# PREFACE

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*

2. *Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2011.*

3. *Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.*

4. *Report containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Government Companies and the Report containing observations on Revenue Receipts are presented separately.*

# EXECUTIVE SUMMARY

## BACKGROUND

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

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

## THE REPORT

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

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

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

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

## AUDIT FINDINGS

❖ ***Return to fiscal correction***

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

### ❖ *Revenue Receipts*

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

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

### ❖ *Revenue / Capital / Total Expenditure*

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

### ❖ *Government investments*

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

### ❖ *Debt sustainability*

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

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

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

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

### ❖ *Financial management and budgetary control*

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

### ❖ *Financial reporting*

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

## RECOMMENDATIONS

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

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

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

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

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

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

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

# CHAPTER I
# Finances of the State Government

## Profile of Meghalaya

Meghalaya, a Special Category State[1], is situated in the North-East region of India and is bounded on the north by Goalpara, Kamrup and Nowgong Districts of Assam, on the east by Karbi Anglong and North Cachar Hills Districts of Assam and on the south and west by Bangladesh. With a geographical area of about 22,429 sq km, Meghalaya provides shelter to 0.24 *per cent* population of the country. According to the Census of India, 2011 (provisional data), the population of the State stands at 29,64,007 (Male: 14,92,668; Female: 14,71,339) and the density of population of the State is 132 persons per sq km. State's Gross Domestic Product during the year 2010-11 was ₹ 15,078 crore (base year 2004-05). The estimated per capita income of the State stood at ₹ 50,869 during 2010-11.

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

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

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

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

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

## 1.1 Summary of Current Year's Fiscal Transactions

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

**Table 1.1 : Summary of Current Year's Fiscal Transactions**

**(₹ in crore)**

| 2009-10 | Receipts | 2010-11 | 2009-10 | Disbursements | 2010-11 | | |
|---|---|---|---|---|---|---|---|
| **Section – A : Revenue** | | | | | | | |
| | | | | | **Non-Plan** | **Plan** | **Total** |
| **3447.35** | **Revenue Receipts** | **4260.48** | **3182.38** | **Revenue Expenditure** | **2545.67** | **1467.07** | **4012.74** |
| 444.30 | Tax revenue | 571.45 | 1100.99 | General Services | 1257.34 | 59.46 | 1316.80 |
| 275.08 | Non-tax revenue | 301.53 | 1092.38 | Social Services | 832.24 | 543.79 | 1376.03 |
| 612.38 | Share of Union Taxes/Duties | 896.27 | 989.01 | Economic Services | 456.09 | 863.82 | 1319.91 |
| 2115.59 | Grants-in-aid from Government of India | 2491.23 | … | … | … | … | … |
| **Section – B : Capital** | | | | | | | |
| … | **Miscellaneous Capital receipts** | … | **481.29** | **Capital Outlay** | … | **574.73** | **574.73** |
| **16.68** | **Recoveries of Loans and Advances** | **27.25** | **26.65** | **Loans and Advances disbursed** | **15.19** | **26.46** | **41.65** |
| **403.02** | **Public Debt Receipts**[3] | **356.39** | **143.03** | **Repayment of Public Debt** | … | … | **141.08** |
| … | **Contingency Fund** | **99.00** | … | **Contingency Fund** | … | … | **99.00**[4] |
| **2416.65** | **Public Account Receipts** | **2765.86** | **2511.86** | **Public Account Disbursements** | … | … | **2729.20** |
| **501.64** | **Opening Balance** | **440.13** | **440.13** | **Closing Balance** | … | … | **350.71** |
| **6785.34** | **Total** | **7949.11** | **6785.34** | **Total** | | | **7949.11** |

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

- **Revenue receipts** increased by 23.59 *per cent* (₹ 813.13 crore) over the previous year. The increase was contributed by grants-in-aid of ₹ 375.64 crore from the Government of India (GOI), State's share of Union taxes and duties - ₹ 283.89 crore, tax revenue of ₹ 127.15 crore and non-tax revenue of ₹ 26.45 crore.

- **Revenue expenditure** increased by 26.09 *per cent* (₹ 830.36 crore) over the previous year. While ₹ 419.66 crore of the increase was under plan heads, the increase under non-plan heads was ₹ 410.70 crore. However, capital expenditure during the year increased by only 19.41 *per cent* (₹ 93.44 crore) over the previous year.

[3] Includes net Ways and Means Advances.
[4] Appropriation from the Consolidated Fund

- **Recovery and disbursement of loans and advances** during the current year increased by ₹ 10.57 crore and ₹ 15 crore respectively compared to the previous year.

- **Public Debt receipts** decreased by ₹ 46.63 crore over the previous year mainly due to decrease in receipts under market loan bearing interest (₹ 83.54 crore). Repayment of Public Debt marginally decreased by ₹ 1.95 crore over the previous year.

- **Public Account receipts** and disbursements increased by ₹ 349.21 crore and ₹ 217.34 crore respectively over the previous year.

- Total inflow during 2010-11 was ₹ 7,949.11 crore against ₹ 6,785.34 crore in 2009-10, while total outflow during 2010-11 was ₹ 7,598.40 crore against ₹ 6,345.21 crore during the previous year registering increase of 17.15 *per cent* and 19.28 *per cent* respectively leading to **decline in the cash balances of the State by ₹ 89.42 crore (20.32 *per cent*) over the previous year**. The decrease was mainly due to increase in negative balance under deposits with Reserve Bank by ₹ 437.68 crore (623.21 *per cent*).

## 1.2 Meghalaya Fiscal Responsibility and Budget Management Act

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

(a) Maintain revenue surplus during the award period of 2011-12 to 2014-15 as recommended by the ThFC {Clause (a) Section 4};

(b) Reduce fiscal deficit to 3 *per cent* of GSDP or less during 2011-12 to 2014-15 of the award period of the ThFC {Clause (b) Section 4};

(c) Ensure that outstanding debt of the State will be aligned as recommended by the ThFC and such outstanding debt expressed as percentage of GSDP shall progressively be reduced from 32.7 *per cent* during 2011-12 to 31.7 *per cent* during 2014-15 {Clause (c) Section 4};

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

## 1.3 Growth and Composition of GSDP

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

**Table 1.2 : Trends in Gross State Domestic Product**

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

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

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

## 1.4 Budget Analysis

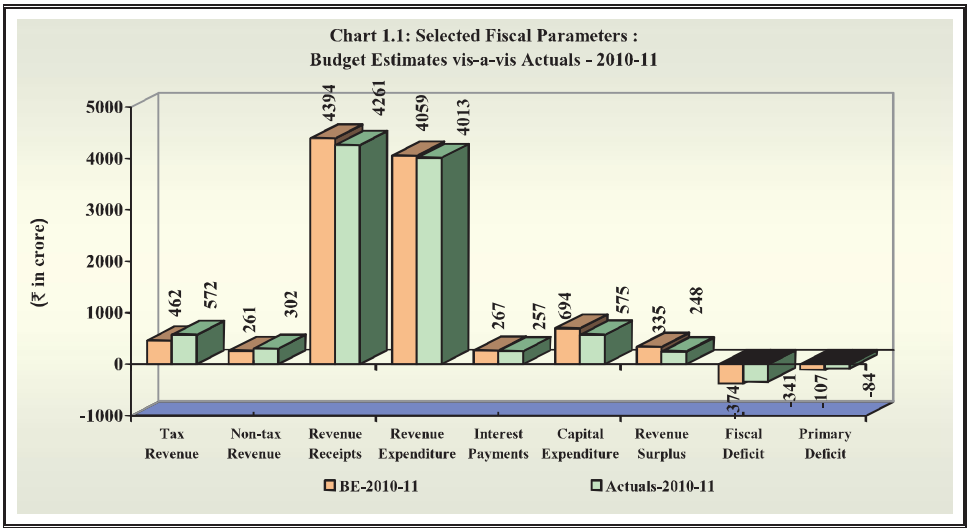
The budget papers presented by State Government provide descriptions of projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies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

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

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

**(₹ in crore)**

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




- During 2009-10, both the actual **revenue receipts** and **revenue expenditure** fell short of the budget estimates by 3.03 *per cent* and 1.13 *per cent* respectively.

- The **capital expenditure** *vis-à-vis* budget estimate was less by 17.15 *per cent* (₹ 119 crore). Compared to previous year, the capital expenditure of the State increased by ₹ 94 crore, which was the net result of increase of ₹ 114 crore (39.09 *per cent*) under economic services, offset by decrease in general services by ₹ 12 crore (24.28 *per* cent) and social services under capital account by ₹ 8 crore (6.16 *per cent*),

[5] Net estimates

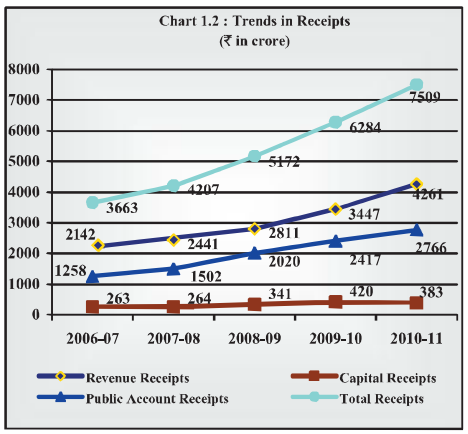
[6] ₹ 4260.48 crore has been rounded to ₹ 4,261 crore to arrive at the rounded figure of Revenue Surplus as ₹ 248 crore (₹ 247.74 crore). Accordingly, Tax Revenue of ₹ 571.45 crore has been rounded as ₹ 572 crore.

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

## 1.5 Resources of the State

### *1.5.1 Resources of the State as per Annual Finance Accounts*

**Revenue and capital** are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table 1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts while **Chart 1.2 and Table 1.4** depicts the trends in various components of the receipts of the State during 2006-11. **Chart 1.3** depicts the composition of resources of the State during the current year.



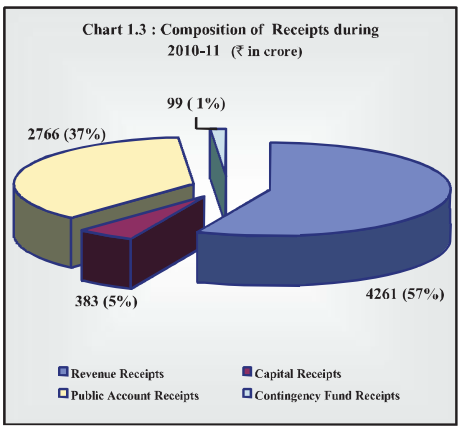



**Table 1.4 : Trends in growth and composition of receipts**

**(₹ in crore/Rate of growth in *per cent*)**

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

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

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

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

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

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

### *1.5.2 Funds Transferred to State Implementing Agencies outside the State Budget*

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies[7] for the implementation of various schemes/ programmes in social and economic sectors recognised as critical. As these funds are not routed through the State Budget/State Treasury System, Annual Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated. An illustrative position of Central funds transferred to the State Implementing Agencies during 2010-11 for implementation of various schemes is given in **Appendix 1.5**. Scheme-wise position involving substantial amount of Central funds is given in **Table 1.5.**

**Table 1.5 : Funds Transferred directly to State Implementing Agencies**

**(₹ in crore)**

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

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

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

*Source: Central Plan Scheme Monitoring System of CGA website.*

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

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

### ➢ *Pradhan Mantri Gram Sadak Yojana*

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

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

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

### ➢ *Sarva Shiksha Abhiyan*

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

**Table 1.6**

**(₹ in crore)**

| Opening balance | Fund released | | | Fund received | | | Miscella-neous receipts | Total fund available | Expen-diture | Unspent balance (*per cent*) |
|---|---|---|---|---|---|---|---|---|---|---|
| | GOI | State | Total | GOI | State | Total | | | | |
| 45.68 | 185.41 | 3.60 | 189.01 | 185.41 | 3.60 | 189.01 | 1.33 | 236.02 | 200.41 | 35.61 (15) |

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

### ➢ *Mahatma Gandhi National Rural Employment Guarantee Act*

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

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

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

### ➢ *National Rural Drinking Water Programme*

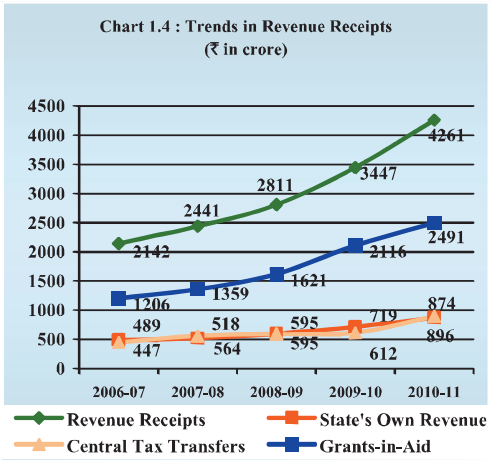
The Accelerated Rural Water Supply Programme (ARWSP) was renamed as National Rural Drinking Water Programme (NRDWP) in April 2009. The main objectives of the programme were to provide adequate safe drinking water to all households.

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

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

## 1.6 Revenue Receipts

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



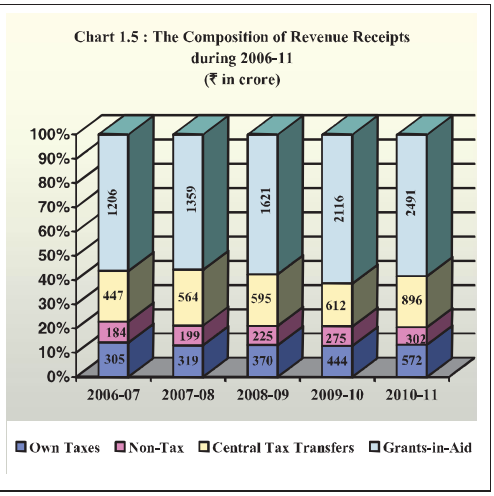



**Table 1.7 : Trends in Revenue Receipts relative to GSDP**

| Particulars | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---|---|---|---|---|
| **Revenue Receipts (RR) (₹ in crore)** | **2,142** | **2,441** | **2,811** | **3,447** | **4,261** |
| Rate of Growth of RR (*per cent*) | 22.61 | 13.96 | 15.16 | 22.63 | 23.61 |
| Rate of Growth of Own Taxes (*per cent*) | 20.55 | 4.59 | 15.99 | 20.00 | 28.83 |
| RR/GSDP (*per cent*) | 24.83 | 25.07 | 24.20 | 26.08 | 28.26 |
| **Buoyancy Ratio**[8] | | | | | |
| Revenue Buoyancy Ratio with reference to GSDP | 1.21 | 1.08 | 0.78 | 1.64 | 1.68 |
| State's Own Taxes Buoyancy Ratio with reference to GSDP | 1.10 | 0.36 | 0.83 | 1.45 | 2.05 |
| State's Own Taxes Buoyancy Ratio with reference to Revenue Receipts | 0.91 | 0.33 | 1.05 | 0.88 | 1.22 |

### *1.6.1 General Trends*

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

### *1.6.2 Central Tax Transfers*

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

### *1.6.3 Grants-in-Aid*

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

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

**Table 1.8 : Grants-in-Aid from the GOI**

(₹ in crore)

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

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

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

### *1.6.4 State's Own Resources*

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

**Table 1.9 : Tax Revenue**

(₹ in crore)

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

**Table 1.10 : Non-Tax Revenue**

(₹ in crore)

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

### *1.6.4.1 Tax Revenue*

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

### ➢ *Cost of Collection*

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

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

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

**Table 1.11**

**(₹ in crore)**

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

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

### *1.6.4.2 Non-Tax Revenue*

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

[10] Department's figures.

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

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

**Table 1.12 : Cost Recovery – 2010-11**

**(₹ in lakh)**

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

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

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

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

**Table 1.13**

**(₹ in crore)**

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

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

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

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

#### 1.6.4.5 Revenue Arrears

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

## 1.7 Application of Resources

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

### 1.7.1 Growth and Composition of Expenditure

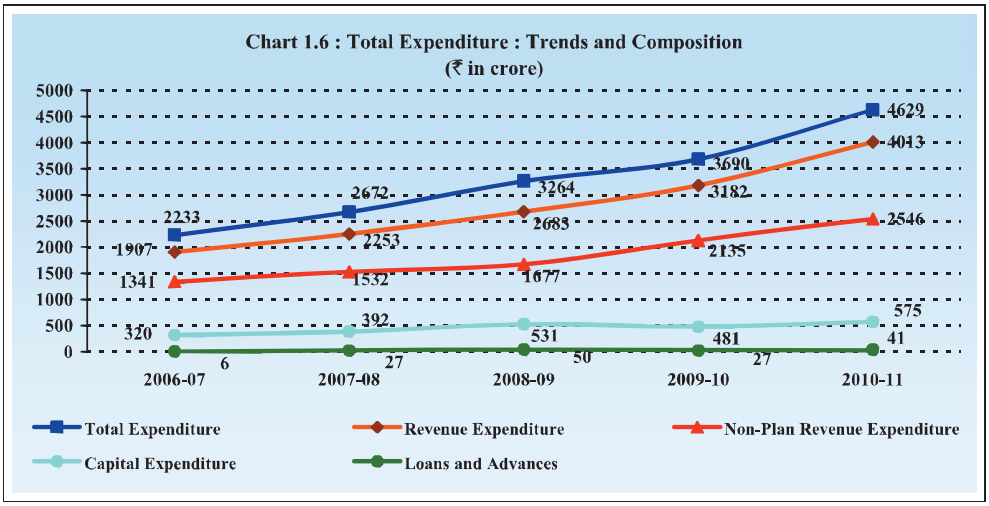
The total expenditure and its compositions during the years 2006-07 to 2010-11 are presented in the **Table 1.14**.

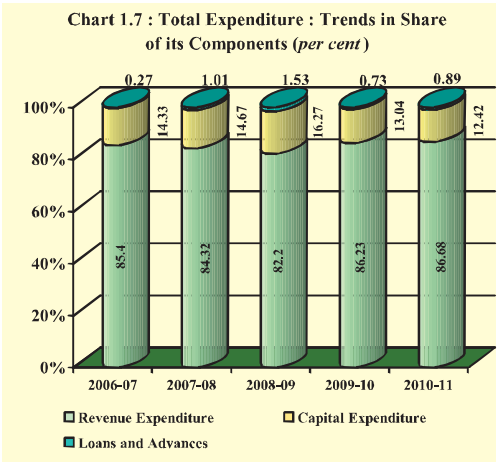
**Table 1.14 : Total expenditure and its compositions**

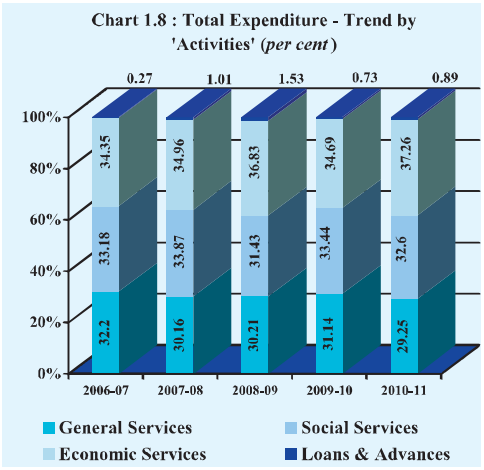
(₹ in crore)

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

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




### *1.7.1.1 Trends in Total Expenditure*

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

**Table 1.15 : Total Expenditure – Basic Parameters**

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

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

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

### *1.7.1.2 Incidence of Revenue Expenditure*

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

**Table 1.16 : Revenue Expenditure – Basic Parameters**

(₹ in crore)

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

(Figures in brackets represent percentages to revenue expenditure)

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

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

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

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

**(₹ in crore)**

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

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

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

### *1.7.1.3 Capital Expenditure*

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

## *1.7.2 Committed Expenditure*

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

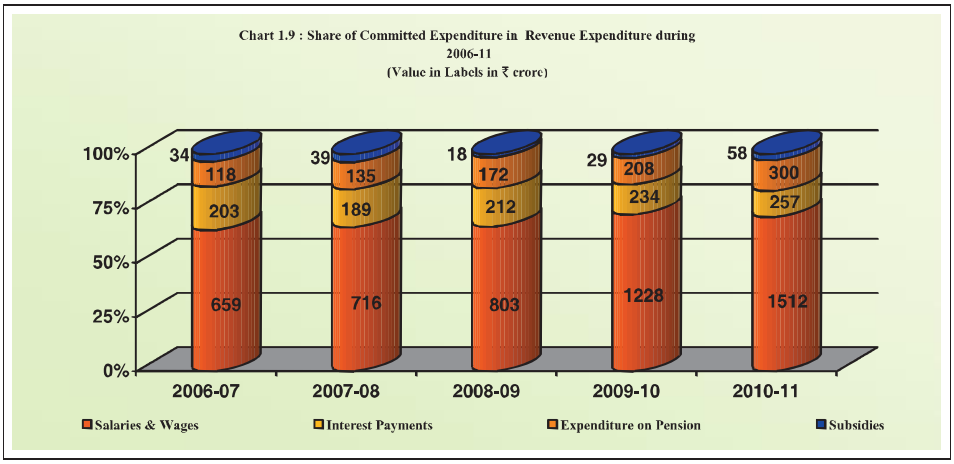
[11] Including wages: ₹ 10.93 crore.

**Table-1.18 : Components of Committed Expenditure**

(₹ in lakh)

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

(*Figures in the parentheses indicate percentage to Revenue Receipts*)




### *1.7.2.1 Salaries and Wages*

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

### *1.7.2.2 Interest Payments*

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

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

### *1.7.2.3 Pension Payments*

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

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

**(₹ in crore)**

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

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

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

### *1.7.2.4 Subsidies*

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

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

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 1.20**.

**Table 1.20 : Financial Assistance to Local Bodies, *etc.***

**(₹ in crore)**

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

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

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

## 1.8 Quality of Expenditure

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

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

### *1.8.1 Efficiency of Expenditure Use*

In view of the importance of public expenditure for social and economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods[13]. Apart from improving the allocation towards development expenditure[14], the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.21** presents the trends in development expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted and the previous years, **Table 1.22** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

**Table 1.21 : Development Expenditure**

(₹ in crore)

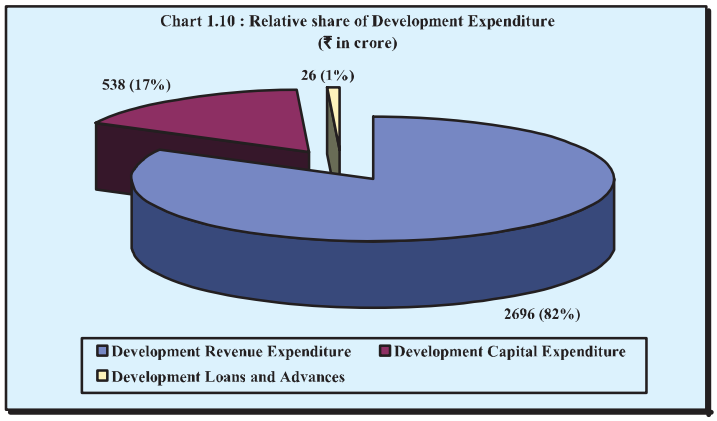
| Components of Development Expenditure | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | |
|---|---|---|---|---|---|---|
| | | | | | BE (Net) | Actuals |
| **Development Expenditure (a to c)** | **1,510 (67.62)** | **1,859 (69.57)** | **2,271 (69.58)** | **2,525 (68.43)** | **3,562 (79.39)** | **3,260 (70.43)** |
| a. Development Revenue Expenditure | 1,204 (53.92) | 1,475 (55.20) | 1,745 (53.46) | 2,081 (56.40) | 2,900 (60.57) | 2,696 (58.24) |
| b. Development Capital Expenditure | 304 (13.61) | 364 (13.62) | 483 (14.80) | 433 (11.73) | 634 (13.24) | 538 (11.62) |
| c. Development Loans and Advances | 2 (0.09) | 20 (0.75) | 43 (1.32) | 11 (0.30) | 28 (0.58 | 26 (0 56) |

(*Figures in parentheses indicate percentage to aggregate expenditure*)

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

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

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




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

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

(In *per cent*)

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

### *Social Services*

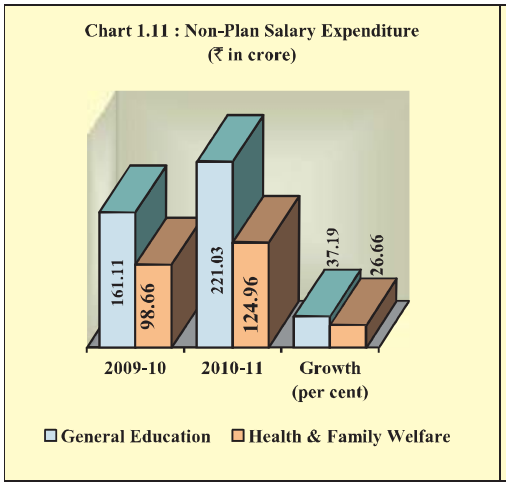
The trends presented in **Table 1.22** reveal that development capital expenditure as a percentage of total expenditure declined from 11.46 *per cent* in 2009-10 to 8.8 *per cent* in 2010-11, which indicated that the revenue expenditure was dominant. While

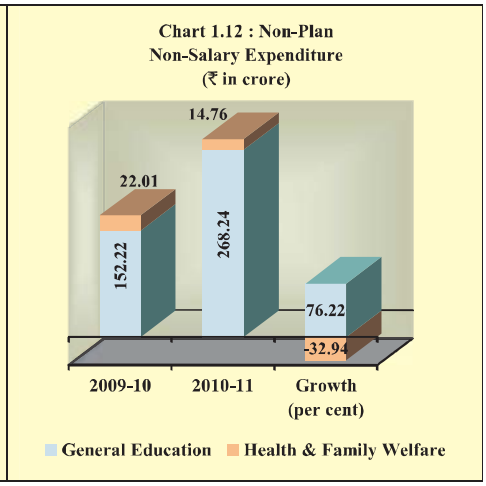
[15] Total revenue and capital expenditure of the services concerned.

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

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

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




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

### *Economic Services*

The expenditure on economic services (including loans and advances) during 2010-11 (₹ 1,751 crore) accounted for about 38 *per cent* of the total expenditure[16] and 54 *per cent* of the development expenditure during the year. Out of the total expenditure on economic services during the current year, 32.71 *per cent* was incurred on agriculture and allied activities, 9.37 *per cent* on industry and minerals and 7.93 *per cent* on energy.

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

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

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

**Table 1.23**

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

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

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

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

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

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

## 1.9 Financial Analysis of Government Expenditure and Investments

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

### *1.9.1 Incomplete projects*

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

**Table 1.24 : Department-wise Profile of Incomplete Projects**

(₹ in crore)

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

*Source: Finance Accounts 2009-10.*

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

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

### *1.9.2 Investment and returns*

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

**Table 1.25 : Return on Investment**

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

Of the two Statutory Corporations, bulk of the investment (₹ 68.97 crore) was made to the Meghalaya Transport Corporation Limited during 1986-2010 despite accumulated loss of ₹ 62.61 crore sustained by the Corporation up to 31 March 2009[17]. Out of ₹ 177.51 crore invested in Government Companies, ₹ 88.46 crore was invested in six loss making Companies, which had accumulated loss of ₹ 27.91 crore as detailed in **Table 1.26**. Similarly, out of ₹ 67.17 crore invested in co-operative bank, societies, ₹ 31.26 crore was invested in 1,091 loss making co-operative banks/societies, as detailed in **Table 1.27**. Working results of one Government company and 357 co-operative banks/societies had not been intimated (August 2011).

**Table 1.26 : Details of loss making Government Companies**

**(₹ in crore)**

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

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

**(₹ in crore)**

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

### *1.9.3 Loans and advances by State Government*

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

[17] Position after March 2009 had not been intimated.
[18] Working results for the subsequent years had not been intimated.
[19] Working results for the subsequent years had not been intimated.

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

**(₹ in crore)**

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

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

### *1.9.4 Cash Balances and Investment of Cash balances*

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

**Table 1.29 : Cash Balances and Investment of Cash Balances**

**(₹ in crore)**

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

[20] Excluding investment of earmarked funds.

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

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

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

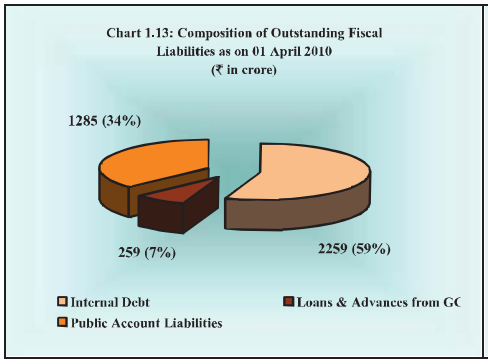
## 1.10 Assets and Liabilities

### *1.10.1 Growth and composition of Assets and Liabilities*

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

### *1.10.2 Fiscal Liabilities*

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



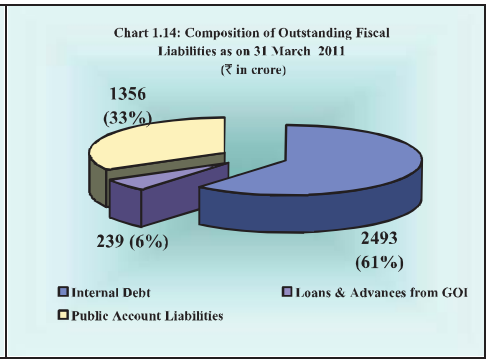



**Table 1.30** gives the fiscal liabilities of the State, their rate of growth, the ratio of these liabilities to GSDP to revenue receipts and State's own resources as also the buoyancy of fiscal liabilities with reference to these parameters.

**Table 1.30 : Fiscal Liabilities – Basic Parameters**

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

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

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

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

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

### *1.10.3 Status of Guarantees – Contingent liabilities*

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2006-07 are given in **Table 1.31**.

**Table 1.31 : Guarantees given by the Government of Meghalaya**

**(₹ in crore)**

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

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

## 1.11 Debt Sustainability

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

Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation[22]; sufficiency of non-debt receipts[23]; net availability of borrowed funds[24]; burden of interest payments (measured by interest payments to revenue receipts ratio)

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

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

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

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

**Table 1.32 : Debt Sustainability: Indicators and Trends**

(₹ in crore)

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

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

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

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

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

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

**Table 1.33 : Maturity Profile of State Debt**

(₹ in crore)

| Maturity Profile[(a)] | Amount | *Per cent* |
|---|---|---|
| 0-1 year | 141.74 | 4.93 |
| 1-3 years | 479.99 | 16.71 |
| 3-5 years | 471.94 | 16.43 |
| 5-7 years | 618.66 | 21.54 |
| 7 years and above | 1160.22 | 40.39 |
| **Total** | **2872.55** | **100** |

[(a)] As per Finance Accounts.

[25] Small Savings, Provident Funds, Reserve Funds, Deposits, *etc.*

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

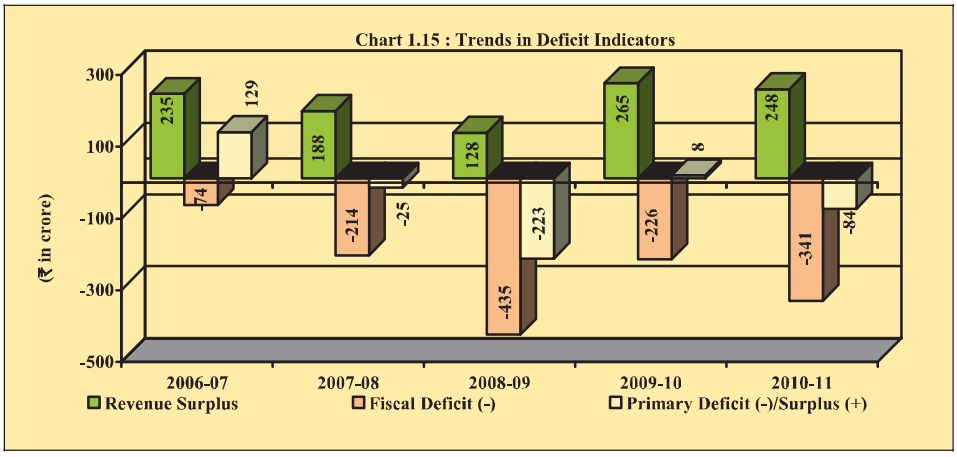
The maturity profile of the State's debt during the current year indicates that out of the outstanding debt stock of ₹ 2872.55 crore, around 60 *per cent* (₹ 1712.33 crore) is payable within the next seven years while the remaining 40 *per cent* are to be paid in more than seven years time. Since there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

## 1.12 Fiscal Imbalances

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

### *1.12.1 Trends in Deficits*

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



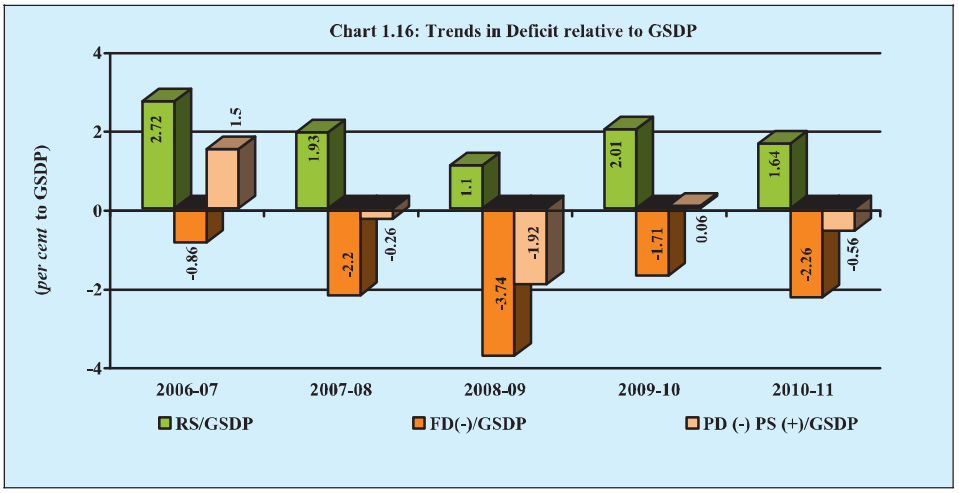



**Chart 1.15** reveals that the State had a revenue surplus during the period 2006-11, which after inter-year variations, increased from ₹ 235 crore in 2006-07 to ₹ 248 crore during the current year. Compared to 2009-10, revenue surplus declined by ₹ 17 crore (6.42 *per cent*) mainly on account of increase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

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

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

The primary surplus of ₹ 8 crore which was experienced by the State during 2009-10 after witnessing primary deficit[26] for the two consecutive years (2007-09), took a turnaround in 2010-11 and resulted in a primary deficit of ₹ 84 crore. A sharp increase of ₹ 115 crore in fiscal deficit and a moderate increase in interest payment (₹ 23 crore) resulted in a primary deficit of ₹ 84 crore during the current year.

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

### 1.12.2 Components of Fiscal Deficit and its Financing Pattern

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

**Table 1.34 : Components of Fiscal Deficit and its Financing Pattern**

**(₹ in crore)**

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

Figures in brackets indicate *per cent* to GSDP.

[a] All these figures are net of disbursements/outflows during the year. [b] ₹ 0.20 crore only.

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

### 1.12.3 Quality of Deficit/Surplus

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

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

**Table 1.35 : Primary Deficit/Surplus – Bifurcation of Factors**

**(₹ in crore)**

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

The bifurcation of the factors resulting into primary deficit or surplus of the State during 2006-11 reveals that in three (2007-09 and 2010-11) out of five years the State experienced primary deficit during 2007-09, which was on account of capital expenditure incurred and loans and advances disbursed by the State Government. In other words, non-debt receipts of the State were sufficient to meet the primary expenditure[27] requirements, but was not adequate for capital expenditure and loans and advances. But the surplus non-debt receipts were not enough to meet the expenditure requirements under capital account and loans and advances during 2007-09 and 2010-11 resulting in primary deficit. However, the extent to which the primary deficit has been mainly on account of increase in capital expenditure during 2010-11 by ₹ 94 crore compared to previous year, which may be desirable to improve the productive capacity of the State's economy.

## 1.13 Institutional measures

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

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

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

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

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

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

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

## 1.14 Conclusion and Recommendations

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

### *Revenue Receipts*

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

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

### *Revenue and Total Expenditure*

The overall revenue expenditure of the State increased by 110.44 *per cent* from ₹ 1,907 crore in 2006-07 to ₹ 4,013 crore in 2010-11. The expenditure pattern of the State reveals that though the revenue expenditure as a percentage of total expenditure increased by 0.44 *per cent* in the current year over previous year, hovered around 85 *per cent* during the period (2006-11) leaving inadequate resources for expansion of services and creation of assets. Within the revenue expenditure, NPRE at ₹ 2,546 crore in 2010-11 constituted 63.44 *per cent* and remained significantly higher than the normatively assessed level of ₹ 1,999 crore by ThFC for the year. Further, the salaries and wages, pensions, interest payments and subsidies continued to consume a major share of revenue expenditure which was about 53 *per cent* during 2010-11. During 2010-11, though the development expenditure (₹ 3.260 crore) increased by ₹ 735 crore (29 *per cent*), it was much below the budget estimate (₹ 3,562 crore) for 2010-11. The relative share of revenue development expenditure was 83 *per cent* of the total development expenditure, while this share in respect of capital development expenditure was only 16 *per cent.* Predominant share of revenue expenditure in development expenditure indicated that more emphasis was given on maintenance of the current level of services.

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

### *Fiscal Correction Path*

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

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

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

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

### *Accounting of funds transferred to State Implementing Agencies*

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

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

# CHAPTER II
# Financial Management and Budgetary Control

## 2.1 Introduction

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

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

## 2.2 Summary of Appropriation Accounts

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

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

**(₹ in crore)**

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

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

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

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

## 2.3 Financial Accountability and Budget Management

### *2.3.1 Appropriation vis-à-vis Allocative Priorities*

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

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

**(₹ in crore)**

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

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

### *2.3.2 Persistent Savings*

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

[1] Exceeding ₹ 50 crore in each case.

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

**(₹ in crore)**

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

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

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

### *2.3.3 Excess Expenditure*

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

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

**(₹ in crore)**

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

### *2.3.4 Expenditure without Provision*

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

**Table 2.5 : Expenditure incurred without provision during 2010-11**

**(₹ in crore)**

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

### *2.3.5 Drawal of funds to avoid lapse of budget grant*

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

### *2.3.6 Excess over provisions relating to previous years requiring regularisation*

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As indicated in the Reports of the Comptroller and Auditor General of India, excess expenditure of ₹ 975.58 crore for the years from 1971-72 to 2009-10 was yet to be regularised, details of which are given in **Appendix 2.6.**

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

### *2.3.7 Excess over provisions during 2010-11 requiring regularisation*

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

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

**(₹ in crore)**

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

### *2.3.8 Unnecessary/Excessive/Inadequate supplementary provision*

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

**Table 2.7: Insufficient Supplementary Provisions**

(₹ in crore)

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

### *2.3.9 Excessive/unnecessary re-appropriation of funds*

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. As per the Appropriation Accounts, re-appropriation made under 114 sub-heads proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh. Instances of such cases where excess/saving was more than ₹ one crore in each case are detailed in **Appendix 2.9.**

### *2.3.10 Unexplained re-appropriations*

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

### *2.3.11 Substantial surrenders*

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

### *2.3.12 Surrender in excess of actual saving*

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

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

**Table 2.8 : Cases of surrender in excess of savings**

**(₹ in crore)**

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

### *2.3.13 Anticipated savings not surrendered*

As per Paragraph 152 (iii) of Budget Manual, controlling officers are to surrender to the Finance Department all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known and in any case by the 15th March at the latest. At the close of the year 2010-11, there were, however, 17 Grants/Appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was ₹ 141.32 crore (16 *per cent* of the total savings) **(Appendix 2.12).**

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

### *2.3.14 Rush of expenditure*

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

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

**(₹ in crore)**

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

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

## 2.4 Reconciliation of department figures

### *2.4.1 Detailed Contingent Bills against Abstract Contingency Bills*

According to the Meghalaya Treasury Rules, 1985, the Controlling Officers are to submit Detailed Countersigned Contingent (DCC) bills against the drawal of Abstract Contingent (AC) bills to the Accountant General (AG) within a month from the date of receipt of such bills in his office. As per Finance Accounts for the year 2010-11 (Volume I), the total amount of DCC bills received during the period 2008-11 was only ₹ 30.28 crore against the amount of AC bill of ₹ 33.98 crore leading to an outstanding balance of DCC bills of ₹ 3.70 crore as on March 2011. Year wise details are given in the table below:

**Table 2.10 : Outstanding DCC Bills**

**(₹ in crore)**

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

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

### *2.4.2 Un-reconciled Expenditure*

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

**Table 2.11 : Un-reconciled expenditure exceeding ₹ 10 crore**

**(₹ in crore)**

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

## 2.5 Personal Deposit Accounts

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

## 2.6 Review of Budgetary Process

### *2.6.1 Introduction*

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

### *2.6.2 Budget and Accounts*

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

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

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

### 2.6.3 Examination and evaluation of the budgeting system

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

### 2.6.4 Budgetary Process

As contemplated in Paragraphs 1 and 78 of Budget Manual [2], the duty of preparing budget estimates (Receipts and Expenditure) and revised estimates for laying before the Legislature vests with the Finance Department. The budget estimates are prepared on departmental basis. The budget making process moves from the bottom to the top. As soon as the departmental estimates and revised estimates are received, the Finance Department scrutinises these and after consultation with the administrative departments, enters the figures, which it accepts for the revised and budget estimates. The estimates of receipts should show the amount expected to be actually realised within the year and in case of fluctuating revenue, the estimate should be based upon a comparison of last three years receipts.

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

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

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

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

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

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

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

**Table 2.13 : Revenue and Capital Receipts**

(₹ in crore)

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

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

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

### *2.6.6 Estimates of expenditure under Consolidated Fund*

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

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

**Table 2.14**

(₹ in crore)

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

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

### *2.6.7 Inaccuracy in preparation of revised estimates*

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

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

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

**Table 2.15 : Variations between revised estimates and actuals**

(₹ in crore)

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

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

### *2.6.8 Budgetary control monitoring*

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

### *2.6.9 Anticipated savings not surrendered*

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

**Table 2.16**

**(₹ in crore)**

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

*Source – Appropriation Accounts*

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

### *2.6.10 Excess expenditure over budget provisions*

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

**Table 2.17**

**(₹ in crore)**

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

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

### *2.6.11 Technical and qualitative application of resources*

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

**Table 2.18 : Social Services and Economic Services**

**(₹ in crore)**

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

*Source: Memorandum of Budget Estimates and Finance Accounts*

- **Social Services**

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

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

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

- **Economic Services**

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

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

### *2.6.12 Budget commitment*

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

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

## 2.7 Outcome of review of selected Grant

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

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

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

### *2.7.1 Excessive supplementary provision/non surrender of savings*

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

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

### *2.7.2 Savings*

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

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

**(₹ in lakh)**

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

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

### *2.7.3 Excess over provision*

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

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

**(₹ in lakh)**

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

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

**Table 2.21 : Details of discrepancies**

**(₹ in lakh)**

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

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

## 2.8 Conclusion and Recommendations

The financial management and budgetary control of the Government was not satisfactory. Government presented ambitious budget of ₹ 5,758.81 crore[3] for the year 2010-11, of which it could incur an expenditure of ₹ 4,875.56 crore resulting in an

[3] Original plus Supplementary.

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

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

***Recommendations***

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

# CHAPTER III
# Financial Reporting

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

## 3.1 Delay in furnishing Utilisation Certificates

Rule 515 (Appendix 14) of the Meghalaya Financial Rules, 1981, provides that unless otherwise ruled by the State Government, every grant made for a specified object is subject to the implied conditions that the grant will be spent upon that object within a reasonable time (one year from the date of issue of the letter sanctioning the grant), if no time-limit has been fixed by the sanctioning authority.

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

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

**Table 3.1:Age-wise arrears of Utilisation Certificates**

**(₹ in lakh)**

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

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

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

## 3.2 Non-submission/delay in submission of accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of the Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. Information for the year 2010-11 called for in June 2010 from 21 departments/ organisations[1] was awaited as of March 2011.

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

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

**(₹ in crore)**

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

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

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

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

## 3.3 Delay in submission of Accounts of Autonomous Bodies

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

## 3.4 Misappropriations, losses, defalcations, *etc*.

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

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

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

**(₹ in lakh)**

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

* Amount not intimated.

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

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

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

**(₹ in lakh)**

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

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

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

**(₹ in lakh)**

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

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

## *3.5 Conclusion and Recommendation*

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

Shillong
The

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

Countersigned

New Delhi
The

**(VINOD RAI)**
Comptroller and Auditor General of India

## APPENDIX 1.1

### Part A - Structure and Form of Government Accounts

**(Reference: Page 1)**

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

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

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

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

## APPENDIX 1.1

### Part-B: Layout of Finance Accounts

### (Reference: Page 1)

**Layout of Finance Accounts**

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

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

## APPENDIX 1.1
## Part-C: Methodology adopted for the Assessment of Fiscal Position

### (Reference: Page 1)

The norms/ceilings prescribed by the Twelfth Finance Commission for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other statements required to be laid in the Legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that Gross State Domestic Product[1] (GSDP) is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure, *etc*., are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series with 2004-05 as base as furnished (September 2011) by the Director of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios.

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

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

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

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

## APPENDIX 1.1

## Part D: State Profile

## (Reference: Page 1)

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

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

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

[2] Based on GSDP Series (current prices) with 2004-05 as Base Year as furnished by the Directorate of Economics & Statistics, Meghalaya in September 2011.
[3] For the period 2004-05 to 2009-10 or 2010-11 as the case may be.

## APPENDIX 1.2

### Fiscal Responsibility and Budget Management Act, 2006

### (Reference: Pages 1 & 3)

**The Fiscal Responsibility and Budget Management Act**

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

**Section 4 of MFRBM Act, 2006**:

(a) reduce revenue deficit as a percentage of GSDP in each financial year, beginning from 2006-07, in a manner that will enable the State to completely eliminate it by 2008-09;

(b) reduce fiscal deficit as a percentage of GSDP in each of the financial years beginning from 2006-07, in a manner that will enable the State to achieve fiscal deficit of 3 *per cent* of GSDP by 2008-09;

(c) ensure that total outstanding liabilities on the Consolidated Fund are not more than 28 *per cent* of the GSDP;

(d) restrict issuing of guarantees except on selective basis where the quality and viability of the scheme to be guaranteed is properly analysed;

(e) bring out an annual statement that gives a perspective on the State's economy and related fiscal strategy; and,

(f) bring out a special report along with the budget giving details of the number of employees in the Government, Public Sector Undertakings and aided institutions and related salaries, not later than two years from the date on which the Meghalaya Fiscal Responsibility Rules, 2006 came into force.

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

❖ **Fiscal Policy Statements**

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

- Macro Economic Framework Statement
- Medium Term Fiscal Policy (MTFP) Statement prescribing fiscal targets and assumptions for achieving them. The targets for the year 2010-11 were as under:
  - Revenue surplus as a percentage of total revenue receipts: 7.50
  - Debt as a percentage of GSDP: 29.03
  - Fiscal deficit as a percentage of GSDP: 3.03
- Fiscal Policy Strategy Statement of the State for the ensuing year relating to taxation, expenditure, borrowings, *etc.*

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

**(₹ in crore)**

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

[4] ₹ 0.26 crore only
[5] Includes Ways and Means Advances
[6] ₹ 0.49 crore only
[7] ₹ 0.28 crore only

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

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

[8] In respect of some principal heads only. 2010-11: For two heads only.
[9] GSDP figures (current prices – Base Year 2004-05) as furnished (September 2011) by the Directorate of Economics & Statistics.
[10] Provisional
[11] Quick Estimates
[12] Advanced Estimates
[13] Expenditure incurred up to the end of the year on incomplete works (in brackets) scheduled to be completed by end of the respective year.
[14] Including loans and advances
[15] Revenue Receipts – (Revenue Expenditure – Interest Payments).

## APPENDIX 1.4

## Abstract of Receipts and Disbursements for the year 2010-11

## (Reference: Paragraph 1.1; Pages 2)

**(₹ in crore)**

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

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

[17] Share of net proceeds assigned to State.

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

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

[18] Includes disbursement on investment.

[19] Excluding 'Other Accounts'.

## APPENDIX 1.4 (concld.)

## Summarised Financial Position of the Government of Meghalaya as on 31 March 2011

**(Reference: Paragraph 1.10.1; Page 33)**

**(₹ in crore)**

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

[20] ₹ 0.39 lakh

## Explanatory Notes to Appendices 1.3 and 1.4

1. The abridged accounts in the above Appendices have to be read with comments and explanations in the Finance Accounts.

2. Government accounts being mainly on cash basis, the surplus/deficit on Government account, as shown in **Appendix 1.4** indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation in stock figure, *etc*., do not figure in the accounts.

3. Suspense and Miscellaneous balances include cheques issued but not paid, payment made on behalf of the State and other pending settlement, *etc*.

4. There was a net difference of ₹ 52.61 crore between the figures reflected in the accounts {(-) ₹ 507.91 crore} and that intimated by the Reserve Bank of India {(-) ₹ 560.52 crore} due to (i) misclassification by Bank/Treasury (₹ 50.59 crore) and (ii) non-receipt of details of adjustment made by RBI (₹ 2.02 crore).

## APPENDIX 1.5

### Funds Transferred directly to State Implementing Agencies during 2010-11

### (Reference: Paragraph 1.5.2; Page 8)

(Amount in ₹)

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

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

*Source: Central Plan Scheme Monitoring System of CGA website.*

## APPENDIX 2.1

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

### (Reference: Paragraph 2.2; Page 46)

**(₹ in crore)**

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

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

## APPENDIX 2.2

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

**(Reference: Paragraph 2.3.1; Page 46)**

**(₹ in crore)**

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

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

## APPENDIX 2.3

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

### (Reference: Paragraph 2.3.3; Page 47)

**(₹ in crore)**

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

## APPENDIX 2.4

### Statement showing expenditure without provision

### (Reference: Paragraph 2.3.4 ; Page 48)

(₹ in lakh)

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

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

## APPENDIX-2.5

### Statement showing the amount debited head wise and credited to 8443

### (Reference: Paragraph 2.3.5 Page 48)

(₹ in crore)

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

## APPENDIX 2.6

### Excess over provision of previous years requiring regularisation

### (Reference: Paragraph 2.3.6; Page 49)

**(₹ in crore)**

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

## APPENDIX 2.7

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

### (Reference: Paragraph 2.3.6; Page 49)

**(Amount in ₹)**

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

## APPENDIX 2.8

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

### (Reference: Paragraph 2.3.8; 49)

**(₹ in lakh)**

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

## APPENDIX 2.9

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

**(Reference: Paragraph 2.3.9; Page 50)**

**(₹ in crore)**

| Sl. No. | Grant Number | Description | Head of Account | Re-appropriation | Excess (+) Savings (-) |
|---|---|---|---|---|---|
| 1. | 9 | 101 – Collection of charges (01) – District Level Officers Sixth Schedule (Part-II) Areas | 2040 | (+) 0. 02 | (+) 1.32 |
| 2. | 11 | 800 – Other Loans to Electricity Boards (04) – Non Lapsable Central Pool of Resources Sixth Schedule (Part-II) Areas | 6801 | (+) 6.52 | (-) 2.00 |
| 3. | 14 | 093 – District Establishments (01) – DC's Establishment Sixth Schedule (Part-II) Areas | 2053 | (-) 0.07 | (+) 1.06 |
| 4. | | 094 – Other Establishments (01) – Sub Divisional Establishment – Sixth Schedule (Part-II) Areas | | (+) 0.07 | (+) 1.07 |
| 5. | 19 | 80 – General - 001 -Direction and Administration (01) Chief Engineer and his General Establishment (Roads) – General | 2059 | (+) 0.83 | (-) 1.73 |
| 6. | | 80 – General – 001 - Direction and Administration (04) Superintending Engineers and their establishments (Roads) – General | | (+)0.13 | (-) 1.55 |
| 7. | | 80 – General - 001 - Direction and Administration (07) Divisional and Subordinate Offices (Roads) Sixth Schedule (Part-II) Areas | | (+) 0.42 | (-) 9.36 |
| 8. | | 052 – Machinery and Equipment (03) R/c of T&P *etc.* – Sixth Schedule (Part II) Areas | | (-) 0.64 | (-) 6.09 |
| 9. | | 80 – General - 051 – Construction (01) Functional Non-Residential Buildings under General Services General | 4059 | (-) 0.22 | (-) 1.07 |
| 10. | | 80 – General - 051 – Construction (01) Functional Non-Residential Buildings under General Services Sixth Schedule (Part-II) Areas | | (-) 0.64 | (-) 1.02 |
| 11. | 21 | 800 – Other Expenditure (18) Non-Lapsable Central Pool of Resources – General | 2202 | (-) 2.88 | (-) 11.61 |
| 12. | | 800 – Other Expenditure (08) 12th /13th Finance Commission Award – General | | (-) 6.86 | (-) 1.07 |
| 13. | | 03 – University & Higher Education – 104 – Assistance to Non-Government Colleges and Institutes (01) Expenditure on Colleges Under Deficit System – General | | (+) 6.59 | (-) 4.79 |
| 14. | | 80 – General – 003 – Training- (22) Expenditure on Trainees in Basic Training Centres Sixth Schedule (Part II) Areas | | (+) 0.17 | (-) 1.31 |
| 15. | | 80 – General - 003 – Training (01) Directorate (SCERT) - General | | (+) 0.02 | (-) 1.65 |
| 16. | | 80 – General - 003 – Training (21) Basic Training Centres including Guru Training Sixth Schedule (Part-II) Areas. | | (+)0.10 | (+) 1.25 |
| 17. | | 104 – Sports and Games (04) Construction of Outdoor and Indoor Stadium Sixth Schedule (Part-II) Areas | 2204 | (-) 0.70 | (-) 1.19 |

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

## APPENDIX 2.10

## Results of review of substantial surrenders made during the year

## (Reference: Paragraph 2.3.11 ; Page 50)

**(₹ in lakh)**

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

## APPENDIX 2.11

### Surrender in excess of Actual savings

### (Reference: Paragraph 2.3.12; Page 51)

**(₹ in lakh)**

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

## APPENDIX 2.12

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

### (Reference: Paragraph 2.3.13; Page 51)

**(₹ in crore)**

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

## APPENDIX 2.13

### Details of saving of ₹ 1 crore and above not surrendered

### (Reference: Paragraph 2.3.13 ; Page 51)

**(₹ in crore)**

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

## APPENDIX 2.14

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

**(Reference: Paragraph 2.3.13 ; Page 51)**

**(₹ in crore)**

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

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

## APPENDIX 2.15

### Position of un-reconciled expenditure

### (Reference: Paragraph 2.4.2 ; Page 53)

(₹ in crore)

| Sl. No. | Controlling Officers | Number of Head of Accounts involved | Amount not reconciled |
|---|---|---|---|
| 1. | Registrar of Co-operative Societies | 2425 | 12.93 |
| | | 4425 | 4.25 |
| 2. | Directorate Technical Education and Director of Sports | 2203 | 759.02 |
| | | 2202 | |
| 3. | Directorate of Community & Rural Development | 2216 | 204.19 |
| | | 4216 | |
| | | 2515 | |
| | | 2415 | |
| 4 | Directorate of Border Area | 2501 | 37.43 |
| 5. | Director of Social Welfare | 4235 | 1.88 |
| | | 2235 | 0.68 |
| 6. | Directorate of Industries & Director of Mineral Resources | 2851 | 31.59 |
| | | 2852 | |
| | | 2853 | |
| 7. | Directorate of Animal Husbandry & Veterinary | 2403 | 61.99 |
| | | 2404 | 8.34 |
| | | 2415 | 2.69 |
| 8. | Chief Election Officer | 2015 | 11.93 |
| 9. | Director General of Police | 2055 | 204.78 |
| 10. | Secretary, Legislative Assembly | 2011 | 32.85 |
| 11. | Director of Printing & Stationery | 2058 | 16.86 |
| 12. | Secretary, Law Department | 2014 | 8.49 |
| 13. | Secretary, District Administration | 2053 | 19.49 |
| 14. | Chief Engineer PWD( Building), Shillong | 2059 | 28.71 |
| | | 4059 | 28.64 |
| | | 4202 | 8.92 |
| | | 4216 | 1.97 |
| | | 2216 | 4.98 |
| 15. | Chief Engineer PWD( Roads), Shillong | 2059 | 138.08 |
| | | 3054 | 84.76 |
| | | 5054 | 23.35 |
| | | 4552 | 38.43 |
| | | 2711 | 0.81 |
| | | 4711 | 1.98 |
| 16. | Chief Engineer Irrigation & Water Resources, Shillong | 2216 | 7.86 |
| | | 2702 | 34.84 |
| | | 4216 | 0.40 |
| | | 2401 | 0.75 |
| | | 4401 | 1.09 |
| | | 4702 | 80.58 |
| 17. | Director of State Lotteries | 2075 | 0.64 |
| 18. | Director of Land Records & Excise | 2245 | 9.31 |
| | | 2029 | 9.92 |
| 19. | Commissioner of State Excise | 2039 | 10.12 |
| 20. | Commissioner of Labour | 2230 | 16.93 |
| 21. | Director of Fisheries | 4405 | |
| | | 2405 | 46.95 |
| | | 2415 | 3.23 |
| 22. | Director of Agriculture | 4401 | 1.09 |
| | | 2401 | 193.42 |
| | | 2435 | 4.69 |
| | | 2415 | 3.37 |
| 23. | Controller Weight & Measures | 3475 | 2.66 |
| 24. | Commissioner of Transport | 2041 | 10.07 |
| | | 2070 | |

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

## APPENDIX 3.1

## Utilisation Certificates outstanding as on 31 March 2011

## (Reference: Paragraph 3.1; Page 65)

**(₹ in lakh)**

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

## APPENDIX 3.2

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

### (Reference: Paragraph 3.2; Page 66)

**(₹ in lakh)**

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

## APPENDIX 3.3

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

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

### (Reference: Paragraph 3.4; Page 67)

**(₹ in lakh)**

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

(Figures in brackets indicate ₹ in lakh)

* Amount not intimated.