



CHAPTER-III
BUDGETARY MANAGEMENT



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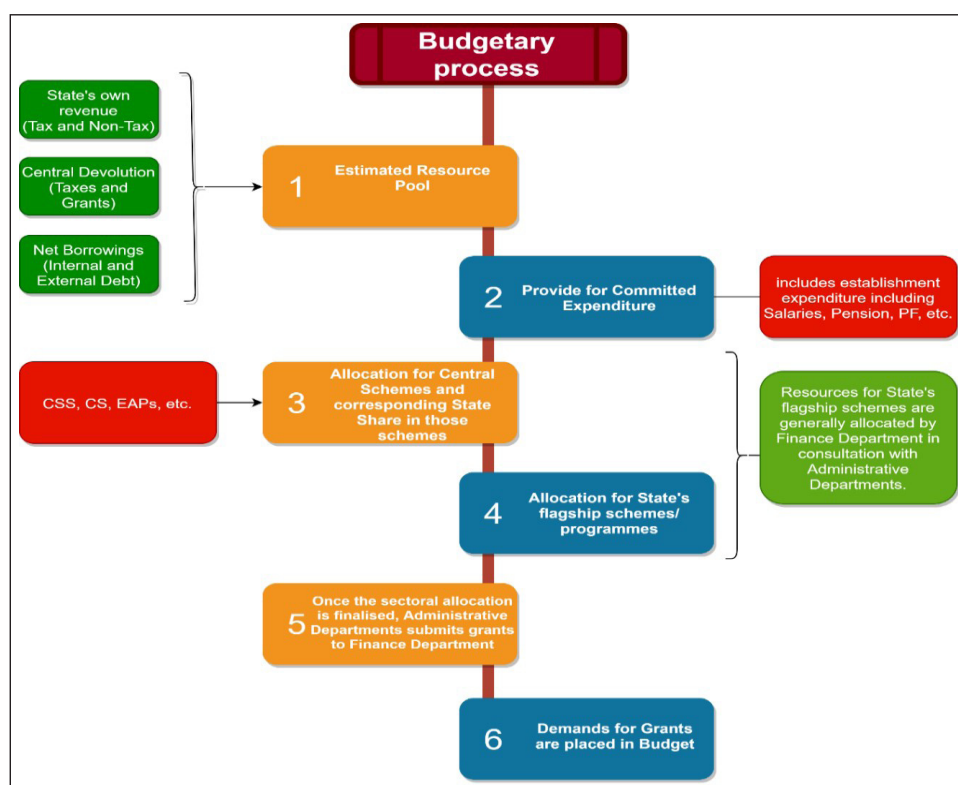
3.1 Budget Process

In compliance with Article 202 of the Constitution of India, in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that year, called the “annual financial statement (Budget)” is to be laid before the State Legislature. The estimates of the expenditure show ‘charged’ and ‘voted’ items of expenditure separately and distinguish expenditure on revenue account from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the State Government.

As per Rule 37 of Rules of Execution Business of the Government of the State of Meghalaya, 1972, the Financial Department is responsible for preparation of the annual budget by obtaining estimates from various departments. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the heads of departments and submitted to the Finance Department on prescribed dates. The Finance Department consolidates the estimates and prepares the Detailed Estimates called ‘Demand for Grants’. Budget glossary is given in *Appendix 3.1*.

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.

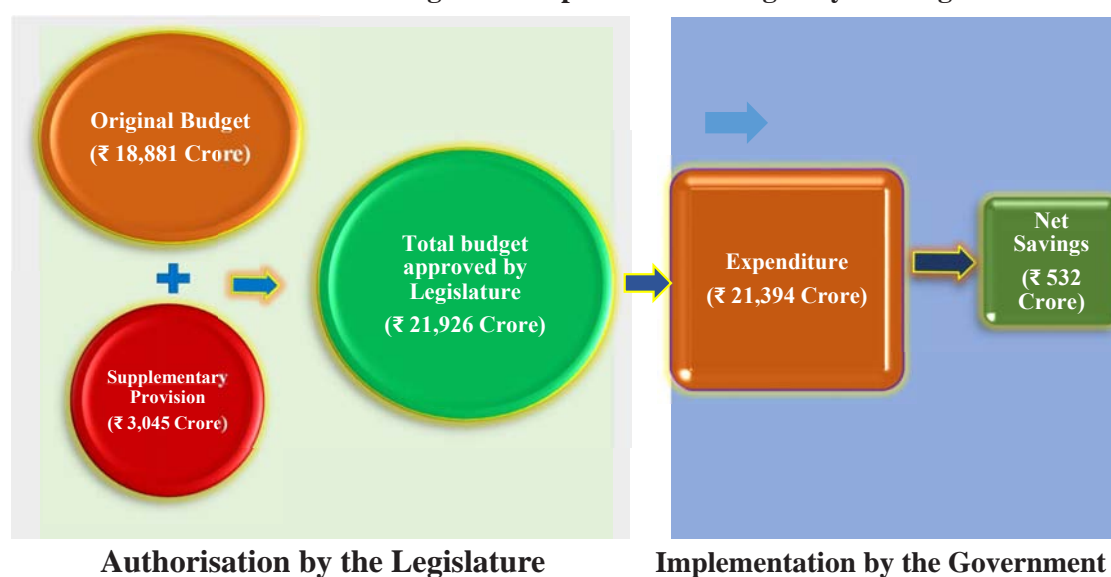
As contemplated in Paragraphs 1 and 78 of the State Budget Manual⁴⁶, the duty of preparing Budget Estimates (BEs) (Receipts and Expenditure) and Revised Estimates (REs) for laying before the Legislature vests with the Finance Department. The BEs are prepared on Departmental basis. The budget making process 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.

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

3.1.1 Summary of total provisions, actual disbursements and savings during financial year

The total amount approved by the State legislature, including the original and supplementary budgets⁴⁷, expenditure and net savings during 2022-23 are depicted below:

Chart 3.2: Overview of Budget and Expenditure of Meghalaya during 2022-23



Source: Appropriation Accounts 2022-23.

The net savings of ₹ 532 crore was the result of gross savings of ₹ 3,971 crore offset by excess expenditure of ₹ 3,439 crore.

A summarised position of total budget provision, disbursements and savings/excess with bifurcation into voted and charged during the year 2022-23 is given in **Table 3.1**.

⁴⁶ Budget Manual of the Government of Assam (Volume I) as adopted by Government of Meghalaya.

⁴⁷ Demand for Supplementary Grants were moved by the GoM during September 2022 (₹ 1,240.25 crore) and March 2023 (₹ 1,804.35 crore).

Table 3.1: Summarised Position of Actual Expenditure vis-à-vis Budget (Original/Supplementary) Provisions during the Financial Year

(₹ in crore)

Voted/Charged	Total Budget provision	Disbursements	Net Savings (-)/Excess (+)
Voted	19,711.29	16,481.89	-3,229.40
Charged	2,214.31	4,911.89	2,697.58
Total	21,925.60	21,393.78	-531.82

Source: Appropriation Accounts 2022-23.

3.1.2 Charged and Voted Disbursements during the year

The break-up of total disbursement into charged and voted during 2021-22 and 2022-23 is given in **Table 3.2**.

Table 3.2: Trend of Disbursement into Charged and Voted during 2021-22 and 2022-23

(₹ in crore)

Year	Disbursements			Net Savings (-)/ Excess (+)		
	Voted	Charged	Total	Voted	Charged	Total
2021-22	15,589.82	3,294.15	18,883.97	(-)2,862.22	1355.97	(-)1,506.25
2022-23	16,481.89	4,911.89	21,393.78	42,787.56	42,787.56	(-)531.82

Source: Appropriation Accounts 2022-23.

Total expenditure during the year 2022-23 was ₹ 21,393.78 crore out of which ₹ 16,481.89 crore (77.04 per cent) was voted expenditure while ₹ 4,911.89 crore (22.96 per cent) was charged expenditure. During the previous year, the proportion of voted and charged expenditures were 82.56 per cent and 17.44 per cent respectively.

3.1.3 Budget Marksmanship**3.1.3.1 Aggregate Budget Outturn**

Aggregate Budget Outturn⁴⁸ measures the extent to which the aggregate budget expenditure outturn/actual expenditure reflects the amount originally approved, both in terms of less than approved and in excess of approved. In simpler terms, Aggregate Budget Outturn assesses how closely the actual expenditure amount matches the initially approved budget amount.

Table 3.3: Aggregate Budget Outturn

(₹ in crore)

Description	Original Approved Budget (BE)	Actual Outturn	Difference between actual and BE*	Percentage Difference between Actual and BE
(1)	(2)	(3)	(4)	(5)
Revenue	15,375.53	14,867.44	(-) 508.08	-3.30
Capital	3,505.47	6,526.34	(+) 3,020.86	86.18
Total	18,881.00	21,393.78	(+) 2,512.78	13.31

* Excess of actuals over original provision is denoted as (+) figure and shortage of actuals over original provision is denoted as (-) figures.

⁴⁸ **Outturn:** - Outturn refers to the actual expenditure made in the financial year. It represents actual expenses, revenues, and other financial aspects compared to initially budgeted or estimated.

In Revenue section, deviation in outturn compared with BE was (-) 3.30 per cent. This was due to deviation between 0 and ± 25 per cent in 39 grants and three non-grants. Between ± 25 per cent to ± 50 per cent in 17 grants, between ± 50 per cent to ± 100 per cent in four grants and more than or equal to 100 per cent in respect of one grant.

In Capital section, deviation in outturn compared with BE was (+) 86.18 per cent. This was due to deviation between 0 and ± 25 per cent in four grants and one non-grant, between ± 25 per cent to ± 50 per cent in eight grants, between ± 50 per cent to ± 100 per cent in 19 grants and more than or equal to 100 per cent in two grants and one non-grant. No provision was however made in respect of three grants of the Capital section.

3.1.3.2 Expenditure Composition Outturn

Expenditure Composition Outturn measures the extent to which re-allocations between the main budget categories during execution have contributed to variance in expenditure composition.

Table 3.4: Expenditure Composition Outturn

(₹ in crore)						
Description	Original Approved Budget (BE)	Revised (RE)	Actual Outturn	Difference between BE & RE	Difference between Actual and RE*	Percentage Difference between Actual and RE
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue	15,375.53	17,479.09	14,867.44	2,103.56	(-)2,611.64	(-)14.94
Capital	3,505.47	4,446.51	6,526.34	941.05	(+)2,079.82	(+) 46.77
Total	18,881.00	21,925.60	21,393.78	3,044.61	(-)531.82	(-) 2.43

* Excess of actuals over RE is denoted as (+) figure and shortage of actuals over RE is denoted as (-) figures.

In Revenue Budget, deviation in outturn compared with RE was (-) 14.94 per cent while in Capital Budget, deviation in outturn compared with RE was (+) 46.77 per cent.

In Revenue section, deviation in outturn compared with RE was (-) 14.94 per cent. This was due to deviation between 0 and ± 25 per cent in 43 grants and three non-grants, between ± 25 per cent to ± 50 per cent in 14 grants, between ± 50 per cent to ± 100 per cent in four grants.

In Capital section, deviation in outturn compared with RE was (+) 46.77 per cent. This was due to deviation between 0 and ± 25 per cent in seven grants and one non-grant, between ± 25 per cent to ± 50 per cent in seven grants, between ± 50 per cent to ± 100 per cent in 18 grants and equal to or more than 100 per cent in one grant and one non-grant. No provision was, however, made in respect of three grants (grant 02, 15 and 32) of the Capital section.

3.2 Appropriation Accounts

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 Act passed under Article 204 and 205 of the Constitution of India. Appropriation Accounts are on gross basis. These Accounts depict the original budget provision, supplementary grants, surrenders and re-appropriations distinctly and indicate actual Capital and Revenue Expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. Appropriation Accounts thus facilitate understanding of utilisation of funds, management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of appropriations by the Comptroller and Auditor General (C&AG) of India seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

3.3 Integrity of Budgetary and Accounting Process

3.3.1 Expenditure incurred without authority of law.

As per Para 95 of Volume I of the Budget Manual of the Government of Assam, 1960 (adopted by Meghalaya), no expenditure under a particular head (Major, Minor or Sub-Head) against which no provision exists, in the Budget as passed by the Assembly can be incurred and the provision under a grant can never be exceeded.

On test check of Detailed Appropriation Accounts 2022-23, it is found that ₹ 574.74 crore was expended in 15 cases without legislative approval as outlined in **Table 3.5**.

Table 3.5: Case of expenditure without legislative approval during 2022-23

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
6 – Administration of Land Revenue, Land Ceilings <i>etc.</i>	2245	14.75	02- Floods, Cyclone <i>etc.</i> 101- Gratuitous. Relief (01)- Financial Assistance of the Victims of Natural Calamities - General.
6 – Administration of Land Revenue, Land Ceilings <i>etc.</i>	2245	1.03	02- Floods, Cyclone <i>etc.</i> 104- Supply of fodder (01)- Financial Assistance of the Victims of Natural Calamities - General.
6 – Administration of Land Revenue, Land Ceilings <i>etc.</i>	2245	0.32	02- Floods, Cyclone <i>etc.</i> 105- Veterinary Care (01)- Financial Assistance of the Victims of Natural Calamities - General.
6 – Administration of Land Revenue, Land Ceilings <i>etc.</i>	2245	0.08	02- Floods, Cyclone <i>etc.</i> 111- Ex-gratia payments to bereaved families. (01) Financial Assistance to Victims of Natural calamities
6 – Administration of Land Revenue, Land Ceilings <i>etc.</i>	2245	4.76	02- Floods, Cyclone <i>etc.</i> 113-Assistance for Repairs/ Reconstruction of Houses. (01)- Financial Assistance to Victims of Natural Calamities.-. General

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.42	02 -Floods, Cyclone etc. 114 -Assistance to Farmers for purchase of Agricultural inputs (01)-Financial Assistance of Victims of Natural Calamities.-. General.
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.58	02 -Floods, Cyclone etc. 116 -Assistance to Farmers for Repairs of Damaged Tube Wells, Pump etc. (01)-Financial Assistance to Victims of Natural Calamities.-. General.
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.03	02 -Floods, Cyclone etc. 117 -Assistance to Farmers for purchase of livestock (01)- Financial Assistance to Victims of Natural calamities.
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.03	02 -Floods, Cyclone etc. 118 -Assistance for Repairs/ Replacement of damaged boats and equipment for fishing (01)- Financial Assistance to Victims of Natural calamities.
6 – Administration of Land Revenue, Land Ceilings etc.	2245	0.25	02 -Floods, Cyclone etc. 193 -Assistance to Local Bodies and Other Non-Government Bodies/ Institutions. (01)-Financial Assistance to Victims of Natural Calamities. - General.
11 – Administration of Electricity Acts and Rules, Power Department Services etc.	4801	550.00	05 -Transmission and Distribution 190 - Investments in Public Sector and Other Undertakings (02) –Ujwal Discom Assurance Yojana (UDAY) for Operational and Financial turnaround of Power Distribution Companies (Equity)- General
21 – Administration of the Education Department	2203	0.80	105-Polytechnics (09)-Up-gradation of Existing/ Setting up New Polytechnics-. Central Sector Schemes-General
24 – Administration of Pension and Other Retirement Benefits and Social Services	2071	0.49	01 -Civil 106 -Pensionary Charges in respect of High Court Judges. (02)-Payment of Pension-General
56 – Administration of Roads and Bridges	5054	0.20	04 -District and Other Roads. 337 -Road Works. (53)-North East Special Infrastructure Development Schemes (NESID)-Sixth Schedule
56 – Administration of Roads and Bridges	3451	1.00	092 -Other Offices. (35)-Credit Guarantee Fund Trust for Small and Micro Enterprises-General
Total		574.74	

Source: Detailed Appropriation Accounts 2022-23.

Expenditure from the Consolidated Fund of the State without legislative approval as mandated by the Constitution, infringes constitutional stipulations. This undermines fiscal discipline and the ability of governments to control the total budget and, subsequently, to manage risk. This also affects governments' ability to effectively and predictably allocate resources to strategic policy priorities.

3.3.2 Misclassification of expenditure

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 2022-23, the Government of Meghalaya incorrectly booked expenditure of ₹ 0.70 crore under Capital Section instead of Revenue Section (Minor Work). This resulted in understatement of Revenue Deficit (₹ 43.90 crore) by ₹ 0.70 crore.

3.3.3 Unnecessary or excessive supplementary Grants

During the year 2022-23, supplementary provision of ₹ 3,044.60 crore was obtained in 47 instances (Revenue-38 and Capital-9). However, out of these, under 16 cases supplementary provision of ₹ 1,440.18 crore proved unnecessary as the actual expenditure did not even reach to the level of the original provision as detailed in **Appendix 3.2**. This indicates poor budgetary management by the State Government. Such unnecessary allocation of resources could have been allocated to activities where funds were spent in excess of budget allocation.

Out of these 16 cases, significant cases where supplementary provision was more than ₹ 10 crore (in each case) are highlighted in **Table 3.6**.

Table 3.6: 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	6-Administration of Land Revenue, Land Ceilings etc.	101.12	42.86	64.67	36.45
2	11-Administration of Electricity Acts and Rules, 9-Power Department Services etc.	459.98	316.85	298.58	161.40
3	16-Administration of Civil Police and Fire Protection Services.	1,198.47	55.79	1,116.54	81.93
4	26-Administration of Medical, Public Health and Family Welfare services	1,557.92	304.90	1,454.64	103.28
5	29-Administration of Urban Development	159.05	19.70	121.66	37.39
6	34-Administration of Social Welfare	575.31	17.30	325.94	249.37
7	51- Administration of Community and Rural Development	1,261.14	195.09	1,170.45	90.69
	Total	5,312.99	952.49	4,552.48	760.51
Capital (Voted)					
1	19-Administration of Public Works Department.	136.29	34.01	94.82	41.47
2	56- Administration of Roads and Bridges	1,128.72	425.00	998.19	130.53
	Total	1,265.01	459.01	1,093.01	172.00
	Grand Total	6,578.00	1,411.50	5,645.49	932.51

Source: Appropriation Accounts 2022-23.

3.3.4 Unnecessary or insufficient 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.

Audit noticed that during the year 2022-23, re-appropriation was made under 49 Grants and four Appropriations, out of which under 11 grants and one appropriation proved excessive or insufficient and resulted in savings or excess (₹ one crore or above) as detailed in **Appendix 3.3**. This indicates that re-appropriation was not carried out on the basis of actual requirement. This reflects poor planning and monitoring of budget allocation and its utilisation by the State Government. Cases where the savings/excess exceeded ₹ 20 crore are highlighted in **Table 3.7**.

Table 3.7: Cases of excess/unnecessary/insufficient re-appropriation

(₹ in crore)

Sl. No.	Grant No. and Head of Accounts	Provisions				Actual Expenditure	Final Excess(+)/ Savings(-)
		Original	Supple-mentary	Re-appropriation	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Gr. No. 11 –2801-80-General. 101- Assistance to Electricity Boards. (84)- Grant to Me.E.C.L for Repayment of loans (6th Schedule)	0.00	250.00	170.00	420.00	0.00	(-)420.00
2.	Gr. No. 21– 2202-01- Elementary Education 101- Government Primary School (01) Expenditure on Primary Schools.. (6th Schedule)	401.54	0.00	0.07	401.61	440.94	(+) 39.33
3.	Gr. No. 21– 2202-01- Elementary Education 102-Assistance to Non-Government Primary Schools (01) Expenditure on Maintenance of Primary Schools under Deficit System (6th Schedule)	192.44	0.00	55.96	248.40	205.64	(-) 42.76
4.	Gr. No. 21– 2202-01- Elementary Education 111- Sarva Shiksha Abhiyan. (01) Samagra Shiksha Abhiyan. (General)	34.50	30.26	17.73	82.49	171.57	(+) 89.07
5.	Gr. No. 21– 4202-01-General Education 201- Elementary Education (01) Construction of Educational Building. (General)	0.00	37.98	10.00	47.98	10.00	(-) 37.98
6.	Gr. No. 26– 2210-80-General 800 Other Expenditure (21)- National Health Mission (NHM) (General)	70.00	30.76	18.91	119.67	76.75	(-)42.92
7.	Gr. No. 56– 2059 -80 –General 001- Direction and Administration (08) Divisional and Subordinate Offices (Roads) (6th Schedule)	144.94	20.72	0.60	166.26	144.17	(-) 22.09
8.	Major Head 6003 – 110- Ways and Means Advances from the Reserve Bank of India (69) Ways and Means Advances (General)	280.00	0.00	1.74	281.74	1,572.91	(+)1,291.17

Source: Detailed Appropriation Accounts 2022-23.

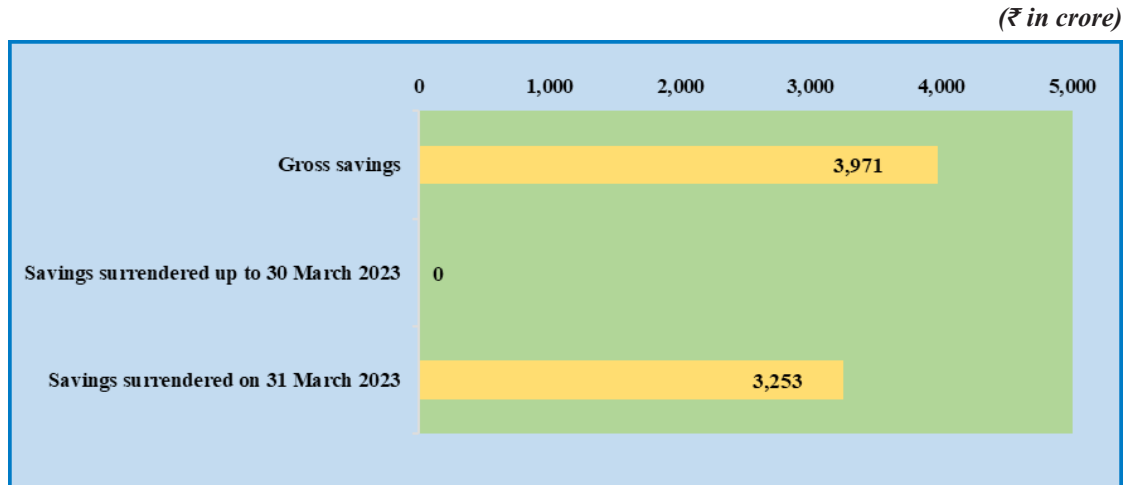
The State Government may develop and deploy a mechanism to improve accuracy of assessment for requirement of funds through re-appropriation with the objective of preventing under-allocation or over-allocation of funds through re-appropriations.

3.3.5 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. Known savings in the budget should not be left un-surrendered in time.

Scrutiny of the Appropriation Accounts 2022-23 revealed that out of gross savings of ₹ 3,971.22 crore, an amount of ₹ 3,252.82 crore (81.91 *per cent*) was surrendered. The entire surrendered amount was surrendered on the last working day of March 2023.

Chart 3.3: Savings and surrenders during 2022-23



Source: Appropriation Accounts 2022-23.

Substantial surrenders (cases where more than ₹ 100 crore of total provision was surrendered) were made in respect of five Grants (revenue section) and one Grant (capital section) on various grounds like non-receipt of sanctions, less expenditure than anticipated, less requirement of funds, non-requirement of fund, *etc.* In these six cases, out of the total provision of ₹ 9,602.94 crore of above Grants/Appropriations, ₹ 1,611.72 crore was surrendered, details of which are given in **Table 3.8**.

Table 3.8: Details of Surrender of Funds in Excess of ₹ 100 crore at the end of March 2023

(₹ in crore)

Sl. No.	Grant number	Original	Supplementary	Total Provision	Actual Expenditure	Saving	Amount Surrendered
Revenue							
1.	16	1,198.64*	55.79	1,254.43	1,116.58	137.85	130.32
2.	21	2,545.36	337.77	2,883.13	2,718.22	164.91	236.32
3.	26	1,557.92	304.90	1,862.82	1,454.64	408.18	109.05
4.	34	575.31	17.30	592.61	325.94	266.66	266.57
5.	51	1,261.14	195.09	1,456.23	1,170.45	285.78	276.69
Total		7,138.37	910.85	8,049.22	6,785.83	1,263.38	1,018.95

Sl. No.	Grant number	Original	Supplementary	Total Provision	Actual Expenditure	Saving	Amount Surrendered
Capital							
1.	56	1,128.72	425.00	1,553.72	998.19	555.52	592.77
Grant Total		8,267.09	1,335.85	9,602.94	7,784.02	1,818.90	1,611.72

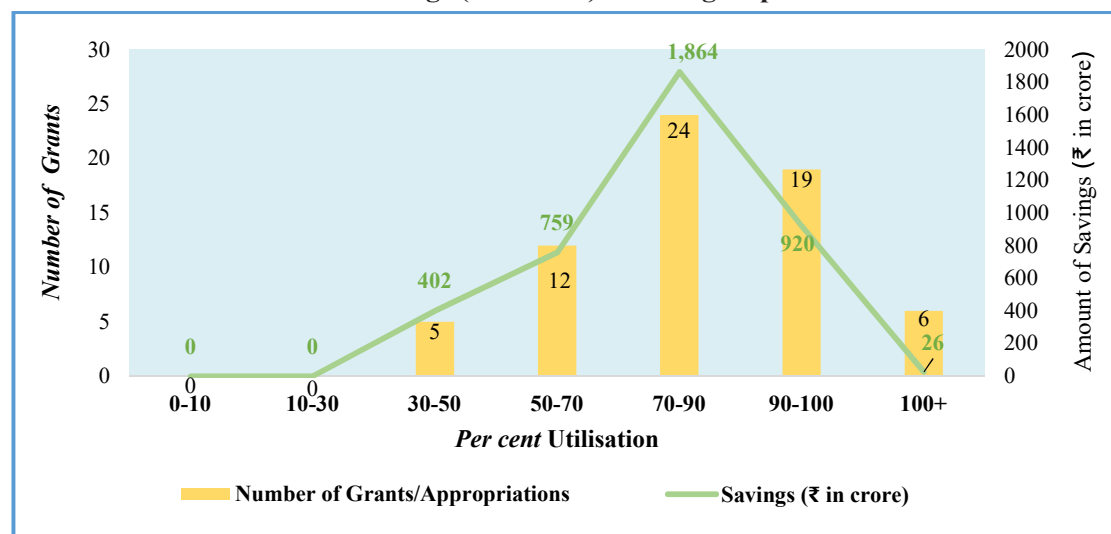
Source: Appropriation Accounts 2022-23, *Includes Charged.

As shown in **Table 3.8**, savings of more than ₹ 100.00 crore under five Grants (revenue section) and one Grant (capital section) were surrendered on the last day of March 2023 which is a violation of the Budget Manual and reflects lack of budgetary control. The State Government should ensure timely surrender of unspent funds to meet the objective of efficient budget management.

3.3.6 Large savings

In the year 2022-23, there was a gross savings of ₹ 3,971.22 crore. Of which, ₹ 2,297.00 crore (57.84 per cent) corresponds to seven Grants (Revenue: 06; Capital: 01) with savings of more than ₹ 100 crore in each of the total provision as detailed in **Appendix 3.4**. The distribution of Grants/Appropriations grouped by percentage of savings are given in **Chart 3.4**.

Chart 3.4: Grants/Appropriations grouped by the percentage of Savings along with total savings (₹ in crore) in each group



Source: Appropriation Accounts 2022-23, '100+' denotes excess expenditure.

Chart 3.4 indicates that, during the year 2022-23, utilisation of provision was below 50 per cent in five Grants, utilisation crossed 50 per cent upto 100 per cent in 55 Grants, while the utilisation was above 100 per cent in the remaining six Grants. Grant-wise details are given in **Appendix 3.5**.

During the year 2022-23, utilisation in respect of four Grants (revenue section) and 10 Grants (capital section) was below 50 per cent as detailed in **Table 3.9**.

Table 3.9: Grants/Appropriations with Budget Utilisation less than 50 per cent in 2022-23
(₹ in crore)

Sl. No.	Grant no. and Description	Budget	Expenditure	Utilisation (in per cent)
Revenue				
1	6-Administration of Land Revenue, Land Ceilings etc.	143.98	64.68	45
2	11-Administration of Electricity Acts and Rules, Power Department Services etc.	776.82	298.58	38
3	35-Administration of Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	173.84	86.00	49
4	37-Administration of Information Technology	90.55	40.50	45
Capital				
1	1-Administration of the State Legislature	105.00	17.26	16
2	10-Administration of Transport Services	43.11	1.00	2
3	16-Administration of Civil Police and Fire Protection Services	37.00	0	0
4	18-Stationery and Printing	7.20	0.87	12
5	21-Administration of the Education Department	80.85	35.59	44
6	34-Administration of Social Welfare	41.40	17.08	41
7	45-Administration of Soil and Water Conservation	6.50	1.13	17
8	47-Administration of Animal Husbandry and Veterinary Department	52.37	10.98	21
9	54-Administration of Village and Small Scale Industries	83.76	10.79	13
10	57-Administration of Tourist Organisation	36.10	9.8	27

Source: Appropriation Accounts 2022-23.

The underutilisation of Grant no. 21 (Education) only 44 per cent and 34 (Social Welfare) only 41 per cent impacts significantly the educational opportunities and wellbeing for the people of the state. Similarly, the utilisation of Grant No. 10 at two per cent (Transport Services) and Grant No. 57 at 27 per cent (Tourism Organisation) exhibited a suboptimal level, significantly impacting the overall development of infrastructure. Ensuring efficient utilisation of allocated funds, especially in capital grants, holds the promise of advancing infrastructure development, a crucial element for the sustainable growth of the state. The state government may examine the reasons for suboptimal utilisation of allocated funds in these grants and take appropriate corrective action.

3.3.7 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).

3.3.7.1 Excess expenditure relating to current year

During the current year, expenditure under four Grants/appropriation in Revenue and four grants/appropriation in Capital, amounting to ₹ 3,439.41 crore, was in excess

of authorisation and required regularisation under Article 205 of the Constitution as detailed in **Table 3.10**.

Table 3.10: Grant-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.	24	Administration of Pension and other Retirement Benefits and Social Services.	1,469.00	1,672.62	203.62
2.	32	Administration of Civil Supplies	56.53	58.41	1.88
3.	60	Administration of Advances to Government Servants and Other Social Services	1.28	1.80	0.52
4.	20	Administration of Civil Defence and Home Guards	52.05	52.20	0.15
Total			1,578.86	1,785.03	206.17
Capital					
1.	11	Administration of Electricity Acts and Rules, Power Department Services etc.	192.90	575.47	382.57
2.	58	Administration of Sports and Youth	87.97	137.00	49.03
3.	29	Administration of Urban Development	228.59	243.68	15.08
4.	-	6003-Administration of Public Debts	939.76	3,726.32	2,786.56 ⁴⁹
Total			1449.22	4,682.47	3,233.24
Grant Total			3,028.08	6,467.49	3,439.41

Source: - Appropriation Account 2022-23.

3.3.7.2 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 2011-12, ₹ 949.05 crore, as recommended by the PAC, was regularised by the State Legislature (March 2021). As on 31 March 2023, an amount of ₹ 3,343.05 crore pertaining to year upto 2021-22 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 of the State 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.

3.3.7.3 Supplementary Provision and opportunity cost

During 2022-23, supplementary grants were approved while even the original appropriation was not fully utilised as shown in **Table 3.11**.

⁴⁹ ₹ 2,786.56 crore (Ways and Means Advance: ₹ 1,291.17 crore + Overdraft State: ₹ 230.16 crore + Special Drawing facility on 91 Days deposits: ₹ 1,265.22 crore).

Table 3.11: 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-Administration of Public Work Department	136.29	34.01	170.30	94.82	75.48
2	56 – Administration of Roads and Bridges	1,128.72	425.00	1,553.72	998.19	555.52
Total		1,265.01	459.01	1,724.02	1093.01	631.00

Source: Appropriation Accounts 2022-23.

Table 3.11 shows that an amount of ₹ 1,093.01 crore (63.40 per cent) only was utilised out of the total allocation of ₹ 1,724.02 crore. It was further seen that the actual expenditure was lesser than the original allocation and hence the supplementary provision of ₹ 459.01 crore proved unnecessary.

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**.

3.4 Effectiveness of Budgetary and Accounting Process

3.4.1 Budget projection and gap between expectation and actual

Efficient management of tax administration/ other receipts and public expenditure holds the key for achievement of various fiscal indicators. 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.

The summarised position of the budget including supplementary budget, actual expenditure, and excess/ savings during 2022-23 against 66 Grants/ Appropriations (61 Grants and five Appropriations) is given in **Table 3.12** as well as in **Chart 3.5**.

Table 3.12: Summarised position of Actual Expenditure vis-à-vis Budget (Original/ Supplementary) provisions during the financial year*(₹ in crore)*

Nature of Expenditure	Original Grant/App.	Supplementary Grant/App	Total	Expenditure	Excess (+)/ Savings (-)	Surrender during March		
						Amount	Per cent	
Voted	I. Revenue	14,148.45	2,080.08	16,228.53	13,705.09	(-)2,523.44	2,022.42	74.09
	II. Capital	2,541.71	941.04	3,482.75	2,776.80	(-)705.95	1,141.57	99.04
	Total	16,690.16	3,021.12	19,711.28	16,481.89	(-)3,229.39	3,163.99	81.50
Charged	III. Revenue	1,227.08	23.47	1,250.55	1,162.36	(-)88.19	88.05	99.83
	IV. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	V. Public Debt Repayment	963.76	0.00	963.76	3749.54	2,785.78	0.78	100
	Total	2,190.84	23.47	2,214.31	4,911.90	2,697.59	88.83	99.83

Nature of Expenditure	Original Grant/App.	Supplementary Grant/App	Total	Expenditure	Excess (+)/ Savings (-)	Surrender during March	
						Amount	Per cent
Appropriation to Contingency Fund (if any)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total	18,881.00	3,044.59	21,925.59	21,393.79	(-)531.80	3,252.82	81.91

Source: Appropriation Accounts 2022-23.

Table 3.12 outlines that during the year 2022-23, Government of Meghalaya (GoM) incurred expenditure of ₹ 21,393.79 crore against the total grants and appropriations of ₹ 21,925.59 crore resulting in net savings of ₹ 531.80 crore.

The extent of utilisation of budget during the five-year period from 2018-19 to 2022-23 is shown in **Table 3.13**.

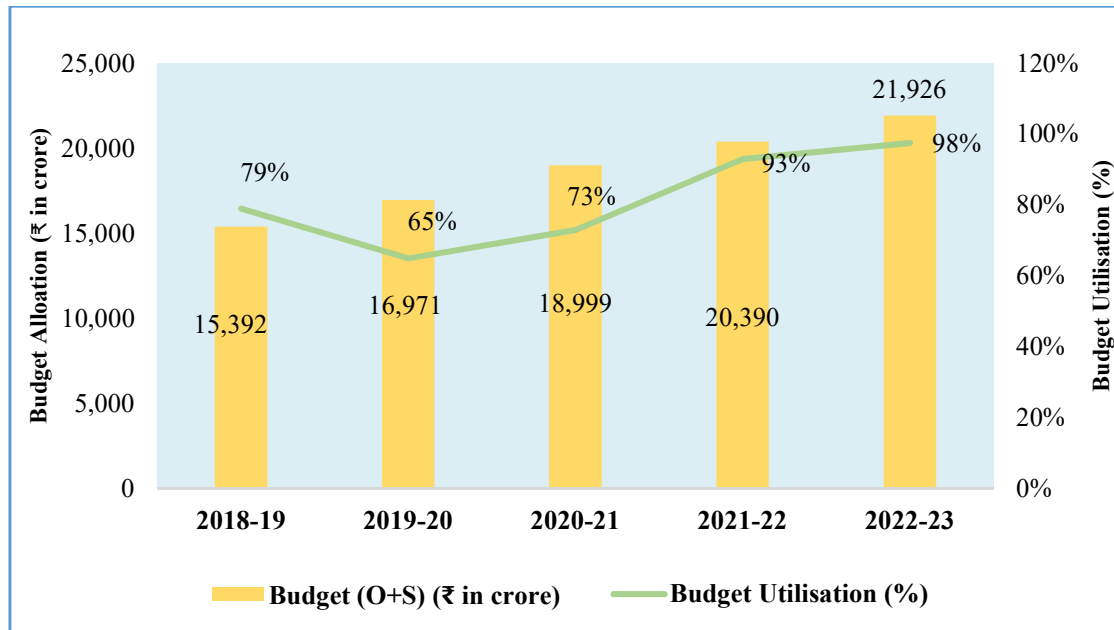
Table 3.13: Original Budget, Revised Estimates and Actual Expenditure during 2018-23
(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Original Budget	14,276.88	16,376.94	17,430.23	17,603.35	18,881.00
Supplementary Budget	1,114.99	593.77	1,569.02	2,786.89	3,044.60
Total Budget (TB)	15,391.87	16,970.71	18,999.25	20,390.24	21,925.60
Revised Estimate (RE)	14,268.81	16,376.94	17,432.14	17,603.28	23,280.09
Actual Expenditure (AE)	12,159.24	10,967.33	13,802.08	18,883.98	21,393.79
Savings (TB-AE)	3,232.63	6,003.38	5,197.17	1,506.26	531.81
Percentage of supplementary to the original provision	7.81	3.63	9.00	15.83	16.13
Percentage of overall saving/excess to the overall provision	21.00	35.37	27.35	7.39	2.43
TB-RE	1,123.06	593.77	1,567.11	2,786.96	(-)1,354.49
RE-AE	2,109.57	5,409.61	3,630.06	(-)1,280.70	1,886.30
(TB-RE) as % of TB	7.30	3.50	8.25	13.67	(-)6.18
(RE-AE) as % of TB	13.71	31.88	19.11	(-)6.28	8.60

Source: Budget, RE and Appropriation Accounts.

Table 3.13 depicts that during the five-year period from 2018-19 to 2022-23, the actual expenditure has consistently been lower than the original estimated budget during 2018-19 to 2020-21, however, during 2021-22 and 2022-23, actual expenditure surpassed the original budget. Savings during the year 2022-23 decreased to ₹ 531.81 crore from ₹ 1,506.26 crore. However, the gross savings increased to ₹ 3,971.22 crore from ₹ 3,086.92 crore in 2021-22. This indicates unrealistically higher estimates. 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.

Chart 3.5: Budget utilisation during 2018-19 to 2022-23



Source: Appropriation Accounts 2022-23.

Chart 3.5 depicts utilisation of budget during 2018-19 to 2022-23. The budget utilisation was under 80 per cent during 2018-19 to 2020-21. However, during 2021-22 and 2022-23, the utilisation of provision surpassed 90 per cent.

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

While presenting the Budget for the year 2022-23 in the State Legislature, the Finance Minister announced ₹ 30.00 crore (₹ 10 crore each) for implementation of Skills Meghalaya, Ginger Mission and Spice Mission during the year. However, Audit found that no provision was made, and no expenditure was incurred on these schemes during the year. The budget announcement, allotment and actual expenditure in this regard are given in **Table 3.14**.

Table 3.14: Details of the schemes for which provision was made but no expenditure was incurred.

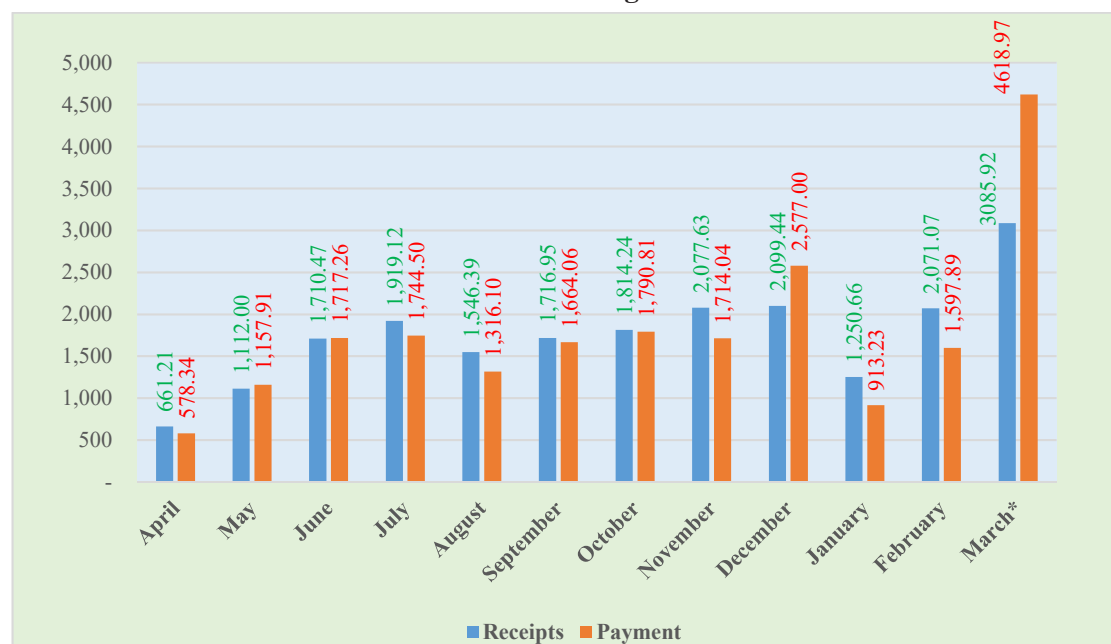
(₹ in crore)					
Sl. No.	Scheme Name	Announcement in Budget Speech	Approved outlay	Revised outlay	Actual expenditure
1.	Skills Meghalaya	10.00	-	-	0.00
2.	Ginger Mission	10.00	-	-	0.00
3.	Spice Mission	10.00	-	-	0.00

Source: Budget Speech and Appropriation Account 2022-23.

3.4.3 Trend of expenditure

The monthly flow of receipt and expenditure of the Government of Meghalaya during 2022-23 are outlined in **Chart 3.6**.

Chart 3.6: Statement showing month wise receipt and expenditure for the State during 2022-23



Source: Monthly Civil Accounts.

* Includes March Supplementary Adjustment.

Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalances and temporary cash crunches arising out of unanticipated heavy expenditure. Government funds should be spent evenly throughout the year. The State Government has not furnished (January 2024) any information regarding quarter-wise percentage limit for incurring expenditure during the year. Regulating the expenditure in a phased manner helps to provide a structured and disciplined approach to budget management, enabling government to effectively allocate resources, monitor spending, and achieve financial objectives.

The quarter wise expenditure for the State during the year 2022-23 is detailed in **Table 3.15**.

Table 3.15: Statement showing quarter wise expenditure for the State during 2022-23

Particulars	Budget Allocation (O+S)	Expenditure				In March 2023	Total Expenditure during 2022-23
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr		
Amount (₹ in crore)	21,925.60	3,453.52	4,724.65	6,081.84	7,130.10	4,481.28	21,390.11*
Percentage of Total Expenditure in 2022-23	-	15.75	21.55	27.74	32.52	20.95	-

Source: Information furnished by A&E office

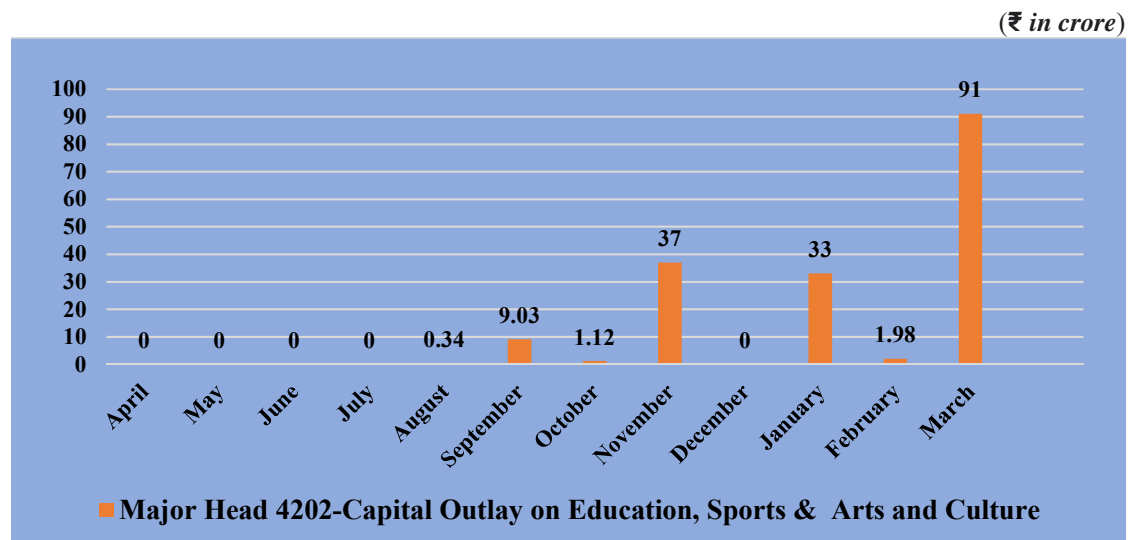
*Net total expenditure (excluding total recoveries, Appendix 1 Appropriation Accounts 2022-23).

Table 3.15 shows that during 2022-23, the highest share (32.52 per cent) of expenditure was incurred during the 4th Quarter followed by the 3rd Quarter (27.74 per cent), 2nd Quarter (21.55 per cent), and 1st Quarter (15.75 per cent). The share of expenditure made during the month of March 2023 in the total expenditure stood at 20.95 per cent.

Further, the Audit analysis revealed that over 50 per cent of expenditure under 31 Major Heads during the year was made in the January-March Quarter of 2022-23 as given in **Appendix 3.8**. During 2022-23, 100 per cent of the expenditure amounting to ₹ 128.71 crore under 11 Major Heads was spent in March 2023 (**Appendix 3.9**). Out of this, expenditure amounting to ₹ 42.39 crore (32.93 per cent) under 09 Major Heads were Capital Expenditure. Audit further noticed that during the year 2022-23 entire expenditure of ₹ 703.97 crore in 234 sub-heads was incurred in the month of March 2023 alone. The cases of expenditure of ₹ five crore and above in March 2023 alone detailed in **Appendix-3.10**.

Test check of Major Head 4202-Capital Outlay on Education, Sports & Arts and Culture revealed 52.46 per cent (₹ 91.00 crore) of the total expenditure (₹ 173.48 crore) was incurred in March 2023. Month wise expenditure under Major Head 4202 during the year 2022-23 is depicted in **Chart 3.7**.

Chart 3.7: Month wise expenditure under Major Head 4202-Capital Outlay on Education, Sports & Arts and Culture under the Department of Education during 2022-23



Source: A&E office (Monthly Civil Accounts).

3.4.4 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. In simpler words, New Service is an activity which has not been brought to the notice of the State Legislature. New Instrument of Service means relatively large expenditure arising out of important expansion of an existing activity.

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’. In other words, expenditure for New Service through re-appropriation is barred. However, Audit found that an expenditure of ₹ 109.75 crore was incurred in 11 New Services which were not brought to the notice of the State Legislature as detailed in **Table 3.16**.

Table 3.16: Expenditure on new service without provision

(₹ in crore)

Sl. No	Grant No	Major Head	Minor Head	Re- appropriation	Expenditure
1	11	2801	80-101-(81)- Construction of 220 KV D/C Line from Mawngap to Nangalibra along with 220 KV line bays. (General)	0.76	0.76
2	11	2801	80-101-(82)- Replacement of 80 MVAR Bus Reactor at 400/220/132 KV Sub Station Killing. (General)	2.22	2.22
3	26	2210	01-001-(22)- Payment for Medical Treatment and Advance.(Sixth Schedule)	0.27	0.20
4	26	2210	06-113-(01)- Corpus Fund.(General)	20.00	20.00
5	26	2210	80-101-(01)- National Health Mission. (General)	3.47	3.47
6	26	2210	80-101-(01)- National Health Mission. (General) Centrally Sponsored Scheme	21.54	31.19
7	29	2217	80-192-(10)- Up-gradation of the Standard of Administration Awarded by the Fifteen Finance Commission. (General)	47.04	47.04
8	43	2216	07-053-(08) – Other Maintenance Expenditure (Hort) (Sixth Schedule)	0.48	0.11
9	45	2402	102-(29)- Nursery (Sixth Schedule)	0.56	0.56
10	45	2402	102-(30)- Sloping Agriculture Land Technology (SALT) (Sixth Schedule)	3.15	3.15
11	Non-Grant	2049	131- (01)- Interest on Special Drawing Facility (Charge) (General)	1.05	1.05
Total				100.54	109.75

Source: Appropriation Accounts 2022-23.

As such, expenditure of ₹ 109.75 crore (₹ 100.54 crore through re-appropriation and ₹ 9.21 crore excess over re-appropriation) was incurred without budget provision. This indicates bypassing legislative control.

The State Government may ensure that the expenditure required for New Service is duly approved by the State Legislature through Original or Supplementary Grant as mandated by the Constitution of India.

3.5 Review of Selected Grants

A review of budgetary procedure and control over expenditure was conducted in respect of ‘**Grant Number-26–** Administration of Medical, Public Health and Family Welfare Services’ and ‘**Grant Number-34-** Administration of Social Welfare’. The observations noticed during the review are discussed below:

3.5.1 Review of Grant Number-26- Administration of Medical, Public Health and Family Welfare Services

3.5.1.1 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 2018-19 to 2022-23 is given in **Table 3.17**.

Table 3.17: Budget and Expenditure of Grant No. 26*(₹ in crore)*

Grant No.	2018-19	2019-20	2020-21	2021-22	2022-23
Total Budget Provision	1,237.50	1,148.91	1,395.64	1,753.24	1,922.82
Expenditure	1,069.54	866.29	1,214.37	1,682.40	1,486.81
Savings (-)/Excess (+)	(-)167.96	(-)282.62	(-)181.27	(-)70.84	(-)436.01
Savings (percentage)	(-)13.57	(-)24.60	(-)12.99	(-)4.04	(-)22.68
Savings not surrendered	163.97	87.01	84.52	50.43	326.24
Revenue Provision	1,190.42	1,092.97	1,277.94	1,659.50	1,862.82
Expenditure	1,027.03	816.90	1,167.16	1,601.41	1,454.64
Savings (-)/Excess (+)	(-)163.39	(-)276.07	(-)110.78	(-)58.09	(-)408.18
Savings (percentage)	(-)13.73	(-)25.26	(-)8.67	(-)3.50	(-)21.91
Savings not surrendered	159.40	80.46	74.74	38.58	299.13
Capital Provision	47.08	55.94	117.70	93.74	60.00
Expenditure	42.51	49.39	47.21	80.99	32.17
Savings (-)/Excess (+)	(-)4.57	(-)6.55	(-)70.49	(-)12.75	(-)27.83
Savings (percentage)	(-)9.71	(-)11.71	(-)59.89	(-)13.60	(-)46.38
Savings not surrendered	4.57	6.55	9.78	11.85	27.11

Source: Appropriation Accounts 2018-2023.

Table 3.17 shows that savings as a percentage of revenue provision was 13.73, 25.26 and 21.91 *per cent* in 2018-19, 2019-20 and 2022-23 respectively and savings as a percentage of capital provision was 59.89 *per cent* and 46.38 *per cent* in 2020-21 and 2022-23 respectively. The savings during 2022-23 was mainly on account of allocations for providing training to healthcare personnel, improving access to healthcare facilities in remote areas through various initiatives under National Health Mission (NHM), strengthening maternal health and operation of rural healthcare facilities. Therefore, substantial savings indicated non-achievement of planned healthcare infrastructure development as well as skill development of the healthcare personnel.

3.5.1.2 Budget provision not utilised

Audit analysis revealed that 100 *per cent* of the budget provision (original + supplementary) of ₹ 60.34 crore in 11 cases was not utilised under the Grant No. 26 during the year 2022-23. The cases where the final provision was more than rupees one lakh are detailed in **Table 3.18**.

Table 3.18: Cases where no part of budget provisions was utilised Grant No. 26*(₹ in crore)*

Major Head and Group Head	Original + Supplementary	Re-appropriation*	Final Grant	Expenditure	Savings
2210-Medical and Public Health					
06-104-(04) -Strengthening of State Drug Regulatory System (General)	2.50	0.00	2.50	0.00	2.50
80-004-(02) -Vital Statistics for births and deaths in Medical and Public Health Hospital centres and non-Government Institutions (General)	0.11	0.00	0.11	0.00	0.11
02-101-(06) -Ayush Services under NHM (General) CSS	50.10	(-)9.65	40.45	0.00	40.45

Major Head and Group Head	Original + Supplementary	Re-appropriation*	Final Grant	Expenditure	Savings
2211-Family Welfare					
103-(08)- Pradhan Mantri Matru Vandhana Yojana (PMMVY) Maternity Benefit Programme (General) CSS	4.22	(-)0.62	3.60	0.00	3.60
4210-Capital Outlay on Medical and Public Health					
01-110-(23) Upgradation of State T.B. Office to State T.B. Cum Demonstration and Training centre Shillong. (Sixth Schedule)	0.36	0.00	0.36	0.00	0.36
01-110-(27) Renovation and Improvement of Mairang Hospital (Sixth Schedule)	0.36	(-)0.03	0.33	0.00	0.33
01-110-(37)- Strengthening of Diagnostic Services, State of the Art Diagnostic Centre at Pasteur Institute Shillong (Sixth Schedule)	1.42	(-)0.33	1.09	0.00	1.09
02-800-(05)- Construction of Staff quarters for women and children hospital, SDO's Office and staff quarters, DMO Office at Tura (Sixth Schedule)	0.36	0.00	0.36	0.00	0.36
03-200-(02) Construction of Ayurvedic/ Homeopathic Dispensaries, etc. (Sixth Schedule)	0.21	0.00	0.21	0.00	0.21
04-106-(03)- Renovation and Improvement of Pasteur Institute (General)	0.72	0.00	0.72	0.00	0.72
Total	60.36	(-)10.63	49.73	0.00	49.73

Source: Detailed Appropriation Account 2022-23 and Surrender Orders.

*(+) denotes re-appropriation for augmentation of provision and (-) denotes re-appropriation for decrease of provision.

As is evident from **Table 3.18**, the Department could not utilise the Grant to the tune of ₹ 60.36 crore as per the budget allocation. This indicates poor budget formulation and lack of financial control on part of the Departments.

3.5.1.3 Unnecessary Supplementary Provision

Supplementary provision of ₹ 304.90 crore obtained in revenue head during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed in **Table 3.19**.

Table 3.19: Unnecessary supplementary provision Grant No. 26

(₹ in crore)

Original Provision	Supplementary	Final Grant	Expenditure	Savings	Savings w.r.t Original Provision
Revenue					
1,557.92	304.90	1,862.82	1,454.64	408.18	103.28

Source: Appropriation Account 2022-23.

Table 3.19 shows that excess budget provision has resulted in the diversion of scarce resources from projects that need funding during the year. This indicates a suboptimal

allocation of resources. It is recommended that future budget allocations should be assessed based on actual requirements of fund to ensure optimal utilisation of resources.

3.5.1.4 Expenditure incurred without authority of law

Audit findings, however, revealed that expenditure of ₹ 61.22 crore was incurred in six cases contrary to para 113(vii) of the Budget Manual by re-appropriation without any budget provision in the original budget/supplementary orders to this effect as detailed in **Table 3.20**.

Table 3.20: Cases where expenditure was incurred through Re-appropriation, without either any budget/supplementary provisions Grant No. 26

(₹ in crore)

Major Head and Group Head	Total Provision (O+S)	Re-appropriation	Expenditure	Excess (+)/ Savings (-)
2210-Medical and Public Health				
01-001-(22) -Payment for Medical Treatment And Advance (sixth schedule)	0.00	0.27	0.20	(-) 0.07
01-110-(23) -District Project on National Cancer Control (sixth schedule)	0.00.	0.15	0.13	(-) 0.02
06-113-(01) -Corpus Fund (General)	0.00	20.00	20.00	0.00
80-101-(01) National Health Mission (General)	0.00	3.47	3.47	0.00
80-101-(01) National Health Mission (General) CSS	0.00	21.54	31.19	(+) 9.65
4210-Capital Outlay on Medical and Public Health				
02-104-(02) Rural Infrastructure Developmental Fund Scheme under NABARD (sixth schedule)	0.00	7.67	6.23	(-) 1.44
Total	0.00	53.10	61.22	(+)8.12

Source: Detailed Appropriation Account 2022-23.

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.

3.5.1.5 Excess over provision

The detailed audit analysis revealed that during the year 2022-23, there was an excess expenditure of ₹ 10.87 crore over the budget provision under 10 sub-heads, details of which are given in **Table 3.21**. Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This indicates lack of financial discipline in the Department.

Table 3.21: Excess over provision Grant No. 26*(₹ in crore)*

Sl. No.	Major Head and Group Head	Final Grant	Expenditure	Excess
2210-Medical and Public Health				
1	01-001-(03) -District Medical Officer (Civil Surgeon's offices) (Sixth Schedule)	11.93	12.09	0.16
2	01-001-(17) -Establishment of Acquire Immune Deficiency (Sixth Schedule)	0.27	0.32	0.05
3	01-001-(18) Establishment of Joint Director of Health Services Offices (in the Divisions) (Sixth Schedule)	0.62	0.74	0.12
4	01-109-(01) School Health Unit (Sixth Schedule)	0.47	0.51	0.04
5	01-110-(06) Leper Hospital Colony (Sixth Schedule)	0.40	0.42	0.02
6	05-105-(02) Education (General)	0.84	0.90	0.06
7	06-101-(01) Malaria (General)	1.37	1.43	0.05
8	06-101-(01) Malaria (Sixth Schedule)	19.21	19.41	0.20
9	80-101-(01) National Health Mission (General) CSS	21.54	31.19	9.65
4210-Capital Outlay on Medical and Public Health				
1	01-110-(18) Upgradation/Improvement of Tura Civil Hospital (Sixth Schedule)	1.42	1.94	0.52
Total		58.07	68.95	10.87

Source: Detailed Appropriation Account 2022-23.

Table 3.21 indicates that an excess expenditure of ₹ 10.87 crore shows lack of financial control of the Department.

3.5.1.6 Unnecessary/Insufficient 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.

The detailed audit analysis revealed that during the year 2022-23, under Grant no 26-Medical, Public Health and Family Welfare, re-appropriation to augment provision was made in 33 sub-heads amounting to ₹ 102.38 crore. However, out of this, re-appropriation under 29 sub-heads (*Appendix-3.II*) it proved excessive or insufficient and resulted in savings/excess. This indicates that re-appropriation was not carried out on the basis of actual requirement and reflects poor planning and monitoring of budget allocation and its utilisation by the Department. Cases causing savings/excess of rupees one crore or above are detailed in **Table 3.22**.

Table 3.22: Unnecessary/Insufficient Re-appropriation Grant No.-26*(₹ in crore)*

Major Head and Group Head	Budget Provision (O+S)	Re-Appropriation	Final Provision	Expenditure	Savings (-) /Excess (+)
2210-Medical and Public Health					
01-110-(01) Shillong Civil Hospital (including improvement thereof) (Sixth schedule)	52.06	1.50	53.56	51.00	-2.56
01-110-(02) Ganesh Das Hospital (including improvement thereof) (Sixth schedule)	35.86	0.08	35.94	32.68	-3.26
01-110-(03) R.P. Chest Hospital (including improvement thereof) (General)	14.29	0.03	14.32	13.05	-1.27
01-110-(04) Jowai Civil Hospital (including improvement thereof) (Sixth schedule)	13.77	0.26	14.03	12.46	-1.57

Major Head and Group Head	Budget Provision (O+S)	Re-Appropriation	Final Provision	Expenditure	Savings (-) /Excess (+)
01-110-(05) Tura Civil Hospital (including improvement thereof) (Sixth schedule)	25.16	1.62	26.78	24.46	-2.32
01-110-(31) Mairang Civil Hospital (Including Improvement thereof) (Sixth schedule)	1.04	2.10	3.14	1.04	-2.10
01-110-(32) Mawkyrwat Civil Hospital (Including Improvement thereof) (Sixth schedule)	3.40	0.13	3.53	0.89	-2.64
01-200-(03) Contribution toward NGO's under PPP (Recurring and Non Recurring) (General)	11.53	9.70	21.23	16.90	-4.33
03-103-(01) Other Existing and new Primary Health Centres with indoor facilities (Sixth schedule)	156.23	3.44	159.67	156.08	-3.59
03-104-(01) Up-gradation of Primary Health Centres to 30 bedded Hospitals- (Sixth schedule)	62.45	2.50	64.95	63.59	-1.36
80-800-(21) National Health Mission (NHM) (General)	100.76	18.91	119.67	76.75	-42.92
80-101-(01) National Health Mission (General) CSS	0.00	21.54	21.54	31.19	9.65
4210 – Capital Outlay on Education, Sports Art and Culture (Capital)					
02-104-(02) Rural Infrastructure Developmental Fund Scheme under NABARD (Sixth schedule)	0.00	7.67	7.67	6.23	-1.44
Total	476.53	69.48	546.04	486.33	(-) 69.36 (+) 9.65

Source: Detailed Appropriation Accounts 2022-23 and Surrender orders.

3.5.2 Review of Grant Number-34 - Administration of Social Welfare

3.5.2.1 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 2018-19 to 2022-23 is given in **Table 3.23**.

Table 3.23: Budget and Expenditure of Grant No. 34

Grant No.	2018-19	2019-20	2020-21	2021-22	2022-23
Total Budget Provision	632.35	577.56	803.82	708.37	634.01
Expenditure	461.88	315.74	433.64	412.52	343.03
Savings (-)/Excess (+)	(-)170.47	(-)261.82	(-)370.18	(-)295.85	(-)290.98
Savings (percentage)	(-)26.96	(-)45.33	(-)46.05	(-)41.76	(-)45.90
Savings not surrendered	49.50	Nil	Nil	0.48	0.09
Revenue Provision	580.84	516.36	728.03	605.02	592.61
Expenditure	433.13	314.02	427.02	397.33	325.94
Savings (-)/Excess (+)	(-)147.72	(-)202.33	(-)301.01	(-)207.69	(-)266.67
Savings (percentage)	(-)25.43	(-)39.18	(-)41.35	(-)34.33	(-)45.00
Savings not surrendered*	(-)1.55	(-)1.89	(-)0.06	0.48	0.09
Capital Provision	51.51	61.20	75.79	103.36	41.40
Expenditure	28.75	1.72	6.62	15.19	17.08
Savings (-)/Excess (+)	(-)22.76	(-)59.49	(-)69.17	(-)88.17	(-)24.32
Savings (percentage)	(-)44.18	(-)97.21	(-)91.27	(-)85.30	(-)58.74
Savings not surrendered	0.50	Nil	Nil	Nil	Nil

Source: Appropriation Account 2018-19 to 2022-23.

* During the year 2018-19, 2019-20 and 2020-21 surrender was excess by ₹1.55 crore, ₹1.89 crore and ₹0.06 crore respectively.

Table 3.23 shows that savings as a percentage of total provision and revenue provision ranged between 26.96 and 45.90 *per cent*, while the savings in the capital section were significantly high up to 97 *per cent* in the last five-year period. Substantial savings were observed in allocations for providing supplementary nutrition, assistance to persons with disabilities, constructing Working Women’s Hostel, providing assistance to widows, rehabilitation for drug abuse, safety and security of children. This has delayed assistance to the vulnerable sections of the State.

3.5.2.2 Budget provision not utilised

Audit analysis revealed that 100 *per cent* of the budget provision (original +supplementary) of ₹ 136.62 crore in 38 cases (**Appendix-3.12**) was not utilised under the Grant No. 34 during the year 2022-23. It was also noticed that under one sub-head provision was augmented by re-appropriation of ₹ 0.04 crore and decreased in eight sub-heads by re-appropriation of ₹ 24.75 crore. The cases where the final provision was more than ₹ one crore are detailed in **Table 3.24**.

Table 3.24: Cases where no part of budget provisions was utilised Grant No. 34

(₹ in crore)

Major Head and Group Head	Original + Supplementary	Re-appropriation*	Final Provision	Expenditure	Savings
2235-Social Security and Welfare					
02-101-(07) Organisation of Sports and Games for Persons with Disabilities Seminar/ Workshop on Special Problems of Persons with Disabilities. (General)	4.00	0.00	4.00	0.00	4.00
02-103-(15) Grant for construction of Working Women’s Hostel (General)	1.00	(+)0.04	1.04	0.00	1.04
02-101-(05) Implementation of PWD Act (SIPDA) (General) CSS	20.00	(-)1.23	18.77	0.00	18.77
02-101-(19) Universal Disability Identity Card (UDID) (General) CSS	1.00	0.00	1.00	0.00	1.00
02-102-(30) Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG) Sabla (Sixth schedule) CSS	1.05	0.00	1.05	0.00	1.05
02-102-(31) National Creche Scheme for the Children of Working Mother (General) CSS	1.50	0.00	1.50	0.00	1.50
02-103-(16) Implementation of State Resource Centre for Women (General) CSS	5.88	(-)1.89	3.99	0.00	3.99
02-200-(01) Multi Sectoral Development Programme (MSDP) (General) CSS	15.00	0.00	15.00	0.00	15.00
02-102-(32) Programme Implementation Services (General) Central Sector Schemes	6.00	0.00	6.00	0.00	6.00
02-106-(15) Grant under 1st Provision to Article 275 (I) of the Constitution (General) Central Sector Schemes	4.95	0.00	4.95	0.00	4.95
02-200-(03) Financial Assistance From Ministry of Minority Affairs (General) Central Sector Schemes	2.00	0.00	2.00	0.00	2.00
02-102-(32) Programme Implementation Services (General) EAP	10.00	0.00	10.00	0.00	10.00

Major Head and Group Head	Original + Supplementary	Re-appropriation*	Final Provision	Expenditure	Savings
2236-Nutrition					
02-101-(03) National Nutrition Mission Under ICDS Scheme (General) CSS	1.72	0.00	1.72	0.00	1.72
02-101-(03) National Nutrition Mission Under ICDS Scheme (Sixth schedule) CSS	12.45	0.00	12.45	0.00	12.45
02-101-(06) Rajiv Gandhi Scheme for empowerment of Adolescent girls (RGSEAG)-SABLA (Sixth schedule) CSS	6.00	0.00	6.00	0.00	6.00
4235-Capital Outlay on Social Security and Welfare					
02-102-(01) Construction Anganwadi Centre under ICDS Scheme- Central Assistance for CSS in respect of ICDS (General) CSS	20.00	(-3.50)	16.50	0.00	16.50
Total	112.55	(-6.58)	105.97	0.00	105.97

Source: Detailed Appropriation Account 2022-23.

*(+) denotes re-appropriation for augmentation of provision and (-) denotes re-appropriation for decrease of provision.

As is evident from **Table 3.24**, the Department could not utilise the Grant to the tune of ₹ 112.55 crore as per the budget allocation. This indicates poor budget formulation and lack of financial control on part of the Departments.

3.5.2.3 Unnecessary Supplementary Provision

Supplementary provision of ₹ 17.30 crore obtained in Revenue Section during the year proved unnecessary as the expenditure did not reach to the level of original provision as detailed in **Table 3.25**.

Table 3.25: Unnecessary supplementary provision Grant No. 34

(₹ in crore)					
Original Provision	Supplementary	Final Grant	Expenditure	Savings	Remarks
575.31	17.30	592.61	325.94	266.66	Revenue

Source: Appropriation Account 2022-23.

From the table above it can be seen that excess budget provision has resulted in the diversion of critical resources from projects that need funding during the year. This indicates a suboptimal allocation of resources. It is recommended that future budget allocations should be assessed based on actual requirements of funds to ensure optimal utilisation of resources.

3.5.2.4 Expenditure incurred without authority of law

The Audit findings however revealed that expenditure of ₹ 16.29 crore was incurred in three cases contrary to para 113(vii) of the Budget Manual by re-appropriation without any budget provision in the original budget/supplementary orders to this effect as detailed in **Table 3.26**.

Table 3.26: Cases where expenditure was incurred without budget/supplementary provisions Grant No. 34

(₹ in crore)

Major Head and Group Head	Total Provision (O+S)	Re-appropriation	Expenditure	Excess (+)/ Savings (-)
2235-Social Security and Welfare				
02-101-(19) Universal Disability Identity Card (UDID) Voted (General)	0.00	1.08	1.08	0.00
4235-Capital Outlay on Social Security and Welfare				
02-107-(14) Pradhan Mantri Jan Vikas Karyakaram (PMJVK) Voted (General)	0.00	1.52	1.52	0.00
02-107-(14) Pradhan Mantri Jan Vikas Karyakaram (PMJVK) Voted (General) CSS	0.00	13.69	13.69	0.00
Total	0.00	16.29	16.29	0.00

Source: Appropriation Account 2022-23.

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

3.5.2.5 Unnecessary or Insufficient 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.

The detailed audit analysis revealed that during the year 2022-23, under Grant no. 34-Administration of Social Welfare, re-appropriation for augmentation of provision was made in 16 sub-heads amounting to ₹ 54.71 crore however, out of which under eight sub-heads it proved excessive or insufficient and resulted in savings/excess. This indicates that re-appropriation was not carried out on the basis of actual requirement and reflects poor planning and monitoring of budget allocation and its utilisation by the Department. Cases where re-appropriation proved excessive/insufficient is given in **Table 3.27**.

Table 3.27: Unnecessary/Insufficient Re-appropriation Grant No.-34

(₹ in crore)

Major Head and Group Head	Budget Provision (O+S)	Re-Appropriation	Final Provision	Expenditure	Savings (-) / Excess (+)
2235-Social Security and Welfare					
02-101-(14) Implementation of PWD Act. 1995 Appointment of Commission of Disability Act. Voted (General)	1.47	0.15	1.62	1.29	-0.33
02-101-(21) Grant-in-aid to NGO,s running special Schools for children with Special Needs Voted (General)	0.39	1.34	1.63	1.70	-0.04

Major Head and Group Head	Budget Provision (O+S)	Re-Appropriation	Final Provision	Expenditure	Savings (-) / Excess (+)
02-102-(12) Integrated Child Development Service Schemes – Voted (General)	1.53	0.13	1.66	1.35	-0.31
02-102-(12) Integrated Child Development Service Schemes- Voted (6 th Schedule)	18.88	3.08	21.96	18.40	-3.56
02-102-(32) Programme Implementation Services -Voted (General)	5.93	11.18	17.11	1.98	-15.13
02-103-(15) Grant for construction of Working Women’s Hostel -Voted (General)	1.00	0.04	1.04	0.00	-1.04
02-104-(03) National Plan of Action for Women Grants-in-aid to voluntary organisations for care of Destitute Widows Aged and infirm Women -Voted (General)	0.25	0.15	0.40	0.30	-0.10
02-104-(09) Chief Minister’s Social Assistance to the Infirm and Widows -Voted (General)	75.30	7.03	82.33	79.25	-3.08
Total	104.75	23.1	127.75	104.27	-23.59

Source: Detailed Appropriation Accounts 2022-23.

3.6 Conclusion

A detailed Audit analysis revealed multiple instances of non-observance of financial rules and procedures along with a lack of financial controls.

During the year 2022-23, a total expenditure of ₹ 21,393.78 crore was incurred against the total budget allocation of ₹ 21,925.60 crore. The net savings of ₹ 531.82 crore were the result of gross savings of ₹ 3,971.22 crore minus excess expenditure of ₹ 3,439.40 crore. Out of gross savings of ₹ 3,971.22, ₹ 3,252.82 crore (81.91 per cent) were surrendered on the last working day of March 2023, in violation of prescribed Rules.

Expenditure of ₹ 574.74 crore in 15 cases was incurred without the authority of law and another expenditure of ₹ 109.75 crore was incurred through the re-appropriation on 11 new services/New instruments of service in violation of prescribed re-appropriation rules.

During the year 2022-23, supplementary provision of ₹ 1,440.18 crore in 16 cases proved unnecessary as even the original provision was not fully utilised. Moreover, re-appropriation made under 11 grants and one appropriation proved excessive or insufficient as it resulted in savings/excess. This indicates that the supplementary provision and re-appropriation were not conducted based on the actual requirement of funds, reflecting poor planning and monitoring of budget allocation and its utilisation by the State Government as well as Departments.

During the current year, under 12 grants, 50-100 *per cent* of expenditure was made during the 4th quarter of the year 2022-23. Moreover, the entire expenditure of ₹ 703.97 crore under 234 sub-heads was incurred in the month of March 2023 alone.

During the current year, expenditure under eight grants/appropriations amounting to ₹ 3,439.41 crore (four Grants under Revenue Section and four Grants under Capital Section) was in excess of authorisation and required regularisation under Article 205 of the Constitution. Moreover, excess expenditure of ₹ 3,343.05 crore (from 1971-72 to 2021-22) was yet to be regularised as on 31 March 2023.

3.7 Recommendations

1. *Finance Department may provide supplementary Grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments, to avoid underspending or overspending by them.*
2. *The Grants showing persistent savings may be reviewed by departments concerned to ascertain and address the cause for such savings.*
3. *Finance Department may ensure that the expenditure from the Consolidated Fund of the State is made with due approval of the Legislature as mandated constitutionally. Excess expenditure remaining un-regularised for prolonged periods may be viewed seriously to uphold legislative control over the exchequer. The State Government may ensure that the excess expenditure is regularised at the earliest.*