CHAPTER-2
BUDGETARY MANAGEMENT

Chapter-II: Budgetary Management

This chapter reviews Mizoram's budgetary process, revealing significant gaps between budget estimates and actual expenditure, with issues like excess spending, persistent savings, and last-minute fund surrenders. It highlights weaknesses in financial planning, control, and compliance, stressing the need for realistic budgeting, timely fund utilisation, and modern practices like gender and green budgeting.

2.1 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[11] of expenditure separately and distinguish expenditure on revenue accounts from other expenditure. Legislative authorization is necessary before incurring any expenditure by the State Government.

As per the Mizoram Budget Manual, the Finance Department is responsible for preparing 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'. The State budget majorly comprises the following documents:

✓ Annual Financial Statement	✓ Medium Term Fiscal Plan
✓ Demand for Grants	✓ Fiscal Risk Statement
✓ FRBM Statements	✓ Others

2.2 Budget projection and gap between expectation and actual

Efficient management of tax administration/other receipts and public expenditure holds the balance for optimum utilization of resources, strengthening scheme implementation and monitoring capacity and achievement of fiscal targets. Persistent savings/excesses indicate need for improvement in the underlying budgetary processes.

Details of total appropriation obtained from state legislature, actual expenditure and savings during the year 2024-25 are summarized in **Table 2.1**.

[11] ***Charged expenditure:*** *Certain categories of expenditure (e.g. salaries of Constitutional authorities and loan repayments) constitute a charge on the Consolidated Fund of the State and are not subject to vote by the Legislature.* ***Voted expenditure:*** *All other expenditure is voted by the Legislature.*

Table 2.1: Actual expenditure vis-à-vis budget provision during 2024-25

(₹ in crore)

	Nature of Expenditure	Original Grant/ App.	Supple-mentary Grant/ App.	Total Budget	Actual expenditure	Savings	Surrender during 2024-25	
							Amount	*Per cent*
Voted	I. Revenue	11,214.60	1,684.90	12,899.50	10,511.00	-2,386.50	2,371.78	99.38
	II. Capital	1,950.05	17,84.27	3,734.32	2,007.83	-1,733.49	1,705.21	98.37
	III. Loans & Advances	12.20	7.04	19.24	12.60	-1.65	0.00	0.00
Total		**13,176.85**	**3,476.21**	**16,653.06**	**12,531.43**	**-4,121.64**	**4,076.99**	**98.92**
Charged	IV. Revenue	744.44	35.46	779.90	760.61	-19.29	2.80	14.52
	V. Capital	0.00	0.46	0.45	0.44	-0.02	0.02	100.00
	VI. Public Debt-Repayment	490.83	0.20	491.03	1858.70	*	0.00	0.00
Total		**1,235.27**	**36.12**	**1,271.39**	**2,619.74**	**19.31**	**2.82**	**14.60**
Appropriation to Contingency Fund (if any)		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total		**14,412.12**	**3,512.33**	**17,924.46**	**15,151.17**	**-4,140.95**	**4,079.81**	**98.52**

Source: Budget Documents & Appropriation Accounts

**There was excess expenditure of ₹ 1367.66 crore in Appropriation number 49 during 2024-25. Thus, there was net savings of ₹ 2773.28 crore.*

Trends in the original budget, revised estimate, and actual expenditure for the period 2020-21 to 2024-25 are given in **Table 2.2**.

Table 2.2: Original Budget, Revised Estimate and Actual Expenditure during 2020-21 to 2024-25

(₹ in crore)

	2020-21	2021-22	2022-23	2023-24	2024-25
Original Budget	**10,895.26**	**11,330.89**	**14,190.15**	**14,341.95**	**14,412.12**
Supplementary budget	3,036.63	6,025.44	3,265.69	3,294.15	3,512.33
Total budget (TB)	**13,931.89**	**17,356.33**	**17,455.84**	**17,636.10**	**17,924.46**
Revised Estimate (RE)	12,956.89	16,573.56	16,109.28	16,239.11	16,551.27
Actual Expenditure (AE)	11,375.10	13,476.19	14,137.55	17,118.18	15,151.17
Savings	-2,556.79	-3,880.14	-3,318.29	-517.92	-2,773.28
Percentage of supplementary to the original provision	27.87	53.18	23.01	22.97	24.37
Percentage of overall saving/excess to the overall provision	-18.35	-22.36	-19.01	-2.94	-15.47
TB-RE	975.00	782.77	1,346.56	1,396.99	1,373.19
RE-AE	1,581.79	3,097.37	1,971.73	-879.07	1,400.10
(TB-RE) as *per cent* of TB	7.00	4.51	7.71	7.92	7.66
(RE-AE) as *per cent* of TB	11.35	17.85	11.30	-4.98	7.81

Source: Annual Financial Statement and Appropriation Accounts

The analysis of the State's budgetary operations reveals systemic weaknesses in financial planning and execution, characterized by persistent under-utilization of allocated funds and poor reconciliation of estimates. Efficient management is necessary to strengthen scheme implementation, optimize resources, and achieve fiscal targets.

For the financial year 2024-25, the State exhibited a substantial gap between budgetary expectations and actual spending, resulting in a net overall saving of ₹ 2,773.28 crore against the Total Budgetary Provision of ₹ 17,924.46 crore.

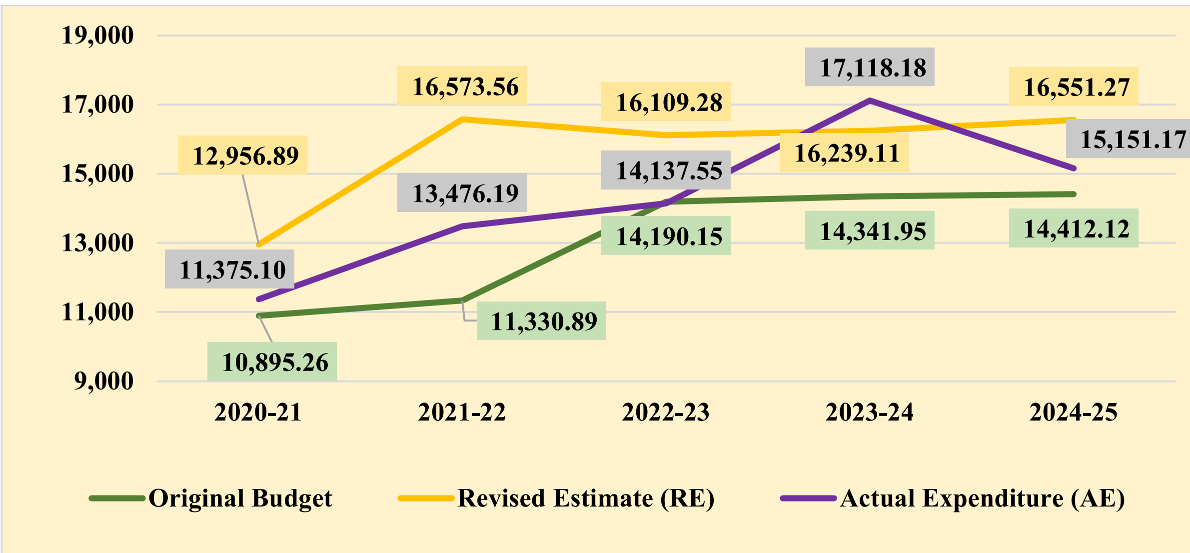
Under-utilization (Savings): The majority of the savings occurred in Voted Expenditure, indicating a failure to execute planned schemes. This includes significant savings in both Voted Revenue (₹ 2,386.50 crore) and Voted Capital expenditure (₹ 1,733.49 crore) during 2024-25.

Excess Expenditure (Charged): A substantial excess expenditure of ₹ 1,367.66 crore was incurred under Charged Public Debt-Repayment. This excess in non-discretionary spending, coupled with under-spending in developmental (Voted) sectors, points to an acute mismatch between resource allocation and actual financial priorities during 2024-25.

Supplementary Provision: The supplementary budget constituted 24.37 *per cent* of the original provision during 2024-25, which was a slight increase from the year 2023-24.

Table 2.2 shows that supplementary provision of ₹ 3,512.33 crore during 2024-25 constituted 24.37 *per cent* of the original provision as against 22.97 *per cent* in the year 2023-24.

Chart 2.1 Trend showing BE, RE and Actuals



Source: Appropriation Accounts

The trend analysis spanning FY 2020-21 to 2024-25 highlights chronic issues in the budget formulation process:

Persistent Under-spending: The percentage of overall saving/excess to the total provision has been negative (indicating savings/under-spending) in four out of five years, with savings in 2024-25 amounting to 15.47 *per cent* of the total provision. Persistent savings or excesses strongly suggest a need for improvement in the underlying budgetary processes.

Inaccurate Revised Estimates: The gap between the Revised Estimate (RE) and Actual Expenditure (AE) for 2024-25 was substantial at 7.81 *per cent* of the Total Budget. Historically, the difference between RE and AE has been significantly high in most years (17.85 *per cent* in 2021-22), demonstrating that even mid-year revisions often fail to accurately project the final financial requirements.

2.2.1 Component/Services wise analysis of budgetary provisions and expenditure

Component wise analysis of the Budget and Expenditure for the FY 2024-25 is summarized in **Table 2.3**. The summary of explanations received in case of variations in Appropriation

Accounts is depicted in **Chart 2.2**.

Table 2.3: Component Wise Budget and Expenditure for the year 2024-25

(₹ in crore)

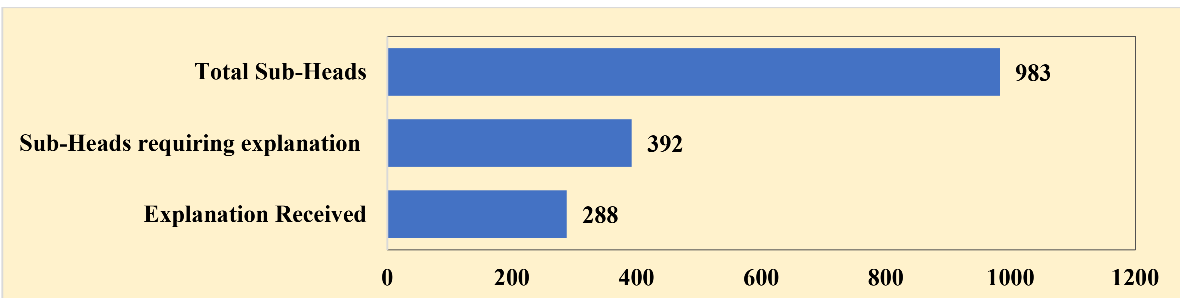
Component	Total Budget	Total Expenditure	Percentage of Total Budget	Percentage of Total Expenditure	Percentage of expenditure against the total Budget
(1)	(2)	(3)	(4)	(5)	(6=3/2*100)
Committed Expenditure	7,167.46	6,996.23	39.99	46.18	97.61
State Schemes	3,915.77	3,902.73	21.85	25.76	99.67
Central Share for CSS	2,084.50	1,683.56	11.63	11.11	80.76
State Share for CSS	306.44	1,784.66	1.71	11.78	582.38
EAP - Externally Aided Projects	1,068.99	9.81	9.96	0.06	0.92

Source: Appropriation Accounts

As may be seen from the **table**, the combination of under-spending of the Central Share (80.73 *per cent* utilisation) and over-spending of the State Share (582.38 *per cent* utilisation) suggests profound defects in budgetary planning and financial management. Additionally, excess expenditure in the State Share points to budget wrong estimation and potential misclassification of expenditure.

Savings in the Central Share meant that the State missed out on maximizing central financial assistance, undermining the intended benefits of the CSS programs while basic operational spending (Committed Expenditure) and self-funded schemes (State Schemes) were executed efficiently.

Chart 2.2: Summary of Explanation for Variation in Appropriation Accounts



Source: Appropriation Accounts

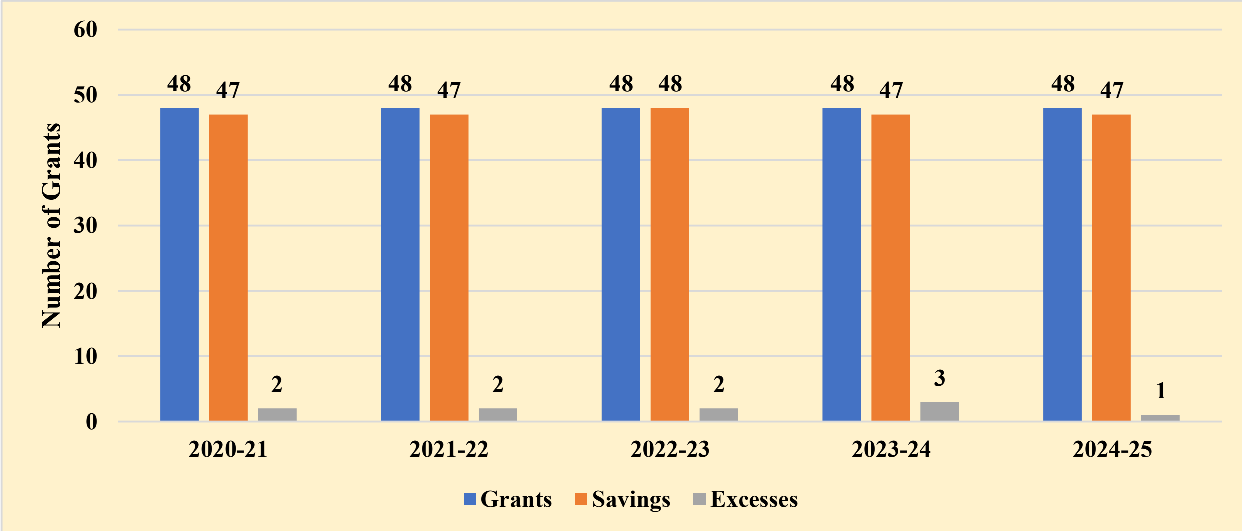
2.3 Budget Marksmanship

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.

A year-wise analysis of grants, excesses, and savings provides valuable insights into the efficiency of budget execution and financial management by the State. It has been depicted in **Chart 2.3**.

Chart 2.3: Year-wise Grants, Excesses, and Savings (Revenue & Capital)



Source: Appropriation Accounts of respective years

The expenditure composition outturn for the FY 2024-25 is given in **Table 2.4**.

Table 2.4: Expenditure composition overall deviation FY 2024-25

Section	Overall Deviation (*per cent*)	Range of Deviation (*per cent*)	Number of Grants
Revenue (voted)	18.50	0 to ± 25	36
		± 25 to ± 50	9
		± 50 to ± 100	3
Capital (Voted)	46.33	0 to ± 25	41
		± 25 to ± 50	1
		± 50 to ± 100	6
		≥ 100	0
Revenue (Charged)	2.47	0 to ± 25	47
		± 25 to ± 50	1
		± 50 to ± 100	0
Capital (Charged)[12]	(-)278.53	0 to ± 25	47
		± 25 to ± 50	0
		± 50 to ± 100	0
		≥ 100	1

Source: Appropriation Accounts

An analysis of the data reveals poor Budget Marksmanship, characterized by frequent and large deviations from the budget and an underlying systemic failure to fully execute the planned budget, as demonstrated by the consistently high number of grants reporting savings.

2.4 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 of the Constitution of India. These accounts depict actual expenditure as against the original budget provision, supplementary grants, surrenders and re-appropriations distinctly on gross basis.

[12] *Public Debt is included in the analysis*

Audit of appropriations by the CAG 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.

2.5 Budgetary and accounting process

2.5.1 Expenditure incurred without authority of law

No money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of Article 204 of the Constitution. Audit noticed that during the year 2024-25 there were no such cases of expenditure greater than ₹ 2 crore without having any provision in the original budget estimates/ supplementary demands and without issuing any re-appropriation orders to this effect.

2.5.2 Excess expenditure and its regularisation

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

A. Excess expenditure during the year 2024-25

There was an excess disbursement of ₹ 1,367.66 crore over the authorisation made by the State Legislature under one Appropriation during 2024-25 as indicated in **Table 2.5**.

Table 2.5: Excess expenditure during 2024-25 requiring regularisation

(₹ in crore)

Grant No./ Appropriation	Grant/Appropriation details	Amount of excess expenditure required to be regularised
49	Public Debt	1,367.66
Total		**1,367.66**

Source: Appropriation Accounts

B. Regularisation of excess expenditure of previous financial years

Excess disbursements pertaining to previous years pending regularization by the State Legislature are shown in **Table 2.6** below.

Table 2.6: Excess expenditure relating to previous years requiring regularisation

(₹ in crore)

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts
2020-21	9	Finance (Revenue-Voted)	275.76
	49	Public Debt (Revenue-Charged)	30.46
	49	Public Debt (Capital-Charged)	513.52
2021-22	27	District Councils and	0.14

Year	Grant No./ Appropriation	Grant/Appropriation details	Amount of excess required to be regularised as commented in the Appropriation Accounts
		Minority Affairs (Revenue-Voted)	
	49	Public Debt (Revenue-Charged)	5.55
2022-23	9	Finance (Revenue-Voted)	77.18
	49	Public Debt (Capital-Charged)	1,255.12
2023-24	5	Vigilance (Revenue-Voted)	0.02
	27	District Councils and Minority Affairs (Revenue-Voted)	0.06
	49	Public Debt (Capital-Charged)	3,446.09
Total			**5,603.90**

Source: Appropriation Accounts

To strengthen the legislative oversight over the expenditure from Consolidated Fund of State, these excess expenditures need to be regularized at the earliest and measures to contain recurrence of such excess may be taken by the State Government.

During the Exit Conference (19 December 2025), the Finance Secretary accepted the facts and stated that the appropriate authority would be informed to take up the matter.

2.5.2.1 Persistent excesses expenditure in certain Grants.

Audit scrutiny revealed that there was persistent excess expenditure of more than ₹ 10 crore in each case during the four years out of five years in one appropriation as detailed in **Table 2.7**.

Table 2.7: Persistent excess expenditure during FYs 2020-21 to 2024-25

(₹ in crore)

Sl. No.	Description of Grant/Appropriation	2020-21	2021-22	2022-23	2023-24	2024-25
1	49- Public Debt	543.98	-	1,225.12	3,446.09	1,367.66

Source: Appropriation Accounts

2.5.3 Supplementary Grants rendered non-essential

Article 205 of the Constitution prescribes the requirement of a Supplementary or Additional Grant or Appropriation to cater to the requirements in excess of the original provisions.

It was noticed that in 23 instances **(*Appendix 2.1)*** even though the supplementary provisions (more than ₹ 1 crore in each case) of ₹ 740.14 crore were made, the expenditure did not come upto the original provisions during the year 2024-25. Similarly, supplementary provisions of ₹ 2,046.01 crore in 23 cases (more than ₹ 1 crore in each case) proved non-essential **(*Appendix 2.2*)** as the full amount of supplementary provisions could not be utilized.

Detailed review of Grant 46-Urban Development and Poverty Alleviation revealed that there were instances of supplementary grant rendered non-essential during 2022-23 and 2023-24. However, during 2024-25, no such case was found.

Table 2.8: Supplementary grant rendered non-essential under Grant no.46

Year	Head of Account	Original Provision	Supplementary Provision	Actual Expenditure	Savings out of original provision
2022-23	2217-Revenue	7,692.49	994.77	6,878.86	813.63
2023-24	4217-Capital	5,000.00	1,043.17	1,920.27	3,079.73
Total		**12,692.49**	**2,037.94**	**8,799.13**	**3,893.36**

2.5.4 Injudicious re-appropriation of funds

Re-appropriation is transfer of funds within a Grant from one unit of appropriation to another unit where additional funds are needed. During 2024- 25, re-appropriation orders under 34 Grants amounting to ₹ 967.42 crore were issued. As per available records, all re-appropriation orders were issued on 31 March 2025.

Further, in six schemes **(*Appendix 2.3*)**, reduction of provision exceeding ₹ one crore through re-appropriation orders effected by these departments proved injudicious as there was final excess expenditure.

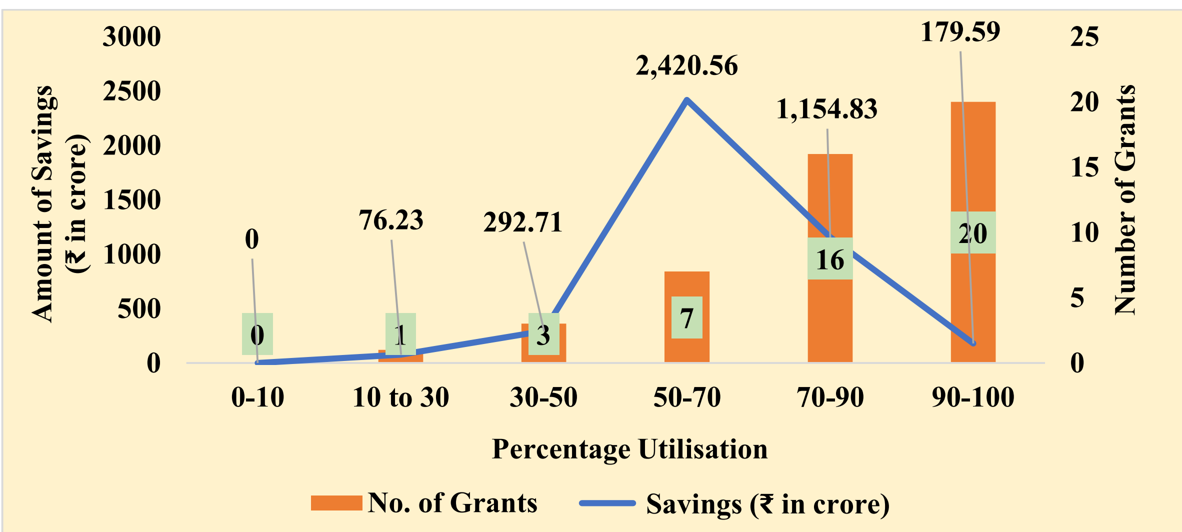
2.5.5 Unspent amount and surrendered appropriation and/or Large Savings/ Surrenders

Budget proposals should strive to strike to optimize all foreseeable expenditure to appropriate spending levels to balance the quality of expenditure and reduce underutilisation of budgeted funds. Timely surrenders by the spending units are an important mechanism for optimal reallocation within the approved budget. No such cases were found during the year.

However, it was observed that in five cases under five grants, there was persistent saving exceeding ₹ 100 crore in each case (***Appendix 2.4)*** during 2022-23 to 2024-25.

Details of grants grouped by the percentage of utilisation along with total savings during 2024-25 has been shown in ***Appendix 2.5*** and **Chart 2.4**.

Chart 2.4: The distribution of the number of Grants/Appropriations grouped by the percentage of Savings along with total savings



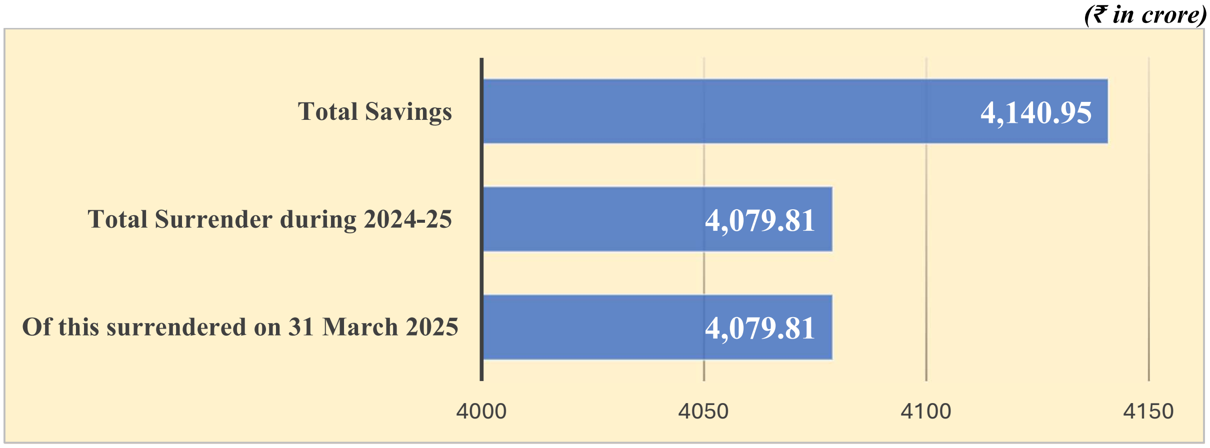
Source: Appropriation Accounts

It was noticed that savings under 34 Grants and one Appropriations amounting to ₹ 77.31 crore (***Appendix 2.6)*** were not surrendered.

Details of savings (exceeding ₹ 10 crore in each case) surrendered on the last day of March 2025 is given in ***Appendix 2.7***.

Chart 2.5: Savings and surrenders for the year 2024-25

(₹ in crore)



Source: Appropriation Accounts

Analysis of **Chart 2.5** revealed that 98.52 *per cent* of the savings were surrendered. The entire surrendered amount of ₹ 4,079.81 crore was surrendered on 31 March 2025.

Detailed review of Grant 46 revealed that seven heads under Major-Head 2217 ₹ 3,766.14 lakhs proposed and received but the actual expenditure under this major head was only ₹ 1,399.03 lakhs and the remaining amount was surrendered during 2024-25.

2.5.6 Misclassification between Revenue Expenditure and Capital Expenditure

As per rule 30 of Government Accounting Rules, 1990, expenditure that only results in the creation of concrete, material, and permanent assets should be classified in capital expenditure.

During the financial year 2024-25, the State Government had booked ₹ 11,271.61 crore as Revenue Expenditure. Scrutiny of VLC data revealed that out of this amount, ₹ 0.68 crore ***(Appendix 2.8)*** of expenditure of Capital nature had been booked under Revenue Expenditure.

Thus, there was a misclassification of ₹ 0.68 crore, which resulted in overstatement of Revenue Deficit to that extent. The resulting Revenue Expenditure, after Audit, for 2024-25, was ₹ 11,086.08 crore.

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

Several policy initiatives taken up by the Government are wholly or partially not executed due to non-approval of scheme guidelines/modalities, non- commencement of works for want of administrative sanction, non-release of budget, etc. It was observed that under five schemes, there was revised outlay of ₹ 1,277.70 crore (₹ 100 crore or more in each scheme) but no expenditure was incurred resulting in non-implementation of schemes as shown in ***Appendix 2.9***.

Further, under 61 schemes, there was approved outlay of ₹ 1,834.78 crore which was fully withdrawn in revised outlay as shown in ***Appendix 2.10***.

The State Government did not provide explicit reasons for the withdrawal of the entire provision detailed in ***Appendix 2.10***. However, the non-implementation of the associated schemes was attributed to several factors such as Non-sanction of the final installment of funds by GoI, vacant posts were not filled following the retirement/pension or demise of personnel, adoption of economic measures by the Department, rejection of bills by the treasury due to the non-availability of appropriate supporting documentation/bills and, lastly, transferring of funds to the Public Account and subsequent utilization and expenditure under different Major Heads (indicating a misallocation or reclassification of the original budgeted funds).

2.5.8 Non-adherence to the Quarterly Expenditure Limit

Rule 62(3) of the General Financial Rules provides that rush of expenditure particularly in the closing months of the financial year is regarded as a breach of financial propriety and should be avoided. The quarter wise expenditure for all the major heads during the year 2024-25 is given in ***Appendix 2.11.***

Table 2.9: Rush of Expenditure during FY 2024-25

	Amount *(₹ in crore)*	Percentage of Total Expenditure in the year
Last Quarter of the year (Jan to Mar-2025)	5,435.78	36.50
Last month of the year (March-25)	2,616.06	17.56
Last day of the year (31st March 2025)	6.93	0.05

The trend of total Monthly receipts (Revenue Receipts, Capital Receipts and cash balance) and expenditure during financial year 2024-25 is shown in **Chart 2.6 and Chart 2.7**.

Chart 2.6: Trend analysis of receipts (Month wise)

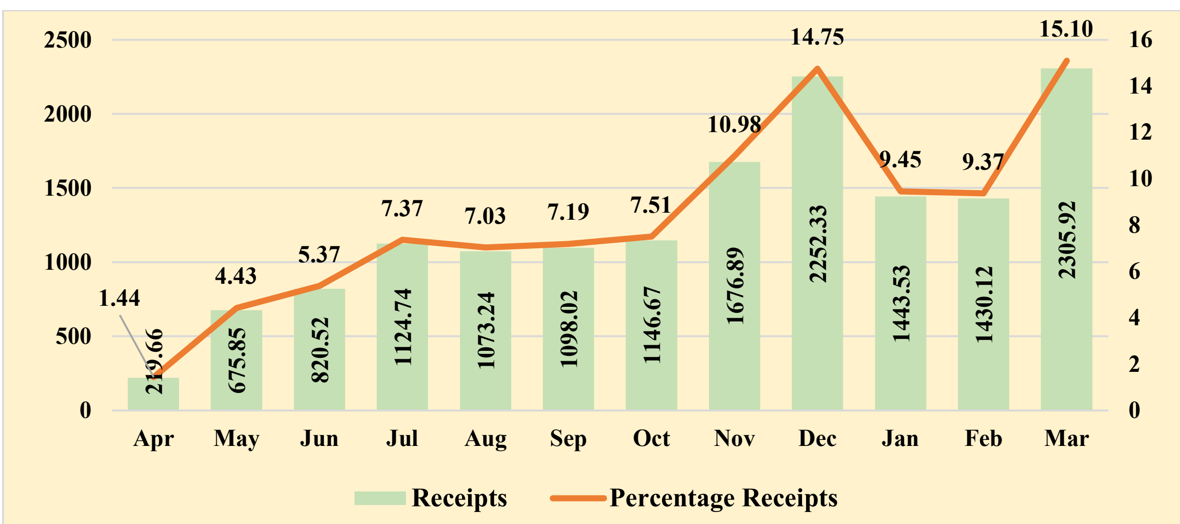
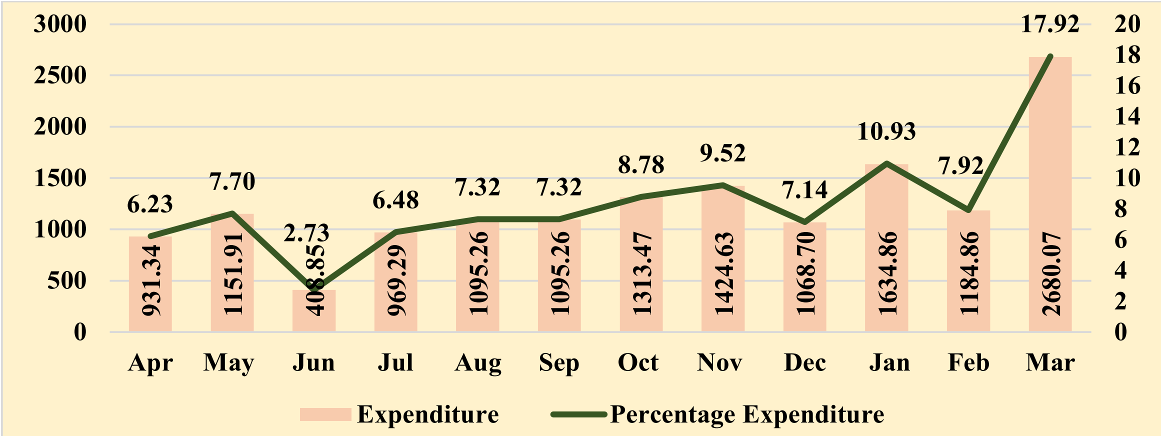


Chart 2.7: Trend analysis of expenditure (Month wise)



The monthly expenditure trend depicted in the **Chart 2.7** indicate a skewness towards the last quarter of the financial year, particularly in March. However, the trend of expenditure is more a result of late receipt of major fund allocation, particularly from the Central Government, which only arrive in December to February, as a result of which the expenditure rush in the final quarter is partially justified and unavoidable.

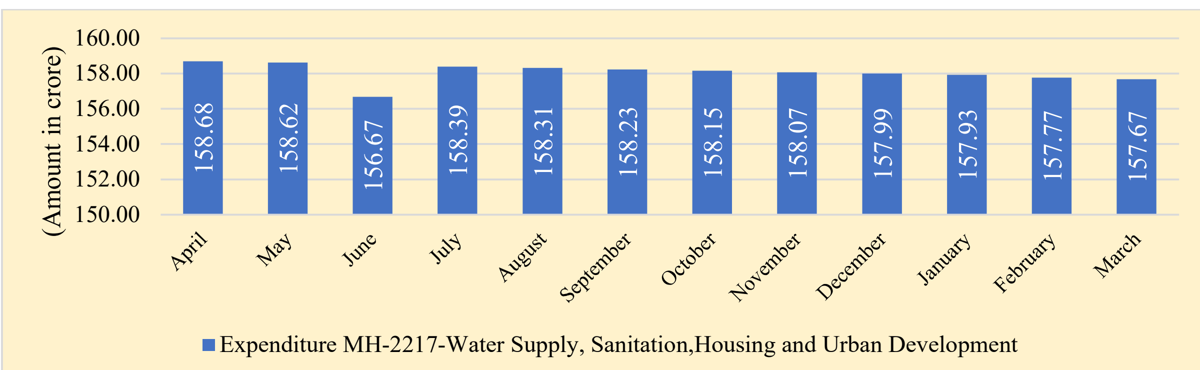
Despite the justification, the primary concern of audit remains relevant as the rush still compromises the quality of expenditure. Compressing over one-third of the annual spending into three months, with nearly one-fifth in the final month, increasing the risk of poor contract execution, hasty procurement and inefficient scheme implementation.

Therefore, even though the rush of expenditure is an unavoidable operational outcome of delayed fund transfers it remains an unhealthy financial management pattern that leads to high risk of poor expenditure quality and a failure to fully capture the intended benefits of Central funding.

Analysis of Grant No 46 - Rush of Expenditure

Chart 2.8: Month wise expenditure under Major Head 2217-Water Supply, Sanitation, Housing and Urban Development

(₹ in crore)



Source: Office of the Pr. Accountant General, Mizoram, Accounts wing

As may be seen from the **Chart 2.8**, the trend of expenditure during 2024-25 clearly shows that there was no rush of Expenditure in Grant no.-46 Urban Development and Poverty Alleviation.

2.6 Other issues noticed in Detailed Review of selected grants

2.6.1 Detailed Review of selected grants

During the year 2023-24, based on initial assessment of expenditure, two grants, namely, **Grant No. 42–Transport Department** and **Grant No. 46 –Urban Development and Poverty Alleviation Department** were randomly selected for detailed scrutiny to ascertain compliance with budgeting processes, monitoring of funds, control mechanisms and implementation of the schemes and the resulting observations have been discussed in the preceding paragraphs. Additional issues which have not yet been discussed are given in the following paragraph(s).

2.6.1.1 Budget and Expenditure *(Grant No. 42 – Transport Department)*

The summarised position of budgetary allocation and actual expenditure there-against during the year 2024-25 in respect of the Grant is given below:

Table 2.10: Budget and expenditure under Grant No. 42 during 2024-25

(₹in crore)

Nature of Expenditure	Budget Provision			Actual Expenditure	Savings (-)/Excess (+)	Surrendered
	Original	Supplementary	Total			
Revenue	44.74	1.74	46.48	40.07	(-)6.41	6.18
Capital	0.00	0.65	0.65	0.65	0.00	0.00
Total	**44.74**	**2.39**	**47.13**	**40.72**	**(-)6.41**	**6.18**

Source: Appropriation Accounts

It can be seen from the above table that the Grant had savings of ₹ 6.41 crore under Revenue section. Out of total savings of ₹ 6.41 crore, an amount of ₹ 6.18 crore surrendered on the last day of the financial year. No reasons for the savings were given by the Chief Controlling Officer (CCO) of the Department. In view of the actual expenditure of ₹ 40.07 crore being less than the original budget provision of ₹ 44.74 crore under Revenue section by ₹ 4.67 crore, the supplementary provision of ₹ 1.74 crore was unnecessary. This indicated a lack of budgetary foresight and planning.

2.6.1.2 Budget and Expenditure *(Grant No. 46–Urban Development and Poverty Alleviation)*

The summarised position of budgetary allocation and actual expenditure there-against during the year 2024-25 in respect of the Grant is given below:

Table 2.11: Budget and expenditure under Grant No. 46 during 2024-25

(₹in crore)

Nature of Expenditure	Budget Provision			Actual Expenditure	Savings (-)/ Excess (+)	Surrendered
	Original	Supplementary	Total			
Revenue	189.62	69.58	259.20	159.10	(-)100.10	100.09
Capital	182.67	291.65	474.32	321.87	(-)152.45	143.27
Total	**372.29**	**361.23**	**733.52**	**480.97**	**(-)252.55**	**243.36**

Source: Appropriation Accounts

It can be seen from the above table that the Grant had savings of ₹ 100.10 crore and ₹ 152.45 crore under Revenue and Capital sections respectively. An amount of ₹ 100.09 crore under Revenue and ₹ 143.27 crore under Capital voted was surrendered during the year 2024-25. The reasons for savings have not been intimated. The actual expenditure under revenue did not even come up to the original provision, augmentation of the provision through the supplementary grants indicates lack of budgetary management in the Department.

2.6.1.3 Drawal of funds to avoid lapse of budgetary provision

As per Para 290 of Central Treasury Rules, no money shall be drawn from the Treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demand or to prevent the lapse of budget grants. Further, as per Paragraph 152 (iii) of Budget Manual, controlling officers are to surrender to the Finance Department all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known and in any case latest by the 15th of March.

Audit noticed that in Grant no. 46 Urban Development and Poverty Alleviation an amount of ₹ 294.58 crore was transferred into K-Deposit (the major head of Account '8443-Civil Deposits') during March 2023, 2024 and 2025 which was violation of the spirit of the rule *ibid* as the funds were transferred to avoid lapse of Budgetary provision.

2.7 Contingency Fund

The Contingency Fund of Government of Mizoram was established under the Contingency Fund of the State of Mizoram Act, 2009 (Act No. 10 of 2009). The State Government made the Contingency Fund Rules to regulate all matters connected with or ancillary to the custody of payment of monies into and the withdrawal of monies from the Contingency Fund of the State for meeting unforeseen expenditure. The fund is recouped when the State Legislature authorises the additional expenditure. The corpus of the Fund is ₹ 0.10 crore.

2.7.1 Advance from Contingency Fund

Advances from the Contingency Fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which, till its authorisation by the Legislature, would be undesirable. No advances were made from the Contingency Fund during the year.

2.8 Conclusions

The State's budgetary management is defined by poor financial planning and expenditure indiscipline. An analysis of the data reveals poor Budget Marksmanship, characterized by frequent and large deviations from the budget and an underlying systemic failure to fully execute the planned budget, as demonstrated by the consistently high number of grants reporting savings. Supplementary grants were obtained without assessing the actual requirement, in several cases actual expenditure did not even come-up to the original provision. Audit noticed pending regularization of excess expenditure of previous financial years. There were cases of non-surrender of unspent balances. Over one-third of the annual spending incurred in the last three months, increasing the risk of poor contract execution, hasty procurement and inefficient scheme implementation.

2.9 Good Practices

The following good practices were noticed during audit-

- The Finance Department, Government of Mizoram notified vide OM No.G.20012/1/2016-FBT dated 14 November 2023 conveyed timelines for submission of Budget Estimates for the year 2024-25 to all departments under the Government of Mizoram. During Review of Grant No. 46, it was found that the Department of Urban Development and Poverty Alleviation had adhered to the given timelines for the year. Additionally, it was found that timelines were adhered to in prior years as well.

2.10 Recommendations

To improve budgetary controls and management the State Government may:

- *Enforce realistic budgeting and end the systemic failure in planning by requiring all departments to provide realistic, rigorously justified estimates, especially for scheme matching funds.*
- *Curb last-minute spending by imposing mandatory Quarterly Expenditure Ceilings to eliminate the rush of expenditure in the final quarter, ensuring even fund flow and better quality of execution.*