



CHAPTER-III
FINANCES OF THE STATE



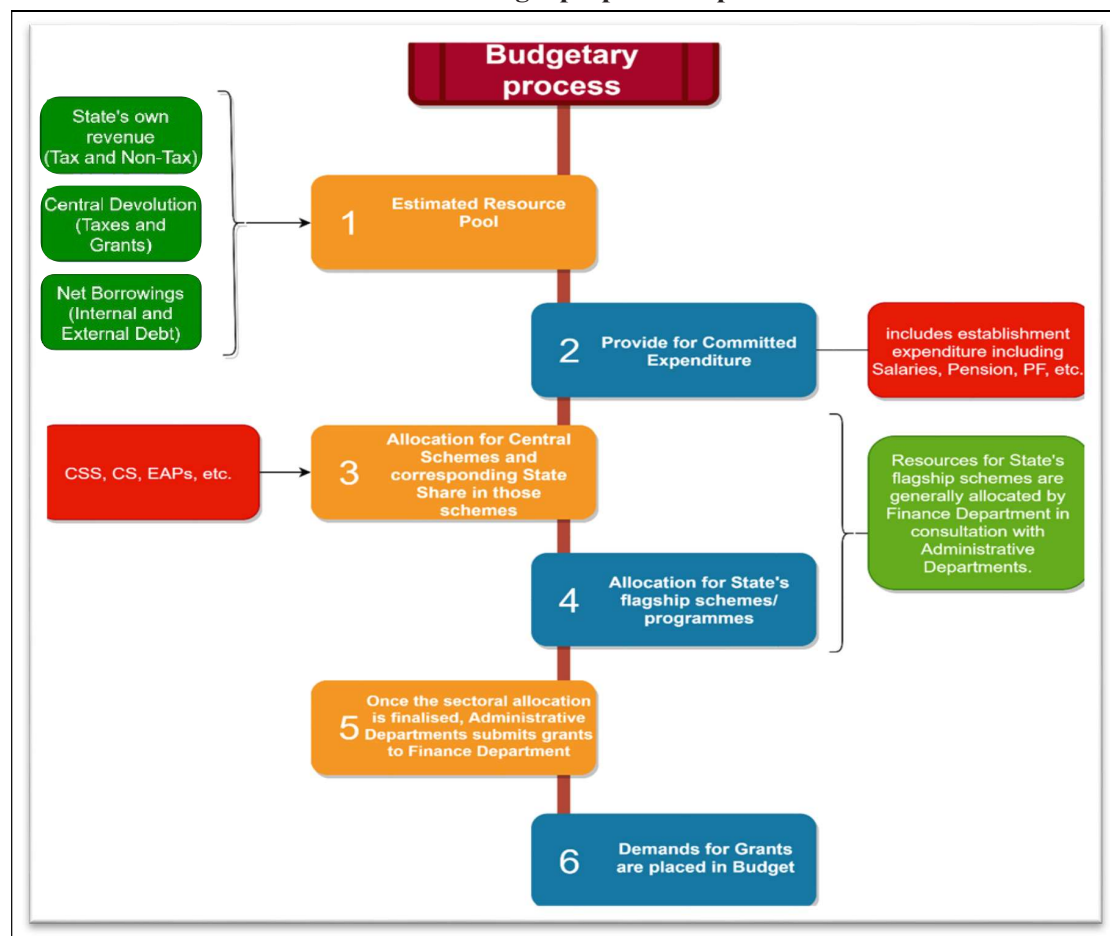
CHAPTER III BUDGETARY MANAGEMENT

3.1 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap of use of public resources as per the development priorities of the Government. Budget glossary is given in *Appendix 3.1*. The budget process commences with the issue of the budget circular, providing guidance to the Departments in framing their estimates, for the next financial year. Finance Department issued the budget circular on 06 October 2020 with the stipulation that the budget estimates (BEs) for the year 2021-22 should be submitted by 16 November 2020. All the Departments had submitted their BEs within the specified time.

A typical budget preparation process in a State is given in **Chart 3.1**:

Chart 3.1: Budget preparation process



CSS: Centrally Sponsored Schemes; CS: Central Schemes.

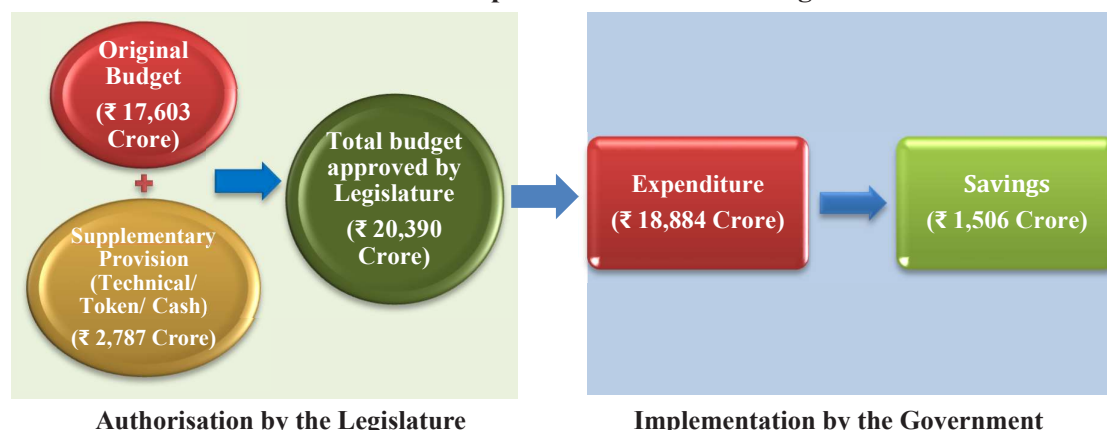
The outlays on the various activities of Government are met from the Consolidated Fund which is made up of (a) Revenue-consisting of receipts heads (Revenue Account) and expenditure heads (Revenue Account), (b) Capital, Public Debt, Loans, etc. – consisting of receipt heads (Capital Account) and Expenditure 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No money (except expenditure charged upon the Consolidated Fund) can be withdrawn from the Consolidated Fund without the authority of the Legislature and for this purpose, necessary Demands for Grants are placed before the Legislature at the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. Funds from the Contingency Fund are advanced for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. In Public Account, records are kept for all transactions relating to public moneys other than those of the Consolidated Fund and the Contingency Fund.

As contemplated in Paragraphs 1 and 78 of the State Budget Manual⁴⁹, the duty of preparing Budget Estimates (BEs) (Receipts and Expenditure) and Revised Estimates (REs) for laying before the Legislature vests with the Finance Department. The BEs are prepared on Departmental basis. The budget making process moves from the bottom to the top. As soon as the Departmental estimates and REs are received, the Finance Department scrutinises these and after consultation with the administrative Departments, enters the figures, which it accepts for the BEs and REs. 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.

The total amount approved by the State legislature, including the original and supplementary budgets⁵⁰, expenditure and savings during the year are depicted below:

Chart 3.2: Components of the State Budget



Source: Based on the procedure prescribed in Budget Manual and Appropriation Accounts.

The net savings of ₹ 1,506 crore was the result of gross savings of ₹ 3,087 crore in 61 Grants⁵¹ and two Appropriations under Revenue Section and 25 Grants⁵² under Capital Section offset by excess of ₹ 1,581 crore in two Grant under Revenue Section and two Appropriations under Capital Section.

⁴⁹ Budget Manual of the Government of Assam (Volume I) as adopted by Government of Meghalaya.

⁵⁰ Demand for Supplementary Grants were moved by the GoM during September 2021 (₹ 1,471 crore) and March 2022 (₹ 1,316 crore).

⁵¹ Includes voted and charged.

⁵² Includes voted and charged.

Further, the second Supplementary Grant of ₹ 1,316 crore (March 2022) was not required as the gross expenditure (₹ 18,884 crore) was only ₹ 190 crore more than the Original Provisions (₹ 17,603 crore) and Supplementary Provision obtained on September 2021 (₹ 1,471 crore). The cases of unnecessary/ excessive supplementary grants (₹ 10 crore and above in each case) taken during the year have been discussed in detail under **Paragraph 3.1.6**.

Appropriation Accounts are accounts of the expenditure of the Government for each financial year, compared with the amounts of Grants voted and appropriations charged for different purposes, as specified in the Schedules appended to the Appropriation Accounts. Appropriation Accounts facilitates understanding of utilisation of funds, management of finances and monitoring of budgetary provisions. Audit of Appropriation Accounts by the Principal Accountant General (Audit) seeks to ascertain whether the expenditure actually incurred is in accordance with the authorisation under the Appropriation Act. It also ascertains whether expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

Audit comments on the budgetary process and budget management are discussed in the following paragraphs.

3.1.1 Budget projection and gap between expectation and actual

Complete accuracy of budget estimates may not always be possible. However, the Administrative and Finance Departments should diligently apply the well-tryed check of average of previous actuals with known or reasonably foreseeable facts and modify the average, while arriving at the estimates. Further appropriation which are likely to remain unspent must be reported for surrender as early as possible. Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some Departments deprives other Departments of the funds which they could have utilised.

Table 3.1: Summarised position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) provisions during the financial year

Nature of expenditure		Original Grant/ App.	Supplementary Grant/ App.	Total	Expenditure	Savings	Excess	Surrender during March	
								Amount	per cent
Voted	I. Revenue	12,821.23	1,528.26	14,349.49	12,552.69	1,932.78	135.98	1,738.19	89.93
	II. Capital	2,847.87	1,054.68	3,902.55	2,837.13	1,065.42	0.00	897.51	84.24
	III. Loans & Advances	23.00	0.51	23.51	23.65	0.00	0.14	0.00	--
	Total	15,692.10	2,583.45	18,275.55	15,413.47	2,998.20	136.12	2,635.70	87.91
Charged	IV. Revenue	1,163.15	3.52	1,166.67	1,077.95	88.72	0.00	95.31	107.43
	V. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	--
	VI. Public Debt- Repayment	748.00	--	748.00	2,192.55	0.00	1,444.55	0.00	--
	Total	1,911.15	3.53	1,914.67	3,270.50	88.72	1,444.55	95.31	107.43
Appropriation to Contingency Fund (if any)		0.00	200.00	200.00	200.00	0.00	0.00	0.00	--
Grand Total		17,603.25	2,786.97	20,390.22	18,883.97	3,086.92	1,580.67	2,731.01	88.47

Source: Appropriation Accounts 2021-22.

The State Legislature approved the total Budget provision of ₹ 20,390.22 crore of which the actual booking of expenditure was ₹ 18,883.97 crore i.e., 92.61 per cent. Out of the gross unspent appropriation of ₹ 3,086.92 crore, ₹ 355.91 crore (11.53 per cent) was not surrendered which indicated inadequate budgetary control. Major defaulting Departments were Power Department (₹ 101.26 crore), Public Works Department (₹ 42.79 crore) and Health Department (₹ 38.59 crore).

Further, savings of ₹ 2,731.01 crore (88.47 per cent) on account of unutilised appropriation were surrendered on the last working day of March 2022. The Finance Department needs to take stringent measures to curb this violation of Budgetary Rules.

3.1.2 Charged and Voted disbursements during the year

Table 3.2 presents the summarised position of total budget provision, disbursement, and savings/excess with its further bifurcation into voted/ charged.

Table 3.2: Budget provision, disbursement and savings/ excess during the financial year

(₹ in crore)

Total Budget Provision		Disbursements		Savings		Excess	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
18,452.04	1,938.18	15,589.82	3,294.15	2,998.20	88.72	135.98	1,444.69

Source: Appropriation Accounts 2021-22.

Out of the expenditure of ₹ 18,883.97 crore, ₹ 15,589.82 crore (82.56 per cent) was voted expenditure while ₹ 3,294.15 crore (17.44 per cent) was charged on the Consolidated Fund of State.

During 2021-22, an excess expenditure of ₹ 1,444.56 crore under “Public Debt Repayment” in the form of Internal Debt of the State under Capital (Charged) section was incurred as detailed in **Table 3.3**.

Table 3.3: Details of excess expenditure under Public Debt Repayment

₹ in crore

Sl. No.	Type of the Internal Debt	Original Budget Provision	Re-appropriation	Total	Actual Expenditure	Excess (+)/ Savings (-)
1.	Ways and Means Advances (WMA)	280.00	2.87	282.87	570.84	(+) 287.97
2.	Special Drawing Facility (SDA)	0.00	0.00	0.00	657.50	(+) 657.50
3.	Overdraft (OD) State	0.00	0.00	0.00	499.09	(+) 499.09
	Total	280.00	2.87	282.87	1,727.43	(+) 1,444.56

Source: Appropriation Accounts 2021-22.

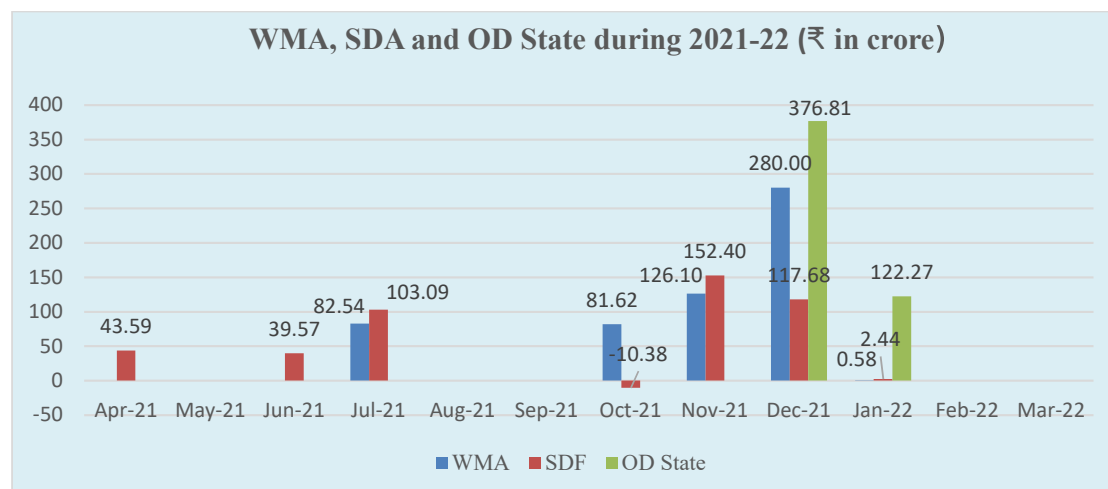
Audit observed that as against the limit of ₹ 209.00 crore prescribed by the RBI for the State of Meghalaya, Government made a total budget provision of ₹ 282.87 crore for WMA and incurred an expenditure of ₹ 570.84 crore, which was 273.12 per cent above the limit.

Apart from the WMA, the State Government also resorted to SDA (₹ 657.50 crore) and OD State (₹ 499.09 crore) against the collateral of government securities held by the State and paid an interest of ₹ 2.00 crore⁵³ during 2021-22 as compared to “Nil”

⁵³ ₹ 2.00 crore (Interest on SDF: ₹ 0.32 crore + Interest of WMA: ₹ 1.68 crore).

expenditure during the previous year. Month-wise drawal of WMA, SDA and OD State during 2021-22 are detailed in **Chart 3.3**.

Chart 3.3: Details of WMA, SDA and OD during 2021-22



Ways and Means advances are meant to pass over temporary mismatches in the cash flow of receipts and payments and are not a source of permanent financial relief. It provides leverage for both the Centre and the States to borrow from the RBI and it, therefore, helps to meet the receipts and payments of the government. However, exceeding the WMA limits and resorting to SDF and OD State reflects poor financial planning of the State Government which resulted in drawal of funds from the RBI to meet exigencies.

3.1.3 Sub-optimal utilisation of budgeted funds

Trend analysis of utilisation of budgeted funds by the State over the previous five years shows that it has been sub-optimal every year during the past five years. The extent of utilisation of budget during the five-year period from 2017-18 to 2021-22 is shown in **Table 3.4**.

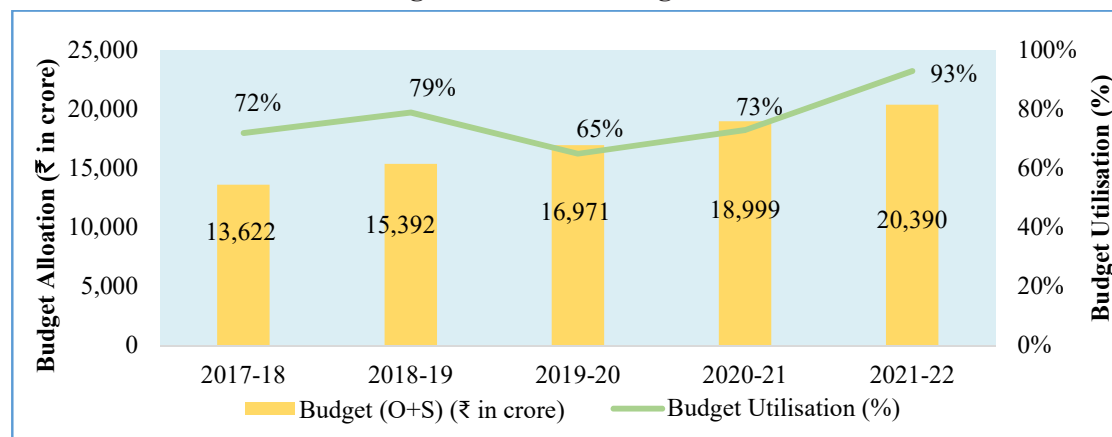
Table 3.4: Original Budget, Revised Estimates and Actual Expenditure during 2017-22

Particulars	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Original Budget	13,048.23	14,276.89	16,376.94	17,430.23	17,603.25
Supplementary Budget	573.50	1,114.99	593.77	1,569.01	2,786.97
Total Budget	13,621.73	15,391.88	16,970.71	18,999.24	20,390.22
Actual Expenditure	9,856.37	12,159.25	10,967.32	13,802.08	18,883.97
Savings	3,763.36	3,232.63	6,003.39	5,197.16	1,506.25
Percentage of savings	27.63	21.00	35.38	27.35	7.39

Source: Appropriation Accounts 2021-22.

The actual expenditure between 2017-18 and 2020-21 has consistently been lower than the original estimated budget, indicating unrealistically higher estimates. During the current year, while total expenditure was more than the original budget, there was an overall saving of ₹ 1,506.25 crore after the supplementary. Better utilisation of budgetary appropriation is an encouraging sign as it indicates better estimation of receipts and better expenditure management vis-à-vis allocated resources. The Government must continue to endeavour to maintain higher utilisation of the original budget as well as the supplementary.

Chart 3.4: Budget utilisation during 2017-18 to 2021-22



Source: Appropriation Accounts 2021-22.

As can be seen from **Chart 3.4**, utilisation of budget has rarely exceeded 80 per cent, except in the year 2021-22. The amount of savings in 2021-22 declined by ₹ 3,690.92 crore (71.02 per cent) in absolute monetary terms, as compared to the previous year. Savings of allocated funds indicate inaccurate assessment of receipts.

3.1.4 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution.

It was however noticed that expenditure of ₹ 1,249.55 crore was incurred in two Grants and two Appropriations without any budget provision in the original budget/ supplementary and without any re-appropriation orders to this effect as detailed in **Table 3.5**.

Table 3.5: Case of expenditure without budget provision during 2021-22

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
26 – Medical and Public Health, Family Welfare, North Eastern Areas, Capital Outlay on Medical and Public Health	4210	0.50	01 – Urban Health Services – 110 – Hospital and Dispensaries (02) Visual Impairment and Blindness Control Programme – Sixth Schedule (Part II) Areas.
56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges	3054	90.55	01 – National Highways – 797 Transfers to/from Reserve Fund/ Deposit Account (01) Road Finance from Central Road Fund-8449-Other Deposit-103 Subventions from Central Road Fund – General.
Appropriation – Internal Debt of the State	6003	499.09	5280 - Overdraft State – General.
		657.50	112 - Special Drawing Facility on 91 Days Deposits (01) Special Drawing Facility on 91 Days Deposits – General.
Appropriation – Loans and Advances	6004	1.91	09 – Other Loans for States/Union Territories with Legislature Schemes – 101 – Block Loans (06) Additional Central Assistance for Externally Aided Project – General.
Total		1,249.55	

Source: Appropriation Accounts 2021-22.

Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in Government Departments.

3.1.5 Expenditure on New Service/New Instrument of Service

New Service implies expenditure arising out of new policy decision, not brought to the notice of the State Legislature earlier, including a new activity or a new form of investment. New Instrument of Service means relatively large expenditure arising out of important expansion of an existing activity.

Expenditure on new scheme should not be incurred without provision of funds. Paragraph 113 (vii) of the Budget Manual states that ‘the re-appropriation is not made for a new service not contemplated in the budget for the year nor for an object not specifically included in that estimates and for which no provision has been made’. It was however noticed that an expenditure of ₹ 66.83 crore was incurred in nine cases without bringing it to the notice of the State Legislature as detailed in **Table 3.6**.

Table 3.6: Expenditure on new service without provision

(₹ in crore)

Sl. No.	Grant No.	Major Head	Minor Head	Re-Appropriation	Expenditure
1.	1	4216	01-700 (65) Construction of Residential Buildings <i>etc.</i> at New Assembly Building at Mawdiangdiang (General)	22.67	22.67
2.			01-700 (66) Digitalisation of State Legislative Records at New Assembly Building at Mawdiangdiang (General)	1.88	1.88
3.	32	3456	102-(16) Partnership with World Food Programme (WEP) India for Optimisation Supply Chain Efficient PDS Operations (General)	1.09	1.09
4.	38	3451	800-(85) Meghalaya State Promotion Board (General)	2.00	2.00
5.			800-(86) Implementation of the Schemes Meghalayan Age Limited (General)	30.00	30.00
6.	45	2402	102(12)-Avenue Plantation (Sixth Schedule)	1.54	1.54
7.			102-(28) Meghalaya State Watershed and Wasteland Development Agency (General)	1.23	4.13
8.			4402	102-(02) Natural Resources Improvement Intervention (Sixth Schedule (Part II) Areas)	3.33
9.	47	2403	107-(37) Establishment/Strengthening of Rabbit Farms (General)	0.11	0.11
Total				63.85	66.83

Source: Appropriation Accounts 2021-22.

As such, expenditure of ₹ 66.83 crore incurred through re-appropriation, without budget provision is indicative of poor budget management and control.

3.1.6 Unnecessary or excessive supplementary Grants

Supplementary provision aggregating ₹ 213.36 crore obtained in 15 cases during the year proved unnecessary as the expenditure did not reach the level of the original provision as detailed in **Appendix 3.2**. Out of these 15 cases, significant cases where supplementary provision was more than ₹ 10 crore (in each case) are highlighted in **Table 3.7**.

Table 3.7: Details of cases where supplementary provision (₹ 10 crore or more in each case) proved unnecessary

(₹ in crore)					
Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Savings out of Original Provision
Revenue (Voted)					
1	16 – Police, Other Administrative Services, Housing, Capital Outlay on Police	1,073.87	28.59	1,060.45	13.42
2	29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development	149.10	18.68	118.54	30.56
3	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges	580.56	16.19	553.09	27.47
4	58 – Sports and Youth Services, North Eastern Areas	184.91	49.63	167.06	17.85
	Total	1,988.44	113.09	1,899.14	89.30
Capital (Voted)					
1	19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, Capital Outlay on Education, Sports, Art and Culture, etc.	204.16	75.06	148.12	56.04
	Total	204.16	75.06	148.12	56.04
	Grand Total	2,192.60	188.15	2,047.26	145.34

Source: Appropriation Accounts 2021-22.

Detailed scrutiny of the Supplementary Grants (SGs) moved by the State Government in September 2021 and March 2022 revealed that these SGs were moved without assessing the actual expenditure incurred (ranged between 7 and 68 per cent) under various Major Heads as detailed in **Table 3.8**.

Table 3.8: Details of cases where supplementary provision was taken without assessing actual expenditure

(₹ in crore)							
Sl. No.	Grant Number	Major Head	Description	Original Grant	Supplementary Grant	Date of Supp. Grant	Expenditure at the end of previous month of Supp. Grant
1.	19	4059	Capital Outlays on Public Works	191.33	30.00 (I) 42.06 (II)	23.9.2021 14.3.2022	38.48 (20%) 99.32 (52%)
2.	56	5054	Capital Outlay on Roads and Bridges	1,020.95	200.00 (I) 77.00 (II)	23.9.2021	106.70 (10%)
3.	58	2204	Sport and Youth Services	156.91	33.50 (I) 16.13 (II)	23.9.2021 14.3.2022	11.26 (7%) 60.39 (38%)
4.	65	4702	Capital Outlay on Minor Irrigation	67.35	106.18	14.3.2022	46.02 (68%)

Source: i. List of Supplementary Demands for Grants, Finance Department, GoM.

ii. Monthly Civil Accounts of August 2021 & February 2022.

Seeking supplementary grants without assessment of actual requirement is indicative of poor budgetary management by the State Government. Government may review its Budget management practice and avoid unnecessary excessive budget provision which deprives allocation of resources to those projects which require funds, as detailed in Paragraph 3.1.11.

3.1.7 Unnecessary or excessive re-appropriation

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 23 Grants and three Appropriations proved excessive or insufficient and resulted in savings/excess of ₹ one crore or above in each case as detailed in **Appendix 3.3**. This indicates that re-appropriation was not done on the basis of actual requirement. Cases where the savings/excess exceeded ₹ 40 crore are highlighted in **Table 3.9**.

Table 3.9: Cases of excess/unnecessary/insufficient re-appropriation**(₹ in crore)**

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Excess(+)/ Savings(-)
		Original	Supplementary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, etc., Loans for Power Project – 2801 – Power – 80 – General – 800 Other Expenditure (03) Re-payment of Loan Component and Interest thereto on Account of RGGVY	0.00	65.00	(+)11.62	76.62	11.62	(-)65.00
2.	11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, etc., Loans for Power Project – 6801 – Loans for Power Projects – 800 Other Loans to Electricity Boards (05) State Plan Loans	0.00	86.26	(+)15.00	101.26	0	(-)101.26
3.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc. – 2202 - General Education – 01 – Elementary Education – 102 – Assistance to Non-Government Primary Schools (25) Sarva Shiksha Abhiyan	15.05	0	(+)78.26	93.31	161.89	(+)68.58
4.	21-General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, etc.- CSS – 2202 - General Education – 01 – Elementary Education – 102 – Assistance to Non-Government Primary Schools (25) Sarva Shiksha Abhiyan	154.24	0	(+)136.02	290.26	221.67	(-)68.59
5.	24 – Pensions and Other Retirement Benefits, Social Security and Welfare – 2071 Pension and Other Retirement Benefits – 01 - Civil – 101 – Superannuation and Retirement Allowances (01) Superannuation and Retirement Allowances	520.00	0	(+)48.39	568.39	661.79	(+)93.40
6.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 3054 – Road and Bridges -01 – National Highways – 797 – Transfers to/from Reserve Fund/Deposit Account (01) Road Finance from Central Road Fund – 8449 – Other Deposit – 103 – Subventions from Central Road Funds	69.55	0	(+)34.00	103.55	0	(-)103.55
7.	56 – Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Flood Control Projects, Capital Outlay on Road and Bridges – 3054 – Road and Bridges – 04 – District and Other Roads – 105 – Maintenance and Repairs (01) Work Charged Establishments – Road Works	74.50	5.17	(+)5.08	84.75	191.32	(+)106.57
8.	Appropriation - Internal Debt of the State Government – 6003 – Internal Debt of the State Government – 110 – Ways and Means Advances from the Reserve Bank of India (69) Ways and Means Advances	280.00	0	(+)2.87	282.87	570.84	(+) 287.97

Source: Appropriation Accounts 2021-22.

Substantial savings/excess of more than ₹ 40.00 crore and above in respect of four Grants and one Appropriations where re-appropriation was resorted to or not made, reflects poorly on planning and monitoring of budget allocation and its utilisation by the State Government.

3.1.8 Large savings

In the year 2021-22, the gross savings was ₹ 3,086.92 crore. Of these, ₹ 1,551.16 crore (50.25 per cent) pertains to eight Grants with savings of more than ₹ 100 crore each of the total provision (*Appendix 3.4*). The distribution of Grants/Appropriations grouped by percentage of savings are given in **Chart 3.5**.

Chart 3.5: Grants/Appropriations grouped by the percentage of Savings along with total savings in each group

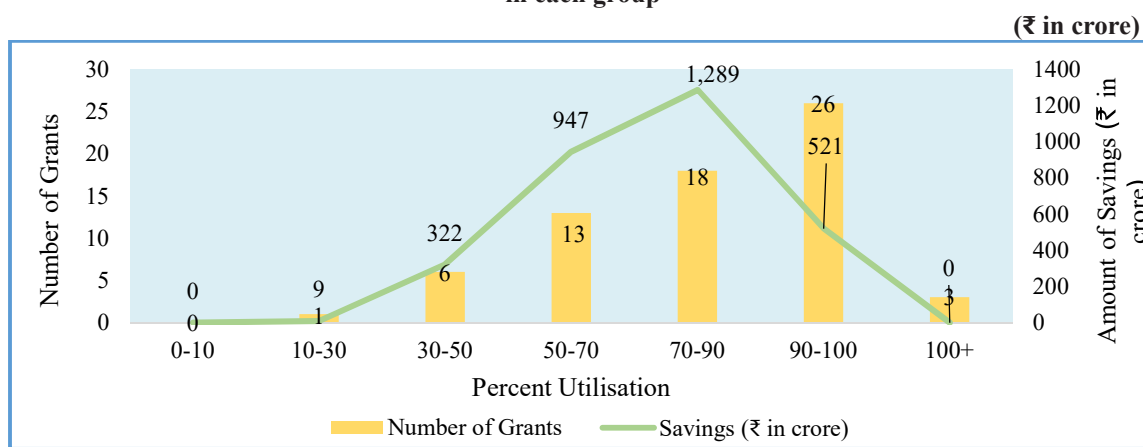


Chart 3.5 indicates that the utilisation was below 30 per cent in one Grant, utilisation ranged between 30 and 90 per cent in 36 Grants, while the utilisation was above 90 per cent in the remaining 30 Grants. Details are given in *Appendix 3.5*.

In five cases, during the last five years, there were persistent savings of more than 50 per cent as shown in the table below:

Table 3.10: Grants/Appropriations with Budget Utilisation less than 50 per cent in 2017-22

(₹ in crore)

Sl. No.	Grant	2017-18	2018-19	2019-20	2020-21	2021-22	No. of years*	Budget 2021-22	Total Budget (5 Years)
Revenue – Voted									
1	11 – Other Taxes and Duties on Commodities and Services, Power, etc.	60%	44%	13%	49%	112%	3	617.11	1685.83
2	32 – Civil Supplies, Capital Outlay on Food storage and warehousing	42%	76%	28%	70%	41%	3	78.57	466.43
Capital – Voted									
1	19 – Secretariat General Services, Public Works, etc.	29%	64%	32%	64%	53%	2	279.22	888.70
2	29 – Urban Development, Housing, etc.	17%	36%	30%	19%	86%	4	551.75	1160.49
3	39 – Co-operation, Agriculture Programmes, etc.	47%	88%	1%	5%	99%	3	17.49	86.82

* Number of years with utilisation below 50 per cent.

Source: Appropriation Accounts 2021-22.

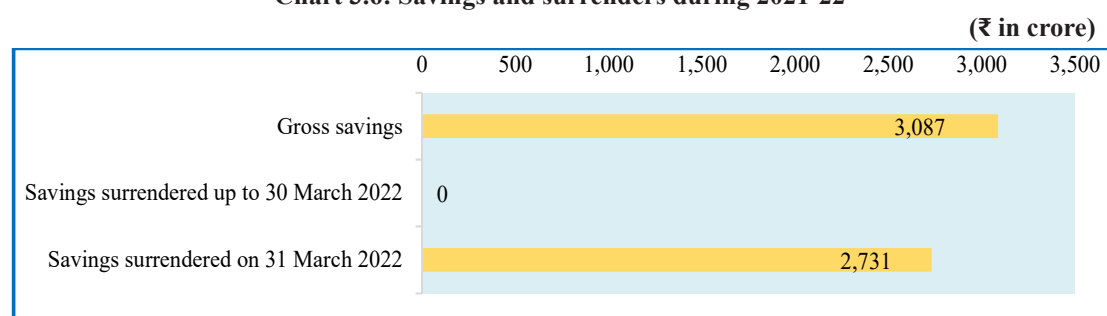
Improving urban infrastructure is a challenge faced by the State, and persistent low utilisation of Grants under Grant No. 29 till 2020-21 was a cause for concern. However, utilisation improved significantly during 2021-22. Similarly, utilisation of Grant No. 39 relating to Agriculture Programmes especially during 2019-20 and 2020-21 was abysmally low but improved significantly during the year 2021-22. Government should make efforts to maintain high utilisation of grants which are indispensable for economic growth and development.

3.1.9 Surrender of funds

As per Paragraph 152 (iii) of the Budget Manual, Controlling Officers are to surrender to the Finance Department all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known and, in any case, latest by the 15th of March. Scrutiny of the appropriation accounts however revealed the following:

Out of gross savings of ₹ 3,086.92 crore, an amount of ₹ 2,731.01 crore (88.47 per cent) crore was surrendered on the last working day of March 2022.

Chart 3.6: Savings and surrenders during 2021-22



Substantial surrenders (cases where more than ₹ 100 crore of total provision was surrendered) were made in respect of five Grants on various grounds like non-receipt of sanctions, less expenditure than anticipated, less requirement of funds, *etc.* In these five cases, out of the total provision of ₹ 5,290.65 crore of above Grants/Appropriations, ₹ 1,097.12 crore was surrendered, details of which are given in Table 3.11.

Table 3.11: Details of Surrender of Funds in Excess of ₹ 100 crore at the end of March

							(₹ in crore)
Sl. No.	Grant number	Original	Supplementary	Total Provision	Actual	Saving	Amount Surrendered
Revenue (Voted)							
1.	21	2,409.04	0.00	2,409.04	2,127.49	281.55	179.50
2.	34	605.02	0.00	605.02	397.33	207.69	207.21
3.	51	1,196.20	0.00	1,196.20	872.11	324.09	327.68
Total		4,210.26	0.0	4,210.26	3,396.93	813.33	714.39
Capital (Voted)							
1.	19	204.16	75.06	279.22	148.12	131.10	126.76
2.	27	801.17	0.00	801.17	544.89	256.28	255.97
Total		1,005.33	75.06	1,080.39	693.01	387.38	382.73
Grant Total		5215.59	75.06	5,290.65	4,089.94	1,200.71	1,097.12

Source: Appropriation Accounts 2021-22.

Cases where surrender of funds was more than ₹ 200 crore during the year 2021-22 are given in **Table 3.12**.

Table 3.12: Cases of surrender of funds more than ₹ 200 crore

							(₹ in crore)
Sl. No.	Grant number	Original	Supplementary	Total Provision	Expenditure	Savings	Amount Surrendered
Revenue (Voted)							
1.	34	605.02	-	605.02	397.33	207.69	207.21
2.	51	1,196.20	-	1,196.20	872.11	324.09	327.68
Capital (Voted)							
1.	27	801.17	-	801.17	544.89	256.28	255.97

Source: Appropriation Accounts 2021-22.

As shown in **Table 3.12**, savings of more than ₹ 200.00 crore under three Grants was surrendered on the last day of March 2022 which is a violation of the Budget Manual and reflects lack of budgetary control. State Government should ensure timely surrender of unspent funds to meet the objective of efficient budget management.

3.1.10 Excess expenditure and its regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a Grant/Appropriation regularised by the State Legislature. Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

3.1.10.1 Excess expenditure relating to current year

During the current year, expenditure under four Grants, amounting to ₹ 1,580.67 crore, was in excess of authorisation and requires regularisation under Article 205 of the Constitution as detailed in **Table 3.13**.

Table 3.13: Table indicating Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State during the financial year

						(₹ in crore)
Sl. No.	Grant No.	Grant Description	Total Provision	Expenditure	Excess	
1	2	3	4	5	6=5-4	
Revenue						
1.	11	Other Taxes and Duties on Commodities and Services, Special Programme for Rural Development, etc.	617.11	691.03	73.92	
2.	24	Pensions and Other Retirement Benefits, etc	1,303.55	1,365.62	62.06	
Total			1,920.66	2,056.65	135.98	
Capital						
3.	96	6003-Appropriation - Internal Debt of the State	748.00	2,192.55	1,444.55 ⁵⁴	
4.	97	6004-Appropriation - Loans and Advances from GoI	23.51	23.65	0.14	
Total			771.51	2,216.20	1,444.69	
Grant Total			2,692.17	4,272.85	1,580.67	

Source: - Appropriation Account 2021-22.

⁵⁴ ₹ 1,444.55 crore (Ways and Means Advance: ₹ 287.96 crore + Overdraft State: ₹ 499.09 crore + Special Drawing facility on 91 Days deposits: ₹ 657.50 crore).

3.1.10.2 Regularisation of excess expenditure of previous financial years

As stated in the Report of the Comptroller and Auditor General of India for the previous years, out of the total excess expenditure of ₹ 2,400.89 crore from 1971-72 to 2018-19, ₹ 949.05 crore, as recommended by the PAC, was regularised by the State Legislature (March 2021). As on 31 March 2022, an amount of ₹ 1,762.38 crore was yet to be regularised as detailed in *Appendix 3.6*.

The excess expenditure over Grants is a serious matter as it is a violation of Article 204 (3) of the Constitution, which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.1.11 Supplementary Provision and opportunity cost

It was noticed that while unnecessary supplementary provision was made in certain Grants, there were major projects which remained incomplete due to less availability of fund. Cases where unnecessary supplementary provision were made are shown in **Table 3.14**.

Table 3.14: Unnecessary excessive budget/Supplementary Provision

(₹ in crore)						
Sl. No.	Name of the Grant	Original Allocation	Supplementary	Total	Actual expenditure	Unutilised funds
Capital (Voted)						
1.	19-Capital Outlay on Education, Sports, Art and Culture, etc.	204.16	75.06	279.22	148.12	131.10
	Total	204.16	75.06	279.22	148.12	131.10

Source: *Appropriation Accounts 2021-22*.

From **Table 3.14**, it is seen that an amount of ₹ 148.12 crore (53.05 per cent) only was utilised out of the total allocation of ₹ 279.22 crore. It was further seen that the actual expenditure was lesser than the original allocation and hence the supplementary provision of ₹ 75.06 crore proved unnecessary. At the same time, there were large projects in the State which were stalled due to shortage of funds.

As a result, the unnecessary excessive budget provision deprived allocation of resources to those projects which require funds leading to inordinate delay. The details of projects where no expenditure was incurred during the year is given in *Appendix 3.7*.

3.1.12 Major policy pronouncements in budget and their actual funding for ensuring implementation

While presenting the Budget for the year 2021-22 in the State Legislature, the Finance Minister announced outlays for several schemes. Contrary to this, test check of policy pronouncements in the budget revealed that no expenditure on these announced schemes were incurred during the year. The budget allotment and actual expenditure in this regard are given in **Table 3.15**.

Table 3.15: Details of the schemes for which provision was made but no expenditure was incurred
(₹ in crore)

Sl. No.	Department Name	Scheme Name	Approved outlay	Revised outlay	Actual expenditure
1.	Health	Meghalaya Health System Strengthening Project	5.00	-	0.00
2.	Transport	Motor Driving Institute	20.00	-	0.00

Source: Budget Speech and Appropriation Account 2021-22.

Audit observed that though provision of ₹ 25.00 crore was made, no expenditure was incurred during the year.

3.1.13 Misclassification of expenditure

The Indian Government Accounting Standard-2 was notified by the GOI in 2011 for accounting and classification of Grants-in-Aid received or given by both Central as well as State Governments. As per Indian Government Accounting Standard-2, Grants-in-Aid are payments in the nature of assistance, donations or contributions made by one Government to another Government, body, institutions or individual. Further, expenditure on Grants-in-Aid is recorded as Revenue Expenditure in the books of the Grantor and as Revenue Receipts in the books of the recipient. Capital Expenditure is defined as expenditure incurred with the objective of increasing concrete assets of a material or permanent character, or for reducing recurrent liabilities.

During the year 2021-22, Government of Meghalaya incorrectly booked expenditure of ₹ 18.11 crore under Capital Section instead of Revenue Section and ₹ 2.00 crore under Revenue Section instead of Capital Section as has been determined from the purpose of expenditure leading to overstatement of Revenue Surplus (₹ 653.92 crore) by ₹ 16.11 crore.

3.2 Review of Selected Grants

A review of budgetary procedure and control over expenditure was conducted (October 2022) in respect of ‘Grant Number-56- Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges’, ‘Grant Number-43- Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Capital Outlay on Housing, Capital Outlay on Crop Husbandry, Investments in Agricultural Financial Institution’ and ‘Grant Number- 21- General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, Sports, Art and Culture, Capital Outlay on North Eastern Areas’. The observations noticed during the review are discussed below:

3.2.1 Review of Grant Number-56- Public Works, Roads and Bridges, Capital Outlay on North Eastern Areas, Capital Outlay on Roads and Bridges

3.2.1.1 Persistent savings/Non surrender of savings

The overall position of budget provision, actual expenditure, savings/excess, and savings not surrendered under this Grant during the five-year period 2017-18 to 2021-22 is given in Table 3.16.

Table 3.16: Budget and Expenditure of Grant No. 56

(₹ in crore)					
Grant No.	2017-18	2018-19	2019-20	2020-21	2021-22
Total Budget Provision	853.84	1,197.79	1,362.81	1,889.70	1,918.70
Expenditure	619.71	1,108.43	947.49	1,410.58	1,762.19
Savings (-)/Excess (+)	(-)234.13	(-)89.36	(-)415.32	(-)479.12	(-)156.51
Savings (percentage)	(-)27.42	(-)7.46	(-)30.48	(-)25.35	(-)8.16
Savings not surrendered	245.00	29.04	214.22	11.74	42.79
Revenue Provision	162.21	392.49	468.50	509.02	596.75
Expenditure	173.08	357.73	429.11	472.72	553.09
Savings (-)/Excess (+)	(+)10.87	(-)34.76	(-)39.39	(-)36.30	(-)43.66
Savings (percentage)	(+)6.70	(-)8.86	(-)8.41	(-)7.13	(-)7.32
Savings not surrendered	0.00	28.37	8.82	9.60	19.05
Capital Provision	691.63	805.30	894.31	1,380.68	1,321.95
Expenditure	446.63	750.70	518.38	937.86	1,209.10
Savings (-)/Excess (+)	(-)245.00	(-)54.60	(-)375.93	(-)442.82	(-)112.85
Savings (percentage)	(-)35.42	(-)6.78	(-)42.04	(-)32.07	(-)8.54
Savings not surrendered	245.00	0.67	205.40	2.14	23.74

Source: Appropriation Accounts.

As can be seen from **Table 3.16**, savings as a percentage of total budget provision was 27.42, 30.48 and 25.35 *per cent* in 2017-18, 2019-20 and 2020-21 respectively. However, significant improvement is seen in utilisation of budgetary allocation during 2021-22, which could be due to lifting of pre-pandemic restrictions. Government should endeavour to maintain maximum utilisation of fund in order to achieve effective budgetary control.

3.2.1.2 Budget provision not utilised

As per Paragraph 152 (iii) of the Budget Manual, the Controlling Officer should surrender to the Finance Department, all savings anticipated in the Budget under their control as soon as the certainty of non-requirement of fund is known by 15 March at the latest so that the same could be utilised for other purposes. Contrary to the above provisions, it was noticed that 100 *per cent* of the budget provision was not utilised in five cases under the Grant No. 56 during the year 2021-22 as detailed in **Table 3.17**.

Table 3.17: Cases where no part of budget provisions was utilised

(₹ in crore)			
Major Head and Group Head	Final Grant	Expenditure	Savings
2059-Public Works			
80-General-001-Direction and Administration-08-Divisional and Subordinate Offices (Roads) (General)	0.63	0.00	0.63
80-General-001-Direction and Administration-18-Block Offices (6th Sch)	0.02	0.00	0.02
80-General-052-Machinery & Equipment-04-RC of T&P etc.	0.38	0.00	0.38
80-General-053-Machinery and Equipment-06-Work Charged Establishment (General)	0.21	0.00	0.21
4552-Capital Outlay on NE Areas			
04-N.E.C Scheme-113-Roads & Bridges-04-Construction of Rongjeng Mangsang Adokre Road (6th Sch)	22.00	0.00	22.00
Total	23.24	0.00	23.24

Source: Appropriation Account 2021-22.

As is evident from **Table 3.17**, the Department could not utilise the Grant to the tune of ₹ 23.24 crore as per the budget allocation. This indicates poor budget formulation and lack of financial control on part of the Departments.

3.2.1.3 Unnecessary Supplementary Provision

Supplementary provision of ₹ 16.19 crore obtained in one case during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed in **Table 3.18**.

Table 3.18: Unnecessary supplementary provision

(₹ in crore)					
Original Provision	Supplementary	Final Grant	Expenditure	Savings	Remarks
580.56	16.19	596.75	553.09	43.66	Revenue

Source: Appropriation Account 2021-22.

Unnecessary excessive budget provision deprives allocation of resources to those projects which require funds during the year.

3.2.1.4 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this Article 204 of the constitution.

It was however, noticed that expenditure of ₹ 4.39 crore was incurred in two cases without any budget provision in the original budget/ supplementary orders to this effect as detailed in **Table 3.19**.

Table 3.19: Cases where expenditure was incurred without either any budget/supplementary provisions

(₹ in crore)				
Major Head and Group Head	Original Provision	Re-appropriation	Expenditure	Excess(+)/ Savings(-)
5054-Capital Outlay on R&Bs				
04-District & Other Roads-800-Other Expenditure-(23)-Grant Under Article 275(1)	0.00	1.21	1.21	0.00
04-District & Other Roads-337-Road Works-(03) Construction/Upgradation of Roads	0.00	3.18	3.18	0.00
Total	0.00	4.39	4.39	0.0

Source: Appropriation Account 2021-22.

Expenditure without budget is indicative of lack of financial discipline in the Departments. This undermined the sanctity of budgeting process and legislative control and leads to breach of the constitutional provision, and needs to be regularised with legislative authorisation.

3.2.1.5 Excess over provision

There was an excess expenditure of ₹ 203.65 crore over the budget provision under seven sub-heads during 2021-22, details of which are given in **Table 3.20**. Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in the Department.

Table 3.20: Excess over provision

(₹ in crore)				
Sl. No.	Major Head and Group Head	Final Grant	Expenditure	Excess
2059-Public Works-80-General				
1	001-Direction & Administration-(02)-Chief Engineer and his general establishment (Roads) (General)	9.67	12.86	3.19
2	001-Direction of Administration-(04)-Technical Branch under CE (General)	5.73	6.82	1.09
3	001-Direction of Administration-(05)-Superintending Engineers and their establishments (Roads) (General)	9.33	11.29	1.96
4	052-Machinery and Equipment-(04) R/C of T & P etc (General)	0.60	0.68	0.08
5	053-Machinery and Equipment-(06) Work Charged Establishment (General)	2.55	2.76	0.21
3054-Roads & Bridges				
6	04-District and Other Roads-105-Maintenance and Repairs-01-Work Charged Establishment-Road Works(6th Sch)	84.75	191.32	106.57
Centrally Sponsored Schemes				
7	01-National Highways-797-Transfers to/from Reserve Fund/Deposit Account-(01) Road Finance from Central Road Fund-8449-Other Deposit-103-Subventions from Central Road Fund (General)	0.00	90.55	90.55
Total		112.63	316.28	203.65

Source: Appropriation Account 2021-22.

As shown in the **Table 3.20**, an excess expenditure of ₹ 203.65 crore shows lack of financial control of the Department. In addition to this, expenditure of ₹ 90.55 crore (shown in the Sl. No. 7 of the Table 3.20) was booked without provision though the provision for the expenditure for Central Road Fund was made under 01-National Highways-797-Transfers to/from Reserve Fund/Deposit Account-(01) Road Finance from Central Road Fund-8449-Other Deposit-103-Subventions from Central Road Fund (VI Schedule).

3.2.2 Review of Grant Number-43 - Housing, Crop Husbandry, Agricultural Research and Education, Other Agricultural Programmes, Capital Outlay on Housing, Capital Outlay on Crop Husbandry, Investments in Agricultural Financial Institution

3.2.2.1 Persistent savings/Non surrender of savings

The overall position of budget provision, actual expenditure, savings/excess, and savings not surrendered under this Grant during the five-year period 2017-18 to 2021-22 is given in **Table 3.21**.

Table 3.21: Budget and Expenditure of Grant No. 43

(₹ in crore)					
Grant No.	2017-18	2018-19	2019-20	2020-21	2021-22
Total Budget Provision	588.36	349.10	327.48	375.61	383.11
Expenditure	263.95	217.35	148.32	210.27	256.03
Savings (-)/Excess (+)	(-)324.41	(-)131.75	(-)179.16	(-)165.34	(-)127.08
Savings (percentage)	(-)55.14	(-)37.74	(-)54.71	(-)44.02	(-)33.17
Savings not surrendered	107.81	46.47	52.66	54.09	52.40
Revenue Provision	451.07	344.43	322.10	367.61	377.51
Expenditure	238.91	216.12	148.32	208.47	252.77
Savings (-)/Excess (+)	(-)212.16	(-)128.31	(-)173.78	(-)159.14	(-)124.74

Grant No.	2017-18	2018-19	2019-20	2020-21	2021-22
Savings (percentage)	(-)47.03	(-)37.25	(-)53.95	(-)43.29	(-)33.04
Savings not surrendered	94.59	44.18	52.66	54.03	51.85
Capital Provision	137.29	4.67	5.38	8.00	5.60
Expenditure	25.04	1.23	0.00	1.80	3.26
Savings (-)/Excess (+)	(-)112.25	(-)3.44	(-)5.38	(-)6.20	(-)2.34
Savings (percentage)	(-)81.76	(-)73.66	(-)100.00	(-)77.50	(-)41.79
Savings not surrendered	13.22	2.29	0.00	0.06	0.55

Source: Appropriation Account 2021-22.

As can be seen from **Table 3.21**, savings as a percentage of total budget provision ranged between 33 to 55 *per cent* in last five years. During 2021-22, out of total savings of ₹ 127.08 crore (33.17 *per cent*), ₹ 52.40 crore was not surrendered. Persistent large savings is indicative of incorrect assessment of actual needs and calls for a critical review of not only the budget preparation exercise of the Department but also the utilisation of fund.

3.2.2.2 Budget provision not utilised

As per Paragraph 152 (iii) of the Budget Manual, the Controlling Officers should surrender to the Finance Department, all savings anticipated in the Budget under their control as soon as the certainty of non-requirement of fund is known by 15 March at the latest so that the same could be utilised for other purposes. Contrary to the above provisions, it was noticed that 100 *per cent* of the budget provision was not utilised in five cases under Grant No. 43 during the year 2021-22 as detailed in **Table 3.22**.

Table 3.22: Cases where no part of budget provisions was utilised

(₹ in crore)

Major Head and Group Head	Original Grant	Expenditure	Savings
2401-Crop Husbandry			
108-Commercial Crops-(70)-National Mission for Sustainable Agriculture (NMSA) (General)	0.85	0.00	0.85
01-Centrally Sponsored Schemes-108-Commercial Crops-(70)-National Mission for Sustainable Agriculture (NMSA) (General)	7.76	0.00	7.76
195-Assistance to Farming Cooperation-(04)-Assistance to KVK (General)	0.24	0.00	0.24
01-Centrally Sponsored Schemes-105-Manures and Fertilisers-(31)-Paramparagat Krishi Vikas Yojana (Agri) (General)	0.15	0.00	0.15
4416-Investments in Agricultural Financial Institutions			
190-Investments in Public Sector and Other Undertakings-(01)-Share Capital Contribution and Investments in Agricultural Institutions (General)	0.25	0.00	0.25
Total	9.25	0.00	9.25

Source: Appropriation Account 2021-22.

As is evident from **Table 3.22**, the Department could not utilise the Grant to the tune of ₹ 9.25 crore as per the budget allocation. This indicates poor budget formulation and lack of financial control on part of the Departments.

3.2.2.3 Unnecessary Supplementary Provision

Supplementary provision of ₹ 1.35 crore obtained in one case during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed in **Table 3.23**.

Table 3.23: Unnecessary supplementary provision

					(₹ in crore)
Original Provision	Supplementary	Final Grant	Expenditure	Excess (+)/ Savings(-)	Remarks
376.16	1.35	377.51	252.77	-124.74	Revenue

Source: Appropriation Account 2021-22.

3.2.2.4 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law.

It was however, noticed that expenditure of ₹ 4.34 crore was incurred in three cases without any budget provision in the original budget/supplementary orders to this effect as detailed in Table 3.24.

Table 3.24: Cases where expenditure was incurred without budget/supplementary provisions

					(₹ in crore)
Major Head and Group Head	Original Provision	Re-appropriation	Expenditure	Excess (+)/ Savings(-)	
2401-Crop Husbandry					
105-Manures and Fertilisers-(34)-Production of Bio-fertilisers (General)	0.00	0.31	0.25	(-)0.06	
108-Commercial Crops-51-Organic Manure	0.00	0.07	0.07	0.00	
119-Horticulture and Vegetable Crops-47-Mission for integrated development of horticulture (MIDH) (Coconut Development Board) State Share	0.00	0.02	0.02	0.00	
Central Sector Scheme-113-Agricultural Engineering-24-Supply /Distribution of Power Tillers	0.00	4.00	4.00	0.00	
Total	0.00	4.40	4.34	(-)0.06	

Source: Appropriation Account 2021-22.

Expenditure without budget is indicative of lack of financial discipline in the Departments. This undermined the sanctity of budgeting process and legislative control.

3.2.2.5 Excess over provision

There was an excess expenditure of ₹ 2.32 crore over the budget provision under six sub-heads during 2021-22, details of which are given in Table 3.25. Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in the Department, and needs regularisation with legislative authorisation.

Table 3.25: Excess over budget provision

				(₹ in crore)
Major Head and Group Head	Final Grant	Expenditure	Excess	
2401-Crop Husbandry				
108-Commercial Crops-(22)-Spices Development (Ginger/Turmeric/Large Cardamon/Black Pepper) (6th Sch)	11.26	11.33	0.07	
108-Commercial Crops-(57)-Tea Development Scheme (6th Sch)	1.78	1.8	0.02	
109-Extension and Farmer's Training-(47)-National Mission on Agricultural Extension and Trg. (NMAET) (General)	0.81	2.34	1.53	

Major Head and Group Head	Final Grant	Expenditure	Excess
119-Horticulture and Vegetable Crops-(07)-Establishment of regional Progeny Orchard cum Horticulture Nursery for Sub-Tropical Fruits (Mynkre) (6th Sch)	0.36	0.38	0.02
2415-Agricultural Research and Education-01-Crop Husbandry			
004-Research-(14)-State Soil Survey Organisation (General)	0.63	1.11	0.48
2435-Other Agricultural Programmes-01-Marketing and quality control			
101-Marketing facilities-(01)-Agricultural marketing organisation including transport subsidy (General)	1.71	1.91	0.20
Total	16.55	18.87	2.32

Source: Appropriation Account 2021-22.

3.2.3 Review of Grant Number-21 - General Education, Technical Education, Sports and Youth Services, North Eastern Areas, Capital Outlay on Education, Sports, Art and Culture, Capital Outlay on North Eastern Areas.

3.2.3.1 Persistent savings/non surrender of savings

The overall position of budget provision, actual expenditure, savings/excess, and savings not surrendered under this Grant during the five-year period 2017-18 to 2021-22 is given in **Table 3.26**.

Table 3.26: Budget and Expenditure of Grant No. 21

Grant No.	(₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Total Budget Provision	2,046.81	2,212.49	2,562.88	2,525.91	2,445.90
Expenditure	1,736.34	2,045.28	1,997.33	1,912.81	2,162.53
Savings (-)/Excess (+)	(-)310.47	(-)167.21	(-)565.55	(-)613.10	(-)283.37
Savings (percentage)	(-)15.17	(-)7.56	(-)22.07	(-)24.27	(-)11.59
Savings not surrendered	227.84	4.18	51.46	128.77	101.64
Revenue Provision	2,042.81	2,207.27	2,552.37	2,506.87	2,409.04
Expenditure	1,736.34	2,043.18	1,996.77	1,908.81	2,127.49
Savings (-)/Excess (+)	(-)306.47	(-)164.09	(-)555.60	(-)598.06	(-)281.55
Savings (percentage)	(-)15.00	(-)7.43	(-)21.77	(-)23.86	(-)11.69
Savings not surrendered	223.84	4.18	50.50	127.77	102.05
Capital Provision	4.00	5.22	10.51	19.04	36.86
Expenditure	0.00	2.10	0.56	4.00	35.04
Savings (-)/Excess (+)	(-)4.00	(-)3.12	(-)9.95	(-)15.04	(-)1.82
Savings (percentage)	(-)100.00	(-)59.77	(-)94.67	(-)78.99	(-)4.94
Savings not surrendered	4.00	0.00	0.96	1.00	(-) 0.41*

Source: Appropriation Accounts. (* Excess surrender during 2021-22).

As can be seen from **Table 3.26**, savings as a percentage of total budget provision which was 22.07 per cent and 24.27 per cent during 2019-20 and 2020-21 respectively, declined considerably to 11.59 per cent in 2021-22. However, out of savings of ₹ 283.37 crore during the year, ₹ 101.64 crore was not surrendered. The Government should continue to make efforts to maximise utilisation of the budget provision.

3.2.3.2 Budget provision not utilised

As per Paragraph 152 (iii) of the Budget Manual, the Controlling Officer should surrender to the Finance Department, all savings anticipated in the Budget under their control as soon as the certainty of non-requirement of fund is known by 15 March at the latest so that the same could be utilised for other purposes. Contrary to the above provisions, it was noticed that 100 per cent of the budget provision (more than ₹ 1.00 crore in each case) was not utilised in seven cases during the year 2021-22 as detailed in **Table 3.27**.

Table 3.27: Cases where no part of budget provision (in excess of ₹ 1.00 crore) was utilised (₹ in crore)

Major Head and Group Head	Final Grant	Expenditure	Savings
2202-General Education			
02-Secondary Education-104-Teachers and Other Services-(03)-Computerised Project management information system (PMIS) of Teachers (General)	2.00	0.00	2.00
80-General-003-Training-(22) Expenditure on Trainees in Basic Training Centres(6th Sch)	5.36	0.00	5.36
80-General-003-Training-(23) Inservice Training (VI th Sch)	2.48	0.00	2.48
80-General-003-Training-(26) Expenditure on Trainees (VI th Sch)	2.42	0.00	2.42
80-General-003-Training-(34) Other Programme-Central Assistance for CSS (General)	2.26	0.00	2.26
01-Centrally Sponsored Schemes-80-General-003-Training-(34) Other Programme-Central Assistance for CSS (General)	24.92	0.00	24.92
02-Central Sector Schemes -2-Secondary Education-800-Other Expenditure-(24) Assistance under Article 275(1) (General)	29.34	0.00	29.34
Total	68.78	0.00	68.78

Source: Appropriation Account 2021-22.

As is evident from **Table 3.27**, the Department could not utilise the Grant to the tune of ₹ 68.78 crore as per the budget allocation. This indicates poor budget formulation and lack of financial control on part of the Departments.

3.2.3.3 Excess over provision

There was an excess expenditure of ₹ 209.19 crore over the budget provision under 10 sub-heads during 2021-22, details of which are given in **Table 3.28**.

Table 3.28: Excess over budget provision

Major Head and Group Head	Final Grant	Expenditure	Excess
2202- General Education			
01 - Elementary Education - 101-Government Primary School - (01) Expenditure on Primary Schools (6th Sch)	264.48	375.72	111.24
01 - Elementary Education -102-Assistance to Non Government Primary Schools-(01) Expenditure on maintenance of primary schools under deficit system (General)	54.00	61.74	7.74
01 - Elementary Education -102-Assistance to Non Government Primary Schools-(02) Expenditure on schools under non deficit system. (6th Sch)	12.61	16.23	3.61
01 - Elementary Education - 102-Assistance to Non Government Primary Schools-(13) Expenditure On U.P. Schools Under Non Deficit System (General)	20.64	21.35	0.71
01 - Elementary Education -102-Assistance to Non Government Primary Schools- (25) Sarva Shiksha Abhiyan (General)	93.31	161.89	68.59
01 - Elementary Education -102-Assistance to Non Government Primary Schools-(34) Meghalaya Aided Schools Employees Death Cum Retirement Gratuities (General)	2.23	2.59	0.35
01 - Elementary Education-104-Inspection-(04) Administrator primary education Garo hills (6th Sch)	1.91	16.99	15.08
01 - Elementary Education -109 - Scholarships and Incentives - (11) Scholarship from Primary School Teachers	0.34	0.35	0.02

Major Head and Group Head	Final Grant	Expenditure	Excess
02-Secondary Education-110-Assistance to Non-Government Secondary Schools- - (04) Expenditure on non-deficit secondary schools for Girls (6th Sch)	37.60	39.06	1.46
80 - General -003-Training-(21) Basic Training Centres Including Guru Training (6th Sch)	1.66	2.04	0.39
Total	488.78	697.97	209.19

Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of lack of financial discipline in the Department.

3.3 Conclusion

Against total budget allocation of ₹ 20,390.22 crore, the expenditure was ₹ 18,883.97 crore (92.61 per cent) of the total budget allocation. Therefore, the supplementary provision of ₹ 2,786.99 crore could not be utilised fully. Out of the gross savings of ₹ 3,086.92 crore, ₹ 2,731.01 crore (88.47 per cent) was surrendered on the last working day of March 2022, in violation of Budget Rules.

There were four instances where expenditure of ₹ 1,249.55 crore was incurred without authority of law, unnecessary supplementary provision of ₹ 213.36 crore in 15 cases.

During the current year, expenditure under four Grants amounting to ₹ 1,580.67 crore (two Grants under Revenue Section and two Grants under Capital Section) was in excess of authorisation and require regularisation under Article 205 of the Constitution. Excess expenditure of ₹ 1,762.38 crore (from 1971-72 to 2020-21) was yet to be regularised as on 31 March 2022.

During the year 2021-22, there was misclassification of expenditure as Government of Meghalaya incorrectly booked expenditure of ₹ 18.11 crore under Capital Section instead of Revenue Section and ₹ 2.00 crore under Revenue Section instead of Capital Section as had been determined from the purpose of expenditure.

3.4 Recommendations

1. Finance Department may provide supplementary Grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments, to avoid under or overspending by them.
2. The Grants showing persistent savings may be reviewed by concerned departments to ascertain and address the cause for such savings.
3. The Finance Department may ensure that the cases of expenditure in excess without budgetary provisions are avoided as it undermines Legislative Authority.
4. Excess expenditure remaining un-regularised for prolonged periods need to be viewed seriously as this dilutes parliamentary control over the exchequer. The State Government should also ensure that the excess expenditure is regularised at the earliest.