

EXECUTIVE SUMMARY

The Report

This Report provides an analysis of the State Government based on the audited accounts of the Government of Mizoram for the year ending March 2018. The Report has three Chapters.

Chapter-I is based on the audit of Finance Accounts and makes an assessment of Mizoram Government's fiscal position as on 31 March 2018. It presents and analyses the State Government's resources and their application.

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

Chapter-III gives an overview and status of the State Government's compliance with various financial rules, procedures and directives during 2017-18.

The Report has 17 appendices containing additional data collated from several sources in support of the findings.

Audit findings

Analysis of Finances of the State Government

- *State's Own Resources (Own Tax and Non-Tax Receipts) constituted only around 10 per cent of the Revenue Receipts.*
- *Devolution to the State was increased by ₹ 1,222.14 crore during 2017-18 as compared to 2016-17.*
- *During 2017-18, Revenue Expenditure accounted for 77 per cent of the State's aggregate expenditure, which was in the nature of current consumption, leaving 23 per cent for Capital Expenditure (investment in infrastructure and asset creation).*
- *Although, there was an increase of ₹ 1,396.95 crore in the Capital Expenditure in 2017-18 when compared to 2013-14, the Capital Expenditure (₹ 1,996.35 crore) in 2017-18 was more than the Budget Estimates (₹ 1,907.88 crore). Its ratio to Total Expenditure stood at 22.37 per cent in 2017-18 which was more than the combined average (15.50 per cent) of Special Category States for the same year.*
- *The ratio of Development Expenditure of the State stood at an average of 73 per cent of the Total Expenditure during the period 2013-18 which was way above the combined average (59 per cent) of Special Category States.*
- *During 2017-18, the return to the Government on its investments in Government Companies, Co-operative Bank, Societies, etc. was NIL while the Government paid an average interest rate ranging from 7.41 to 9.72 per cent on its borrowings during 2013-18. Out of the six working Government Companies, accumulated losses in four Government Companies had exceeded their paid-up capital and in the remaining two, the accumulated losses were more than 60 per cent of their paid-up capital*

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- *The State achieved a Revenue Surplus of ₹ 1,699.43 crore and ₹ 1,167.96 crore in 2017-18 and 2016-17 respectively.*
- *The State had a Fiscal Deficit of ₹ 320.23 crore, which was within the annual limit of three per cent of GSDP recommended by XIV Finance Commission.*
- *The State raised Public Debt to the tune of ₹ 894.14 crore during 2017-18 which was more than the Budget Estimates (₹ 596.95 crore).*
- *The maturity profile of Debt as on 31 March 2018 indicated that State has to repay 62 per cent of debt amounting to ₹ 2,052.07 crore within the next seven years.*
- *In view of the Revenue Surplus of the State during the current year, the State could have financed its Capital needs from internal sources without resorting to raising of Public Debt.*

(Chapter I)

Financial Management and Budgetary Control

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

- *The overall savings of ₹ 1,804.49 crore (20.50 per cent of the original budget provisions) were the results of ₹ 1,817.01 crore partially offset by an excess of ₹ 12.51 crore under various sections (Voted/ Charged). There were persistent savings under two grants.*
- *Out of the total savings of ₹ 1,804.49 crore, total surrender amounted to ₹ 833.51 crore (46.19 per cent). Further, in 55 sub-heads, the surrenders amounted to more than 50 per cent of the budgetary provisions. At the close of 2017-18, savings under seven grants and one appropriation (amounting to ₹ 833.30 crore) occurred which had not been surrendered by the concerned departments.*
- *Excess expenditure over the budgetary allocations amounting to ₹ 887.73 crore pertaining to the years 2013-14 to 2017-18 was not regularised till March 2019. The cases of excess expenditure over grants are serious breaches of legislative intent.*
- *Detailed Countersigned Contingent (DCC) Bills were not submitted for an amount of ₹ 10.06 crore drawn on four Abstract Contingent (AC) Bills. In the absence of DCC Bills, it was not possible to ascertain whether expenditure had taken place or not. Four AC Bills (₹ 10.06 crore) drawn during 2016-18 were still pending for adjustment. Un-adjustment of AC Bills for long periods in violation of prescribed rules and regulations was fraught with the risk of embezzlement.*

(Chapter II)

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Financial Reporting

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

- *Utilisation Certificates were not furnished in 38 cases involving ₹ 34.72 crore. There were delays in submission of annual accounts by the Autonomous Bodies/ Authorities which diluted accountability and defeats the very purpose of preparation of accounts.*
- *Three institutions receiving grants/ loans from Government failed to adhere to the timelines for submitting annual accounts. The Accounts of Transport Department were pending since 2007-08. While the Accounts of Power and Electricity Department were pending since 1979.*
- *There were cases of delay in deposit of Cess amount by the District Labour and Employment Officer, Aizawl ranging between 13 and 225 days violating the codal provision of Building and Other Construction Workers Welfare (Regulation of Employment and Conditions of Service) Act, 1996. Further, there was an unauthorised expenditure of ₹ 0.56 crore out of the total payment (₹ 2.12 crore) during 2017-18.*

(Chapter III)