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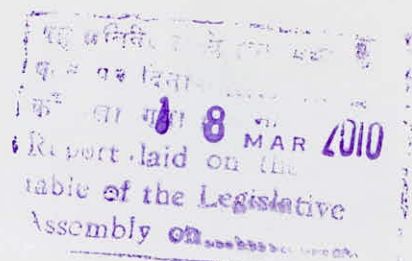
**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

**ON
STATE FINANCES**

FOR THE YEAR ENDED 31 MARCH 2009

GOVERNMENT OF MEGHALAYA

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Table of Contents

	Paragraph(s)	Page(s)
Preface		v
Executive Summary		vii
CHAPTER I – FINANCES OF THE STATE GOVERNMENT		
Summary of Current Year's Fiscal Transactions	1.1	1
Resources of the State	1.2	3
Revenue Receipts	1.3	5
Application of Resources	1.4	11
Quality of Expenditure	1.5	17
Financial Analysis of Government Expenditure and Investments	1.6	24
Assets and Liabilities	1.7	29
Debt Sustainability	1.8	31
Fiscal Imbalances	1.9	33
Conclusion and Recommendations	1.10	38
CHAPTER II – FINANCIAL MANAGEMENT AND BUDGETARY CONTROL		
Introduction	2.1	41
Summary of Appropriation Accounts	2.2	41
Financial Accountability and Budget Management	2.3	42
Non-reconciliation of departmental figures	2.4	48
Outcome of review of selected Grant	2.5	50
Conclusion	2.6	53
CHAPTER III – FINANCIAL REPORTING		
Delay in furnishing Utilisation Certificates	3.1	55
Non-submission/delay in submission of accounts	3.2	55
Delay in submission of Accounts	3.3	56
Misappropriations, losses, defalcations, etc.	3.4	57
Conclusion	3.5	58

Appendices

Appendix Number	Particulars	Page(s)
Appendix 1.1	Part A : Structure and Form of Government Accounts	61
	Part B : Layout of Finance Accounts	61
Appendix 1.2	Part A : Methodology Adopted for the Assessment of Fiscal Position	62
	Part B : Fiscal Responsibility and Budget Management Act, 2006	64
Appendix 1.3	Time Series Data on State Government Finances	65
Appendix 1.4	Abstract of Receipts and Disbursements for the year 2008-09	67
	Summarised Financial Position of the Government of Meghalaya as on 31 March 2009	70
Appendix 1.5	Funds Transferred Directly to State Implementing Agencies	72
Appendix 1.6	Outlay-Outcome Relationship During the Financial Year 2008-09 – Government of India's Flagship Programmes	74
Appendix 2.1	Department-wise position of savings/excess for which reasons were not furnished	75
Appendix 2.2	Statement of various grants/appropriations where saving was more than Rs.1 crore or more than 20 <i>per cent</i> of the total provision	77
Appendix 2.3	Statement of various grants/appropriations where excess expenditure was more than Rs. 1 crore each or more than 20 <i>per cent</i> of the total provision	79
Appendix 2.4	Statement showing expenditure without provision	80
Appendix 2.5	Excess over provision of previous years requiring regularisation	82
Appendix 2.6	Cases where supplementary provision (Rs. 10 lakh or more in each case) proved unnecessary	83
Appendix 2.7	Excess/Unnecessary/Insufficient re-appropriation of funds	84
Appendix 2.8	Results of review of substantial surrenders made during the year	86
Appendix 2.9	Statement of various grants/appropriations in which savings occurred but no part of which had been surrendered	87

Appendix Number	Particulars	Page(s)
Appendix 2.10	Details of saving of Rs.1 crore and above not surrendered	89
Appendix 2.11	Cases of surrender of funds in excess of Rs. 1 crore on 31 March 2009	91
Appendix 2.12	Details of outstanding Abstract Contingent Bills drawn between November 1992 and March 2009 and remaining outstanding till March 2009	92
Appendix 2.13	Position of un-reconciled expenditure	94
Appendix 3.1	Statement showing names of bodies and authorities, the accounts of which had not been received	95
Appendix 3.2	Department wise/duration wise break-up of the cases of misappropriation, defalcation, <i>etc.</i>	96

PREFACE

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2009.*
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. *Audit observations on matter arising from performance audit and audit of transactions in various departments including the Public Works Department, audit of stores and stock, audit of autonomous bodies, Statutory Corporations, Boards and Government Companies and audit of revenue receipts for the year ended 31 March 2009 are included in separate Reports.*
5. *The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.*

EXECUTIVE SUMMARY

Executive Summary

Background

Government of Meghalaya responded to the Twelfth Finance Commission's (TFC) recommendation by legislating "Meghalaya Fiscal Responsibilities and Budget Management (MFRBM) Act" in November 2006. It sets out a reform agenda through fiscal correction path in the medium term with the long-term goal of securing growth stability for its economy. The State Government implemented the Value Added Tax in May 2005 which will go a long way in increasing tax revenue of the State.

The State Government has done well in establishing an institutional mechanism on fiscal transparency and accountability as evident from the year-on-year presentation of outcome budgets. These outcome indicators tend to serve the limited purpose of measuring the performance against the targets. They do not, however, give the 'big picture' of the status of financial management including debt position, cash management, *etc.* for the benefit of the State Legislature and other stakeholders.

The Comptroller and Auditor General's (C&AG) civil audit reports step in to fill this gap. C&AG's reports have been commenting upon the Government's finances for two years since the MFRBM legislation and have published two reports already. Since these comments formed part of the civil audit report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The obvious fallout of this well-intentioned but all-inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to center-stage once again, a stand-alone report on State Government finances is considered as an appropriate audit response to this challenge. Accordingly, from the report year 2009 onwards, C&AG has decided to bring out a separate volume titled "Report of the Comptroller and Auditor General of India on State Finances".

The Report

Based on the audited accounts of the Government of Meghalaya for the year ending March 2009, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter I is based on the audit of Finance Accounts and makes an assessment of Meghalaya Government's fiscal position as at 31 March 2009. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of central funds transferred directly to the State implementing agencies through off-budget route.

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

Chapter III is an inventory of Meghalaya Government's compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collated from several sources in support of the findings.

Audit findings and recommendations

Return to fiscal correction

Meghalaya Government's early gains in achieving revenue surplus of a substantial amount, suffered a setback in the current year. Not only did the revenue surplus decline during 2008-09, the fiscal and primary deficits also increased during the year. The fiscal performance of the State *vis-à-vis* MFRBM Act indicate a dismal picture during the year. The total loss of revenue due to underassessment/short levy/non-levy of taxes, *etc.*, which was in excess of 9 *per cent* of the State's own resources consisting of tax and non-tax revenue during 2008-09, indicates the presence of loopholes in resource mobilisation. Pending revenue arrears constituted over 24 *per cent* of tax revenue of the State during 2008-09. Given the robustness of the economy, the State can still achieve the FRBM targets with a concerted effort through better tax compliance, focusing on regaining revenue arrears and by pruning unproductive expenditure.

The State may consider reprioritising its outlays, in view of the fact that its capital expenditure-aggregate expenditure ratio is lower than the average for all the States.

Review of Government investments

The average return on Meghalaya Government's investments in Statutory Corporations, Government Companies and Co-operative Societies was less than one *per cent* during 2004-09, whereas its average interest outgo was in the range of 6.32 to 8.58 *per cent*. This is obviously an unsustainable proposition. The State Government should, therefore, hasten to seek better value for money in investments. Otherwise high-cost borrowed funds invested in projects with low financial return will continue to strain the economy. Projects which are justified on account of low financial but high socio-economic return may be identified and prioritized with full justification for the high-cost borrowings. It is high time to revisit the working of state-owned public sector undertakings incurring huge losses and work out either a revival strategy (for those that are strategic in nature and can be made viable) or close down (if they are not likely to be viable given current market conditions).

Prudent cash management

The cost of holding surplus cash balances is high. In 2008-09, interest received on investment of cash balances was only 3.28 *per cent* (Rs. 15.78 crore) of the amount invested during the previous year, while the Government borrowed during the year on a minimum market rate of interest at 7.59 *per cent* per annum. Proper debt management through advanced planning could minimise the need to hold large cash surpluses.

Debt sustainability

The Government of Meghalaya should endeavour to achieve the total liabilities-GSDP ratio as specified in the MFRBM Act that the total liabilities on the Consolidated Fund of the State should not be more than 28 *per cent* of GSDP. Efforts should be made to return to the state of primary surpluses and increase revenue surplus at the earliest possible opportunity. Maintaining a calendar of borrowings to avoid bunching towards the end of the fiscal year and a clear understanding of the maturity profile of debt payments will go a long way in prudent debt management.

Funds transferred directly from the GOI to the State Implementing Agencies

Funds flowing directly to the implementing agencies through off-budget routing inhibit FRBM requirements of transparency and therefore bypass accountability. A system has to be urgently put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (A&E).

Financial management and budgetary control

During 2008-09, there was an overall saving of Rs. 786.95 crore, which was the result of saving of Rs. 894.52 crore offset by excess of Rs. 107.57 crore. The excess of Rs. 107.57 crore requires regularisation under Article 205 of the Constitution of India. Three grants, viz. 'North Eastern Areas', 'Welfare of Scheduled Castes, etc.' and 'Roads & Bridges, etc.' posted large savings persistently for the last five years. There were also instances of inadequate provision of funds and unnecessary/ excessive re-appropriations. Rush of expenditure at the end of the year is another chronic feature noticed in the overall financial management. In many cases, the anticipated savings were either not surrendered or surrendered on the last day of the year leaving no scope for utilising these funds for other development purposes. Detailed bills were not submitted for large amount of advances drawn on abstract contingent bills within the stipulated time limit. Budgetary controls should be strictly observed to avoid such deficiencies in financial management. Last minute fund releases and issuance of re-appropriation/ surrender orders should be avoided.

Financial reporting

State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from delay in furnishing utilisation certificates for grants given by Tourism Department and also non-submission of information regarding utilisation certificates by the Finance Department. Delays also figured in submission of annual accounts by some autonomous bodies. There were instances of losses and misappropriations. Departmental enquiries in such cases should be expedited to bring the defaulters to book. Internal controls in all the organisations should be strengthened to prevent such cases in future.

Conclusion and Recommendations

During the current year the revenue account increased by Rs. 1,265 crore over 2004-05 and the growth of revenue receipts was 15.16 *per cent* while growth of revenue expenditure was 19.09 *per cent* over the previous year. The tax revenue and non-tax revenue receipts exceeded normative assessments made by TFC by 4.82 *per cent* and by 1.81 *per cent* respectively.

The non-plan revenue expenditure (NPRE) increased by 9.46 *per cent* over the previous year. The NPRE exceeded the normative assessment made by TFC and assessment made by Government in its FCP by 16.3 *per cent* and 7.09 *per cent* respectively. The growth of plan revenue expenditure during 2008-09 significantly improved to 39.53 *per cent* against 27.39 *per cent* during the previous year.

The capital expenditure during 2008-09 (Rs. 531 crore) increased by 35.46 *per cent* over the previous year, but was 1.85 *per cent* lower than projected in FCP (Rs. 541 crore) and constituted only 16 *per cent* of total expenditure during the year.

The GOI directly transferred Rs. 313.79 crore to the State Implementing Agencies during 2008-09.

The fiscal deficit relative to GSDP at 4.53 *per cent* far surpassed the target set in Medium Term Fiscal Policy Statement for 2008-09 (1.56 *per cent*) and also the ceiling of 3 *per cent* to be achieved by 2008-09 as per the MFRBM Act.

The State was successful in restricting the expenditure on salaries during 2008-09 as assessed in its FCP (Rs. 1,052 crore) for the year and also within the norm of 35 *per cent* prescribed by the TFC for the total salary bill relative to revenue expenditure net of interest payment and pension. Pension payments exceeded the normative assessment made by TFC by 47 *per cent*. The ratio of salaries, interest payments, pensions and subsidies to revenue receipts marginally decreased by one percentage point over the previous year.

The ratio of total liabilities to GSDP at 47.48 *per cent* was higher than the limit of 28 *per cent* prescribed in the MFRBM Act, 2006.

As of 31 March 2009, there were 21 incomplete projects in which Rs. 31.62 crore were blocked.

During 2008-09, though the State Government earmarked 75.56 *per cent* of the estimated aggregate expenditure for development expenditure, this assessment fell short by around 6 *per cent* at the end of the year. The capital expenditure and the expenditure on social sector, though increased during the current year over the previous year, the ratio of these expenditure as a proportion of aggregate expenditure is lower than all States'/National Average and therefore, need higher fiscal priority.

During 2008-09, recovery of loans and advances was Rs. 18 crore against payment of Rs. 50 crore. Return on outstanding loans and advances given by the State Government, which stands only at 0.41 *per cent* in 2008-09, indicates that the possibility of achieving 7 *per cent* return within the next one year as assumed by the TFC is remote.

In view of the heavy losses of some of the undertakings, the Government should review their working so as to wipe out their losses in the short run and to make them self-sustaining in medium to long term.

Return to fiscal correction: Meghalaya adopted FRBM Act in November 2006. Although the fiscal performance of the State *vis-à-vis* targets set in FCP as well as MFRBM Act and Budget indicate a dismal picture during 2008-09, the State has the reasonable prospect of achieving the targets set out in the MFRBM Act of 2006 provided an effort is made to increase tax compliance, collect revenue arrears and prune unproductive expenditure so that deficits are contained to the levels envisaged in the Act.

Greater priority to capital expenditure: The State may consider enhancing the priority it gives to capital expenditure as a proportion of Aggregate Expenditure as this ratio is lower for Meghalaya than the All States' Average.

Enhancing fiscal capacity: The per capita development expenditure, per capita social sector expenditure and per capita capital expenditure in Meghalaya is higher than the national average.

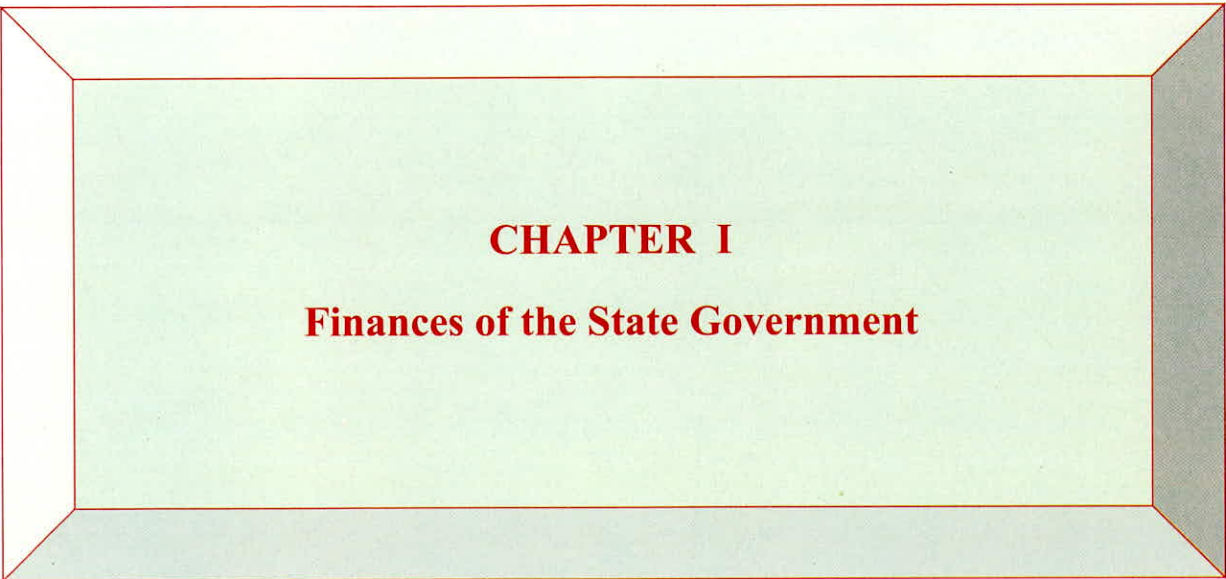
Review of Government investments: The average return on Meghalaya Government's investment in Statutory Corporations, Government Companies and Co-operatives was less than one *per cent* during 2004-09, whereas its average interest outgo was in the range of 6.32 *per cent* to 8.58 *per cent*. It would be advisable for the State Government to ensure better value for money invested. Projects which are justified on account of low financial but high socio-economic return may be identified and

prioritized with full justification. It would also be prudent to review the working of state public sector undertakings which are incurring huge losses and work out either a revival strategy (for those that are strategic in nature and can be made viable) or close down (if they are not likely to be viable given current market conditions).

Prudent cash management: The cost of holding surplus cash balances is high. In 2008-09, interest received on investment of cash balances was only 3.28 per cent (Rs. 15.78 crore) of the amount invested during the previous year, while the Government borrowed during the year on a minimum market rate of interest at 7.59 per cent per annum. Proper debt management through advanced planning could minimise the need to hold large cash surpluses.

Debt sustainability: The prevalence of fiscal deficit *indicates continued reliance of the State on borrowed funds, resulting in increasing fiscal liabilities of the State over this period, which stood at 37.18 per cent of the GSDP in 2008-09 and would further increase to 47.48 per cent after incorporating the contingent liabilities in the fold of total liabilities on Consolidated Fund of the State during the year and appears to be quite high especially if compared with the limit of 28 per cent prescribed in the MFRBM Act, 2006.* Government of Meghalaya should, therefore, take immediate steps to restrict the debt-GSDP ratio as per commitment made in the MFRBM Act, 2006.

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



CHAPTER I

Finances of the State Government

CHAPTER I

Finances of the State Government

The annual accounts of the State Government consist of Finance Accounts and Appropriation Accounts. The Finance Accounts of the Government of Meghalaya are laid out in nineteen statements, the structure and lay out of which are depicted in **Appendix 1.1**.

This chapter provides a broad perspective of the finances of the State Government 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. **Appendix 1.2-Part A** of the chapter briefly outlines the methodology adopted for the assessment of the fiscal position of the State and **Appendix 1.3** presents the time series data on key fiscal variables/parameters and fiscal ratios relating to the State Government finances for the period 2004-09.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2008-09) *vis-à-vis* the previous year while **Appendix 1.4** provides details of receipts and disbursements as well as overall fiscal position during the current year.

Table 1.1 : Summary of Current Year's Fiscal Transactions

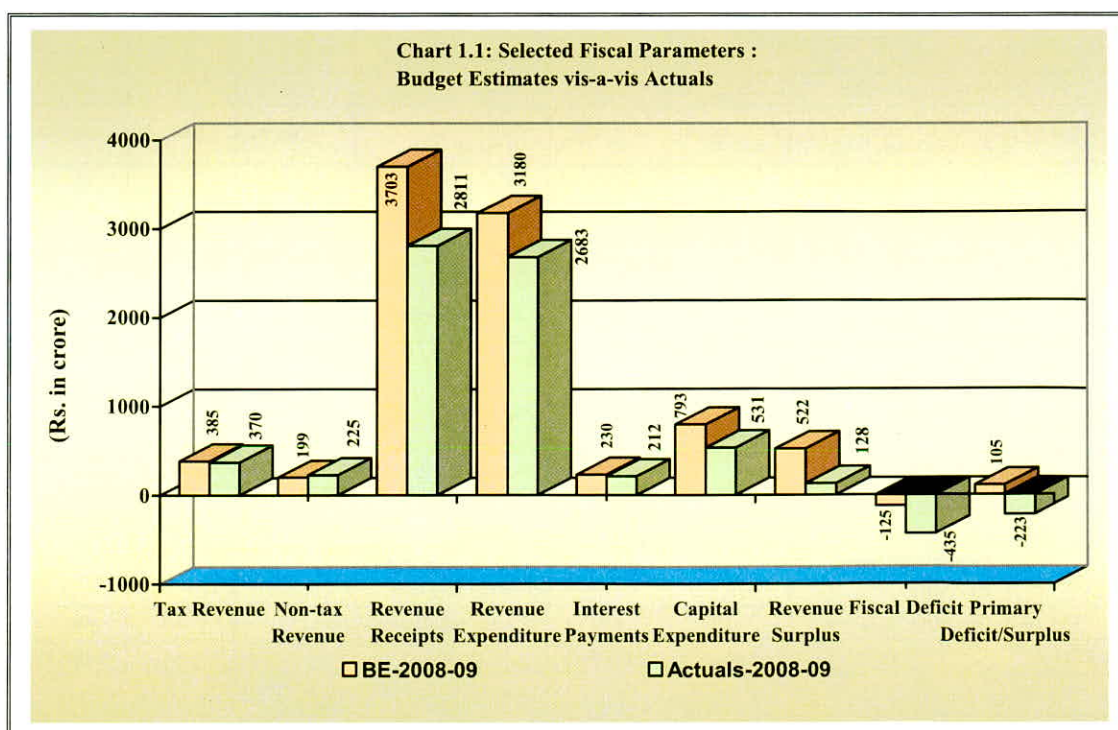
(Rupees in crore)							
2007-08	Receipts	2008-09	2007-08	Disbursements	2008-09		
Section – A : Revenue							
					Non-Plan	Plan	Total
2441.38	Revenue Receipts	2810.64	2253.67	Revenue Expenditure	1677.26	1005.52	2682.78
319.10	Tax revenue	369.44	778.27	General Services	902.87	34.65	937.52
199.35	Non-tax revenue	225.31	753.56	Social Services	478.20	326.72	804.92
564.07	Share of Union Taxes/Duties	595.23	721.84	Economic Services	296.19	644.15	940.34
1358.86	Grants-in-aid from Government of India	1620.66	...	...	...	...	...
Section – B : Capital							
...	Miscellaneous Capital receipts	...	391.66	Capital Outlay	0.28	530.73	531.01
16.49	Recoveries of Loans and Advances	18.26	26.73	Loans and Advances disbursed	6.95	43.26	50.21
247.18	Public Debt Receipts ¹	322.55	99.08	Repayment of Public Debt	...	...	168.73
...	Contingency Fund	...	...	Contingency Fund	...	...	...
1502.20	Public Account Receipts	2020.33	1308.90	Public Account Disbursements	...	...	1667.82
303.20	Opening Balance	430.41	430.41	Closing Balance	...	...	501.64
4510.45	Total	5602.19	4510.45	Total			5602.19

¹ Includes net Ways and Means Advances.

Following are the significant changes during 2008-09 over the previous year:

- Revenue receipts grew by 15 *per cent* (Rs. 369.26 crore) over the previous year. The increase was contributed by grants-in-aid from the Government of India (GOI) (Rs. 261.80 crore), tax revenue (Rs. 50.34 crore), State's share of Union taxes and duties (Rs. 31.16 crore) and non-tax revenue (Rs. 25.96 crore).
- Revenue expenditure and capital expenditure increased by Rs. 429.11 crore (19 *per cent*) and Rs. 139.35 crore (36 *per cent*) respectively over the previous year.
- Recovery and disbursement of loans and advances during the current year increased by Rs. 1.77 crore and Rs. 23.48 crore respectively compared to the previous year.
- Public Debt receipts and repayments increased by Rs. 75.37 crore and Rs. 69.65 crore respectively over the previous year mainly due to increase in receipts and repayments of market loans by Rs. 64.71 crore and Rs. 24.88 crore respectively.
- Public Account receipts and disbursements increased by Rs. 518.13 crore and Rs. 358.92 crore respectively over the previous year.
- Cash balance of the State increased by Rs. 71.23 crore over the previous year mainly by way of increase in cash balance investment (Rs. 62.31 crore).

Several reasons may account for the deviation of the actual realisation from the budget estimates. It may be because of unanticipated and unforeseen events or under or over estimation of expenditure or revenue at the budget stage, *etc.* Actual realisation of revenue and its disbursement, however, depends on a variety of factors, some internal and others external. **Chart 1.1** presents the budget estimates and actuals for some important fiscal parameters.



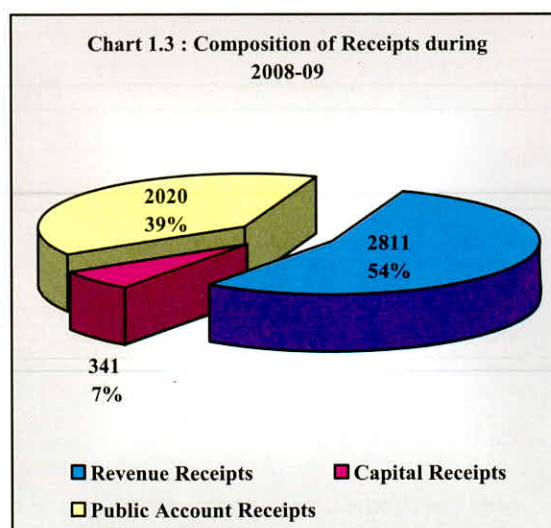
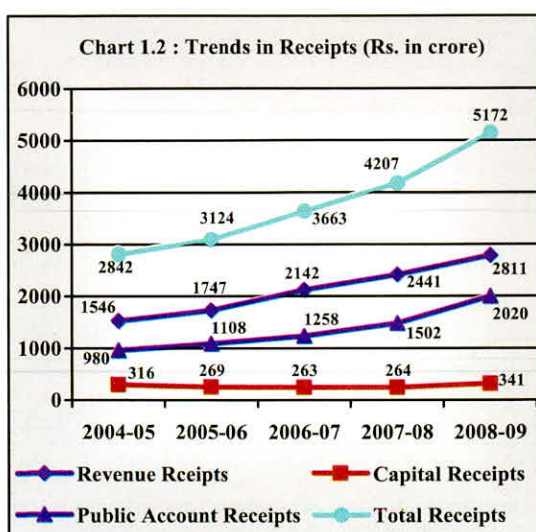
During the current year, while revenue expenditure increased by 19 per cent (Rs. 430 crore), revenue receipts increased by 15 per cent (Rs. 370 crore) over the previous year, resulting in decrease in surplus by Rs. 60 crore in revenue account. The decrease in revenue surplus (Rs. 60 crore) along with an increase of Rs. 162 crore on account of increase in capital expenditure (Rs. 139 crore) as well as in loans and advances disbursed (Rs. 23 crore) during 2008-09 led to an increase of Rs. 221 crore in fiscal deficit during the current year.

The revenue surplus (Rs. 128 crore) and capital expenditure (Rs. 531 crore) during the year were lower by 75.48 per cent and 33.04 per cent respectively compared to the assessment made by the State Government in the Budget. On the other hand, fiscal deficit exceeded the budget provision by 248 per cent (Rs. 310 crore) and the estimated primary surplus (Rs. 105 crore) turned into primary deficit (Rs. 223 crore). The wide variations between the budget provisions and the actuals indicated that the budgeting was unrealistic and lacked credibility.

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 the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table 1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2004-09. **Chart 1.3** depicts the composition of resources of the State during the current year.



The total receipts during the current year has increased by Rs. 965 crore (22.94 *per cent*) over the previous year. Of the increase in total receipts, public account receipts formed 54 *per cent* (Rs. 518 crore) followed by revenue receipts 38 *per cent* (Rs. 370 crore) and capital receipts 8 *per cent* (Rs. 77 crore). Out of the total receipts under public account, remittances constituted 53 *per cent*. While 76 *per cent* (Rs. 805 crore) of the remittances have come from public works remittances, cash remittances between treasuries and currency chests (Rs. 132 crore) and forest remittances (Rs. 125 crore) together constituted 24 *per cent*.

1.2.2 Funds Transferred to State Implementing Agencies outside the State Budget

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies² for the implementation of various schemes/programmes in social and economic sectors recognised as critical. As these funds are not routed through the State Budget/State Treasury System, Annual Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated. An illustrative position of Central funds transferred to the State Implementing Agencies during 2008-09 for implementation of various schemes is given in **Appendix 1.5**. Scheme-wise position involving substantial amount of Central funds is given in **Table 1.2**.

Table 1.2 : Funds Transferred directly to State Implementing Agencies

(Rupees in crore)		
Programme/Scheme	Implementing Agency in the State	Funds transferred by the GOI
National Bamboo Mission	Member Secretary CEO, Shillong	3.55
Aside Assistance to States for Developing Export Infrastructure and Allied Activities	Meghalaya Industrial Development Corporation Ltd.	9.17
Central Rural Sanitation Programme	District Water & Sanitation Mission, , Drinking Water & Sanitation Committee, Ri-Bhoi, DC cum Chairman	5.85
National AIDS Control Programme	Meghalaya State AIDS Control Society	2.44
National Rural Health Mission (CSP)	State Health Society, Meghalaya State Blindness Control Society & Bansara Eye Care Centre	28.25
Not available	Meghalaya Leprosy Eradication Society Meghalaya State TB Control Society	5.29
Electronic Governance	Meghalaya IT Society	4.41
District Rural Development Agency (DRDA) Administration	DRDAs	2.38
National Rural Employment Guarantee Scheme	DRDAs	78.16
Pradhan Mantri Gram Sadak Yojana	SGO	20.05
Rural Housing IAY	DRDAs	21.38
Swaranjayanti Gram Swarozgar Yojana	DRDAs	2.70
Sarva Shiksha Abhiyan	SSA State Mission Authority	94.40

² State Implementing Agency includes any organisation/institution including non-Governmental Organisation which is authorised by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g., State Implementing Society for SSA and State Health Mission for NRHM, etc.

Programme/Scheme	Implementing Agency in the State	Funds transferred by the GOI
MPs Local Area Development Scheme	Deputy Commissioners	6.00
National Afforestation Programme	West Garo Hills FDA/Jaintia Hills SF/West Khasi Hills/South Garo SF/Ri-Bhoi FDA	4.69
Assistance to Institute of Hotel Managements, Food Crafts Institutes, etc.	Secretary, FCI Society, Tura/ IHM Society	2.98
Grant in aid to NGOs and for coaching students for competitive Examinations	RK Mission Ashram, Cherrapunjee & Laitumkhrah	5.52
Total		297.22

The GOI directly transferred Rs. 313.79 crore to State Implementing Agencies during 2008-09. With this transfer, the total availability of State resources increased from Rs. 5,171.78 crore to Rs. 5,485.57 crore. Of Rs. 313.79 crore, Rs. 104.62 crore (33 *per cent*) was transferred to the DRDAs and Rs. 94.40 crore (30.08 *per cent*) to State Mission Authority of Sarva Siksha Abhiyan. Direct transfer from the Union to the State Implementing Agencies runs the risk of poor accountability. Unless uniform accounting practices are diligently followed by all these agencies and there is proper documentation and timely reporting of expenditure, it will be difficult to monitor the end use of these direct transfers.

1.3 Revenue Receipts

Statement 11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2004-09 are presented in **Appendix 1.3** and also depicted in **Charts 1.4** and **1.5** respectively. The trends in revenue receipts relative to GSDP are presented in **Table 1.3**.

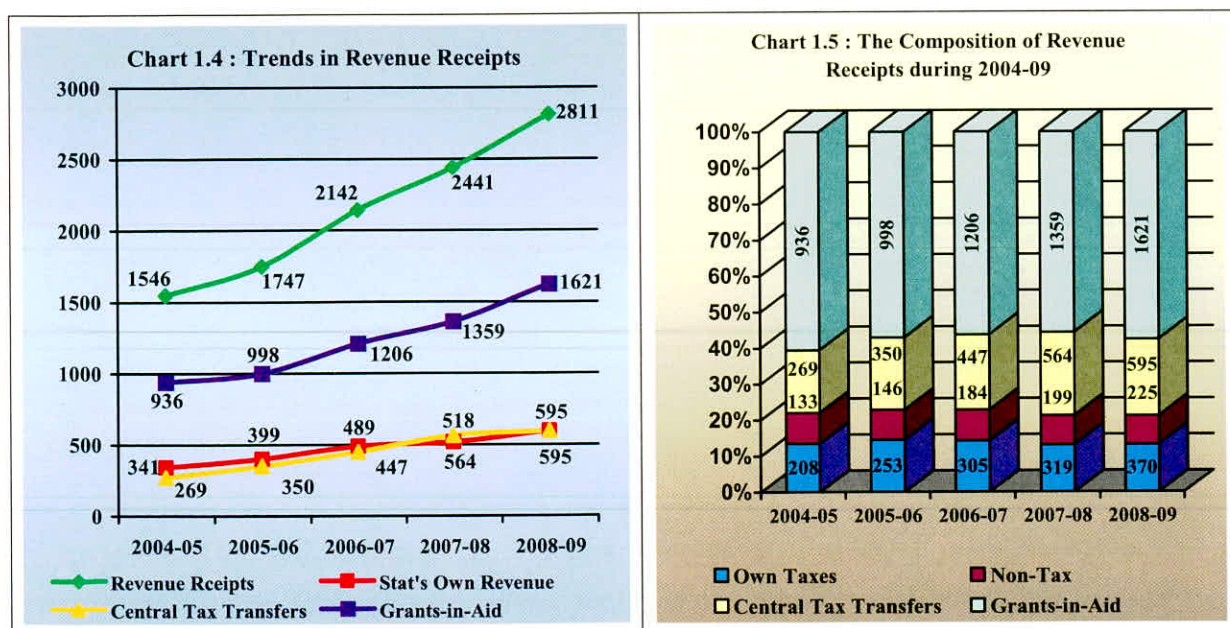


Table 1.3: Trends in Revenue Receipts relative to GSDP

	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Receipts (RR) (Rupees in crore)	1,546	1,747	2,142	2,441	2,811
Rate of Growth of RR (<i>per cent</i>)	10.51	13.00	22.61	13.96	15.16
Rate of Growth of Own Taxes (<i>per cent</i>)	16.85	21.63	20.55	4.59	15.99
RR/GSDP (<i>per cent</i>)	26.63	27.11	29.22	28.81	29.25
Buoyancy Ratio³					
Revenue Buoyancy Ratio with reference to GSDP	1.06	1.18	1.65	0.90	1.13
State's Own Taxes Buoyancy Ratio with reference to GSDP	1.70	1.96	1.50	0.29	1.19
Revenue Buoyancy Ratio with reference to State's Own Taxes	0.62	0.60	1.10	3.04	0.95

1.3.1 General Trends

The revenue receipts of the State increased by Rs. 1,265 crore from Rs. 1,546 crore in 2004-05 to Rs. 2,811 crore in 2008-09. There were, however, wide inter-year variations in the growth rates, which increased to 15.16 *per cent* in 2008-09 from 13.96 *per cent* during the preceding year. Although all the components of revenue receipts have exhibited increases in absolute terms over the period 2004-09, the share of State's own taxes and non tax revenue indicated relative stability, while the share of grants-in-aid has reduced from 61 *per cent* in 2004-05 to 58 *per cent* in 2008-09 as against an increase in the share of central tax transfers from 17 *per cent* to 21 *per cent* during the period. The buoyancy ratios of revenue receipts and the State's own tax revenue with reference to GSDP have increased primarily due to significant increase in the rates of growth of both revenue receipts and the State's own tax revenue under 'Taxes on Sales, Trade, etc.' in 2008-09 relative to the previous year.

1.3.2 Central Tax Transfers

The Central Tax transfers increased by Rs. 31 crore over the previous year and constituted 21 *per cent* of revenue receipts.

1.3.3 Grants-in-Aid

Details of Grants-in-aid from the GOI are given in **Table 1.4**.

Table 1.4 : Grants-in-Aid from the GOI

	(Rupees in crore)				
	2004-05	2005-06	2006-07	2007-08	2008-09
Non-Plan Grants	361	406	472	461	440
Grants for State Plan Schemes	460	445	569	645	958
Grants for Central Plan Schemes	4	3	11	4	8
Grants for Centrally Sponsored Schemes	87	119	107	179	159
Grants for Special Plan Schemes	24	25	47	70	56
Total	936	998	1,206	1,359	1,621
Percentage of increase over previous year	7.96	6.62	20.84	12.69	19.28

Grants-in-aid from the GOI have increased by 19.28 *per cent* from Rs. 1,359 crore in 2007-08 to Rs. 1,621 crore in the current year. Within the plan grants, while grants

³ 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 1.13 during 2008-09 implies that revenue receipts tend to increase by 1.13 percentage points, if the GSDP increases by one *per cent*.

for Special Plan Schemes and Centrally Sponsored Plan Schemes decreased by 20 *per cent* and 11 *per cent* respectively, grants for Central Plan Schemes and State Plan Schemes increased by 100 *per cent* (Rs. 4 crore) and 49 *per cent* (Rs. 313 crore). The major increase under State Plan Schemes was in the form of increase in Block Grants (Rs. 268 crore). The Non-Plan grants (Rs. 440 crore) to the State constitute 27 *per cent* of the total grants during the year, of which, 81 *per cent* (Rs. 356 crore) was primarily for meeting the non-plan revenue deficit owing to the recommendations of the Twelfth Finance Commission (TFC). Other components of non-plan grants mainly included (i) grants for local bodies (Rs. 25 crore), (ii) maintenance of forests (Rs. 12 crore), (iii) maintenance of roads and bridges on the recommendation of the TFC (Rs. 11 crore) and (iv) contribution to calamity relief fund (Rs. 9 crore).

1.3.4 State's Own Resources

As the State's share in central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of central tax receipts and central assistance for plan schemes, *etc.*, the State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources. **Tables 1.5 and 1.6** below show the trends of tax and non-tax revenue during 2004-09:

Table 1.5 : Tax Revenue

Heads	2004-05	2005-06	2006-07	2007-08	(Rupees in crore)	
					2008-09	
					Budget Estimate	Actuals
Taxes on Sales, Trade, <i>etc.</i>	127	173	216	235	285	282
State Excise	63	59	54	59	72	70
Taxes on Vehicles	7	9	9	11	12	13
Stamps and Registration Fees	5	6	6	6	9	6
Land Revenue	0.29	0.33	6	2	0.39	0.50
Other Taxes ⁴	5.71	5.67	14	6	6.61	(-) 1.50
Total	208	253	305	319	385	370

Table 1.6 : Non-Tax Revenue

Heads	2004-05	2005-06	2006-07	2007-08	(Rupees in crore)	
					2008-09	
					Budget Estimate	Actuals
Interest receipts, dividends and profits	8	7	13	15	8	18
General Services	12	17	36	29	23	46
Social Services	2	3	3	3	4	4
Economic Services	111	119	132	152	164	157
Total	133	146	184	199	199	225

1.3.4.1 Tax Revenue

Tax revenue has increased by 16 *per cent* during the current year (Rs. 370 crore) over the previous year (Rs. 319 crore). However, the actual collection of tax revenue during the year fell short by about 4 *per cent* of the budget estimate for the year

⁴ 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.

mainly due to shortfall under stamps and registration fees by over 33 *per cent*. The revenue from sales tax contributed the major share of tax revenue (76 *per cent*) and it increased by 20 *per cent* over the previous year. State excise and taxes on vehicles were the other major contributors in the State's tax revenue.

➤ **Impact of implementation of Value Added Tax (VAT) on the State's Own Tax Revenue**

Table 1.7 gives the comparative position of pre-VAT (2001-02 to 2004-05) and post-VAT (2005-06 to 2008-09) tax collection and the growth rate in each year.

Table 1.7

(Rupees in crore)

Pre-VAT			Post-VAT		
Year	Actual collection ⁵	Percentage of growth	Year	Actual collection ⁶	Percentage of growth
2001-02	59.78	81.43	2005-06	159.65	50.12
2002-03	71.67	19.89	2006-07	187.78	17.62
2003-04	83.37	16.32	2007-08	216.89	15.50
2004-05	106.35	27.56	2008-09	271.07	24.98
Average growth		36.30			27.05

Thus, the average growth rate during 2001-02 to 2004-05 was 36.30 *per cent* while the average growth rate for 2005-06 to 2008-09 was 27.05 *per cent*. Though the revenue all along the years from 2001-02 to 2008-09 showed an increasing trend, yet the growth rate of revenue after implementation of VAT showed a negative trend except in 2008-09. The scenario would have been much better had the tax collection mechanism been more efficient and effective and instances of loss of revenue been avoided/minimised as pointed out in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2009 (Revenue Receipts).

Transition from Sales Tax regime to Value Added Tax System and audit of Sales Tax Department

The Department failed to detect and register 606 dealers who sold taxable goods of Rs. 27.44 crore, which resulted in evasion of tax of Rs. 2.06 crore and penalty of Rs. 3.91 crore was also leviable. 11,816 dealers did not submit monthly tax returns between May 2005 and March 2009, but the assessing officer failed to levy penalty of Rs. 372.21 crore. Seven dealers sold goods valued at Rs. 203.07 crore and collected tax of Rs. 25.84 crore instead of Rs. 10.71 crore, but excess tax of Rs. 15.13 crore collected was not forfeited and penalty of Rs. 30.26 crore was not levied. The Department also failed to detect excess claim of input tax credit of Rs. 30.40 crore by 69 dealers due to non-scrutiny of the returns. Three bottling plants sold 26,84,292 cases of liquor, but tax of Rs. 34.20 crore was not levied. Further, State government suffered loss of revenue of Rs. 4.15 crore due to delay in the implementation of VAT on liquor. Due to the implementation of defective tax remission scheme for new industries, the State Government had to make payment of Rs. 7.98 crore from its Exchequer. The Department failed to prefer claim of compensation from the Union Government due to the implementation of VAT which led to loss of revenue of Rs. 247.39 crore. Inter State sale of Rs. 69.88 crore not supported by declaration form was irregularly exempted resulting in non-levy of tax of Rs. 8.39 crore and interest of Rs. 6.92 crore.

⁵ Collection under Sales Tax (MST + MFST + PT) and Motor Spirits and Lubricants Acts.

⁶ Collection under Sales Tax (MST + MFST + PT) up to 30 April 2009 and collection of arrears thereafter, VAT and Motor Spirits and Lubricants Acts.

1.3.4.2 Non-Tax Revenue

The non-tax revenue (NTR), which constituted 8 *per cent* of the total revenue receipts, has increased by Rs. 26 crore during 2008-09 recording a growth rate of 13 *per cent* over the previous year. 70 *per cent* of non-tax revenue during 2008-09 was received from economic services and within this category, receipts under non-ferrous mining and metallurgical industries alone contributed 85 *per cent* (Rs. 133 crore). This was due to increase in receipts under mineral concession fees, rents and royalties. The trends in interest receipts and dividends and profits reveal significant improvement during 2008-09 compared to 2004-05 mainly because of increase in realisation of interest on investment of cash balances. The non-tax revenue of the Government during 2008-09 is also inclusive of Rs. 14.90 crore received as debt waiver from the GOI under DCRF, which constituted over 32 *per cent* of revenue receipts under general services and was booked under the head 'Miscellaneous General Services'.

➤ Cost recovery in supply of merit goods and services

The current levels of cost recovery (non-tax revenue receipts as a percentage of non-plan revenue expenditure) in supply of merit goods and services by Government were negligible, as depicted in **Table 1.8**:

Table 1.8: Cost Recovery – 2008-09

	Non-tax revenue receipts	Non-plan revenue expenditure	Cost Recovery (<i>per cent</i>)
Secondary Education	42	7,155	0.59
Medical & Public Health	74	7,734	0.96
Water Supply & Sanitation	104	6,568	1.58
Roads & Bridges	7	7,294	0.09
Minor Irrigation	39	1,000	3.90

As can be seen from above, while the cost recovery for minor irrigation and water supply & sanitation during 2008-09 were 3.9 *per cent* and 1.58 *per cent* respectively, for medical & public health, secondary education and roads & bridges the percentages were 0.96, 0.59 and 0.09 respectively. However, there were increases under minor irrigation, water supply & sanitation and secondary education during the current year when compared to 2004-05⁷.

1.3.4.3 Own resources vis-à-vis assessments made by the Twelfth Finance Commission

The mobilisation of State's own resources *vis-à-vis* assessments made by the Twelfth Finance Commission (TFC) and State Government in its own Fiscal Correction Path (FCP) are given below:

⁷ Minor irrigation: 0.53 *per cent*; Water supply & sanitation: 1.21 *per cent*; Medical & public health: 1.2 *per cent*; Secondary education: 0.5 *per cent*; Roads & bridges: 0.1 *per cent*.

Table 1.9

(Rupees in crore)

	Assessment made by TFC	Assessment made by State Government in FCP	Actuals
Tax Revenue	353	383	370
Non-Tax Revenue	221	196	225

Tax revenue was 4.82 *per cent* higher as compared to the assessment made by the TFC, but it was lower by 3.39 *per cent* compared to the assessment made by the State Government in the FCP. The non-tax revenue was only marginally higher (1.81 *per cent*) than the assessment made by the TFC but it was more by 14.8 *per cent* as compared to the assessment made in the FCP for 2008-09.

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

Test-check (2008-09) of records of sales tax, state excise, motor vehicle tax, other tax receipts, forest receipts and other non-tax receipts revealed underassessment/short levy/non-levy/loss of revenue of Rs. 649.99 crore. The total loss of revenue, which was in excess of 9 *per cent* of the State's own resources consisting of tax and non-tax revenue (Rs. 594.75 crore) during 2008-09, indicates the presence of loopholes in resource mobilisation thereby adversely affecting the developmental activities of the State. Serious irregularities which resulted in loss of revenue of the State have been discussed in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2009 (Revenue Receipts), brief position of which is given below:

Receipts under State Excise

There was a loss of Rs. 30.32 crore due to misclassification of IMFL. Failure of the excise officials to inspect licensed premises at regular intervals and not setting up excise check gate led to loss of Rs. 2.98 crore. Excise duty of Rs. 33.10 crore was not paid by three bottling plants which indented spirits for manufacture of IMFL.

Taxes on Motor Vehicles

Government revenue of Rs. 3.71 crore was deposited into Government account after a lapse of 19 months resulting in loss of interest of Rs. 44.29 lakh. Fine of Rs. 271.80 crore on 358,992 commercial trucks for carrying excess load beyond maximum permissible limit was not levied. Delay in deployment of enforcement staff in a private weighbridge as stipulated in the agreement led to loss of revenue of Rs. 20.83 lakh.

Forest Receipts

Export of limestone without transit pass fee resulted in non realisation of revenue of Rs. 46.85 lakh. Forest royalty of Rs. 1.11 crore collected by the Meghalaya Government Construction Corporation from contractors remained undeposited. Illicit felling and removal of 510.769 cum of timber from reserve forests led to loss of revenue of Rs. 23.72 lakh.

Receipts on Mines and Minerals

Lack of co-ordination between two departments led to non-realisation of revenue Rs. 68.30 lakh. Delay in implementation of revised rate of royalty led to loss of revenue of Rs. 20.38 crore. Failure of the Mines and Minerals Department to prevent unauthorised export of coal and lime stone led to the loss of revenue of Rs. 13.73 crore. There was short realisation of royalty and cess on lime stone of Rs. 6.18 crore.

1.3.4.5 Revenue Arrears

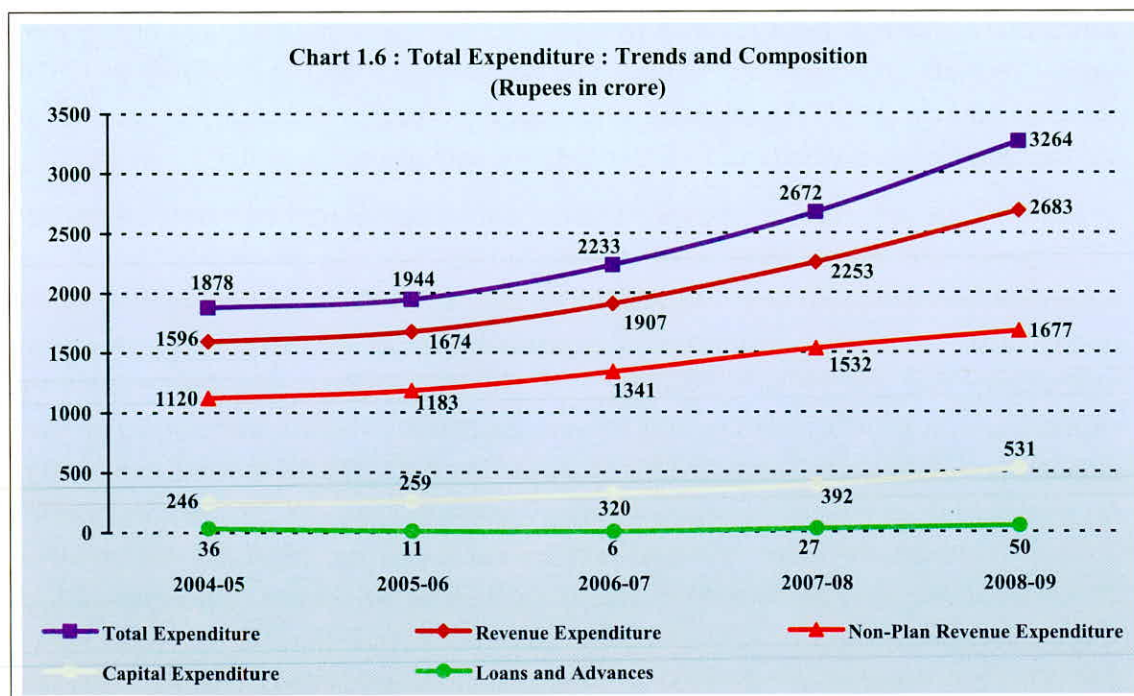
The arrears of tax revenue at the end of March 2009 in respect of some principal heads of revenue were Rs. 89.82 crore of which, Rs. 7.69 crore (8.56 *per cent*) relating to state excise were more than five years old. As the pending revenue arrears constituted over 24 *per cent* of tax revenue of the State during 2008-09, appropriate steps need to be initiated by the State Government for their recovery, which would in turn provide a cushion to reduce the burden of fiscal liabilities of the State.

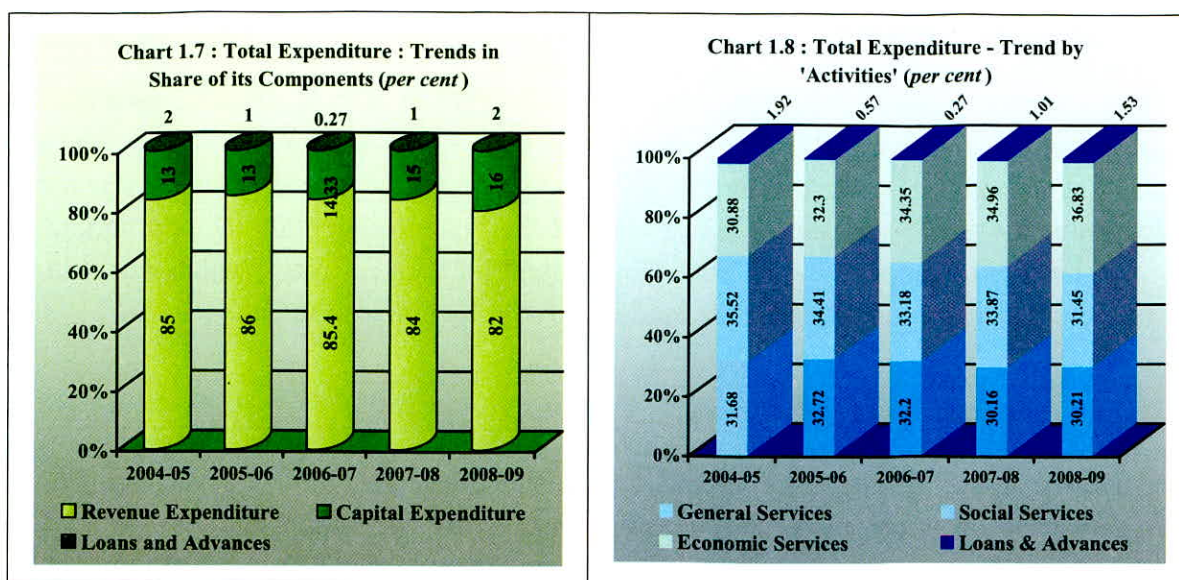
1.4 Application of Resources

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

1.4.1 Growth and Composition of Expenditure

Chart 1.6 presents the trends in total expenditure over a period of five years (2004-09) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.7 and 1.8**.





1.4.1.1 Trends in Total Expenditure

The total expenditure during the current year has increased by Rs. 592 crore (22.16 per cent) over the previous year. Of the increase in total expenditure, revenue expenditure formed 73 per cent (Rs. 430 crore), capital expenditure component was 23 per cent (Rs. 139 crore) and disbursement of loans and advances 4 per cent (Rs. 23 crore). While the share of plan expenditure constituted 48 per cent (Rs. 1,580 crore) of the total expenditure, the remaining 52 per cent was non-plan expenditure (Rs. 1,684 crore). During the current year, 86 per cent (Rs. 2,811 crore) of total expenditure was met from revenue receipts and the remaining (Rs. 453 crore) from capital receipts and borrowed funds. The buoyancy of total expenditure to GSDP stood at 1.65 in 2008-09 indicating a tendency to spend more than the increase in income and higher elasticity of total expenditure with respect to GSDP.

In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. The movement of the relative share of these components of expenditure indicated that all components of expenditure had inter-year variations. Of the total expenditure during 2008-09, expenditure on general services and interest payments, which is considered as non-developmental, together accounted for 30.21 per cent. On the other hand, expenditure on social and economic services together accounted for 68.26 per cent during 2008-09. The relative share of social services declined from 35.52 per cent in 2004-05 to 31.43 per cent in 2008-09. The relative share of economic services, which ranged between 30.88 per cent and 34.96 per cent during the last four year period 2004-08, has marginally increased to 36.83 per cent in 2008-09, while loans and advances revealed wide fluctuations during the period 2004-08 and stood at 1.53 per cent during 2008-09.

1.4.1.2 Incidence of Revenue Expenditure

Revenue expenditure constituted 82 *per cent* to 86 *per cent* of total expenditure during 2004-09 and increased by 68 *per cent* from Rs. 1,596 crore in 2004-05 to Rs. 2,683 crore in 2008-09. The non-plan revenue expenditure (NPRE) during the same period increased from Rs. 1,120 crore to Rs. 1,677 crore, showing an increase of 50 *per cent* indicating that the share of NPRE in total revenue expenditure declined from 70 *per cent* in 2004-05 to 63 *per cent* in 2008-09. As a result, plan revenue expenditure (PRE), which normally covers the maintenance expenditure incurred on services, has increased by Rs. 530 crore during 2004-09 keeping its share in total revenue expenditure between 29 and 37 *per cent* during the period. The growth of PRE during 2008-09 significantly improved to 39.53 *per cent* against 27.39 *per cent* during the previous year mainly due to increased expenditure on providing assistance to the Electricity Boards (Rs. 102.89 crore) followed by Rs. 63.01 crore on hydel generation and Rs. 51.28 crore on other rural development programmes. Though the rate of growth of NPRE (9.46 *per cent*) in 2008-09 was less than that of the PRE, this expenditure at Rs. 1,677 crore during the year was 16.3 *per cent* (Rs. 235 crore) higher than the normatively assessed level of Rs. 1,442 crore by the TFC and 7.09 *per cent* (Rs. 111 crore) higher than the assessments made by the State Government in its FCP (Table 1.10).

Table 1.10 : Non-Plan Revenue Expenditure: Actuals *vis-à-vis* Normative Assessment by TFC

(Rupees in crore)							
Particulars	Assessed by the TFC	Assessments made by the State Government in		Actuals	Difference with reference to {Excess (+) / Less (-)}		
		FCP	Budget 2008-09		TFC	FCP	Budget
Interest Payments	244	229	230	212	(-) 32	(-) 17	(-) 18
Pension	117	122	126	172	(+) 55	(+) 50	(+) 46
Other General Services	273	1,215	501	519	(+) 246	(+) 78	(+) 18
Social Services	512		475	478	(-) 34		(+) 3
Economic Services	235		293	296	(+) 61		(+) 3
Committed liabilities	61	NA					
Total	1,442	1,566	1,625	1,677	(+) 235	(+) 111	(+) 52

Except for interest payments and expenditure on social services, the actual expenditure incurred on all other components of non-plan revenue expenditure was more than the assessments made by the TFC. The expenditure also exceeded the assessments made in the Budget 2008-09 on all the components except for interest payments.

1.4.1.3 Capital Expenditure

Capital expenditure constituted only 13 *per cent* to 16 *per cent* of total expenditure during 2004-09 and increased by 116 *per cent* from Rs. 246 crore in 2004-05 to

Rs. 531 crore in 2008-09. Compared to 2007-08, capital expenditure during the current year (2008-09) increased by 35.46 *per cent* mainly due to expenditure on 'Jawaharlal Nehru National Urban Renewal Mission (JNNURM)' (Rs. 51.45 crore) and increased expenditure under rural water supply schemes (Rs. 26.13 crore), transport (Rs. 24.97 crore) and other minor irrigation works costing Rs. 1 crore and less (Rs. 14.77 crore). Though there was an increase in capital expenditure during the current year compared to the previous year, the State Government failed to fulfill its commitment of incurring expenditure on capital account made in the FCP (Rs. 541 crore).

Further, JNNURM was launched by the GOI with the objective of development of infrastructure services in cities, providing basic services to the urban poor, *etc.* The duration of the Mission would be seven years beginning from 2005-06. During 2008-09, Government released Rs. 51.45 crore (Central share: Rs. 49.04 crore; State share: Rs. 2.41 crore) to the Meghalaya Urban Development Authority for execution of two projects under the scheme. Though, as per the Directorate of Programme Implementation and Evaluation, during 2008-09, Rs. 31.83 crore was actually spent on implementation of the scheme, Rs. 51.45 crore was shown in the Finance Accounts for the year 2008-09 as capital expenditure. As the actual expenditure on capital formation was Rs. 31.83 crore only, the capital expenditure was overstated by Rs. 19.62 crore.

1.4.2 Committed Expenditure

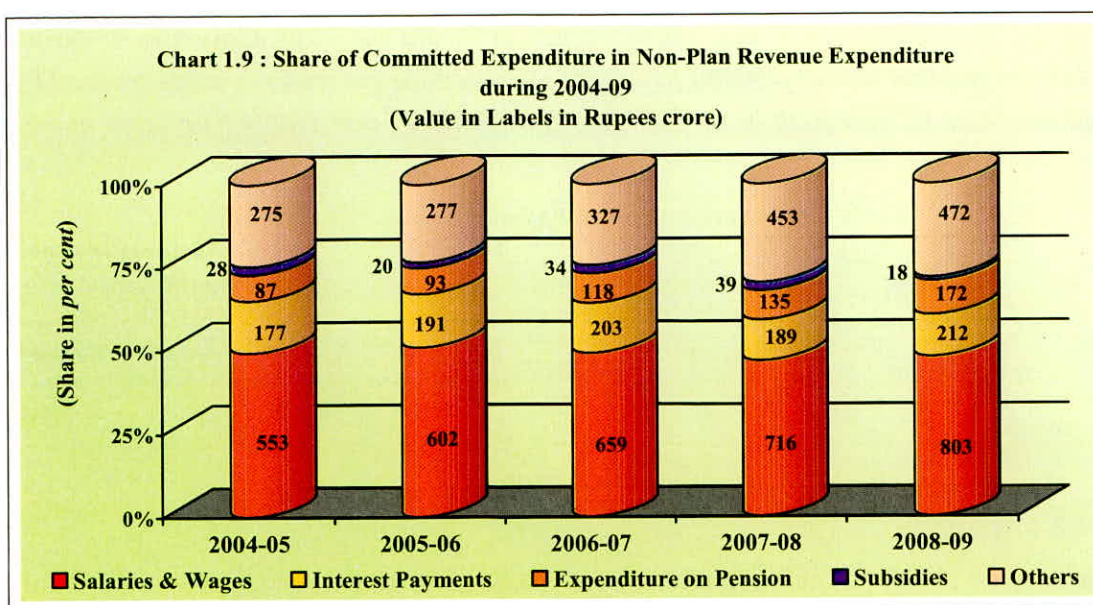
The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.11** and **Chart 1.9** present the trends in the expenditure on these components during 2004-09.

Table-1.11 : Components of Committed Expenditure

(Rupees in crore)

Components of Committed Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09
Salaries & Wages	553 (36)	602 (34)	659 (31)	716 (29)	803 (29)
<i>Of which</i>					
<i>Non-Plan Head</i>	464 (30)	502 (29)	547 (26)	596 (24)	651 (23)
<i>Plan Head</i>	89 (6)	100 (5)	112 (5)	120 (5)	152 (6)
Interest Payments	177 (11)	191 (11)	203 (9)	189 (8)	212 (8)
Expenditure on Pension and other retirement benefits	87 (6)	93 (5)	118 (6)	135 (6)	172 (6)
Subsidies	28 (2)	20 (1)	34 (2)	39 (2)	18 (0.64)
Other Components	275 (18)	277 (16)	327 (15)	453 (19)	472 (17)

(Figures in the parentheses indicate percentage to Revenue Receipts)



1.4.2.1 Salaries and Wages

The expenditure on salaries and wages increased by 12.15 per cent during 2008-09 over the previous year and accounted for 8.36 per cent of GSDP and 28.57 per cent of the revenue receipts. The State was successful in restricting the expenditure on salaries during 2008-09 as assessed in its FCP (Rs. 1,052 crore) for the year and also within the norm of 35 per cent prescribed by the TFC for the total salary bill relative to revenue expenditure net of interest payment and pension.

1.4.2.2 Interest Payments

Interest payments increased by 20 per cent from Rs. 177 crore in 2004-05 to Rs. 212 crore in 2008-09. Compared to previous year, interest payments during 2008-09 increased by 12.17 per cent as against a decrease of 6.9 per cent during 2007-08. The State was, however, successful in restricting the interest payments during 2008-09 as assessed in its FCP (Rs. 229 crore). Interest payments were on market loans (Rs. 105 crore), Special Securities issued to National Small Savings Fund of the Central Government (Rs. 28 crore), other internal debt (Rs. 20 crore), loans and advances received from Central Government (Rs. 24 crore) and Small Savings, Provident Fund, etc. (Rs. 35 crore). Of the total interest payments during the year, about 50 per cent (Rs. 105 crore) were paid on market borrowings. The overall interest payments (Rs. 212 crore) was lower than the projections made by the TFC (Rs. 244 crore) and FCP (Rs. 229 crore) as well as budget estimates (Rs. 230 crore) of the year.

1.4.2.3 Pension Payments

The pension payments (including other retirement benefits) indicated an increasing trend during the five year period 2004-09. Pension payments during the current year have increased by Rs. 37 crore recording a growth rate of over 27.41 per cent over the previous year mainly on account of increase in the number of pensioners, family pensioners and Member of Legislative Assembly pensioners over the previous year by 201, 223 and one respectively. A comparative analysis of actual pension payments

and the assessment/projections made by the TFC and the State Government (**Table 1.12**) reveals that actual pension payments exceeded the projections made by the TFC and the State Government in its FCP and Budget by 47 per cent, 41 per cent and 37 per cent respectively.

Table 1.12 : Actual Pension Payments vis-à-vis Projection**(Rupees in crore)**

	Assessment made by the TFC	Assessment made by the State Government in		Actuals	Expenditure in excess of assessment made in the		
		FCP	Budget 2008-09		TFC	FCP	Budget
Pension Payments	117	122	126	172	55 (47)	50 (41)	46 (37)

(Figures in brackets represent percentages)

1.4.2.4 Subsidies

Table 1.11 shows a declining trend in payment of subsidies which constituted only 0.64 per cent of revenue receipts during 2008-09 against 2 per cent during 2004-05. During the current year, expenditure on payment of subsidies decreased by 54 per cent from Rs. 39 crore in 2007-08 to Rs. 18 crore mainly due to decrease in payment of subsidy to the Electricity Board by over 64 per cent. However, during 2008-09, 65 per cent (Rs. 11.70 crore) of the total subsidy was paid to the Electricity Board which was within the projection (Rs. 12.50 crore) made in the FCP for the year 2008-09. Of the remaining amount of subsidies, Rs. 5.69 crore was paid under the head Taxes on Vehicles (Rs. 2.83 crore), Civil Supplies (Rs. 1.47 crore) and Animal Husbandry (Rs. 1.39 crore) and Rs. 0.61 crore for Dairy Development, Fisheries and Crop Husbandry.

1.4.3 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 1.13**.

Table 1.13 : Financial Assistance to Local Bodies, etc.**(Rupees in crore)**

Financial Assistance to Institutions	2004-05	2005-06	2006-07	2007-08	2008-09	
					Budget Estimate	Actuals
University and Educational Institutions	150	151	164	243	337	245
Co-operative Societies	2	2	5	2	3	2
District Councils	4	3	1	12	26	17
Municipalities	2	2	1	2	3	2
Power sector	26	7	35	100	295	209
Other Institutions ⁸	5	2	2	9	3	4
Total	189	167	208	368	667	479
Assistance as percentage of RE	11.84	9.98	10.91	16.33	-	17.85

⁸ Other Institutions (figures for 2008-09 in brackets): Prevention and control of water pollution (Rs.145 lakh), Public Sector and other undertakings (Rs.59.94 lakh), Womens Welfare (Rs.2.40 lakh), Housing Board (Rs.10 lakh), Small Scale Industries (Rs.13.49 lakh), Indian Red Cross Society (Rs.4.50 lakh), NRHM (Rs.140 lakh), others (Rs.11.76 lakh).

The financial assistance extended to local bodies and other institutions with inter-year variations increased by 30 *per cent* from Rs. 368 crore in 2007-08 to Rs. 479 crore in 2008-09. The share of financial assistance in revenue expenditure also increased from 16.33 *per cent* in 2007-08 to 17.85 *per cent* during the current year. However, the State Government was successful to restrict the expenditure on payment of financial assistance within the projection made in its annual budget for the year 2008-09.

Another important trend emerging from the above table is that the share under power sector has sharply increased by over two times from Rs. 100 crore in 2007-08 to Rs. 209 crore in 2008-09. Of Rs. 209 crore, Rs. 180 crore (86 *per cent*) was given to the State Electricity Board for Accelerated Power Development Reforms Programme (Rs. 44 crore), hydel generation (Rs. 93 crore) and power projects (Rs. 43 crore) indicating that substantial amount of financial assistance is being given to the Public Sector Undertaking. University and Educational Institutions were the major recipients as 51 *per cent* of the total financial assistance during 2008-09 was given to them. The increase under educational institutions was due to release of more grants (Rs. 7 crore) to non-Government primary/secondary schools and colleges, which increased from Rs. 232 crore in 2007-08 to Rs. 239 crore during the current year of which Rs. 141 crore was given for non-plan purposes.

1.5 Quality of Expenditure

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

1.5.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to social sector and economic infrastructure are largely assigned to the State Governments. Enhancing human development levels requires the States to step up their expenditure on key social services like, education and health, *etc.* The low level of spending on any sector by a particular State may be either due to low fiscal priority attached by the State Government or on account of the low fiscal capacity of the State Government or due to both working together. The low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective national average while the low fiscal capacity would be reflected if the State's per capita expenditure is below the respective national average even after having a fiscal priority that is more than or equal to the national average. **Table 1.14** analyses the fiscal priority and fiscal capacity of the State Government with regard to development expenditure, social sector expenditure and capital expenditure during the current year.

Table 1.14 : Fiscal Priority and Fiscal capacity of the State in 2005-06 and 2008-09

Fiscal Priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE
All States/National Average* (Ratio) 2005-06	19.50	61.44	30.41	14.13
Meghalaya's Average (Ratio) 2005-06	33.89 ⁽⁹⁾	67.28	34.41	13.32
All States/National Average* (Ratio) 2008-09	19.16	65.68	33.90	16.87
Meghalaya Average (Ratio)* 2008-09	33.96	69.58	31.43	16.27
Fiscal Capacity of the State	DE#	SSE	CE	
All States Average per capita expenditure 2005-06	3,010	1,490	692	
Meghalaya's per capita expenditure (Amount in Rupees) in 2005-06	5,450	2,788	1,079	
Adjusted per capita** expenditure (Amount in Rupees) in 2005-06	NR	NR	1,144	
All States' Average per capita expenditure 2008-09	5,030	2,520	1,254	
Meghalaya's per capita expenditure (Amount in Rupees) in 2008-09	9,084	4,104	2,124	
Adjusted per capita** expenditure (Amount in Rupees) in 2008-09	NR	4,426	2,203	
* As per cent to GSDP ** Calculated as per the methodology explained in the Appendix 1.2 – Part A. AE: Aggregate Expenditure DE: Development Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure. Population of Meghalaya: 0.24 crore in 2005-06 and 0.25 crore in 2008-09. # Development expenditure includes Development Revenue Expenditure, Development Capital expenditure and Loans and Advances disbursed. Source : (1) For GSDP, the information was collected from the State's Directorate of Economics and Statistics (2) Population figures were taken from Projection 2001-2026 of the Registrar General & Census Commissioner, India Website: http://www.censusindia.gov.in) Population = Average of Projected population for 2005 and 2006. NR = No adjustment required since the state is giving adequate fiscal priority.				

Table 1.14 shows the fiscal priority given by the Meghalaya Government to various expenditure heads in 2005-06 (the first year of the Twelfth Finance Commission Award Period) and the current year, i.e., 2008-09. The ratio of aggregate expenditure to GSDP for Meghalaya in both the years under consideration (around 34 *per cent*) is higher than all States'/National Average (over 19 *per cent*). This means that on an average, other states are spending a lower proportion of their GSDP annually. Similarly, the ratio of development expenditure as a proportion of aggregate expenditure for Meghalaya is also higher than all States'/National Average. This indicates that the State is giving higher priority to this category of expenditure compared to other States. In case of social sector expenditure, though the State was having a higher expenditure than all States'/National Average during 2005-06, the position has deteriorated during 2008-09 because of a lower expenditure than all States'/National Average. In both the years, the ratio of capital expenditure as a proportion of aggregate expenditure is lower than all States'/National Average. Therefore, there is need to give greater fiscal priority to these categories of expenditure.

(9) GSDP figures (current prices) as furnished (October 2006) by the Directorate of Economics & Statistics, Government of Meghalaya.

So far as per capita expenditure of the State is concerned, this is higher than the national average in respect of DE, SSE and CE in both the years under consideration mainly because Meghalaya has a relatively low population base.

1.5.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalization measures and lay emphasis on provision of core public and merit goods¹⁰. Apart from improving the allocation towards development expenditure¹¹, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.15** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted and the previous years, **Table 1.16** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

Table 1.15: Development Expenditure

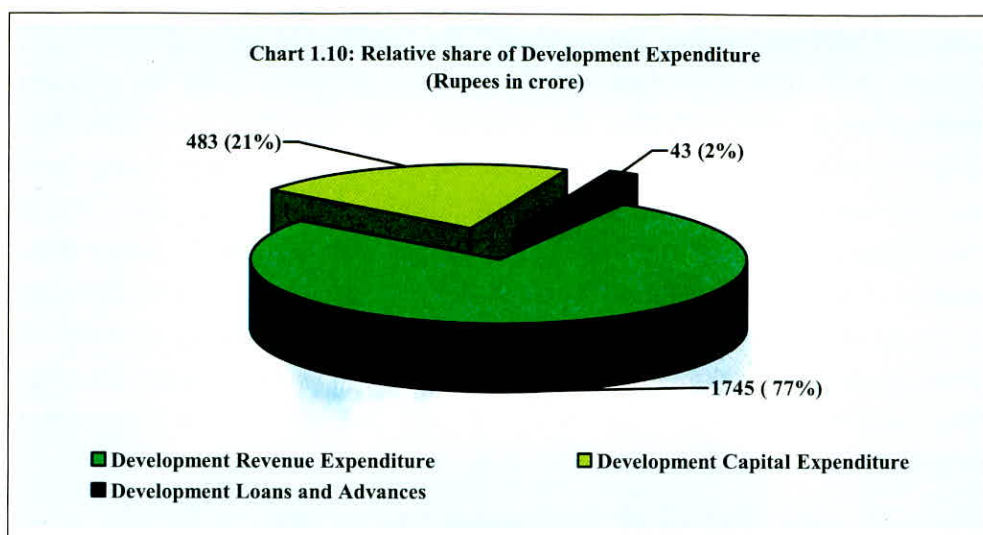
Components of Development Expenditure	2004-05	2005-06	2006-07	2007-08	(Rupees in crore)	
					2008-09	
					BE	Actuals
Development Expenditure (a to c)	1,274 (67.84)	1,305 (67.13)	1,510 (67.62)	1,859 (69.57)	2,903 (75.56)	2,271 (69.58)
a. Development Revenue Expenditure	1,009 (53.73)	1,049 (53.96)	1,204 (53.92)	1,475 (55.20)	2,281 (59.37)	1,745 (53.46)
b. Development Capital Expenditure	238 (12.67)	248 (12.76)	304 (13.61)	364 (13.62)	575 (14.97)	483 (14.80)
c. Development Loans and Advances	27 (1.44)	8 (0.41)	2 (0.09)	20 (0.75)	47 (1.22)	43 (1.32)

(Figures in parentheses indicate percentage to aggregate expenditure)

¹⁰ *Core public goods* are which all citizens enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. *Merit goods* are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore, wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation, etc.

¹¹ 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.

The share of development expenditure to aggregate expenditure exhibited relative stability during the period 2004-07 and showed increasing tendency only during the last two years (2007-09). During the current year, though the State Government earmarked 75.56 *per cent* of the estimated aggregate expenditure for development expenditure, this assessment fell short by 5.98 *per cent* at the end of the year. The relative share of development expenditure to total expenditure during 2008-09 given in **Chart 1.10** below showed that 77 *per cent* of the development expenditure was incurred on revenue account and only 21 *per cent* was utilised for capital expenditure.



Predominant share of revenue expenditure in development expenditure indicated that more emphasis was given on maintenance of the current level of services (including 38.52 *per cent* revenue expenditure on salaries and wages under social services and 20.39 *per cent* on economic services) which did not result in any addition to State's infrastructure and service network. Thus, expenditure pattern under this sector needs correction in the ensuing year.

Table 1.16: Efficiency of Expenditure Use in Selected Social and Economic Services

(In *per cent*)

Social/Economic Infrastructure	2007-08		2008-09	
	Ratio of Capital Expenditure to Total Expenditure ¹²	In Revenue Expenditure, the share of Salary & Wages	Ratio of Capital Expenditure to Total Expenditure ¹²	In Revenue Expenditure, the share of Salary & Wages
Social Services (SS)				
General Education	1.25	31.83	1.03	33.55
Technical Education, Sports, Arts & Culture	2.50		1.57	25.30
Health and Family Welfare	24.19	82.07	13.39	79.17
Water Supply & Sanitation, Housing and Urban Development	45.55	27.79	58.92	29.39
Other SS	0.59	23.82	0.66	22.37
Total (SS)	16.83	37.75	21.58	38.52

¹² Total revenue and capital expenditure of the services concerned.

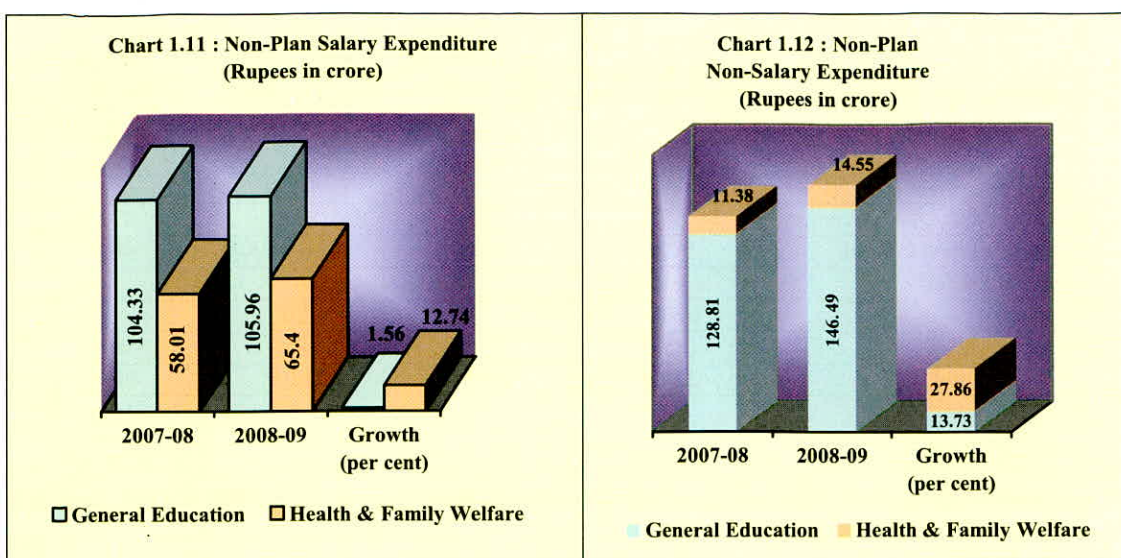
Social/Economic Infrastructure	2007-08		2008-09	
	Ratio of Capital Expenditure to Total Expenditure ¹²	In Revenue Expenditure, the share of Salary & Wages	Ratio of Capital Expenditure to Total Expenditure ¹²	In Revenue Expenditure, the share of Salary & Wages
Economic Services (ES)				
Agriculture and Allied Activities	5.81	43.29	5.83	47.98
Irrigation & Flood Control	23.88	49.04	56.01	40.87
Power and Energy	-	-	-	-
Transport	63.45	-	68.52	-
Other ES	11.77	13.60	8.07	10.43
Total (ES)	22.66	21.97	21.79	20.39

Social Services

The trends in capital expenditure on social services during 2007-09 reveal that the share of capital expenditure to total expenditure during these years was around 17 and 22 *per cent*, which indicated that the revenue expenditure was dominant. While there was some improvement in the share of capital expenditure to total expenditure under water supply & sanitation, housing and urban development during the current year, in respect of other categories of social services, there was deterioration in this category of expenditure. Health & Family Welfare Sector was the worst sufferer as only 13.39 *per cent* of total expenditure on this sector was incurred on capital account during 2008-09 against 24.19 *per cent* during the preceding year.

Of the revenue expenditure on social services, the share of salary and wage component has increased from 37.75 *per cent* in 2007-08 to 38.52 *per cent* in 2008-09 implying less expenditure on non-salary components including on their maintenance. The non-salary and wage expenditure on social services has increased marginally by 5.49 *per cent* during 2008-09 from Rs. 469.11 crore in 2007-08 to Rs. 494.88 crore in 2008-09. Within the priority sectors, non-salary and wage component continue to have the dominant share under education, sports, art and culture and water supply, sanitation, housing and urban development. High salary and wage expenditure during 2007-08 (82 *per cent*) and 2008-09 (79 *per cent*) was observed under health and family welfare services.

Recognising the need to improve the quality of education and health services, TFC recommended that the non-plan salary expenditure under education, health and family welfare should increase only by 5 to 6 per cent, while non-salary expenditure under non-plan heads should increase by 30 per cent per annum during the award period. Charts 1.11 and 1.12 provide non-plan salary and non-salary expenditure under social services incurred during 2007-09.



While the expenditure on non-plan salary and wage component under education sector (1.56 per cent) is well within the recommendation of the TFC, under health and family welfare sector the increase of 12.74 per cent far surpassed the recommendations of the TFC. The increase in non-salary (non-plan) expenditure under these two sectors is not encouraging inasmuch as 13.73 per cent and 27.86 per cent increase under education and health and family welfare sectors respectively are below the recommendations of the TFC. Thus, expenditure pattern under both these sectors needs correction in the ensuing years.

Economic Services

The expenditure on economic services during 2008-09 (Rs. 1,202 crore) accounted for about 37 per cent of the total expenditure and 53 per cent of the development expenditure during the year. Out of the total expenditure on economic services during the current year, 22 per cent was incurred on agriculture and allied services, 20 per cent on transport and 20 per cent on energy.

The trends in revenue and capital expenditure on economic services indicate that capital expenditure consistently increased from Rs. 129 crore in 2004-05 to Rs. 262 crore (103 per cent) in 2008-09. However, the share of capital expenditure to total expenditure on economic services during 2007-09 almost remained constant at 22-23 per cent which indicated that the revenue expenditure was dominant. Revenue expenditure also consistently increased from Rs. 451 crore in 2004-05 to Rs. 940 crore (108 per cent) in the current year. An increase of Rs. 218 crore (30 per cent) during 2008-09 over the previous year in revenue expenditure was mainly due to the increase in energy (Rs. 98 crore), rural development (Rs. 64 crore) and agriculture and allied activities (Rs. 33 crore). Within the revenue expenditure, salary and wage component constituted 22 and 20 per cent of the total revenue expenditure during 2007-08 and 2008-09 respectively. It increased from Rs. 159 crore in 2007-08 to Rs. 192 crore (20.75 per cent) during the current year. The non-salary and wage component also increased from Rs. 563 crore in 2007-08 to Rs. 749 crore (33 per cent) indicating change in allocative priorities of the State Government.

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

According to the information furnished by the Directorate of Programme Implementation and Evaluation (**Appendix 1.6**), in 13 out of 25 cases under 13 programmes, the physical targets fixed by the departments concerned for the year 2008-09 were not achieved. Details of significant shortfall in achievement of targets are given in **Table 1.17** below:

Table 1.17
(Rupees in crore/ Targets, Achievements and Shortfall in numbers)

Flagship Programme	Performance indicator	Budget allocation	Targets	Actual expenditure	Achievement	Shortfall in achievement of targets (per cent)
Indira Awas Yojana-Rural Housing	Houses constructed	8.80	10,235	6.32	5,590	4,645 (45)
Rural Water Supply Programme (State Sector)	Habitations covered	45.00	581	51.05	319	262 (45)
Accelerated Irrigation Benefit Programme	Number of schemes recommended/ approved	23.05	31 ongoing & 44 new schemes	23.04	3	72 (96)
RGVY-Rural Electrification	Villages electrified	104.78	174	16.28	90	84 (48)
National Rural Health Mission	Training of ASHA	NA	6,180	NA	3,279	2,901 (47)
Jawaharlal Nehru National Urban Renewal Mission	Urban infrastructure, Development of small & medium towns, etc.	58.05	7 projects	31.83	3 projects under progress/4 projects to start	-
National Rural Employment Guarantee Act	Employment generated	21.61	150 person days	9.23	86.28 person days	63.72 (42)
Accelerated Rural Water Supply Programme	Habitations covered	57.79	1,300	74.51	791	509 (39)
Total Sanitation Campaign	(i) Household Latrines		22,000		30,004	-
	(ii) School toilets	10.75	1,000	6.44	549	451 (45)
	(iii) Sanitary Complex		35		20	15 (43)
	(iv) Balwadi Toilets		50		37	13 (26)

As can be seen from the above table, shortfall in achievement of targets under most of the flagship programmes ranged between 26 *per cent* and 96 *per cent*. Against the target for construction of 10,235 houses under Indira Awas Yojana, achievement was only 5,590. Under Accelerated Rural Water Supply Programme, 791 habitations were covered against the target of 1,300. Out of all the above programmes, major shortfall in achievement of targets during 2008-09 was under Accelerated Irrigation Benefit Programme.

Two performance reviews on implementation of 'Minor Irrigation Projects' and 'Non Lapsable Central Pool of Resources' included in the Report of Comptroller and Auditor General of India for the year ended 31 March 2009 (Civil and Commercial) highlights the following aspects:

Minor Irrigation Projects

The overall impact of implementation of the minor irrigation projects was far from satisfactory because of significant shortfall in achievement of target for creation of irrigation potential. Large number of minor irrigation projects was not completed on time. Even the completed projects had not been fully utilised. Some of the completed projects became defunct due to various reasons like flash floods, drying up of source of water and heavy silting, etc. Consequently, the irrigation coverage of 29,313.84 hectare (ha) as of March 2009, as claimed by the Department, is in fact was only 22,849.03 ha, which was only 10.48 *per cent* of the ultimate irrigation potential (2.18 lakh ha) in the State. Works under the projects were executed in an unplanned manner resulting in unproductive expenditure and wastage of resources. Apart from non-adherence to financial rules, the Department failed to monitor the schemes during execution. The objective of generating additional irrigation potential to increase the production of cultivable lands, thus, remained largely unachieved.

Non Lapsable Central Pool of Resources (NLCPR)

Implementation of NLCPR schemes in the State has brought about some improvement in creation of infrastructure in various sectors. Programme objective of ensuring speedy development of infrastructure in the State by increasing the flow of financing for specific viable infrastructure projects in various sectors and reduce the critical gaps in the basic minimum services, such as roads and bridges, water supply, education and power, was, however, constrained as these gaps were not identified prior to implementation of schemes. There were cases of diversion of funds released by the Ministry of Development of North Eastern Region, undue favour to the contractors, excess expenditure in deviation from the sanctioned detailed project reports, unauthorised revision of the structure of the work and misrepresentation of facts. Evaluation was never attempted to gauge the extent of development of infrastructure and reducing the gaps in basic minimum services.

1.6 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.

1.6.1 Incomplete projects

According to information available in **Appendix II** of the Finance Accounts for the year 2008-09, as of March 2009, there were 346 ongoing projects in the State. The department-wise information pertaining to incomplete projects as on 31 March 2009 as per the said **Appendix** and as per the records of the Irrigation Wing of the Agriculture Department of the State is given in **Table 1.18**:

Table 1.18: Department-wise Profile of Incomplete Projects

Department	Number of Incomplete Projects	Initial estimated cost	Revised cost of Projects	(Rupees in crore)
				Cumulative actual expenditure as on 31 March 2009
Public Health Engineering	01	4.13	-	3.93
Agriculture (Irrigation Wing)	10	9.90	-	7.01
Law	01	5.83	9.35	8.20
Public Works	01	1.45	-	0.93
General Administration	02	6.97	-	0.36
Education	05	15.15	-	6.12
Health & Family Welfare	01	2.31	5.07	5.07
Total	21	45.74	14.42	31.62

As can be seen from the above table, 21 projects stipulated for completion on or before 31 March 2009 at an estimated cost of Rs. 45.74 crore, remained incomplete with an expenditure of Rs. 31.62 crore till March 2009. Out of 21 projects, 18 projects remained incomplete for less than one year to eight years and the remaining three projects for two to 13 years. Out of 10 minor irrigation projects due for completion by 2008-09 for coverage of 858.91 ha of cultivable land, works on one project had not even started and nine projects were still under execution as of March 2009. The reasons for non-completion of six projects¹³ were attributed to delay in procurement of pipes, commencement of work, obtaining forest clearance, approval of tender, bad weather and delay on the part of the contractor. Reasons for delay in completion of four irrigation projects¹⁴ and 11 projects under other departments had not been furnished. Effective steps need to be taken to complete the incomplete projects without further delay to avoid cost overrun due to time overrun.

1.6.2 Investment and returns

As of 31 March 2009, Government had invested Rs. 200.43 crore in Statutory Corporations, Government Companies and Co-operative Societies (**Table 1.19**). The average return on this investment was less than one *per cent* during 2004-09, while the Government paid interest at an average rate of 6.32 *per cent* to 8.58 *per cent* on its borrowings during the period.

Table-1.19: Return on Investment

Investment/Return/Cost of Borrowings	2004-05	2005-06	2006-07	2007-08	2008-09
Investment at the end of the year (Rupees in crore)	170.42	177.31	183.16	186.79	200.43
Return (Rupees in crore)	0.18	0.01	0.01	0.02	0.03
Return (<i>per cent</i>)	0.11	0.01	0.01	0.01	0.01
Average rate of interest on Government borrowing (<i>per cent</i>)	8.58	8.06	7.62	6.40	6.32
Difference between interest rate and return (<i>per cent</i>)	8.47	8.05	7.61	6.39	6.31

¹³ Ichamati, Dardara & Champarani, Shilliang Myndong, Madan Sophaw, Korbangla and Mynrud Moopasor FIPs.

¹⁴ Pynthor Lyngkha Droin, Chibra Agal, Umriliang and Wahkrem Ksiar FIPs.

As of March 2009, the State Government had invested Rs. 40.79 crore in two Statutory Corporations, Rs. 112.92 crore in eight Government Companies and Rs. 46.72 crore in 1,443 Co-operative Societies. Of the two Statutory Corporations, bulk of the investment (Rs. 38.85 crore) was made to the Meghalaya Transport Corporation Limited during 1986-2009 despite accumulated loss of Rs. 62.61 crore sustained by the Corporation up to 2004-05. Out of Rs. 112.92 crore invested in Government Companies, Rs. 87.70 crore was invested in six loss making Companies, which had accumulated loss of Rs. 27.64 crore as detailed in **Table 1.20**. Up-to-date working results of one Government company and all the Co-operative Societies had not been intimated (August 2009).

Table 1.20: Details of loss making Government Companies

(Rupees in crore)

Name of Companies	Amount invested up to March 2009	Invested up to	Accumulated loss	Period up to ¹⁵
Meghalaya Industrial Development Corporation	68.15	2005-06	0.35	2001-02
Meghalaya Tourism Development Corporation Limited	7.75	2001-02	2.11	1992-93
Meghalaya Government Construction Corporation Limited	4.77	2000-01	10.77	2006-07
Meghalaya Handloom and Handicrafts Development Corporation Limited	3.20	2008-09	1.58	2001-02
Meghalaya Mineral Development Corporation Limited	2.27	2001-02	11.09	2007-08
Forest Development Corporation of Meghalaya Limited	1.56	2000-01	1.74	1999-00
	87.70		27.64	

1.6.3 Loans and advances by State Government

In addition to investments in co-operative societies, corporations and companies, Government has also been providing loans and advances to many of these institutions/organisations. **Table 1.21** presents the outstanding loans and advances as on 31 March 2009, interest receipts *vis-à-vis* interest payments during the last three years.

Table 1.21: Average Interest Received on Loans and Advances given by the State Government

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Opening Balance	471	488	480	469	479
Amount advanced during the year	36	11	6	27	50
Amount recovered during the year	19	19	17	17	18
Closing Balance	488	480	469	479	511
Net Addition	17	- 8	- 11	10	32
Interest Receipts	2.99	1.48	1.36	1.65	2.04
Interest received as <i>per cent</i> to outstanding Loans and Advances	0.62	0.31	0.29	0.35	0.41
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	8.58	8.06	7.62	6.40	6.32
Difference between interest payments and receipts (<i>per cent</i>)	7.96	7.75	7.33	6.05	5.91

¹⁵ Accounts for the subsequent years are in arrears.

Loans and advances given by the State Government during 2008-09 increased by 85 *per cent* over previous year. During 2004-09, recovery of loans and advances was Rs. 90 crore against payment of Rs. 130 crore. The total outstanding loans and advances as on 31 March 2009 was Rs. 511 crore. As the interest received as *per cent* to outstanding loans and advances was much lower than the cost at which the State Governments borrows, the TFC in its restructuring plan of State finances assumed a 7 *per cent* return on outstanding loans and advances to be achieved in a graded manner by the terminal year of the forecast period (2005-10). *Return on outstanding loans and advances given by the State Government, which stands only at 0.41 per cent in 2008-09 against 0.62 per cent in 2004-05, indicates that the possibility of achieving 7 per cent return within the next one year of the forecast period is remote.*

1.6.4 Cash Balances and Investment of Cash balances

Table 1.22 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table-1.22: Cash Balances and Investment of Cash balances

(Rupees in crore)

Particulars	As on 1 st April 2008	As on 31 st March 2009	Increase
Cash Balances	430.41	501.64	71.23
Investments from Cash Balances (a & b)	490.17	552.48	62.31
a. GOI Treasury Bills	481.42	543.73	62.31
b. GOI Stock/Securities	8.75	8.75	-
Fund-wise break-up of Investment from Earmarked balances (a & b)	55.01	68.53	13.52
a. Sinking Fund Investment Account	54.98	68.50	13.52
b. Other Development and Welfare Fund	0.03	0.03	-
Interest Realised on investment of cash balance	13.72	15.78	2.06

The cash balance of the State increased by Rs. 71.23 crore, from Rs. 430.41 crore at the end of March 2008 to Rs. 501.64 crore at the end of March 2009. The increase was mainly due to the increase in cash balance investment (Rs. 62.31 crore). Interest realised on investment of cash balances has also increased by Rs. 2.06 crore during 2008-09 over that of previous year. By investment of Rs. 481.42 crore on GOI Treasury Bills as on 1st April 2008, the State Government realised Rs.15.78 crore as interest during 2008-09, which was only 3.28 *per cent* of the amount invested. However, this has to be viewed in the backdrop that the State Government raised open market loan of Rs. 103.54 crore during 2008-09 at the minimum rate of interest of 7.59 *per cent* per annum. Thus, there is a need for more prudent cash management by the State Government which would not result in borrowing of funds from open market to meet its expenses while having surplus cash balance.

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. The operating limit for Ordinary WMA is reckoned as the three year average of revenue receipts and the operative limit for Special WMA is fixed by RBI from time to time depending on the holding of Government securities.

Under the agreement with the RBI, the Government of Meghalaya has to maintain an all time minimum balance of Rs. 21 lakh with RBI. If the balance falls below the agreed minimum, the Government can take Ordinary WMA from the RBI up to a maximum of Rs. 50.50 crore. In addition, Special WMA not exceeding Rs. 9.16 crore are made available against GOI securities held by the State Government. Overdrafts are given by the RBI if the State has a minus balance after availing of the maximum advance.

WMAs and Overdrafts availed, the number of occasions it was availed and interest paid by the State during 2004-09 is detailed in **Table 1.23**.

Table 1.23 : Ways and Means Advances and Overdrafts of the State

	(Rupees in crore)		
	2004-05	2005-06	2006-09
Ways and Means Advances			
Availed in the Year	2.57	83.49	...
Number of days	6	7	...
Outstanding WMAs, if any	...	...	...
Interest Paid	*	0.08	...
Overdraft			
Availed in the Year	...	8.85	...
Number of days	...	1	...
Outstanding Overdraft, if any	...	...	...
Interest Paid	...	*	...

* Interest paid on ways and means advances during 2004-05 and interest paid on overdraft during 2005-06 were Rs. 0.15 lakh and Rs. 0.21 lakh respectively.

As can be seen from the above table, the Government did not have to resort to WMA during the current year (2008-09) as well as during the previous two years (2006-08), indicating comfortable position of cash balances of the State. The cash balances of the State Government increased from Rs. 430 crore to Rs. 502 crore in 2008-09 over the previous year mainly due to increase under cash balance investment by Rs. 62 crore.

The efficiency of handling the cash balances by the State can also be assessed by monitoring the trends in monthly daily average of cash balances held by the State to meet its normal banking transactions. **Table 1.24** presents the trends in monthly average daily cash balances and the investments in Auction Treasury Bills for the last three years (2006-09).

Table 1.24 : Trends in Monthly Average Daily Cash Balances and the Investments in Auction Treasury Bills

(Rupees in crore)

Month	Monthly Average Daily Cash Balances			Investment in 14 days Treasury Bills			Investment in Auction Treasury Bills
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	2006-09
April	2.70	- 4.43	36.75	446.70	653.39	898.14	-
May	104.03	208.92	191.33	656.26	598.91	839.31	-
June	159.49	150.25	204.75	459.81	594.53	676.07	-
July	103.32	125.16	195.34	447.69	545.62	541.64	-
August	78.64	114.57	102.51	542.95	722.97	640.28	-
September	160.69	136.58	216.06	449.67	492.10	569.51	-
October	77.16	124.36	169.45	411.77	558.76	343.61	-
November	70.09	123.98	65.24	443.13	506.16	570.14	-
December	194.15	213.52	183.76	441.77	294.38	713.44	-
January	38.38	70.04	276.19	481.68	485.81	487.63	-
February	86.07	69.20	107.73	466.51	710.60	537.53	-
March	375.06	302.47	317.73	829.36	988.54	1168.97	-

The State Government had maintained a minimum cash balance of Rs. 21 lakh as per agreement with the Reserve Bank of India during the last three years, except during April 2007 when there was a debit monthly average daily cash balance of Rs. 4.43 crore.

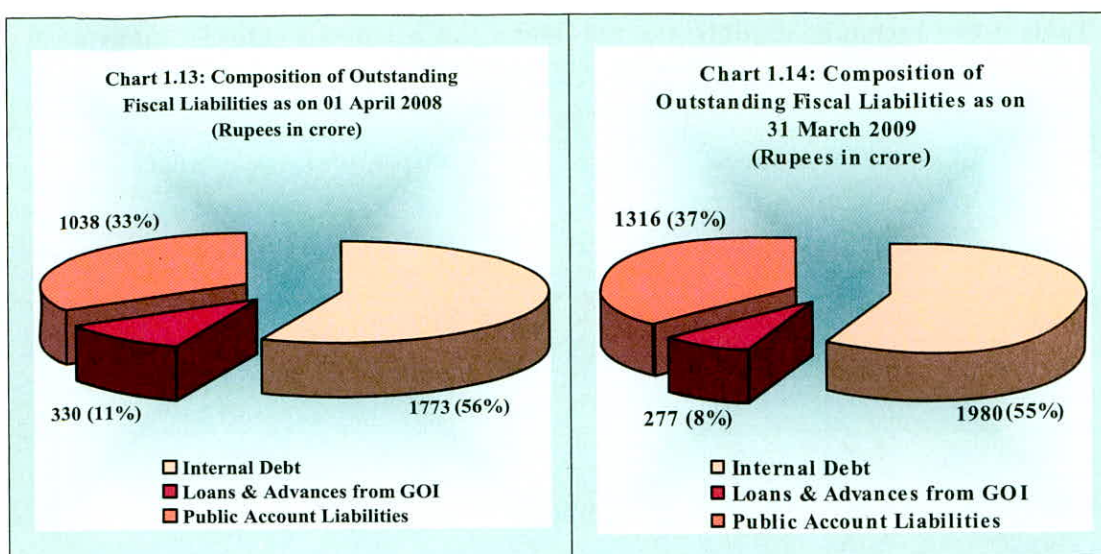
1.7 Assets and Liabilities

1.7.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.4** gives an abstract of such liabilities and the assets as on 31 March 2009, compared with the corresponding position on 31 March 2008. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

1.7.2 Fiscal Liabilities

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



Fiscal liabilities of Rs. 3,573 crore during 2008-09 consist of internal debt, e.g., market loans bearing interest, loans from Life Insurance Corporation of India (LIC) and other institutions, *etc.* (Rs. 1,980 crore), loans and advances from Central Government (Rs. 277 crore), small savings, provident funds (State Provident Funds and Insurance & Pension Funds: Rs. 475 crore) and other non-interest bearing obligations such as deposit of local funds, civil deposits, *etc.* (Rs. 841 crore). Overall fiscal liabilities of the State increased from Rs. 2,173 crore in 2004-05 to Rs. 3,573 crore in 2008-09. The growth rate in 2008-09 was 13.75 *per cent* over the previous year. The ratio of fiscal liabilities to GSDP also increased from 37.08 *per cent* in 2007-08 to 37.18 *per cent* in 2008-09. These liabilities stood at 1.27 times the revenue receipts and 6.01 times of the State's own resources at the end of 2008-09. The buoyancy of these liabilities with respect to GSDP during the year was 1.02 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 1.02 *per cent*.

According to **Statement 4** of the Finance Accounts for the year 2008-09, during 1999-2000, the State Government constituted a 'Consolidated Sinking Fund' for redemption and amortisation of open market loans. In 2008-09, the Government has appropriated Rs. 13.54 crore from revenue and credited to this fund for investment in the GOI Securities.

1.7.3 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per **Statement 6** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2004-05 are given in **Table 1.25**.

Table 1.25: Guarantees given by the Government of Meghalaya

	(Rupees in crore)				
	2004-05	2005-06	2006-07	2007-08	2008-09
Maximum amount guaranteed (year end)	384.32	504.67	562.02	954.16	1,083.19
Outstanding amount of guarantees (including interest)	338.18	404.38	435.80	750.63	990.25
Percentage of maximum amount guaranteed to total revenue receipts	24.86	28.89	26.24	39.08	38.54

Government has guaranteed loans raised by various Corporations and others, which at the end of 2008-09 stood at Rs. 990.25 crore (including interest). Bulk of the guaranteed amount (Rs. 944.25 crore) was outstanding against the Meghalaya State Electricity Board against guarantees given for repayment of principal and payment of interest of REC and market loans. The outstanding amount of guarantees is in the nature of contingent liabilities, which were about 39 *per cent* of revenue receipts of the State during 2008-09. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limit within which Government may give guarantees on the security of the Consolidated Fund of the State.

As per Meghalaya Fiscal Responsibility and Budget Management Act, 2006 (MFRBM Act, 2006) and Fiscal Policy Strategy (FPS) Statement, the total liabilities on the Consolidated Fund of the State should not be more than 28 *per cent* of the GSDP. The Medium Term Fiscal Policy (MTFP) Statement, however, fixed the target of total outstanding liabilities to GSDP in 2008-09 as 36.41 *per cent*. **Table 1.26** gives the position of this ratio during 2004-09:

Table 1.26 : Total Liabilities

	2004-05	2005-06	2006-07	2007-08	2008-09
Total Liabilities ¹⁶ (Rupees in crore)	2,511	2,970	3,198	3,892	4,563
Ratio of Total Liabilities to GSDP (<i>per cent</i>)	43.26	46.08	43.63	45.94	47.48

It is evident from the above table that the ratio of total liabilities to GSDP not only remained higher than the limit (28 *per cent*) prescribed in the MFRBM Act, 2006 and FPS Statement throughout the entire period 2004-09, but also increased by 11.07 *per cent* over the target fixed in the MTFP Statement.

1.8 Debt Sustainability

Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability¹⁷ of the State. This section assesses the sustainability of debt of the State Government in terms of debt

¹⁶ Fiscal liabilities + Outstanding amount of guarantees (including interest).

¹⁷ The Debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

stabilisation¹⁸; sufficiency of non-debt receipts¹⁹; net availability of borrowed funds²⁰; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.27** analyses the debt sustainability of the State according to these indicators for the period of five years beginning from 2004-05.

Table 1.27: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2004-05	2005-06	2006-07	2007-08	2008-09
Debt Stabilization (Quantum Spread + Primary Deficit) (Rupees in crore)	- 109	77	286	229	01
Sufficiency of Non-debt Receipts (Resource Gap)	- 111	+ 135	+ 104	- 140	- 221
Net Availability of Borrowed Funds	44	204	- 8	190	221
Burden of Interest Payments (IP/RR Ratio)	0.11	0.11	0.09	0.08	0.08

Table 1.27 reveals that quantum spread together with primary deficit/surplus has been negative in 2004-05 but turned positive thereafter and continued till 2008-09. Viewed along with ratio of fiscal deficit to GSDP which also indicated a fluctuating trend during the period 2004-09, indicates oscillating debt-GSDP ratios during the period. The sum of quantum spread and primary deficit at Rs. 1 crore during 2008-09 against Rs. 229 crore during the previous year is an alarming situation to the State Government for taking an immediate remedial measure to improve the fiscal imbalances for improving the debt sustainability position in medium to long run.

The trends in resource gap indicate the oscillation between positive and negative magnitudes, i.e., it remained positive during 2005-07 but negative in 2004-05 and 2007-09 as incremental non-debt receipts in these three years were much below the incremental total expenditure. The negative resource gap in the current year was mainly due to the steep increase in non-interest revenue expenditure (Rs. 407 crore). This requires closer attention to check the resource gap.

The debt redemption ratio has fluctuated widely during the period 2004-09 which remained more than unity in 2006-07 while it varied between 72 and 92 *per cent* in remaining years. During the current year, the Government repaid Rs. 997 crore as

¹⁸ A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable, provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

¹⁹ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

²⁰ Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

principal and interest on internal debt (Rs. 262 crore), loans and advances from the GOI (Rs. 84 crore) and other obligations (Rs. 651 crore), as a result of which the borrowed funds of Rs. 221 crore were available for development purposes. Under loans and advances from GOI, the net funds available continued to be negative during the entire period of five years. Over 26 *per cent* (Rs. 78 crore) of the net funds available from internal debt (Rs. 55 crore) and other obligations (Rs. 244 crore) was used to meet the repayment obligation of the loans and advances from the GOI.

Table 1.28: Maturity Profile of State Debt

(Rupees in crore)		
Maturity Profile ^(a)	Amount	Per cent
0-1 year	85.11	3.77
1-3 years	155.25	6.88
3-5 years	133.50	5.91
5-7 years	105.33	4.67
7 years and above	308.22	13.65
Information awaited from State Government	1,469.89	65.12
Total	2,257.30	100

(a) As per Finance Accounts.

As per data shown in **Table 1.28**, the maturity profile of the debt stock of Rs. 1,469.89 crore (65.12 *per cent*) is not clearly defined. Out of the remaining debt stock of Rs. 787.41 crore (34.88 *per cent*), 60.86 *per cent* (Rs. 479.19 crore) is payable within the next seven years while the remaining 39.14 *per cent* are to be paid in more than seven years time. A well thought out debt repayment strategy will ensure that no additional borrowings which are maturing in these seven years is undertaken. Non-availability of the maturity profile about the maximum of the debt burden (over 65 *per cent*) was indicative of the fact that the State is not serious about its debt situation.

1.9 Fiscal Imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits - indicate the extent of overall fiscal imbalances in the Finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits *vis-à-vis* targets set under FRBM Act/Rules for the financial year 2008-09.

1.9.1 Trends in Deficits

Charts 1.15 and 1.16 present the trends in deficit indicators over the period 2004-09.

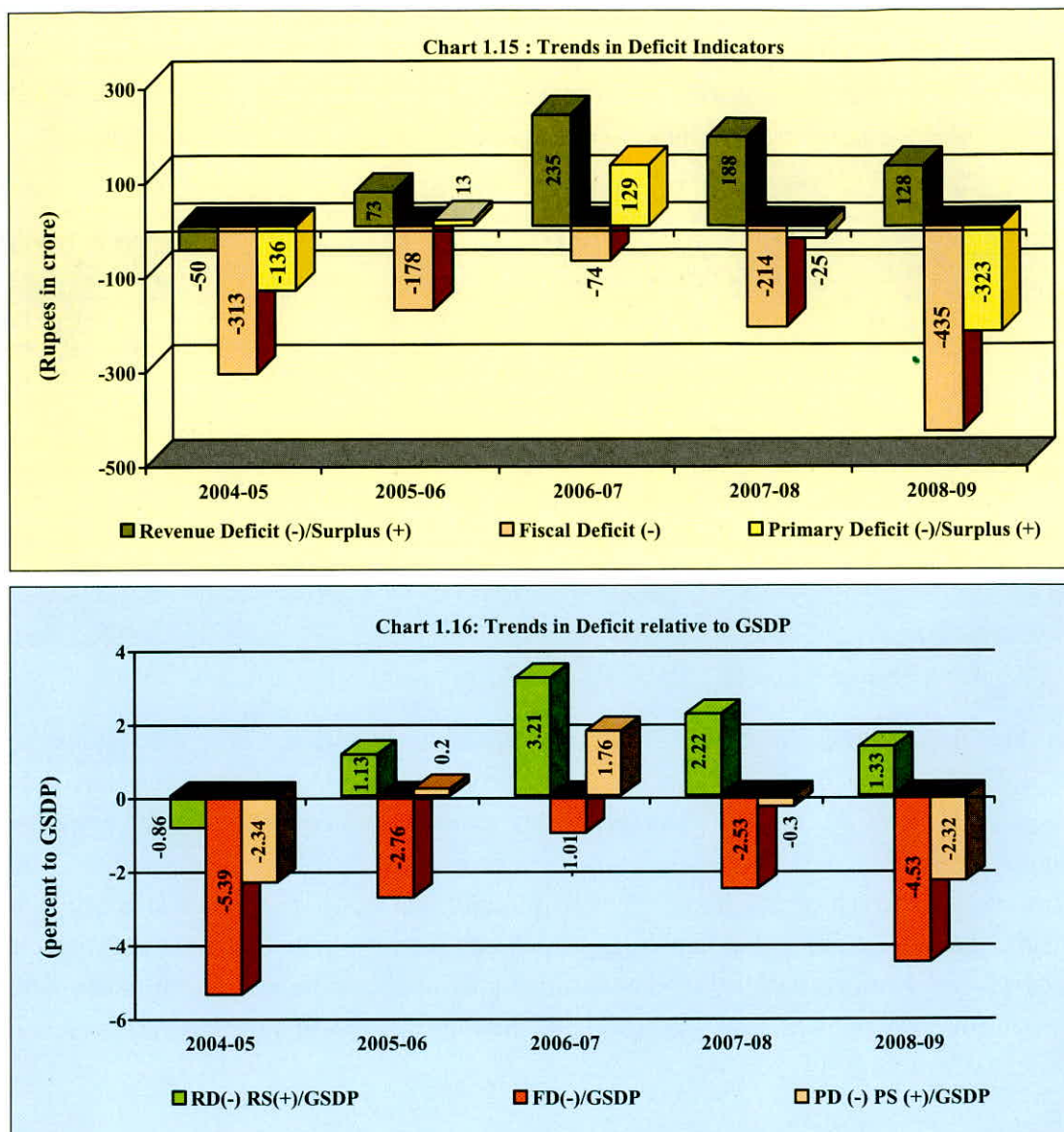


Chart 1.15 reveals that the revenue account experienced a situation of substantial deficit of Rs. 50 crore during 2004-05. Since 2005-06, the revenue account turned into surplus which has steeply increased to Rs. 235 crore during 2006-07 but declined to Rs. 128 crore during 2008-09. The significant deterioration during the current year was mainly on account of increase in revenue expenditure by Rs. 430 crore (19.09 *per cent*) against an increase of Rs. 370 crore (15.16 *per cent*) in revenue receipts over the previous year. Despite the fact that State's own resources contributed around 21 *per cent* (Rs. 77 crore) in the incremental revenue receipts (Rs. 370 crore) during 2008-09 against 10 *per cent* (Rs. 29 crore) during 2007-08, the decline in revenue surplus in the current year was primarily on account of sluggish growth rate of 15.24 *per cent* (Rs. 293 crore) in central transfers as compared to 16.33 *per cent* (Rs. 270 crore) during 2007-08.

The fiscal deficit, which represents the total borrowings of the Government and its total resource gap also increased from the lowest level of Rs. 74 crore in 2006-07 during the period 2004-09 to Rs. 435 crore in 2008-09. The decrease in revenue surplus (Rs. 60 crore) along with an increase of Rs. 162 crore on account of increase in capital expenditure (Rs. 139 crore) as well as in loans and advances disbursed (Rs. 23 crore) during 2008-09 led to an increase of Rs. 221 crore in fiscal deficit during the current year. *Contrary to the commitment for achieving fiscal deficit of 3 per cent of GSDP by 2008-09 made by the State Government in the MFRBM Act, the fiscal deficit increased to 4.53 per cent of GSDP during 2008-09 compared to 2.53 per cent during previous year.*

The primary surplus which continued during 2005-07 and reached the level of Rs. 129 crore during 2006-07, also took a turnaround in 2007-08 and resulted in a primary deficit²¹ of Rs. 25 crore during 2007-08, which increased to Rs. 223 crore in 2008-09. A sharp increase of Rs. 221 crore in fiscal deficit and a moderate increase in interest payments (Rs. 23 crore) resulted in a primary deficit of Rs. 223 crore during the current year.

1.9.2 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 1.29**.

Table 1.29 : Components of Fiscal Deficit and its Financing Pattern

(Rupees in crore)

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Decomposition of Fiscal Deficit						
	Fiscal Deficit (-) (1 to 3)	- 313	- 178	- 74	- 214	- 435
1.	Revenue Deficit (-)/ Surplus (+)	- 50	+ 73	+ 235	+ 188	+ 128
2.	Net Capital Expenditure	246	259	320	392	531
3.	Net Loans and Advances	- 17	8	11	- 10	- 32
Financing Pattern of Fiscal Deficit^(a)						
1.	Market Borrowing	124	130	164	147	186
2.	Loans from GOI	2	- 16	- 27	- 15	- 54
3.	Special Securities Issued to NSSF	0	56	22	9	6
4.	Loans from Financial Institutions	- 21	16	1	7	15
5.	Small Savings, PF. etc.	91	44	36	46	46
6.	Reserve Funds	6	^(b)	3	- 9	^(c)
7.	Deposits and Advances	18	162	- 4	194	233
8.	Suspense and Miscellaneous	37	- 9	19	- 37	58
9.	Remittances	1	- 4	5	- 1	16
10.	Increase (-)/Decrease (+) in Cash Balances	+ 55	- 201	- 145	- 127	- 71
11.	Increase or decrease in Ways & Means Advances	0	0	0	0	0
	Overall Deficit (1 to 11) (-)	- 313 (5.39)	- 178 (2.76)	- 74 (1.01)	- 214 (2.53)	- 435 (4.53)

Figures in brackets indicate the *per cent* to GSDP.

^(a) All these figures are net of disbursements/outflows during the year. ^(b) Rs. 0.36 crore only. ^(c) Rs. 0.20 crore only.

²¹ Primary deficit, defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the States during the course of the year.

There were fiscal deficit during the five year period ending 2008-09, which reached to its peak during 2008-09. During the current year, fiscal deficit increased by over 103 per cent (Rs. 214 crore) over previous year mainly due to decrease in revenue surplus by Rs. 60 crore and increase in capital expenditure by Rs. 139 crore. The fiscal deficit of Rs. 435 crore during 2008-09 was mainly met out from market borrowing (Rs 186 crore) and deposits and advances (Rs. 233 crore). The net market borrowing increased by 27 per cent over the previous year, thus increasing the interest burden in future. Though increase in capital expenditure indicated that the borrowed funds were being utilised for productive uses, the solution to the Government debt problem lies on the method of application of borrowed funds, i.e., whether they are absolutely being used efficiently and productively for capital expenditure which either provides returns directly or results in increased productivity of the economy in general which may result in increase in Government revenue.

1.9.3 Quality of Deficit/Surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit (**Table 1.30**) 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 1.30 : Primary Deficit/Surplus – Bifurcation of Factors

(Rupees in crore)

Year	Non-debt Receipt	Primary Revenue Expendi - ture	Capital Expendi - ture	Loans and Advances	Primary Expendi - ture	Primary Revenue Surplus	Primary Deficit (-)/ Surplus (+)
1	2	3	4	5	6 (3+ 4+5)	7 (2-3)	8 (2 -6)
2004-05	1,565	1,419	246	36	1,701	146	- 136
2005-06	1,766	1,483	259	11	1,753	283	+ 13
2006-07	2,159	1,704	320	6	2,030	455	+ 129
2007-08	2,458	2,064	392	27	2,483	394	- 25
2008-09	2,829	2,471	531	50	3,052	358	- 223

The bifurcation of the factors resulting into primary deficit or surplus of the State during the period 2004-09 reveals that throughout this period, the primary deficit was on account of capital expenditure incurred and loans and advances disbursed by the State Government. In other words, non-debt receipts of the State were enough to meet the primary expenditure²² requirements in the revenue account, rather left some receipts to meet the expenditure under the capital account. But the surplus non-debt

²² Primary expenditure of the State, defined as the total expenditure net of the interest payments, indicates the expenditure incurred on the transactions undertaken during the year.

receipts were not enough to meet the expenditure requirements under capital account resulting in primary deficit during 2004-05 and 2007-09. This indicates the extent to which the primary deficit has been on account of enhancement in capital expenditure which to some extent may be desirable to improve the productive capacity of the State's economy.

1.9.4 State's Own Revenue and Deficit Correction

It is worthwhile to observe the extent to which the deficit correction is achieved by the State on account of improvement in its own resources which is an indicator of the durability of the correction in deficit indicators. **Table 1.31** presents the change in revenue receipts of the State and the correction of the deficit during the last three years ending March 2009.

Table 1.31 : Change in revenue Receipts and Correction of Deficit

Parameters	2006-07	2007-08	(Per cent of GSDP)	
			2008-09	
			BE*	Actual
Revenue Receipts (a to d)	29.22	28.81	44.21	29.25
a. State's Own Tax Revenue	4.16	3.76	4.60	3.85
b. State's Own Non- tax Revenue	2.51	2.35	2.37	2.34
c. State's Share in Central Taxes and Duties	6.10	6.66	7.93	6.19
d. Grants-in-Aid	16.45	16.04	29.31	16.87
Revenue Expenditure	26.02	26.59	37.97	27.92
Revenue Surplus	3.21	2.22	6.23	1.33
Fiscal Deficit (-)	- 1.0	- 2.53	- 1.49	- 4.53

*Figures worked out taking into account the GSDP as per revised estimate (Rs. 8,375 crore).

Meghalaya adopted FRBM Act in November 2006 (details in **Appendix 1.2-Part B**). The State had also developed its own Fiscal Correction Path (FCP) detailing the structural adjustments required for mobilising additional resources and identifying areas where expenditure could be compressed, to achieve the targets set out in the MFRBM Act. As prescribed in this Act, the State Government had incorporated Macro Economic Statement, MTFP Statement and Fiscal Policy Strategy Statement in the Budget for the year 2008-09.

Table 1.31 shows that the percentage of revenue receipts relative to GSDP had marginally increased from 28.81 *per cent* in 2007-08 to 29.25 *per cent* in 2008-09, but lower than projection made in the budget estimate for the year. The State, however, failed to achieve the fiscal targets laid down in the FCP as well as in the Budget for the year 2008-09, as the year 2008-09 ended with a revenue surplus of Rs. 128 crore against Rs. 324 crore and Rs. 523 crore targeted in the FCP and Budget respectively. As per the MTFP Statement, during 2008-09, the State Government had expected to achieve 14.11 *per cent* of total revenue receipts as revenue surplus. Actual revenue surplus at Rs. 128 crore during 2008-09 was only 4.55 *per cent* of the total revenue receipts of the year.

The fiscal deficit relative to GSDP at 4.53 *per cent* far surpassed the target set in MTFP Statement for 2008-09 (1.56 *per cent*) and also the ceiling of 3 *per cent* to be achieved by 2008-09 as per the MFRBM Act.

1.10 Conclusion and Recommendations

Fiscal Correction Path

The fiscal position of the State viewed in terms of key fiscal parameters – revenue surplus, fiscal deficit and primary deficit has shown deterioration in 2008-09 relative to the previous year. Not only did the revenue surplus decline by Rs. 60 crore in 2008-09 but fiscal and primary deficits have increased by over two times and about nine times compared to the previous year. Moreover, the fiscal performance of the State vis-à-vis targets set in FCP as well as MFRBM Act and Budget indicate a dismal picture during the year. Central transfers comprising state's share of central taxes and grants-in-aid from the Government of India increased by Rs. 293 crore in 2008-09 and contributed around 79 per cent of the incremental revenue receipts during the year, indicating central transfers being the key in the increase in revenue receipts of the State. The total loss of revenue due to underassessment/short levy/non-levy of taxes, etc., which was in excess of 9 per cent of the State's own resources consisting of tax and non-tax revenue during 2008-09, indicates the presence of loopholes in resource mobilisation. Pending revenue arrears constituted over 24 per cent of tax revenue of the State during 2008-09.

The State should, therefore, make effort to increase tax compliance, collect revenue arrears and prune unproductive expenditure so that deficits are contained to the levels envisaged in the MFRBM Act, 2006. Efforts should also be made to return to the state of primary surplus and increase revenue surplus.

Expenditure Pattern

The expenditure pattern of the State reveals that the revenue expenditure as a percentage of total expenditure, though declined by 2.12 per cent in the current year, hovered around 85 per cent during the period (2004-09) leaving inadequate resources for expansion of services and creation of assets. Within the revenue expenditure, NPRE at Rs. 1,677 crore in 2008-09 constituted 63 per cent and remained significantly higher than the normatively assessed level of Rs. 1,442 crore by TFC for the year. Further, the salaries and wages, pensions, interest payments and subsidies continued to consume a major share of NPRE which was about 72 per cent during 2008-09. While the expenditure on non-plan salary and wage component under education sector (1.56 per cent) is well within the recommendation of the TFC, under health and family welfare sector the increase of 12.74 per cent far surpassed the recommendations of the TFC. The increase in non-salary (non-plan) expenditure under these two sectors is not encouraging inasmuch as 13.73 per cent and 27.86 per cent increase under education and health and family welfare sectors respectively are below the recommendations of the TFC.

Expenditure pattern under both the above sectors needs correction in the ensuing years. There is also need to give greater fiscal priority to the social sector expenditure and capital expenditure, as the State has a lower expenditure on these categories when compared to the ratio of aggregate expenditure to GSDP in respect of all States'/National Average.

Prevalence of Fiscal Deficit

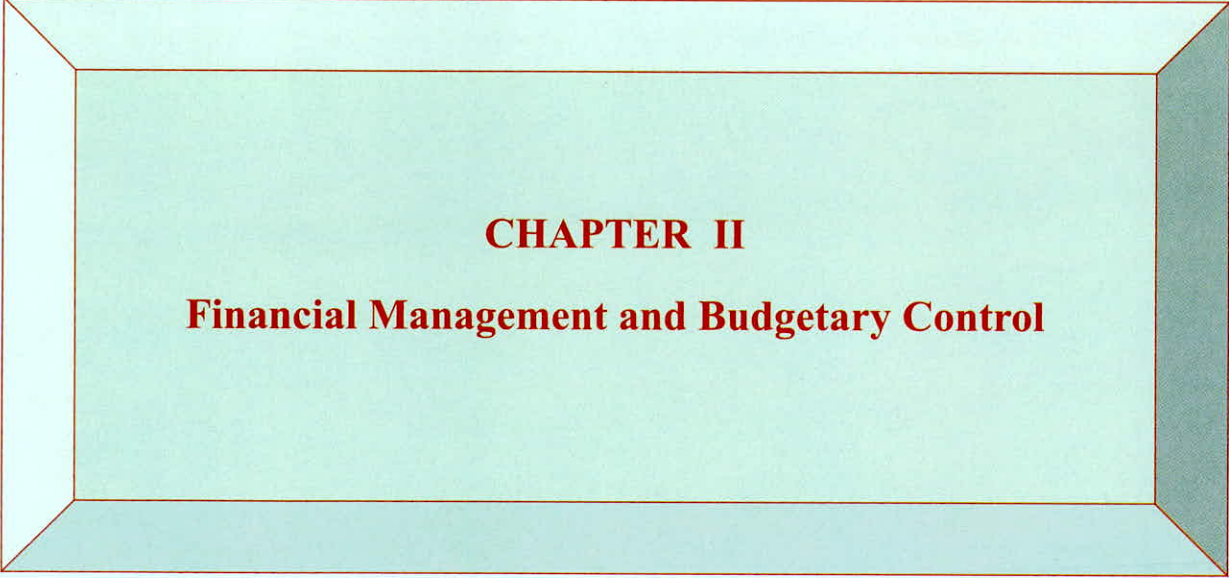
The prevalence of fiscal deficit indicates continued reliance of the State on borrowed funds, resulting in increasing fiscal liabilities of the State over this period, which stood at 37.18 per cent of the GSDP in 2008-09 and would further increase to 47.48 per cent after incorporating the contingent liabilities in the fold of total liabilities on Consolidated Fund of the State during the year and appears to be quite high especially if compared with the limit of 28 per cent prescribed in the MFRBM Act, 2006. The average return on investment in Statutory corporations, Government companies and Co-operative societies was less than one per cent during 2004-09, while the Government paid interest at an average rate of 6.32 per cent to 8.58 per cent on its borrowings during the period. The increasing fiscal liabilities accompanied by a negligible rate of return on Government investments and inadequate interest cost recovery on loans and advances might lead to an unsustainable fiscal situation in medium to long term, unless suitable measures are initiated to compress the non-plan revenue expenditure and to mobilize additional resources both through the tax and non tax sources in the ensuing years.

The State Government should ensure better value for money in investments, otherwise high cost borrowed funds will continue to be invested in projects with low financial return. Immediate steps need to be taken to restrict the debt-GSDP ratio as per commitment made in the MFRBM Act, 2006 (28 per cent).

Accounting of funds transferred to State Implementing Agencies

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

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



CHAPTER II

Financial Management and Budgetary Control

CHAPTER II

Financial Management and Budgetary Control

2.1 Introduction

2.1.1 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 thus facilitate management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

2.1.2 Audit of appropriations by the Comptroller and Auditor General of India 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 2008-09 against 58 Grants and five Appropriations was as given in **Table 2.1**:

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

(Rupees in crore)						
	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I. Revenue	2928.84	119.47	3048.31	2460.85	(-) 587.46
	II. Capital	611.32	92.83	704.15	531.01	(-) 173.14
	III. Loans and Advances	52.41	1.49	53.90	50.21	(-) 3.69
Total Voted		3592.57	213.79	3806.36	3042.07	(-) 764.29
Charged	IV. Revenue	251.63	0.46	252.09	231.24	(-) 20.85
	V. Capital	-	1.01	1.01	-	(-) 1.01
	VI. Public Debt-Repayment	169.52	-	169.52	168.72	(-) 0.80
Total Charged		421.15	1.47	422.62	399.96	(-) 22.66
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		4013.72	215.26	4228.98	3442.03	(-) 786.95

The overall saving of Rs. 786.95 crore was the result of saving of Rs. 894.52 crore in 49 Grants and 10 Appropriations under Revenue Section, 23 Grants and two Appropriations under Capital Section, offset by excess of Rs. 107.57 crore in six Grants under Revenue Section and one Grant and one Appropriation under Capital Section.

The savings/excesses (Detailed Appropriation Accounts) were intimated (August 2009) to the Controlling Officers requesting them to explain the significant variations. Out of 888 sub-heads, explanations for variation were not received in respect of 875 sub-heads (Saving: 711 sub-heads; Excess: 177 sub-heads). Department-wise position involving substantial amount of savings/excess for which reasons were not furnished is given in **Appendix 2.1**.

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 34 cases, savings exceeded Rs. 1 crore in each case or by more than 20 per cent of total provision (**Appendix 2.2**). Against the total savings of Rs. 894.52 crore, savings of Rs. 453.33 crore (51 per cent)¹ occurred in four cases relating to four Grants as indicated in **Table 2.2**.

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

(Rupees in crore)					
Number and name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
I. Revenue-Voted					
11- Other Taxes and Duties on Commodities and Services, etc.	393.01	0.36	393.37	288.33	105.04
21- Miscellaneous General Services, etc.	624.93	2.60	627.53	434.00	193.53
40-North Eastern Areas	90.52	-	90.52	24.93	65.59
Total Revenue-Voted	1108.46	2.96	1111.42	747.26	364.16
II. Capital-Voted					
40-North Eastern Areas	126.25	-	126.25	37.08	89.17
Total Capital-Voted	126.25	-	126.25	37.08	89.17
Grand Total	1234.71	2.96	1237.67	784.34	453.33

Reasons for excessive savings in the above cases had not been furnished (November 2009)

2.3.2 Persistent Savings

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

¹ Exceeding Rs. 50 crore in each case.

Table 2.3 : List of Grants indicating Persistent Savings during 2004-09**(Rupees in crore)**

Sl. No.	No. and Name of the grant	(Rupees in crore)				
		Amount of savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
Revenue-Voted						
1.	31-Labour and Employment	3.76 (39)	3.78 (38)	3.31 (32)	6.49 (46)	4.01 (31)
2.	34-Welfare of Scheduled Castes, etc.	14.29 (21)	36.81 (47)	56.68 (51)	82.90 (59)	45.33 (39)
3.	40-North Eastern Areas	19.26 (69)	33.99 (89)	37.11 (84)	43.00 (66)	65.59 (72)
4.	41-Census, Survey & Statistics	1.19 (23)	1.45 (27)	1.17 (21)	1.34 (22)	1.55 (23)
Revenue-Charged						
5.	4-Administration of Justice	1.18 (100)	1.12 (100)	1.20 (100)	1.41 (100)	1.73 (99)
Capital-Voted						
6.	39-Cooperation	4.50 (50)	5.03 (54)	2.35 (32)	4.16 (47)	3.81 (48)
7.	51-Housing, Nutrition, etc.	4.17 (60)	0.56 (56)	0.94 (94)	0.51 (51)	0.98 (79)
8.	56-Roads & Bridges, etc.	5.21 (6)	25.31 (23)	50.97 (33)	129.75 (53)	46.85 (23)

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

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

2.3.3 Excess Expenditure

In six cases, expenditure aggregating Rs. 107.46 crore exceeded the approved provisions by Rs. 1 crore or more in each case or by more than 20 per cent of the total provisions. Details are given in **Appendix 2.3**. Of these, in the following grants/heads (**Table 2.4**), excess expenditure by more than 20 per cent has been observed consistently for the last five years:

Table 2.4 : List of Grants indicating persistent excess expenditure during 2004-09**(Rupees in crore)**

(Rupees in crore)						
Sl. No.	No. and Name of the grant	Amount of Excess Expenditure				
		2004-05	2005-06	2006-07	2007-08	2008-09
Revenue-Voted						
1.	1-Parliament/State Union Territory Legislature	15.79	22.52	21.56	22.18	11.25
2.	24- Pension and other Retirement benefits	3.43	9.24	22.54	21.32	46.19
	Total	19.22	31.76	44.10	43.50	57.44

2.3.4 Expenditure without Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of Rs. 192.40 crore was incurred in 51 cases as detailed in **Appendix 2.4** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect. Significant cases of such expenditure involving expenditure in excess of Rs. 1 crore are given in **Table 2.5**.

Table 2.5 : Expenditure incurred without provision during 2008-09

(Rupees in lakh)

Grant/Appropriation No. – Major Head of Accounts - Sub-Head - Detailed Head	Expenditure without provision
21–Centrally Sponsored Schemes (CSS)–2202–80–(05) DIET Sixth Schedule (Part II) Areas	123.97
26 – 2210 – 01 – 001 – (01) Health Directorate – Sixth Schedule (Part II) Areas	117.21
26 – 2210 – 03 – 800 – (01) National Vector Borne Diseases Control Programme – General	100.20
40–2552–80–005–(03) Survey and Investigation of Power Projects–Sixth Schedule (Part II) Areas	397.00
40–2552–800– (01) Transmission–Sixth Schedule (Part II) Areas	1868.24
43 – 2401 – 115 – (04) Assistance to Small and Marginal Farmers Sixth Schedule (Part II) Areas	208.84
43 – 2401 – 001 – (01) Directorate of Agriculture – Sixth Schedule (Part II) Areas	125.37
43–2702–80–800–(10) NABARD Loan for construction of MIP Sixth Schedule (Part II) Areas	536.62
43 – 4702 – 103 – (01) Flow Irrigation Works – Sixth Schedule (Part II) Areas	490.00
50 – 2406 – 01 – 001 – (09) Twelfth Finance Commission (TFC) Award for maintenance of forests – Sixth Schedule (Part II) Areas	509.97
51 – 2505 – 01 – 701 – (03) Indira Awas Yojana – Sixth Schedule (Part II) Areas	538.26
56–3054–04–800–(03) Maintenance and Repairs of District Roads Sixth Schedule (Part II) Areas	6369.29
Appropriation – 2049 – 01 – 101 – Interest on Market Loans 8.46% Meghalaya Government Stock – 2018 – General	344.21
Appropriation – 2049 – 04 – 800 – (08) Interest on 20 years Consolidated Loan in terms of the recommendation of the TFC – General	1616.86
Appropriation – 6003 – 109 (iii)–Loans from HUDCO – General	1866.78
Appropriation – 6004 – Normal Central Assistance – General	839.84
Appropriation – 6004 – 101 - (08) 20 years Consolidated Loan in terms of TFC – General	1490.31

2.3.5 Excess over provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, the excess expenditure amounting to Rs. 818.30 crore for the years from 1971-72 to 2007-08 was yet to be regularised as detailed in **Appendix 2.5**.

2.3.6 Excess over provisions during 2008-09 requiring regularisation

Table 2.6 contains the summary of total excess in seven Grants and one Appropriation amounting to Rs. 107.57 crore over authorisation from the Consolidated Fund during 2008-09 and requires regularisation under Article 205 of the Constitution.

Table 2.6 : Excess over provisions requiring regularization during 2008-09

(Rupees in crore)

Sl. No.	Number and title of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess
Revenue – Voted				
1.	1-Parliament/State/ Union Territory	21.50	32.75	11.25
2.	4-Administration of Justice	4.80	10.90	6.10
3.	8-State Excise	5.06	5.15	0.09
4.	20-Other Administrative Services <i>etc.</i> , Capital Outlay on Public Works	15.36	16.74	1.38
5.	24-Pension and Other Retirement Benefits	125.57	171.76	46.19
6.	35-Social Security and Welfare	0.36	0.38	0.02
Capital - Voted				
1.	44-Medium Irrigation-II Works under Embankment and Drainage Wing, <i>etc.</i>	3.55	5.39	1.84
Capital – Charged				
1.	Loans and Advances from the Central Government	18.81	59.51	40.70
Total		195.01	302.58	107.57

2.3.7 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating Rs. 55.96 crore obtained in 16 cases (Rs. 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 two cases, supplementary provision of Rs. 1.51 crore proved insufficient by more than Rs. 1 crore in each leaving an aggregate uncovered excess expenditure of Rs. 17.35 crore (**Table 2.7**).

Table 2.7 : Insufficient Supplementary Provisions

(Rupees in crore)

Number and Name of Grant	Original Provision	Supplementary provision	Total	Expenditure	Excess
1-Parliament/State/Union Territory Legislature, Stationery and Printing, <i>etc.</i>					
Revenue – Voted	20.52	0.98	21.50	32.75	11.25
4-Administration of Justice Revenue-Voted	4.27	0.53	4.80	10.90	6.10
	24.79	1.51	26.30	43.65	17.35

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. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over Rs 10 lakh in 47 sub-heads (**Appendix 2.7**). The excess/saving was more than Rs. one crore in 14 sub-heads as detailed in **Table 2.8**.

Table 2.8 : Injudicious re-appropriation resulted in savings/excess of over Rs 1 crore

(Rupees in crore)

Grant Number	Description	Head of Account	Re-appropriation	Excess (+) Savings (-)
11	(05) Grants to SE (EAP) - General	2801	(-) 5.40	(-) 76.50
	01-Hydel Generation - 800 Other expenditure			
	(01) Grants-in-aid to the MeSEB - General	2801	(+) 11.93	(+) 76.50
21	(02) Expenditure on Secondary Schools under deficit system for Girls - General	2202	(+) 0.54	(-) 2.37
	(04) Expenditure on non-deficit Secondary Schools for Girls - Sixth Schedule (Part II) Areas	2202	(+) 0.07	(-) 1.08
	107-Scholarships - (17) Central post matric scholarship - General	2202	(-) 0.34	(-) 1.20
	103-Technical Schools – (02) Setting up of IIT/New Technical Institutions in PPP/Public Sector Mode – General	2203	(-) 0.71	(-) 9.29
27	01-Water Supply - 101 Urban Water Supply			
	(01) Each Schemes (Khasi) Sixth Schedule (Part II) Areas	4215	(-) 0.40	(-) 2.25
	(03) (Each Scheme Garo) Sixth Schedule (Part II) Areas	4215	(+) 0.40	(-) 1.25
40	(80) General - 005 Investigation - (03)Survey and Investigation of Power Projects - General	2552	(+) 0.40	(-) 2.10
	800-Other Expenditure - (01) Transmission - General	2552	(-) 1.20	(-) 18.68
	(05) Small Hydro Projects (SHPs) - General	2552	(-) 0.70	(-) 1.87
43	(02) District Offices Sixth Schedule (Part II) Areas	2401	(-) 0.03	(+) 5.32
45	(09) Integrated Wasteland Development Programme Sixth Schedule (Part II) Areas	2402	(-) 0.01	(-) 1.25
51	(10) Sampoorna Grameen Rozgar Yojana Sixth Schedule (Part II) Areas	2505	(-) 0.93	(-) 1.07

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 Rs.1,000 or more should be given. Scrutiny of re-appropriation orders under various head of accounts, however, revealed that the reasons for re-appropriation were not explained in detail. Reasons given for additional provision/withdrawal of provision in re-appropriation

orders in respect of 60 items (out of test-checked 63 items) were of general nature like “less requirement of funds”, “requirement of more funds”, “less expenditure”, “non-receipt of sanction”, *etc.* In respect of three items, reasons were not stated.

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 138 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision of Rs. 162.94 crore in these 138 schemes, Rs. 132.66 crore were surrendered, which included *cent per cent* surrender in 91 schemes (Rs. 81.37 crore). The details of 11 such cases involving surrender of entire provisions of Rs. 71.87 crore are given in **Appendix 2.8**.

2.3.11 Surrender in excess of actual saving

In two cases, the amount surrendered was in excess of actual savings indicating lack of or inadequate budgetary control in these departments. As against savings of Rs. 2.11 crore, the amount surrendered was Rs. 5.18 crore resulting in excess surrender of Rs. 3.07 crore (**Table 2.9**).

Table 2.9 : Cases of surrender in excess of savings

Number and name of Grant	Total Grant	Saving	(Rupees in crore)	
			Amount surrendered	Amount surrendered in excess
5 – Elections - Revenue - Voted	27.49	0.21	2.18	1.97
46 – Special Programmes for Rural Development - Revenue - Voted	22.77	1.90	3.00	1.10
Total	50.26	2.11	5.18	3.07

2.3.12 Anticipated savings not surrendered

As per Paragraph 152(iii) of the Budget Manual (Volume I), controlling officers are required to surrender to the Finance Department all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known and in any case by the 15th March at the latest. At the close of the year 2008-09, there were, however, 26 grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was Rs. 543.90 crore (69 *per cent* of the total savings) (**Appendix 2.9**).

Similarly, out of total savings of Rs. 670.38 crore under 24 other grants/appropriations (savings of Rs. 1 crore and above were indicated in each grant/appropriation) amount aggregated Rs. 616.29 crore (92 *per cent* of total savings) were not surrendered, details of which are given in **Appendix 2.10**. Besides, in 20 cases, (surrender of funds in excess of Rs. 1 crore), Rs. 283.05 crore were (**Appendix 2.11**) surrendered on the last working day of March 2009 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 2008-09, the expenditure during the fourth quarter and in the month of March compared to the total expenditure during the year ranged between 28 per cent and 77 per cent and 15 per cent and 69 per cent respectively in respect of 10 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 2008-09

(Rupees in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2009	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2015	27.29	17.30	63	15.70	58
2.	2055	171.66	70.06	41	38.59	22
3.	2202	402.97	176.10	44	110.16	27
4.	2210	118.63	36.44	31	20.86	18
5.	2211	12.45	3.50	28	1.81	15
6.	2215	76.89	22.24	29	18.19	24
7.	2235	23.74	10.72	45	7.38	31
8.	2401	82.06	63.52	77	56.99	69
9.	2403	35.37	16.83	48	11.65	33
10.	2515	151.51	66.84	44	37.16	25

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 Non-reconciliation of departmental figures

2.4.1 Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent 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. The total amount of DCC bills received during the period 1992-2009 was only Rs. 0.42 crore against the amount of AC bills of Rs. 13.24 crore leading to an outstanding balance of DCC bills of Rs. 12.82 crore as on 31 March 2009. Year-wise details are given in **Table 2.11**.

Table 2.11 : Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(Rupees in lakh)

Year	Amount of AC Bills	Amount of DCC bills	DCC bills as percentage of AC bills	Outstanding AC bills
1992	2.13	Nil	Nil	2.13
1994	6.28	Nil	Nil	6.28
1997	0.04	Nil	Nil	0.04
2000	7.24	Nil	Nil	7.24
2001	0.65	Nil	Nil	0.65
2004	0.40	Nil	Nil	0.40
2005	24.42	Nil	Nil	24.42
2006	127.39	1.49	1	125.90
2007	310.57	21.91	7	288.66
2008	837.30	16.45	2	820.85
2009	7.58	1.70	22	5.88
	1324.00	41.55	3	1282.45

Department-wise pending DCC bills for the years up to 2008-09 is detailed in **Appendix 2.12**.

2.4.2 Un-reconciled Expenditure

To enable Controlling Officers of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, Financial Rules stipulate 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. Even though non-reconciliation of Departmental figures is being pointed out regularly in Audit Reports, lapses on the part of controlling officers in this regard continued to persist during 2008-09 also. 27 controlling officers did not reconcile expenditure amounting to Rs. 1646.10 crore as of March 2009 (**Appendix 2.13**). Of these, amounts exceeding Rs. 10 crore in each case remained un-reconciled during 2008-09 in respect of 15 controlling officers as given in **Table 2.12**.

Table 2.12 : Amounts exceeding Rs. 10 crore in each case remained un-reconciled

(Rupees in crore)

Sl. No.	Controlling Officers	Number of Head of Accounts involved	Amount not reconciled
1.	Directorate of Industries	2851	16.34
		4854	10.00
2.	Directorate of Animal Husbandry and Veterinary	2403	35.37
3.	Director of Health Services (MI)	2210	113.96
4.	Director of Higher & Technical Education	2202	402.57
		2204	18.33
5.	Election Department	2015	27.29
6.	Director General of Police	2055	170.26
7.	Secretary, Legislative Assembly	2011	31.78
8.	Directorate of Housing	2216	24.86
9.	Secretary, Law Department	2014	10.25
10.	Secretary, District Administration	2053	11.60

Sl. No.	Controlling Officers	Number of Head of Accounts involved	Amount not reconciled
11.	Chief Engineer, PWD (Building) (works portion)	2059	13.00
		4059	44.46
12.	Chief Engineer, PWD(Roads)	2059	64.82
		3054	74.64
		5054	156.36
		4552	37.03
13.	Chief Engineer, PHE	2215	67.57
14.	Chief Engineer, Irrigation	2702	24.35
		4210	18.88
15.	Director of Accounts & Treasuries	2071	168.64
Total			1586.82

2.5 Outcome of review of selected Grant

A review on budgetary procedure and control over expenditure was conducted (October 2009) in respect of "Grant No. 21-Miscellaneous General Services, General Education, Technical Education, Sports and Youth Services, Art and Culture, Other Scientific Research, Census, Surveys and Statistics, Capital Outlay on Education, Loans for Education, Sports, Art and Culture" in which significant savings were noticed during 2008-09. Important points noticed during review are detailed below:

Against a budget provision of Rs. 627.53 crore (including supplementary provision of Rs. 2.60 crore) under the revenue head, the actual expenditure was Rs. 434 crore resulting in savings of Rs. 193.53 crore constituting 31 *per cent* of the total provision. In view of the final savings of Rs. 193.53 crore, the supplementary provision of Rs. 2.60 crore obtained under the grant was unnecessary.

Under capital account, no expenditure was incurred during the year resulting in savings of the entire provision of Rs. 0.19 crore.

Savings: Savings in the grant occurred mainly under the Centrally Sponsored Schemes (CSS). Against total provision of Rs. 151.37 crore for implementation of 29 CSS, Rs. 30.46 crore only was spent during the year resulting in savings of Rs. 120.91 crore which constituted 80 *per cent* of the provisions. In 23 cases (**Table 2.13**), the controlling officers could not utilise any part of the provisions made in the budget, indicating that the budget provisions were unrealistic.

Table 2.13 : Cases where no part of budget provision was utilised

Name of the Schemes	(Rupees in lakh)	
	Original provision	Savings
Assistance to non-Government Primary Schools - Sarva Shiksha Abhiyan	2000.00	2000.00
Pre-matric Scholarship for Minorities	25.00	25.00
Government Secondary Schools - Edusat Network	24.00	24.00
Assistance to non-Government Secondary Schools for Girls' Hostels	50.00	50.00
Assistance to non-Government Secondary Schools for Boys' Hostels for SC/ST	50.00	50.00
Assistance to non-Government Secondary Schools for Research and Training	250.00	250.00
Assistance to non-Government Secondary Schools for implementation of programme of vocationalisation of secondary education	150.00	150.00
Assistance to non-Government Secondary Schools for Edusat Network	20.00	20.00
Assistance to non-Government Secondary Schools for promotion of Hindi	50.00	50.00
Assistance to non-Government Colleges and Institutes for promotion of Hindi	50.00	50.00
Assistance to Non-Government Colleges and Institutes for teachers education	100.00	100.00
Assistance to non-Government Colleges and Institutes for Edusat Network	35.00	35.00
Assistance to Non-Government Colleges and Institutes for construction of Girls/Boys hostel for Scheduled Tribes	200.00	200.00
Training-Other Programme	200.00	200.00
Polytechnics-Edusat Network	20.00	20.00
Setting up of State Liason Cell for NSS	18.00	18.00
District Library at Tura	180.00	180.00
District Library at Nongstoin	180.00	180.00
District Library at Jowai	180.00	180.00
District Library at Baghmara	180.00	180.00
District Library at Nongpoh	180.00	180.00
District Library at Sohra	180.00	180.00
Promotion and strengthening of regional and local museums	217.80	217.80

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 is known by 15th of March of the latest for utilisation by the Finance Department for other purposes. No provision of the savings of Rs. 193.53 crore under the revenue heads as well as of Rs. 0.19 crore under capital head was surrendered during the year for fruitful utilisation of the funds.

Excess over provisions: Under 13 schemes, expenditure of Rs. 52.61 crore exceeded the budget provisions by Rs. 75.54 crore, reasons for which had not been furnished.

Significant cases of excess expenditure exceeding 100 per cent of budget provisions are given in **Table 2.14**.

Table 2.14 : Significant cases of excess expenditure exceeding 100 per cent of budget provisions

(Rupees in crore)			
Major Head and Name of the Schemes	Total provision	Actual expenditure	Excess (Percentage)
2202 – General Education - (01) – Elementary Education - 102 – Assistance to non-Government Primary Schools - (01) – Expenditure on maintenance of Primary Schools under deficit system – General	9.54	20.41	10.87 (114)
2202 – General Education - (03) – University and Higher Education - 104 – Assistance to non-Government Colleges and Institutions - (01) – Expenditure on Colleges under social system Sixth Schedule (Part II) Areas	3.74	11.36	7.62 (204)
2202 – General Education - (80) General - 003 – Training - (21) – Basic Training Centres - Sixth Schedule (Part II) Areas	1.23	3.71	2.48 (202)
2203 – Technical Education - 001 – Direction and Administration - (01) – Headquarters and Staff - General	0.31	0.83	0.52 (168)
2204–Sports and Youth Services-104–Sports and Games-(15) –Assistance for procurement of sports materials to various sports clubs/organisations Sixth schedule (Part II) Areas	0.26	1.71	1.45 (558)
	15.08	38.02	22.94

Expenditure without provision: As envisaged in Paragraph 95 of Budget Manual (Volume I), no expenditure under a head (minor or sub-head) against which, no provision exists can be incurred prior to provision of funds by re-appropriation sanctioned by a competent authority. It was, however, noticed that expenditure of Rs. 2.14 crore was incurred in the following cases without provisions being made in the original or supplementary demands and by re-appropriation:

Table 2.15 : Expenditure without provision

(Rupees in lakh)	
Head of accounts	Expenditure
CSS - 2202 – General Education (CSS) - (80) – General - 003 – Training - (05) – DIET – Sixth Schedule (Part II) Areas	123.97
2204 – Sports and Youth Services - 001 – Direction and Administration - (01) – Directorate of Sports – Sixth Schedule (Part II) Areas.	19.45
2202 – General Education - (01) – Elementary Education - 102 – Assistance to Non-Government Primary Schools - (07) – Mid-day meal Incentive to students – General	70.14
	213.56

Re-appropriation: Re-appropriation is a transfer of funds within a Grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. In nine cases, re-appropriation of funds were made injudiciously resulting in final excess/savings by more than Rs. 10 lakh in each case (Serial 6 of **Appendix 2.7**). Of these, in two cases additional funds of Rs. 60.82 lakh provided by

re-appropriation proved unnecessary in view of final savings of Rs. 3.45 crore (Table 2.16).

Table 2.16 : Unnecessary re-appropriation

(Rupees in lakh)					
Head of accounts	Original provision	Re-appropriation	Final Grant	Actual expenditure	Savings
2202-(02)-110-Assistance to Non-Government Secondary Schools - (02) Expenditure on Secondary Schools under deficit system for girls-General	1658.00	(+) 53.69	1711.69	1474.60	(-) 237.09
2202-(02)-110-Assistance to Non-Government Secondary Schools-(04) Expenditure on non-deficit Secondary Schools for Girls-Sixth Schedule (Part II) Areas.	730.00	(+) 7.13	737.13	629.62	(-) 107.51
Total	2388.00	(+) 60.82	2448.82	2104.22	(-) 344.60

The above instances depict the inadequate and ineffective budgetary and expenditure control mechanism in the Department/State Government.

2.6 Conclusion

During 2008-09, there was an overall saving of Rs. 786.95 crore, which was the result of saving of Rs. 894.52 crore offset by excess of Rs. 107.57 crore. The excess of Rs. 107.57 crore requires regularisation under Article 205 of the Constitution of India. Three grants, viz. 'North Eastern Areas', 'Welfare of Scheduled Castes, etc.' and 'Roads & Bridges, etc.' posted large savings persistently for the last five years. There were also instances of inadequate provision of funds and unnecessary/excessive re-appropriations. Rush of expenditure at the end of the year is another chronic feature noticed in the overall financial management. In many cases, the anticipated savings were either not surrendered or surrendered on the last day of the year leaving no scope for utilising these funds for other development purposes. Detailed bills were not submitted for large amount of advances drawn on abstract contingent bills. Budgetary controls should be strictly observed to avoid such deficiencies in financial management. Last minute fund releases and issuance of re-appropriation/surrender orders should be avoided.

CHAPTER III
Financial Reporting

CHAPTER III

Financial Reporting

A sound internal financial reporting with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing Utilisation Certificates

According to Rule 515 (Appendix 14) of the Meghalaya Financial Rules, 1981, unless otherwise rules 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 authority), if no time limit has been fixed by the sanctioning authority.

Department-wise position of utilisation certificates for the grants provided for specific purposes, though called for (October 2009) from the State Finance Department, had been received only in respect of one department, viz., Tourism Department. As per information furnished by the Director of Tourism, utilisation certificates for Rs. 12.14 crore provided as grants for 'Development of Circuit Tourism, Laitlyngkot-Pynursla-Pongtung-Mawlynnong-Pomshutta-Dawki' (Rs. 5.71 crore) and 'Development of Circuit Tourism, Barangpara-Gasuapara-Rongara-Mahadeo-Balpakram' (Rs. 6.43 crore) were outstanding for one year.

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 (DPC Act), the Government/Heads of the Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the

institutions. Information for the year 2008-09 called for in January 2009 from 19¹ departments was awaited as of November 2009.

The annual accounts of 17 autonomous bodies/ authorities due up to 2008-09 had not been received as of November 2009 by the Accountant General (Audit). The details of these accounts are given in **Appendix 3.1** and their age-wise pendency is presented in **Table 3.1**.

Table 3.1 : Age-wise arrears of Annual Accounts due from Government Bodies

(Rupees in lakh)

Sl. No.	Delay in Number of years	Number of the Bodies/Authorities	Grants Received		
			Year	Number of the Bodies/Authorities	Amount
1..	0 - 1	4	2007-08	3	25.72
2.	1 - 3	3	2005-06	1	4.64
			2006-07	2	86.86
3.	3 - 5	3	2008-09	2	7.39
4.	5 - 7	2	-	-	-
5.	7 - 9	1	2000-01	1	0.94
6.	9 & above	4	2007-08	2	2.75
		17		11	128.30

Out of 17 bodies/authorities, annual accounts in respect of four organisations, viz., Economic Development Society, Tura, Project Executive, District Rural Development Agency, Shillong, Meghalaya Supervision and Cadre Management Co-operative and Registrar of Co-operative Societies, Meghalaya were outstanding for the period ranging from 11 to 16 years.

3.3 Delay in submission of Accounts

Several autonomous bodies have been set up by the State Government in the field of khadi and village industries, urban development, *etc.* Of these, the audit of accounts of the Meghalaya Khadi and Village Industries Board (MKVIB) up to 2009-10 was entrusted to the Comptroller and Auditor General of India under Section 19(3) of the DPC Act. However, the annual accounts of the MKVIB for the year 2008-09, due for submission by June 2009, had not been furnished (December 2009).

¹ Agriculture, Education, Arts & Culture, Health & Family Welfare, Election, Co-operation, Industries, Fisheries, Border Areas Development, Information & Public Relation, Printing & Stationery, Sports & Youth Affairs, Mining & Geology, Housing, Finance, Municipal Administration, Community & Rural Development, Forest & Environment and Power Departments.

3.4 Misappropriations, losses, defalcations, etc.

According to Rule 112 of the Meghalaya Financial Rules, 1981 any defalcation or loss of public money or other property discovered in Government Treasury or other office or department, which is under the audit of the Accountant General, should be immediately reported to the Accountant General, even when such loss has been made good by the person responsible for it.

State Government reported 83 cases of misappropriation, defalcation, *etc.* involving Government money amounting to Rs. 1.66 crore up to the period March 2009 on which final action was pending. 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 3.2**.

Table 3.2 : Department-wise break up of pending cases

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
Education	-	-	-	-	1	0.03	1	0.03
General Administration	-	-	1	0.05	-	-	1	0.05
Public Works	4	4.20	1	0.22	2	0.75	7	5.17
Health & Family Welfare	1*	NA	1	0.26	1*+2	5.21	5	5.47
Home (Police)	-	-	2	0.21	-	-	2	0.21
Agriculture	1	0.23	1	0.44	-	-	2	0.67
Public Health Engineering	55	6.99	-	-	-	-	55	6.99
Legislative Assembly	-	-	1	3.34	-	-	1	3.34
Finance	1	1.20	1	0.92	2	102.24	4	104.36
Forest & Environment	1	2.14	-	-	-	-	1	2.14
Mining & Geology	-	-	1	16.55	-	-	1	16.55
Soil Conservation	1	2.17	-	-	-	-	1	2.17
Community & Rural Development	1	3.03	-	-	-	-	1	3.03
Printing & Stationery	1	15.76	-	-	-	-	1	15.76
Total	65+1*	35.72	9	21.99	1*+7	108.23	83	165.94

* Amount not intimated.

Age-profile of pending cases and the number of cases pending in each category (theft and misappropriation/loss) are summarised in **Table 3.3**.

Table 3.3 : Profile of Misappropriations, losses, defalcations, etc.

(Rupees 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	2	1.40	Theft	68	38.79
5 - 10	3	1.28			
10 - 15	37	129.36	Misappropriation/loss of material	22	135.00
15 - 20	20	13.57			
20 - 25	10	0.63	Total	90	173.79
25 & above	11	19.70	Cases of losses written off during the year	1	0.10
			Recovery during the year	6	7.75
Total	83	165.94	Total Pending Cases	83	165.94

A further analysis indicates that the reasons for which the cases were outstanding could be classified, for example, in the categories listed in **Table 3.4**.

Table 3.4 : Reasons for Outstanding cases of Misappropriations, losses, defalcations, etc.

(Rupees in lakh)

Reasons for the Delay/Outstanding Pending Cases		Number of cases	Amount
1.	Awaiting departmental and criminal investigation	54	27.27
2.	Departmental action initiated but not finalised	8	3.79
3.	Awaiting orders for recovery or write off	18	115.27
4.	Pending in the courts of law	3	19.61
Total		83	165.94

Out of Rs. 1.66 crore, the highest amount of theft, misappropriation and losses was Rs. 1.04 crore in Finance Department involving four cases, while the highest number of theft cases (55 cases) involving Rs. 6.99 lakh were pending in Public Health Engineering Department.

3.5 Conclusion

State Government's compliance with various rules, procedures and directives was unsatisfactory as evident from delay in furnishing utilisation certificates for grants given by Tourism Department and also non-submission of information regarding utilisation certificates by the Finance Department. There were instances of losses and misappropriations, which remained unsettled with various departments for period ranging from one to over 25 years. Departmental enquiries in such cases should be

expedited to bring the defaulters to book. Internal controls in all the organisations should be strengthened to prevent such cases in future.



(ONKAR NATH)
Accountant General (Audit)
Meghalaya

Shillong
The

25 फरवरी 2010
FEB 2010

Countersigned



(VINOD RAI)
Comptroller and Auditor General of India

New Delhi
The

25 फरवरी 2010
FEB 2010

APPENDICES

APPENDIX 1.1

Part A : Structure and Form of Government Accounts

(Reference: Page 1)

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

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

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

Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

Part B : Layout of Finance Accounts

Statement	Layout
Statement No.1	Presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements, <i>etc.</i> in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarised statement of capital outlay showing progressive expenditure to the end of 2008-09.
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, <i>etc.</i>
Statement No.4	Indicates the summary of debt position of the State which includes borrowing from internal debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, <i>etc.</i>
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans <i>etc.</i> raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2009.
Statement No.9	Shows the revenue and expenditure under different heads for the year 2008-09 as a percentage of total revenue/expenditure.
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No.11	Indicates the detailed account of revenue receipts by minor heads.
Statement No.12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head-wise.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of 2008-09.
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, <i>etc.</i> up to the end of 2008-09.
Statement No.15	Depicts the capital and other expenditure to the end of 2008-09 and the principal sources from which the funds were provided for that expenditure.
Statement No.16	Gives the detailed account of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of Meghalaya.
Statement No.18	Provides the detailed account of loans and advances given by the Government of Meghalaya, the amount of loan repaid during the year and the balance as on 31 March 2009.
Statement No.19	Gives the details of earmarked balances of reserve funds.

APPENDIX : 1.2 – Part A

Methodology Adopted for the Assessment of Fiscal Position

(Reference: Pages 1 & 18)

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 Product (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 mobilization 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 trends in GSDP for the last five years are indicated below:

Trends in Gross State Domestic Product

	2004-05	2005-06	2006-07	2007-08	2008-09
Gross State Domestic Product (Rupees in crore)	5,805	6,445	7,330	8,472 ⁽¹⁾	9,611 ⁽²⁾
Growth rate of GSDP	9.94	11.02	13.73	15.58	13.44

Source: GSDP figures (current prices) as furnished (July 2009) by the Directorate of Economics & Statistics, Government of Meghalaya.

Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CO/DE/ SSE-AE.

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AE-GSDP less than the national average, *i.e.*, if

$$\begin{aligned} \text{AE/GSDP} &= x \\ \text{AE} &= x * \text{GSDP} \dots\dots\dots(1) \end{aligned}$$

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and COAE, derive the respective DE, SSE and CO, so that no State is having these ratios less than national average, *i.e.*, if

$$\begin{aligned} \text{DE/AE} &= y \\ \text{DE} &= y * \text{AE} \dots\dots\dots(2) \end{aligned}$$

where y is the national average of DE-AE ratio

Substituting (1) in (2), we get

$$\text{DE} = y * x * \text{GSDP} \dots\dots\dots(3)$$

⁽¹⁾ Quick Estimates; ⁽²⁾ Advanced Estimates.

Wherever the States are having DE-AE, SSE-AE and CO-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and CO as per equation (3), respective per capita expenditure was calculated, *i.e.*,

$$PCDE = DE/P \dots\dots\dots(4)$$

where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4), we get

$$PDE = (y * x * GSDP)/P \dots\dots\dots(5)$$

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

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

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	$\text{Interest payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} / [(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
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 minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

APPENDIX : 1.2 – Part B

Fiscal Responsibility and Budget Management Act, 2006

(Reference: Para 1.9.3; Page 37)

The Fiscal Responsibility and Budget Management Act

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

- reduce fiscal deficit in each of the financial years beginning from 1st day of April 2006, in a manner that will enable the State to achieve fiscal deficit of 3 *per cent* of GSDP by 2008-09;
- ensure that total outstanding liabilities on the Consolidated Fund are not more than 28 *per cent* of the GSDP;
- restrict issuing of guarantees except on selective basis where the quality and viability of the scheme to be guaranteed is properly analysed;
- bring out an annual statement that gives a perspective on the State's economy and related fiscal strategy; and,
- bring out a special report along with the budget giving details of the number of employees in the Government, Public Sector Undertakings and aided institutions and related salaries, not later than two years from the date on which the Meghalaya Fiscal Responsibility Rules, 2006 came into force.

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

❖ Fiscal Policy Statements

As prescribed in the Act, the State Government had incorporated the following statements in the Budget for the year 2008-09:

- Macro Economic Statement giving an overview of the State economy.
- Medium Term Fiscal Policy (MTFP) Statement prescribing fiscal targets and assumptions for achieving them. The targets for the year 2008-09 were as under:

- Revenue surplus as a percentage of total revenue receipts:	14.11
- Total outstanding liabilities as a percentage of GSDP:	36.41
- Fiscal deficit as a percentage of GSDP:	1.56
- Fiscal Policy Strategy Statement of the State for the ensuing year relating to taxation, expenditure, borrowings, etc.

❖ Roadmap to Achieve the Fiscal Targets as laid down in FRBM Act/Rules

The State Government has also developed its own Fiscal Correction Path (FCP) detailing the structural adjustments required for mobilising additional resources and identifying areas where expenditure could be compressed, to achieve the targets set out in the MFRBM Act.

APPENDIX 1.3

Time Series Data on State Government Finances
(Reference: Pages 1, 5 & 29)

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
Part A - Receipts					
1. Revenue Receipts	1,546	1,747	2,142	2,441	2,811
(i) Tax Revenue	208 (13)	253 (15)	305 (14)	319 (13)	370 (13)
Taxes on Sales, Trade, etc.	127 (61)	173 (68)	216 (71)	235 (74)	282 (76)
State Excise	63 (31)	59 (23)	54 (18)	59 (18)	70 (19)
Taxes on Vehicles	7 (3)	9 (4)	9 (3)	11 (3)	13 (3)
Stamps and Registration fees	5 (2)	6 (3)	6 (2)	6 (2)	6 (2)
Land Revenue	0.29 (...)	0.33 (...)	6 (2)	2 (1)	0.50
Other Taxes	5.71 (3)	5.67 (2)	14 (4)	6 (2)	- 1.50
(ii) Non Tax Revenue	133 (9)	146 (8)	184 (9)	199 (8)	225 (8)
(iii) State's share of Union Taxes and Duties	269 (17)	350 (20)	447 (21)	564 (23)	595 (21)
(iv) Grants-in-aid from Government of India	936 (61)	998 (57)	1,206 (56)	1,359 (56)	1,621 (58)
2. Miscellaneous Capital Receipts	...	...	...	...	...
3. Total revenue and Non-debt capital receipts (1+2)	1,546	1,747	2,142	2,441	2,811
4. Recoveries of Loans and Advances	19	19	17	17	18
5. Public Debt Receipts	297	250	246	247	323
Internal Debt (excluding Ways and Means Advances and Overdrafts)	185 (62)	247 (99)	243 (99)	244 (99)	317 (98)
Net transactions under Ways and Means Advances and Overdraft	...	...	...	...	...
Loans and Advances from Government of India ⁽¹⁾	112 (38)	3 (1)	3 (1)	3 (1)	6 (2)
6. Total receipts in the Consolidated Fund (3+4+5)	1,862	2,016	2,405	2,705	3,152
7. Contingency Fund Receipts	...	...	...	...	...
8. Public Accounts Receipts	980	1,108	1,258	1,502	2,020
9. Total receipts of the State (6+7+8)	2,842	3,124	3,663	4,207	5,172
Part B - Expenditure/Disbursement					
10. Revenue Expenditure	1,596	1,674	1,907	2,253	2,683
Plan	476 (30)	491 (29)	566 (30)	721 (32)	1,006 (37)
Non-Plan	1,120 (70)	1,183 (71)	1,341 (70)	1,532 (68)	1,677 (63)
General Services (including Interest payments)	587 (37)	625 (37)	703 (37)	778 (35)	938 (35)
Social Services	558 (35)	555 (33)	614 (32)	753 (33)	805 (30)
Economic Services	451 (28)	494 (30)	590 (31)	722 (32)	940 (35)
11. Capital Expenditure	246	259	320	392	531
Plan	241 (98)	258 (99.61)	313 (98)	388 (99)	531 (100)
Non-Plan	5 (2)	1 (0.39)	7 (2)	4 (1)	(2)
General Services	8 (3)	11 (4)	16 (5)	28 (7)	48 (9)
Social Services	109 (44)	114 (44)	127 (40)	152 (39)	221 (42)
Economic Services	129 (53)	134 (52)	177 (55)	212 (54)	262 (49)
12. Disbursement of Loans and Advances	36	11	6	27	50
13. Total (10+11+12)	1,878	1,944	2,233	2,672	3,264
14. Repayments of Public Debt	192	63	86	99	169
Internal Debt (excluding Ways and Means Advances and Overdrafts)	82 (43)	44 (70)	56 (65)	82 (83)	109 (64)
Net transactions under Ways and Means Advances and Overdraft	...	...	...	...	...
Loans and Advances from Government of India ⁽¹⁾	110 (57)	19 (30)	30 (35)	17 (17)	60 (36)
15. Appropriation to Contingency Fund	...	...	...	...	...
16. Total disbursement out of Consolidated Fund (13+14+15)	2,070	2,007	2,319	2,771	3,433
17. Contingency Fund disbursements	...	...	...	...	...

(1) Includes Ways & Means Advances.

(2) Rs. 0.28 crore only.

	2004-05	2005-06	2006-07	2007-08	2008-09
18. Public Account disbursements	827	914	1,198	1,309	1,668
19. Total disbursement by the State(16+17+18)	2,897	2,921	3,517	4,080	5,101
Part C – Deficits					
20. Revenue Surplus (+) /Deficit (-) (1-10)	- 50	+ 73	+ 235	+ 188	+ 128
21. Fiscal Deficit (-) (3+4-13)	- 313	- 178	- 74	- 214	- 435
22. Primary Deficit (-)/Surplus (+) (21-23)	- 136	+ 13	+ 129	- 25	- 223
Part D - Other data					
23. Interest Payments (included in revenue expenditure)	177	191	203	189	212
24. Arrears of Revenue (Percentage of Tax and Non-tax Revenue Receipts) ⁽³⁾	38.45 (11)	37.71 (9.45)	91.96 (18.8)	56.07 (10.81)	89.82 (15.03)
25. Financial Assistance to local bodies, etc.	189	167	208	368	478
26. Ways and Means Advances/Overdraft availed (days)	2.57 (6)	92.34 (8)	Nil	Nil	Nil
27. Interest on WMA/Overdraft	0.0015	0.08	Nil	Nil	Nil
28. Gross State Domestic Product (GSDP) ⁽⁴⁾	5,805	6,445	7,330	8,472 ⁽⁵⁾	9,611 ⁽⁶⁾
29. Outstanding Fiscal Liabilities (year end)	2,173	2,566	2,762	3,141	3,573
30. Outstanding guarantees (year end) including interest	338	404	436	751	990
31. Maximum amount guaranteed (year end)	384.32	504.67	562.02	954.16	1,083.19
32. Number of incomplete projects	216	172	282	323	346
33. Capital blocked in incomplete projects ⁽⁷⁾	35.80 (80)	11.30 (24)	11.76 (43)	12.77 (44)	31.62 (21)
Part E – Fiscal Health Indicator (in per cent)					
I. Resource Mobilisation					
Own Tax Revenue/GSDP	3.58	3.93	4.16	3.77	3.85
Own Non-Tax Revenue/GSDP	2.29	2.27	2.51	2.35	2.34
Central Transfers/GSDP	20.76	20.92	22.55	22.70	23.06
II. Expenditure Management					
Total Expenditure/GSDP	32.35	30.16	30.46	31.54	33.96
Total Expenditure/Revenue Receipts	121.47	111.28	104.25	109.46	116.12
Revenue Expenditure/Total Expenditure	84.98	86.11	85.40	84.32	82.20
Expenditure on Social Services/Total Expenditure	35.52	34.41	33.18	33.87	31.43
Expenditure on Economic Services/Total Expenditure	30.88	32.30	34.35	34.96	36.83
Capital Expenditure/Total Expenditure	13.10	13.32	14.33	14.67	16.27
Capital Expenditure on Social and Economic Services/Total Expenditure	12.67	12.76	13.61	13.62	14.80
III Management of Fiscal Imbalances					
Revenue deficit (-) Surplus (+) / GSDP	- 0.86	+ 1.13	+ 3.21	+ 2.22	+ 1.33
Fiscal deficit (-) / GSDP	- 5.39	- 2.76	- 1.01	- 2.53	- 4.53
Primary Deficit (-) Surplus (+) / GSDP	- 2.34	+ 0.20	+ 1.76	- 0.30	- 2.32
Revenue Deficit/Fiscal Deficit	15.97	Revenue Surplus			
Primary Revenue Balance/GSDP	2.19	4.10	5.98	4.45	3.54
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	37.43	39.81	37.68	37.08	37.18
Fiscal Liabilities/RR	140.56	146.88	128.94	128.68	127.11
Primary deficit vis-à-vis quantum spread (Rupees in crore)	- 109	77	286	229	1
Debt Redemption (Principal +Interest)/ Total Debt Receipts	92.43	72.91	-	77.86	81.86
V Other Fiscal Health Indicators					
Return on Investment	0.11	0.01	0.01	0.01	0.01
Balance from Current Revenue (Rupees in crore)	- 142	- 19	77	23	- 34
Financial Assets/Liabilities (Ratio)	1.47	1.43	1.48	1.48	1.45

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

(3) In respect of some principal heads only.

(4) GSDP figures (current prices) as furnished (July 2009) by the Directorate of Economics & Statistics, Government of Meghalaya.

(5) Quick Estimates; ⁽⁶⁾ Advanced Estimates.

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

APPENDIX 1.4

Abstract of Receipts and Disbursements for the year 2008-09

(Reference: Paragraph 1.1; Page 1)

(Rupees in crore)

(Rupees in crore)								
2007-08	Receipts	2008-09	2007-08	Disbursements				2008-09
Section – A : Revenue								
	I. Revenue Receipts			I. Revenue Expenditure	Non-Plan	Plan	Total	
319.10	Tax Revenue ¹	369.44	778.27	General Services	902.87	34.65	937.52	937.52
199.35	Non-Tax Revenue	225.31	753.56	Social Services	478.20	326.72	804.92	804.92
564.07	State's Share of Union Taxes and Duties ²	595.23	422.83	Education, Sports, Art and Culture	260.72	172.92	433.64	
461.02	Non-Plan Grants	439.92	113.08	Health and Family Welfare	79.95	51.13	131.08	
645.42	Grants for State Plan Schemes	957.87	131.71	Water Supply, Sanitation, Housing and Urban Development	100.62	35.92	136.54	
182.44	Grants for Central Plan and Centrally Sponsored Plan Schemes	167.17	5.00	Information and Broadcasting	2.77	3.06	5.83	
69.98	Grants for Special Plan Schemes	55.70	11.74	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	8.35	8.58	16.93	
			7.63	Labour and Labour Welfare	5.75	3.06	8.81	
			58.73	Social Welfare and Nutrition	16.34	51.87	68.21	
			2.84	Others	3.70	0.18	3.88	
			721.84	Economic Services	296.19	644.15	940.34	940.34
			216.73	Agriculture and Allied Activities	107.93	142.08	250.01	
			132.05	Rural Development	14.61	181.79	196.50	
			22.26	Special Areas Programmes	...	24.93	24.93	
			19.35	Irrigation and Flood Control	10.63	14.35	24.98	
			137.71	Energy	11.70	224.46	236.16	
			69.12	Industry and Minerals	61.13	27.38	88.51	
			79.38	Transport	72.94	1.85	74.79	
			0.14	Science, Technology and Environment	0.15	³	0.15	
			45.10	General Economic Services	17.10	27.21	44.31	
2441.38	Total	2810.64	2253.67	Total	1677.26	1005.52	2682.78	2682.78
...	II. Revenue Deficit carried over to Section B	...	187.71	II. Revenue Surplus carried over to Section B	...	...	...	127.86
2441.38	Total	2810.64	2441.38	Total	1677.26	1005.52	2682.78	2810.64

¹ Excluding share of net proceeds of taxes and duties assigned to State.² Share of net proceeds assigned to State.³ Rs. 33,486 only.

2007-08	Receipts	2008-09	2007-08	Disbursements			2008-09	
Section – B : Others								
					Non-Plan	Plan	Total	
303.20	III. Opening Cash Balance including permanent advances and cash balance investment	430.41	...	III. Opening Overdraft from RBI	...	...	...	...
...	IV. Miscellaneous Capital Receipts	...	391.66	IV. Capital Outlay	0.28	530.73	531.01	531.01
			27.69	General Services	...	47.57	47.57	47.57
			152.48	Social Services	0.28	221.23	221.51	221.51
			5.69	Education, Sports, Art and Culture	...	4.69	4.69	
			36.08	Health and Family Welfare	0.28	19.99	20.27	
			107.68	Water Supply and Sanitation	...	137.01	137.01	
			2.52	Housing and Urban Development	...	58.35	58.85	
			0.51	Social Welfare and Nutrition	...	0.68	0.69	
			211.49	Economic Services	...	261.93	261.93	261.93
			13.36	Agriculture and Allied Activities	...	15.49	15.49	
			0.42	Rural Development	...	0.27	0.27	
			50.98	Special Areas Programmes	...	37.08	37.08	
			6.07	Irrigation and Flood Control	...	31.80	31.80	
			2.83	Industry and Minerals	...	14.44	14.44	
			137.83	Transport	...	162.80	162.80	
			...	General Economic Services	...	0.05	0.05	

2007-08	Receipts	2008-09	2007-08	Disbursements	2008-09
16.49	V. Recoveries of Loans and Advances	18.26	26.73	V. Loans and Advances Disbursed	50.21
...	From Power Projects ...		13.94	For Power Projects 43.14	
16.36	From Government Servants 18.12		7.18	To Government Servants 6.95	
0.13	From Others 0.14		5.61	To Others 0.12	
187.71	VI. Revenue Surplus brought down	127.86	...	VI. Revenue Deficit brought down	...
247.18	VII. Public Debt receipts	322.55	99.08	VII. Repayment of Public Debt	168.73
244.54	Internal debt other than Ways and Means Advances and Overdraft 316.42		81.74	Internal debt other than Ways and Means Advances and Overdraft 109.22	
...	Net transactions under Ways and Means Advances including Overdraft ...		...	Net transactions under Ways and Means Advances including Overdraft ...	
2.64	Loans and Advances from Central Government 6.13		17.34	Repayment of Loans and Advances to Central Government 59.51	
1502.20	VIII. Public Account Receipts	2020.33	1308.90	VIII. Public Account Disbursements	1667.82
101.46	Small Savings and Provident Funds 106.55		55.63	Small Savings and Provident Fund 60.97	
23.66	Reserve Funds 25.85		33.01	Reserve Funds 25.65 ⁴	
528.03	Deposits and Advances 814.35		333.51	Deposits and Advances 581.73	
(-) 18.67	Suspense and Miscellaneous ⁵ 9.69		17.98	Suspense and Miscellaneous ⁵ (-) 48.85	
867.72	Remittances 1063.89		868.77	Remittances 1048.32	
...	IX. Closing Overdraft from Reserve Bank of India	...	430.41	IX. Cash Balance at end	501.64
			6.12	Cash in Treasuries 9.89	
			(-) 65.54	Deposits with Reserve Bank (-) 60.59	
			(-) 0.34	Departmental Cash Balance (-) 0.14	
			490.17	Cash Balance Investment 552.48	
2256.78	Total	2919.41	2256.78	Total	2919.41

⁴ Includes disbursement on investment.

⁵ Excluding 'Other Accounts'.

APPENDIX 1.4 (concl.)

Summarised Financial Position of the Government of Meghalaya as on 31 March 2009

(Reference: Paragraphs 1.1 & 1.7.1; Pages 1 & 29)

(Rupees in crore)

As on 31 March 2008	Liabilities		As on 31 March 2009
...	External Debt		...
1773.21	Internal Debt		1980.41
1267.60	Market loans bearing interest	1453.92	
0.02	Market loans not bearing interest	0.02	
0.90	Loan from LIC	0.65	
504.69	Loans from other Institutions	525.82	
...	Ways and Means Advances	...	
...	Overdraft from Reserve Bank of India		
330.26	Loans and Advances from Central Government		276.89
5.37	Pre 1984-85 Loans	5.37	
14.57	Non-plan Loans	14.28	
288.71	Loans for State Plan Schemes	237.33	
0.21	Loans for Central Plan Schemes	0.19	
13.43	Loans for Centrally Sponsored Plan Schemes	12.41	
7.97	Loans for Special Schemes	7.31	
6.00	Contingency Fund		6.00
428.78	Small Savings, Provident Funds, etc.		474.36
595.31	Deposits		827.95
68.16	Reserve Funds		81.88
...	Remittance Balances		14.58
1538.25	Surplus on Government Accounts		1666.11
	(i) Revenue Surplus as on 31 March 2008	1538.25	
	(ii) Revenue Surplus for the year 2008-09	127.86	
4739.97			5328.18
	Assets		
3670.80	Gross Capital Outlay on Fixed Assets		4201.81
186.79	Investment in shares of Companies, Corporation, etc.	200.43	
3484.01	Other Capital Outlay	4001.38	
478.96	Loans and Advances		510.91
389.37	Loans for power projects	432.50	
29.87	Other Development Loans	29.85	
59.72	Loans to Government Servants and miscellaneous loans	48.56	
55.01	Investment of Earmarked Funds		68.53
1.34	Advances		1.35
96.47	Suspense and Miscellaneous Balances		37.94
6.00	Appropriation to Contingency Fund		6.00
0.98	Remittances		...
430.41	Cash		501.64
6.12	Cash in Treasuries	9.89	
(-) 65.54	Deposits with Reserve Bank of India	(-) 60.59	
(-) 0.34	Departmental Cash Balance	(-) 0.14	
...	Permanent Advances	...	
490.17	Cash Balance Investment	552.48	
4739.97			5328.18

Explanatory Notes to Appendices 1.3 and 1.4

1. The abridged accounts in the above Appendices have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the surplus/deficit on Government account, as shown in **Appendix 1.4** indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation in stock figure, *etc.*, do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payment made on behalf of the State and other pending settlement, *etc.*
4. There was a net difference of Rs. 58.16 crore between the figures reflected in the accounts {(-) Rs. 60.59 crore} and that intimated by the Reserve Bank of India {(-) Rs. 118.75 crore} due to (i) misclassification by Bank/Treasury (Rs. 56.14 crore) and (ii) non-receipt of details of adjustment made by RBI (Rs. 2.02 crore).

APPENDIX 1.5
Funds Transferred Directly to State Implementing Agencies
(Reference: Paragraph 1.2.2; Page 4)

(In Rupees)

Sl. No.	Programme/Scheme	Implementing Agency in the State	Funds transferred by the GOI
1.	Drugs Quality Control	Director of Health Services, Meghalaya	1400000
2.	Hospitals and Dispensaries under NRHM/Information, Education & Communication	State Health Society, Meghalaya	19582000
3.	Medicinal Plants	Social Forestry Division, West Khasi Hills & State Medicinal Plants Board, Meghalaya	1600000
4.	National Bamboo Mission	Member Secretary CEO, Shillong	35528000
5.	Strengthening of North Eastern Police Academy NEPA	Kedarmull Bimalkumar	41088
6.	Bioinformatics	St. Anthony College	500000
		St. Edmunds College	2000000
7.	Grand Challenge Programme	St. Anthony College	4200000
		St. Edmund College	4200000
		Lady Keane College	3500000
8.	Aside Assistance to States for Developing Export Infrastructure and Allied Activities	Meghalaya Industrial Development Corporation Ltd.	91700000
9.	Central Rural Sanitation Programme	District Water & Sanitation Mission, Drinking Water & Sanitation Committee, Ri-Bhoi, DC cum Chairman, East Garo Hills, South Garo Hills, East Khasi Hills, SGO MG305, Shillong	58480000
10.	National AIDS Control Programme	Meghalaya State AIDS Control Society	24395000
11.	National Rural Health Mission	Council for Economic & Social Research	226922
12.	NRHM, CSP	State Health Society, Meghalaya State Blindness Control Society & Bansara Eye Care Centre	28247567
13.	Not available (NA)	Meghalaya Leprosy Eradication Society	3117000
		Meghalaya State TB Control Society	49800000
14.	NA	State Health Society, Meghalaya	12340000
15.	Education in Human Values DHE	BPR Development Society, Laitumkhrah	100000
16.	Electronic Governance	Meghalaya IT Society	44125000
17.	Integrated Watershed Management Programme	SGO, Shillong, CGO, Director, UMAIM, DRDAs, Jaintia Hills and East Khasi Hills	10786691
18.	DRDA Administration	DRDAs	23766000
19.	Management Support to RD Programmes and Strengthening of District Planning Process in lieu of programmes	DRDAs, SGO, Director, NONGSDER	9304000
20.	National Rural Employment Guarantee Scheme	DRDAs	781630000
21.	Pradhan Mantri Gram Sadak Yojana	SGO	200500000
22.	Rural Housing IAY	DRDAs	213836100
23.	Swaranjayanti Gram Swarozgar Yojana	DRDAs	26975000
24.	Sarva Shiksha Abhiyan	SSA State Mission Authority	944036000
25.	Support to NGOs Institutions SRCs for Adult Education and Skill Development Merged Schemes of NGOs JSS SRCs	State Resource Centre, Shillong	4771844
26.	State Science and Technology Programme	State Council of Science Tech Environment	883760
27.	National Project for Livestock Development	State Implementing Agency, Meghalaya	6534000
28.	DFID Project for Capacity Building for Poverty Reduction/Training Activities and Capacity Building for Project Appraisal	Meghalaya Administrative Training Institute	3721500
29.	MPs Local Area Development Scheme	Deputy Commissioners	60000000

Sl. No.	Programme/Scheme	Implementing Agency in the State	Funds transferred by the GOI
30.	National Afforestation Programme	West Garo Hills FDA/Jaintia Hills SF/West Khasi Hills/South Garo SF/Ri-Bhoi FDA	46900000
31.	Pollution Abatement	Meghalaya State Pollution Control	350000
32.	Research & Development for Construction and Development	Laitbah Union College	189163
33.	Strengthening of Institutions including NIFTEM	Meghalaya Industrial Development Corporation Ltd./ State Nodal Agency	500000
34.	Technology Upgradation Establishment Modernisation of Food Processing Industries	Megha Cashew Pvt Ltd	13000000
35.	Upgradation of Quality of Street Food	Shillong Municipal Board	130000
36.	Swarna Jayanti Shahari Rojgar Yojana	Meghalaya Urban Development Authority	19074000
37.	Urban Statistics for HR and Assessment	USHA	600000
38.	Rajiv Gandhi Udyami Mitra Yojana	Director of Industries, Meghalaya	25000
39.	GRID Interactive Renewable Power	Meghalaya State Electricity Board	8034000
40.	Information Publicity and Extension/ OFF GRID DRPS/ Renewable Energy for Rural Applications for all villages/remote villages	Meghalaya Non Conventional Energy Development Agency	15679583
41.	Assistance to Voluntary Organisation for providing Social Defence Services including Prevention of Alcoholism and Drug Abuse	Khasi Jaintia Presbyterian Synod, Shillong	1232162
		Kripa Foundation, Shillong	642600
42.	Deen Dayal Disabled Rehabilitation Scheme	Society for the Welfare of Disabled/Montfort Center for Education/ Dwar Jingkrymen School for Children in need of Spe/ Bethani Society	7564900
43.	Handicrafts	MSEC, Shillong/ North Eastern Handicrafts & Handloom Development Corporation/ Seng Kynjoh Shaphrang Ki Kynthei, Meghalaya/ Women Group Multipurpose Coop Society/ Meghalaya Handloom and Handicrafts Development Corporation Ltd	5034163
44.	Handlooms	Meghalaya Apex Handloom Weavers and Handicrafts Coop Federation	598731
45.	Assistance to Institute of Hotel Managements, Food Crafts Institutes etc.	Secretary, FCI Society, Tura/ IHM Society	29800000
46.	Capacity Building for Service Providers	IHM Society	1000000
47.	Grant in aid to NGOs and for coaching students for competitive Examinations	RK Mission Ashram, Cherrapunjee & Laitumkhrah	55163155
48.	Vocational Training Centre in Tribal Areas	Nongkrem Youth Development Association	1398000
49.	Welfare of Working Children in need of Care and Protection	Providence Childrens Home	453060
50.	Promotion of National Integration/ Promotion of Youth Activities & Training	BP Rural Development Society	71688
51.	Youth Hostel	Youth Hostel, Shillong	72000
52.	Strengthening of North Eastern Police Academy (NEPA)	Joint Director, NEPA, Spare Auto Centre, Stanley Roy Construction, etc.	4327834
Total			3137895711

Source: e-LEKHA portrait of Controller General of Accounts.

APPENDIX 1.6

Outlay-Outcome Relationship During the Financial Year 2008-09 - Government of India's Flagship Programmes

(Reference Paragraph 1.5.3; Page 23)

Sl. No.	Programme/ Scheme	Financial Outlays and Expenditure (Rupees in crore)		Physical Achievement/Outcome of the Programme			
		Outlay Budgeted/ Allocated	Actual expenditure	Performance Indicator	Unit of measurement	Physical Targets	Achievement/ Outcome
1.	Rural Roads (PMGSY)	-	103.43	Length of Road Constructed	km.	-	-
2.	Rural Housing (IAY)	8.80	6.32	Houses constructed	Nos.	10,235	5,590
3.	Drinking Water (PHE) State Sector RWSP	45.00	51.05	Habitations covered	Nos.	581	319
4.	Irrigation - AIBP	23.05	23.04	Number of Schemes recommended/approved	Nos.	31 ongoing 44 newly sanctioned	3
5.	Rural Electrification (RGGVY)	104.78	16.28	Villages electrified	Nos.	174	90
6.	National Rural Health Mission (NRHM)	56.83	31.83	Training of ASHA	Nos.	6,180	3,279
				RKS grant to CHCs	Nos.	28	28
				RKS grant to PHCs	Nos.	103	103
				Untied Fund for Sub-Centres	Nos.	398	698
				Untied Fund for Village Health & Sanitation Committee, etc.	Nos.	6,180	6,180
7.	Jawaharlal Nehru National Urban Renewal Mission (JNNURM)	58.05	58.05	Urban Infrastructure & Governance, Basic Service to the Urban Poor, Urban Infrastructure Development of Small & Medium Towns, Integrated Housing & Slum Development Programmes	Nos.	Seven Projects	Three projects under progress & four projects to be started
8.	National Rural Employment Guarantee Act (NREGA)	21.61	9.23	Employment generated	Lakh person-days	150.00	86.28
9.	Sarva Shiksha Abhiyan (SSA)	166.13	107.95	(i) New Schools (primary & Upper Primary)	Nos.	795	795
				(ii) New Teachers (Primary & Upper Primary)	Nos.	2,186	2,186
				(iii) Schools grant, etc.	Nos.	8,877	8,877
10.	Mid Day Meal (MDM)	25.94	21.94	(i) Schools (LP & UP) & EGS Centres	Nos.	10,074	10,074
				(ii) Enrolment	Nos.	43,4940	43,4940
11.	Integrated Child Development Scheme (ICDS)	79.26	47.38	(i) ICDS Projects.	Nos.	39	39
				(ii) Anganwadi Centres.	Nos.	3,388	3,337
				(iii) Beneficiaries	Nos.	5,89,975	4,62,143
12.	Accelerated Rural Water Supply Programme - Central Sector	57.79	74.51	Habitations covered	Nos.	1,300	791
13.	Total Sanitation Campaign (TSC)	10.75	6.44	(i) Individual Household Latrines constructed	Nos.	22,000	30,004
				(ii) School Toilets	Nos.	1,000	549
				(iii) Sanitary Complex	Nos.	35	20
				(iv) Balwadi Toilets	Nos.	50	37
		657.99	557.45				

Source: Information furnished (September 2009) by the Directorate of Programme Implementation and Evaluation, Government of Meghalaya.

APPENDIX 2.1

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

(Reference: Paragraph 2.2; Page 42)

(Rupees in crore)

Name of Department	Number & Name of Grant/Appropriation	Savings (-) Excess (+)
Assembly Secretariat	1-Parliamentary/State/Union Territory Legislature, Stationery and printing, capital Outlay on Stationery and Printing Revenue – Voted	(+) 11.25
Personnel	2 - Governor, Capital Outlay on Housing Capital - Charged	(-)1.01
Chief Minister's Secretariats' & Secretariat Administration	3 – Council of Ministers, other Administrative Services, etc. Revenue - Voted	(-) 1.60
Law	4 – Administration of Justice Revenue Voted Revenue – Charged	(+) 6.10 (-) 1.73
Taxation	9 – Taxes on Sales, Trade etc., Other Taxes and Duties on Commodities and Services Revenue Voted	(-) 1.30
Transport	10 - Taxes, on Vehicles, Other Administrative Services etc., Revenue – Voted	(-) 1.74
Power (Electricity)	11-Other Taxes and Duties on Commodities and Services, etc. Revenue – Voted Capital – Voted	(-) 105.04 (-) 1.96
Finance	13 - Secretariat General Services, etc Revenue – Voted	(-) 24.81
Personnel	14 – District Administration Revenue – Voted	(-) 1.08
Home Police	16 – Police, Other Administrative Services etc., Housing, Capital Outlay on Police Revenue – Voted	(-) 5.54
Home (Jails)	17 – Jails Revenue – Voted	(-) 1.57
Printing & Stationery	18–Stationery and Printing, Capital Outlay on Stationery and Printing, Capital Outlay on Housing Revenue – Voted	(-) 1.52
Public Works	19 – Secretariat General Services, Public Works, etc. Revenue – Voted	(-) 4.64
Education, Sports & Youth Affairs & Arts & Culture	21– Miscellaneous General Services, etc. Revenue – Voted	(-) 193.53
General Administration, Transport & Communication and Political	22 – Other Administrative Services etc., Housing Revenue – Voted	(-) 2.30
Finance	24 - Pensions and other Retirement Benefits Revenue – Voted	(+) 46.19
Health & Family Welfare	26 – Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, etc. Revenue – Voted Capital – Voted	(-) 26.09 (-) 1.05
Public Health Engineering	27 - Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, Capital Outlay on Housing, Revenue – Voted Capital – Voted	(-) 12.47 (-) 16.48
Urban Development	29 - Urban Development, Capital outlay on Housing, Capital Outlay on Urban Development, etc. Revenue – Voted	(-) 13.09
Labour	31 – Labour and Employment Revenue – Voted	(-) 4.01
District Council Affairs & Social Welfare	34 – Welfare of Schedule Castes/Schedule Tribes and Other Backward Classes, etc. Revenue – Voted Capital – Voted	(-) 45.33 (-) 14.07

Name of Department	Number & Name of Grant/Appropriation	Savings (-) Excess (+)
Planning	38 – Secretariat Economic Services Revenue – Voted	(-) 36.51
Co-operation	39–Co-operation, Capital Outlay on Co-operation, <i>etc.</i> Revenue – Voted Capital - Voted	(-) 7.90 (-) 3.81
Agriculture, Animal Husbandry & Veterinary Industries, <i>etc.</i>	40 – North Eastern Areas, (Special Areas Programme), Capital Outlay on North Eastern Areas Revenue – Voted Capital - Voted	(-) 65.59 (-) 89.17
Planning	41 – Census, Survey and Statistics Revenue – Voted	(-) 1.55
Agriculture	43 – Housing, Crop Husbandry, <i>etc.</i> Revenue – Voted Capital – Charged	(-) 21.76 (-) 1.82
Public Works	44 – Medium Irrigation-II-Works under Embankment and Drainage Wing-PWD, <i>etc.</i> Capital - Voted	(+) 1.84
Soil Conservation	45 – Housing, Soil and Water Conservation, Agricultural Research and Education Revenue – Voted	(-) 13.43
Border Areas Development, Agriculture, Co-operation, PW, Education & Soil Conservation	46 – Special Programmes for Rural Development Revenue – Voted	(-) 1.90
Animal Husbandry and Veterinary	47 – Housing, Animal Husbandry, Agricultural Research and Education Revenue – Voted	(-) 4.91
Animal Husbandry and Veterinary	48 – Housing, Dairy Development Revenue – Voted	(-) 2.38
Fisheries	49 – Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, Capital Outlay on Fisheries Revenue – Voted	(-) 2.11
Forest	50- Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Revenue – Voted	(-) 13.92
Community & Rural Development	51– Housing, Crop Husbandry, <i>etc.</i> Revenue – Voted	(-) 15.56
Public Works	56 – Roads and Bridges, Capital Outlay on Roads and Bridges Revenue – Voted Capital – Voted	(-) 10.42 (-)46.85
Finance	Appropriation – Interest Payment Revenue - Charged	(-) 18.38
Finance	Appropriation – Internal Debt of the State Government Capital – Charged	(-) 41.49

APPENDIX 2.2

Statement of various grants/appropriations where saving was more than Rs. 1 crore or more than 20 per cent of the total provision

(Reference: Paragraph 2.3.1; Page 42)

(Rupees in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
1.	3	Council of Ministers, Other Administrative Services, <i>etc.</i> Revenue – Voted	6.35	1.60	25
2.	4	Administration of Justice Revenue – Charged	1.74	1.73	99
3.	9	Taxes on Sales, Trade, <i>etc.</i> Other Taxes and duties on commodities and Services Revenue – Voted	7.50	1.30	17
4.	10	Taxes on vehicles, Other Administrative Services, <i>etc.</i> Revenue – Voted	22.84	1.74	8
5.	11	Other Taxes and Duties on Commodities and Services, <i>etc.</i> Revenue – Voted Capital – Voted	393.37 45.10	105.04 1.96	27 4
6.	13	Secretariat General Services, Secretariat Social Services, Secretariat Economic Services, capital outlay on Other Communication Services Revenue – Voted	71.64	24.81	35
7.	14	District Administration Revenue – Voted	12.68	1.08	9
8.	15	Treasury and Accounts Administration Revenue – Voted	10.11	1.50	15
9.	16	Police, Other Administrative Services, <i>etc.</i> Revenue – Voted	192.57	5.54	3
10.	17	Jails Revenue – Voted	5.79	1.57	27
11.	18	Stationery and Printing, Capital outlay on Stationery and Printing, Housing Revenue – Voted	11.14	1.52	14
12.	19	Secretariat General Services, Public Works, <i>etc.</i> Revenue – Voted	110.18	4.64	4
13.	21	Miscellaneous General Services, General Education, <i>etc.</i> Revenue – Voted	627.53	193.53	31
14.	22	Other Administrative Services, <i>etc.</i> , Housing Revenue – Voted	13.27	2.30	17
15.	26	Medical and Public Health, Family Welfare, <i>etc.</i> Revenue – Voted Capital-Voted	157.17 19.93	26.09 1.05	17 5
16.	27	Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, Capital Outlay on Housing, Revenue – Voted Capital – Voted	89.71 154.44	12.47 16.48	14 11
17.	29	Urban Development, Capital outlay on Housing, Capital Outlay on Urban Development, Loans Under Urban Development Revenue – Voted	32.83	13.09	40
18.	31	Labour and Employment Revenue-Voted	12.82	4.01	31

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
19.	34	Welfare of Schedule Caste/Schedule Tribe and Other Backward Classes, <i>etc.</i> Revenue – Voted Capital – Voted	116.81 14.76	45.33 14.07	39 95
20.	38	Secretariat Economic Services Revenue – Voted	52.86	36.51	69
21.	39	Co-operation, Capital Outlay on Co-operation Revenue-Voted Capital – Voted	16.41 7.96	7.90 3.81	48 48
22.	40	North Eastern Areas, (Special Areas Programme), Capital Outlay on North Eastern Areas Revenue – Voted Capital – Voted	90.52 126.25	65.59 89.17	72 71
23.	41	Census, Survey and Statistics Revenue-Voted	6.86	1.55	23
24.	43	Housing, Crop Husbandry, Agricultural Research and Education, <i>etc.</i> Revenue – Voted Capital -Charged	134.47 29.03	21.76 1.82	16 6
25.	45	Housing, Soil and Water Conservation, Agriculture Research and Education Revenue – Voted	63.98	13.43	21
26.	46	Special Programmes for Rural Development Revenue- Voted	22.77	1.90	8
27.	47	Housing, Animal Husbandry Revenue-Voted	43.95	4.91	11
28.	48	Housing, Diary Development Revenue- Voted	7.15	2.38	33
29.	49	Housing, fisheries, Agricultural Research, Revenue- Voted	10.99	2.11	19
30.	50	Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Revenue – Voted	68.20	13.92	20
31.	51	Housing, Crop Husbandry, Special Programme for Rural Development, <i>etc.</i> Revenue – Voted	189.85	15.56	8
32.	56	Roads & Bridges, Capital Outlay on Roads and Bridges Revenue – Voted Capital – Voted	85.21 205.64	10.42 46.85	12 23
33.	Appropriation	Interest Payments Revenue - Charged	230.42	18.38	8
34.	Appropriation	Internal Debt of the State Government Capital - Charged	150.71	41.49	28

APPENDIX 2.3

Statement of various grants/appropriations where excess expenditure was more than Rs. 1 crore each or more than 20 per cent of the total provision

(Reference: Paragraph 2.3.3; Page 43)

(Rupees in crore)

Sl. No.	Grant No.	Name of the Grant/Appropriation	Total Grant/Appropriation	Excess expenditure	Percentage of excess expenditure
1.	1	Parliament/State/Union Territory Legislature, Stationery and printing, capital Outlay on Stationery and Printing Revenue-Voted	21.50	11.25	52
2.	4	Administration of Justice Revenue-Voted	4.80	6.10	127
3.	20	Other Administrative Services, etc., Capital Outlay on Public Works Revenue-Voted	15.36	1.39	9
4.	24	Pensions and other Retirement Benefits Revenue-Voted	125.57	46.19	37
5.	44	Medium Irrigation-II-Works under Embankment and Drainage Wing-PWD, etc. Capital-Voted	3.55	1.84	52
6.	Appropriation	Loans & Advances from the Central Government Capital-Charged	18.81	40.69	216
			189.59	107.46	

APPENDIX 2.4

Statement showing expenditure without provision

(Reference: Paragraph 2.3.4; Page 44)

(Rupees in lakh)

Sl. No.	Grant/Appropriation No. – Major Head of Accounts - Sub-Head - Detailed Head	Expenditure without provision
1.	4 – 2014 – 102 – (02) High Courts/Bench Office – Sixth Schedule (Part II) Areas	639.82
2.	8 – 2039 – 001 – (01) Headquarters Establishment – Sixth Schedule (Part II) Areas	7.78
3.	16 – 4055 – 207 – (01) – Construction of Administrative Buildings for the State Police/Police Station and Outpost - General	11.00
4.	16 – 4055 – 211 – (02) – Construction of Residential Buildings for Police Accommodation/ Facilities under Modernisation of State Police Force – Sixth Schedule (Part II) Areas	16.95
5.	21 – 2202 – 01 – 102 – (07) Mid Day Meal Incentive to students – General	70.14
6.	21–Centrally Sponsored Schemes (CSS)–2202–80–(05) DIET–Sixth Schedule (Part II) Areas	123.97
7.	21 – 2204 – 001 (01) – Directorate of Sports - Sixth Schedule (Part II) Areas	19.45
8.	22–2070–800–(01) Expenditure on Independence Day and Republic Day Celebration–General	25.42
9.	26 – 2210 – 01 – 001 – (01) Health Directorate – Sixth Schedule (Part II) Areas	117.21
10.	26 – 2210 – 03 – 800 – (01) National Vector Borne Diseases Control Programme – General	100.20
11.	26 – 2210 – 03 – 110 – (02) Establishment of TB Centres and isolation beds – Sixth Schedule (Part II) Areas	47.90
12.	26 – 2211 – 200 – (01) Conventional Contraceptives – General	20.07
13.	26 – 2210 – 01 – 110 – (10) Establishment of Psychiatric Clinic – Sixth Schedule (Part II) Areas	16.20
14.	26 – 4210 – 04 – 106 – (03) Renovation and improvement of Pasteur Institute – Sixth Schedule (Part II) Areas	38.53
15.	27–2215–01–800–(08) Urban Water Supply Scheme (Garo)–Sixth Schedule (Part II) Areas	27.09
16.	30–2220–60–001–(01) Directorate of Information and Public Relation–Sixth Schedule (Part II) Areas	9.02
17.	31 – 2230 – 03 – 003 – (02) Strengthening of Introduction of New Trades/Additional Units and Modernisation of Existing Trades of ITIs – Sixth Schedule (Part II) Areas	88.54
18.	31 – CSS - 2230 – 02 – 101 – (01) Employment Exchange at Jowai/Shillong & Sohra/Tura – Sixth Schedule (Part II) Areas	19.23
19.	34 – 4235 – 02 – 800 – (02) Construction of District Social Welfare Officers' office building and staff quarters - General	17.98
20.	36–2235–60–104 – (01) Government Provident Fund – General & Sixth Schedule (Part II) Areas	34.82
21.	38 – 3451 – 800 (19) Grants-in-aid to Voluntary Agencies/NGO – Sixth Schedule (Part II) Areas	65.00
22.	39 – 2425 – 106 - (02) Assistance for staff PACS – Sixth Schedule (Part II) Areas	18.97
23.	39 – 2425 – 106 - (01) Scheme for Integrated Co-operative Development Project in selected districts – Sixth Schedule (Part II) Areas	36.54
24.	40–2552–80–005–(03) Survey and Investigation of Power Projects–Sixth Schedule (Part II) Areas	397.00
25.	40–2552–800–(01) Transmission–Sixth Schedule (Part II) Areas	1868.24
26.	43 – 2401 – 001 – (06) Multiple Cropping – Sixth Schedule (Part II) Areas	10.09
27.	43 – 2401 – 107 – (05) Plant Protection including IPM – Sixth Schedule (Part II) Areas	15.15
28.	43 – 2401 – 113 – (05) Supply of Power Tillers/Power Pumps to non-Border Farmers at subsidized rates – General	16.45
29.	43 – 2401 – 115 – (04) Assistance to Small and Marginal Farmers Sixth Schedule (Part II) Areas	208.84
30.	43 – 2401 – 119 – (22) Establishment of large size horticulture nurseries – General	48.00
31.	43 – 2401 – 001 – (01) Directorate of Agriculture – Sixth Schedule (Part II) Areas	125.37
32.	43–2702–80–800–(10) NABARD Loan for construction of MIP – Sixth Schedule (Part II) Areas	536.62
33.	43 – 4702 – 103 – (01) Flow Irrigation Works – Sixth Schedule (Part II) Areas	490.00

Sl. No.	Grant/Appropriation No. – Major Head of Accounts - Sub-Head - Detailed Head	Expenditure without provision
34.	43 – 4702 – 103 – (02) Drip & Sprinkle Irrigation – Sixth Schedule (Part II) Areas	20.00
35.	43 – 4401 – 800 – (01) Construction of Administrative Building – Sixth Schedule (Part II) Areas	38.51
36.	47–2403–102–(11) Cross Breed Cattle Project Kyrdemkulai/Jowai–Sixth Schedule (Part II) Areas	13.54
37.	47–2403–103–(13) Regional Poultry Breeding Farm, Kyrdemkulai–Sixth Schedule (Part II) Areas	24.31
38.	47–2403–105–(11) Regional Pig Breeding Farm, Kyrdemkulai–Sixth Schedule (Part II) Areas	30.46
39.	50 – 2406 – 01 – 001 – (09) Twelfth Finance Commission (TFC) Award for maintenance of forests – Sixth Schedule (Part II) Areas	509.97
40.	51 – 2505 – 01 – 701 – (03) Indira Awas Yojana – Sixth Schedule (Part II) Areas	538.26
41.	56–3054–04–800–(03) Maintenance and Repairs of District Roads–Sixth Schedule (Part II) Areas	6369.29
42.	60 – 7610 – 201 – (01) Advances to State Government Servants - General	6.95
43.	Appropriation – 2049 – 01 – 101 – Interest on Market Loans 8.46% Meghalaya Government Stock – 2018 – General	344.21
44.	Appropriation – 2049 – 04 – 800 – (08) Interest on 20 years Consolidated Loan in terms of the recommendation of the TFC – General	1616.86
45.	Appropriation - 6003 – 106 – Compensation and other Bonds 8.5% Meghalaya Government Power Bond October 2008 – General	69.95
46.	-Do- October 2008 – General	69.95
47.	Appropriation - 6003 – 109 (iii)–Loans from HUDCO – General	1866.78
48.	Appropriation - 6004 – (a) Funds for externally aided projects – General	13.33
49.	Appropriation - 6004 – Normal Central Assistance – General	839.84
50.	Appropriation - 6004 – Externally aided projects – General	89.46
51.	Appropriation - 6004 – 101- (08) 20 years Consolidated Loan in terms of TFC – General	1490.31
	Total	19239.57

APPENDIX 2.5

Excess over provision of previous years requiring regularisation

(Reference: Paragraph 2.3.5; Page 44)

(Rupees in crore)

Year	Number of Grant/ Appropriation	Grant(s)/Appropriation(s) numbers	Amount of excess	Stage of consideration by PAC
1971-72	4	64, 79, 80, 88	0.08	Not considered during 2008-09.
1972-73	3/1	12, 16, 71/ Interest on Debt and other obligations	0.26	
1973-74	2	10, 64	0.01	
1974-75	4	13, 15, 29, 54	0.05	
1975-76	3/1	13, 29, 82/Governor	0.07	
1976-77	4/1	29, 32, 54, 62/Interest Payment	0.10	
1977-78	3/1	7, 13, 54/Governor	0.07	
1978-79	2	3, 22	0.05	
1979-80	2	13, 22	0.03	
1980-81	4/1	13, 20, 30, 39/Governor	0.09	
1981-82	7/1	13, 14, 20, 28, 31, 34, 37/Governor	0.37	
1982-83	12/2	3, 5, 14, 19, 20, 22, 24, 26, 27, 31, 37, 55/Governor, Administration of Justice	7.29	
1983-84	8	3, 8, 27, 31, 37, 40, 45, 56	3.30	
1984-85	12	9, 10, 18, 20, 22, 24, 25, 27, 30, 43, 59, 64	3.15	
1985-86	9/2	7, 8, 17, 18, 24, 27, 37, 38, 64/ Administration of Justice, Loans and Advances from Central Government	4.70	
1986-87	10	7, 8, 9, 24, 25, 27, 29, 39, 55, 56	0.95	
1987-88	11/1	1, 11, 13, 16, 20, 24, 28, 36, 38, 48, 54/ Public Service Commission	1.78	
1988-89	6/1	9, 15, 20, 24, 36, 54/ Public Service Commission	0.71	
1989-90	9/1	8, 11, 22, 24, 29, 36, 41, 48, 54/ Police	4.37	
1990-91	10	9, 18, 24, 26, 28, 36, 37, 53, 54, 58	2.44	
1991-92	12	5, 7, 8, 9, 18, 24, 26, 30, 33, 36, 54, 61	2.56	
1992-93	11/2	5, 7, 8, 9, 13, 20, 24, 26, 33, 49, 54 / Internal Debt of State Government, Governor	30.31	
1993-94	7/3	6, 8, 20, 24, 26, 40, 53 / Internal Debt of State Government, Loans and Advances, Public Service Commission	263.13	
1994-95	4/3	20, 24, 53, 60/Interest Payment, Public Service Commission, Internal Debt	183.34	
1995-96	5/2	1, 14, 24, 47, 53 /Parliament/ State/Union Territory Legislature, Water Supply and Sanitation	4.34	
1996-97	14/2	1, 3, 5, 7, 9, 14, 20, 21, 22, 24, 29, 36, 41, 53 / Governor, Administration of Justice	7.94	
1997-98	10/1	1, 6, 7, 8, 9, 15, 18, 20, 24, 25 / Governor	6.23	
1998-99	5	1, 2, 6, 11, 24	22.82	
1999-2000	2/1	9, 18/Governor	0.17	
2000-01	2/3	1, 40 / 1, 2, 4	3.92	
2001-02	3/2	1, 18, 35/ 1, 2	1.76	
2002-03	4/3	11, 26, 35, 56/ 1, Internal Debt of the State Government, Loans & Advances from Central Government	22.10	
2003-04	3/2	1, 20, 56/1 and Loans & Advances from Central Government	30.18	
2004-05	5/2	1, 7, 19, 24, 56/ 1, Loans and Advances from the Central Government	36.74	
2005-06	5/4	1, 16, 24, 54, 56/ 1, 36, Public Service Commission, Internal Debt of the State Government.	34.69	
2006-07	6/2	1, 4, 8, 20, 24, 40/1, Loans and Advances from the Central Government	65.41	
2007-08	8/1	1, 4, 8, 16, 20, 24, 26, 40 /1	72.79	
Total			818.30	

APPENDIX 2.6

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

(Reference: Paragraph 2.3.7; Page 45)

(Rupees in lakh)

Sl. No.	Number & name of Grant	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
A - Revenue (Charged)					
1.	1-Parliament/State/Union Territory Legislature, Stationery and printing, etc.	54.01	43.96	10.05	20.00
2.	4 - Administration of Justice	147.47	0.83	146.64	26.48
	Total	201.48	44.79	156.69	46.48
A - Revenue (Voted)					
1.	11-Other Taxes and Duties on Commodities and Services, etc. Revenue - Voted	39301.00	28832.61	10468.39	35.65
2.	18-Stationery and Printing, etc. Revenue - Voted	1084.00	961.78	122.22	30.00
3.	21-Miscellaneous General Services, General Education, etc. Revenue - Voted	62492.52	43399.69	19092.83	260.00
4.	22-Other Administrative Services etc., Housing Revenue - Voted	1197.80	1097.69	100.11	129.55
5.	26-Medical and Public Health, Family Welfare, etc. Revenue - Voted	15484.94	13108.17	2376.77	232.30
6.	27-Water Supply and Sanitation, Housing, etc. Revenue - Voted	7911.00	7724.23	186.77	1060.15
7.	38-Secretariat Economic Services Revenue - Voted	5271.00	1635.14	3635.86	14.65
8.	43-Housing, Crop Husbandry, Agricultural Research and Education, etc. Revenue - Voted	12364.00	11271.16	1092.84	1083.34
9.	50-Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Revenue - Voted	6228.81	5428.56	800.25	591.26
10.	51-Housing, Crop Husbandry, Special Programmes for Rural Development, etc. Revenue - Voted	18508.63	17428.22	1080.41	475.94
	Total	169843.70	130887.25	38956.45	3912.84
B - Capital					
1.	2-Governor, Capital Outlay on Housing Capital - Voted	-	-	-	100.52
2.	26-Medical and Public Health, etc. Capital - Voted	1963.00	1888.34	74.66	30.00
3.	27-Water Supply and Sanitation, etc. Capital - Voted	14734.00	13796.41	937.59	710.00
4.	56-Roads & Bridges, Capital Outlays on Roads and Bridges Capital - Voted	19767.96	15878.84	3889.12	795.77
	Total	36464.96	31563.59	4901.37	1636.29
	Grand Total	206510.14	162495.63	44014.51	5595.61

APPENDIX 2.7

Excess/Unnecessary/Insufficient re-appropriation of funds

(Reference: Paragraph 2.3.8; Page 46)

(Rupees in lakh)

Sl. No.	Grant Number	Description	Head of Account	Re-appropriation	Excess (+) Savings (-)
1.	4	105-Civil and Session Courts - (01) District and Sessions Judges Including Munsif Courts <i>etc.</i> General	2014	(+) 3.21	(-) 11.15
		114-Legal Advisers and Counsels - (01) Advocate General & Additional Advocate General & their Offices - General	2014	(+) 6.81	(-) 13.61
2.	9	101-Collection Charges - (01) District Level Offices Sixth Schedule (Part II) Areas	2040	(+) 3.32	(-) 40.39
3.	11	(05) Grants to SE (EAP) - General	2801	(-) 540.00	(-) 7650.00
		01-Hydel Generation - 800 Other expenditure (01) Grants-in-aid to the MeSEB - General	2801	(+) 1193.00	(+) 7650.00
4.	14	001-Direction and Administration - (01) Payment due to MeSEB/Municipal Board Sixth Schedule (Part II) Areas.	2053	(+) 27.00	(-) 27.80
		093-District Establishments-(01) D.C's Establishment - Sixth Schedule (Part II) Areas	2053	(+) 19.77	(-) 10.53
5.	17	(09) Strengthening of Jails Services (Admn) Sixth Schedule (Part II) Areas	2056	(+) 17.00	(-) 36.12
6.	21	(02) Expenditure on Secondary Schools under deficit system for Girls - General	2202	(+) 53.69	(-) 237.09
		(04) Expenditure on non-deficit Secondary Schools for Girls - Sixth Schedule (Part II) Areas	2202	(+) 7.13	(-) 107.51
		(08) Promotion of Hindi in Non-Government Schools for boys and Girls Sixth Schedule (Part II) Areas	2202	(-) 2.82	(-) 14.46
		(13) Government College Sixth Schedule (Part II) Areas	2202	(-) 39.25	(-) 76.29
		107-Scholarships - (17) Central post metric scholarship - General	2202	(-) 34.13	(-) 119.87
		103-Technical Schools – (02) Setting up of IIT/New Technical Institutions in PPP/Public Sector Mode – General	2203	(-) 70.61	(-) 929.39
		110-Assistance to Non-Government Secondary Schools - (01) Expenditure on Secondary Schools under deficit system for boys Sixth Schedule (Part II) Areas	2202	(+) 69.32	(+) 60.69
		02-Secondary Education – 109-Government Secondary Schools – (03) Special Schools Sixth Schedule (Part II) Areas	2202	(+) 7.00	(+) 23.15
		105-Polytechnics – (01) Shillong Polytechnic – General	2203	(+) 5.02	(+) 34.45
7.	22	115-Guest Houses, Government Hostels <i>etc.</i> - (02) Meghalaya House, Kolkata - General	2070	(-) 15.00	(-) 15.59
		(01) Meghalaya House, New Delhi - General	2070	(-) 15.00	(+) 28.72
8.	27	01-Water Supply - 052 Machinery and Equipment - (01) Acquisition and Maintenance of Machinery, Equipment, Tools and Plants Sixth Schedule (Part II) Areas	2215	(-) 32.10	(-) 41.40
		01-Water Supply - 001 Direction and Administration - 02 Divisional & Subordinate Offices - Sixth Schedule (Part II) Areas	2215	(+) 32.10	(+) 44.72
		01-Water Supply - 101 Urban Water Supply (01) Each Schemes (Khasi) Sixth Schedule (Part II) Areas	4215	(-) 40.00	(-) 224.75
		(03) (Each Scheme Garo) Sixth Schedule (Part II) Areas	4215	(+) 40.00	(-) 124.71

Sl. No.	Grant Number	Description	Head of Account	Re-appropriation	Excess (+) Savings (-)
9.	34	Social Welfare-106-Correctional Services-(03) Implementation of Children Act- Establishment of Juvenile Guidance Centre Sixth Schedule (Part II) Areas	2235	(-) 0.79	(-) 15.76
10.	39	001 Direction and Administration - (01) Head Quarters Organisation - General	2425	(-) 5.70	(-) 11.63
		001-Direction and Administration - (02) District Organisation - Sixth Schedule (Part II) Areas	2425	(-) 19.30	(-) 27.85
		200-Other Investment - (16) Construction and maintenance of Office building - General	4425	(-) 2.00	(-) 17.63
		108 Investment in other Co-operatives - (19) Share Capital Contribution to Primary Consumer Cooperatives - Sixth Schedule (Part II) Areas	4425	(+) 2.00	(+) 15.00
11.	40	119-Horticulture and Vegetables Crops - (04) Scheme on Area Expansion of Strawberry in Meghalaya - General	2552	(-) 50.79	(-) 24.21
		(80) General - 005 Investigation - (03)Survey and Investigation of Power Projects - General	2552	(+) 40.00	(-) 210.00
		800-Other Expenditure - (01) Transmission - General	2552	(-) 120.00	(-) 1868.24
		(05) Small Hydro Projects (SHPs) - General	2552	(-) 70.00	(-) 187.00
12.	43	(23) Tuber Crops Development (Potato/Tapioca/Colacacia) Sixth Schedule (Part II) Areas	2401	(-) 0.40	(-) 17.23
		(25) Experimental Tea Plantation - Sixth Schedule (Part II) Areas	2401	(+) 0.17	(-) 15.62
		(36) Fertilisers Distribution Sixth Schedule (Part II) Areas	2401	(-) 4.07	(-) 26.76
		(17) Development and Maintenance of Orchard-cum-Horticulture Nurseries Sixth Schedule (Part II) Areas	2401	(+) 2.06	(-) 24.06
		(02) District Offices - Sixth Schedule (Part II) Areas	2401	(-) 2.83	(+) 532.49
		800-Other Expenditure - (02) Construction and maintenance of Departmental Non Residential Building - Sixth Schedule (Part II) Areas	2401	(+) 50.00	(+) 11.73
		(01) Marketing and quality control - 101 Marketing facilities - (01) Agricultural marketing organisation including transport subsidy Sixth Schedule (Part II) Areas	2435	(-) 0.42	(+) 12.71
13.	45	(09) Integrated Wasteland Development Programme Sixth Schedule (Part II) Areas	2402	(-) 1.14	(-) 125.49
14.	47	102-Cattle and Buffalo Development - (06) Intensive Cattle Development Project - General	2403	(-) 0.89	(-) 20.65
15.	50	101 Forest Conservation, Development and Regeneration - (05) Forest Protection schemes and works - Sixth Schedule (Part II) Areas	2406	(-) 3.11	(-) 25.52
		01-Forestry - 102 Social and Farm Forestry - (04) Social Forestry - Sixth Schedule (Part II) Areas	2406	(-) 4.76	(+) 16.75
16.	51	(10) Sampurna Grameen Rozgar Yojana - Sixth Schedule (Part II) Areas	2505	(-) 93.16	(-) 106.84
		(03) Swarnjayanti Gram Swarozgar Yojana - Sixth Schedule (Part II) Areas	2501	(+) 93.16	(+) 32.40
		01-Government Residential Buildings - 700 Other Housing - (07) Construction and Renovation of Departmental Residential Buildings Sixth Schedule (Part II) Areas	4216	(-) 2.83	(-) 47.17
17.	57	103-Tourist Transport Service - (01) Transport facilities for Tourists - General	3452	(-) 0.99	(-) 23.93

APPENDIX 2.8

Results of review of substantial surrenders made during the year

(Reference: Paragraph 2.3.10; Page 47)

(Rupees in lakh)

Sl. No.	Number and title of Grant/Appropriation	Name of the Scheme (Head of Account)	Amount of surrender	Percentage of Surrender	Reasons attributed for surrender
1.	38-Secretariat Economic Services	State Contribution to Meghalaya Rural Development Society (3451)	486.85	100	Non-receipt of any proposal
2.	-Do-	Rainwater Harvesting Mission (3451)	1000.00	100	- Do -
3.	39-Co-operation, Capital Outlay on Other Agriculture Programmes, Loans for Co-Operation	Assistance to different Types of Co-operative Societies of ACA under RKVY Scheme of Government of India (2425)	200.00	100	Non-consideration of proposal by the Nodal Department
4.	-Do-	Assistance for Revival & Restructuring of Credit Structure in the State (2425)	500.00	100	The scheme was yet to come into its final shape of implementation
5.	-Do-	Share Capital Contribution to MECOFED for Minor Forest produce operation (4425)	250.00	100	Non-receipt of approval from Government of India
6.	-Do-	Loans to different types of Co-operative Societies out of NCDC financial Assistance (6425)	100.00	100	Proposal was not recommended for approval under the scheme
7.	40-North Eastern Areas, (Special Areas Programme), Capital Outlay on North Eastern Areas	Upgradation Eri/Mulberry Silkworm Seed Production Farm (2552)	100.00	100	Non-receipt of sanction from the North Eastern Council
8.	-Do-	Sericulture Youth Employment Development Programme (2552)	100.00	100	- Do -
9.	-Do-	Construction of Common Infrastructure Facility for silk Weaving Technology in four districts of Meghalaya (2552)	150.00	100	- Do -
10.	46-Special Programmes for Rural Development	Border Area Programmes under Public Works Department (2501)	300.00	100	Non-sanction of revised estimate
11.	Appropriation-Internal Debt of the State Government	Ways and Means Advances (6003)	4000.00	100	Less receipt of loan than anticipated
			7186.85		

APPENDIX 2.9

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

(Reference: Paragraph 2.3.12; Page 47)

(Rupees in crore)

Sl. No.	Grant No.	Name of Grant/Appropriation	Saving
1.	1	Parliamentary/State/Union Territory Legislature, Stationery and Printing, Capital Outlay on Stationery and Printing Revenue – Charged	0.30
2.	2	Governor, Capital Outlay on Housing Revenue – Charged	0.04
3.		Capital – Charged	1.01
4.	6	Land Revenue, Relief on Accounts of Natural Calamities, Other Social Services, other General Economic Services, Loans for Welfare of SC/ST, and OBC, Loans for other Social Services, Loans for Crop Husbandry Revenue – Voted	0.49
5.	10	Taxes, on Vehicles, Other Administrative Services, etc., Road Transport, Capital Outlay on Civil Aviation, Capital Outlay on Road Transport Revenue – Voted	1.74
6.		Capital – Voted	0.39
7.	15	Treasury and Accounts Administration Revenue – Voted	1.50
8.	17	Jails Revenue – Voted	1.57
9.	19	Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, Capital Outlay on Education, Capital Outlay on Medical and Public Health, Capital Outlay on Housing Revenue – Charged	0.05
10.	21	Miscellaneous General Services, General Education, Technical Education, Sports and Youth Services, Art and Culture, Other Scientific Research, Census Surveys and Statistics, Capital Outlay on Education, Loans for Education, Arts and Culture Revenue – Voted	193.53
11.		Capital - Voted	0.19
12.	26	Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, Capital Outlay on Family Welfare Revenue – Voted	26.09
13.		Capital – Voted	1.05
14.	27	Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, Capital Outlay on Housing Revenue – Voted	12.47
15.		Capital – Voted	16.48
16.	29	Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development, Loans under Urban Development Revenue – Voted	13.09
17.	31	Labour and Employment Revenue Voted	4.01
18.	34	Welfare of Schedule Caste/Schedule Tribe and Other Backward Classes, Social Security and Welfare, Nutrition, Capital Outlay on Social Security and Welfare, Loans for Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes Revenue – Voted	45.33
19.		Capital – Voted	14.07
20.	37	Other Social Services Revenue – Voted	0.005
21.	40	North Eastern Areas, (Special Areas Programme), Capital Outlay on North Eastern Areas Capital – Voted	89.17
22.	41	Census, Survey and Statistics - Revenue – Voted	1.55

Sl. No.	Grant No.	Name of Grant/Appropriation	Saving
23.	42	Housing, other General Economic Services Revenue – Voted	0.34
24.	43	Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Minor Irrigation, Capital Outlay on Housing, Capital Outlay on Crop Husbandry, Investments in Agricultural Financial Institutions, Capital Outlay on Minor Irrigation Revenue – Voted	21.76
25.		Revenue - Charged	0.10
26.		Capital -Voted	1.82
27.	44	Medium Irrigation-II-Works under Embankment and Drainage Wing-P.W.D. Medium, Flood Control and Drainage, Capital Outlay on Medium Irrigation, Capital Outlay on Flood Control Projects Revenue – Voted	0.07
28.	45	Housing, Soil and Water Conservation, Agriculture Research and Education Revenue – Voted	13.43
29.	47	Housing, Animal Husbandry, Agricultural Research and Education Revenue – Voted	4.91
30.	48	Housing, Dairy Development	2.38
31.	50	Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Capital – Voted	0.11
32.	51	Housing, Crop Husbandry, Special Programmes, for Rural Development, Rural Employment, other Rural Development Programmes, Capital Outlay on Housing, Capital Outlay on Other Rural Development Programmes Revenue – Voted	15.56
33.		Capital – Voted	0.98
34.	56	Roads and Bridges, Capital Outlay on Roads and Bridges Revenue – Voted	10.42
35.		Capital – Voted	46.85
36.	57	Tourism, Capital Outlay on Public Works, Capital Outlay on Tourism, Loans for Tourism Revenue – Voted	0.98
37.		Capital – Voted	0.06
		Total	543.895

APPENDIX 2.10

Details of saving of Rs. 1 crore and above not surrendered

(Reference: Paragraph 2.3.12; Page 47)

(Rupees in crore)

Sl. No.	Number and Name of Grant/Appropriation	Saving	Surrender	Saving which remained to be surrendered
1.	2 – Governor, Capital Outlay on Housing Capital – Charged	1.01	0	1.01
2.	4 – Administration of Justice Revenue – Charged	1.73	0.01	1.72
3.	10 – Taxes on Vehicles, Other Administrative Services <i>etc.</i> Revenue – Voted	1.74	0	1.74
4.	13 - Secretariat General Services, Secretariat Social Services, <i>etc.</i> Revenue – Voted	24.81	14.21	10.60
5.	15 – Treasury and Accounts Administration Revenue – Voted	1.50	0	1.50
6.	17 – Jails Revenue – Voted	1.57	0	1.57
7.	18 – Stationery and Printing, Capital Outlay on Stationery and Printing, Capital Outlay on Housing Revenue – Voted	1.52	0.44	1.08
8.	19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, <i>etc.</i> Revenue – Voted	4.64	2.62	2.02
9.	21 – Miscellaneous General Services, General Education, Technical Education, <i>etc.</i> Revenue – Voted	193.53	0	193.53
10.	26 – Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, Capital outlay on Family Welfare Revenue – Voted	26.09	0	26.09
	Capital – Voted	1.05	0	1.05
11.	27 - Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, Capital Outlay on Housing, Revenue – Voted	12.47	0	12.47
	Capital – Voted	16.48	0	16.48
12.	29 - Urban Development, Capital outlay on Housing, Capital Outlay on Urban Development, Loans Under Urban Development Revenue – Voted	13.09	0	13.09
13.	31 – Labour and Employment Revenue – Voted	4.01	0	4.01
14.	34 – Welfare of Schedule Castes/Schedule Tribes and Other Backward Classes, Social Security and Welfare Nutrition, <i>etc.</i> Revenue – Voted	45.33	0	45.33
	Capital – Voted	14.07	0	14.07
15.	40– North Eastern Areas, (Special Areas Programme), Capital Outlay on North Eastern Areas Revenue – Voted	65.59	24.11	41.48
	Capital – Voted	89.17	0	89.17
16.	41 – Census, Survey and Statistics Revenue – Voted	1.55	0	1.55

Sl. No.	Number and Name of Grant/Appropriation	Saving	Surrender	Saving which remained to be surrendered
17.	43 – Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programme, <i>etc.</i> Revenue – Voted	21.76	0	21.76
	Capital – Charged	1.82	0	1.82
18.	45 – Housing, Soil and Water Conservation, Agricultural Research and Education Revenue – Voted	13.43	0	13.43
19.	47 – Housing, Animal Husbandry, Agricultural Research and Education Revenue – Voted	4.91	0	4.91
20.	48 – Housing, Dairy Development Revenue – Voted	2.38	0	2.38
21.	50– Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Revenue – Voted	13.92	4.37	9.55
22.	51– Housing, Crop Husbandry, Special Programme, for Rural Development, <i>etc.</i> Revenue – Voted	15.56	0	15.56
23.	56 – Roads and Bridges, Capital Outlay on Roads and Bridges Revenue – Voted	10.42	0	10.42
	Capital – Voted	46.85	0	46.85
24.	Appropriation – Interest Payment	18.38	8.33	10.05
	Total	670.38	54.09	616.29

APPENDIX 2.11

Cases of surrender of funds in excess of Rs. 1 crore on 31 March 2009

(Reference: Paragraph 2.3.12; Page 47)

(Rupees in crore)

Sl. No.	Grant No. & Name	Head of Account	Amount surrendered	Percentage of total provision
1.	3 – Council of Ministers, Other Administrative Services <i>etc.</i>	2013	1.66	26
2.	5 – Elections	2015	2.18	8
3.	11 - Other Taxes and Duties on Commodities and Services, <i>etc.</i>	2045, 2501, 2801, 2810	105.04	27
4.		6801	1.96	4
5.	13 – Secretariat General Services, Secretariat Social Services, <i>etc.</i>	2052, 2251, 3451	14.21	20
6.	16 – Police, Other Administrative Services, <i>etc.</i> , Housing, Capital Outlay on Police	2055	5.92	3
7.	19 – Secretariat General Services, Public Works, Housing, <i>etc.</i>	2052, 2059, 2216	2.62	2
8.		4059, 4202, 4210, 4216	1.16	2
9.	22 – Other Administrative Services, <i>etc.</i> , Housing	2070, 2216	1.84	14
10.	24 - Pensions and other Retirement Benefits	2071	14.73	12
11.	36 – Miscellaneous General Services, Social Security and Welfare	2075, 2235	1.00	62
12.	38 – Secretariat Economic Services	3451	36.35	69
13.	39 – Co-operation, Capital Outlay on Co-operative	2425	7.99	49
14.	Outlay on Other Agriculture Programme, Loans for Co-Operation	4425, 4435, 6425	3.81	48
15.	40 - North Eastern Areas, (Special Areas Programme), Capital Outlay on North Eastern Areas	2552	24.11	27
16.	46 – Special Programme for Rural Development	2501	3.00	13
17.	49 – Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, <i>etc.</i>	2216, 2405, 2415	1.28	12
18.	50- Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife	2406, 2415	4.37	6
19.	Appropriation – Interest Payments	2049	8.33	4
20.	Appropriation - Internal Debt of the State Government	6003	41.49	28
			283.05	

APPENDIX 2.12

Details of outstanding Abstract Contingent Bills drawn between November 1992 and March 2009 and remaining outstanding till March 2009

(Reference: Paragraph 2.4.1; Page 49)

Sl. No.	Name of the Drawing and Disbursing Officer/Controlling Officers from whom Detailed Countersigned Contingent Bills are awaited	Month and year of drawal	Number of Abstract Contingent Bill	Amount (in rupees)
1.	Director of Information & Public Relation, Shillong	November 1992 December 1992 November 1994 March 2007 August 2007 October 2007	1 1 1 1 1 1	1,49,750 63,600 6,28,000 18,99,000 5,89,216 10,80,884
2.	Assistant Director of Information & Public Relation, Meghalaya	October 2006 December 2006 March 2007	1 1 1	1,50,000 9,00,000 1,49,299
3.	Deputy Commissioner, (Supply), South Garo Hills, Baghmara	March 2005 January 2006	1 1	75,000 85,857
4.	District Agricultural Officer, East Garo Hills, Williamnagar	March 2006 March 2007	1 1	48,750 60,000
5.	District Agriculture Officer, Nongpoh	March 2005	1	66,415
6.	Assistant Agricultural Engineer (Mech), Nongstoin	March 2007	1	1,00,000
7.	Director of Agriculture, Shillong	March 2004	1	39,750
8.	Principal, Basic Agricultural Training Centre, Shillong	March 2008	1	40,000
9.	Assistant Agriculture, Engineer (Mech) Shillong	March 2008	1	7,47,900
10.	District Training Officer, Farmers' Training, Sangsongiri, Tura	March 2007	1	1,50,000
11.	District Training Officer, Farmers' Training, Shillong	March 2008	1	1,50,000
12.	General Manager, DIC, Baghmara, South Garo Hills	March 2006	1	40,700
13.	General Manager, DIC, Shillong	March 2008	1	3,63,200
14.	Director of Tourism	March 2006	1	5,25,828
15.	DHS, (Research etc.), Shillong	March 2007	1	17,907
16.	Executive Engineer, Urban Affairs, Shillong	March 2000	1	7,00,000
17.	Superintendent of Police, Jaintia Hills, Jowai	September 1997	1	4,400
18.	Deputy Superintendent of Police, Nongstoin	June 2001	1	65,129
19.	Deputy Commissioner, West Garo Hills, Tura	March 2006 March 2008	1 1	15,00,000 4,00,000
20.	Deputy Commissioner, Baghmara, South Garo Hills	March 2007 August 2008 March 2009	1 1 1	14,41,022 4,05,500 5,08,000
21.	Secretary, Meghalaya Public Service Commission, Shillong	May 2000	1	24,330
22.	Deputy Commissioner, West Khasi Hills, Nongstoin	January 2005	1	23,00,000
23.	Additional Deputy Commissioner (E) East Garo Hills	March 2006 February 2006	1 1	19,85,000 24,00,000
24.	Under Secretary Chief/ (Election) Shillong	March 2006	1	6,00,000
25.	Deputy Commissioner (Election), Nongpoh	August 2008	1	6,98,000
26.	Additional Deputy Commissioner (Election), East Khasi Hills, Shillong (N)	March 2006 March 2008	1 1	25,00,000 1,16,00,000

Sl. No.	Name of the Drawing and Disbursing Officer/Controlling Officers from whom Detailed Countersigned Contingent Bills are awaited	Month and year of drawal	Number of Abstract Contingent Bill	Amount (in rupees)
27.	Sub-Divisional Officer (E), West Khasi Hills, Nongstoin	March 2006 March 2008 February 2009	1 1 1	4,00,000 1,00,000 80,000
28.	Additional Deputy Commissioner (Election), Mairang	March 2006	1	2,50,000
29.	Sub-Divisional Officer (E), Jaintia Hills District, Jowai	March 2006	1	4,00,000
30.	Deputy Commissioner (Election), South Garo Hills, Baghmara	March 2007	1	3,50,000
31.	Additional Deputy Commissioner, (Election), East Khasi Hills, Shillong	November 2006	1	6,54,000
32.	Deputy Commissioner, West Khasi Hills, Nongstoin	December 2006	1	1,50,000
33.	Under Secretary Election Department, Ex-Officio & Assistant Chief Electoral Officer, Meghalaya	February 2007 March 2008	1 1	2,30,28,625 1,62,10,670
34.	SDO, Sohra Civil Sub Division, Sohra	March 2008	1	2,00,000
35.	DC, J.H. District, Jowai	March 2008	1	53,91,150
36.	ADC, EG Hills, Resulbelpara	March 2008	1	6,06,000
37.	Sub-Divisional Officer (E), Ampati Civil Sub-Division, West Garo Hills	March 2008	1	5,62,000
38.	Deputy Secretary, (E), Deptt & Chief (E) Officer, Meghalaya	May 2008	1	3,87,00,000
39.	Deputy Secretary Election, & Dy. Chief EO, Meghalaya	December 2008	1	9,40,000
40.	DC, West Khasi Hills, Nongstoin	August 2008	1	5,87,500
41.	Sub-Divisional Officer (E), Civil Sub Division Mawkwarhat, Nongstoin	August 2008	1	2,82,500
42.	DC (E), Jaintia Hills District, Jowai	February 2008	1	41,00,000
Total			59	12,82,44,882

APPENDIX 2.13

Position of un-reconciled expenditure

(Reference: Paragraph 2.4.2; Page 49)

(Rupees in crore)

Sl. No.	Controlling Officers	Number of Head of Accounts involved	Amount not reconciled
1.	Registrar of Co-operative Society	2425	8.51
		4425	3.84
2.	Directorate of Sports and Youth Affairs	2205	8.23
3.	Directorate of Employment	2230	2.05
4.	Directorate of Community & Rural Development	2415	0.03
5.	Directorate of Border Area Development	2501	0.58
6.	Directorate of Social Welfare	4235	0.69
7.	Directorate of Industries	2851	16.34
		4851	0.45
		2852	3.11
		4885	4.00
		4854	10.00
8.	Directorate of Animal Husbandry and Veterinary	2403	35.37
		2404	4.52
9.	Director of Health Services (MI)	2210	113.96
10.	Director of Higher & Technical Education	2202	402.57
		2203	4.06
		2204	18.33
		3425	0.15
11.	Director General of Prison	2056	4.22
12.	Election Department	2015	27.29
13.	Director General of Police	2055	170.26
14.	Secretary, Legislative Assembly	2011	31.78
15.	Director of Printing & Stationery	2058	9.62
16.	Directorate of Housing	2216	24.86
17.	Secretary, to Governor	2012	3.76
18.	Secretary, Law Department	2014	10.25
19.	Secretary, District Administration	2053	11.60
20.	Chief Engineer, PWD (Building) (Civil)	2059	0.40
21.	Chief Engineer, PWD (Building) (works Portion)	2059	13.00
		2216	5.44
		4002	8.92
		4210	1.39
		4216	3.80
		4059	44.46
22.	Chief Engineer, PWD(Roads)	2059	64.82
		3054	74.64
		5054	156.36
		2711	0.63
		4711	5.39
		4552	37.03
23.	Chief Engineer, PHE	2215	67.57
		2216	0.25
		4215	7.29
		4216	0.96
24.	Chief Engineer, Irrigation	2216	0.03
		2702	24.35
		4216	0.11
25.	Director of Urban Affairs	2217	7.64
26.	Director of Health Services (Engineering Wing)	2210	3.67
		4210	18.88
		4552	0.004
27.	Director of Accounts & Treasuries	2071	168.64
Total			1646.104

APPENDIX 3.1

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

(Reference: Paragraph 3.2; Page 56)

Sl. No.	Name of the body/authority	Years for which accounts had not been received	(Rupees in lakh) Grants received	
			Year	Amount
1.	Meghalaya State Social Welfare Advisory Board	2008-09	2007-08	86.45
2.	State Sports Council	2006-07 to 2008-09	2005-06	463.85
3.	Meghalaya State Pollution Control Board, Shillong	2004-05 to 2008-09	2008-09	120.00
4.	Shillong Municipal Board	2008-09	2007-08	501.02
5.	District Rural Development Agency, Tura	2007-08 to 2008-09	2006-07	7411.43
6.	District Rural Development Agency, Williamnagar	2008-09	2007-08	1984.16
7.	Meghalaya State Agricultural Marketing Board	2001-02 to 2008-09	2000-01	94.16
8.	District Rural Development Agency, Nongstoin	2006-07 to 2008-09	2006-07	1274.89
9.	Economic Development Society, Tura	1996-97 to 2008-09	2007-08	35.00
10.	Ramakrishna Mission Ashrama, Cherrapunjee	2004-05 to 2008-09	2008-09	619.23
11.	District Rural Development Agency, Shillong	2004-05 to 2008-09	Not available	
12.	Project Executive, District Rural Development Agency, Shillong	1995-96 to 2008-09	-Do-	
13.	District Rural Development Agency, Jowai	2002-03 to 2008-09	-Do-	
14.	Meghalaya Urban Development Authority, Shillong	2002-03 to 2008-09	-Do-	
15.	Meghalaya Commercial crop Development Board, Shillong	2008-09	-Do-	
16.	Meghalaya Supervision and Carde Management Co-operative	1993-94 to 2008-09	-Do-	
17.	Registrar of Co-operative Societies Meghalaya, Shillong	1998-99 to 2008-09	2007-08	239.60

APPENDIX 3.2

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

(Cases where final action pending at the end of March 2009)

(Reference: Paragraph 3.4; Page 57)

(Rupees in lakh)							
Name of the Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 Years to more	Total No. of cases
Education	-	-	-	-	-	1 (0.03)	1 (0.03)
General Administration	-	-	-	-	-	1 (0.05)	1 (0.05)
Public Works	1 (0.20)	-	-	1 (1.78)	1 (0.22)	4 (2.97)	7 (5.17)
Health & Family Welfare	-	1*	1 (4.94)	1* + 1 (0.27)	-	1 (0.26)	2* + 3 (5.47)
Home (Police)	-	-	-	-	-	2 (0.21)	2 (0.21)
Agriculture	-	-	1 (0.23)	-	-	1 (0.44)	2 (0.67)
Public Health Engineering	-	2 (1.28)	31 (2.35)	13 (2.95)	9 (0.41)	-	55 (6.99)
Legislative Assembly	-	-	-	1 (3.34)	-	-	1 (3.34)
Finance	1 (1.20)	-	1 (86.50)	1 (0.92)	-	1 (15.74)	4 (104.36)
Forest & Environment	-	-	-	1 (2.14)	-	-	1 (2.14)
Mining & Geology	-	-	1 (16.55)	-	-	-	1 (16.55)
Soil Conservation	-	-	-	1 (2.17)	-	-	1 (2.17)
Community & Rural Development	-	-	1 (3.03)	-	-	-	1 (3.03)
Printing & Stationery	-	-	1 (15.76)	-	-	-	1 (15.76)
Total	2 (1.4)	1* + 2 (1.28)	37 (129.36)	1* + 19 (13.57)	10 (0.63)	11 (19.70)	83 (165.94)

* Amount not intimated