years	06	2011-12 to 2012-13	06	140.35
4.	Above 5 years to 7 years	05	2009-10 to 2010-11	05	81.34
5.	Above 7 years to 9 years	04	2007-08 to 2008-09	04	44.43
6.	Above 9 years	09	2006-07	09	516.74
Total		30		30	1266.50

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, Labour *etc.* The position of annual accounts of two of the autonomous bodies whose audit was entrusted to the Comptroller and Auditor General of India (CAG) under the CAG's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act) is given in **Table 3.3** below:

Table 3.3: Position of outstanding annual accounts

Name of Autonomous Body	Section of DPC Act under which audit is conducted	Period of entrustment	Due date for submission of Annual Accounts	Year of Annual Accounts received	Outstanding Annual Accounts
Meghalaya Khadi and Village Industries Board (MKVIB)	19(3)	2009-10 onwards	June every year	2012-13	2013-14 to 2016-17
Meghalaya Building and Other Construction Workers' Welfare Board (MBOCWVB)	19(2)	Not necessary	- Do -	2014-15	2015-16 & 2016-17

As can be seen from the above table, the annual accounts of the MKVIB for the years from 2013-14 to 2016-17 and MBOCWVB for the years 2015-16 and 2016-17, due for submission by June 2014, 2016 and 2017 respectively, had not been furnished (October 2017).

3.4 Misappropriation, loss, etc.

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

State Government reported 74 cases of theft, misappropriation and loss involving Government money amounting to ₹ 214.57 lakh up to March 2017 on which final action was pending. A break up of pending cases and age-wise analysis is given in **Appendix 3.2** and department-wise break up of pending cases is given in **Table 3.4**.

Table 3.4: 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	2	3.76	1	9.96	1	3.81	4	17.53
Health & Family Welfare	1*	-*	0	0	1* + 2	0.92	2* + 2	0.92
Public Health Engineering	57	7.41	0	0	1	0.18	58	7.59
Legislative Assembly	0	0	2	44.09	0	0	2	44.09
Finance	1	86.50	0	0	1	15.74	2	102.24
Mining	0	0	1	16.55	0	0	1	16.55
Community & Rural Development	1	3.03	0	0	0	0	1	3.03
Land Record & Survey	1	1.56	0	0	0	0	1	1.56
Horticulture	0	0	0	0	1	21.06	1	21.06
Total	63	102.26	4	70.60	1* + 6	41.71	74	214.57

The age-profile of pending cases and the number of cases pending in each category (theft, misappropriation and loss) are summarised in **Table 3.5**.

Table 3.5: Age Profile of Pending cases of Theft, Misappropriation and Loss

(₹ 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	0	0	Theft	63	102.26
5 - 10	7	68.41			
10 - 15	2	1.28			
15 - 20	17	90.24	Misappropriation/ loss of material	12	112.51
20 - 25	20	21.81			
25 & above	28	32.83	Total	75	214.77
			Cases of theft and loss written off during the year	1	0.20
Total	74	214.57	Total Pending Cases	74	214.57

* Amount not intimated

During 2016-17, one case of loss of material due to fraud, in respect of Public Works (R&B) Department involving ₹ 0.20 lakh, had been written off.

Out of 74 cases, Departments concerned had filed FIRs with the Police Department only in respect of 67 cases involving ₹ 144.19 lakh. **In the remaining seven cases involving ₹ 70.38 lakh, information on filing of FIRs had not been furnished.**

A further analysis indicated that the reasons for which the cases were outstanding could be classified in the categories listed in **Table 3.6**.

Table 3.6: Reasons for Outstanding cases of Misappropriation, loss, defalcation etc.

(₹ in lakh)

Reasons for the Delay/Outstanding Pending Cases		Number of cases	Amount
1.	Awaiting departmental investigation/enquiry	54	42.00
2.	Departmental action initiated but not finalised	9	44.54
3.	Awaiting orders for recovery or write off	10	111.48
4.	Pending in the court of law	1	16.55
Total		74	214.57

Out of ₹ 214.57 lakh, the highest amount of theft and loss of ₹ 1.02 crore pertained to Finance Department involving two cases, while the highest amount of misappropriation of ₹ 44.09 lakh pertained to Meghalaya Legislative Assembly involving two cases and loss of Government material of ₹ 21.06 lakh pertained to the Horticulture Department involving one case.

3.5 Follow up action on Audit Reports

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

The Audit Reports on State Finances for the years from 2008-09 to 2015-16 were placed before the State Legislature in March 2010, March 2011, March 2012, April 2013, June 2014, March 2015, March 2016 and March 2017 respectively. However, *suo motu* explanatory notes on the observations made in those Audit Reports had not been furnished by the departments. Some random replies on only certain portions of Appendix to the Reports were sent by some departments.

3.6 Significant Findings

There were delays in furnishing utilisation certificates for grants given by various authorities/organisations and also delays in submission of accounts by various autonomous bodies.

There are 74 reported cases of theft, misappropriation, loss of government money involving ₹ 214.57 lakh which need to be finalized expeditiously.



(STEPHEN HONGRAY)
Principal Accountant General (Audit),
MEGHALAYA

Shillong
The 26 February 2018

Countersigned



(RAJIV MEHRISHI)
Comptroller and Auditor General of India

New Delhi
The 09 March 2018

APPENDICES

APPENDIX 1.1

Part A - Structure and Form of Government Accounts

(Reference: Paragraph 1.1)

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: Paragraph 1.1)

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
Annexure A	Cash Balances and Investment of Cash Balances
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 Investment of the Government
Statement No. 9	Statement of Guarantees given by the Government
Statement No. 10	Statement of Grants-in-aid given by the Government
Statement No. 11	Statement of Voted and Charged Expenditure
Statement No. 12	Statement of Sources and Application of Funds for expenditure other than Revenue Account
Statement No. 13	Summary of Balances under Consolidated Fund, Contingency Fund & Public Account
VOLUME II - PART I	
Statement No. 14	Detailed Statement of Revenue and Capital Receipts by Minor Heads
Statement No. 15	Detailed Statement of Revenue Expenditure by Minor Heads
Statement No. 16	Detailed Statement of Capital Expenditure by Minor Heads and Sub-Heads
Statement No. 17	Detailed Statement of Borrowings and Other Liabilities
Statement No. 18	Detailed Statement of Loans and Advances given by the State Government
Statement No. 19	Detailed Statement of Investments of the Government
Statement No. 20	Detailed Statement of Guarantees given by the Government
Statement No. 21	Detailed Statement on Contingency Fund and Other Public Account transactions
Statement No. 22	Detailed Statement on Investments of Earmarked funds
VOLUME II - PART II	
APPENDIX-I	Comparative Expenditure on Salary
APPENDIX-II	Comparative Expenditure on Subsidy
APPENDIX-III	Grants-in-aid/Assistants given by the State Government (Institution wise and Scheme wise)
APPENDIX-IV	Details of Externally Aided Projects
APPENDIX-V	Plan Scheme expenditure (Central and State Plan Schemes)
APPENDIX-VI	Direct transfer of Central Schemes funds to implementing agencies in the State
APPENDIX-VII	Acceptance and Reconciliation of Balances as depicted in Statement 18 & 21
APPENDIX-VIII	Financial results of Irrigation Schemes
APPENDIX-IX	Commitments of the Government – List of Incomplete Capital Works
APPENDIX-X	Maintenance expenditure with segregation of salary and non-salary portion
APPENDIX-XI	Major Policy decisions of the Government during the year or New Schemes proposed in the Budget
APPENDIX-XII	Committed Liabilities of the Government
APPENDIX-XIII	Re-organisation of the States - items for which allocation of balances between/among the States has not been finalised

APPENDIX 1.1

**Part-C: Methodology adopted for the Assessment of Fiscal Position
(Reference: Paragraph 1.1)**

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 GSDP figures with 2011-12 as base, downloaded from the site of the Ministry of Statistics and Programme Implementation, Government of India, 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:

1. List of terms used in 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	$\text{Interest paid} / [(\text{Opening Balance of Public Debt} + \text{Closing Balance of Public Debt}) / 2] * 100$
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
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 <i>minus</i> 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.

<p>Core public goods and merit goods</p>	<p>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. <i>Merit goods</i> 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.</p>
<p>Development expenditure</p>	<p>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.</p>
<p>Net Debt available to the State</p>	<p>Defined as the difference of total debt receipts and total debt paid including interest paid by the State.</p>

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	
	As per Census 2011	29,66,889
	Male	14,91,832
	Female	14,75,057
3.	Density of Population (Census 2011) (All India Average = 382 persons per sq km)	132 persons per sq km
4.	Population below poverty line (2009-10) (All India = 21.90%)	3.61 lakh 11.90%
5.	Population Growth (2001 to 2011)	27.95%
6.	Literacy (Census 2011) (All India Average = 73.00%)	74.40%
7.	Infant Mortality (per 1000 live births) (All India Average = 37 per 1000 live births)	46
8.	Gross State Domestic Product (GSDP) 2016-17 ²	₹ 29567 crore
9.	GSDP CAGR (2007-08 to 2016-17)	13.14

B. Financial Data					
Particulars		Figures (in per cent)			
		2007-08 to 2015-16		2015-16 to 2016-17	
CAGR of					
		SCS	Meghalaya	SCS	Meghalaya
(a)	Revenue Receipts	13.40	12.86	14.44	26.92
(b)	Own Tax Revenue	17.20	14.45	4.99	12.22
(c)	Non-Tax Revenue	6.58	7.03	21.61	199.76
(d)	Total Expenditure	11.78	13.63	18.78	26.78
(e)	Capital Expenditure	6.17	14.02	50.62	16.11
(f)	Revenue Expenditure on General Education	15.30	14.39	13.86	28.65
(g)	Revenue Expenditure on Health & Family Welfare	17.91	19.91	20.55	17.86
(h)	Salaries and Wages	15.95	13.97	4.41	5.65
(i)	Pension	17.87	18.25	11.76	9.91

Source: Sl.4: Press Note on Poverty Estimation – 2011-12 by Tendulkar Methodology; Sl 7: SRS Bulletin September 2013.

² Based on GSDP Series (current prices) with 2011-12 as Base Year downloaded from the site of the Ministry of Statistics and Programme Implementation (MoSPI), Government of India.

APPENDIX 1.1

Part E: Fiscal Responsibility and Budget Management Act

(Reference: Paragraph 1.1.2)

In accordance with the recommendations of the Twelfth Finance Commission (XII FC), the GoM has enacted the Meghalaya Fiscal Responsibility and Budget Management (MFRBM) Act, 2006. In accordance with the recommendations of the XIV FC, the MFRBM Act has been amended by the State Government in September 2015 (came into force from 29 September 2015) which substituted clauses (a), (b) and (c) and inserted a new clause (g) under Section 4 of the MFRBM Act, 2006 as follows:

- (a) ensure revenue surplus during the award period 2015-16 to 2019-20;
- (b) (i) maintain fiscal deficit to an annual limit of 3 *per cent* of GSDP during the award period 2015-16 to 2019-20;
(ii) Provide for flexible limit of 0.25 *per cent* over and above the 3 *per cent* of GSDP for any given fiscal year to which its fiscal deficit is to be fixed if its debt-GSDP ratio is less than or equal to 25 *per cent* of the preceding year.
- (c) Government shall notify a Medium Term Fiscal Plan (MTFP) with three years rolling targets, giving details of all significant items of receipts and expenditure along with underlying assumptions made for projection purpose (newly inserted Clause).
- (d) restrict issuing of guarantees except on selective basis where the quality and viability of the scheme to be guaranteed is properly analysed [Clause 4(1)(d) of MFRBM Act, 2006];
- (e) bring out an annual statement that gives a perspective on the State's economy and related fiscal strategy [Clause 4(1)(e) of MFRBM Act, 2006]; 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 [Clause 4(1)(f) of MFRBM Act, 2006].
- (g) Maintain a ceiling on the sanction of new capital works to three times of the annual budget provision.
- (h) 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 [newly inserted Clause].

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.

As prescribed in the Act, the State Government had incorporated the following disclosure statements for the year 2016-17:

- Macro Economic Framework Statement
- Medium Term Fiscal Policy (MTFP) Statement prescribing fiscal targets and assumptions for achieving them. The targets for the year 2016-17 were as under:

- Revenue surplus as percentage of total revenue receipts:	4.31
- Total Outstanding Liabilities as percentage of GSDP:	26.18
- Fiscal deficit as percentage of GSDP:	3.63
- Fiscal Policy Strategy Statement

APPENDIX 1.2
Time Series Data on State Government Finances
(Reference: Paragraphs 1.1, 1.3, 1.6.2, 1.10.2 & 1.11.1)

(₹ in crore)

	2012-13	2013-14	2014-15	2015-16	2016-17
Part A – Receipts					
1. Revenue Receipts	5536.35	6266.73	6428.25	7043.13	8938.95
<i>(i) Tax Revenue</i>	847.73 (15.31)	949.30 (15.15)	939.19 (14.61)	1056.82 (15.00)	1186.01 (13.27)
Taxes on Sales, Trade, etc.	631.12 (74.45)	723.65 (76.23)	726.20 (77.32)	811.79 (76.81)	931.06 (78.50)
State Excise	153.01 (18.05)	162.66 (17.13)	151.14 (16.09)	170.04 (16.09)	168.98 (14.25)
Taxes on Vehicles	35.82 (4.22)	36.72 (3.87)	39.38 (4.20)	42.01 (3.98)	48.22 (4.07)
Stamps and Registration fees	10.32 (1.22)	9.78 (1.03)	9.90 (1.05)	12.74 (1.21)	17.19 (1.45)
Land Revenue	6.27 (0.74)	3.47 (0.37)	0.08 (0.01)	3.18 (0.30)	1.27 (0.11)
Other Taxes	11.19 (1.32)	13.02 (1.37)	12.49 (1.33)	17.06 (1.61)	19.29 (1.63)
<i>(ii) Non Tax Revenue</i>	484.95 (8.76)	598.15 (9.54)	343.29 (5.34)	228.60 (3.25)	685.24 (7.67)
<i>(iii) State's share of Union Taxes and Duties</i>	1192.45 (21.54)	1301.96 (20.78)	1381.69 (21.49)	3276.46 (46.52)	3911.05 (43.75)
<i>(iv) Grants-in-aid from Government of India</i>	3011.22 (54.39)	3417.32 (54.53)	3764.08 (58.56)	2481.25 (35.23)	3156.65 (35.31)
2. Miscellaneous Capital Receipts	NIL	NIL	NIL	NIL	NIL
3. Recoveries of Loans and Advances	23.25	20.48	19.76	19.08	18.81
4. Total revenue and Non-debt capital receipts (1+2+3)	5559.60	6287.21	6448.01	7062.21	8957.76
5. Public Debt Receipts	523.23	475.42	726.96	836.93	1210.43
Internal Debt (excluding Ways and Means Advances and Overdrafts)	520.71 (99.52)	475.34 (99.98)	722.19 (99.34)	834.70 (99.73)	1206.16 (99.65)
Net transactions under Ways and Means Advances and Overdraft	NIL	NIL	NIL	NIL	NIL
Loans and Advances from Government of India ³	2.52 (0.48)	0.08 (0.02)	4.77 (0.66)	2.23 (0.27)	4.27 (0.35)
6. Total receipts in the Consolidated Fund (4+5)	6082.83	6762.63	7174.97	7899.14	10168.19
7. Contingency Fund Receipts	NIL	NIL	NIL	NIL	100.00
8. Public Accounts Receipts	3642.21	4405.98	3997.59	3527.16	4636.76
9. Total receipts of the State (6+7+8)	9725.04	11168.61	11172.56	11426.30	14904.95
Part B - Expenditure					
10. Revenue Expenditure	4999.54	5551.59	6251.86	6347.73	8336.54
<i>Plan</i>	1719.41 (34.39)	1848.77 (33.30)	2180.49 (34.88)	2040.09 (32.14)	3695.32 (44.33)
<i>Non-Plan</i>	3280.13 (65.61)	3702.82 (66.70)	4071.37 (65.12)	4307.64 (67.86)	4641.22 (55.67)
General Services (including Interest payments)	1573.80 (31.48)	1838.37 (33.11)	2021.65 (32.34)	2255.52 (35.53)	2480.16 (29.75)
Social Services	1747.93 (34.96)	1973.77 (35.56)	2370.24 (37.91)	2395.17 (37.73)	3099.11 (37.18)
Economic Services	1677.81 (33.56)	1739.45 (31.33)	1859.97 (29.75)	1697.04 (26.73)	2757.27 (33.07)

³ Includes Ways and Means Advances

	2012-13	2013-14	2014-15	2015-16	2016-17
11. Capital Expenditure (Capital Outlay)	928.34	1075.47	1118.49	1110.89	1289.80
<i>Plan</i>	879.38 (94.73)	1074.76 (99.93)	1118.49 (100)	1110.66 (99.98)	1238.19 (96.00)
<i>Non-Plan</i>	48.96 (5.27)	0.71 (0.07)	NIL	0.23 (0.02)	51.61 (4.00)
General Services	60.59 (6.53)	84.82 (7.88)	82.38 (7.37)	97.24 (8.75)	83.00 (6.44)
Social Services	224.29 (24.16)	391.11 (36.37)	363.34 (32.48)	289.69 (26.08)	459.36 (35.61)
Economic Services	643.46 (69.31)	599.54 (55.75)	672.77 (60.15)	723.96 (65.17)	747.44 (57.95)
12. Disbursement of Loans and Advances	27.02	42.33	56.11	158.35	30.83
13. Total Expenditure (10+11+12)	5954.90	6669.39	7426.46	7616.97	9657.17
14. Repayments of Public Debt	168.51	141.62	202.66	337.34	414.41
Internal Debt (excluding Ways and Means Advances and Overdrafts)	148.22 (87.96)	122.28 (86.34)	182.84 (90.22)	317.49 (94.12)	394.50 (95.20)
Net transactions under Ways and Means Advances and Overdraft	NIL	NIL	NIL	NIL	NIL
Loans and Advances from Government of India	20.29 (12.04)	19.34 (13.66)	19.82 (9.78)	19.85 (5.88)	19.91 (4.80)
15. Appropriation to Contingency Fund	NIL	NIL	NIL	NIL	100.00
16. Total disbursement out of Consolidated Fund (13+14+15)	6123.41	6811.01	7629.12	7954.31	10171.58
17. Contingency Fund disbursements	NIL	NIL	NIL	NIL	NIL
18. Public Account disbursements	3993.97	3508.69	3965.73	3681.63	3589.59
19. Total disbursement by the State(16+17+18)	10117.38	10319.70	11594.85	11635.94	13761.17
Part C - Deficits					
20. Revenue Surplus (+) /Deficit (-) (1-10)	+ 536.81	+ 715.14	+ 176.39	+695.40	+602.41
21. Fiscal Deficit (-) (4-13)	- 395.30	- 382.18	- 978.45	-554.76	- 699.41
22. Primary Deficit (-)/Surplus (+) (21-23)	- 81.48	- 10.68	- 573.35	- 88.88	- 177.18
Part D – Other Data					
23. Interest Payments (included in revenue expenditure)	313.82	371.50	405.10	465.88	522.23
24. Financial Assistance to local bodies, etc.	742.06	847.37	840.50	860.29	1621.42
25. Ways and Means Advances/Overdraft availed (days)	NIL	157.09 (2)	NIL	NIL	NIL
26. Interest on WMA/Overdraft	NIL	0.04	NIL	NIL	NIL
27. Gross State Domestic Product (GSDP) ⁴	21872	22938	23235	25767	29567
28. Rate of Growth of GSDP	9.81	4.87	1.29	10.90	14.75
29. Outstanding Debt (year end)	4964.58	6269.23	6751.46	7154.68	8983.50
30. Rate of Growth of Outstanding Debt	-2.47	26.28	7.69	5.97	25.56
31. Outstanding guarantees (year end) including interest	1285.19	1610.55	1173.81	1042.19	983.11
32. Maximum amount guaranteed (year end)	947.02	1188.64	1054.43	868.09	860.04
33. Number of incomplete projects	258	57	76	65	225
34. Capital blocked in incomplete projects ⁵	667.05 (84)	43.37 (09)	447.07 (33)	215.68 (24)	734.30 (70)
35. Total Debt Receipts	1617.62	2582.57	2297.91	2151.92	3454.69
36. Total Debt Payments	2057.14	1649.42	2220.78	2214.57	2148.10
37. Net Debt available to the State	-439.52	933.15	77.13	-62.65	1306.59

⁴ Source: GSDP Series (current prices) as on 01 August 2017 with 2011-12 as Base Year downloaded from the site of the Ministry of Statistics and Programme Implementation, Government of India.

⁵ Expenditure incurred up to the end of the year on incomplete works (in brackets) scheduled to be completed by end of the respective financial year.

	2012-13	2013-14	2014-15	2015-16	2016-17
Part E – Fiscal Health Indicator (in per cent)					
I. Resource Mobilisation					
Own Tax Revenue/GSDP	3.88	4.14	4.04	4.10	4.01
Own Non-Tax Revenue/GSDP	2.22	2.61	1.48	0.89	2.32
Central Transfers ⁶ /GSDP	19.22	20.57	22.15	22.35	23.90
II. Expenditure Management					
Total Expenditure/GSDP	27.23	29.08	31.96	29.56	32.66
Total Expenditure/Revenue Receipts	107.56	106.43	115.53	108.15	108.03
Revenue Expenditure/Total Expenditure	83.96	83.24	84.18	83.34	86.32
Expenditure on Social Services/Total Expenditure	33.12	35.46	36.81	35.25	36.85
Expenditure on Economic Services ⁷ /Total Expenditure	39.17	35.46	34.63	33.63	36.43
Capital Expenditure/Total Expenditure	15.59	16.13	15.06	14.58	13.36
Capital Expenditure on Social and Economic Services/Total Expenditure	14.57	14.85	13.95	13.31	12.50
III. Management of Fiscal Imbalances					
Revenue Surplus / GSDP	2.45	3.12	0.76	2.70	2.04
Fiscal Deficit (-) / GSDP	-1.81	-1.67	-4.21	-2.15	-2.37
Primary Deficit (-) Surplus (+) / GSDP	-0.37	-0.05	-2.47	-0.34	-0.60
Revenue Deficit (-) Surplus (+) / Fiscal Deficit	-135.80	-187.12	-18.03	-125.35	-86.13
Primary Revenue Balance ⁸ /GSDP	3.89	4.47	2.50	4.51	3.80
IV. Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	22.70	27.33	29.06	27.77	30.38
Fiscal Liabilities/RR	89.67	100.04	105.03	101.58	100.50
Primary deficit <i>vis-à-vis</i> quantum spread (₹ in crore)	136.89	421.73	10.32	367.52	415.23
Debt Redemption (Principal +Interest)/ Total Debt Receipts	127.17	65.94	96.64	102.91	62.18
V. Other Fiscal Health Indicators					
Return on Investment (<i>per cent</i>)	0.02	0.03	0.03	0.02	0.02
Balance from Current Revenue (₹ in crore)	161.15	89.68	-579.35	959.48	1815.33
Financial Assets/Liabilities (Ratio)	1.48	1.49	1.48	1.54	1.50

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

⁶ State's share of central taxes and grants-in-aid from Government of India

⁷ Including loans and advances

⁸ Revenue Receipts – (Revenue Expenditure – Interest Payments).

APPENDIX 1.3
Abstract of Receipts and Disbursements for the year 2016-17
(Reference: Paragraph 1.1)

(₹ in crore)

2015-16	Receipts	2016-17	2015-16	Disbursements			2016-17	
Section – A : Revenue								
	I. Revenue Receipts			I. Revenue Expenditure	Non-Plan	Plan	Total	
1056.82	Tax Revenue ⁹	1186.01	2255.52	General Services	2466.89	13.27	2480.16	2480.16
228.60	Non-Tax Revenue	685.24	2395.17	Social Services	1398.57	1700.56	3099.13	3099.13
3276.46	State's Share of Union Taxes and Duties ¹⁰	3911.05	1148.31	General Education	822.31	654.99	1477.30	
			134.58	Technical Education, Sports, Art and Culture	24.25	106.60	130.85	
673.86	Non-Plan Grants	640.47	512.77	Health and Family Welfare	246.28	358.05	604.33	
1240.15	Grants for State Plan Schemes	2263.52	178.87	Water Supply and Sanitation,	181.93	4.44	186.37	
			114.43	Housing and Urban Development	45.98	25.96	71.94	
270.44	Grants for Central Plan Schemes	19.33						
196.36	Centrally Sponsored Plan Schemes	138.19	12.31	Information and Broadcasting	6.83	9.35	16.18	
100.44	Grants for Special Plan Schemes	95.14	1.15	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	NIL	262.58	262.58	
			27.84	Labour and Labour Welfare	20.94	12.17	33.11	
			256.03	Social Welfare and Nutrition	40.38	266.42	306.80	
			8.88	Others	9.67	NIL	9.67	
			1697.04	Economic Services	775.76	1981.49	2757.25	2757.25
			583.57	Agriculture and Allied Activities	308.67	256.07	564.74	
			537.71	Rural Development	54.33	1278.79	1333.12	
			17.71	Special Areas Programmes	NIL	10.79	10.79	
			39.46	Irrigation and Flood Control	26.15	15.89	42.04	
			67.11	Energy	18.38	109.28	127.66	
			147.89	Industry and Minerals	129.23	18.49	147.72	
			149.10	Transport	186.16	NIL	186.16	
			0.58	Science, Technology and Environment	0.52	NIL	0.52	
			153.91	General Economic Services	52.32	292.18	344.50	
7043.13	Total	8938.95	6347.73	Total	4641.22	3695.32	8336.54	8336.54
NIL	II. Revenue Deficit carried over to Section B		695.40	II. Revenue Surplus carried over to Section B				602.41
7043.13	Total	8938.95	7043.13	Total				8938.95

⁹ Excluding share of net proceeds of taxes and duties assigned to State.

¹⁰ Share of net proceeds assigned to State.

(₹ in crore)

2015-16	Receipts	2016-17	2015-16	Disbursements			2016-17	
Section – B : Others								
					Non-Plan	Plan	Total	
405.55	III. Opening Cash Balance including permanent advances and cash balance investment	195.91	NIL	III. Opening Overdraft from RBI	NIL	NIL	NIL	NIL
NIL	IV. Miscellaneous Capital Receipts	NIL	1110.89	IV. Capital Outlay	51.61	1238.19	1289.80	1289.80
			97.24	General Services	1.61	81.39	83.00	83.00
			289.69	Social Services	NIL	459.36	459.36	459.36
			2.70	General Education	NIL	10.42	10.42	
			2.20	Technical Education, Sports, Art and Culture	NIL	0.37	0.37	
			92.09	Health and Family Welfare	NIL	82.73	82.73	
			142.67	Water Supply and Sanitation	NIL	185.43	185.43	
			46.99	Housing and Urban Development	NIL	120.62	120.62	
			3.04	Social Welfare and Nutrition	NIL	59.79	59.79	
			723.96	Economic Services	50.00	697.44	747.44	747.44
			6.96	Agriculture and Allied Activities	NIL	9.45	9.45	
			0.10	Rural Development	NIL	3.70	3.70	
			46.08	Special Areas Programmes	NIL	40.74	40.74	
			3.62	Irrigation and Flood Control	NIL	45.52	45.52	
			2.24	Industry and Minerals	50.00	22.61	72.61	
			659.64	Transport	NIL	566.93	566.93	
			NIL	General Economic Services	NIL	8.49	8.49	
			5.32	Energy	NIL	NIL	NIL	

(₹ in crore)

2015-16	Receipts	2016-17	2015-16	Disbursements	2016-17
19.08	V. Recoveries of Loans and Advances	18.81	158.35	V. Loans and Advances Disbursed	30.83
NIL	From Power Projects NIL		40.59	For Power Projects 8.42	
18.96	From Government Servants 18.64		17.45	To Government Servants 17.39	
0.12	From Others 0.17		100.31	To Others 5.02	
695.40	VI. Revenue Surplus brought down	602.41	NIL	VI. Revenue Deficit brought down	NIL
836.93	VII. Public Debt receipts	1210.43	337.34	VII. Repayment of Public Debt	414.41
834.70	Internal debt other than Ways and Means Advances and Overdraft 1206.16		317.49	Internal debt other than Ways and Means Advances and Overdraft 394.50	
NIL	Net transactions under Ways and Means Advances including Overdraft NIL		NIL	Net transactions under Ways and Means Advances including Overdraft NIL	
2.23	Loans and Advances from Central Government 4.27		19.85	Repayment of Loans and Advances to Central Government 19.91	
3527.16	VIII. Public Account Receipts	4636.76	3681.63	VIII. Public Account Disbursements	3589.59
275.08	Small Savings and Provident Funds 297.89		143.34	Small Savings and Provident Fund 156.72	
98.49	Reserve Funds ¹¹ 59.58		91.75	Reserve Funds ¹² 57.50	
975.21	Deposits and Advances 1932.61		1210.05	Deposits and Advances 1043.05	
-67.23	Suspense and Miscellaneous ¹³ 1.78		-11.83	Suspense and Miscellaneous ¹³ -11.32	
2245.61	Remittances 2344.90		2248.32	Remittances 2343.64	
NIL	IX. Closing Overdraft from Reserve Bank of India	NIL	195.91	IX. Cash Balance at end¹⁴	1339.69
			40.81	Cash in Treasuries 24.70	
			-112.79	Deposits with Reserve Bank -54.53	
			0.24	Departmental Cash Balance including permanent advances 0.28	
			267.65	Cash Balance Investment 1369.24	
5484.12	Total	6664.32	5484.12	Total	6664.32

¹¹ Includes receipts on investment

¹² Includes disbursement on investment.

¹³ Excluding 'Other Accounts'.

¹⁴ Excluding 'Investment of earmarked funds'

Explanatory Notes to Appendices 1.2 and 1.3

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 1.3** 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 ₹ 45.54 crore between the figures reflected in the accounts {(-) ₹ 54.53 crore} and that intimated by the Reserve Bank of India {(-) ₹ 100.07 crore} due to (i) misclassification by Bank/Treasury (₹ 45.52 crore) and (ii) non-receipt of details of adjustment (₹ 0.02 crore).

APPENDIX 1.4
Summarised Financial Position of the Government of Meghalaya as on
31 March 2017

(Reference: Paragraph 1.9.1)

(₹ in crore)

As on 31 March 2016	Liabilities		As on 31 March 2017
NIL	External Debt		NIL
4566.49	Internal Debt		5378.14
3461.30	Market loans bearing interest	4179.63	
¹⁵	Market loans not bearing interest	¹⁵	
0.11	Loan from LIC	0.10	
1105.08	Loans from other Institutions	1198.41	
NIL	Ways and Means Advances	NIL	
NIL	Overdraft from Reserve Bank of India	NIL	
143.78	Loans and Advances from Central Government		
5.37	Pre 1984-85 Loans	5.37	
10.74	Non-plan Loans	10.47	
121.03	Loans for State Plan Schemes	106.33	
0.10	Loans for Central Plan Schemes	0.10	
4.32	Loans for Centrally Sponsored Plan Schemes	4.22	
2.22	Loans for Special Schemes	1.66	
105.00	Contingency Fund		205.00
1232.64	Small Savings, Provident Funds, etc.		1373.81
1177.58	Deposits		2067.14
245.29	Reserve Funds		292.87
97.37	Remittance Balances		98.63
4122.22	Surplus on Government Accounts		4724.63
3426.82	(i) Revenue Surplus as on 31 March 2016	4122.22	
695.40	(ii) Revenue Surplus for the year 2016-17	602.41	
11690.37			14268.37
Assets			
10346.26	Gross Capital Outlay on Fixed Assets		11636.06
466.93	Investment in shares of Companies, Corporation, etc.	2471.63	
9879.33	Other Capital Outlay	9164.43	
766.19	Loans and Advances		778.21
608.93	Loans for power projects	617.35	
139.64	Other Development Loans	144.49	
17.62	Loans to Government Servants and miscellaneous loans	16.37	
211.10	Investment of Earmarked Funds		256.59
1.80	Advances		1.81
64.10	Suspense and Miscellaneous Balances		51.01
105.00	Appropriation to Contingency Fund		205.00
NIL	Remittances		NIL
195.91	Cash¹⁶		1339.69
40.81	Cash in Treasuries	24.70	
-112.79	Deposits with Reserve Bank of India	-54.53	
0.21	Departmental Cash Balance	0.25	
0.03	Permanent Advances	0.03	
267.64	Cash Balance Investment	1369.24	
11690.36			

¹⁵ ₹ 0.26 lakh only

¹⁶ Excluding 'Investment of earmarked funds'

APPENDIX 1.5
Funds Transferred Directly to State Implementing Agencies
(Reference: Paragraph 1.2.2)

(₹ in crore)

Sl. No.	Programme/Scheme	Implementing Agency in the State	Funds transferred by the GOI
1.	North Eastern Council	North Eastern Region Community Resource Management Society	17.23
		East Khasi Hills District Table Tennis	0.04
		Eastern Panorama	0.08
		Meghalaya Tourism Development Corporation	0.27
		Rilbong Sports & Cultural Club	0.10
		Shillong Sports Association	0.15
		State Council of Science, Technology & Environment (SCSTE), Meghalaya	0.06
		State Sports Council Meghalaya	1.60
2.	OFF GRID/Distributed and Decentralised Renewable Power	Meghalaya Non-Conventional Rural Energy Development Agency	8.34
3.	GRID Interactive Renewable Power MNRE	Meghalaya Non-Conventional Rural Energy Development Agency	0.15
4.	Grants in Aid to Voluntary Organisation Working for the Welfare of Scheduled Tribes	Ramakrishna Mission Ashrama, Meghalaya	2.96
5.	Deendayal Disability Rehabilitation Scheme (DDRS)	Monfort Center for Education	0.11
6.	Science and Technology Programme for Socio Economic Development	State Council of Science, Technology & Environment (SCSTE), Meghalaya	0.05
7.	Atal Innovation Mission	Atal Innovation Mission	0.03
8.	National Mission on Sustainable Agriculture	Agriculture Department	4.63
9.	Management Support to RD Programmes and Strengthening of District Planning Process in lieu of Programmes	Extensions Training Centre, Tura	0.10
10.	National AIDS and STD Control Programme (NACO)	Meghalaya AIDS Control Society	2.29
11.	Pradhan mantra Koushal Vikas Yojana	Meghalaya State Council for Training in Vocational Trades	17.01
12.	National Mission for Justice Delivery and Legal Reforms	Registrar General, High Court of Meghalaya	2.75
13.	Biotechnology Research and Development	St. Edmund's College	0.29
14.	Pradhan Mantri Awas Yojana	The Directorate of Community and Rural Development, Meghalaya	0.15
15.	National Hydrology Project	Water Resources Department, Meghalaya	0.36
Total			58.75

Source: Public Financial Management (PFMS) Portal" of the Controller General of Accounts.

APPENDIX 1.6

Effectiveness of expenditure under various programmes

(Reference: Paragraph 1.8.2)

Sl. No.	Programme/ Scheme	Financial Outlays and Expenditure (₹ in crore)		Physical Achievement/Outcome of the Programme up to March 2017			
		Funds available up to 31 March 2017	Actual expenditure up to 31 March 2017	Performance Indicator	Unit of measurement	Physical Targets	Achievement/ Outcome
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	1003.95	110.60	Employment Generated	Lakh Person-days	200	282
2.	Prime Minister's Awas Yojana-G	66.00	86.07	Houses constructed	Nos.	17,030	2,953
3.	National Social Assistance Programme (NSAP)	33.00	5.04	Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	Nos.	Not available	48,571
				Indira Gandhi National Widow Pension Scheme (IGNWPS)	Nos.	Not available	7,221
				Indira Gandhi National Disability Pension Scheme (IGNDPS)	Nos.	Not available	1,445
				National Family Benefit Scheme (NFBS)	Nos.	Not available	596
4.	National Rural Livelihoods Mission (NRLM)	...	2.39	Self Help Groups	Nos.	2032	1787
5.	Mid Day Meal (MDM)	74.54	18.70	Schools Children	Nos.	5,26,995	5,24,382
6.	Sarva Shiksha Abhiyan (SSA)	236.87	16.26	Salary, Grants Training, Learning enhancement Programme, etc.	Centre/ School Schools	11,51,549	10,51,261
7.	Accelerated Irrigation Benefit Programme (AIBP)	60.00	44.70	Schemes on Soil & Water Conservation	In Ha	4382	3262
8.	Integrated Watershed Management Programme (IWMP)	79.41	7.09	Water Resources	In Ha	40,000	7400
9.	Integrated Child Development Scheme (General)	77.39	34.60	AWCs/Mini AWCs	Nos.	5896	5894
	Special Nutrition Programme (SNP)	140.18	31.48		Nos.	6,48,973	5,68,425
10.	Pradhan Mantri Gram Sadak Yojana (PMGSY)	235.26	178.93	Phase II-Phase VIII	Km	400	175

Source: Directorate of Programme Implementation & Evaluation, GOM

APPENDIX 2.1

**Department-wise position of savings/excess (exceeding ₹ 10 crore) for which reasons were not furnished
(Reference: Paragraph 2.2)**

(₹ in crore)

Name of Department	Number & Name of Grant/Appropriation	Savings (-) Excess (+)
Assembly Secretariat	1 – Parliament/State/Union Territory Legislature, Stationery and Printing Revenue – Voted	(-) 13.90
Taxes	10 – Taxes on Vehicles, Other Administration Services, Road Transport, Capital Outlay on Civil Aviation, etc. Capital – Voted	(-) 24.97
Power (Electricity)	11 – Other Taxes and Duties on Commodities and Services, etc. Revenue – Voted	(-) 82.37
Chief Minister's Secretariat, Secretariat Administration, Finance, Law and Political	13 – Secretariat General Services, etc. Revenue – Voted	(-) 22.29
District Administration	14 – District Administration Revenue – Voted	(-) 13.64
Home (Police)	16 – Police, Other Administrative Services, Housing, Capital Outlay on Police Revenue – Voted Capital – Voted	(-) 37.78 (-) 21.28
Public Works	19 – Secretariat General Services, Public Works, etc. Revenue – Voted Capital – Voted	(-) 30.69 (-) 70.43
Education, Sports and Youth Affairs and Arts & Culture	21 – Miscellaneous General Services, General Education, etc. Revenue – Voted	(-) 62.95
Finance	24 – Pensions and other Retirement Benefits Revenue – Voted	(+) 154.37
General Services	25 – Miscellaneous General Services Revenue – Voted	(-) 12.69
Health and Family Welfare	26 – Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, etc. Revenue – Voted Capital – Voted	(-) 61.90 (-) 10.15
Public Health Engineering	27 – Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, Capital Outlay on Housing Capital – Voted	(-) 114.97
Housing	28 – Housing, Capital Outlay on Housing, Loans for Housing Revenue – Voted	(-) 20.31
Urban Development	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development, etc. Revenue – Voted Capital – Voted	(-) 43.38 (-) 21.64
Labour	31 – Labour and Employment Revenue – Voted	(-) 15.01
Supplies	32 – Civil Supplies, Capital Outlay on Food Storage and Ware-housing Revenue – Voted	(-) 81.86
Social Security and Welfare	34 – Welfare of Scheduled Caste/Scheduled Tribes and Other Backward Classes, Social Security and Welfare, etc. Revenue – Voted	(-) 68.75
Planning	38 – Secretariat Economic Services Revenue – Voted	(-) 326.86
Co-operation	39 – Co-operation, Other Agricultural Programmes, Capital Outlay on Co-operation, etc. Capital – Voted	(-) 11.74

Name of Department	Number & Name of Grant/Appropriation	Savings (-) Excess (+)
Agriculture, Animal Husbandry and Veterinary Industries and Other ¹	40 – North Eastern Areas, Capital Outlay on North Eastern Areas Revenue – Voted Capital - Voted	(-) 81.76 (-) 70.97
Agriculture	43 – Housing, Crop Husbandry, <i>etc.</i> Revenue – Voted Capital – Voted	(-) 204.68 (-) 50.03
Soil Conservation	45 – Housing, Soil and Water Conservation, Agricultural Research and Education Revenue – Voted	(-) 124.63
Animal Husbandry and Veterinary	47 – Housing, Animal Husbandry, Agricultural Research and Education Revenue – Voted	(-) 24.50
Fisheries	49 – Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, Capital Outlay on Fisheries Revenue – Voted	(-) 31.98
Forest	50- Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Revenue – Voted	(-) 33.70
Community and Rural Development	51– Housing, Crop Husbandry, Special Programmes for Rural Development, <i>etc.</i> Revenue – Voted	(-) 32.98
Industries and Minerals	52 – Industries, Capital Outlay on Cement, Capital Outlay on Industries and Minerals, Other Loans to Industries and Minerals Capital – Voted	(-) 13.98
Industries (Sericulture and Weaving)	53 – Village and Small Industries, Capital Outlay on Village and Small Industries, <i>etc.</i> Revenue – Voted	(-) 14.74
Housing (Village and Small Industries)	54 – Village and Small Industries, Capital Outlay on Housing, Capital Outlay on Village and Industries, <i>etc.</i> Revenue – Voted	(-) 22.79
Public Works	56 – Road and Bridges, Capital Outlay on Roads and Bridges Capital – Voted	(-) 52.64
Finance	Appropriation – Interest Payments Revenue – Charged	(-) 29.06
Finance	Appropriation – Internal Debt of the State Government Capital – Charged	(-) 164.31

¹ Sericulture & Weaving, Power, PWD(R&B), Health, Education, Transport, Industries, Sports & Youth, Fisheries, Tourism, Public Health Engineering, Information Technology, Co-operation, Planning, Border Areas Development, Art and Culture, Information and Public Relations.

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)

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
1.	1	Parliament/State/Union Territory Legislature, Stationery and Printing Revenue – Charged	1.74	1.44	83
2.	3	Council of Ministers, Other Administrative Services Revenue – Voted	13.21	4.64	35
3.	4	Administrative of Justice Revenue – Voted	30.37	9.01	30
4.	10	Taxes on Vehicles, Other Administrative Services etc., Capital – Voted	32.92	24.97	76
5.	11	Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, etc. Revenue – Voted	213.52	82.37	39
6.		Capital – Voted	11.95	3.53	30
7.	14	District Administration Revenue – Voted	47.39	13.64	29
8.	16	Police, Other Administrative Services, Housing, Capital Outlay on Police Capital – Voted	36.54	21.28	58
9.	19	Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, etc., Capital Outlay on Housing Capital – Voted	154.24	70.43	46
10.	23	Other Administrative Services Revenue – Voted	10.13	4.57	45
11.	25	Miscellaneous General Services Revenue – Voted	13.56	12.69	94
12.	27	Water Supply and Sanitation. Housing, etc. Capital – Voted	300.66	114.97	38
13.	28	Housing, Capital Outlay on Housing, Loans for Housing Revenue – Voted	30.49	20.31	67
14.	29	Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development, etc. Revenue – Voted	83.24	43.38	52
15.	31	Labour and Employment Revenue – Voted	48.12	15.01	31
16.	32	Civil Supplies, Capital Outlay on Food Storage and Ware-housing Revenue – Voted	140.09	81.86	58
17.	38	Secretariat Economic Services Revenue – Voted	561.55	326.86	58
18.		Capital – Voted	4.50	4.50	100
19.	39	Co-operation, Other Agricultural Programmes, Capital Outlay on Co-operation, Capital Outlay on Other Agricultural Programmes, Loans for Co-operation Revenue – Voted	26.21	7.32	28
20.		Capital – Voted	16.91	11.74	69
21.	40	North Eastern Areas, Capital Outlay on North Eastern Areas Revenue – Voted	92.56	81.76	88
22.		Capital – Voted	111.70	70.97	64
23.	41	Census, Survey and Statistics Revenue – Voted	19.10	6.69	35

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
24.	43	Housing, Crop Husbandry, Agricultural Research and Education, <i>etc.</i> Revenue – Voted	417.15	204.68	49
25.		Capital – Voted	97.05	50.03	52
26.	45	Housing, Soil and Water Conservation, <i>etc.</i> Revenue – Voted	254.32	124.63	49
27.	47	Housing, Animal Husbandry, <i>etc.</i> Revenue – Voted	113.16	24.50	22
28.	48	Housing, Dairy Development, Agricultural Research and Education Revenue – Voted	12.41	4.69	38
29.	49	Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, Capital Outlay on Fisheries Revenue – Voted	58.67	31.98	55
30.	50	Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Revenue – Voted	157.50	33.70	21
31.	51	Housing, Crop Husbandry, Special Programmes for Rural Development, Rural Employment, <i>etc.</i> Capital – Voted	5.63	1.93	34
32.	53	Housing, Village and Small Industries, <i>etc.</i> Revenue – Voted	56.72	14.74	26
33.	54	Village and Small Industries, <i>etc.</i> Revenue – Voted	43.76	22.79	52
34.		Capital – Voted	7.12	4.24	60
35.	57	Tourism, Capital Outlay on Public Works, Capital Outlay on Tourism, Loans for Tourism Revenue – Voted	24.18	6.93	29
36.	Appropriation	Internal Debt of the State Government Capital – Charged	558.81	164.31	29
Total			3807.18	1723.09	45

APPENDIX 2.3

**Statement showing excess expenditure incurred without Budget provision
(Reference: Paragraph 2.3.3)**

		(₹ in lakh)
Sl. No.	Grant/Appropriation Number – Major Head of Accounts - Sub-Head - Detailed Head	Expenditure without provision
1.	12 - 2049 – 101 Interest on Market Loans – (01) 7.98% MSDL/MGS 2026 – General	239.40
2.	12 - 2049 – 101 Interest on Market Loans – (02) 8.0% MSDL/MGS 2026 – General	400.00
3.	12 - 2049 – 101 Interest on Market Loans – (03) 7.69% MSDL/MGS 2026 – General	192.25
4.	12 - 2049 – 101 Interest on Market Loans – (04) 7.43% MSDL/MGS 2026 – General	371.50
5.	12 - 2049 – 101 Interest on Market Loans – (05) 7.18% MSDL/MGS 2026 – General	538.50
6.	16 – 2055 - Police – 102 – (01) Re-imbursement to State for Civil Defence – General	447.84
7.	56 – 3054 – Road and Bridges – 337 – (01) Maintenance by Roads Wings – Sixth Schedule (Part II) Areas	884.96
8.	56 – 3054 – 103 – (01) Work Charged Establishment Machinery and Equipment – Sixth Schedule (Part II) Areas	173.28
9.	56 – 3054 – 103 – (02) Work Charged Establishment Bridges – Sixth Schedule (Part II) Areas	101.08
Total		3348.81

APPENDIX 2.4

**Statement showing the amount debited head wise and credited to 8443
(Reference: Paragraph 2.3.4)**

(₹ in crore)

SI No.	Debit Head	Credit Amount
1.	2055	17.09
2.	2059	11.85
3.	2202	113.30
4.	2204	9.47
5.	2205	61.06
6.	2210	79.60
7.	2215	29.92
8.	2230	6.32
9.	2235	69.55
10.	2236	12.91
11.	2401	49.85
12.	2402	7.02
13.	2405	11.57
14.	2501	23.70
15.	2505	90.79
16.	2515	5.37
17.	2801	16.56
18.	2851	5.66
19.	2853	38.04
20.	3054	66.79
21.	3451	135.63
22.	4059	52.73
23.	4210	12.07
24.	4215	111.18
25.	4216	7.90
26.	4217	54.57
27.	5054	231.05
	Total	1331.55

APPENDIX 2.5
Excess over provision of previous years requiring regularisation
(Reference: Paragraph 2.3.5)

Year	Number of Grant/Appropriation	Grant(s)/Appropriation(s) numbers	Amount of excess (₹ in crore)
1971-72	4	64, 79, 80, 88	0.08
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

Year	Number of Grant/ Appropriation	Grant(s)/Appropriation(s) numbers	Amount of excess
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
2010-11	11/1	1,2,4,7,9,14,24,26,35,36,44/63- Appropriation to Contingency Fund	235.38
2011-12	10/2	7, 14, 23, 24, 25, 32, 35, 44, 52, 56, Appropriation- Loans and Advances from the Central Government, Public Service Commission	177.48
2012-13	7/3	2, 7, 24, 44, 46, 48, 56/ Appropriation – 12, 16, 19	114.45
2013-14	5/3	7,9,24,26,44,/Appropriation viz. 12,44, Internal Debt of the State Govt.	189.50
2014-15	2/2	7,24,/Appropriation – Public Service Commission, Loans and Advances from the Central Government,	114.99
2015-16	6/1	7,20,24,26,27,56/Appropriation – 2 – Governor	167.49
Total			1974.87

APPENDIX 2.6

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

(Reference: Paragraph 2.3.7)

(₹ in lakh)

Sl. No.	Number & name of Grant	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
1.	4 – Administration of Justice Revenue – Voted	2553.90	2136.24	417.66	482.94
2.	6 – Land Revenue, Relief on Account of Natural Calamities, Other Social Services, etc. Revenue – Voted	4325.00	4046.74	278.26	76.00
3	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, etc. Revenue – Voted	18506.00	13114.46	5391.54	2845.93
4.	15 – Treasury and Accounts Administration Revenue – Voted	2854.00	2578.79	275.21	159.21
5.	16 – Police, Other Administrative Services, Housing, Capital Outlay on Police Revenue – Voted	63665.17	61356.61	2308.56	1469.80
6.	Capital – Voted	2921.15	1525.23	1395.92	732.49
7.	17 – Jails Revenue – Voted	1711.00	1671.89	39.11	342.20
8.	19 – Secretariat General Services, etc. Revenue – Voted	20754.52	18090.42	2664.10	404.54
9.	Capital – Voted	14149.00	8381.15	5767.85	1275.00
10.	23 – Other Administrative Services Revenue – Voted	933.05	555.98	377.07	79.68
11.	26 – Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, etc. Revenue – Voted	63564.60	60433.75	3130.85	3059.40
12.	Capital – Voted	8387.90	8272.82	115.08	900.00
13.	27 – Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, etc. Capital – Voted	27318.00	18569.00	8749.00	2748.12
14.	28 – Housing, Capital Outlay on Housing, Loans for Housing Revenue – Voted	2885.00	1017.43	1867.57	163.86
15.	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development, etc. Revenue – Voted	7832.55	3996.04	3836.51	501.73
16.	31 – Labour and Employment Revenue – Voted	4267.00	3310.90	956.10	545.33
17.	32 – Civil Supplies, Capital Outlay on Food Storage and Ware-housing Revenue – Voted	10979.00	5823.18	5155.82	3030.20
18.	38 – Secretariat Economic Services, etc. Revenue – Voted	44734.00	23469.72	21264.28	11421.49
19.	39 – Co-operation, Other Agricultural Programme, Capital Outlay on Co-operation, etc. Revenue – Voted	2368.00	1888.75	479.25	253.00
20.	40 – North Eastern Areas, etc. Revenue – Voted	9243.58	1079.60	8163.98	12.00
21.	Capital – Voted	10756.42	4073.62	6682.80	414.00
22.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Medium Irrigation, etc. Capital – Voted	9405.00	4702.28	4702.72	300.00
23.	47 – Housing, Animal Husbandry, Agricultural Research and Education Revenue – Voted	11048.63	8866.72	2181.91	267.83

Sl. No.	Number & name of Grant	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
24.	49 – Housing, Fisheries, Agricultural Research and Education, <i>etc.</i> Revenue – Voted	5367.00	2669.18	2697.82	500.00
25.	50 – Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife. Revenue – Voted	13115.50	12379.71	735.79	2634.52
26.	53 – Village and Small Industries, Capital Outlay on Village and Small Industries, <i>etc.</i> Revenue – Voted	5052.85	4197.73	855.12	618.96
27.	54 – Village and Small Industries, Capital Outlay on Housing, <i>etc.</i> Revenue – Voted	4345.81	2097.72	2248.09	30.60
28.	Capital – Voted	552.00	287.57	264.43	160.00
29.	55 – Non-Ferrous Mining and Metallurgical Industries, Capital Outlay on Housing, <i>etc.</i> Revenue – Voted	7088.00	6861.04	226.96	284.61
	Total	380683.63	287454.27	93229.36	35713.44

APPENDIX 2.7

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

(Reference: Paragraph 2.3.8)

(₹ in crore)

Sl. No.	Grant Number/ Appropriation	Description	Head of Account	Re-appropriation	Excess (+) Savings (-)	
1.	1	103 –Legislative Secretariat (01) Secretariat Establishment – General	2011	(+)0.34	(+)3.78	
2.	4	105 – Civil and Session Courts (01) District and Sessions Judges including Munsif Courts etc. – General	2014	(+)0.26	(-)1.52	
3.	5	103 – Preparation and Printing of Electoral Rolls (03) Expenditure on Booth Level Officer and Assistance Booth Level Officers – General	2015	(+)2.38	(+)1.42	
4.		103 – Preparation and Printing of Electoral Rolls (03) Expenditure on Booth Level Officer and Assistance Booth Level Officers – Sixth Schedule (Part II) Areas	2015	(+)2.49	(-)1.55	
5.	10	800 – Other Expenditure (01) Operation of Helicopter Services – General	2070	(-)3.90	(-)5.63	
6.	11	101 – Assistance to Electricity Boards – (07) Reconstructed APDRP – General	2801	(-)22.47	(-)25.41	
7.		102 – Renewable Energy for Rural Application – (04) SPV Power Plant – General	2810	(-)2.33	(-)1.31	
8.		800 – Other Loans to Electricity Boards – (06) Other Loans – General	6801	(-)8.42	(-)3.53	
9.	16	104 – Special Police – (01) 1 st Meghalaya Police Battalion – General	2055	(-)1.25	(-)2.80	
10.		104 – Special Police – (11) Raising of 5 th M.L.P. Bn/3 rd IRBN – General		(-)1.49	(-)3.91	
11.		104 – Special Police – (16) Multi-Purpose Special Force Battalion – General		(-)11.38	(-)1.06	
12.		109 – District Police – (01) District Executive Police – Sixth Schedule (Part II) Areas		(-)9.22	(-)8.55	
13.		109 – District Police – (15) Expenditure on Police Check Post on Highways – General		(-)0.04	(-)1.26	
14.		114 – Wireless and Computers – (01) State Police Wireless Organisation – General		(+)0.25	(-)9.60	
15.		208 – Special Police – (01) Construction of Administrative Building for Police Bn. – General		4055	(-)0.88	(-)3.03
16.		211 – Police Housing – (02) Construction of Residential Buildings for Police Accommodation/Facilities under Modernisation of State Police Force – General			(-)0.53	(-)5.49
17.		800- Other Expenditure – (02) Non Lapsable Central Pool of Resources – General	4055	(-)1.37	(-)6.56	
18.	19	80 – General – 001 – Direction and Administration (07) Divisional and Subordinate Offices (Roads) – Sixth Schedule (Part-II) Areas	2059	(+)0.50	(-)8.93	

Sl. No.	Grant Number/ Appropriation	Description	Head of Account	Re-appropriation	Excess (+) Savings (-)
19.	19	80 – General – 001 – Direction and Administration (08) Divisional and Subordinate Offices (Buildings) – Sixth Schedule (Part-II) Areas		(-)0.12	(-)3.02
20.		80 – General – 001 – Direction and Administration (01) Chief Engineer and his General Establishment (Roads) – General		(+)0.12	(+)11.25
21.		80 – General – 001 – Direction and Administration (04) Superintending Engineers and the Establishments (Roads) – General		(+)0.52	(+)1.56
22.		80 – General – 051 – Construction (01) Functional Non-residential Buildings under General Services – General	4059	(-)0.59	(-)59.56
23.		80 – General – 051 – Construction (01) Functional Non-residential Buildings under General Services – Sixth Schedule (Part II) Areas		(+)0.60	(+)1.32
24.			01 – General Education – 201 – Elementary Education (01) Construction of Educational Building – General	4202	(-)1.00
25.	26	01 – Urban Health Services-Allopathy – 001 – Direction and Administration (01) Health Directorate – General	2210	(+)0.33	(-)1.33
26.		01 – Urban Health Services-Allopathy – 001 – Direction and Administration (03) District Medical Officer (Civil Surgeon's Offices) – Sixth Scheduled (Part II) Areas		(+)0.12	(-)1.45
27.		110 – Hospitals and Dispensaries (01) Shillong Civil Hospital (including improvement thereof) - Sixth Schedule (Part-II) Areas		(+)0.07	(-)7.08
28.		06 – Public Health – 106 – Manufacture of Sera/Vaccine (01) Pasteur Institute with Attached Laboratory Facilities (including improvement thereof) – General		(+)0.05	(-)1.77
29.		800 – Other Expenditure (11) Construction and Maintenance of Departmental Non-residential Buildings – Sixth Schedule (Part II) Areas		(-)0.55	(-)1.57
30.		800 – Other Expenditure (20) Central Assistance for CSS in Respect of National Aids Control Programme, State TB Control Society, NRHM <i>Etc.</i> - General		(-)7.10	(-)28.44
31.		110 – Hospitals and Dispensaries (16) Up-gradation of 30 bedded CHC to Hospital - Sixth Schedule (Part-II) Areas		(+)6.90	(+)2.04
32.		103 – Primary Health Centres (01) Other Existing and New Primary Health Centres and Sub-Centres with Indoor Facilities - Sixth Schedule (Part-II) Areas		(+)0.74	(+)18.96
33.	27	001 - Direction and Administration (01) Chief Public Health Engineer and His Establishment – General	2215	(-)2.25	(+)3.61

Sl. No.	Grant Number/ Appropriation	Description	Head of Account	Re-appropriation	Excess (+) Savings (-)
34.	34	102 Child Welfare (22) Scheme for Wedding Assistance for Orphaned Girls – General	2235	(-)0.62	(-)2.38
35.		102 Child Welfare (24) Implementation of ICDS Scheme under Central Assistance in respect of ICDS – Sixth Schedule (Part II) Areas		(-)57.15	(-)4.85
36.		102 Child Welfare (24) Implementation of ICDS Scheme under Central Assistance in respect of ICDS – General		(-)1.73	(-)1.27
37.		106 – Correctional Services (15) Grant under 1 st Provision to Article 275(1) of the Constitution – General		(-)1.24	(-)4.44
38.		800 – Other Expenditure (11) Central Share for Multi Sector Development Programme (MSDP) – General		(-)3.32	(-)10.86
39.		101 – Special Nutrition Programmes (03) Implementation of S.N.P. under CSS – Sixth Schedule (Part II) Areas		2236	(-)123.71
40.	38	800 – Other Expenditure (52) Corpus Fund for Convergence – General	3451	(-)0.35	(-)14.54
41.	40	119 – Horticulture and Vegetable Crops (22) Lemon Cultivation – General	2552	(-)0.84	(-)1.95
42.		800- Other Expenditure (06) Distribution Schemes – General		(-)0.75	(-)4.15
43.		800 – Other Expenditure (01) Construction of School Building of Sibsing Memorial Government Secondary School, Nongstoin – General	4552	(-)1.36	(-)1.14
44.		800 – Other Expenditure (02) Construction of School Building and Mini Stadium for Rymbai Government Secondary School, Jaintia Hills – General		(-)1.36	(-)1.94
45.	43	108 – Commercial Crops (21) Plantation Crops Development (Arecanut/Cashewnut/Coconut) Pineapple/Bamboo/Agar – General	2401	(-)0.70	(-)7.30
46.		113 – Agricultural Engineering (02) Agricultural Engineering (Mechanical) – Sixth Schedule (Part II) Areas		(+)0.21	(-)1.23
47.		101 – Marketing Facilities (06) Post Harvest Management - Sixth Schedule (Part-II) Areas	2435	(-)0.10	(-)1.05
48.	47	107 – Fodder and Feed Development (09) Sub-Mission of Pig Development (NER) - General	2403	(-)0.52	(+)1.30
49.	48	102 – Dairy Development Projects (11) Feed Subsidy for Cattle – General	2404	(-)0.05	(-)1.95
50.	49	101 – Inland fisheries (36) State Aquaculture Mission – General	2405	(-)9.73	(-)4.62
51.	55	102 – Mineral Exploration (01) Intensive Mineral Investigation – General	2853	(+)0.03	(-)1.47
52.	56	105 – Maintenance and Repairs (01) Work-charged Establishment-Road Works - Sixth Schedule (Part II) Areas	3054	(+)33.08	(-)2.26

Sl. No.	Grant Number/ Appropriation	Description	Head of Account	Re-appropriation	Excess (+) Savings (-)
53.	56	103 – Maintenance and Repairs (01) Work Charged Establishment-Machinery and Equipment – Sixth Schedule (Part II) Areas	3054	(-)7.45	(+)1.73
54.		103 – Maintenance and Repairs (02) Work Charged Establishment - Bridges – Sixth Schedule (Part II) Areas		(-)16.20	(+)1.01
55.		800 – Other Expenditure (06) Road Financed from NABARD Loan etc. – Sixth Schedule (Part II) Areas	5054	(-)7.18	(+)1.18
56.		800 – Other Expenditure (21) Special Plan Assistance (SPA 2014-15) – Sixth Schedule (Part II) Areas		(-)41.48	(+)39.63
57.		800 – Other Expenditure (07) PMGSY - Sixth Schedule (Part II) Areas		(-)2.44	(+)6.34
58.	57	101 – Tourist Centre (18) Central Assistance for CSS – General	3452	(-)1.96	(-)1.04
59.	Appropriation	101 – Interest on Market Loans (12) New Loan 2016-17 – General	2049	(-)6.70	(-)17.42

APPENDIX 2.8
Results of review of substantial surrenders
(surrender of provision over ₹ 1 crore)
(Reference: Paragraph 2.3.10)

(₹ in lakh)						
Sl. No.	Number and title of Grant/Appropriation	Name of the Scheme (Head of Account)	Budget Provision	Amount of surrender	% of surrender	Reasons attributed for surrender
1	2	3	4	5	6	7
1.	1 – Parliament/State/Union Territory Legislatures	Speaker and Deputy Speaker (2011)	173.90	143.40	82.46	Less requirement of fund.
2.	3 – Council of Ministers	Deputy Ministers/ Parliamentary Secretaries (2013)	240.00	140.61	58.59	Less requirement of fund.
3.	4 – Administration of Justice	Judges of High Court/Bench (2014)	230.10	133.44	57.99	Less claim received in respect of Medical/Traveling Allowance.
4.	9 – Taxes on Sales, Trade etc., Other Taxes and Duties on Commodities and Services	Mission Mode of Project for Computerization Taxes Administration for the State of Meghalaya (2040)	123.30	123.30	100.00	Non-receipt of central authority for utilizing the fund.
5.	10 – Taxes on Vehicles, Other Administrative Services, Road Transport, etc.	Up-gradation of Umroi Airport (5053)	2854.39	2403.51	84.20	Without assigning any reasons.
6.	19- Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, etc.	Stock (2059)	235.00	188.00	80.00	Less expenditure, less requirement of fund, non-receipt of sanction for plan.
7.	23 – Other Administrative Services etc.	Meghalaya Administrative Training Institute (2070)	438.21	293.20	66.91	Less expenditure than anticipated.
8.	27 – Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, etc.	Each Schemes (Khasi)(4215)	1497.00	1016.25	67.89	Less requirement of fund
9.		Upper Shillong Water Supply Project-State Share for DONER Project (4215)	197.00	172.10	87.36	Less requirement of State Share against the shortfall in released of Central Share by the Ministry
10.		Non-Lapsable Central Pool of Resources (4215)	2400.00	1679.47	69.98	Non-release of fund and shortfall in release of fund by the Ministry.
11.		Each Scheme (4215)	3950.00	2348.79	59.46	Less requirement of fund.

1	2	3	4	5	6	7
12.	27 – Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, etc.	Moisture to Water Project under SCA (4215)	500.00	500.00	100.00	Reduction of Plan allocation by Planning Department.
13.		State Share for Other Centrally Sponsored Scheme including ARWSP(NRDWP) (4215)	1220.00	695.60	57.02	Less requirement of fund of State Share against the shortfall released of Central Share by the Ministry
14.		Arpdah Farmsning Combined Water Supply (SCA) (4215)	500.00	500.00	100.00	Less requirement of fund.
15.		Greater Ampati Water Supply Project (SPA) (4215)	600.00	600.00	100.00	
16.		Construction and Maintenance of Departmental Non-residential Building (4215)	130.00	108.87	83.75	Less requirement of fund on State Share against shortfall release of Central Share, non-release and non-sanction of funds/schemes by the Ministry.
17.		Up-gradation Grant under Thirteen Finance Commission Award-Augmentation Tura Phase I and II WSS (4215)	1250.00	1250.00	100.00	
18.		Each Schemes (4215)	195.00	195.00	100.00	
19.	28 – Housing, Capital Outlay on Housing, Loans for Housing	Affordable Housing Scheme (2216)	2000.00	1900.00	95.00	Drastic cut in the revised outlay the Government.
20.	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban development, etc.	National Urban Livelihood Mission(NULM) (2217)	1222.22	880.29	72.02	Non-release of fund by GoI.
21.		Swachh Bharat Mission-Central Assistance for Centrally Sponsored Schemes inclusive of State Share (2217)	333.33	333.33	100.00	
22.		Up-gradation of the Standard of Administration awarded by the Twelfth/Thirteen Finance Commission (2217)	500.00	500.00	100.00	
23.		Smart Cities Mission (SCM) Centrally Sponsored Schemes inclusive of State Share (2217)	2333.33	2149.88	92.14	Non-receipt of approval of the Smart Cities during the year.
24.		Satellite Township of Shillong under State Plan (4217)	709.45	472.79	66.64	Non-approval of Plan Outlay by Planning Department.
25.		Infrastructure Development for City Transport at Shillong (4217)	300.00	200.00	66.67	Non-sanction of proposal during the year.
26.		Swachh Bharat Mission-Central Assistance for Centrally Sponsored Schemes inclusive of State Share (4217)	1000.00	889.46	88.95	Non-release of fund by GoI.

1	2	3	4	5	6	7	
27.	31 – Labour and Employment	Skill Development Initiative (2230)	700.00	700.00	100.00	Non-receipt of sanction from Government.	
28.		Up-gradation into Centre of Excellence ITI, Shillong/ Tura (under World Bank Scheme) (2230)	322.50	241.51	74.89	Less expenditure than anticipated.	
29.	32 – Civil Supplies, Capital Outlay on Food Storage and Ware-housing	Transport Subsidy for Supply of Food Stuffs to Special Backward Areas (3456)	150.00	105.00	70.00		Non-routing of central share of sugar subsidy through State Plan Budget during the year.
30.		Subsidy for Procurement of Sugar (CSS)(3456)	5005.00	5005.00	100.00		
31.		Consumer Welfare fund (CSS) (3456)	900.00	816.39	90.71	Non-receipt of sanction from Government.	
32.		Scheme on End to End Computerization of TPDS Operation (3456)	370.00	370.00	100.00		
33.	34 – Welfare of Scheduled Caste/Scheduled Tribe and Other Backward Classes, Social Security and Welfare, Nutrition, Capital Outlay on Public Works, etc.	Financial Assistance to District Council for Special Purposes (2225)	277.62	277.62	100.00	Non-sanction of fund.	
34.		Construction or Development of Rural Market under NLCPR-Schemes (2225)	200.00	200.00	100.00	Non-release of fund by the Ministry of DONER, GoI.	
35.	38 – Secretariat Economic Services, Capital Outlay on Other General Economic Services	Meghalaya Infrastructure Development Finance Corporation (3451)	4485.00	4485.00	100.00	Less requirement of fund.	
36.		Studies/Consultancy Services (3451)	800.00	700.00	87.50	Less expenditure incurred.	
37.		Capacity Building (3451)	500.00	400.00	80.00		
38.		Integrated Basin Development Project-Cum-Livelihood Programme (3451)	730.00	530.00	72.60		
39.		Institute of Entrepreneurship (3451)	300.00	180.00	60.00		
40.		Mission under the Integrated Basin and Livelihood Development Programme (3451)	3000.00	2050.00	68.33	Less expenditure incurred.	
41.		Trade Promotion (3451)	200.00	150.00	75.00		
42.		Meghalaya State Employment Promotion Council (3451)	100.00	100.00	100.00		
43.		Cross Cutting Infrastructure for Mission (3451)	100.00	100.00	100.00		
44.		Meghalaya Livelihood and Access to Market Projects (Meghalaya Lamp) under Externally Aided Program (EAP) IFAD (3451)	1610.00	1346.52	83.63	Less amount received.	
45.	Community Led Eco-System Management Project (3451)	1100.00	1000.00	90.91	Less requirement of fund.		

1	2	3	4	5	6	7
46.	38 – Secretariat Economic Services, Capital Outlay on Other General Economic Services	Promotion of Green Economy (3451)	2500.00	2500.00	100.00	Non-requirement of fund during the year
47.		Community Forestry Project (3451)	1100.00	1100.00	100.00	
48.		Corpus Fund for Convergence (3451)	8700.00	4711.30	54.15	
49.		Corpus fund for CSS (3451)	2500.00	2500.00	100.00	
50.		Housing Infrastructure for Livelihood (Home-stays, Weaving, Sheds, Cow and Piggery Sheds, etc.) (3451)	1000.00	1000.00	100.00	
51.		Institute for Community Mobilisation and Experiment (3451)	115.00	115.00	100.00	Non-requirement of fund during the year
52.		Meghalaya Women’s Empowerment Programme through Social Mobilisation, Financial inclusion Entrepreneurship (3451)	3500.00	2700.00	77.14	Less expenditure incurred.
53.		Seed/Share Capital to set up Meghalaya Women’s Bank to lend through SHG Federations (3451)	1000.00	1000.00	100.00	Non-requirement of fund.
54.		Most Livable Village/Towns/ Cities Programme (3451)	3500.00	3500.00	100.00	
55.		Market Infrastructure (NLCPR) (5475)	450.00	450.00	100.00	Non-receipt of proposal.
56.	39 – Co-operation, Capital Outlay on Co-operation, Capital Outlay on Other Agricultural Programme, etc.	Training and Capacity Building (2425)	500.00	464.00	92.80	Amount has been kept in abeyance for re-allocation of State Plan Outlay.
57.		Funding under the Article 275(1) of the Constitution of India (2425)	100.00	100.00	100.00	Non-approval of proposal by the GoI.
58.		Convergence with Meghalaya Livelihood and access to Markets Project/ Integrated Basin Development Livelihood Programme/ Other Development Departments (4425)	1000.00	980.00	98.00	Amount has been kept in abeyance for re-allocation of State Plan.
59.	40 – North Eastern Areas, Capital Outlay on North Eastern Areas	Area and Productivity Expansion on Individual Pond Dev. Of 311-40 hac Individual Pond for Fish Culture(2552)	800.00	800.00	100.00	Less expenditure than anticipated, which is incorrect as entire provision have been surrendered.
60.		Introduction of Interactive Digital Classroom for Dev. of Science and Mathematics in 24 Classrooms (3 Classrooms each) in the State of Meghalaya (2552)	158.86	158.86	100.00	Non-availability of the schemes during the year under NEC.
61.		Setting up of a State Planetarium (2552)	100.00	100.00	100.00	Non-receipt of proposal.

1	2	3	4	5	6	7
62.	40 – North Eastern Areas, Capital Outlay on North Eastern Areas	Nongpoh-Umden-Sonapur Road 0-58.16 KM (4552)	223.00	223.00	100.00	Completion of scheme during 2015-16.
63.		Up-gradation of Mairang-Riangodown-Azra Road (25 th -109 th Km) (4552)	2000.00	1433.68	71.68	Non-release of fund by NEC.
64.		Creating Necessary Infrastructure for Storage of Water to meet the Emergency Needs of the State Capital, etc. (4552)	810.00	810.00	100.00	Non-requirement of fund during the year.
65.	43 – Housing, Crop Husbandry, Agricultural Research & Education, Other Agricultural Programmes, Minor Irrigation, Capital Outlay on Housing, Capital Outlay on Crop Husbandry, Investments in Agricultural Financial Institutions, etc.	State Rice Mission (2401)	372.00	237.71	63.90	Budget cut by the Government.
66.		ACA under RKVY (State Share) (2401)	1000.00	995.42	99.54	
67.		State Share for CSS (Agri) (2401)	181.51	176.28	97.12	
68.		Investigation and Development of Ground Water Resources (2702)	158.90	157.69	99.24	Non-requirement of fund.
69.		Command Area Development (State Share) (2702)	102.50	102.50	100.00	Restriction imposed on non-plan expenditure and non-sanctioning of new projects.
70.		NABARD loan for construction of MIP (2702)	650.00	645.22	99.26	
71.		Repair, Renovation and Restoration of Water Bodies (2702)	500.00	500.00	100.00	Non-release of fund, non-receipt of sanction and non-requirement of fund form GoI.
72.		Integrated Development of Water Resources (2702)	1200.00	1200.00	100.00	
73.		Accelerated Irrigation Benefit Programme (4702)	8000.00	4485.00	56.06	Less release of fund under AIBP by the GoI.
74.		44 – Medium Irrigation, Flood Control and Drainage, Capital Outlay on Medium Irrigation, etc.	Works (4701)	100.00	100.00	100.00
75.	45 – Housing, Soil and Water Conservation, Agricultural Research & Education	Erosion Control Works (2402)	157.04	151.99	96.78	Economy/Budget cut indicated by the Planning Department under revised sector-wise outlay.
76.		Water Conservation and Distribution Works (2402)	116.67	111.55	95.61	
77.		Water Harvesting Works, Farm, Ponds, etc. (2402)	116.05	112.02	96.53	
78.		Integrated Water-shed Management Programme (2402)	6000.00	4715.60	78.59	Less State Share against the less amount sanctioned by the GoI.
79.		Scheme under Convergence with Community Led Ecosystem Management Project (CLEM) (2402)	500.00	310.65	62.13	Less amount sanctioned by the Government.
80.		Scheme under Art 275(1) Ministry of Tribal Affairs (2402)	350.00	350.00	100.00	Non-sanctioning of the proposed schemes.
81.	Scheme under Art 275(1) Ministry of Tribal Affairs – Sixth Scheduled (Part II) Areas (2402)	350.00	350.00	100.00		

1	2	3	4	5	6	7
82.	45 – Housing, Soil and Water Conservation, Agricultural Research & Education	Repair, Renovation and Restoration of Water Bodies (2402)	3000.00	3000.00	100.00	Non-sanction of RRR Project/ Scheme by the GoI.
83.		Integrated Waste-land Dev. Programme-CSS(2402)	1100.00	1100.00	100.00	
84.	49 – Housing, Fisheries, Agricultural Research and Education, etc.	Directorate Office (2405)	637.15	410.22	64.38	Non-filling up of vacant post, less expenditure, less amount sanction on medical treatment, etc., Government restriction and 20 per cent economy cut.
85.		State Aquaculture Mission (2405)	1740.00	944.78	54.30	Less sanction and revised budget outlay by the Government.
86.		Fish Farmer Development Agency (2405)	1200.00	696.83	58.07	Less expenditure than anticipated and revised outlay imposed by the Government.
87.		Welfare of Fishermen (2405)	300.00	300.00	100.00	
88.	50 – Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife.	Central Assistance to State Plan(CASP) (2406)	1200.00	799.49	66.62	Less amount release by the GoI for CSS.
89.		Central Assistance to State Plan(CASP) – General (2406)	800.00	800.00	100.00	Non-requirement of fund and non-approval of proposal by DHS.
90.	51 – Housing, Nutrition, Crop Husbandry, Special Programmes for Rural Development, etc., Capital Outlay on Other Rural Development Programmes.	Construction, Renovation and Maintenance of Govt. Residential/Non-residential Buildings for the Existing Blocks and New Blocks (4515)	200.00	150.00	75.00	Less requirement of fund.
91.	52 – Industries, Capital Outlay on Cement and Non-metallic Minerals, Capital Outlay on Industries and Mineral, etc.	Share Capital to Mawmluh Cherra Cement Limited (4854)	100.00	100.00	100.00	Revision of Plan Outlay by the Planning Department.
92.		Financial Operation to Meghalaya Industrial Development Corporation (4885)	100.00	100.00	100.00	
93.		Mawmluh Cherra Cement Ltd. (6885)	1700.00	1198.15	70.48	Without assigning any reason.
94.	54 – Village and Small Industries, Capital Outlay on Housing, etc.	Tassel Craft cum Embroidery at Nongkrem Village, EKH, and Meghalaya to be Funded under Article 275(1) (2851)	100.00	100.00	100.00	Revision of Plan Outlay by Planning Department/Non-receipt of non-approval of scheme proposal by the GoI.
95.		Grant-in-Aid under Micro Small and Medium Enterprise for Setting up of Tool Room (CSS) (2851)	700.00	700.00	100.00	
96.		Assistance to States for Infrastructure Development of Exports (CSS) (2851)	1000.00	1000.00	100.00	

1	2	3	4	5	6	7
97.	54 – Village and Small Industries, Capital Outlay on Housing, etc.	Construction of DCI's Office Buildings (4216)	100.00	100.00	100.00	Revision of Plan Outlay by Planning Department /Non-receipt and non-approval of scheme proposal by the GoI.
98.		Establishment of Industrial Estate (4851)	144.00	116.41	80.84	
99.		Up-gradation of Departmental Training Centres (4851)	208.00	208.00	100.00	
100.	56 – Roads and Bridges, Capital Outlay on Roads and Bridges	Non-Lapsable Central Pool of Resources (5054)	3900.00	2003.14	51.36	Non-sanction of new scheme and non-release of fund from GoI.
101.		State Share for EAP-ADB (5054)	250.00	250.00	100.00	Non-requirement of fund.
102.		Ongoing SCA proposal (5054)	2500.00	2400.00	96.00	Non-release of fund.
103.	Appropriation - Interest Payments	Plan Loans (2049)	356.57	221.50	62.12	Less receipt of Loan than anticipated.
Total			117229.60	94620.32		

APPENDIX 2.9
Surrender in excess of actual savings
(Reference: Paragraph 2.3.11)

(₹ in lakh)

Sl No.	Number and Name of Grant/Appropriation	Total Grant	Saving	Amount surrendered	Amount surrendered in excess of savings
1.	2 – Governor, Capital Outlay on Housing Revenue – Charged	875.00	110.95	157.36	46.41
2.	3 – Council of Ministers, Other Administrative Services Revenue – Voted	1321.00	464.09	470.73	6.64
3.	4 – Administration of Justice Revenue – Charged	1162.59	139.98	157.30	17.32
4.	9 – Taxes on Sales, Trade <i>etc.</i> , Other Taxes and Duties on Commodities and Services Revenue – Voted	2226.00	366.89	375.21	8.32
5.	12 – Other Fiscal Services Revenue – Voted	43.00	6.46	6.66	0.20
6.	14 – District Administration Revenue – Voted	4739.00	1364.28	1384.01	19.73
7.	21 – Miscellaneous General Services, General Education, Technical Education, Sports and Youth Services, <i>etc.</i> Revenue – Voted	167224.79	6295.48	10388.65	4093.17
8.	22 – Other Administrative Services, Housing Revenue – Voted	3136.46	163.84	194.41	30.57
9.	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development, <i>etc.</i> Revenue – Voted	8334.28	4338.24	4339.38	1.14
10.	30 – Information and Publicity Revenue – Voted	1860.48	242.63	276.83	34.20
11.	36 – Miscellaneous General Services, Social Security and Welfare Revenue – Voted	523.46	21.08	27.78	6.70
12.	39 – Co-operation, Other Agricultural Programmes, Capital Outlay on Co-operation, <i>etc.</i> Revenue – Voted	2621.00	732.25	736.86	4.61
13.	41 – Census, Survey and Statistics Revenue – Voted	1910.47	669.37	697.41	28.04
14.	42 – Housing, Other General Economic Services Revenue – Voted	532.00	71.56	79.77	8.21
15.	44 – Medium Irrigation, Flood Control and Drainage, Capital Outlay on Medium Irrigation, <i>etc.</i> Capital – Voted	280.00	95.00	100.00	5.00
16.	45 – Housing, Soil and Water Conservation, Agricultural Research and Education Revenue – Voted	25432.00	12463.11	12487.61	24.50

Sl No.	Number and Name of Grant/Appropriation	Total Grant	Saving	Amount surrendered	Amount surrendered in excess of savings
17.	50 – Forestry and Wildlife, Agricultural Research and Education, <i>etc.</i> Revenue – Voted	15750.02	3370.31	3521.67	151.36
18.	56 – Road and Bridges, Capital Outlay on Roads and Bridges Capital – Voted	61161.08	5263.76	5353.03	89.27
19.	Appropriation – Public Service Commission Revenue – Charged	363.49	1.75	3.26	1.51
	Total	299496.12	36181.03	40757.93	4576.90

APPENDIX 2.10

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

(Reference: Paragraph 2.3.12)

			(₹ in crore)
Sl. No.	Grant No./ Appropriation	Name of Grant/Appropriation	Saving
1.	11	Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, New and Renewal Energy, Capital Outlay on Power Projects <i>etc.</i> Revenue – Voted	82.37
2.		Capital – Voted	3.53
3.	16	Police, Other Administrative Services, Housing, Capital Outlay on Police Revenue – Voted	37.78
4.		Revenue – Charged	0.39
5.		Capital – Voted	21.28
6.	26	Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, Capital Outlay on Family Welfare Capital – Voted	10.15
7.	34	Welfare of Scheduled Caste/Scheduled Tribe and Other Backward Classes, <i>etc.</i> , Capital Outlay on Social Security and Welfare, <i>etc.</i> Capital – Voted	2.78
8.	44	Medium Irrigation, Flood Control and Drainage, Capital Outlay on Medium Irrigation, <i>etc.</i> , Revenue – Voted	0.24
9.	47	Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry Revenue – Voted	24.50
10.		Capital – Voted	0.11
11.	48	Housing Dairy Development, Agricultural Research and Education Revenue – Voted	4.69
12.	55	Non-Ferrous Mining and Metallurgical Industries, Capital Outlay on Housing, <i>etc.</i> Revenue – Voted	5.12
13.	57	Tourist Infrastructure, Capital Outlay on Public Works, Capital Outlay on Tourism, Loans for Tourism Revenue – Voted	6.93
14.		Capital – Voted	0.02
Total			199.89

APPENDIX 2.11
Details of saving of ₹ 1 crore and above not surrendered
(Reference: Paragraph 2.3.12)

(₹ in crore)

Sl. No.	Number and Name of Grant/Appropriation	Saving	Surrender	Saving which remained to be surrendered
1.	4 – Administration of Justice Revenue – Voted	9.01	6.07	2.94
2.	6 – Land Revenue, Relief on Account of Natural Calamities, Other Social Services, <i>etc.</i> Revenue – Voted	3.54	1.97	1.57
3.	8 – State Excise Revenue – Voted	1.33	0.0016	1.32
4.	10 – Taxes on Vehicles, Other Administrative Services, Road Transport, <i>etc.</i> Revenue – Voted	8.44	0.58	7.86
5.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, <i>etc.</i> Revenue – Voted	82.37	0.00	82.37
	Capital – Voted	3.53	0.00	3.53
6.	13 – Secretariat General Services, Secretariat Social Services, <i>etc.</i> Revenue – Voted	22.29	14.12	8.17
7.	16 – Police, Other Administrative Services, Housing, Capital Outlay on Police Revenue – Voted	37.78	0.00	37.78
	Capital – Voted	21.28	0.00	21.28
8.	18 – Stationery and Printing, Capital Outlay on Stationery and Printing, Capital Outlay on Housing Revenue – Voted	4.34	0.28	4.06
9.	19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, Capital Outlay on Sports, <i>etc.</i> Revenue – Voted	30.69	9.62	21.07
10.	23 – Other Administrative Services Revenue – Voted	4.57	3.35	1.22
11.	25 – Miscellaneous General Services Revenue – Voted	12.69	0.38	12.31
12.	26 – Medical and Public Health, Family Welfare, <i>etc.</i> Revenue – Voted	61.90	0.53	61.37
13.	27 – Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, <i>etc.</i> Capital – Voted	114.97	113.85	1.12
14.	31 – Labour and Employment Revenue – Voted	15.01	12.36	2.65
15.	34 – Welfare of Scheduled Caste/Scheduled Tribe and Other Backward Classes, Social Security and Welfare, Nutrition, <i>etc.</i> Revenue – Voted	68.75	15.08	53.67
16.	38 – Secretariat Economic Services Revenue – Voted	326.86	311.30	15.56
17.	40 – North Eastern Areas, Capital outlay on North Eastern Areas. Revenue – Voted	81.76	13.78	67.98
	Capital – Voted	70.97	24.67	46.30
18.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Minor Irrigation, <i>etc.</i> Revenue – Voted	204.68	139.41	65.27
	Capital – Voted	50.03	47.10	2.93

Sl. No.	Number and Name of Grant/Appropriation	Saving	Surrender	Saving which remained to be surrendered
19.	47 – Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Animal Husbandry Revenue – Voted	24.50	0.00	24.50
20.	48 – Housing, Dairy Development, Agricultural Research and Education Revenue – Voted	4.69	0.00	4.69
21.	49 – Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, <i>etc.</i> Revenue – Voted	31.98	26.97	5.01
22.	51 – Housing, Crop Husbandry, Special Programmes for Rural Development, <i>etc.</i> Revenue – Voted	32.98	24.44	8.54
23.	52 – Industries, Capital Outlay on Cement, Capital Outlay on Industries and Minerals, <i>etc.</i> Revenue – Voted	1.97	0.06	1.91
24.	53 – Village and Small Industries, Capital Outlay on Village and Small Industries, Loans for Village and Small Industries Revenue – Voted	14.74	5.58	9.16
25.	54 – Village and Small Industries, Capital Outlay on Housing, Capital Outlay on Village and Industries, <i>etc.</i> Revenue – Voted	22.79	18.60	4.19
26.	Appropriation – Interest Payment Revenue – Charged	29.06	25.61	3.45
	Total	1399.50	815.71	583.78

APPENDIX 2.12
Cases of surrender of funds in excess of ₹ 1 crore on 31 March 2017
(Reference: Paragraph 2.3.12)

(₹ in crore)			
Sl. No.	Grant No. & Name	Head of Account	Amount surrendered
1.	1 – Parliament/State/Union Territory Legislature, Stationery and Printing, <i>etc.</i>	2011, 2058	13.58
			1.43
2.	2 – Governor	2012	1.57
3.	3 – Council of Ministers	2013	4.71
4.	4 – Administration of Justice	2014	6.07
5.			1.57
6.	5 – Elections	2015	4.76
7.	6 – Land Revenue, Relief on Account of Natural Calamities, Other Social Services, <i>etc.</i>	2029, 2245	1.97
8.	9 – Taxes on Sales, Trade <i>etc.</i> Other Taxes and Duties on Commodities and Services	2040,2045	3.75
9.	10 – Taxes on Vehicles, Other Administrative Services, Road Transport, <i>etc.</i>	5053,5055	24.97
10.	13 – Secretariat General Services, Secretariat Social Services, <i>etc.</i>	2052, 2251, 3451	14.12
11.	14 – District Administration	2053	13.84
12.	15 – Treasury and Accounts Administration	2054,2515	4.13
13.	17 – Jails	2056	2.88
14.	19 – Secretariat General Services, Public Works, Housing, Capital outlay on Public Works, <i>etc.</i>	2052, 2059, 2216	9.62
15.	21 – Miscellaneous General Services, General Education, Technical Education, Sports and Youth Services, Art and Culture, <i>etc.</i>	2202, 2203, 2204, 2205,3425, 3454	103.89
16.	22 – Other Administrative Services, Housing	2070, 2216	1.94
17.	23 – Other Administrative Services	2070	3.35
18.	27 - .Water Supply and Sanitation, Housing, Capital Outlay on Supply and Sanitation, Capital Outlay on Housing	4215, 4216	113.85
19.	28 – Housing, Capital Outlay on Housing, Loans for Housing	2216	20.02
20.	29 – Urban Development, Capital Outlay on Housing,	2217	43.39
21.	Capital Outlay on Urban Development, <i>etc.</i>	4216, 4217	21.64
22.	30 – Information and Publicity	2220	2.77
23.	31 – Labour and Employment	2230	12.36
24.	32 – Civil Supplies, Capital Outlay on Food Storage and Ware-housing	3456	81.77
25.	34 – Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes, <i>etc.</i>	2225, 2235, 2236	15.08
26.	38 – Secretariat Economic Services, <i>etc.</i>	3451	311.30
27.		5475	4.50
28.	39 – Co-operation, Other Agricultural Programmes, Capital Outlay on Co-operation, <i>etc.</i>	2425, 2435	7.37
29.		4425, 4435	11.74
30.	40 – North Eastern Areas, Capital Outlay on North Eastern Areas	2552	13.78
31.		4552	24.67
32.	41 – Census, Survey and Statistics	3454	6.97
33.	43 – Housing, Crop Husbandry, Agricultural Research & Education, <i>etc.</i>	2216, 2401, 2415, 2435, 2701, 2702, 2711	139.41
34.		4216, 4401, 4416, 4701, 4702, 4711	47.10

Sl. No.	Grant No. & Name	Head of Account	Amount surrendered
35.	44 – Medium Irrigation, Flood Control and Drainage, Capital Outlay on Medium Irrigation, <i>etc.</i>	4701, 4711	1.00
36.	45 – Housing, Soil, and Water Conservation, Agricultural Research and Education	2216, 2402, 2415	124.88
37.	46 – Special Programme for Rural Development	2501	2.26
38.	49 – Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, Capital Outlay on Fisheries	2216, 2405, 2415	26.97
39.	50 – Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife	2406, 2415	35.22
40.	51 – Housing, Crop Husbandry, Special Programmes for Rural Development, <i>etc.</i> , Capital Outlay on Housing,	2216, 2501, 2505, 2515	24.44
41.	Capital Outlay on Other Rural Development Programmes	4216, 4515	1.93
42.	52 – Industries, Capital Outlay on Cement, <i>etc.</i>	4854, 4885, 6885	13.98
43.	53 – Village and Small Industries, Capital Outlay on Village and Small Industries, Loans for Village and Small Industries	2851	5.58
44.	54 – Village and Small Industries, Capital Outlay on	2851	18.60
45.	Housing, <i>etc.</i>	4216, 4851	4.24
46.	56 – Road and Bridges, Capital Outlay on Roads and Bridges	5054	53.53
47.	60 – Loans to Government Servants, <i>etc.</i>	7610	2.22
48.	Appropriation – Interest Payment	2049	25.61
49.	Appropriation – Internal Debt of the State	6003	164.31
	Total		1600.64

APPENDIX 2.13
Misclassification of Expenditure
(Reference: Paragraph 2.7.8.2)

(₹ in crore)

Sl. No.	Major Head	Sub Major Head	Minor Head	Sub Head	Amount
I. Minor works booked under 'Capital heads'					
1.	4216	80	800	(09)Rental Housing Scheme	0.35
2.	4216	80	800	(58)Departmental Residential and Non-Residential Building	1.39
				Total	1.74
II. Major works booked under 'Revenue heads'					
1.	2401	...	800	(17) Special Plan Assistance (Hort)	2.69
2.	2401	...	800	(20) State share against Central Schemes	1.45
3.	2403	...	800	(04) Construction and Maintenance of Departmental non-residential buildings	2.76
4.	2406	01	800	(04) Intensification of forest management scheme	0.23
5.	2501	01	800	(01) Border Areas Programmes under Border Areas Development	5.00
6.	2515	...	800	(08) Construction of Rural Roads Programmes	2.75
				Total	14.88

APPENDIX 3.1

Statement showing names of bodies and authorities, the accounts of which had not been received as on 31 March 2017

(Reference: Paragraph 3.2)

(₹ in lakh)

Sl. No.	Name of the Departments/ Ministries	Number of the Bodies	Years for which accounts had not been received.	Grants Received	
				Year	Amount
1.	Co-operation Department	1	1990-1991 to 2016-17	2014-15 to 2016-17	494.95
2.	Housing Department	1	1991-1992 to 2016-17	2000-01	1789.60
3.	Ministry of Tribal Affairs	1	2015-16	2009-10 to 2015-16	6318.34
4.	Ministry of Human Resources	3	2006-07 to 2016-17	2006-07	28468.18
5.	District Administration Department	5	2007-08 to 2016-17	2006-07	21416.64
6.	Urban Affairs Department	3	2011-12 to 2016-17	2008-09 to 2013-14	4417.63
7.	Community and Rural Development Department	3	2009-10 to 2016-17	2009-10 to October 2016	1688.94
8.	Social Welfare Department	1	2008-09 to 2016-17	2011-12	86.45
9.	Soil and Water Conservation Department	1	2008-09 to 2016-17	2008-09	25.00
10.	Agriculture Department	1	2010-11 to 2016-17	2010-11	126.56
11.	Sports Department	1	2015-16 to 2016-17	2014-15	5563.10
12.	Ministry of Micro, Small and Medium Enterprises (MSME) GoI	1	2011-12 to 2016-17	2012-13	880.51
13.	Public Works Department	1	2011-12 to 2016-17	2011-12	393.62
14.	Ministry of Culture	1	2009-10 to 2016-17	2011-12	176.78
15.	Health and Family Welfare Department	2	2014-15 to 2015-16	2013-14 to 2016-17	33556.73
16.	Information and Technology Department	1	2014-15 to 2016-17	2013-14	8472.37
17.	Planning Department	1	2015-16 to 2016-17	2013-14	276.67
18.	Ministry of Finance Department of Economic Affairs	2	2016-17	2011-12 to 2016-17	12497.28
	Total	30			126649.35

APPENDIX 3.2

Department wise /duration wise break-up of the cases of misappropriation, theft and loss

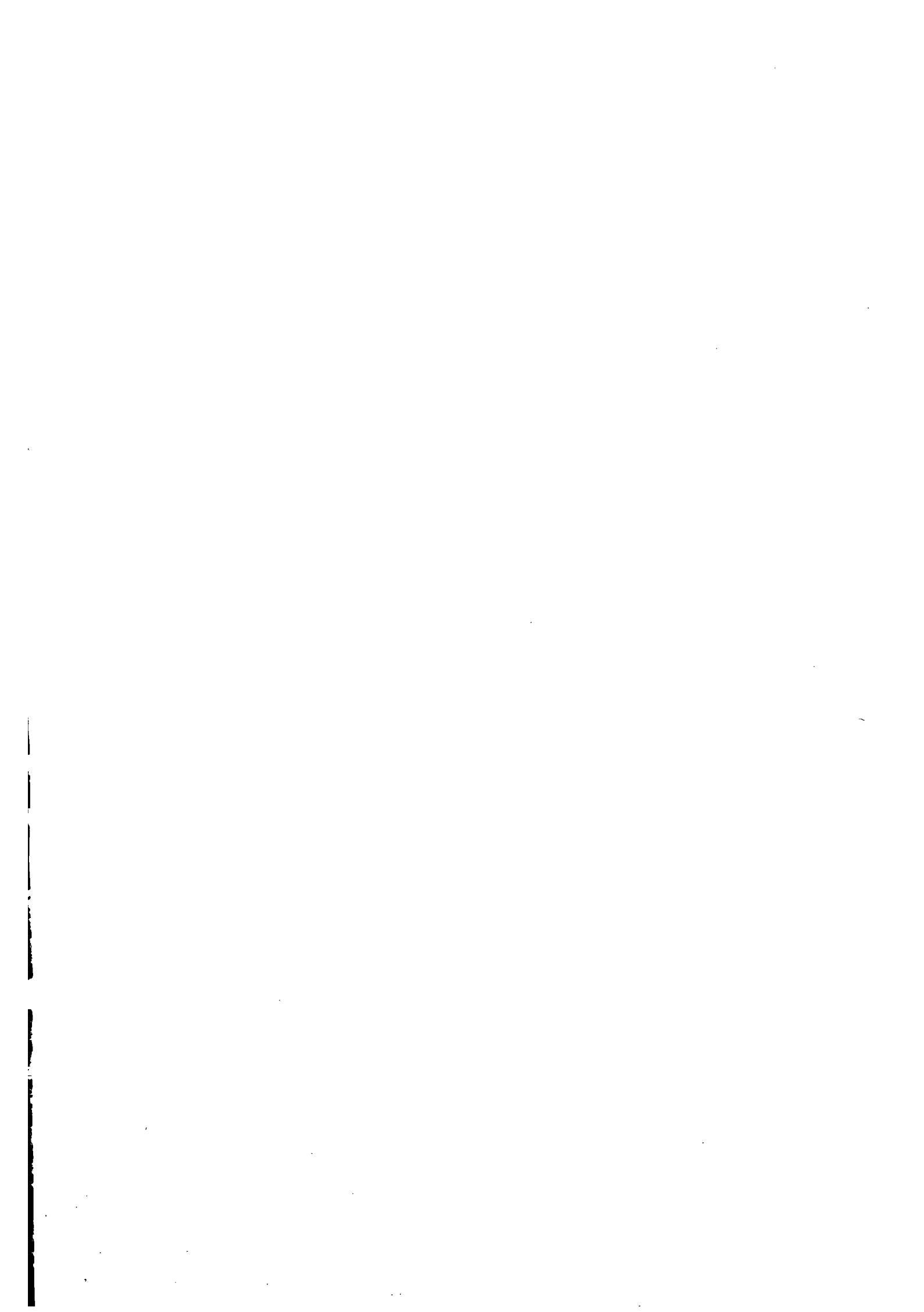
(Cases where final action pending at the end of March 2017)

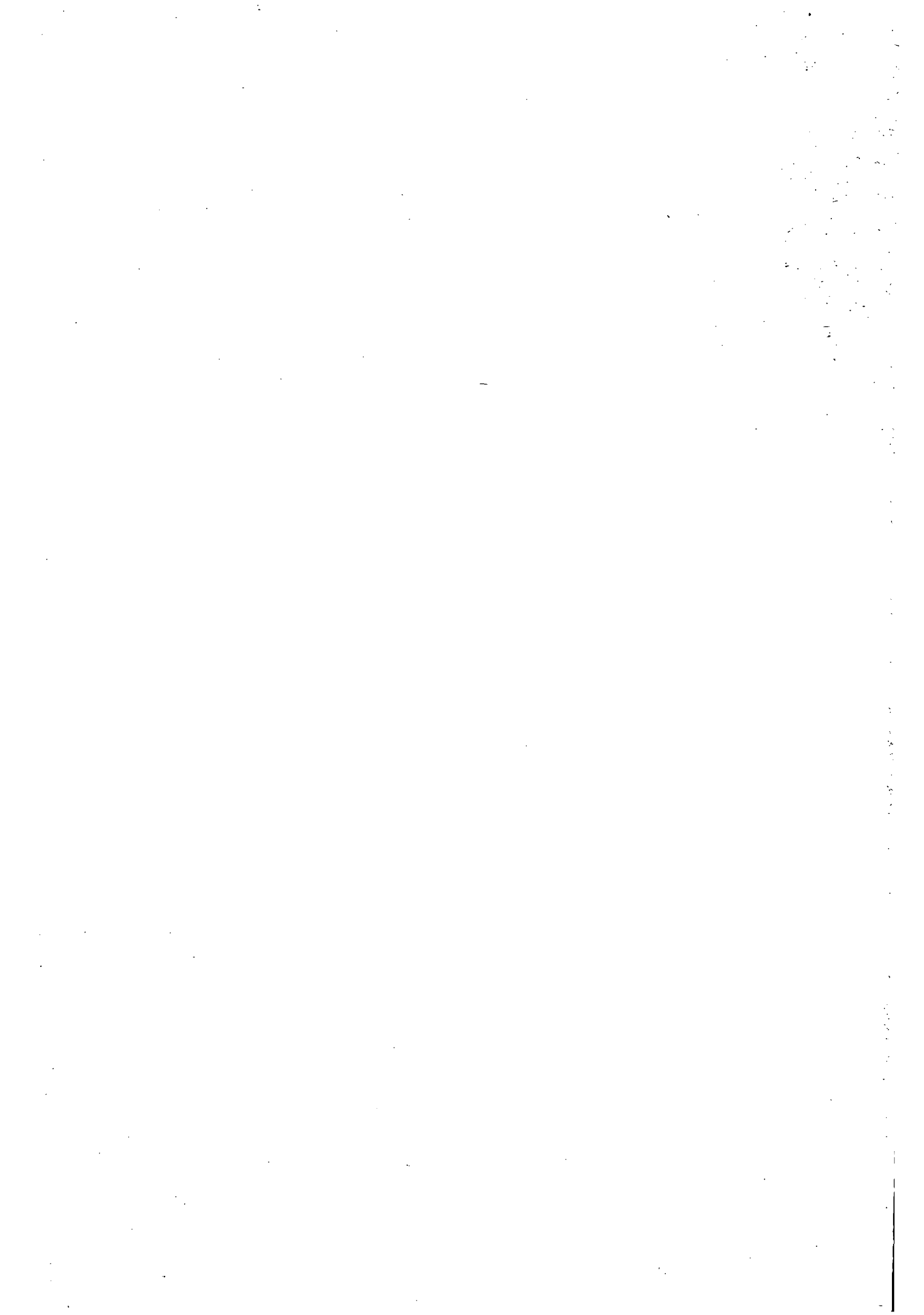
(Reference: Paragraph 3.4)

Name of the Department							(₹ in lakh)
	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 number of cases
Public Works	NIL	1 (3.80)	NIL	NIL	NIL	3 (13.73)	4 (17.53)
Health and Family Welfare	NIL	1 (0.65)	NIL	1*	1 (0.27)	1*	4 (0.92)
Public Health Engineering	NIL	2 (0.59)	2 (1.28)	14 (0.71)	17 (1.65)	23 (3.36)	58 (7.59)
Legislative Assembly	NIL	1 (40.75)	NIL	NIL	1 (3.34)	NIL	2 (44.09)
Finance	NIL	NIL	NIL	1 (86.50)	NIL	1 (15.74)	2 (102.24)
Mining	NIL	NIL	NIL	NIL	1 (16.55)	NIL	1 (16.55)
Community and Rural Development	NIL	NIL	NIL	1 (3.03)	NIL	NIL	1 (3.03)
Land Record and Survey	NIL	1 (1.56)	NIL	NIL	NIL	NIL	1 (1.56)
Horticulture	NIL	1 (21.06)	NIL	NIL	NIL	NIL	1 (21.06)
Total	NIL	7 (68.41)	2 (1.28)	17 (90.24)	20 (21.81)	28 (32.83)	74 (214.57)

(Figures in brackets indicate ₹ in lakh)

* Amount not intimated





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