# CHAPTER III BUDGETARY MANAGEMENT



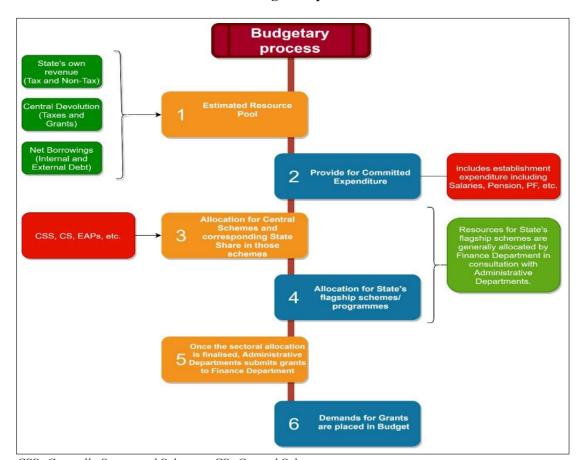
## CHAPTER III BUDGETARY MANAGEMENT

### 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 Manual<sup>46</sup>, 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 them and after consultation with the administrative Departments, enters the figures for the BEs and REs. The estimates of receipts should show the amount expected to be 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 budgets<sup>47</sup>, expenditure and net savings during 2023-24 are depicted below:

Original Budget
(₹ 22,022 Crore)

Total budget
approved by
Legislature
(₹ 25,975 Crore)

Supplementary
Provision
(₹ 4,745 Crore)

Chart 3.2: Overview of Budget and Expenditure of Meghalaya during 2023-24

### Authorisation by the Legislature

Implementation by the State Government

Source: Appropriation Accounts 2023-24. \*Net Savings = Gross Savings-Excess Expenditure.

The net savings of ₹ 792 crore was the result of gross savings of ₹ 4,612 crore, which were partially offset by an excess expenditure of ₹ 3,820 crore. **Table 3.1** provides a summary of the total budget provision, disbursements and savings/excess with a breakdown into voted and charged for the year 2023-24.

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

<sup>&</sup>lt;sup>47</sup> Demand for Supplementary Grants were moved by the GoM during September 2023 (₹2,306.36 crore) and March 2024 (₹862.92 crore and ₹1,575.35 crore).

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

(₹ in crore)

			(100000)
Voted/Charged	Total Budget provision	Disbursements	Net Savings (-) /Excess (+)
Voted	24,429.72	19,860.45	(-) 4,569.28
Charged	2,337.14	6,114.07	3,776.94
Total	26,766.86	25,974.52	(-)792.34

Source: Appropriation Accounts 2023-24.

### 3.1.2 Charged and Voted Disbursements during the year

**Table 3.2** presents the break-up of total disbursements into charged and voted categories for the years 2022-23 and 2023-24.

Table 3.2: Trend of Disbursement into Charged and Voted during 2022-23 and 2023-24

(₹ in crore)

<b>3</b> 7		Disbursemen	its	Net S	Savings (-)/ Exc	ess (+)
Year	Voted	Charged	Total	Voted	Charged	Total
2022-23	16,481.89	4,911.89	21,393.78	(-)3,229.40	2,697.58	(-)531.82
2023-24	19,860.45	6,114.07	25,974.52	(-) 4,569.27	3,776.93	(-)792.34

Source: Appropriation Accounts 2023-24.

During the year 2023-24, the total expenditure was ₹ 25,974.52 crore, out of which ₹ 19,860.45 crore (76.46 *per cent*) was voted expenditure while ₹ 6,114.07 crore (23.54 *per cent*) was charged expenditure. During the previous year, the proportion of voted and charged expenditures were 77.04 *per cent* and 22.96 *per cent* respectively.

### 3.1.3 Budget Marksmanship

### 3.1.3.1 Aggregate Budget Outturn

Aggregate Budget Outturn<sup>48</sup> 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	17,186.07	16,600.35	(-) 585.72	(-) 3.41
Capital	4,836.15	9,374.17	(+) 4,538.02	(+) 93.84
Total	22,022.22	25,974.52	(+) 3,952.30	(+) 17.95

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

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 the Revenue section, deviation in outturn compared with BEs was (-) 3.41 per cent. This was due to deviation between 0 and  $\pm$  25 per cent in 43 grants and two non-grants. Between  $\pm$  25 per cent to  $\pm$  50 per cent in 12 grants and one non-grant, between  $\pm$  50 per cent to  $\pm$  100 per cent in six grants and there was no grant for more than or equal to 100 per cent.

In the Capital section, deviation in outturn compared with BEs was (+) 93.84 per cent. This was due to deviation between 0 and  $\pm$  25 per cent in seven grants and one non-grant, between  $\pm$  25 per cent to  $\pm$  50 per cent in eight grants, between  $\pm$  50 per cent to  $\pm$  100 per cent in 10 grants and more than or equal to 100 per cent in six grants and one non-grant. No provision was, however, made in respect of four grants (grant no. 18, 47, 53, and 64) in 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	17,186.07	19,824.63	16,600.35	2,638.56	(-)3,224.27	(-)16.26
Capital	4,836.15	6,942.23	9,374.17	2,106.08	(+)2,431.94	(+)35.03
Total	22,022.22	26,766.86	25,974.52	4,744.64	(-)792.33	(-)2.96

<sup>\*</sup>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 (-) 16.26 per cent while in Capital Budget, deviation in outturn compared with RE was (+) 35.03 per cent.

In Revenue section, deviation in outturn compared with RE was (-) 16.26 per cent. This was due to deviation between 0 and  $\pm$  25 per cent in 45 grants and three non-grants, between  $\pm$  25 per cent to  $\pm$  50 per cent in 11 grants, between  $\pm$  50 per cent to  $\pm$  100 per cent in five grants.

In Capital section, deviation in outturn compared with RE was (+) 35.03 per cent. This was due to deviation between 0 and  $\pm$  25 per cent in eight grants and one non-grant, between  $\pm$  25 per cent to  $\pm$  50 per cent in 12 grants, between  $\pm$  50 per cent to  $\pm$  100 per cent in nine grants and equal to or more than 100 per cent in four grants and one non-grant. No provision was, however, made in respect of three grants (grant no. 18, 53, and 64) in 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 2023-24, it was found that an expenditure of ₹ 63.93 crore was incurred in four schemes (more than one crore in each scheme) without any provision in the original budget, supplementary demands or reappropriation orders as presented in **Table 3.5.** 

Table 3.5: Case of expenditure without legislative approval (over ₹ one crore) during 2023-24

Grant/ Appropriation	Head of Accounts	Expenditure (₹ in crore)	Number of Schemes/ Sub Heads
6 - Administration of Land Revenue, Land Ceilings, <i>etc</i> .	2245	1.73	02- Flood Cyclones, <i>etc.</i> - 101- Gratuitous Relief
6 - Administration of Land Revenue, Land Ceilings <i>etc</i> .	2245	2.70	02- Flood Cyclones etc. 111- Exgratia Payments to bereaved Families
6 - Administration of Land Revenue, Land Ceilings, <i>etc</i> .	2245	2.50	02- Flood Cyclones, etc. 113- Assistance for Repairs/ Reconstruction of Houses
56 - Administration of Roads and Bridges	3054	57.00	04- District and Other Roads 105- Maintenance and Repairs (01) Work Charged Establishment- Road Works (Sixth Sch.)-CSS
Total		63.93	

Source: Detailed Appropriation Accounts 2023-24.

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 2023-24, the Government of Meghalaya incorrectly booked expenditure of  $\ge 0.54$  crore under Capital Section instead of Revenue Section. The expenditure of  $\ge 0.54$  crore booked. This resulted in overstatement of Revenue Surplus ( $\ge 1,394.32$  crore) by  $\ge 0.54$  crore.

### 3.3.3 Unnecessary or excessive supplementary Grants

During the year 2023-24, supplementary provision of ₹4,744.64 crore was obtained in 58 instances (Revenue-41 and Capital-17). However, under 24 cases (Revenue-21 and Capital-3), supplementary provision of ₹439.60 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 24 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	Supplemen -tary	Actual Expenditure	Savings out of Original Provision
Rever	ıue				
1	16-Administration of Civil Police and Fire Protection Services	1,248.17	48.30	1,177.26	70.92
2	26-Administration of Medical, Public Health and Family Welfare Services	1,764.28	109.83	1,584.78	179.50
3	29-Administration of Urban Development	156.80	42.77	148.08	8.72
4	38-Administration of Planning Organisation	1,059.87	32.00	503.43	556.43
5	43-Administration of Agriculture and Allied Services	361.48	11.39	249.35	112.13
6	47-Administration of Animal Husbandry and Veterinary Department	179.43	15.65	146.62	32.81
7	50-Administration of Forests	255.61	52.29	239.56	16.05
	Total	5,025.64	312.23	4,049.09	976.55

Source: Appropriation Accounts 2023-24.

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<sup>&</sup>lt;sup>19</sup> 'Grants-in-Aid for Capital creation for Construction of Administrative Buildings for Fire & Emergency Services/Facilities (₹ 0.02 crore) and Acquisition of Land for Fire and Emergency Services/Facilities (₹ 0.52 crore)'.

### 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 2023-24, re-appropriation for augmentation was made in 847 sub-heads under 57 Grants and three Appropriations, out of which in 478 sub-heads under 52 grants and one non grant proved excessive or insufficient. Savings or excess of ₹ one crore or above under 91 sub-heads under 31 grants and one non-grants are outlined 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 given in **Table 3.7.** 

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

(₹ in crore)

			Prov	risions			
Sl. No.	Grant No. and Head of Accounts	Original	Supple- mentary	Re- appropria- tion	Total	Actual Expen- diture	Final Excess (+)/ Savings (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	GrantNo.19-4059-80-General051-Construction-(01)FunctionalNon-ResidentialBuildingsUnderGeneralServices-(General)-StateScheme	31.52	42.33	11.55	85.39	63.87	(-)21.52
2	Grant No. 24-2071- 01-Civil 101- Superannuation and Retirement Allowances-(01) Superannuation and Retirement Allowances- (General)-State Scheme	811.71	0.00	4.50	816.21	870.59	(+)54.38
3	Grant No 26-2210- 80-General 800- Oter Expenditure (21) National Health Mission (NHM)-(General)- State Scheme	40.58	9.35	53.53	103.46	69.11	(-)34.35
4	Grant No 27-4215- 01-Water Supply 101-Urban Water Supply (05) Each Schemes (Khasi)- (Sixth Sch.)-State Scheme	20.01	0.00	13.28	33.29	12.57	(-)20.72
5	Grant No 29-4217- 60-Other UrbanDevelopmentSchemes051-Construction(31)SmartCitiesMission-(General)-State Scheme	20.00	0.00	26.50	46.50	25.00	(-)21.50
6	GrantNo34-2235-02-SocialWelfare102-ChildWelfare(12)IntegratedChildDevelopmentService Schemes-(General)-CSS	82.58	0.00	40.70	123.28	78.82	(-)44.46
7	Grant No 34-2236- 02-Distribution of Nutritious food and beverages 101-Special Nutrition Programme (04) Supplementary Nutrition Programme for Integrated Child Development Services Scheme-(Sixth Sch.)-CSS	124.90	0.00	28.79	153.69	121.66	(-)32.03

			Prov	isions		Actual	Final Excess
Sl. No.	Grant No. and Head of Accounts	Original	Supple- mentary	Re- appropria- tion	Total	Expen- diture	(+)/ Savings (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
8	Grant No 46-2575- 06-Border Area Development 800-Other Expenditure (01) Border Areas Programmes under Border Areas Development (General)-State Scheme	27.56	0.00	0.25	27.81	6.25	(-)21.56
9	GrantNo51-2505-01-NationalProgrammes702-JawaharGramSamridhi Yojana (03) Indira GandhiAwaas Yojana (IAY)-(Sixth Sch.)-CSS	0.00	1,124.76	387.56	1,512.32	1,226.43	(-)285.89
10	Grant No 51-2505- 01- National Programmes 702- Jawahar Gram Samridhi Yojana (03) Indira Gandhi Awaas Yojana (IAY)- (Sixth Sch.)- State Scheme	20.00	133.33	27.09	180.42	134.68	(-)45.74
11	GrantNo51-2505-02-RuralEmploymentGuaranteeSchemes101-NationalRuralEmploymentGuaranteeSchemes(01)TheNationalRuralEmploymentGuarantee- (Sixth Sch.)-CSS	0.00	0.00	56.50	56.50	0.00	(-)56.50
12	Grant No 58-2204- 00- 104-Sports and Games (07) Development of sport and games(General)-State Scheme	5.00	34.30	8.66	47.96	27.32	(-)20.64
13	Grant No 96-6003- 00- 110-Ways and Means Advances from the Reserve Bank of India (69) Ways and Means Advances-(General)-State Scheme	209.00	0.00	1.21	210.21	1,789.31	(+)1,579.10

Source: Detailed Appropriation Accounts 2023-24 and information provided by the A&E Office.

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.

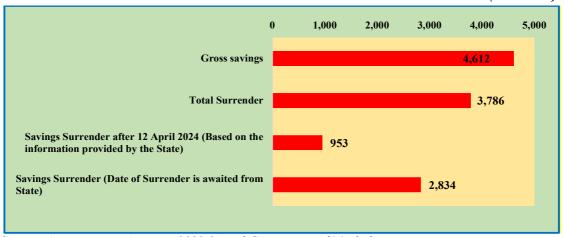
### 3.3.5 Surrender of funds

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 15<sup>th</sup> of March. Known savings in the budget should not be left un-surrendered in time.

Scrutiny of the Appropriation Accounts 2023-24 revealed that out of gross savings of ₹ 4,612.24 crore, an amount of ₹ 3,786.35 crore (82.09 *per cent*) was surrendered. Details of Gross savings and surrender are presented in the **Chart 3.3.** 

Chart 3.3: Savings and surrenders during 2023-24

(₹ in crore)



Source: Appropriation Accounts 2023-24 and Government of Meghalaya.

As per the circular/order of the Finance Department dated 08 March 2024, last date for surrender of savings by the departments was fixed on 12 April 2024 which shows that surrender of ₹ 3,786 crore was finalised on or before 12 April 2024. However, based on the scrutiny of records related to surrender of savings provided for Grants 29 and 51 (**Reference Paragraphs- 3.5.1 and 3.5.2**), it was noticed that out of gross savings of ₹ 975.82 crore, ₹ 952.52 crore was surrendered on 12 April 2024 and remaining of ₹ 23.30 crore was not surrendered by the Department in 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.

Further, actual date of surrender of savings for remaining amount of ₹ 2,834 crore is awaited from the Finance Department (December 2024).

Table 3.8: Details of Surrender of Funds over ₹ 100 crore at the end of March 2024

(₹ in crore)

Sl. No.	Grant number	Original	Supplementary	Total Provision	Actual Expenditure	Savings	Amount Surrendered	
Reve	Revenue							
1.	6	185.02	0.10	185.12	52.12	133.00	125.40	
2.	16	1,248.00	48.22	1,296.22	1,177.01	119.21	114.12	
3.	21	2,834.55	365.76	3,200.31	2,941.15	259.16	231.22	
4.	34	631.02	0.00	631.02	495.53	135.49	135.48	
5.	35	144.64	0.00	144.64	0.21	144.43	144.43	
6.	38	1,059.87	32.00	1,091.87	503.43	588.43	588.43	

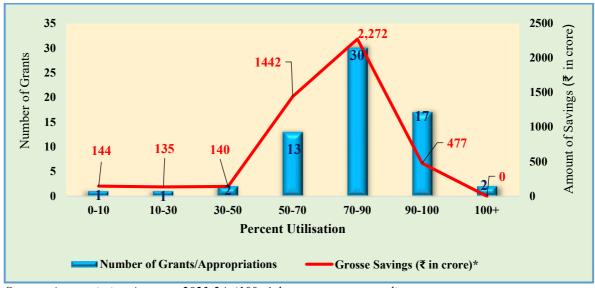
Sl. No.	Grant number	Original	Supplementary	Total Provision	Actual Expenditure	Savings	Amount Surrendered
7.	45	282.19	0.00	282.19	163.44	118.75	117.34
8.	51	1,567.40	1,576.67	3,144.07	2,505.66	638.41	630.93
-	Γotal	7,952.70	2,022.75	9,975.45	7,838.56	2,136.89	2,087.36
Capit	tal						
1.	29	330.54	397.00	727.54	525.70	201.84	186.84
2.	38	755.00	300.00	1,055.00	781.98	273.02	112.87
-	Γotal	1,085.54	697.00	1,782.54	1,307.68	474.86	299.71
Gra	nd Total	9,038.24	2,719.75	11,757.99	9,146.24	2,611.75	2,387.07

Source: Appropriation Accounts 2023-24.

### 3.3.6 Large savings

Out of Gross Savings of ₹ 4,612.24 crore during year 2023-24, savings of ₹ 3,135.12 crore (67.97 per cent) pertained to 13 Grants (Revenue: 10; Capital: 03) 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 2023-24, '100+' denotes excess expenditure.

Chart 3.4 shows that, during the year 2023-24, utilisation of provision (original and supplementary) was below 50 *per cent* in four Grants, and it ranged from 50 *per cent* upto 100 *per cent* in 60 Grants/ Non-Grant Appropriations and above 100 *per cent* in the remaining two Grants. Grant-wise details are given in *Appendix 3.5*.

During the year 2023-24, utilisation in respect of five Grants under Revenue Section and 13 Grants under Capital Section was below 50 *per cent* as outlined in **Table 3.9**.

<sup>\*</sup>Arrived by clubbing Savings under Revenue and Capital together in each Grant/Appropriation.

Table 3.9: Grants/Appropriations with Budget Utilisation less than 50 per cent in 2023-24

(₹ in crore)

Sl.	Grant no. and Description	Budget	Expenditure	( <i>₹ in crore)</i> Utilisation
No.	-	(O+S)	Expenditure	(in <i>per cent</i> )
Revenu				
1	6-Administration of Land Revenue, Land Ceilings, <i>etc</i> .	185.12	52.12	28.16
2	35-Administration of Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	144.64	0.21	0.14
3	37-Administration of Information Technology	71.39	32.97	46.19
4	38-Administration of Planning Organisation	1,091.87	503.43	46.11
5	46-Administration of Rural Development Programmes	48.96	17.43	35.61
Capita				
1	1-Administration of The State Legislature	47.17	6.09	12.90
2	4-Administration of Justice	127.39	28.10	22.06
3	6-Administration of Land Revenue, Land Ceilings, <i>etc</i> .	2.00	0.25	12.61
4	16-Administration of Civil Police and Fire Protection Services	87.00	37.36	42.94
5	37-Administration of Information Technology	120.03	50.00	41.66
6	44-Administration of Execution of Irrigation Schemes	6.53	2.52	38.66
7	45-Administration of Soil and Water Conservation	5.06	0.00	0.00
8	48-Administration of Dairy Development	5.00	0.00	0.00
9	49-Administration of Fisheries	4.00	0.00	0.00
10	52-Administration of Industries Department	0.15	0.00	0.00
11	54-Administration of Village and Small-Scale Industries	20.60	5.55	26.94
12	57-Administration of Tourist Organisation	43.05	18.85	43.78
13	65-Administration of Water Resources	157.25	59.94	38.12

Source: Appropriation Accounts 2023-24.

During the current year 2023-24, the utilisation of budget provisions in revenue grants against Administration of Land Revenue, Land Ceilings, *etc.* was only 28.16 *per cent* of the ₹ 185.12 crore allocated, indicating significant underutilisation and poor expenditure planning. Similarly, the Administration of Welfare of Scheduled Castes, Scheduled Tribes, and Other Backward Classes recorded a very low utilisation rate of 0.14 *per cent* of ₹ 144.64 crore, severely affecting implementation of welfare programs. The Administration of Rural Development Programmes also saw low utilisation, with only 35.61 *per cent* of the ₹ 48.96 crore budget provision. Low utilisation rates highlight lack of effective budget planning and effective resource allocation across various important sectors in the development efforts of the State Government.

In respect of capital expenditure during the current year 2023-24, several grants exhibited serious underutilisation. Administration of The State Legislature spent only 12.90 *per cent* of its allocated ₹ 47.17 crore. Similarly, the Administration of Justice utilised merely 22.06 *per cent* of its ₹ 127.39 crore budget. Notably, several grants, such as the Administration of Soil and Water Conservation, Administration of Dairy Development, Administration of Fisheries, and Administration of Industries Department had Zero utilisation in crucial grants underscore severe inefficiencies in expenditure planning. 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 such underutilisation 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 one Grant in Revenue and two grant(s)/appropriation in Capital, amounting to ₹3,819.91 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)

					(\ in crore)
Sl. No.	Grant No.	Grant Description	Total Provision	Expenditure	Excess
1	2	3	4	5	6=5-4
Reve	enue				
1.	55	Administration of Mines and Minerals	96.56	98.87	2.31
		Total	96.56	98.87	2.31
Capi	ital				
1.	43	Administration of Agriculture and Allied Services	7.50	9.41	1.91
2.	-	6003-Administration of Public Debts	963.35	4,779.05	3,815.69 <sup>50</sup>
		Total	970.85	4,788.46	3,817.60
		Grant Total	1,067.42	4,887.33	3,819.91

Source: - Appropriation Account 2023-24.

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<sup>&</sup>lt;sup>50</sup> (Ways and Means Advance: ₹ 1,580.31 crore + Overdraft State: ₹ 683.66 crore + Special Drawing facility on 91 Days deposits: ₹ 1,552.94 crore).

### 3.3.7.2 Regularisation of excess expenditure of previous financial years

Out of the total excess expenditure of  $\mathbb{Z}$  1,439.02 crore for the period from 1971-72 to 2011-12,  $\mathbb{Z}$  994.98 crore was recommended by the PAC for regularisation. Out of the recommended amount,  $\mathbb{Z}$  949.05 crore was regularised by the Meghalaya Appropriation Act (no. I), 2021. As on 31 March 2024, an amount of  $\mathbb{Z}$  6,833.02 crore pertaining to year upto 2022-23 was yet to be regularised as detailed in *Appendix 3.6*.

The excess expenditure over Grants is a serious 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 2023-24, supplementary grants were approved while even the original appropriation was not fully utilised as shown in **Table 3.11.** 

Table 3.11: Unnecessary excessive budget/Supplementary Provision

(₹ in crore)

						Cin Crorej
Sl. No.	Name of the Grant	Original Allocation	Supplemen- tary	Total	Actual expendi- ture	Unutilised funds
Capi	tal (Voted)					
1.	10-Administration of Transport Services	17.89	7.00	24.89	12.99	11.90
2.	27-Administration of Public Health Engineering	291.00	85.90	376.90	287.24	89.66
3.	39-Administration of Co-Operation Department	13.61	4.05	17.66	10.40	7.26
	Total	322.50	96.95	419.45	310.63	108.82

Source: Appropriation Accounts 2023-24.

**Table 3.11** shows that an amount of ₹ 310.63 crore (74.06 *per cent*) only was utilised out of the total allocation of ₹ 419.45 crore. It was further seen that the actual expenditure was lesser than the original allocation and hence the supplementary provision of ₹ 96.95 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 2023-24 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)

N. A. T. W.		Original	Supplemen-			Excess (+)/	Surrender during March	
Nature	of Expenditure	Grant/App.	tary Grant/App	Total	Expenditure	Savings (-)	Amount	Per cent to savings
	I. Revenue	15,850.23	2,625.18	18,475.41	15,289.89	(-)3,185.52	2,711.52	85.12
Voted	II. Capital	3,848.24	2,106.07	5,954.31	4,570.56	(-)1,383.75	1,036.54	74.90
	Total	19,698.47	4,731.25	24,429.72	19,860.45	(-)4,569.27	3,748.06	82.03
	III. Revenue	1,335.84	13.38	1,349.22	1,310.46	(-)38.76	38.29	98.81
	IV. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Charged	V. Public Debt Repayment	987.91	0.0027	987.92	4,803.61	(+)3,815.69	0.00	-
	Total	2,323.75	13.39	2,337.14	6,114.07	(+)3,776.93	38.29	-
Appropriate Fund (if an	ion to Contingency y)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total		22,022.22	4,744.64	26,766.86	25,974.52	(-)792.34	3,786.35	-

Source: Appropriation Accounts 2023-24.

**Table 3.12** outlines that during the year 2023-24, Government of Meghalaya (GoM) incurred expenditure of ₹ 25,974.52 crore against the total grants and appropriations of ₹ 26,766.86 crore resulting in net savings of ₹ 792.34 crore.

The extent of utilisation of budget during the five-year period from 2019-20 to 2023-24 is shown in **Table 3.13.** 

Table 3.13: Original Budget, Revised Estimates and Actual Expenditure during 2019-24

(₹ in crore)

					( the crore,
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Original Budget	16,376.94	17,430.23	17,603.35	18,881.00	22,022.22
Supplementary Budget	593.77	1,569.02	2,786.89	3,044.60	4,744.64
Total Budget (TB)	16,970.71	18,999.25	20,390.24	21,925.60	26,766.86
Revised Estimate (RE)	16,376.94	17,432.14	17,603.28	23,280.09	25,052.02
Actual Expenditure (AE)	10,967.33	13,802.08	18,883.98	21,393.79	25,974.52
Savings (TB-AE)	6,003.38	5,197.17	1,506.26	531.81	792.34
Percentage of supplementary to the original provision	3.63	9.00	15.83	16.13	21.54
Percentage of overall					
saving/excess to the overall	35.37	27.35	7.39	2.43	2.96
provision					
TB-RE	593.77	1,567.11	2,786.96	-1,354.49	1,714.84
RE-AE	5,409.61	3,630.06	-1,280.70	1,886.30	(-)922.50
(TB-RE) as % of TB	3.50	8.25	13.67	-6.18	6.41
(RE-AE) as % of TB	31.88	19.11	-6.28	8.60	(-)3.45

Source: Budget, RE and Appropriation Accounts.

**Table 3.13** shows that during the five-year period from 2019-20 to 2023-24, the actual expenditure was lower than original budget estimate during 2019-20 to 2020-21. However, actual expenditure surpassed the original budget provision from 2021-22 to 2023-24. Net Savings during the year 2023-24 slightly increased to ₹ 792.34 crore from ₹ 531.81 crore in 2022-23. However, the gross savings increased to ₹ 4,612.24 crore from ₹ 3,971.22 crore in 2022-23. This indicates unrealistically higher estimates. Better utilisation of budgetary appropriation indicates better estimation of receipts and better expenditure management *vis-à-vis* allocated resources.

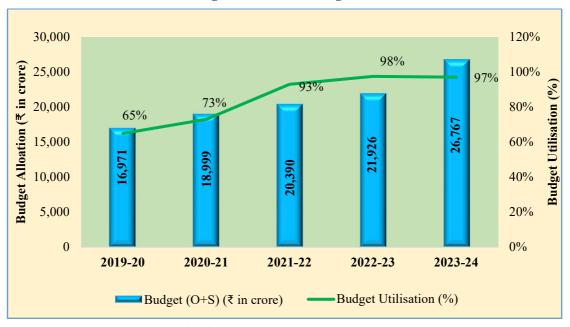


Chart 3.5: Budget utilisation during 2019-20 to 2023-24

Source: Appropriation Accounts 2023-24.

**Chart 3.5** depicts utilisation of budget during 2019-20 and 2020-21 was lower than 75 *per cent*. However, during 2021-22 to 2023-24, utilisation of budget surpassed 90 *per cent* and was 97 *per cent* in the current year.

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

While presenting the Budget for the year 2023-24 in the State Legislature, the Finance Minister announced ₹ 15.00 crore for implementation of Hello Meghalaya to provide income to local artists and quality content for all the citizens by hosting local content during the year. However, Audit found that provision of only ₹ 10 crore 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

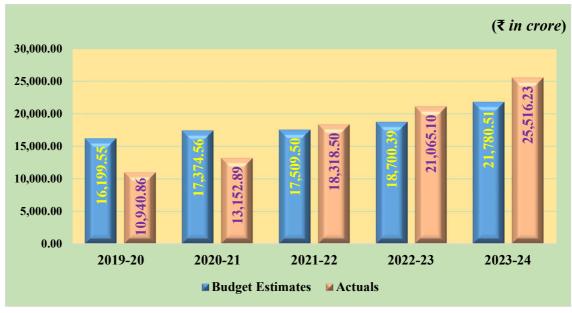
(₹ in crore)

Sl. No.	Scheme Name	Announcement in Budget Speech	Approved outlay	Revised outlay	Actual expenditure
1.	Hello Meghalaya	15.00	10.00	10.00	0.00

Source: Budget Speech and Appropriation Account 2023-24.

### 3.4.3 Trends of Actual Receipts vis-à-vis Budget Estimates

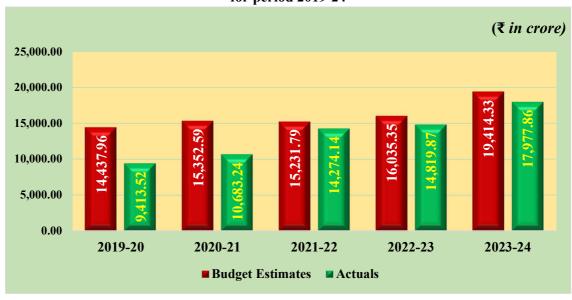
Chart 3.6: Position of Actual Receipts vis-à-vis Budget Estimates for period 2019-24



Source: Annual Financial Statements of respective years.

Chart 3.6 shows that during the five-year period from 2019-20 to 2023-24, the actual receipts was lower than budget estimate during 2019-20 to 2020-21. However, actual receipts surpassed the budget estimates from 2021-22 to 2023-24. The receipts was higher than budget estimates for period from 2021-22 to 2023-24 majorly due to increase in borrowings in the said period.

Chart 3.7: Position of Actual Revenue Receipts vis-à-vis Budget Estimates for period 2019-24



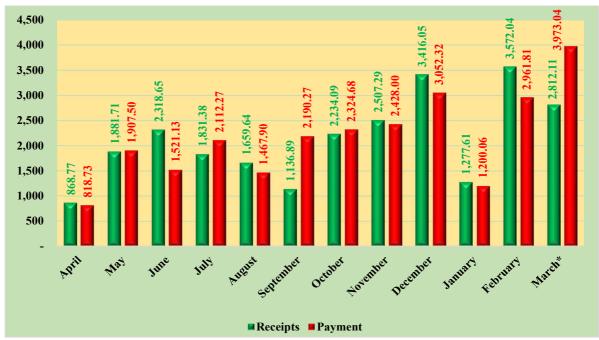
Source: Annual Financial Statements and Finance Accounts of respective years.

**Chart 3.7** presents that the actual revenue receipts was between 65.20 *per cent* and 93.71 *per cent* of budget estimates during last five years period from 2019-20 to 2023-24.

### 3.4.4 Trend of expenditure

The monthly flow of receipt and expenditure of the Government of Meghalaya during 2023-24 are outlined in **Chart 3.8**.

Chart 3.8: Statement showing month wise receipt and expenditure for the State during 2023-24.



Source: Information Provided by the O/o the PAG (A&E).

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 (December 2024) any information regarding the 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 2023-24 is detailed in **Table 3.15**.

Table 3.15: Statement showing quarter wise expenditure for the State during 2023-24

	Budget		Expenditure				Total
Particulars	Allocation (O+S)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	In March 2024	Expenditure during 2023-24
Amount (₹ in crore)	26,766.86	4,247.36	5,770.44	7,805.00	8,134.90	3,789.57	25,957.71*
Percentage of Total Expenditure in 2023-24	-	16.36	22.23	30.07	31.34	14.60	-

Source: Information furnished by A&E office.

<sup>\*</sup>Includes March Supplementary Adjustment.

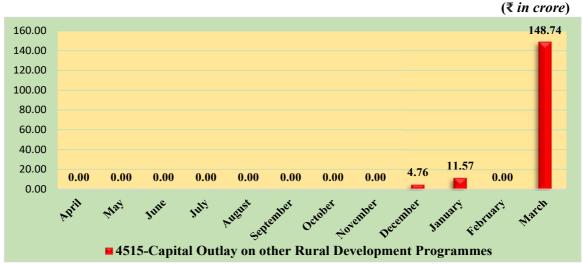
<sup>\*</sup>Net total expenditure (excluding total recoveries, Appendix 1 Appropriation Accounts 2023-24).

**Table 3.15** shows that during 2023-24, the highest share (31.34 *per cent*) of expenditure was incurred during the 4th Quarter followed by the 3rd Quarter (30.07 *per cent*), 2nd Quarter (22.23 *per cent*), and 1st Quarter (16.36 *per cent*). The share of expenditure made during the month of March 2024 in the total expenditure stood at 14.60 *per cent*.

Further, the Audit analysis revealed that over 50 per cent of expenditure under 39 Major Heads during the year was made in the January-March Quarter of 2023-24 as given in Appendix 3.8. During 2023-24, 100 per cent of the expenditure amounting to ₹ 36.37 crore under 10 Major Heads was spent in March 2024 (Appendix 3.9). Out of this, expenditure amounting to ₹ 36.07 crore (99.18 per cent) under 08 Major Heads was Capital Expenditure. Audit further noticed that during the year 2023-24 entire expenditure of ₹ 212.02 crore in 100 sub-heads was incurred in the month of March 2024 alone. The cases of expenditure of ₹ five crore and above in March 2024 alone detailed in Appendix 3.10.

Test check of Major Head 4515-Capital Outlay on other Rural Development Programmes revealed 90.11 *per cent* (₹ 148.74 crore) of the total expenditure (₹ 165.07 crore) was incurred in March 2024. Month wise expenditure under Major Head 4515 during the year 2023-24 is given in **Chart 3.9**.

Chart 3.9: Month wise expenditure under Major Head 4515-Capital Outlay on other Rural Development Programmes under the Department of Education during 2023-24.



Source: Information furnished by the A&E office.

Out of total expenditure of ₹ 148.74 crore during March 2024, ₹ 2.25 crore was deducted as forest fee/royalties, security deposits, TDS *etc.*, and transferred to concern heads, ₹ 14.70 crore was transferred to 24 no. of Contractors/suppliers, ₹ 80.09 crore was transferred to non-SNA's Account under State Rural Employment Society (SRES), and ₹ 50.70 crore was transferred to three DDOs' bank accounts (Construction of BIDC, Construction of Office Building, M/s Construction of 6 New Building). Fund transfer to DDO's bank Accounts has been officially recognised as expenditure from the Consolidated Fund of the State, whereas they are still lying idle parked outside the Government Accounts. Thus, the expenditure shown in the Finance Accounts cannot be vouched as correct to that extent.

### 3.4.5 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. 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 ₹ 232.51 crore was incurred in 18 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)

					(Vin Crore)
Sl. No	Grant No	Major Head	Minor Head	Re- appropriation	Expenditure
1	16	2055	001-(17) Engineering Wing (General)	0.15	0.15
2	21	2552	236-(03) Pradhan Mantri Schools for Rising India (PM SHRI). (General)	0.24	0.24
3	21	2552	236-(03) Pradhan Mantri Schools for Rising India (PM SHRI). (General) Centrally Sponsored Schemes	2.15	2.15
4	21	4202	<b>02-103-(07)</b> State Technical Universities (General)	0.30	0.30
5	26	2210	<b>06-101-(26)</b> Meghalaya Medical Drugs and Services Ltd. (General)	73.00	73.00
6	29	4217	<b>60-051-(34)</b> Swacch Bharat Mission- U.2.0 (General)	1.60	1.60
7	29	4217	<b>60-051-(34)</b> Swacch Bharat Mission- U.2.0 (General) Centrally Sponsored Schemes	14.44	14.44
8	34	2235	<b>02-106-(19)</b> Child Helpline (General) Centrally Sponsored Schemes	1.08	1.08
9	45	2402	102-(33) Pradhan Mantri Krishi Sinchayee Yojna-Watershed Development Component (PYMKSY-WDC)- (General)	1.15	1.15
10	45	2402	102-(33) Pradhan Mantri Krishi Sinchayee Yojna-Watershed Development Component (PYMKSY-WDC)CSS- (General)	10.37	10.37
11	51	2235	60-102-(02) National Social Assistance Programme (NSAP) Old Age Pension (Sixth Schedule)	32.59	32.59
12	51	2235	60-102-(04) National Social Assistance Programme (NSAP) Assistance to Widow (Sixth Schedule)	4.43	4.43
13	51	2235	60-102-(05) National Social Assistance Programme (NSAP) Assistance to Person with Multiple Disabilities (Sixth Schedule)	0.93	0.93
14	51	2235	60-102-(02) National Social Assistance Programme (NSAP) Old Age Pension (Sixth Schedule) Centrally Sponsored Schemes	13.64	13.64

Sl. No	Grant No	Major Head	Minor Head	Re- appropriation	Expenditure
15	51	2235	60-102-(04) National Social Assistance Programme (NSAP) Assistance to Widow (Sixth Schedule) Centrally Sponsored Schemes	2.15	2.15
16	51	2235	60-102-(05) National Social Assistance Programme (NSAP) Assistance to Person with Multiple Disabilities (Sixth Schedule) Centrally Sponsored Schemes	0.42	0.42
17	54	2851	102-(12) Food Processing Fund (FPF) for Meghalaya Industrial Development Corporation (MIDC)	0.60	0.60
18	55	2853	<b>02-102-(06)</b> Expenditure on Account of District Councils' Share In lieu of Royalties Collected from Major Minerals (Sixth Schedule)	63.27	73.27
			222.51	232.51	

Source: Appropriation Accounts 2023-24.

As such, expenditure of ₹ 232.51 crore (₹ 222.51 crore through re-appropriation and ₹ 10.00 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 Budget or Token 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-29— Administration of Urban Development' and 'Grant Number-51- Administration of Community and Rural Development'. The observations noticed during the review are discussed in succeeding paragraphs.

### 3.5.1 Review of Grant Number-29- Administration of Urban Development

### 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 2019-20 to 2023-24 is given in **Table 3.17.** 

Table 3.17: Budget and Expenditure of Grant No. 29

(₹ in crore)

					( <i>x in crore</i> )
Grant No.	2019-20	2020-21	2021-22	2022-23	2023-24
Total Budget Provision	288.99	316.42	719.53	407.34	927.11
Expenditure	92.23	139.42	594.07	365.34	673.78
Savings (-)/Excess (+)	(-)196.76	(-)177.00	(-)125.46	(-)42.00	(-)253.33
Savings (-)/Excess (+) (percentage)	(-)68.09	(-)55.94	(-)17.44	(-)10.31	(-)27.32
Savings not surrendered (-) /Excess Surrender (+)	0.00	(-)0.44	0.01	(+)15.23	(-)15.81
Revenue Provision	114.17	169.30	167.78	178.75	199.57
Expenditure	39.68	111.33	118.54	121.66	148.08

Grant No.	2019-20	2020-21	2021-22	2022-23	2023-24
Savings (-)/Excess (+)	(-)74.49	(-)57.97	(-)49.24	(-)57.09	(-)51.49
Savings (-)/Excess (+) (percentage)	(-)65.24	(-)34.24	(-)29.35	(-)31.94	(-)25.80
Savings not surrendered (-) /Excess Surrender (+)	0.00	(-)0.47	0.00	(+)0.14	(-)0.81
Capital Provision	174.82	147.12	551.75	228.59	727.54
Expenditure	52.55	28.09	475.53	243.68	525.70
Savings (-)/Excess (+)	(-)122.27	(-)119.03	(-)76.23	(+)15.09	(-)201.84
Savings (-)/Excess (+) (percentage)	(-)69.94	(-)80.91	(-)13.81	(+)6.60	(-)27.74
Savings not surrendered (-) /Excess Surrender (+)	0.00	(+)0.03	(+)0.00	*	(-)15.00

Source: Appropriation Accounts 2019-2024.

**Table 3.17** shows that savings as percentage of revenue provision was consistently over 25 per cent in five years period from 2019-20 to 2023-24 while savings as percentage of capital provision was 69.94 per cent and 80.91 per cent in 2019-20 and 2020-21 respectively. As a whole, savings as share of Total Budget Provision under Grant No. 29 decreased from 68.09 per cent in 2019-20 to 55.94 per cent in 2020-21 and 17.44 per cent in 2021-22 and 10.31 per cent in 2022-23 which increased again to 27.32 per cent in 2023-24. The savings during 2023-24 was mainly against Urban Development, Infrastructure Development under the schemes Smart Cities Mission, State Urban Infrastructure Development Initiative, Atal Mission for Rejuvenation & Urban Transformation (AMRUT) etc. Therefore, substantial savings indicated non-achievement of planned infrastructure development.

### 3.5.1.2 Budget provision not utilised

Table 3.18: Cases where no part of budget provisions was utilised Grant No. 29

(₹ in crore)

Major Head and Group Head	Original+S upplemen- tary	Re- appropria -tion*	Final Grant	Expendi- ture	Savings
2217-Urban Development					
05- 051-(19) Swachh Bharat Mission-Central Assistance for Centrally Sponsored Schemes inclusive of State S (General)-CSS	1.00	(-)1.00	0.00	0.00	1.00
05- 051-(19) Swachh Bharat Mission-Central Assistance for Centrally Sponsored Schemes inclusive of State S (General)-State Scheme	0.12	(-)0.12	0.00	0.00	0.12

<sup>\*</sup> Surrender was ₹ 8.82 crore though expenditure was in excess by ₹ 15.09 crore.

Major Head and Group Head	Original+S upplemen- tary	Re- appropria -tion*	Final Grant	Expendi- ture	Savings
05- 051-(20) Atal Mission of Rejuvenation & Urban Transformation (AMRUT)-Centrally Sponsored Schemes (General)-State Scheme	0.74	(-)0.72	0.02	0.00	0.74
80- 001-(09) Preparation Of Base Map & Master Plan For Shillong/Jowai/Tura, etc. (General)-State Scheme	0.50	(-)0.17	0.33	0.00	0.50
80- 001-(10) Preparation Master Plan For Shillong/Jowai/Tura, <i>etc</i> . (General)-State Scheme	1.00	(-)0.89	0.11	0.00	1.00
80- 001-(13) Capacity Building, IEC and other Administrative Activities (General)-State Scheme	0.03	(-)0.03	0.00	0.00	0.03
80- 003-(01) Training personnel in Town and Regional Planning (General)-State Scheme	0.25	(-)0.15	0.10	0.00	0.25
80- 192-(07) Smart Cities Mission (SCM) Centrally Sponsored Schemes inclusive of State Share (General)-State Scheme	1.00	0.00	1.00	0.00	1.00
05- 051-(19) Swachh Bharat Mission-Central Assistance for Centrally Sponsored Schemes inclusive of State S (General)-CSS	1.00	(-)1.00	0.00	0.00	1.00
05-051-(19) Swachh Bharat Mission-Central Assistance for Centrally Sponsored Schemes inclusive of State (General)-State Scheme	0.12	(-)0.12	0.00	0.00	0.12
4217-Capital Outlay on Urban Development					
60- 051-(21) Swachh Bharat Mission-Central Assistance for Centrally Sponsored Schemes inclusive of State S (General)-CSS	3.00	(-)3.00	0.00	0.00	3.00
60-051-(21) Swachh Bharat Mission-Central Assistance for Centrally Sponsored Schemes inclusive of State S (General)-State Scheme	1.02	(-)0.99	0.03	0.00	1.02
60- 051-(32) Lumpsum Fund for Development of North Eastern States (General)-State Scheme	1.00	0.00	1.00	0.00	1.00
Total	9.66	(-)7.07	2.59	0.00	9.66

Source: Detailed Appropriation Account 2023-24 and information provided by the A&E Office.

As depicted in the **Table 3.18**, non-utilisation of budgetary provision indicates lack of serious expenditure planning and implementation of the schemes/programs.

### 3.5.1.3 Unnecessary Supplementary Provision

Supplementary provision of ₹ 42.77 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.** 

<sup>\*(+)</sup> denotes re-appropriation for augmentation of provision and (-) denotes re-appropriation for decrease of provision.

Table 3.19: Unnecessary supplementary provision Grant No. 29

(₹ in crore)

Original Provision	Supplementary	Final Grant	Expenditure	Savings	Savings w.r.t Original Provision
		Rev	venue		
156.80	42.77	199.57	148.08	51.49	8.72

Source: Appropriation Account 2023-24.

**Table 3.19** presents that supplementary grants of  $\stackrel{?}{\underset{?}{?}}$  42.77 crore proved unnecessary as the Department could not fully utilise the original budget provision. This has resulted in savings of  $\stackrel{?}{\underset{?}{?}}$  51.49 crore (25.80 *per cent*) and suboptimal allocation of resources for projects which need funding. Budget allocations may be made based actual requirements of fund to ensure optimal utilisation of resources.

### 3.5.1.4 Expenditure incurred without authority of law

Audit noticed that expenditure of ₹ 18.32 crore was incurred in five 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. 29

(₹ in crore)

Major Head and Group Head	Total Provision (O+S)	Re- appropriation	Expenditure	Excess(+)/ Savings (-)
2217-Urban Development				
80-001-(08) Expenditure of Chairman/ Co-Chairman/Vice Chairman/ Deputy Chairman & their staff(General)-State Scheme	0.00	0.34	0.34	0.00
80-003-(02) Swachh Bharat Mission-U.2.0- (General)-CSS	0.00	1.75	1.75	0.00
80-003-(02) Swachh Bharat Mission-U.2.0- (General)-State Scheme	0.00	0.19	0.19	0.00
4217-Capital Outlay on Urban Developmen	t			
60-051-(34) Swachh Bharat Mission-U.2.0- (General)-CSS	0.00	14.44	14.44	0.00
60-051-(34) Swachh Bharat Mission-U.2.0- (General)-State Scheme	0.00	1.60	1.60	0.00
Total	0.00	18.32	18.32	0.00

Source: Detailed Appropriation Account 2023-24.

Expenditure without budget indicates 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 2023-24, there was an excess expenditure of ₹ 130.47 crore over the budget provision under 11 sub-heads and details 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. 29

(₹ in crore)

						( <i>t in crore</i> )
Sl. No.	Major Head and Group Head	Budget Provision (O+S)	Re- Appropriation (Net)	Final Grant	Expenditure	Excess out of O+S
2217	-Urban Development					
1	80-001-(05) Assistance to Meghalaya Urban Development Authority- (General)-State Scheme	3.10	0.13	3.23	3.22	0.12
2	80- 001-(08) Expenditure of Chairman/Co-Chairman/Vice Chairman/ Deputy Chairman & their staff (General)-State Scheme	0.00	0.34	0.34	0.34	0.34
3	80- 001-(11) Consultancy charges for preparation of Detailed Project Report- (General)-State Scheme	0.20	1.49	1.69	1.69	1.49
4	80- 003-(02) Swachh Bharat Mission- U.2.0- (General)-CSS	0.00	1.75	1.75	1.75	1.75
5	80-003-(02) Swachh Bharat Mission- U.2.0- (General)-State Scheme	0.00	0.19	0.19	0.19	0.19
6	80-192-(02) Assistance to Municipal Board for Shillong/Jowai/Tura, <i>etc</i> for Special Purposes- (General)-State Scheme	24.73	8.04	32.77	32.78	8.05
4217	-Capital Outlay on Urban Develop	ment				
7	60-051-(07) Infrastructure Development for City Transport at Shillong- (General)-State Scheme	1.00	8.00	9.00	9.00	8.00
8	60- 051-(19) Special Plan Assistance (SPA)- (General)-State Scheme	85.00	90.49	175.49	174.49	89.49
9	60- 051-(31) Smart Cities Mission- (General)-State Scheme	20.00	26.50	46.50	25.00	5.00
10	60- 051-(34) Swachh Bharat Mission- U.2.0- (General)-CSS	0.00	14.44	14.44	14.44	14.44
11	60- 051-(34) Swachh Bharat Mission-U.2.0- (General)-State Scheme	0.00	1.60	1.60	1.60	1.60
	Total	134.03	152.97	287.00	264.50	130.47

Source: Detailed Appropriation Account 2023-24 and information provided by the A&E Office.

**Table 3.21** indicates that the Department has incurred an excess expenditure of ₹ 130.47 crore out of total provision of ₹ 134.03 crore indicating 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 2023-24, under Grant no. 29-Administration of Urban Development, re-appropriation to augment provision was made in 20 sub-heads amounting to ₹ 213.04 crore. However, out of this, re-appropriation under five sub-heads, proved excessive or insufficient and resulted in savings/excess (*Appendix 3.11*). 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 ₹ 25 lakh or above are detailed in **Table 3.22.** 

Table 3.22: Unnecessary Re-appropriation Grant No.-29

(₹ in crore)

					`
Major Head and Group Head	Budget Provision (O+S)	Re- Appropria -tion	Final Provision	Expenditure	Savings
2217-Urban Development					
80-001-(01) Headquarter Organisation-General) State Scheme	5.29	0.03	5.32	4.99	0.33
4217-Capital Outlay on Urban D	evelopment				
60-051-(19) Special Plan Assistance (SPA)-(General)State Scheme	85.00	90.49	175.49	174.49	1.00
60-051-(31) Smart Cities Mission-(General) State Scheme	20.00	26.50	46.50	25.00	21.50
Total	110.29	117.02	227.31	204.48	22.83

Source: Detailed Appropriation Accounts 2023-24 and information provided by the A&E Office.

### 3.5.2 Review of Grant Number-51 - Administration of Community and Rural Development

### 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 2019-20 to 2023-24 is given in **Table 3.23.** 

Table 3.23: Budget and Expenditure of Grant No. 51

(₹ in crore)

					(Vin Crore)
Grant No.	2019-20	2020-21	2021-22	2022-23	2023-24
Total Budget Provision	1,742.65	1,604.81	1,219.75	1,474.58	3,393.21
Expenditure	848.36	1,035.47	876.43	1,181.45	2,670.73
Savings (-)/Excess (+)	(-)894.29	(-)569.34	(-)343.32	(-)293.13	(-)722.48
Savings (-)/Excess (+) (percentage)	(-)51.32	(-)35.48	(-)28.15	(-)19.88	(-)21.29
Savings not surrendered (-) /Excess Surrender (+)	(-)17.62	(-)9.36	(+)3.59	(-)9.09	(-)7.48
Revenue Provision	1,735.12	1,580.92	1,196.20	1,456.23	3,144.07
Expenditure	845.20	1,033.36	872.11	1,170.45	2,505.66
Savings (-)/Excess (+)	(-)889.91	(-)547.56	(-)324.09	(-)285.78	(-)638.41
Savings (-)/Excess (+) (percentage)	(-)51.29	(-)34.64	(-)27.09	(-)19.62	(-)20.31
Savings not surrendered (-) /Excess Surrender (+)	(-)17.61	(-)9.06	(+)3.59	(-)9.09	(-)7.48
Capital Provision	7.53	23.89	23.55	18.35	249.14
Expenditure	3.16	2.11	4.32	11.00	165.07
Savings (-)/Excess (+)	(-)4.37	(-)21.78	(-)19.23	(-)7.35	(-)84.07
Savings (-)/Excess (+) (percentage)	(-)58.03	(-)91.17	(-)81.66	(-)40.05	(-)33.74
Savings not surrendered (-)/ Excess Surrender (+)	(-)0.01	(-)0.30	0.00	0.00	0.00

Source: Appropriation Account 2019-20 to 2023-24.

**Table 3.23** shows the trend of allocation and utilisation of funds in under Grant No. 51 – Administration of Community and Rural Development during the five-year period from 2019-20 to 2023-24. High savings percentages were noticed, especially during 2019-20 and 2020-21 with 51.32 *per cent* and 35.48 *per cent* savings respectively. Although savings reduced in 2021-22 and 2022-23, they increased again in 2023-24 at 21.29 *per cent*. Under the Revenue Section, savings were consistently high, with 51.29 *per cent* in 2019-20 and 34.64 *per cent* in 2020-21 and stood at 20.31 *per cent* in 2023-24. The Capital Section showed even larger savings with 58.03 *per cent* in 2019-20 and 91.17 *per cent* in 2020-21 and stood at 33.74 *per cent* in 2023-24. Significant savings were observed against the allocations for providing housing, Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS), National Social Assistance Programme (NSAP) and Start-up Village Entrepreneurship Programme.

### 3.5.2.2 Budget provision not utilised

Audit analysis revealed that  $100 \ per \ cent$  of the budget provision (Original + Supplementary) of ₹ 75.99 crore in 17 cases (*Appendix 3.12*) was not utilised under the Grant No. 51 during the year 2023-24. One sub-head provision was augmented by ₹ 0.43 crore through re-appropriation and decreased in 14 sub-heads by ₹ 56.77 crore through re-appropriation. The cases where the budget provision was ₹ 1.00 crore and above are detailed in **Table 3.24**.

Table 3.24: Cases where no part of budget provisions was utilised under Grant No. 51

(₹ in crore)

				,	v in crorej
Major Head and Group Head	Original + Supplementary	Re- appropriation*	Final Provision	Expenditure	Savings
2501-Special Programmes for Rural Develo	pment				
06-102-(08) Integrated value chain development project of Eri Silk Cluster under Innovation Fund Componen-(General) CSS	2.07	(-)2.07	0.00	0.00	0.00
2515-Other Rural Development Programmes					
00-800-(10) National Social Assistance Prog. (NSAP) Old Age Pension-(General) CSS	52.72	(-)41.23	11.49	0.00	11.49
00-800-(10) National Social Assistance Prog. (NSAP) Old Age Pension-(Sixth Sch.) State Scheme	5.00	(-)5.00	0.00	0.00	0.00
00-800-(12) National Family Benefit Scheme-(General) CSS	1.70	(-)0.93	0.77	0.00	0.77
00-800-(13) Non-lapsable Central Pool of Resources for Development of North East- (General) CSS	1.60	(-)1.06	0.54	0.00	0.54
00-800-(13) Non-lapsable Central Pool of Resources for Development of North East- (General) State Scheme	4.15	(-)0.48	3.67	0.00	3.67
00-800-(19) National Social Assistance Programme-(General) CSS	5.58	(-)3.42	2.16	0.00	2.16
00-800-(26) Social Mobilisation Centre at District Head Quarter-(Sixth Sch.) State Scheme	1.00	(-)1.00	0.00	0.00	0.00
Total	73.82	(-)55.19	18.63	0.00	18.63

Source: Detailed Appropriation Account 2023-24.

<sup>\* (+)</sup> denotes re-appropriation for augmentation of provision and (-) denotes re-appropriation for decrease of provision.

As is evident from **Table 3.24** that the Department could not utilise the funds provision under the Grant of ₹ 73.82 crore. This indicates poor budget formulation and lack of financial control on part of the Departments.

### 3.5.2.3 Unnecessary Supplementary Provision

During the year 2023-24, the supplementary provision of ₹ 1,805.15 crore was obtained under 10 sub-heads. Out of which supplementary provision of ₹ 286.24 crore proved unnecessary in three cases as the expenditure could not reach to original budget provision allocated. The cases where supplementary provision proved unnecessary are given in the **Table 3.25**.

Table 3.25: Unnecessary supplementary provision Grant No. 51

(₹ in crore)

Major Head and Group Head (Sub Major Head-Minor Head-Sub Head)	Original Provision	Supplementary	Total Provision (O+S)	Expenditure	Saving
2505-Rural Employment					
01-702-(03) Indira Gandhi					
Awaas Yojana (IAY)-(General)	200.00	<b>75</b> .24	275.24	85.65	189.59
CSS					
02-101-(01) The National Rural					
Employment Guarantee-	600.00	200.00	800.00	334.92	465.08
(General) CSS					
2515-Other Rural Development	Programmes	s			
00-800-(10) National Social					
Assistance Prog. (NSAP) Old	41.72	11.00	52.72	0.00	52.72
Age Pension-(General) CSS					
Total	841.72	286.24	1,127.96	420.57	707.39

Source: Appropriation Account 2023-24 and information provided by the A&E office.

The above indicates suboptimal allocation of resources and underscores the need for budget allocations based on actual requirements of fund to ensure optimal utilisation of resources.

### 3.5.2.4 Expenditure incurred without authority of law

The Audit findings revealed that expenditure of ₹ 56.93 crore was incurred in nine 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. 51

(₹ in crore)

Major Head and Group Head	Total Provision (O+S)	Re- appropriation	Expenditure	Excess (+)/ Savings (-)
2235-Social Security and Welfare				
60-102-(02) National Social assistance programme (NSAP) Old Age Pension-Sixth Sch.	0.00	13.64	13.64	0.00
60-102-(02) National Social assistance programme (NSAP) Old Age Pension-Sixth Sch.	0.00	32.59	32.59	0.00

Major Head and Group Head	Total Provision (O+S)	Re- appropriation	Expenditure	Excess (+)/ Savings (-)
60-102-(04) National Social Assistance Programme (NSAP) Assistance to Widow- Sixth Sch.	0.00	2.15	2.15	0.00
60-102-(04) National Social Assistance Programme (NSAP) Assistance to Widow- Sixth Sch.	0.00	4.43	4.43	0.00
60-102-(05) National Social Assistance Programme (NSAP) Assistance to Person with multiple Disabilities-Sixth Sch.	0.00	0.81	0.42	(-) 0.39
60-102-(05) National Social Assistance Programme (NSAP) Assistance to Person with multiple Disabilities-Sixth Sch.	0.00	0.93	0.93	0.00
2515-Other Rural Development Programm	nes			
00-001-(12) Payment due to MeS.E.B/Municipal/Telephone Bills (BSNL)-Sixth Sch.	0.00	0.25	0.23	(-) 0.02
00-003-(04) State Institute for Research and Training of Rural Development (SIRD)-General	0.00	2.29	2.29	0.00
00-003-(05) Extension Training Centre (ETC)-General	0.00	0.25	0.25	0.00
Total	0.00	57.34	56.93	(-) 0.41

Source: Appropriation Account 2023-24 and information provided by the A&E office.

Expenditure without budget indicates 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 2023-24 under grant no. 51- Administration of Community and Rural Development, re-appropriation for augmentation of provision was made in 27 sub-heads amounting to ₹ 804.70 crore (23.71 per cent of total budget provision of ₹ 3,393.22 crore). However, re-appropriation under 13 out of the 27 sub-heads proved excessive or insufficient and resulted in savings/excess. This indicates that re-appropriation was not carried out based on actual requirement and reflects poor planning and monitoring of budget allocation and its utilisation by the Department. Cases where re-appropriation proved excessive is given in **Table 3.27**.

Table 3.27: Unnecessary Re-appropriation Grant No.-51

Description (Sub Major Head-Minor Head-Sub Head)	Total Provision (O+S)	Re- Appropriation	Final Provision	Expenditure	Savings
2235-Social Security and Welfare					
60- 102-(05) National Social Assistance Programme (NSAP) Assistance to Person with multiple Disabilities- (Sixth Sch.)-CSS	0.00	0.81	0.81	0.42	0.39
2501-Special Programmes for Rura	l Developmen	nt			
06- 102-(06) Deen Dayal Upadhaya Grameen Kaushalaya Yojana- (General)-CSS	2.00	10.60	12.60	12.47	0.13

Description (Sub Major Head-Minor Head- Sub Head)	Total Provision (O+S)	Re- Appropriation	Final Provision	Expenditure	Savings
06- 102-(06) Deen Dayal Upadhaya Grameen Kaushalaya Yojana- (General)-State Scheme	1.00	0.40	1.40	1.39	0.01
06- 102-(07) Start-up Village Entrepreneurship Programme (General)-CSS	2.00	4.78	6.78	1.70	5.09
2505-Rural Employment					
01- 702-(03) Indira Gandhi Awaas Yojana (IAY)- (Sixth Sch.)-CSS	1,124.76	387.56	1,512.31	1,226.43	285.88
01- 702-(03) Indira Gandhi Awaas Yojana (IAY)- (Sixth Sch.)-State Scheme	153.33	27.09	180.42	134.68	45.74
02- 101-(01) The National Rural Employment Guarantee- (Sixth Sch.)-CSS	0.00	56.50	56.50	0.00	56.50
2515-Other Rural Development Pro	grammes				
00- 001-(01) Directorate of Community Development-(General)-State Scheme	5.26	0.03	5.29	4.59	0.70
00- 001-(05) Stage-II Block Offices- (Sixth Sch.)-State Scheme	88.90	3.66	92.57	84.72	7.85
00- 001-(12) Payment due to MeS.E.B/Municipal/Telephone Bills (BSNL)- (Sixth Sch.)-State Scheme	0.00	0.25	0.25	0.23	0.02
00- 102-(04) Re-organisation of C&RD Blocks- (General)-State Scheme	0.87	0.47	1.34	0.66	0.68
00- 102-(10) Mahila Kisan Sashktikaran Pariyojana (MKSP), General Area- (General)-CSS	0.00	3.96	3.96	0.00	3.96
00- 102-(10) Mahila Kisan Sashktikaran Pariyojana (MKSP), General Area- (General)-State Scheme	0.01	0.43	0.44	0.00	0.44
Total	1,378.13	496.54	1,874.67	1,467.27	407.39

Source: Detailed Appropriation Accounts 2023-24.

### 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 2023-24, a total expenditure of  $\stackrel{?}{\underset{?}{?}}$  crore was incurred against the total budget allocation of  $\stackrel{?}{\underset{?}{?}}$  26,767 crore. The net savings of  $\stackrel{?}{\underset{?}{?}}$  792 crore were the result of gross savings of  $\stackrel{?}{\underset{?}{?}}$  4,612 crore adjusted by excess expenditure of  $\stackrel{?}{\underset{?}{?}}$  3,820 crore. Out of gross savings of  $\stackrel{?}{\underset{?}{?}}$  4,612 crore,  $\stackrel{?}{\underset{?}{?}}$  3,786 crore (82 *per cent*) were surrendered.

During 2023-24, an expenditure of ₹ 3,819.91 crore under two Grants and one non-Grant was incurred in excess of authorisation and requires regularisation under Article 205 of the Constitution. Moreover, excess expenditure of ₹ 6,833.02 crore (from 1971-72 to 2022-23) was yet to be regularised as on 31 March 2024. Another expenditure of ₹ 232.51 crore was incurred through re-appropriation on 18 New Services in violation of prescribed re-appropriation rules.

During the year 2023-24, supplementary provision of ₹ 439.60 crore in 24 cases proved unnecessary as even the original provision was even not fully utilised. Moreover, re-appropriation made under 52 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 39 grants, 50 to 100 *per cent* of expenditure was made during the fourth quarter of the year 2023-24. Moreover, the entire expenditure of ₹ 212.02 crore under 100 sub-heads was incurred in the month of March 2024 alone.

#### 3.7 Recommendations

- The Finance Department should ensure that expenditure from the Consolidated Fund of the State complies to the procedure prescribed for obtaining legislative approval for expenditure on New Service through re-appropriation and ensure regularisation of excess expenditure.
- The Grants with persistent savings and expenditure without provisions and non-surrender of savings should be reviewed to streamline Budgetary process.
- The Finance Department should take steps to ensure effective budgetary allocations for original, supplementary and re-appropriations to allocate resources where resources are needed the most.