



SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India on State Finances for the year 2023-24



**Government of Nagaland
Report No. 1 of 2025
(State Finances Audit Report)**

**Report of the
Comptroller and Auditor General of India
on State Finances for the year 2023-24**

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Report No. 1 of 2025**

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PREFACE

PREFACE

1. The State Finances Audit Report has been prepared for submission to the Governor of Nagaland under Article 151(2) of the Constitution of India for being laid before the Legislative Assembly of the State of Nagaland.
2. Chapter I of this Report contains the basis and approach to State Finances Audit Report, structure of the Report, structure of Government Accounts, budgetary processes, snapshot of finances, assets and liabilities, and trends in key fiscal parameters like revenue surplus/deficit, fiscal surplus/deficit, *etc.*
3. Chapter II of this Report deals with the State's Budget and Expenditure as per accounts of the State Government for the year ended 31 March 2024. Some information has also been obtained from Government of Nagaland for inclusion in this Report.
4. Chapter III of this Report contains audit observations on matters arising from the examination of Appropriation Accounts of the State Government for the year ended 31 March 2024.
5. Chapter IV on 'Quality of Accounts & Financial Reporting Practices' provides an overview and status of the State Government's compliance during the year 2023-24 with financial rules, procedures and directives.
6. The Report containing audit findings of Performance Audit; Compliance Audit of transactions in various departments and audit findings arising out of the audit of Statutory Corporations, Boards and Government Companies and Revenue Sector is presented separately.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

About The Report

This Report of the CAG of India is on the State Finances for the year 2023-24. It provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to the State Finances.

This executive summary highlights the contents of this report and through snapshots of the important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons for variations and its impact.

Gross State Domestic Product (GSDP) (at current prices) grew at a Compound Annual Growth Rate (CAGR) of 8.96 *per cent* from ₹29,715.87 crore in 2019-20 to ₹41,886.96 crore in 2023-24. Budget Outlay of the State grew at a CAGR of 4.08 *per cent* from ₹22,496.42 crore in 2019-20 to ₹26,395.56 crore in 2023-24.

During 2023-24, GSDP increased by ₹4,736.87 crore (12.75 *per cent*) from ₹37,150.09 crore in 2022-23 to ₹41,886.96 crore in 2023-24. The State had a Revenue surplus of ₹1,335.43 crore which was 3.19 *per cent* of GSDP. Fiscal deficit was ₹1,784.45 crore during 2023-24 which was 4.26 *per cent* of GSDP and primary surplus was ₹716.02 crore, 1.71 *per cent* of GSDP.

Revenue Receipts (₹16,155.13 crore) increased by 14.58 *per cent* (₹2,055.87 crore) over the previous year (₹14,099.26 crore). The State's Own Tax Revenue increased by ₹136.21 crore (9.32 *per cent*), Non-Tax Revenue increased by ₹200.00 crore (41.84 *per cent*), Grants-in-Aid from GoI increased by ₹693.59 crore (10.26 *per cent*) and State's Share of Union taxes/ duties increased by ₹1,026.63 crore (19.01 *per cent*) respectively over the previous year.

Revenue Surplus increased from ₹688.90 crore in 2022-23 to ₹1,335.43 crore in 2023-24, mainly due to a significant increase in Revenue Receipts (14.58 *per cent*). Fiscal Deficit (₹1,784.45 crore) increased by ₹221.82 crore (14.20 *per cent*) as compared to previous year (₹1,562.63 crore). Based on the result of examination of misclassification during post audit, the Revenue Surplus will reduce from ₹1,335.43 crore to ₹1,279.80 crore and Fiscal Deficit will increase from ₹1,784.45 crore to ₹1,826.63 crore.

Receipt-Expenditure Mismatch

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The State has different sources of receipts such as State Own Tax Revenue, Non-tax Revenue, Devolution of State's share in taxes, Grants-in-aid and transfers from the Union Government and non-debt capital receipts. The State Government's expenditure includes expenditure on revenue account as well as Capital Expenditure (assets creation, loans and advances, investments *etc*).

Revenue Receipts increased by ₹4,731.84 crore from ₹11,423.29 crore in 2019-20 to ₹16,155.13 crore in 2023-24 at a CAGR of 9.05 *per cent*. However, the share of Grants-in-aid in Revenue Receipts decreased from 60.04 *per cent* in 2019-20 to 46.13 *per cent* in 2023-24.

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network. Revenue Expenditure constituted on an average, 85.87 *per cent* and ranged between 82.60 (2023-24) and 90.54 *per cent* (2019-20) of the Total Expenditure during the period 2019-24. The percentage of Revenue Expenditure to Total Expenditure was 82.60 *per cent* and Revenue Expenditure to GSDP was 35.38 *per cent* during 2023-24.

Result of expenditure beyond means

The gap between the Revenue Receipts and Revenue Expenditure results in Revenue Deficit. However, during 2023-24, the State had a Revenue surplus of ₹1,335.43 crore which was 3.19 *per cent* of GSDP.

Capital Expenditure (₹3,122.52 crore) increased by ₹418.30 crore (15.47 *per cent*) during 2023-24 compared to the previous year (₹2,704.22 crore) and stood at 17.41 *per cent* of total expenditure during the year. During the five-year period of 2019-24, the borrowings were utilised for repayment of earlier borrowings which ranged between 55.55 *per cent* (2023-24) and 91.29 *per cent* (2021-22).

The gap between the total expenditure and total non-debt receipt of the State results in Fiscal Deficit. Fiscal deficit was ₹1,784.45 crore during 2023-24 which was 4.26 *per cent* of GSDP.

Under Revenue Expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure steadily increased by ₹2,998.68 crore at a CAGR of 8.40 *per cent* from ₹7,874.46 crore in 2019-20 to ₹10,873.14 crore in 2023-24. The Committed Expenditure during the year 2023-24 was 67.30 *per cent* of the Revenue Receipts and 73.37 *per cent* of the Revenue Expenditure.

In addition to the committed expenditure, the inflexible expenditure as a percentage of Revenue Expenditure, showed fluctuating trend ranging from 8.00 to 10.45 *per cent*. Further, the inflexible expenditure (₹1,186.01 crore) decreased by 11.14 *per cent* during 2023-24 over the previous year (₹1,334.71 crore).

Taken together, committed and inflexible expenditure in 2023-24 was ₹12,059.15 crore; 81.37 *per cent* of the Revenue Expenditure. Upward trend on committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

Contingent Liabilities on account of Guarantees

At the end of 2023-24, the Government provided guarantees of ₹228.57 crore against loans of Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives. During 2023-24, the Government did not pay any amount as no guarantee was invoked.

Fiscal sustainability

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of guarantees and subsidies. So far as revenue and expenditure mismatch is concerned, one of the most important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments and interests and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes and transfer to reserve funds.

FRBM requirements and compliance with fiscal parameters

The FRBM Act/Rules prescribes certain limits within which revenue deficit, fiscal deficit and debt as a percentage of the Gross State Domestic Product (GSDP) should be. The State Government was successful in maintaining the Revenue Surplus in four out of five years during the period from 2019-20 to 2023-24. The State could also maintain the Fiscal Deficit as per the prescribed *per cent* of GSDP in three out of five years during the period from 2019-20 to 2023-24. The State also succeeded in maintaining the prescribed ratio of total outstanding debt to GSDP during 2020-21 and 2022-23.

Public Debt increased by ₹6,825.97 crore at a CAGR of 14.99 *per cent* from ₹9,118.09 crore in 2019-20 to ₹15,944.06 crore in 2023-24 whereas the Debt/ GSDP ratio increased from 40.99 to 43.42 *per cent* during the same period. As per the Debt stabilization analysis, the current debt level appears manageable in the short term. However, the upward trajectory and rising debt-to-GSDP ratio highlight the need for proactive fiscal management to prevent long-term sustainability risks.

It is observed that following a sharp deterioration in debt sustainability indicators when it hit a 5-year low in 2020-21, the debt-GSDP ratio rose to a five-year high of 45.2 *per cent*. Decomposition of debt accumulation relative to GSDP shows that GID (Growth Interest Differential) was not enough to absorb entire impact of primary deficit during 2019-2024. Despite a significant improvement in GID growth from 1.50 *per cent* in 2018-19 to 4.6 *per cent* in 2019-20, the debt-GSDP ratio witnessed an increase in 2019-20 due to the worsening of primary deficit and increase in debt, which exceeded the nominal growth. This trend continued in 2020-21 as well, when the debt-GSDP ratio reached a 5-year high of 45.2 *per cent*. The sharp deterioration observed in the debt-GSDP ratio can be attributed to the sharp contraction seen in the GID given the steep deceleration witnessed in nominal growth, increase in debt more than nominal growth and primary balance, which continued to remain in the negative territory. However, debt-GSDP ratio observed declining trend in 2021-22 and 2022-23. The State succeeded in steadily improving the debt-GSDP ratio during

2021-2023 years by generating a primary surplus in 2021-22 supported by improvements in the GID and allowing the debt to grow less than nominal growth. With the worsening of the primary deficit and higher growth in debt compared with the nominal growth reversed the trend in 2023-24, debt-GSDP increased by more than one percentage point over the previous year. This shows that debt-GSDP ratio of the State witnessed a fluctuating trend during 2019-2024. Debt-GSDP ratio of the State except 2022-23 remained above the indicative debt path given by FC.

The Domar criterion also shows that nominal growth was not driven by inflation except in 2020-21 and 2021-22. On average, the contribution of real growth to nominal growth remained higher than inflation. In contrast, inflation measured by the CPI (combined) helped the State to keep the real cost of borrowing on a downward trajectory until 2022-23. However, due to a sharp decline in inflation from 6.05 *per cent* in 2022-23 to 3.36 *per cent* in 2023-24, real interest rates witnessed an increase in 2023-24. During 2019-2024, on an average, inflation remained within the band-width of 2-6 *per cent* for the medium term target of CPI inflation determined by RBI, keeping real interest rates below economic growth, thereby maintaining a favourable GID. This concludes that except for the pandemic-hit year 2020-21, the growth rate has been large enough to cover the increase in interest rates.

Going by the analysis and results discussed above, the finances of the State of Nagaland is marked by increasing trend of liabilities, which pose risk to the target of debt stabilisation and debt sustainability.

Budget performance

Aggregate expenditure outturn

Budget performance in terms of budgetary intent and budget implementation was examined to assess the extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and saving. In Revenue section, deviation in outturn compared with BE was (-)14.49 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 61 grants, between ± 25 *per cent* to ± 50 *per cent* in 10 grants and between ± 50 *per cent* to ± 100 *per cent* in nine grants and more than ± 100 *per cent* in one grant. No provision was, however, made in respect of one grant of the Revenue section. In Capital Section, deviation in outturn compared with BE was 73.12 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in four grants, between ± 25 *per cent* to ± 50 *per cent* in eight grants, between ± 50 *per cent* to ± 100 *per cent* in eight grants and more than 100 *per cent* in 18 grants. No provision was, however, made in respect of 44 grants of the Capital section.

Expenditure composition outturn

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure. In Revenue section, deviation in outturn compared with RE was (-)20.14 *per cent*. This was due to deviation between 0 and

±25 per cent in 69 grants, between ±25 per cent to ±50 per cent in nine grants and between ±50 per cent to ±100 per cent in three grants. No provision was, however, made in respect of one grant under Revenue section. In Capital section, deviation in outturn compared with RE was (-)13.42 per cent. This was due to deviation between 0 and ±25 per cent in 44 grants, between ±25 per cent to ±50 per cent in 13 grants and between ±50 per cent to ±100 per cent in five grants and more than ±100 per cent in three grants. No provision was, however, made in respect of 17 grants under Capital section.

It was noticed that the supplementary provision of ₹153.11 crore during the year 2023- 24 in nine departments proved unnecessary as the expenditure did not come up even to the level of the original provision.

Overall Budget reliability assessment indicates that though the deviations between the actual expenditure and original budget as well as between the actual expenditure and the final budget were less than 15 per cent, there were deviations up to 50 per cent and even above in different grants. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice is required to deal with such deviations.

Quality of Accounts and Financial Reporting

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as non- or short – discharging of liabilities and misclassification of transactions and data gaps.

Regularization of Excess over Grants/ Appropriations

In terms of Article 205 of the Constitution of India, the State Government has to get the excesses over grants/appropriations regularised by the State Legislature. There was an outstanding excess expenditure of ₹708.62 crore under 33 Grants (pertaining to the year 2017-18 to 2023-24) yet to be regularised.

Reconciliation

All Departments are required to reconcile their expenditure and receipts with the expenditure booked in the accounts in the office of the Principal Accountant General (A&E). The State Government reconciled 93 per cent of the total expenditure and 95 per cent of the receipts during the year.

Compliance with IGAS

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government made partial compliance with IGAS-1: Guarantees given by the Government – Disclosure requirements, IGAS-2: Accounting and Classification of Grants-in-Aid and IGAS-3: Loans and Advances made by the Government.

Funds to Single Nodal Agency

The Government of India and the State Government have introduced the system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The State Government transferred ₹2,812.60 crore in 2023-24 to SNAs. The whole amount was transferred through fully vouched bills. However, detailed vouchers and supporting documents of actual expenditure were not received by the office of the Principal Accountant General (A&E) from the SNAs. As on 31 March 2024, an amount of ₹1,096.65 crore, including both Central and State shares, were parked in SNA bank Account of 117 schemes.

Utilisation Certificates against conditional grants

As on March 2024, there are 250 UCs worth ₹356.23 crore, which are due for submission for periods pertaining up to 2023-24. Pending UCs violate prescribed financial rules and directives, and reflects poor monitoring mechanism of the State Government. Moreover, high pendency of UCs is fraught with the risk of misappropriation of funds. The State would also lose out on central funds for non-submission of UCs in due time and/or there would be delay in release of next instalment by GoI.

DCC bills against AC bills

A total of 405 AC Bills amounting to ₹699.87 crore drawn up to 29 February 2024 (including 323 AC bills worth ₹554.76 crore outstanding as on 31 March 2023). Of which, DCC Bills for 72 AC Bills worth ₹86.58 crore were received. DCC Bills in respect of a total of 333 AC Bills worth ₹613.29 crore due for adjustment as on 31 March 2024 were not received. The non-adjustment of AC Bills is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of Detailed Countersigned Contingent (DCC) bills. Further, there is no assurance that the expenditure of the State Government reflected in the Finance Accounts is correct or final due to non-receipt of DCC bills to that extent.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against conditional grants; non-submission of DC bills against AC bills; non-compliance with IGAS-1, IGAS-2 and IGAS-3 and non-supply of details of expenditure from SNAs have adversely impacted the quality of accounts.

CHAPTER I

OVERVIEW OF THE STATE

FINANCES

Chapter I: Overview of the State Finances

1.1 Profile of the State

Nagaland is situated in the North-Eastern Region of India, bordering three States *viz.*, Assam in the West, Arunachal Pradesh and part of Assam in the North and Manipur in the South. It has an international border with Myanmar in the East (215 km). Nagaland has a geographical area of 16,579 sq. kms. *i.e.*, about 0.50 *per cent* of the country's total geographical area (32,87,469 sq. kms). The population of the State in 2024 is 0.23 crore which is 0.16 *per cent* of the population of the Country (140.07 crore). Nagaland has a lower density of population (135.89 per square km), population below poverty line (18.88 *per cent*), infant mortality rate (04 per 1,000 live births) and decadal population growth (2014 to 2024) (10.28 *per cent*) as compared to the All-India average figures of 426.09 per square km, 21.92 *per cent*, 28 per 1000 live births and 11.26 *per cent* respectively. It has a higher literacy rate (79.60 *per cent*) as compared to the All-India Average figure of 73.00 *per cent*.

General and financial data relating to the State are shown in **Appendix 1.1**.

1.1.1 Gross State Domestic Product of the State

Gross State Domestic Product (GSDP): GSDP is the value of all the goods and services produced within the boundaries of the State during a year.

Gross State Value Added (GSVA): GSVA is the value of output produced without including net on taxes and products against subsidies on products.

Growth of GSDP and GSVA is an important indicator for measuring the economic growth of a State.

Gross Value Added (GVA) is being used for economic analysis by GoI and international organization like IMF and World Bank as GVA is considered a better indicator of economic growth compared to GDP, as it ignores the impact of taxes and subsidies. GDP on the other hand is computed as the sum total of the various expenditure incurred in the economy including private consumption spending, government consumption spending and gross fixed capital formation or investment spending, reflecting essentially on the demand conditions in the economy. Both measures have difference in treatment of net taxes as a result of which the inclusion of taxes in GDP may differ from the real output situation.

The GSDP is classified under three broad Sectors *viz.*, Primary, Secondary and Tertiary. It is compiled economic activity-wise as per the methodology prescribed by the Central Statistics Office (CSO), Government of India (GoI) and furnished to the Ministry of Statistics and Programme Implementation (MoSPI). GSDP is the sum total of value added by different economic sectors (Agriculture, Industry and Services), within the boundaries of the State calculated without duplication, during a year. It is one of the measures of economic growth for a State economy.

The growth rate for the period from 2019-20 to 2023-24 compared with India's GDP is presented in **Table 1.1**.

Table 1.1: Trends in GSDP compared to the GDP (at current prices)

(₹ in crore)					
Year	2019-20	2020-21	2021-22	2022-23	2023-24
GDP (2011-12 Series)	2,01,03,593	1,98,54,096	2,35,97,399	2,69,49,646 (1 st RE)	2,95,35,667 (PE)
GVA	1,83,81,117	1,82,10,997	2,16,35,584	2,46,59,041	2,67,62,147
Growth rate of GDP over previous year (in per cent)	6.37	-1.24	18.85	14.21	9.60
Growth rate of GVA over the previous year (in per cent)	7.02	-0.93	18.81	13.97	8.53
Per Capita GDP (in ₹)	1,49,915	1,46,480	1,72,422	1,94,879	2,11,725
GSDP (2011-12 Series)	29,716	29,832	32,265	37,150	41,887 (AE)
GSVA	28,623	28,646	30,956	35,734	40,153 (AE)
Growth rate of GSDP over previous year (in per cent)	12.02	0.39	8.16	15.14	12.75
Growth rate of GSVA over previous year (in per cent)	10.40	0.08	8.07	15.43	12.37
Per capita GSDP (in ₹)	1,37,510	1,36,093	1,45,799	1,66,369	1,85,916

Sources: GDP- Central Statistical Office (CSO), MoSPI, GSDP and GSVA -Directorate of Economics and Statistics, Government of Nagaland

RE: Revised Estimates; PE: Provisional Estimates; AE: Advance Estimates

It can be seen from the **Table 1.1** above that GSDP (at current prices) in 2023-24 was ₹41,886.96 crore and the GDP (at current prices) during 2023-24 was ₹2,95,35,667 crore. Further, per capita GSDP of the State for the year 2023-24 was ₹1,85,916 which is lower than that of the country which is ₹2,11,725. Moreover, the Compound Annual Growth Rate (CAGR) of per capita GSDP (7.83 per cent) during the period 2019-20 to 2023-24 was less than the CAGR of per capita GDP (9.01 per cent) during the same period.

The GSDP increased by ₹12,171.09 crore during the period 2019-20 (₹29,715.87 crore) to 2023-24 (₹41,886.96 crore) at a CAGR of 8.96 per cent. During the current year, GSDP increased by ₹4,736.87 crore (12.75 per cent) over the previous year mainly due to increase in contribution under Agriculture, Service and Industry sectors.

The real GSDP of the State(s) in aggregate decelerated from 7.88 per cent in 2022-23 to 7.43 per cent in 2023-24. Similarly, the nominal GSDP of the State(s) in aggregate declined from 14.43 per cent in 2022-23 to 11.60 per cent in 2023-24. Except for Assam, Goa, Kerala, Mizoram, Odisha, Punjab, Sikkim and Uttarakhand, all the other States¹ exhibited a decline in GSDP in the financial year 2023-24.

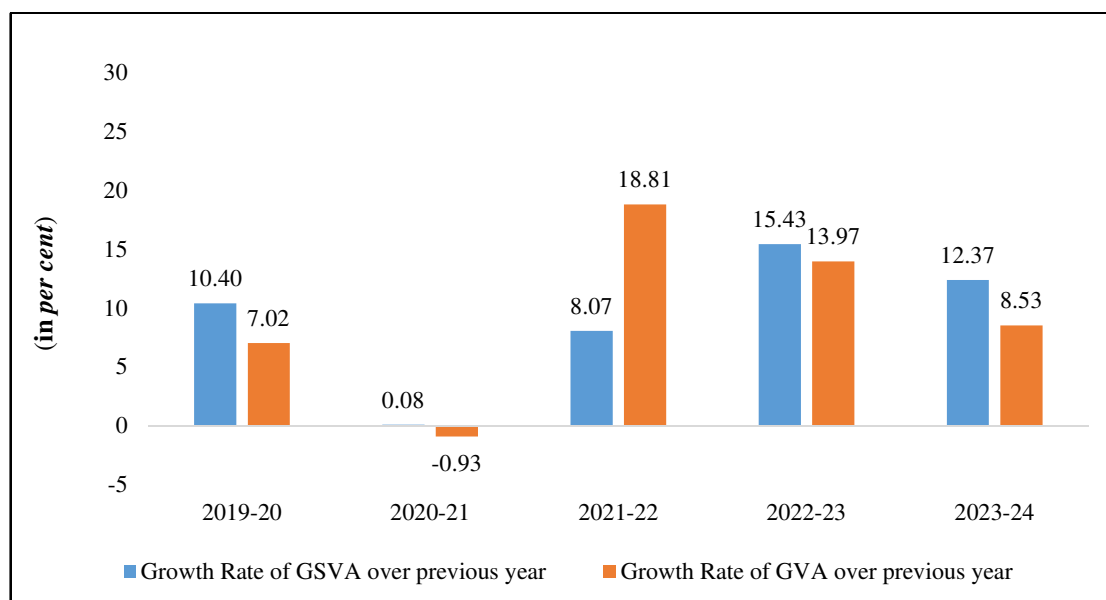
¹ Including UT of Jammu & Kashmir

Further, comparison of the GSDP projections by XV Finance Commission and the actual during 2023-24 revealed that the GSDP fell short of the assessment made by the XV FC during 2023-24. The actual GSDP during 2023-24 was ₹41,886.96 crore *i.e.*, 5.16 *per cent* (₹2,278.04 crore) less than the assessment made by the XV FC (₹44,165.00 crore). The annual growth rate of GSDP stood at 12.75 *per cent* during 2023-24 over the previous year.

From a policymaker's perspective, it is therefore vital to have a comparison of the GVA and Gross State Value Added (GSVA) data for better analysis and making policy interventions.

Chart 1.1 depicts the trends of GSVA and GVA for the period from 2019-20 to 2023-24.

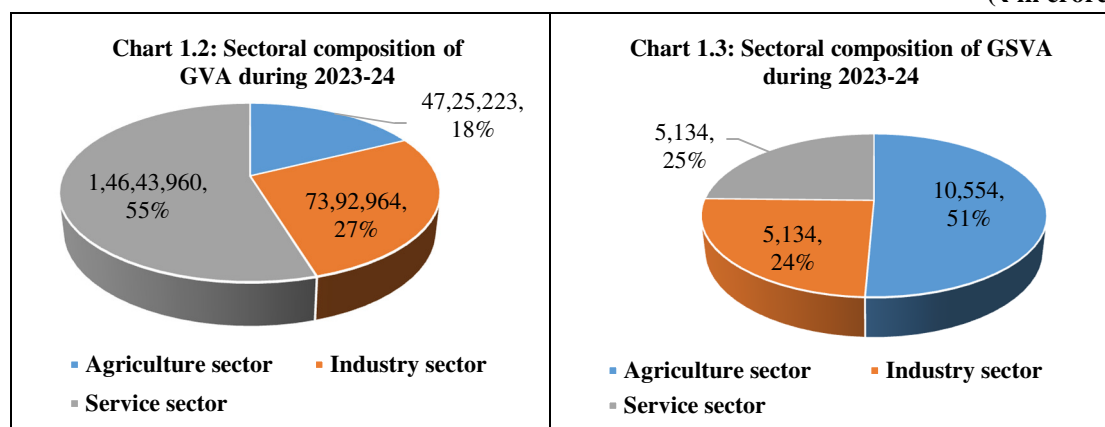
Chart 1.1: Growth Rate of GSVA vs GVA (2019-20 to 2023-24)



Source: GVA- National Statistical Office (MoSPI), GSVA -Directorate of Economics and Statistics, Government of Nagaland

As can be seen from the above **Chart 1.1** that during 2019-20 to 2023-24, the growth rates of GSVA and GVA showed a fluctuating trend. During the period, the growth rate of GSVA was higher than that of GVA in 2019-20, 2020-21, 2022-23 and 2023-24. The sectoral compositions to the GVA and GSVA during 2023-24 are given in the **Charts 1.2 and 1.3** respectively for comparison:

(₹ in crore)

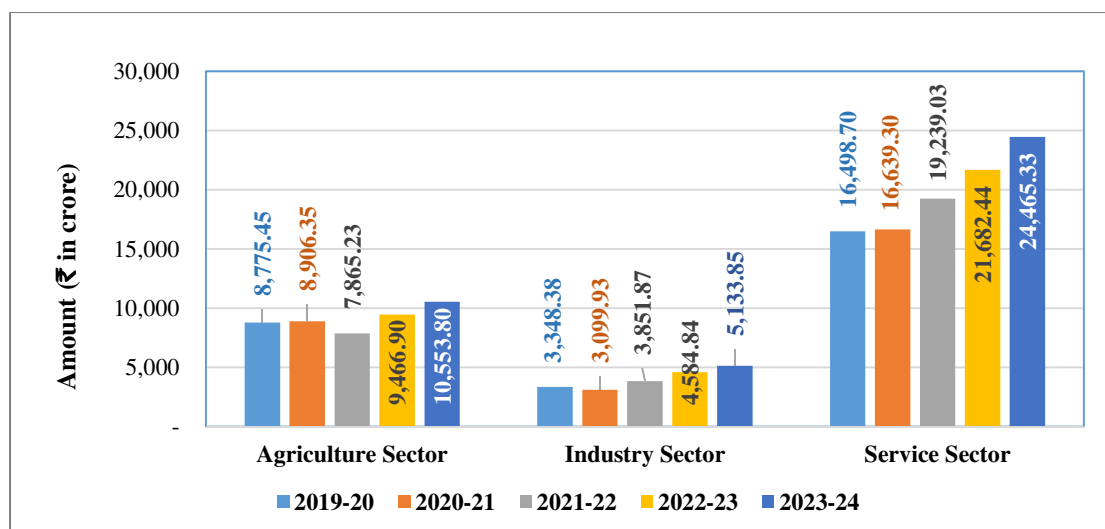


Source: GVA- National Statistical Office (MoSPI), GSVA -Directorate of Economics and Statistics, Government of Nagaland

It can be seen from the above **Charts 1.2 and 1.3** that the percentage contribution of the Agriculture sector to the GSVA is higher than the percentage contribution of the Agriculture sector to the GVA. Consequently, the percentage contribution of the Industry and Service sectors to the GSVA are less.

Charts 1.4 and 1.5 depict the details of shift in sectoral contribution to GSDP and sectoral growth of the GSDP during the period 2019-24.

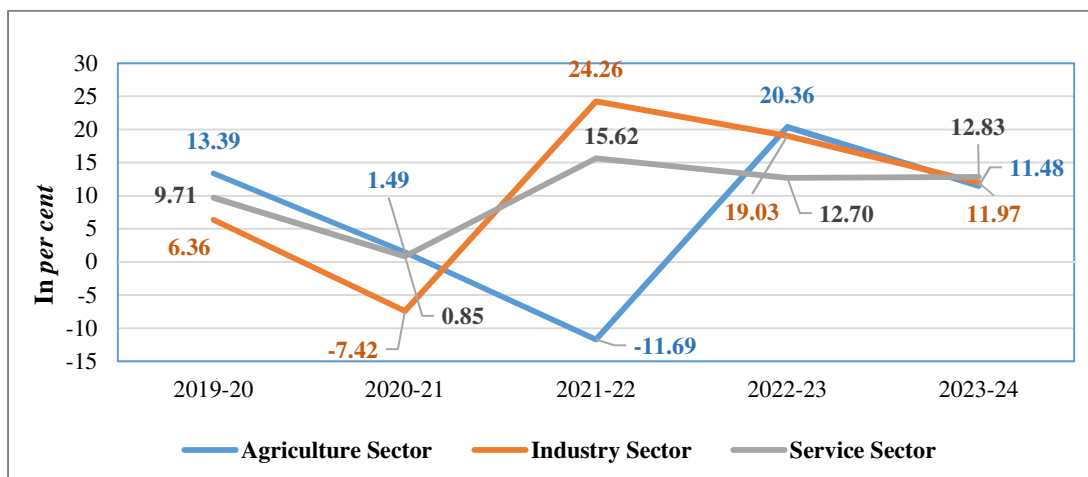
Chart 1.4: Sectoral composition of GSDP (2019-20 to 2023-24)



Source: Information furnished by the Directorate of Economics and Statistics, GoN

It can be seen from the **Chart 1.4** above that during the five-years period from 2019-20 to 2023-24, Service sector was the major contributor to the GSDP contributing over 50 per cent. During 2023-24, the Service sector contributed 58.41 per cent followed by Agriculture sector with 26.20 per cent and Industry sector with 12.26 per cent. Taxes on products - Subsidies on products formed 4.14 per cent of GSDP.

Chart 1.5: Sectoral growth in GSDP



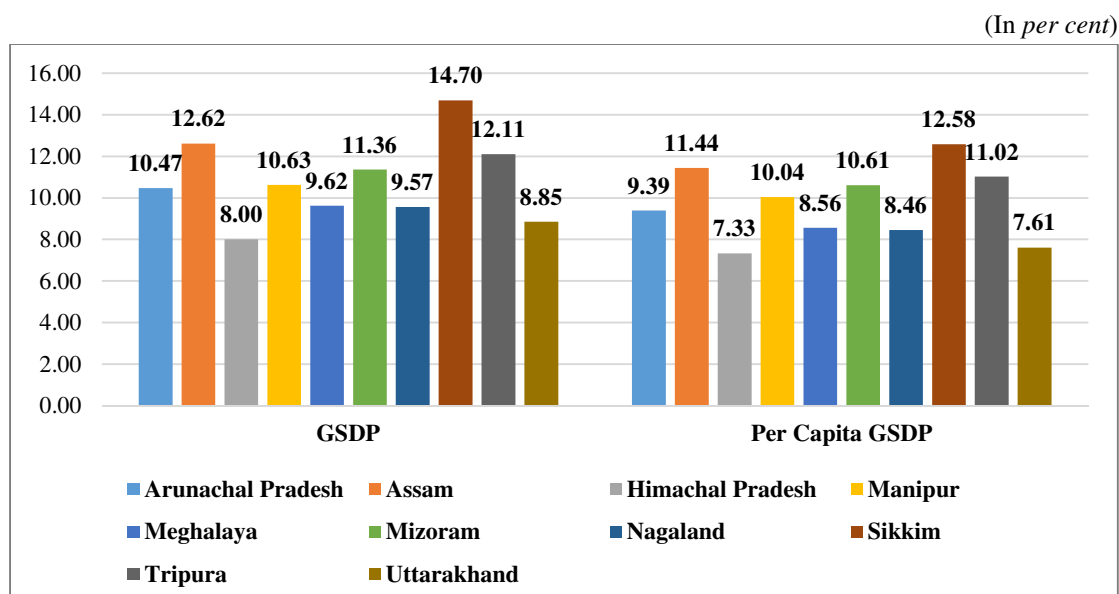
Source: Information furnished by Directorate of Economics and Statistics, Government of Nagaland

The sector-wise trend during the period from 2019-20 to 2023-24 is discussed below:

- (i) Agriculture Sector increased by ₹1,778.35 crore (20.27 per cent) during the period 2019-20 (₹8,775.45 crore) to 2023-24 (₹10,553.80 crore) at a CAGR of 4.72 per cent. During 2023-24, the major contributor in this sector was Crops (49.64 per cent) and Forestry and logging (42.96 per cent). The increase of ₹1,086.90 crore (11.48 per cent) during 2023-24 over the previous year was due to increase in activities under Forestry and logging and Crops by 17.14 and 8.94 per cent respectively.
- (ii) Industry Sector increased by ₹1,785.47 crore (53.32 per cent) during the period 2019-20 (₹3,348.38 crore) to 2023-24 (₹5,133.85 crore) at a CAGR of 11.28 per cent. During 2023-24, major contributors in this sector were Construction (67.83 per cent), electricity, gas, water supply and other utility services (15.64 per cent) and Mining and quarrying (10.61 per cent). The increase of ₹549.01 crore (11.97 per cent) during 2023-24 over the previous year was primarily due to increase in contribution under Mining and quarrying and construction by 22.86 per cent and 11.50 per cent respectively.
- (iii) Service Sector increased by ₹7,966.63 crore (48.29 per cent) during the period 2019-20 (₹16,498.70 crore) to 2023-24 (₹24,465.33) at a CAGR of 10.35 per cent. During 2023-24, the major contributors in this sector were Public Administration (31.64 per cent) and Other services (28.01 per cent). The increase of ₹2,782.89 crore (12.83 per cent) over the previous year was primarily due to increase in Financial services (15.71 per cent), Other services (14.42 per cent), Public Administration (14.06 per cent), trade, repair, hotels and restaurants (11.61 per cent) and transport, storage, communication & services related to broadcasting (11.01 per cent).

The decadal CAGR of the State *vis-à-vis* NE&H States is shown in **Chart 1.6**.

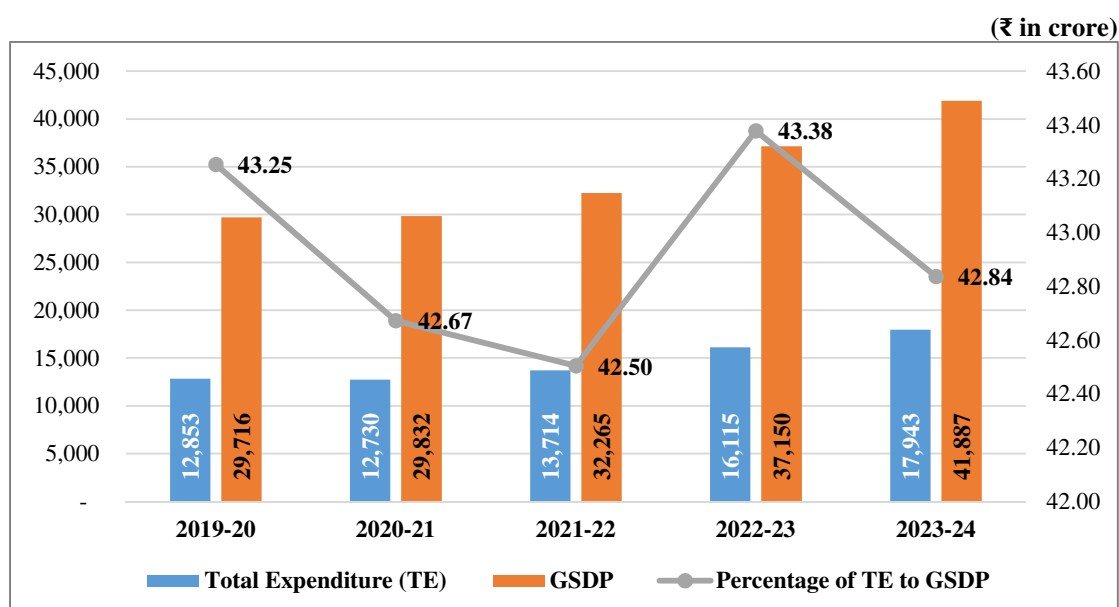
Chart 1.6: Details of decadal CAGR of the NE&H States



Source: A brief on the Finances of the States issued by Economic Division of Comptroller and Auditor General of India

The percentage of total State Government Expenditure to GSDP shows a fluctuating trend during the period from 2019-20 to 2023-24. During the same period, the percentage of total State Government Expenditure to GSDP ranged between 42.50 and 43.38. The trend of the percentage of Government Expenditure to GSDP for the period 2019-20 to 2023-24 is shown in **Chart 1.7**.

Chart 1.7: Trend of Government Expenditure to GSDP for the period 2019-20 to 2023-24



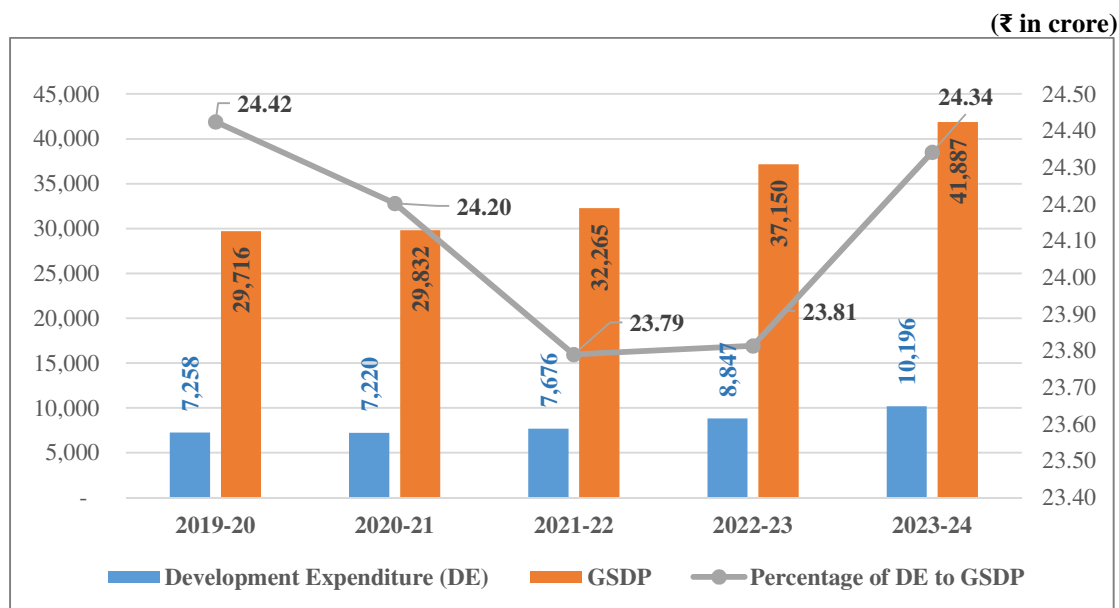
Source: GSDP – Directorate of Economics and Statistics, Government of Nagaland and Finance Accounts of the respective years

Government Expenditure is generally divided into Revenue and Capital Expenditure. Further, these two (Revenue and Capital) are classified into Developmental and

Non-Developmental Expenditures. Developmental Expenditures are expenditures on Economic services and Social services. Non-Developmental Expenditures are expenditures on Administrative and fiscal expenditures.

Increase in Developmental Expenditure leads to multiplier effect on economic growth of the State. Contribution of Development Expenditure in GSDP for the period from 2019-20 to 2023-24 is shown in **Chart 1.8**.

Chart 1.8: Trends of Development Expenditure to GSDP for the period from 2019-20 to 2023-24



Source: GSDP - Directorate of Economics and Statistics, Government of Nagaland and Finance Accounts of the respective years

It could be seen from **Chart 1.8** that relative share of Developmental Expenditure to GSDP for the State was in a fluctuating trend from 2019-20 to 2023-24. However, it showed an increasing trend from 2021-22 to 2023-24. This is indicative of healthy sign for economy and social development.

1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, Reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature. The State Finances Audit Report (SFAR) is prepared and submitted under Article 151 (2) of the Constitution of India.

The Principal Accountant General (Accounts and Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans and initial and subsidiary accounts rendered by the treasuries, offices and Departments responsible for keeping of such accounts functioning under the control of the State Government, and the statements received from the Reserve Bank of India. These accounts are audited independently by the Principal Accountant General (Audit), and certified by the CAG.

The Finance Accounts and Appropriation Accounts of the State constitute the core data for this Report. Other sources include the following:

- Budget of the State: for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- Results of audit carried out by the Office of the Principal Accountant General (Audit), Nagaland;
- Other data with Departmental Authorities and Treasuries (accounting as well as MIS);
- GSDP data and other State related statistics; and
- Various State Finance Audit Reports of the CAG of India.

The analysis is also carried out in the context of recommendations of the XV FC, State Fiscal Responsibility and Budget Management Act, best practices and guidelines of GoI.

An Exit conference to discuss audit analysis/findings of Chapters I to IV of the Report was held on 16 December 2024 with the Commissioner & Secretary, Finance Department, Government of Nagaland (GoN). Replies furnished in the meeting have been suitably incorporated in the Report.

1.3 Overview of Government Accounts Structure and Budgetary Processes

The Accounts of the State Government are kept in three parts:

Consolidated Fund of the State (Article 266 (1) of the Constitution of India)

This Fund comprises all revenues received by the State Government, all loans raised (market loans, bonds, loans from the Central Government, loans from Financial Institutions, Special Securities issued to National Small Savings Fund, *etc.*), Ways and Means Advances extended by the Reserve Bank of India and all moneys received by the State Government in repayment of loans. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided by the Constitution of India. Certain categories of expenditure (*e.g.*, salaries of Constitutional authorities, loan repayments, *etc.*) constitute a charge on the Consolidated Fund of the State (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

Contingency Fund of the State (Article 267 (2) of the Constitution of India)

This Fund is in the nature of an imprest which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional Major Head relating to the Consolidated Fund of State.

Public Account of the State (Article 266 (2) of the Constitution of India)

Apart from the above, all other public moneys received by or on behalf of the Government, where the Government acts as a banker or trustee, are credited to the Public Account. The Public Account includes repayable like Small Savings and Provident Funds, Deposits (bearing interest and not bearing interest), Advances, Reserve Funds (bearing interest and not bearing interest), Remittances and Suspense heads (both of which are transitory heads, pending final booking). The net cash balance available with the Government is also included under the Public Account. The Public Account is not subject to the vote of the Legislature.

1.4 Budget Documents

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a statement of estimated receipts and expenditures of the Government in respect of every financial year. This 'Annual Financial Statement' constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

Revenue Receipts consist of Tax Revenue, Non-Tax Revenue, share of Union Taxes/Duties, and Grants from Government of India.

Revenue Expenditure consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the government Departments and various services, interest payments on debt incurred by the government, and grants given to various institutions (even though some of the Grants may be meant for creation of assets).

The capital receipts consist of:

Debt Receipts include Market Loans, Bonds, Loans from financial institutions, Net transaction under Ways and Means Advances, Loans and Advances from Central Government, *etc.*;

Non-debt Receipts include proceeds from disinvestment, recoveries of loans and advances;

Capital Expenditure includes expenditure incurred with the objective of increasing concrete assets of a material and permanent character *viz.*, on the acquisition of land, building, machinery and equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

At present, we have an accounting classification system in Government that is both functional and economic as shown in **Table 1.2**.

Table 1.2: Accounting classification system in Government

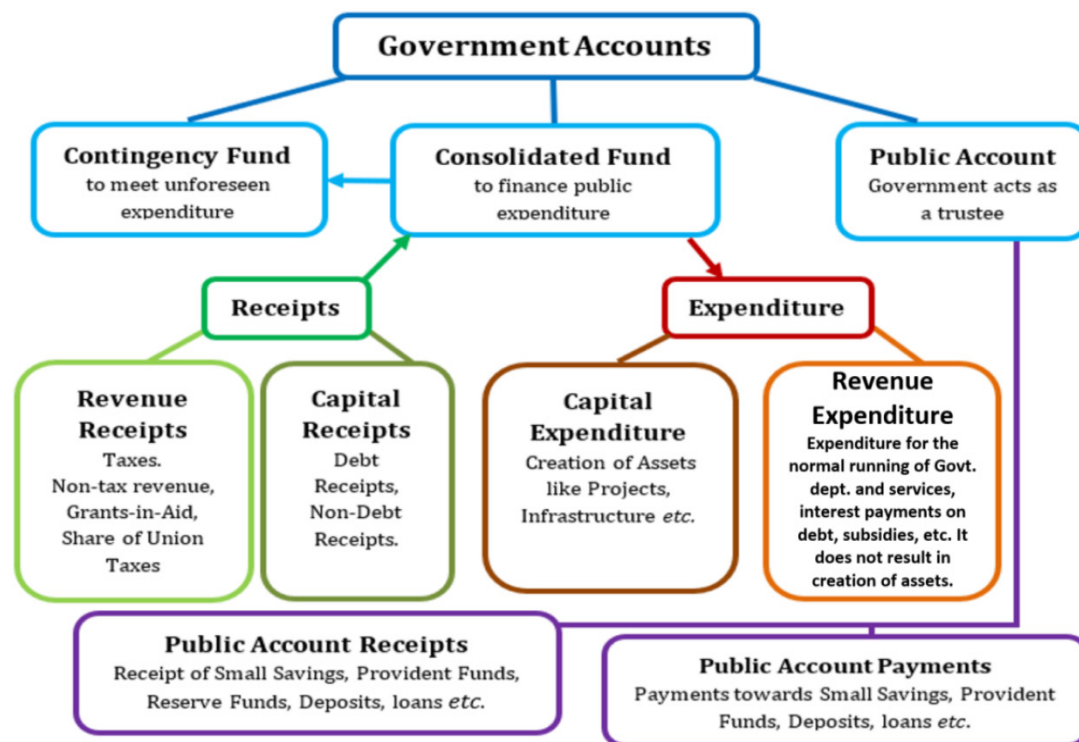
	Attribute of transaction	Classification
Standardised in LMMH by CGA	Function- Education, Health, <i>etc.</i> / Department	Major Head under Grants (4-digits)
	Sub-Function	Sub Major head (2-digits)
	Programme	Minor Head (3-digits)

	Attribute of transaction	Classification
Flexibility left for States	Scheme	Sub-Head (2 or 3 digits)
	Sub-scheme	Detailed Head (2 or 3 digits)
	Economic nature/ Activity	Object Head-salary, minor works, <i>etc.</i> , (2-digits)

The functional classification lets us know the Department, Function, Scheme or Programme, and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt, *etc.* Economic classification is achieved by the numbering logic embedded in the first digit of 4-digit Major Heads. For instance, 0 and 1 is for Revenue Receipts, 2 and 3 for Revenue Expenditure, *etc.* Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, while “salary” object head is Revenue Expenditure, “construction” object head is Capital Expenditure. Object Head is the primary unit of appropriation in the budget documents.

The pictorial depiction of the structure of Government Accounts is given in **Chart 1.4**.

Chart 1.4: Pictorial depiction of the structure of Government Accounts



Public Debt and Public Liability: In this Report, “Public Debt” has been taken to comprise market borrowing, Institutional loans, special Securities issued to National Small Savings Fund (NSSF), loan given by Central Government *etc.* for this purpose, the major heads 6003 and 6004- Public Debt have been taken into consideration.

Further, the transactions relating to ‘Small Savings, Provident Fund, *etc.*’, ‘Reserve Funds’ and ‘Deposit and Advances’ under Public Account are such that the Government incurs a liability to repay the moneys received or has a claim to recover the amounts paid. The transactions relating to ‘Remittances’ and ‘Suspense’ under Public Account, includes merely adjusting heads such as transactions as remittances

of cash between treasuries and currency chests and transfer between different accounting circles.

In this Report, ‘Public Liability’ has been taken to include the transactions under major heads 8001 to 8554 relating to ‘Small Savings, Provident Fund, *etc.*’, ‘Reserve Funds’ and ‘Deposit and Advances’ along with the transactions under major heads 6003 to 6004.

Budgetary Processes

In terms of Article 202 of the Constitution of India, the Governor of a State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year, in the form of an Annual Financial Statement. In terms of Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund. Some States have more than one consolidated Budget—there could be sub-budgets like Gender Budget, Agriculture Budget, Weaker sections (SCs/ STs) Budget, Disability Budget, *etc.*

The Government of Nagaland (GoN) has not prepared its Budget manual so far. While formulating its Budget for 2023-24, the State Government introduced several significant and proactive policies to promote the overall development of the State and its people. However, no separate sub-budgets were prepared during 2023-24. Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter III** of this Report.

Summarised position of Finances

Details of actual financial results *vis-à-vis* Budget Estimates (BEs) for the year 2023-24 *vis-à-vis* actuals of 2022-23 are shown in **Table 1.3**. Time Series data of the Finances of the Government of Nagaland for the years 2019-20 to 2023-24 is given in **Appendix 1.3**.

Table 1.3: Financial results *vis-à-vis* BEs

Sl. No.	Components	2022-23 Actuals	2023-24		Percentage of Actuals to BEs	Percentage of Actuals to GSDP
			BEs	Actuals		
1.	Tax Revenue	6,862.07	7,381.77	8,024.91	108.71	19.16
	(i) Own Tax Revenue	1,461.88	1,569.72	1,598.09	101.81	3.82
	(ii) Share of Union taxes/ duties	5,400.19	5,812.05	6,426.82	110.58	15.34
	<i>Growth rate of Own Tax Revenue</i>	12.36	-	9.32	-	-
2.	Non-Tax Revenue	478.41	380.83	677.85	177.99	3.82
3.	Grants-in-Aid and Contributions	6,758.78	8,018.82	7,452.37	92.94	17.79
4.	Revenue Receipts (1+2+3)	14,099.26	15,781.42	16,155.13	102.37	38.57
	<i>Growth rate of Revenue Receipts</i>	4.82	-1.83	14.58	-	-
5.	Recovery of Loans and Advances	3.04	1.51	2.99	198.01	0.01

Sl. No.	Components	2022-23 Actuals	2023-24		Percentage of Actuals to BEs	Percentage of Actuals to GSDP
			BEs	Actuals		
6.	Other Receipts	450.00	0.00	0.00	0.00	0.00
7.	Borrowings and other Liabilities (a)	1,562.63	1,120.04	1,784.85	159.32	4.26
8.	Capital Receipts (5+6+7)	2,015.67	1,121.55	1,787.44	159.37	4.27
9.	Total Receipts (4+8)	16,114.93	16,902.97	17,942.57	106.15	42.84
10.	Revenue Expenditure	13,410.36	15,099.66	14,819.70	0.23	35.38
11.	Interest payments#	993.23	1,142.58	1,068.43	93.51	2.55
12.	Capital Expenditure (b)	2,704.22	1,802.74	3,122.52	173.21	7.45
13.	Loan and advances	0.35	0.57	0.35	61.40	0.00
14.	Total Expenditure (10+12+13)	16,114.93	16,902.57	17,942.57	106.15	42.84
15.	Revenue Deficit (-)/Surplus (+) (4-10)	688.90	681.76	1,335.43	195.88	3.19
16.	Fiscal Deficit (-)/Surplus (+) {(4+5+6) - 14}	(-)1,562.63	(-)1,120.04	(-)1,784.45	159.32	4.26
17.	Primary Surplus (+)/Deficit (-) (16-11)	(-)569.40	22.54	(-)716.02	3,176.66	1.71
18.	Own Tax Revenue buoyancy w.r.t. GSDP	0.86	-	0.73	-	-

Source: Finance Accounts, 2023-24 and Annual Financial Statement, 2023-24

(a) Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts-Disbursements) of Public Account + Net of Opening and Closing Cash Balance.

(b) Expenditure on Capital Account includes Capital Expenditure and Loans and Advances disbursed.

Included in the Revenue Expenditure shown at Sl. No. 10.

- During 2023-24, the State had a Revenue surplus of ₹1,335.43 crore which was 3.19 per cent of GSDP. Fiscal deficit was ₹1,784.45 crore during 2023-24 which was 4.26 per cent of GSDP and primary surplus was ₹716.02 crore, 1.71 per cent of GSDP.
- Own Tax Revenue and Non-Tax Revenue exceeded the BEs while Grants-in-Aid (GIA) from GoI fell short of BEs. Overall Revenue Receipts of the State exceeds the BEs mainly due to increase in Own Tax, Non-Tax Revenue and share of Union taxes/duties.
- During 2023-24, the State continued as a Revenue Surplus State due to higher amount of increase in Revenue Receipts as compared to increase in Revenue Expenditure. Revenue Receipts increased by ₹2,055.87 crore (14.58 per cent) from ₹14,099.26 crore in 2022-23 to ₹16,155.13 crore in 2023-24. Revenue Surplus increased from ₹688.90 crore in 2022-23 to ₹1,335.43 crore in 2023-24, mainly due to a significant increase in Non-Tax Revenue (41.69 per cent) and share of Union taxes/duties (19.01 per cent).
- Fiscal Deficit increased over the previous year by ₹221.82 crore (14.20 per cent) from ₹1,562.63 crore in 2022-23 to ₹1,784.45 crore in 2023-24. The Government's Capital Expenditure increased by ₹418.30 crore (15.47 per cent) from ₹2,704.22 crore in 2022-23 to ₹3,122.52 crore in 2023-24.

Summarised position of Assets and Liabilities of the Government

Government accounts capture the financial liabilities of the Government and assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

Financial position of Government of Nagaland as on 31 March 2024 is given in **Appendix 1.2**. Summarised position of Assets and Liabilities of the State for the year 2023-24 as compared to the previous year 2022-23 is shown in **Table 1.4**.

Table 1.4: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities					Assets				
		2022-23	2023-24	Increase (in <i>per cent</i>)			2022-23	2023-24	Increase (in <i>per cent</i>)
Consolidated Fund									
A	Internal Debt	12,133.46	13,864.31	14	A	Gross Capital Outlay	25,572.06	28,694.61	12
B	Loans and Advances from GoI*	1,108.35	2,079.75	88	B	Loans and Advances	39.48	36.85	-7
Contingency Fund		0.35	0.35	0					
Public Account									
A	Small Savings, Provident Funds, <i>etc.</i>	1,463.08	1,387.12	-5	A	Advances	0.57	1.99	249
B	Deposits	898	871.58	-3	B	Remittance			
C	Reserve Fund	1,602.41	1,724.29	8	C	Suspense and Miscellaneous	80.55	50.14	-38
D	Remittances	-785.14	-759.92	3	Cash balance (including investment in Earmarked Fund)		2,755.02	3,746.55	36
E	Cumulative excess of Receipts over Expenditure	12,027.17	13,362.61	11					
Total		28,447.68	32,530.11	14			28,447.68	32,530.11	14

Source: Finance Accounts of respective years

* The State has not received any back-to-back loans in lieu of GST Compensation shortfall from GoI

As can be seen from **Table 1.4**, Assets and Liabilities of the State during 2023-24 showed an increase of 14 per cent over the previous year. The increase in Liabilities was mainly due to increase in Internal Debt (14 per cent) and Loans & Advances from GoI (88 per cent), which was offset by decrease in Small Savings, Provident funds, etc., (five per cent) over the previous year. Similarly, increase in Assets was mainly due to increase in Gross Capital Outlay (12 per cent) and Cash balance (including investment in Earmarked Fund) (36 per cent).

1.5 Fiscal Balance: Achievement of deficit and total debt targets

The Central and individual State Governments have passed Fiscal Responsibility and Budget Management (FRBM) Act with the objective of ensuring prudence in fiscal management by eliminating revenue deficit, reducing fiscal deficit and overall/ outstanding debt to acceptable level, establishing improved debt management and

improving transparency in a medium-term framework. The Act provides quantitative targets to be adhered by the State with regard to deficit measures and debt level.

The Government of Nagaland enacted the Nagaland Fiscal Responsibility and Budget Management (NFRBM) Act, 2005 in line with the Union FRBM Act, 2003, to ensure stability and sustainability, improve efficiency and transparency in management of public finances, enhance the availability of resources by achieving sufficient revenue surplus, reduce fiscal deficit and remove impediments to effective conduct of fiscal policy and prudent debt management.

In line with the recommendations of the Central Finance Commissions, the NFRBM Act was subsequently amended *i.e.*, July 2009, March 2011, February 2021, November 2021 and March 2022.

Status of achievement *vis-à-vis* projections made in the Act during the period 2019-20 to 2023-24 is given in **Table 1.5**:

Table 1.5: Compliance with the projections of FRBM/ MTFP

Fiscal Parameters	Projections	Achievement				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit (-)/ Surplus (+) (₹ in crore)	Maintain Revenue Surplus*	(-)213.73	375.37	1,634.06	688.90	1,335.43
		X	✓	✓	✓	✓
Fiscal Deficit as per cent of GSDP	2019-20: 5.00# 2020-21: 5.00 2021-22: 4.00 2022-23: 3.50 2023-24: 3.00	4.81	4.36	0.81	4.21	4.26
		✓	✓	✓	X	X
Ratio of total outstanding liability to GSDP (per cent)	2019-20: 40.00* 2020-21: 45.20 2021-22: 43.00 2022-23: 42.10 2023-24: 40.60	40.99	45.16	43.15	41.96	43.42
		X	✓	X	✓	X

Source: Finance Accounts, NFRBM Act and MTFP statements of respective years

*NFRBM Act amended by GoN did not include target of Revenue Surplus, Fiscal Deficit as per cent of GSDP and outstanding liability as percentage to GSDP in these years, these figures are taken from the Fiscal Indicators-Rolling targets MTFP Statement.

#NFRBM (Amendment) Act, 2021 relaxed a maximum of two per cent above the prescribed limit of three per cent of GSDP

Nagaland is the only State apart from Uttarakhand which continued to have Revenue Surplus in four (from 2020-21 to 2023-24) out of five years during the period from 2019-20 to 2023-24.

The State was successful in maintaining the Fiscal Deficit as per the prescribed *per cent* of GSDP from 2019-20 to 2021-22. However, during 2023-24, the State registered Fiscal Deficit like all other States in India.

Despite an increase in absolute terms, growth of 11.60 *per cent* observed in nominal GSDP corresponding to an increase of 19.03 *per cent* in overall debt of the States in 2023-24 led to the increase in the debt to GSDP ratio from 26.70 *per cent* in 2022-23 to 28.50 *per cent* in 2023-24. Similarly, the debt to GSDP ratio of the State increased from 41.96 *per cent* in 2022-23 to 43.42 *per cent* in 2023-24. However, the State

succeeded in anchoring the ratio of total outstanding debt to GSDP during 2020-21 and 2022-23.

During the Exit conference (16 December 2024), Finance Department, Government of Nagaland stated that non-achievement of the target of Debt to GSDP ratio was due to loan received from GoI under Special Assistance to State for Capital Expenditure.

As per the Nagaland FRBM Act, 2005, Medium-Term Fiscal Policy (MTFP) Statement shall set forth a three-year rolling target for prescribed fiscal indicators with specification of underlying assumptions. The position of projections made by the State Government in its MTFPS *vis-à-vis* achievements during the year 2023-24 is depicted in **Table 1.6**.

Table 1.6: Actuals *vis-à-vis* projection in MTFPS for 2023-24

(₹ in crore)

Sl. No.	Fiscal Variables	Projection as per MTFPS	Actuals (2023-24)	Variation (Excess (+)/ Short (-)) (in per cent)
1.	Own Tax Revenue	1,667.32	1,598.09	(-) 69.23 (4.15)
2.	Non-Tax Revenue	684.92	677.85	(-) 7.07 (1.13)
3.	Share of Central Taxes	6,284.57	6,426.82	(+) 142.25 (2.26)
4.	Grants-in-Aid from GoI	7,951.21	7,452.37	(-) 498.84 (6.27)
5.	Revenue Receipts (1 + 2 + 3 + 4)	16,588.02	16,155.13	(-) 432.89 (2.61)
6.	Revenue Expenditure	16,145.53	14,819.70	(-) 1,325.82 (8.21)
7.	GSDP (at current prices)	45,422.00	41,886.96	(-) 3,535.04 (7.78)
8.	Revenue Surplus (5 - 6)	442.49	1,335.43	(+) 892.93 (201.80)
9.	Fiscal Deficit	2,753.75	1,784.45	(-) 969.29 (35.00)
10.	Debt-GSDP ratio (per cent)	39.60	43.42	(+) 3.82
11.	Fiscal Deficit as per cent of GSDP	6.06	4.26	(-) 1.80
12.	GSDP growth rate at current prices (per cent)	-	12.75	(-) 14.80

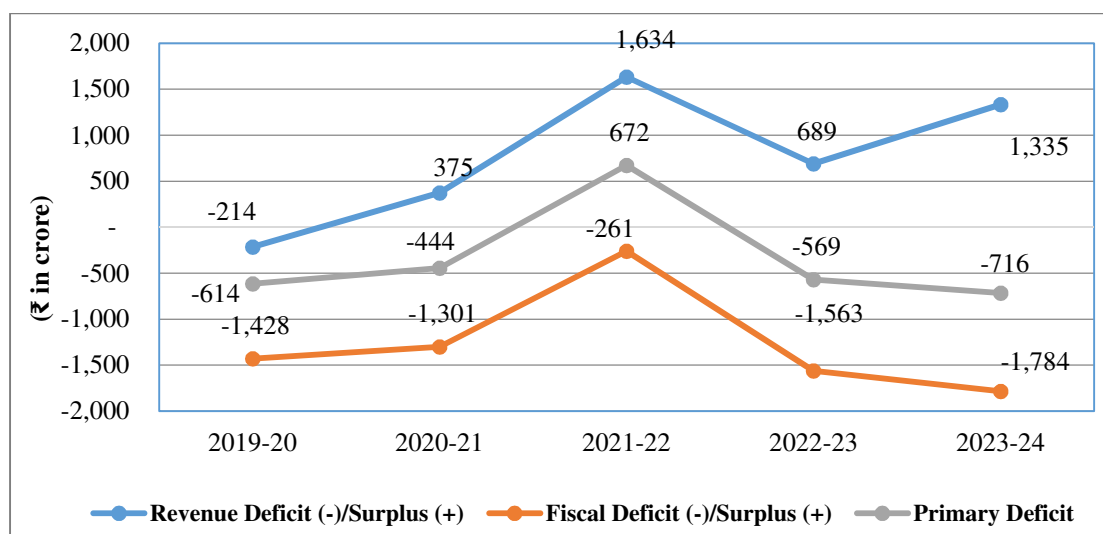
Source: MTFP Statement and Finance Accounts, 2023-24

As can be seen from **Table 1.6**, projection was made in the MTFPS for the year 2023-24 relating to two key fiscal parameters *i.e.*, Revenue Surplus and Fiscal Deficit. The State Government could achieve the targets relating to both Fiscal Deficit and Revenue Surplus as *per cent* of GSDP and was also successful in achieving the target related to Revenue Surplus. However, the projection relating to the Debt-GSDP ratio projection was not met.

Audit concludes that the State exhibited prudent revenue expenditure management, resulting in a higher-than-projected Revenue Surplus. Lower fiscal deficit suggests improved fiscal sustainability; however, the increase in the Debt-to-GSDP ratio is a concern for long-term fiscal health. Underperformance in tax and non-tax revenues indicates a need for better revenue mobilization efforts. GSDP growth rate being lower than expected signals economic slowdown, impacting overall fiscal planning.

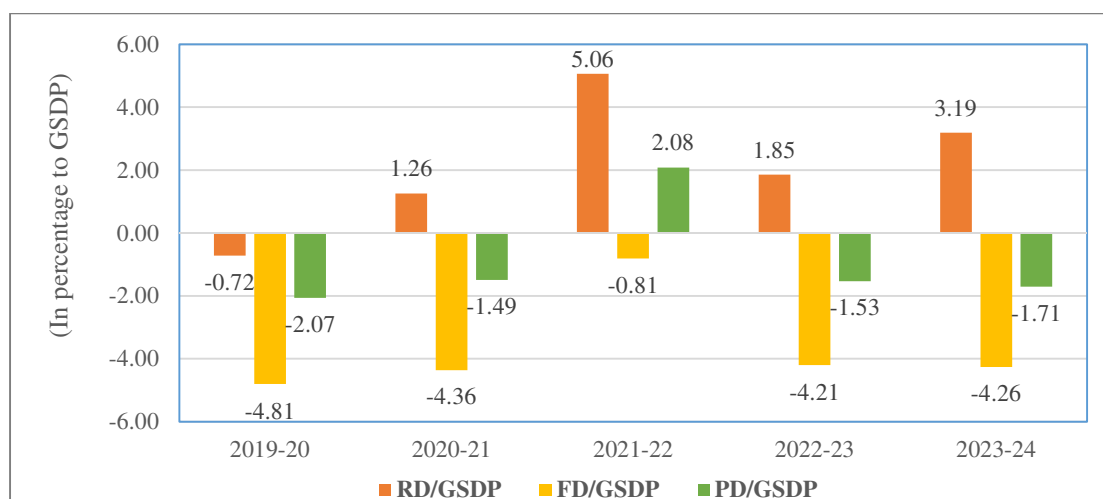
Charts 1.9 and 1.10 present the trends in deficit parameters and trends relative to GSDP respectively over the period 2019-20 to 2023-24.

Chart 1.9: Trends in deficit parameters



Source: Finance Accounts of respective years and GSDP-Directorate of Economics and Statistics, GoN

Chart 1.10: Trends in Surplus/ Deficit relative to GSDP



Source: Finance Accounts of respective years and GSDP-Directorate of Economics and Statistics, GoN
RD: Revenue Deficit; FD: Fiscal Deficit; PD: Primary Deficit

Revenue Surplus indicates excess of Revenue Receipts over Revenue Expenditure increased to ₹1,335.43 crore (3.19 per cent of GSDP) in 2023-24 from ₹375.37 crore (1.26 per cent of GSDP).

Fiscal deficit, which represents total borrowings of the State *i.e.*, its total resource gap, increased to ₹1,784.45 crore (4.26 per cent of GSDP) in 2023-24 from ₹1,428.22 crore (4.81 per cent of GSDP) in 2019-20.

Primary deficit, which indicates the excess of primary expenditure (total expenditure net of interest payments) over non-debt receipts, increased to ₹716.02 crore (1.71 per cent of GSDP) from ₹569.40 crore (1.53 per cent of GSDP) in 2022-23. During 2021-22, there was primary surplus of ₹671.57 crore (2.08 per cent of GSDP).

Revenue Surplus growth is a positive sign, allowing more funds for capital investment rather than funding recurring expenses through borrowing.

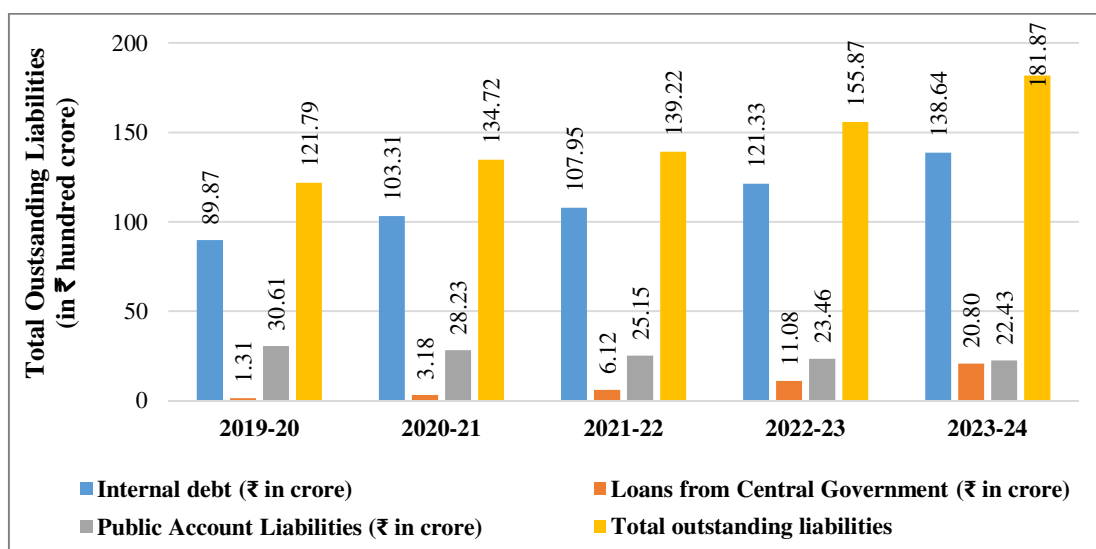
Fiscal Deficit remains significant but has declined as a percentage of GSDP, indicating that borrowing is being managed relative to economic growth.

The rise in Primary Deficit suggests an increasing reliance on borrowed funds to meet non-interest expenditures, requiring a reassessment of expenditure priorities.

Prudent fiscal management is needed to ensure that debt-financed spending is focused on asset creation rather than recurring expenditures. A long-term fiscal consolidation roadmap should aim at sustaining Revenue Surplus while reducing Primary and Fiscal Deficits through enhanced revenue mobilization and expenditure efficiency.

Chart 1.11 presents the trends in Fiscal Liabilities and GSDP *vis-à-vis* target set by the State Government in its MTFP statement over the period 2019-20 to 2023-24.

Chart 1.11: Trends in Fiscal Liabilities and GSDP



Source: Finance Accounts of respective years, Budget documents, FRBM Act and GSDP-Directorate of Economics and Statistics, GoN

As can be seen from **Chart 1.11**, the total outstanding liabilities showed an increasing trend during the five-year period from 2019-20 to 2023-24. The increasing trend was mainly due to increase in Internal Debt and Loans from Central Government. During this period, the total outstanding liabilities to GSDP ratio was below the norm set by the State Government in its MTFPS/FRBM in 2020-21 and 2022-23.

1.6 Deficits and Total Debt after examination in audit

In order to present a better picture of State Finances, State Government tends to classify Revenue Expenditure as Capital Expenditure and to conduct off-budget financial activities.

As per the FRBM Act, the State Government must ensure compliance to the targets fixed for the fiscal indicators such as deficits, ceiling on debt and on guarantees. The Revenue Deficit and the Fiscal Deficit as worked out for the State gets impacted due to various circumstances such as misclassification of Revenue Expenditure as Capital Expenditure and off-budget fiscal operations. Besides, deferment of clear-cut liabilities, not depositing cess/royalty to Consolidated Fund, short contribution to New Pension Scheme, Sinking Fund and Guarantee Redemption Fund also impacts

the revenue and fiscal deficit figures. In order to arrive at actual deficit figures, the effect of misclassification needs to be included and the impact of such irregularities needs to be reversed.

Post audit - Deficits

Audit noticed overstatement of Revenue Surplus by ₹55.63 crore and understatement of Fiscal Deficit by ₹42.18 crore for 2023-24, as shown in **Table 1.7**.

Table 1.7: Revenue and Fiscal Deficit, post examination by Audit

Particulars	Impact on (₹ in crore) {Understated (+)/ overstated (-)}		Paragraph Reference
	Revenue Surplus	Fiscal Deficit	
Interest adjustment on Defined Contribution Pension Scheme	(-) 2.00	(+) 2.00	Para 2.4.2.3
Short transfer of Labour Cess	(-) 0.17	(+) 0.17	Para 2.5.2.6 (i)
Short transfer of Central Road and Infrastructure Fund (CRIF)	(-) 16.06	(+) 16.06	Para 2.5.2.6 (ii)
Minor works budgeted/ booked under Capital Section instead of Revenue	(-) 14.42	-	Para 3.3.2
Major works budgeted/ booked under Revenue Section instead of Capital	(+) 0.97	-	Para 3.3.2
Non-transfer of National Road Safety Fund	(-) 23.95	(+) 23.95	Para 4.1
Total	(-) 55.63	(+) 42.18	

Source: Finance Accounts, 2023-24

Based on the result of examination of misclassification during post audit, the Revenue Surplus would reduce from ₹1,335.43 crore² to ₹1,279.80 crore and Fiscal Deficit would increase from ₹1,784.45 crore³ to ₹1,826.63 crore.

Post audit-Total outstanding Debt

As per the NFRBM Act, 2005 total liabilities mean the liabilities under the Consolidated Fund and the Public Account of the State referred to in Article 266 of the Constitution of India. The outstanding Debt/liabilities can be split into various components as given in **Table 1.8**.

Table 1.8: Components of outstanding Debt/liabilities as on 31 March 2024

(₹ in crore)

Borrowings and other liabilities as per Finance Accounts	Amount
Internal Debts (A)	13,864.31
Market Loans	13,430.32
Loans from other Institutions	379.73
Ways and Means Advance from the Reserve Bank of India	0.00
Special Securities Issued to National Small Savings fund of the central Government	54.25
Loans and Advances from central Government (B)	2,079.75
Non-Development Loans	8.86
Loans for State/Union Territory Schemes	0.51
Others	2,070.38
Liabilities upon Public Accounts (C)	2,243.26
Small Savings, Provident Funds, etc.	1,387.12
Reserve Funds	-15.44
Deposits	871.58
Total (A+B+C)	18,187.32

Source: Finance Accounts, 2023-24

² Refer Para 1.4 Sub Para Summarised position of Finances

³ Refer Para 1.4 Sub Para Summarised position of Finances

The overall outstanding debt/liabilities of the State were overstated by ₹810.05 crore by not accounting for the Suspense (Dr. ₹50.14 crore) and Remittance balances (Dr. ₹759.91 crore), thereby overstating the same with respect to GSDP by 1.93 *per cent* at the end of the year 2023-24.

1.7 Conclusion

Gross State Domestic Product (GSDP) (at current prices) grew at a CAGR of 8.96 *per cent* from ₹29,715.87 crore in 2019-20 to ₹41,886.96 crore in 2023-24. During 2023-24, GSDP increased by ₹4,736.87 crore (12.75 *per cent*) from ₹37,150.09 crore in 2022-23 to ₹41,886.96 crore in 2023-24.

The FRBM Act/ Rules prescribes the limits of revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP). The State Government was successful in maintaining the Revenue Surplus in four out of five years during the period from 2019-20 to 2023-24. The State could achieve in maintaining the Fiscal Deficit as per the prescribed *per cent* of GSDP in three out of five years during the period from 2019-20 to 2023-24. The State also succeeded in maintaining the ratio of total outstanding debt to GSDP during 2020-21 and 2022-23.

The gap between the Revenue Receipts and Revenue Expenditure results in Revenue Surplus. The gap between the total expenditure and total non-debt receipt of the State results in Fiscal Deficit. The State had a Revenue surplus of ₹1,335.43 crore which was 3.19 *per cent* of GSDP. Fiscal deficit was ₹1,784.45 crore during 2023-24 which was 4.26 *per cent* of GSDP and primary deficit was ₹716.02 crore, 1.71 *per cent* of GSDP.

Revenue Surplus increased from ₹688.90 crore in 2022-23 to ₹1,335.43 crore in 2023-24, mainly due to a significant increase in Revenue Receipts (14.58 *per cent*). Fiscal Deficit (₹1,784.45 crore) increased by ₹221.82 crore (14.20 *per cent*) as compared to the previous year (₹1,562.63 crore). Based on the result of examination of misclassification during post audit, the Revenue Surplus will reduce from ₹1,335.43 crore to ₹1,279.80 crore and Fiscal Deficit will increase from ₹1,784.45 crore to ₹1,826.63 crore.

1.8 Recommendations

- State Government needs to make continued efforts to achieve in the coming years, the projections on deficit and debt parameters made in the Nagaland FRBM Act.
- The State Government should adhere to the proper accounting norms and steps may be taken to transfer the amount to the appropriate head of accounts as per the accounting norms.
- The State Government should consider the actual transactions/ misclassification *etc.*, while determining the Revenue Surplus/ Fiscal Deficit.

CHAPTER II

FINANCES OF THE STATE

Chapter II: Finances of the State

Introduction

This chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to 2022-23, overall trends during the five-year period from 2019-20 to 2023-24, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State and the information provided by the State Government.

2.1 Major changes in Key fiscal aggregates during 2023-24 vis-à-vis 2022-23

This Section gives a bird's eye view of the major changes in key fiscal aggregates of the State during the financial year, compared to the previous year as detailed in **Table 2.1**. Each of these indicators are analysed in the succeeding paragraphs.

Table 2.1: Changes in key fiscal aggregates in 2023-24 compared to 2022-23

Revenue Receipts	<ul style="list-style-type: none"> ➤ Revenue receipts of the State increased by 14.58 <i>per cent</i> ➤ Own Tax receipts of the State increased by 9.32 <i>per cent</i> ➤ Non-tax receipts increased by 41.69 <i>per cent</i> ➤ State's Share of Union taxes/duties increased by 19.01 <i>per cent</i> ➤ Grants-in-Aid from Government of India decreased by 10.26 <i>per cent</i>
Revenue Expenditure	<ul style="list-style-type: none"> ➤ Revenue Expenditure increased by 10.51 <i>per cent</i> ➤ Revenue Expenditure on General Services increased by 5.83 <i>per cent</i> ➤ Revenue Expenditure on Social Services increased by 15.26 <i>per cent</i> ➤ Revenue Expenditure on Economic Services increased by 15.47 <i>per cent</i>
Capital Receipts	<ul style="list-style-type: none"> ➤ Debt Capital receipts increased by 47.31 <i>per cent</i> ➤ Non-Debt Capital receipts decreased by 1.64 <i>per cent</i>
Capital Expenditure	<ul style="list-style-type: none"> ➤ Capital Expenditure increased by 15.47 <i>per cent</i> ➤ Capital Expenditure on General Services increased by 18.17 <i>per cent</i> ➤ Capital Expenditure on Social Services decreased by 3.60 <i>per cent</i> ➤ Capital Expenditure on Economic Services increased by 32.37 <i>per cent</i>
Loans and Advances	<ul style="list-style-type: none"> ➤ Disbursement of Loans and Advances remains the same from the previous year ➤ Recoveries of Loans and Advances decreased by 1.64 <i>per cent</i>
Public Debt	<ul style="list-style-type: none"> ➤ Public Debt Receipts decreased by 15.09 <i>per cent</i> ➤ Repayment of Public Debt decreased by 36.58 <i>per cent</i>
Public Account	<ul style="list-style-type: none"> ➤ Public Account Receipts increased by 21.68 <i>per cent</i> ➤ Disbursement of Public Account increased by 8.87 <i>per cent</i>
Cash Balance	<ul style="list-style-type: none"> ➤ Cash balance increased by ₹991.53 crore (35.99 <i>per cent</i>) during 2023-24 compared to previous year

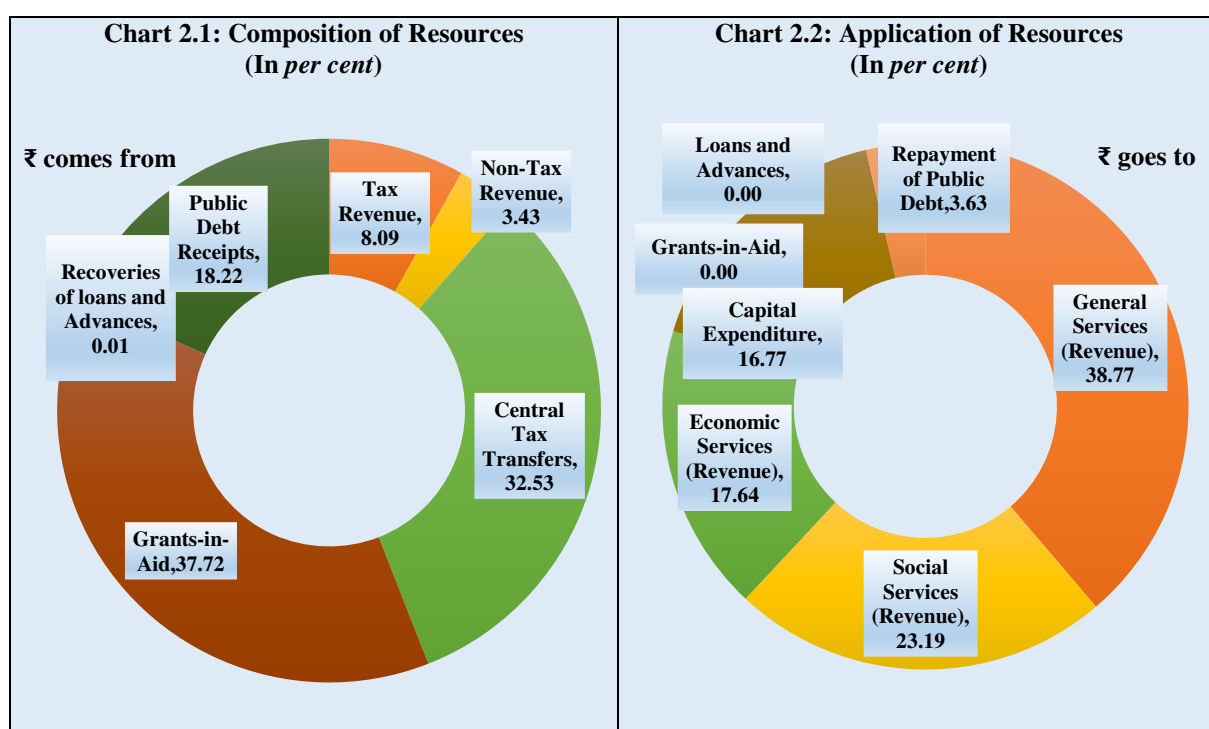
2.2 Sources and Application of Funds

Table 2.2 compares the sources and application of funds of the State during 2023-24 with 2022-23 in figures, while **Charts 2.1** and **2.2** give the details of receipts and expenditure from the Consolidated Fund during 2023-24 in terms of percentages.

Table 2.2: Details of Sources and Application of funds during 2022-23 and 2023-24

		(₹ in crore)		
Particulars		2022-23	2023-24	Increase/Decrease
Sources	Opening Cash Balance with RBI	2,909.32	2,755.04	(-)154.28
	Revenue Receipts	14,099.26	16,155.13	2,055.87
	Capital Receipt	450.00	0.00	(-)450.00
	Recoveries of Loans and Advances	3.04	2.99	(-)0.05
	Public Debt (Net)	1,834.40	2,702.25	867.85
	Public Account (Net)	(-)426.05	73.71	499.76
	Total	18,869.97	21,689.12	2,819.15
Application	Revenue Expenditure	13,410.36	1,4819.70	1,409.34
	Capital Expenditure	2,704.22	3,122.52	418.30
	Disbursement of Loans and Advances	0.35	0.35	0.00
	Closing Cash Balance with RBI	2,755.04	3,746.55	991.51
	Total	18,869.97	21,689.12	2,819.15

Source: Finance Accounts of respective years



Source: Finance Accounts, 2023-24

2.3 Resources of the State

The resources of the State are described below:

- Revenue Receipts** consist of tax revenue (Own Tax Revenue *plus* share of Union taxes/duties), non-tax revenue, and Grants-in-Aid (GIA) from the Government of India (GoI).
- Capital Receipts** (debt and non-debt capital receipts) comprise miscellaneous capital receipts such as proceeds from dis-investments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks) and loans and advances from GoI.

Both Revenue and Capital receipts form part of the Consolidated Fund of the State.

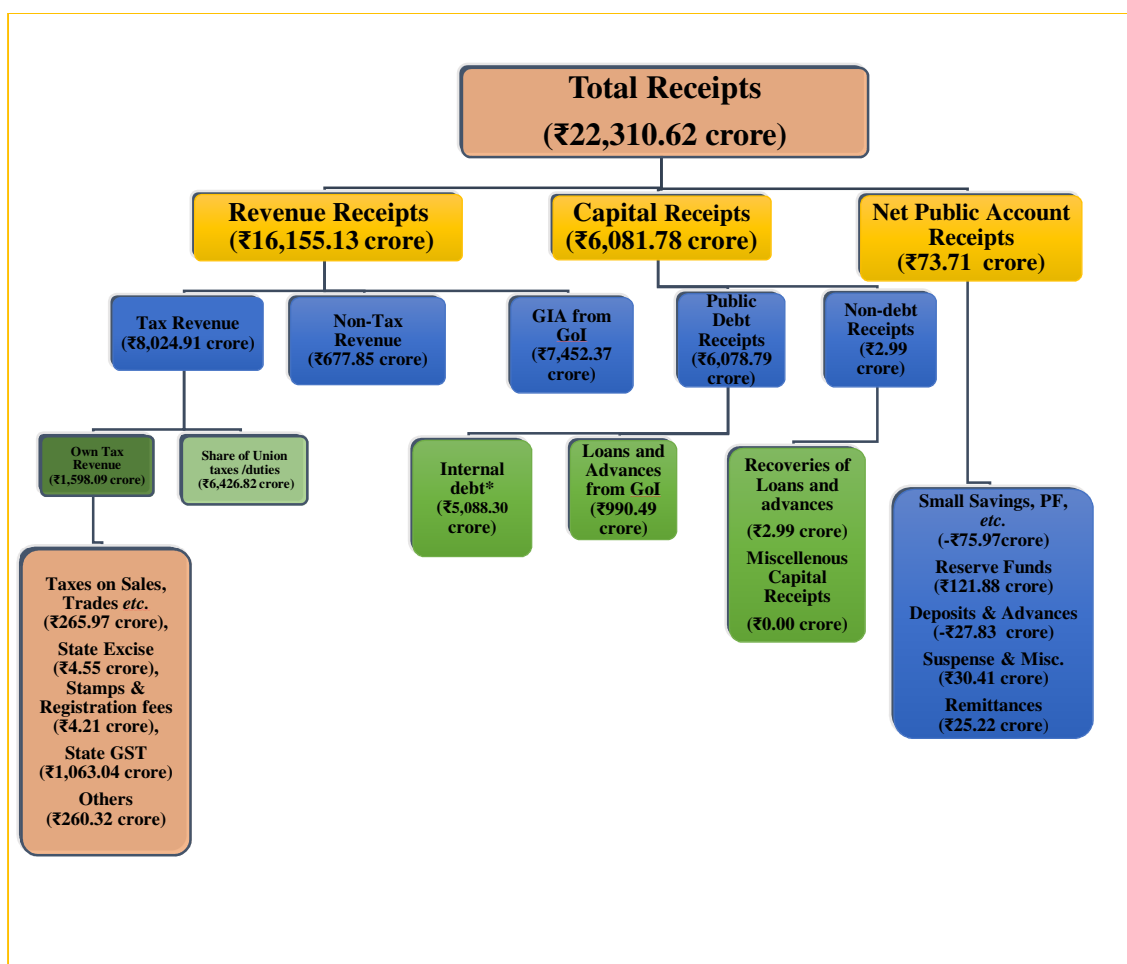
3. **Net Public Account Receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.*, which do not form part of the Consolidated Fund.

These are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.3.1 Receipts of the State

This paragraph provides the composition of the overall receipts. Besides, the Revenue and Capital Receipts, funds available in the Public Account (net of disbursement made from it) are also utilised by the Government to finance its deficit. The composition of receipts of the State during 2023-24 is given in **Chart 2.3**.

Chart 2.3: Composition of receipts of the State during 2023-24



Source: Finance Accounts, 2023-24

*Including Ways and Means Advances (WMA) amounting to ₹2,479.00 crore availed during the year.

As can be seen from **Chart 2.3**, out of the total resources of ₹22,310.62 crore of the State Government during the year 2023-24, Revenue Receipts (₹16,155.13 crore) constituted 72.41 *per cent*. Capital Receipts (₹6,081.78 crore) and net Public Account Receipts (₹73.71 crore) constituted 27.26 and 0.33 *per cent* of the total resources respectively.

2.3.2 State's Revenue Receipts

This paragraph gives the trends in total Revenue Receipts and its components. It is followed by trends in the receipts bifurcated into receipts from the Central Government and State's own receipts. All the States except Kerala have registered growth in their Revenue Receipts in 2023-24 over 2022-23 and Nagaland ranked fifth highest amongst all India States/UTs in terms of growth of Revenue Receipts in the current year.

2.3.2.1 Trends and growth of Revenue Receipts

Table 2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2019-24. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Charts 2.4** and **2.5** respectively.

Table 2.3: Trends in Revenue Receipts

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Receipts (RR) (₹ in crore)	11,423.29	11,427.43	13,451.14	14,099.26	16,155.13
Rate of growth of RR (per cent)	-0.12	0.04	17.71	4.82	14.58
Tax Revenue	4,225.31	4,431.99	6,176.54	6,862.07	8,024.91
<i>Own Tax Revenue (₹ in crore)</i>	<i>958.23</i>	<i>1,022.74</i>	<i>1,301.08</i>	<i>1,461.88</i>	<i>1,598.09</i>
<i>Share of Union taxes/duties</i>	<i>3,267.08</i>	<i>3,409.25</i>	<i>4,875.46</i>	<i>5,400.19</i>	<i>6,426.82</i>
Non-Tax Revenue (₹ in crore)	339.29	242.60	303.58	478.41	677.85
GIA from GoI	6,858.69	6,752.84	6,971.21	6,758.78	7,452.37
Rate of growth of GIA from GoI	4.82	-1.54	3.23	-3.05	10.26
Rate of growth of Own Resources (Own Tax and Non-tax Revenue) (per cent)	17.78	-2.48	26.82	20.92	17.30
Gross State Domestic Product (₹ in crore)	29,715.87	29,832.00	32,265.40	37,150.09	41,886.96
Rate of growth of GSDP (per cent)	12.02	0.39	8.16	15.14	12.75
RR/GSDP (per cent)	38.44	38.31	41.69	37.95	38.57
Buoyancy Ratios⁴					
State's Own Revenue buoyancy w.r.t. GSDP	1.48	-- *	3.29	1.38	1.36

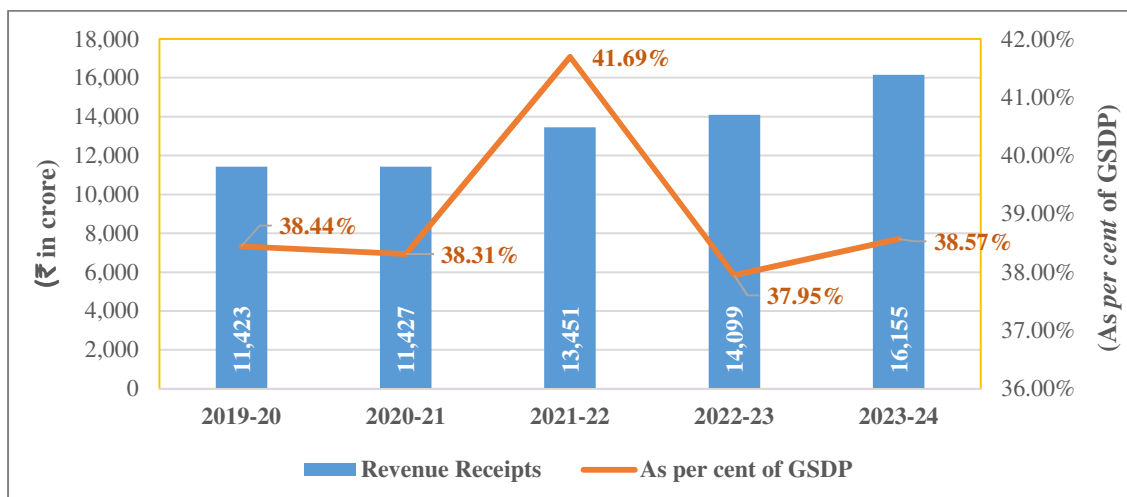
Source: Finance Accounts of respective years, GSDP- Directorate of Economics and Statistic, GoN

*Buoyancy ratio was not calculated as RR/Own Resources growth was negative.

4 Buoyancy indicates the degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, State's Own Revenue buoyancy with respect to GSDP at 1.48 implies that Own Tax Revenue tend to increase by 1.48 percentage points, if the GSDP increased by one per cent.

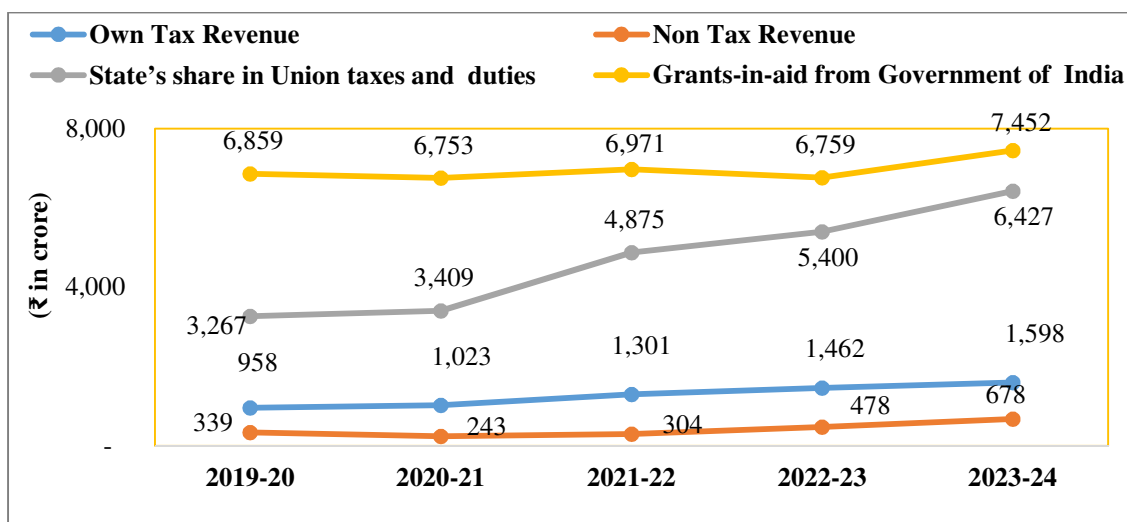
The increase in transfer from the Centre (State share in Union taxes/duties and Grants-in-Aid) does not give the outcome of the efforts made by the State to increase its revenue corresponding to the incremental change in its income. Therefore, the buoyancy ratio is calculated for the State's Own Tax Revenue.

Chart 2.4: Trends of Revenue Receipts



Source: Finance Accounts and GSDP-Directorate of Economics and Statistics, GoN

Chart 2.5: Trends of components of Revenue Receipts



Source: Finance Accounts of respective years

General trends relating to Revenue Receipts of the State are as follows:

- During the period from 2019-20 to 2023-24, Revenue Receipts as a percentage of GSDP showed a fluctuating trend.
- Revenue Receipts increased by ₹4,731.84 crore from ₹11,423.29 crore in 2019-20 to ₹16,155.13 crore in 2023-24 at a CAGR of 9.05 *per cent*. During 2023-24, Revenue Receipts increased by ₹2,055.87 crore (14.58 *per cent*) over the previous year.
- During 2023-24, 14.09 *per cent* of the Revenue Receipts was contributed by the State's own resources, while Central Tax Transfers and Grants-in-Aid together contributed 85.91 *per cent*. This is indicative of the fact that Nagaland's fiscal position is largely dependent on the tax transfers and Grants-in-Aid from GoI.

- GIA from GoI increased by 8.66 *per cent* during the period 2019-20 to 2023-24. During 2023-24, Grants-in-Aid increased by ₹693.59 crore (10.26 *per cent*) as compared to 2022-23.
- The State's Own Tax Revenue increased by ₹136.21 crore (9.32 *per cent*) during the current year. The State's Own Tax buoyancy with respect to GSDP was 1.38 in 2022-23 which decreased to 1.36 in 2023-24, due to decrease in rate of growth of GSDP.

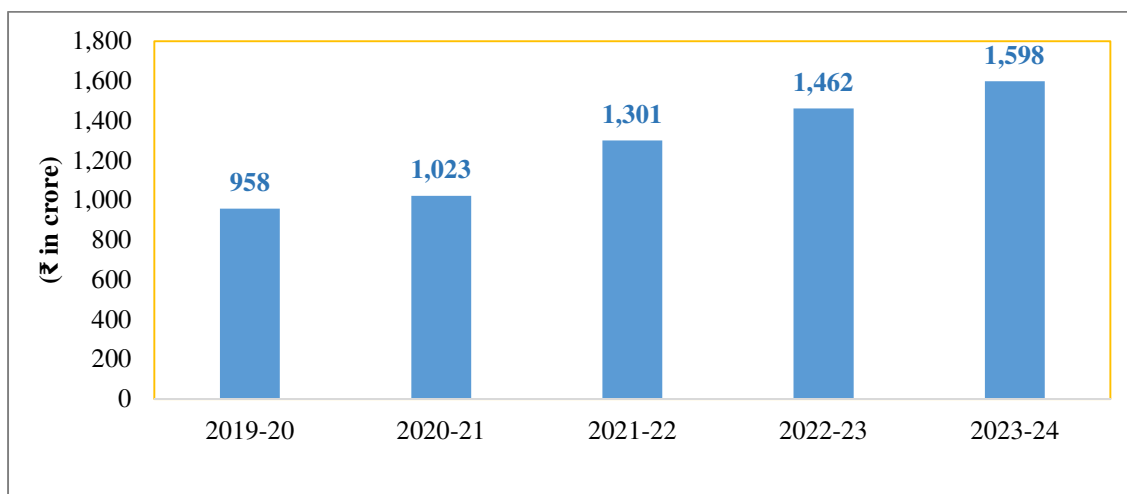
2.3.2.2 Tax Revenue

State's Tax Revenue consists of Own Tax Revenue and State's share in Central taxes, which is determined based on recommendations of the Finance Commission. The Tax Revenue for all the States taken together has declined from 15 *per cent* in 2022-23 to 13.70 *per cent* in 2023-24. Both the OTR and State's share of Union taxes/duties have contributed equally in total Tax Revenue of the States. Nagaland ranked eighth amongst 13 States, which have registered a growth of over 15 *per cent* in Tax Revenue, during the current year. Tax Revenue of the State is discussed in the succeeding Paragraphs.

Own Tax Revenue

Own tax revenues of the State consist of State GST, State excise, taxes on vehicles, Stamp duty and Registration fees, Land revenue and Taxes on goods and passengers. The gross collection of Own Tax Revenue of the State during the five-year period 2019-24 is given in **Chart 2.6**.

Chart 2.6: Growth of Own Tax Revenue during 2019-24



Source: Finance Accounts of respective years

The detail components of gross collections in respect of major Taxes and Duties collected during 2019-24 are given in **Table 2.4**.

Table 2.4: Components of State's own tax revenue

(₹ in crore)

Revenue Head	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
Goods and Services Tax	613.22	663.81	830.34	959.09	1,063.04	
Land Revenue	1.04	1.09	1.23	1.09	1.34	
Stamps and Registration Fees	2.79	2.25	3.39	3.43	4.21	
State Excise	3.24	4.55	3.32	4.40	4.55	
Taxes on Sales, Trade, etc.,	175.15	205.50	261.87	246.55	265.97	
Taxes on Vehicles	113.93	93.29	141.04	187.64	198.48	
Taxes on Goods & Passengers	18.09	15.62	21.43	21.58	22.62	
Other Taxes*	30.77	36.63	38.46	38.10	37.88	
Total	958.23	1,022.74	1,301.08	1,461.88	1,598.09	

Source: Finance Accounts of respective years

* Other taxes include Other Taxes on Income and Expenditure and Taxes on Duties on Electricity.

State's Own Tax Revenue increased by ₹639.86 crore from ₹958.23 crore in 2019-20 to ₹1,598.09 crore in 2023-24 at a CAGR of 13.64 *per cent*. During the current year, major contributor of Tax Revenue was SGST (66.52 *per cent*). During 2023-24, the actual SGST collection was ₹1,063.04 crore which was, however, less than the Budget Estimates of ₹1,075.00 crore by ₹11.96 crore (1.13 *per cent*).

Analysis of arrears of revenue and arrears of assessment

The arrear of revenue indicates delayed realisation of revenue that is due to the Government. Similarly, arrear of assessment indicates potential revenue which is blocked due to delayed assessment. Both deprive the State of potential revenue receipts and ultimately affect the revenue deficit.

The arrears of revenue as on 31 March 2024 on some principal heads of revenue was outstanding for more than five years, as detailed in **Table 2.5**.

Table 2.5: Arrears of revenue

(₹ in lakh)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2024	Amount outstanding for more than five years as on 31 March 2024
1.	Nagaland VAT	90.77	61.46
2.	Petroleum Tax	387.46	123.78
3.	Central Sales Tax	40.93	40.93
4.	Purchase Tax	0.45	0.45
5.	Professional Tax	3.28	2.95
6.	Nagaland Sales Tax	22.51	22.51
Total		545.40	252.08

Source: Departmental figures

It can be seen from **Table 2.5** that revenue arrears of ₹5.45 crore were outstanding as on 31 March 2024, of which ₹2.52 crore was pending for recovery for more than five years. Earnest efforts are required to be made to recover the arrears before expiry of the statutory period.

Further, the details of cases pending at the beginning of the year 2023-24, cases becoming

due for assessment, cases disposed of during the year 2023-24 and number of cases pending for finalisation at the end of the year as furnished by the office of the Commissioner of State Taxes, Nagaland in respect of Sales Tax/ VAT on Sales, Trades *etc.*, are shown in **Table 2.6**.

Table 2.6: Statement showing arrears in assessments

Head of Revenue	Balance of arrears in assessment as on 01 April 2023	New cases due for assessment during 2023-24	Total assessment due	Cases disposed off during 2023-24	Balance an on 31 March 2024	Percentage of cases disposed
1	2	3	4	5	6	7 (5 to 4)
Nagaland VAT	166	3	169	137	32	81.07
Petroleum Tax	35	45	80	64	16	80.00
Central Sales Tax	178	31	209	189	20	90.43
Professional Tax	169	31	200	165	35	82.50
Total	548	110	658	555	103	84.35

Source: Departmental figures

During the year 2023-24, there was an addition of 110 cases and disposal of 555 cases resulting in the decrease in arrears from 548 to 103 cases. The cases disposed off during 2023-24 were 84 *per cent*. It indicated an improvement from previous year where the cases disposed off was only 45 *per cent* (451 cases disposed off out of 999 cases) needs to be continued in future.

The outstanding arrears deprived the State of potential revenue receipts and thus, impacted the revenue surplus to that extent.

Details of refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department. High pendency of refund cases may indicate red tape, vested interests and prevalence of speed money.

The details of the cases of claims of refund at the beginning of the year 2023-24, receipt during the year, refunds made/rejected and outstanding claims at the end of the year are shown in **Table 2.7**.

Table 2.7: Statement showing pendency of refund cases

(₹ in lakh)

Particulars	GST	
	No. of cases	Amount
Claims outstanding at the beginning of the year	44	465.24
Claims received during the year	46	701.32
Total claims during the year	90	1,166.56
Refunds made during the year	75	754.18
Refunds rejected during the year	3	101.92
Balance outstanding at the end of the year	12	310.46

Source: Departmental figures

During 2023-24, out of 90 pending claims, the Department settled 75 claims (83.33 *per cent*). The outstanding number of claims at the end of the year 2023-24 stood at 12. There were no cases of evasion of tax detected during the current year.

2.3.2.3 Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, *etc.* The component-wise details of Non-Tax Revenue collected during the years 2019-24 is shown in **Table 2.8**.

Table 2.8: Components of State's non-tax revenue

(₹ in crore)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	Sparkline
Interest Receipts	5.73	4.55	5.10	7.13	15.68	
Dividends and Profits	2.80	2.47	0.49	2.47	4.94	
Other Non-Tax Receipts	330.76	235.58	297.99	468.81	657.23	
Miscellaneous General Services	22.19	21.45	19.34	28.70	31.80	
Power	159.31	171.42	211.92	286.35	282.78	
Education, Sports, Art and Culture	62.04	2.02	3.20	3.74	2.97	
Others Miscellaneous*	87.22	40.69	63.53	150.02	339.68	
Total	339.29	242.60	303.58	478.41	677.85	

Source: Finance Accounts of respective years

*Other Miscellaneous include Public Service Commission, Police, Stationery and Printing, Public Works, Other Administrative Services, Elections, Education, Sports, Medical and Public Health, Housing *etc.*

During the current year, Non-Tax Revenue increased by ₹200.00 crore (41.84 *per cent*). Non-Tax Revenue ranged between 2.12 and 4.20 *per cent* of Total Revenue Receipts of the State during the five-year period from 2019-20 to 2023-24. Non-Tax Revenue increased by ₹338.56 crore from ₹339.29 crore in 2019-20 to ₹677.85 crore in 2023-24 at a CAGR of 18.89 *per cent*. The significant increase in Non-Tax Revenue as compared to the previous year were noticed in Other Non-Tax Receipts (₹188.42 crore).

State's performance in mobilisation of resources

State's performance in mobilisation of resources is assessed in terms of its own resources comprising own-tax and non-tax sources. The trend of State's Own Resources for the last five years is given in **Table 2.9**.

Table 2.9: State's Own Resources for 2019-24

(₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
Own Tax Revenue	958.23	1,022.74	1,301.08	1,461.88	1,598.09
Non-Tax Revenue	339.29	242.60	303.58	478.41	677.85
State's Own Resources	1297.52	1,265.34	1,604.66	1,940.29	2,275.94

Source: Finance Accounts of respective years

The State's actual Tax and Non-Tax Receipts for the year 2023-24 *vis-à-vis* assessment made in the Budget and projection made by the Fifteenth Finance Commission (XV FC) is given in **Table 2.10**.

Table 2.10: Tax and Non-Tax receipts *vis-à-vis* projections

(₹ in crore)

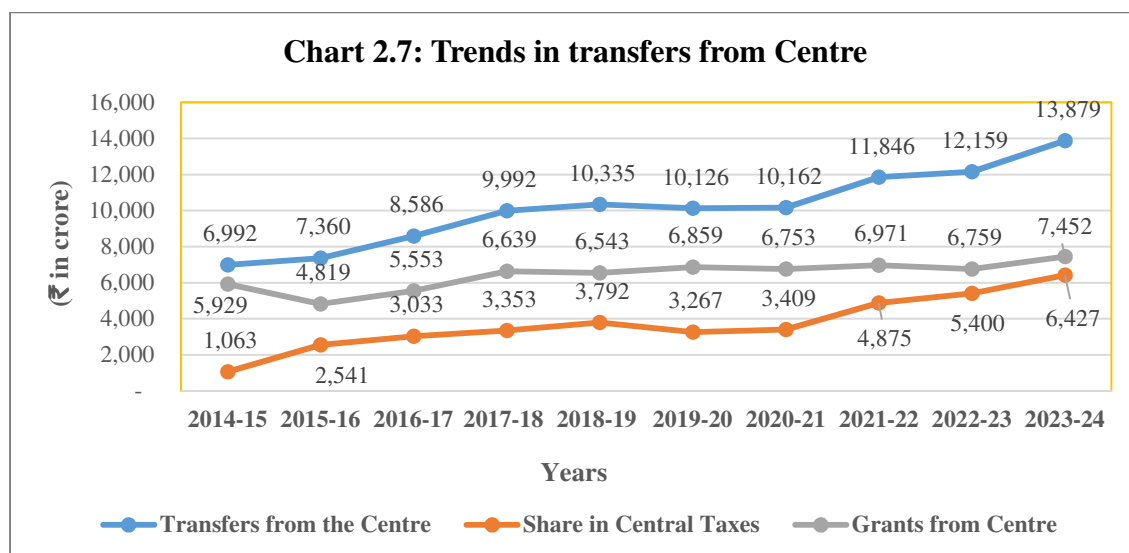
	XV FC projections	Budget Estimates	Actual	Percentage variation of actual over	
				Budget Estimates	XV FC projections
Own Tax Revenue	1,422.00	1,569.72	1,598.09	2.25	12.38
Non-Tax Revenue	164.00	380.83	677.85	77.99	313.00

Source: XV FC report, Budget documents and Finance Accounts, 2023-24

Actual own Tax and Non-Tax Revenue realised was higher than the projections made by the XV FC/BEs. The Revenue Surplus registered by the State was a result of receipt of Revenue Deficit Grant of ₹4,447.00 crore (from April 2023 to March 2024) from the GoI.

2.3.2.4 Transfers from the Centre

Trends in transfers from the Centre for the ten years from 2014-15 to 2023-24 are shown in **Chart 2.7**



Source: Finance Accounts of respective years

(i) Central tax transfer

The actual release of share in Union taxes/duties to State Government *vis-à-vis* projections made by Fourteenth Finance Commission and Fifteenth Finance Commission during the period from 2019-20 to 2023-24 is tabulated in **Table 2.11**.

Table 2.11: State's share in Union taxes/duties-Actual devolution *vis-à-vis* FC projections
(₹ in crore)

Year	Finance Commission projections	Projections in FC	Actual tax devolution	Difference
1	2	3	4	5 (4-3)
2019-20	0.498 per cent of net proceeds of all shareable taxes excluding service tax and 0.503 per cent of net proceeds of sharable service tax {As per recommendations of Fourteenth Finance Commission (XIV FC)}	5,161.00	3,267.08	(-)1,893.92
2020-21	0.573 per cent of net proceeds of the taxes (Divisible Pool). (XV FC)	4,900.00	3,409.25	(-)1,490.75
2021-22	0.569 per cent of net proceeds of the taxes (Divisible Pool). (XV FC)	3,747.00	4,875.27	1,128.27
2022-23		4,169.00	5,400.19	1,231.19
2023-24		4,691.00	6,426.82	1,735.82

Source: Reports of the XIV FC and XV FC, Finance Accounts

The break-up of State's share of Union taxes/duties received during 2019-24 is given in **Table 2.12**.

Table 2.12: Central Tax Transfers

(₹ in crore)					
Head	2019-20	2020-21	2021-22	2022-23	2023-24
Central Goods and Services Tax	927.14	1,019.70	1,446.30	1,526.79	1,950.45
Corporation Tax	1,113.93	1,023.92	1,460.64	1,808.50	1,929.06
Taxes on Income other than Corporation Tax	872.84	1,049.12	1,467.36	1,768.56	2,227.81
Customs	207.09	185.46	314.44	212.40	225.21
Union Excise Duties	143.96	115.23	144.33	66.63	85.22
Service Tax	0.00	13.61	37.29	8.42	1.18
Other Taxes and Duties on Commodities and Services	2.12	2.21	5.1	8.89	7.89
Central Tax transfers	3,267.08	3,409.25	4,875.46	5,400.19	6,426.82
Percentage of increase over previous year	-13.85	4.35	43	10.76	19.01
Percentage of Central Tax transfers to Revenue Receipts	28.60	29.83	36.24	38.30	39.78

Source: Finance Accounts of respective years

The State's share of Union taxes/duties increased by ₹1,026.63 crore (19.01 *per cent*) from ₹5,400.19 crore in 2022-23 to ₹6,426.82 crore in 2023-24 contributing 39.78 *per cent* of the total Revenue Receipts during 2023-24. The increase in State's share of Union taxes/duties can be attributed to increase in Central Goods and Service Tax and Taxes on Income other than Corporation Tax.

(ii) Grants-in-Aid from GoI

The break-up of GIA received from Government of India during 2019-24 is given in Table 2.13.

Table 2.13: Grants-in-Aid from GoI

(₹ in crore)					
Head	2019-20	2020-21	2021-22	2022-23	2023-24
Finance Commission Grants	4,998.02	4,694.75	4,706.77	4,630.79	4,534.89
Grants for Centrally Sponsored Schemes	1,823.15	2,008.24	2,184.18	1,992.30	2,917.48
Other transfers/ Grants to States/ Union Territories with legislature	37.52	49.85	80.26	135.69	0.00
Total	6,858.69	6,752.84	6,971.21	6,758.78	7,452.37
Percentage of increased over the previous year	4.82	-1.54	3.23	-3.05	10.26
Percentage of GIA to Revenue Receipts	60.04	59.09	51.83	47.94	46.13

Source: Finance Accounts of respective years. *It includes Finance Commission Grants/ Grants to Areas not covered by Part IX and IXA of Constitution – Local Urban Bodies and Local Rural Bodies

During 2023-24, GIA from GoI increased by ₹693.59 crore (10.26 *per cent*) as compared with the previous year. The CAGR of GIA from GoI was 2.10 *per cent* during the period from 2019-20 to 2023-24. The total GIA from GoI showed fluctuating trend during the five-year period from 2019-20 to 2023-24. The increase of GIA from GoI during the year over the previous year was mainly due to increase in Grants for Centrally Sponsored Schemes (₹925.18 crore), which was offset by decrease in Finance Commission Grants (₹95.90 crore) during the year over the previous year. The GIA from GoI constituted 46.13 *per cent* of the total Revenue Receipts of the State during 2023-24.

Grants for centrally Sponsored Schemes

Out of the Grant of ₹2,917.48 crore for 71 Centrally Sponsored Schemes (CSS) during 2023-24, the major amounts (₹1,409.12 crore, 48.30 *per cent*) were given to seven CSS, as shown under:

- Pradhan Mantri Awas Yojana (PMAY) (₹334.17 crore, 93.63 *per cent* increased over the previous year).
- Saksham Anganwadi Poshan 2.0 (ICDS) (₹262.91 crore, 31.51 *per cent* increased over the previous year).
- Samagra Shiksha (₹231.25 crore, 17.72 *per cent* decreased over the previous year).
- National Rural Employment Guarantee Scheme (NREGS) (₹218.33 crore, 18.06 *per cent* decreased over the previous year).
- Rastriya Krishi Vikash Yojana (RKVY) (₹188.33 crore, 47.14 *per cent* increased over the previous year).
- Smart City Mission (₹153.13 crore, 25 *per cent* increased over the previous year).
- Pradhan Mantri Anusuchit Jaati Abhyuday Yojana (₹21.00 crore, 1,066.67 *per cent* increased over the previous year).

Single Nodal Agency

The Government of India, Ministry of Finance, Department of Expenditure, New Delhi vide Memorandum dated 08 December 2021⁵ provided that every State Government is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The Single Nodal Agency will open a Single Nodal Account for each CSS at the state level in the department. Further, as per the new procedure, it is the responsibility of the State Government concerned to ensure that the entire unspent amount is returned by all the Implementing Agency (IAs) to the Single Nodal Account of the Single Nodal Agency.

The State Government transferred ₹2,812.60 crore in 2023-24 to SNAs. The whole amount was transferred through fully-vouched bills. However, detailed vouchers and supporting documents of actual expenditure were not received by Principal Accountant General (A&E) office from the SNAs.

Table 2.14: Details of release of fund to Single Nodal Agency

(₹ in crore)

Amount released by GoI to State	Central Share released from treasury to SNA	State share released from Treasury to SNA	Total released by Treasury to SNA	Total Expenditure	Balance in the Account of SNA
2,547.95	2,471.88	340.73	2,812.60	3,301.22	1,096.65

Source: Public Finance Management System, 2023-24

⁵ Memorandum No. 1(13)/PFMS/FCD/2020 dated 08 December 2021

As on 31 March 2024, an amount of ₹1,096.65 crore, including both Central and State shares, were parked in SNA bank Account of 117 schemes as detailed in **Appendix 2.1**.

Details of schemes where ₹10.00 crore and above were lying unspent in SNA bank accounts are given below in **Table 2.15**.

Table 2.15: Details of schemes ₹10.00 crore and above parked in SNA bank account

(₹ in crore)

Sl. No.	Name of CSS Scheme	Amount
1	4138- Edible Oil - Oil Palm (Krishionnati Yojna)	10.79
2	2035- National Tertiary Healthcare Programme (NPCDCS)	21.75
3	4063- Flexible Pool for RCH & Health System Strengthening, National Health Programme (NRHM)	25.21
4	9157- Human Resources for Health and Medical Education	256.90
5	9150- National Rural Drinking Water Mission - State Component	39.95
6	1989- Other Items of State/UT Component-PMAY URBAN	56.44
7	9478- Mission for development of 100 Smart Cities	18.60
8	9556- Urban Rejuvenation Mission-500 Cities	27.36
9	9757- Swachh Bharat Mission (Used Water Management)	16.11
10	9179- Pradhan Mantri Gram Sadak Yojna	76.71
11	9180- Pradhan Mantri Awaas Yojna-Gramin (PMAY-G) Rural	98.84
12	9181- National Rural Livelihood Mission	74.30
13	9183- Integrated Watershed Development Programme	10.16
14	3667- Samagra Shiksha	90.17
15	3967- Pradhan Mantri Anusuchit Jaati Abhyuday Yojana (PMAJAY)	11.36
16	3373- Post Matric Scholarship - Tribal	18.24
17	2052- Scheme for Har Khet Ko Pani (SMI)	46.42
18	3975- Saksham Anganwadi and Poshan 2.0 (Social Welfare-Scheme for Adolescent Girls)	18.03
19	3975- Saksham Anganwadi Service (General)	27.02

Source: Public Finance Management System, 2023-24

As could be seen from **Table 2.15**, a huge amount was parked in respect of Human Resources for Health and Medical Education (₹256.90 crore), Pradhan Mantri Awaas Yojna-Gramin (PMAY-G) Rural (₹98.84 crore) and Samagra Shiksha (₹90.17 crore)

Finance Commission Grants

As per recommendation of the XV FC, the GoI had released grants for Local Bodies and towards State Disaster Response Fund (SDRF) during FC Award period from 2020-21 to 2025-26. The details of release of funds to the State based on recommendations of the XV FC during the year 2023-24 and transferred by the State Government is shown in **Table 2.16**.

Table 2.16: Recommended amount, actual release and transfers of Grants-in-Aid**(₹ in crore)**

Grants		Recommendations of the XV FC for 2023-24	Actual release by GoI during the year	Release by the State Government for the year
(i) Grants to PRIs		97.00	0.00	0.00
(a) Performance/Tied Grants#		87.30	0.00	0.00
(b) Untied Grants		9.70	0.00	0.00
(ii) Grants to ULBs		50.00	37.50	15.00
(i) Performance/Tied Grant	Million Plus Cities	NA		
	Non-Million Plus Cities	30.00	28.50	15.00
(ii) General Basic/Untied Grant	Million Plus Cities	NA		
	Non-Million Plus Cities#	20.00	9.00	0.00
(iii) Grants for Health Sector		60.00	0.00	0.00
Total Grants for Local Bodies (i+ii+iii)		207.00	37.50	15.00
SDRMF	Centre share	46.00	50.30	54.60
	State share	5.00		5.50
Total SDRMF		51.00	50.30	60.10
Post Devolution Deficit Grant		4,447.00	4,447.00	4,447.00

Source: XIV/XV-FC Report and Information furnished by Finance Department, GoN

For drinking water, rainwater harvesting, SWS and Sanitation

Note: NA=Not applicable

- Out of the XV FC recommendation of ₹97.00 crore for grants to Local bodies, GoI did not release any fund under this grant during the year.
- Against XV FC recommendation of ₹50.00 crore to Urban Local bodies during the year, GoI did not release any fund. However, the State received an amount of ₹37.50 crore, which pertains to previous years' recommendations viz., tied grants of (a) ₹15.00 crore for 2020-21 and (b) ₹13.50 crore for 2021-22 and untied grant of ₹9.00 crore for 2021-22. Out of ₹37.50 crore received from GoI, the State Government released an amount of ₹15.00 crore to the implementing Departments. The remaining amount of ₹22.50 crore could not be released as the grant was transferred by the GoI to the State Government on 31 March 2024.
- Similarly, against the recommendation of ₹60.00 crore for Health Sector, GoI did not release any fund under this grant during 2023-24.
- Against the recommended amount of ₹46.00 crore in respect of the State Disaster Risk Management Fund, GoI released ₹50.30 crore including a backlog of ₹4.30 crore pertaining to 2022-23.
- During 2023-24, penal interest of ₹0.31 crore was paid for delayed release of fund to the implementing departments for Urban Local Bodies.

During the Exit Conference (16 December 2024), Finance Department stated that due to non-fulfilment of conditions required for next release, the grants were not fully released by GoI during the year.

The non-release and delayed release of crucial grants highlight gaps in fiscal management, fund utilisation, and compliance. Immediate structural reforms and enhanced fiscal discipline are required to ensure optimal utilisation of Finance Commission funds for economic development and service delivery in Nagaland.

2.3.3 Capital Receipts

Capital Receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/ commercial banks) and loans and advances from GoI.

Table 2.17 shows the trends in growth and composition of Capital Receipts and net Public Debt Receipts.

Table 2.17: Trends in growth and composition of capital receipts

					(₹ in crore)
Sources of State's Receipts	2019-20	2020-21	2021-22	2022-23	2023-24
Capital Receipts*	1,003.66	1,532.17	760.26	2,287.44	2705.24
Miscellaneous Capital Receipts	0.00	0.00	0.00	450.00	0.00
Recovery of Loans and Advances	1.09	1.23	1.88	3.04	2.99
Net Public Debt Receipts	1,002.57	1,530.94	758.38	1,834.40	2702.25
<i>Internal Debt</i>	1,017.78	1,344.21	463.73	1,338.59	1,730.85
<i>Growth rate</i>	209.65	32.07	-65.50	188.66	29.30
<i>Loans and advances from GoI</i>	-15.21	186.73	294.65	495.81	971.40
<i>Growth rate</i>	-14.26	1,327.68	57.79	68.27	95.92
Rate of growth of debt Capital Receipts	222.42	52.70	-50.46	141.88	47.31
Rate of growth of non-debt capital receipts	0.93	12.84	52.85	61.70	-1.64
Rate of growth of GSDP	12.02	0.39	8.16	15.14	12.75
Rate of growth of Capital Receipts (per cent)	221.65	52.66	-50.38	200.87	18.26

Source: Finance Accounts and for GSDP—Directorate of Economics and Statistics, GoN.

*Capital Receipts differed from **Table-1.3** due to non-capturing of (i) net (Receipts-Disbursements) of Public Account (-₹831.14 crore) and (ii) net of Opening and Closing Cash Balance (-₹991.51 crore)

During the year 2023-24, Capital Receipts increased by (₹417.80 crore) 18.26 per cent. Capital Receipts increased by ₹1,701.58 crore (169.54 per cent) from ₹1,003.66 crore in 2019-20 to ₹2,705.24 crore in 2023-24 due to increase in Net Public Debt Receipts by ₹1,699.68 crore (169.53 per cent).

Public debt receipts create future repayment obligation as these are taken from Market, Financial Institutions and Central Government. During 2023-24, the net Public Debt Receipts increased by ₹867.85 crore (47.31 per cent) from ₹1,834.40 crore in 2022-23 to ₹2,702.25 crore in 2023-24. The increase in net Public Debt Receipts was due to increase in Internal Debt and Loans and Advances from GoI by ₹392.26 crore (29.30 per cent) and ₹475.59 crore (95.92 per cent) respectively over the previous year.

Nagaland's financial position in 2023-24 reflects rising debt dependency, inefficient fund utilization, and fiscal risks which could affect long-term sustainability. While fiscal deficit as a percentage of GSDP has improved, the State's increasing reliance on borrowed funds for revenue and capital expenditure poses significant fiscal risks. Strengthening

revenue mobilisation, improving debt management, and ensuring timely fund utilisation are critical to enhancing Nagaland's financial health and reducing its reliance on borrowings.

2.4 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure of the State.

2.4.1 Growth and composition of expenditure

Revenue Expenditure: Charges on maintenance, repair, upkeep and working expenses are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organization, including establishment and administrative expenses shall be classified as revenue expenditure.

Capital Expenditure: All charges for the first construction of a project as well as charges for further intermediate maintenance of the work while not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as capital expenditure.

Loans and Advances: Loans and Advances by the Government to Public Sector Undertakings (PSU) and other parties.

Trends of overall expenditure and its components are shown in **Table 2.18** and **Chart 2.8**.

Table 2.18: Total expenditure and its composition

(₹ in crore)					
Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	12,852.60	12,729.60	13,713.54	16,114.93	17,942.57
Revenue Expenditure (RE)	11,637.02	11,052.06	11,817.08	13,410.36	14,819.70
Capital Expenditure (CE)	1,206.32	1,671.93	1,893.85	2,704.22	3,122.52
Loans and Advances	9.26	5.61	2.61	0.35	0.35
As a percentage of GSDP					
TE/GSDP	43.25	42.67	42.50	43.38	42.84
RE/GSDP	39.16	37.05	36.62	36.10	35.38
CE/GSDP	4.06	5.60	5.87	7.28	7.46
Loans and Advances/GSDP	0.03	0.02	0.01	0.00	0.00

Source: Finance Accounts of respective years

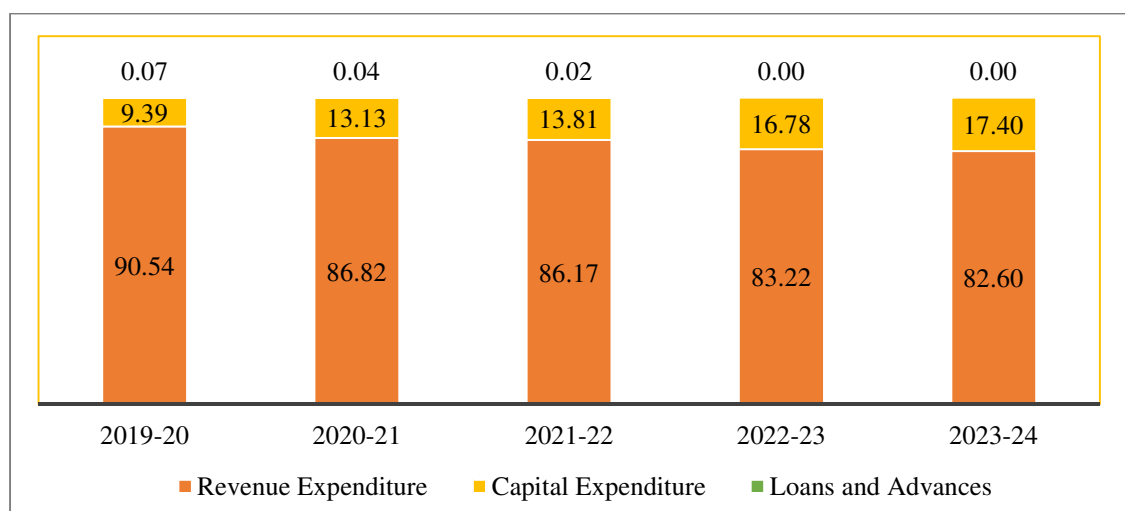
Table 2.18 shows that Total Expenditure (TE) (comprising of Revenue Expenditure, Capital Expenditure and Disbursement of Loans & Advances) of the State increased by ₹5,089.97 crore (39.60 *per cent*) from ₹12,852.60 crore in 2019-20 to ₹17,942.57 crore in 2023-24. During 2023-24, TE increased by ₹1,827.64 crore (11.34 *per cent*) over the previous year. Amongst all India States/ UTs, Chhattisgarh registered highest growth of 32.20 *per cent* in TE during 2023-24 over the previous year 2022-23. While,

Nagaland ranked *Twelfth* in the growth of TE (11.34 *per cent*) during 2023-24 over the previous year.

As a percentage of GSDP, TE remained in the range between 42.50 and 43.38 *per cent* during the period 2019-20 to 2023-24.

The share of Capital Expenditure as a percentage of GSDP increased from 4.09 *per cent* in 2019-20 to 7.46 *per cent* in 2023-24. While the share of Revenue Expenditure as a percentage of GSDP decreased from 39.16 *per cent* in 2019-20 to 35.38 *per cent* in 2023-24.

Chart 2.8: Total Expenditure: Trends in share of its components



Source: Finance Accounts of respective years

Chart 2.8 shows that Revenue expenditure constituted dominant proportion between 82.60 and 90.54 *per cent* of TE during the period 2019-20 to 2023-24. Capital Expenditure constituted between 9.39 and 17.40 *per cent* of TE during the period from 2019-20 to 2023-24.

Relative share of various sectors of TE, comprises of General Services including Interest Payments, Social Services, Economic Services and others. Relative share of these components, during 2019-20 to 2023-24 is depicted in **Table 2.19** and **Chart 2.9**.

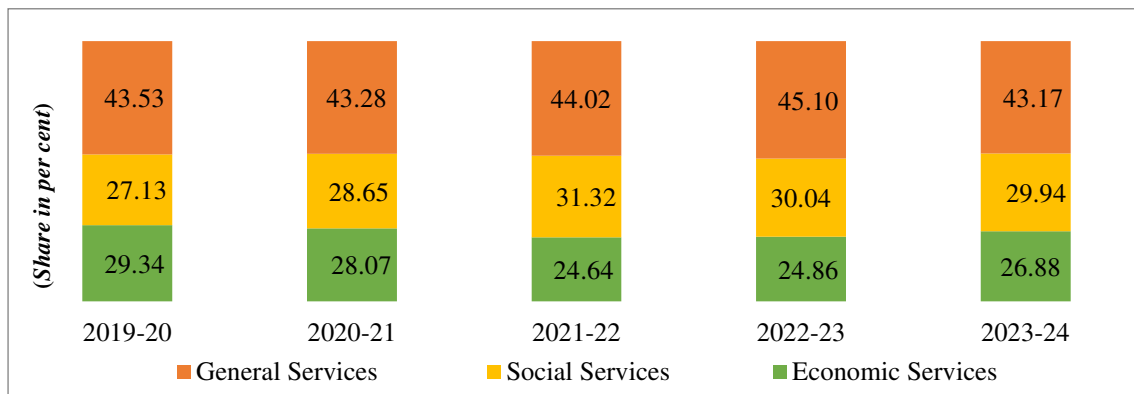
Table 2.19: Relative share of various sectors of expenditure

(In *per cent*)

Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
General Services	5,594.53	5,509.64	6,036.99	7,267.61	7,746.38
Social Services	3,487.07	3,646.72	4,294.62	4,840.22	5,372.61
Economic Services	3,761.74	3,567.63	3,379.32	4,006.75	4,823.23
Others* (Grants to Local Bodies and Loans and Advances)	9.26	5.61	2.61	0.35	0.35

Source: Finance Accounts of respective years

*bifurcated from Economic Services

Chart 2.9: Total expenditure - Expenditure by activities

Source: Finance Accounts of respective years

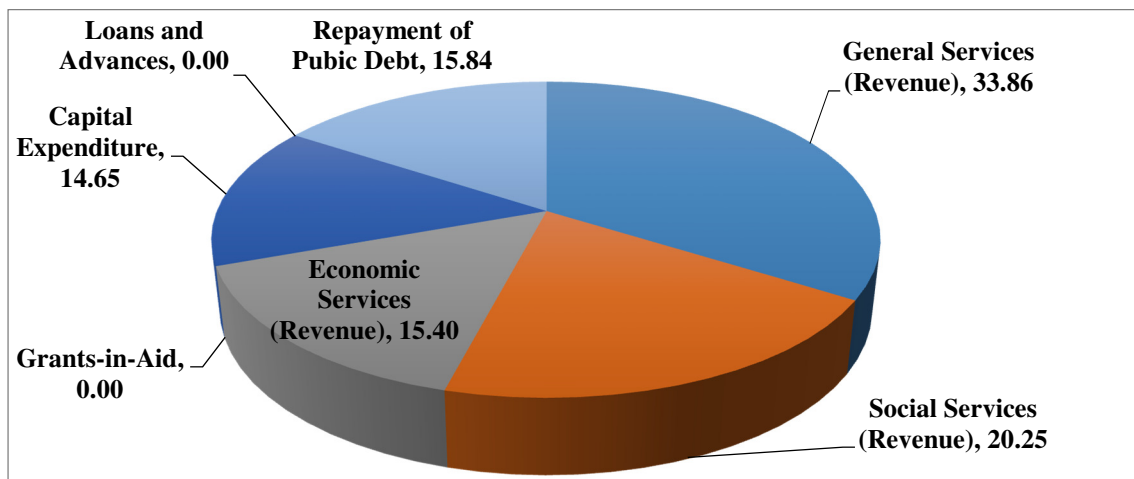
It can be seen from the **Chart 2.9** above that-

- General Services as a percentage to TE decreased from 45.10 to 43.17 *per cent* during 2023-24 as compared to 2022-23 mainly due to decrease in expenditure on Organs of State by 12.19 *per cent* which was offset by, increase in 10.13 *per cent* in Pension and Miscellaneous General Services and 5.05 *per cent* in Administrative Services over the previous year.
- Social Services as a percentage to TE decreased from 30.04 to 29.94 *per cent* during 2023-24 as compared to 2022-23 mainly due to decrease in expenditure in respect of Health and Family Welfare (decreased by 28.68 *per cent*) and Welfare of Schedule Castes, Schedule Tribes and Other Backward Classes (36.41 *per cent*).
- There was increase in expenditure in Economic services (26.88 *per cent*) during 2023-24, as compared to 24.86 *per cent* over the previous year. The increase was mainly due to increase in expenditure in respect of Irrigation and Flood Control (213.43 *per cent*).

Chart 2.10 shows the composition of expenditure by function during 2023-24.

Chart 2.10: Composition of expenditure during 2023-24

(in per cent)



Source: Finance Accounts, 2023-24

The shares (in percentage of total expenditure) in General, Social and Economic services remained stable during the five-year period from 2019-20 to 2023-24. Repayment of Public Debt constituted around 15.84 *per cent* of the total expenditure during the year, down from 24.83 *per cent* during the previous year.

Nagaland's fiscal trajectory in 2023-24 reflects a shift towards higher capital expenditure and economic services investments, which is a positive step for long-term growth. However, the persistence of high revenue expenditure, rising debt obligations, and declining allocations to critical social sectors pose serious fiscal risks. The state needs improved expenditure efficiency, better resource mobilization, and stricter debt management to maintain fiscal sustainability while ensuring inclusive economic development.

2.4.2 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network.

The overall Revenue Expenditure, its rate of growth, its ratio to TE *vis-à-vis* GSDP and Revenue Receipts is indicated in **Table 2.20**.

Table 2.20: Revenue Expenditure – Basic Parameters

Parameters	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
TE	12,852.60	12,729.60	13,713.54	16,114.93	17,942.57
Revenue Expenditure (RE)	11,637.02	11,052.06	11,817.08	13,410.36	14,819.70
Total Revenue Receipts	11,423.23	11,427.43	13,451.15	14,099.26	16,155.13
Rate of growth of RR (<i>per cent</i>)	-0.12	0.04	17.71	4.82	14.58
Rate of Growth of RE (<i>per cent</i>)	6.57	-5.03	6.92	13.48	10.51
Revenue Expenditure as percentage of TE	90.54	86.82	86.17	83.22	82.60
RE/GSDP (<i>per cent</i>)	39.16	37.05	36.62	36.10	35.38
RE as percentage of RR	101.87	96.72	87.85	95.11	91.73

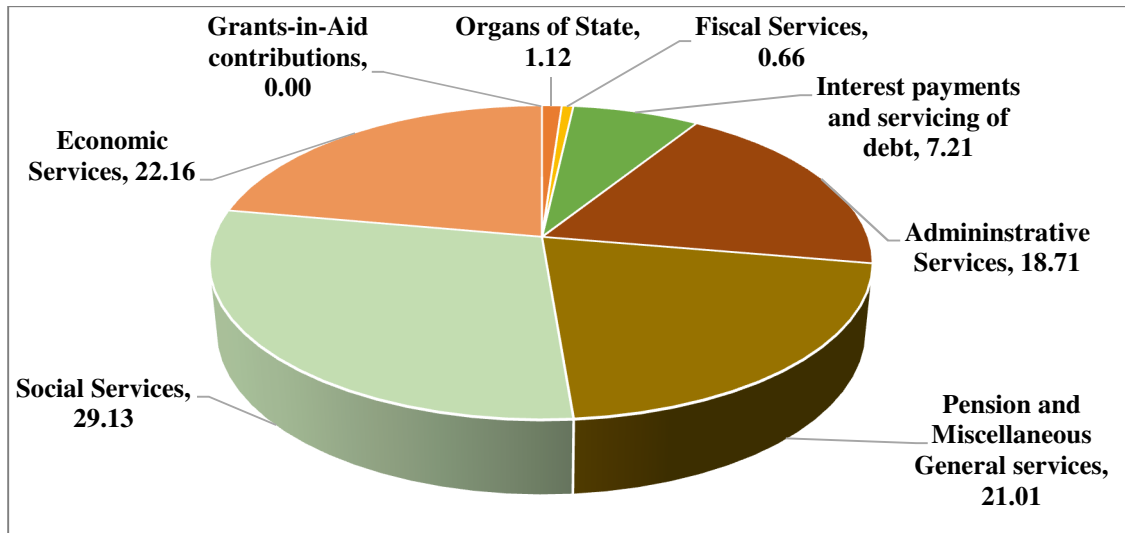
Source: Finance Accounts of respective years

Revenue Expenditure increased by ₹3,182.68 crore (27.35 *per cent*) from ₹11,637.02 crore in 2019-20 to ₹14,819.70 crore in 2023-24. Revenue Expenditure constituted on an average, 85.87 *per cent* and ranged between 82.60 (2023-24) and 90.54 *per cent* (2019-20) of TE during the period from 2019-20 to 2023-24. The percentage of Revenue Expenditure to TE was 82.60 *per cent* and Revenue Expenditure to GSDP was 35.38 *per cent* during 2023-24. Rate of growth in Revenue Expenditure fluctuated during the five-year period of 2019-24. During the five-year period of 2019-24, Revenue Expenditure as a percentage of GSDP showed a decreasing trend. Revenue Expenditure as a percentage of GSDP decreased by 0.72 *per cent* in the current year as compared to the previous year.

During 2023-24, the Revenue Expenditure on General Service, Social Service and Economic Service increased by ₹397.57 crore (5.83 *per cent*), ₹571.80 crore (15.26 *per cent*) and ₹439.97 crore (15.47 *per cent*) over the previous year respectively.

The sectoral distribution of Revenue Expenditure during 2023-24 is given in **Chart 2.11**.

Chart 2.11: Sector-wise distribution of Revenue Expenditure during 2023-24 (in per cent)



Source: Finance Accounts, 2023-24

It can be seen from **Chart 2.11** that during 2023-24, Social services (29.13 per cent) constituted maximum share of RE followed by Economic services (22.16 per cent) and Pension and Miscellaneous General services (21.01 per cent).

2.4.2.1 Major changes in Revenue Expenditure

Revenue Expenditure (₹14,819.70 crore) increased by ₹1,409.34 crore (10.51 per cent) during 2023-24 over the previous year (₹13,410.36 crore). **Table 2.21** details significant variations under various Heads of Account with regard to Revenue Expenditure of the State during the current year and the previous year.

Table 2.21: Variation in Revenue Expenditure (more than ₹ 10.00 crore) during 2023-24 compared to 2022-23

Major Heads of Account	2022-23	2023-24	(₹ in crore)
			Increase (+)/ Decrease (-)
2049 - Interest Payment	993.23	1,068.43	(+) 75.20
2052- Secretariat General Services	211.96	242.40	(+) 30.44
2055 – Police	1,838.45	1,827.71	(-) 10.74
2071 - Pension and other retirement benefits	2,819.16	3,101.92	(+) 282.76
2202 - General Education	1,971.01	2,088.59	(+) 117.58
2216- Housing	73.77	384.75	(+) 310.98
2225 - Welfare of Scheduled Castes/Scheduled Tribes and OBCs	63.73	40.58	(-) 23.15
2235 - Social Security and Welfare	175.07	326.37	(+) 151.30
2245- Relief on account of Natural calamity	153.03	72.44	(-) 80.59
2401- Crops Husbandry	318.51	427.69	(+) 109.18
2501- Special Programme for Rural Development	114.5	242.18	(+) 127.68

Source: Finance Accounts, 2023-24

Table 2.21 indicates that Revenue Expenditure increased during 2023-24 over the previous year which was mainly due to increase in Interest Payment, Pension and other retirement benefits, General Education, Housing, Social Security and Welfare, Special Programme for Rural Development and Crops Husbandry, which was offset by a decrease in Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes and Relief on Account of Natural Calamities.

Reasons for increase in four Major Heads of Accounts are detailed below:

- Increase of ₹310.98 crore under Housing was mainly due to increase of ₹311.04 crore in Rural Housing which was partially offset by decrease of ₹0.06 crore in General Pool Accommodation.
- Increase of ₹282.76 crore under Pension and other retirement benefits was mainly due to increase of ₹410.73 crore in Superannuation and Retirement Allowances, ₹204.77 crore in Government Contribution for Defined Contribution Pension Scheme and ₹6.83 crore in Payment of Service Charges to National Securities Depository Limited under New Pension Scheme partially offset by decrease of ₹150.48 crore in Commuted Value of Pensions, ₹126.10 crore in Family Pension and ₹60.64 crore in Gratuities.
- Increase of ₹151.30 crore Social Security and Welfare was mainly due to increase of ₹136.64 crore in Child Welfare and ₹5.68 crore in Women Welfare.
- Increase of ₹127.68 crore under Special Programme for Rural Development was mainly due to increase of ₹121.89 crore in National Rural Livelihood Mission and ₹5.79 crore in National Wasteland Development Programme.

2.4.2.2 Committed and Inflexible Expenditure

The committed expenditure of the State Government on revenue account consists of interest payments; expenditure on salaries and wages; and pensions. It has first charge on Government resources. Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector.

Apart from Committed Expenditure, there are certain items of inflexible expenditure which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure. The inflexible expenditure consist of: (i) Devolution to local bodies, (ii) Statutory requirements of contribution to Reserve Funds, (iii) Recoupment of Contingency Fund, (iv) Transfer of cess to reserve fund/ other body, which are statutorily required, (v) Share contribution of CSS against the Central Fund received and (vi) Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure - Interest Payment.

Relative to Revenue Expenditure, the States where committed expenditure as percentage of Revenue Expenditure adjudged over 70 *per cent* include Nagaland which ranked third among four States.

Table 2.22 presents the trends in the components of committed and inflexible expenditure during 2019-24.

Table 2.22: Components of Committed and Inflexible Expenditure

(₹ in crore)

Components of Committed Expenditure	2019-20	2020-21	2021-22	2022-23	2023-24
Salaries and Wages*	5,249.81	5,578.10	6,029.85	6,152.31	6,702.79
Expenditure on Pensions	1,810.91	1,752.48	2,158.67	2,819.16	3,101.92
Interest Payments	813.74	856.77	932.09	993.23	1,068.43
Total	7,874.46	8,187.45	9,120.61	9,964.70	10,873.14
Component of Inflexible expenditure					
Statutory Devolution to Local Bodies	0.00	0.00	0.00	0.00	0.00
Contribution to Reserve Funds	151.50	5.01	4.56	4.00	5.50
Recoupment of Contingency Fund	0.00	0.00	0.00	0.00	0.00
Transfer of cess to reserve fund/other body	NA	31.39	53.38	14.35	9.39
Share contribution of CSS against the central Fund received	833.26	1,053.13	1,180.14	1,316.36	1,171.12
Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure- interest payment.	0.00	0.00	0.00	0.00	0.00
Total	984.76	1,089.53	1,238.08	1,334.71	1,186.01
As a percentage of Revenue Receipts (RR)					
Salaries and Wages	45.96	48.81	44.83	43.64	41.49
Expenditure on Pensions	15.85	15.34	16.05	20.00	19.20
Interest Payments	7.12	7.50	6.93	7.04	6.61
Total	68.93	71.65	67.81	70.68	67.30
Inflexible expenditure					
Total	8.62	9.53	9.20	9.47	7.34
As a percentage of Revenue Expenditure (RE)					
Salaries and Wages	45.11	50.47	51.03	45.88	45.23
Expenditure on Pensions	15.56	15.86	18.27	21.02	20.93
Interest Payments	6.99	7.75	7.89	7.41	7.21
Total	67.66	74.08	77.19	74.31	73.37
Inflexible expenditure					
Total	8.46	9.86	10.45	9.95	8.00

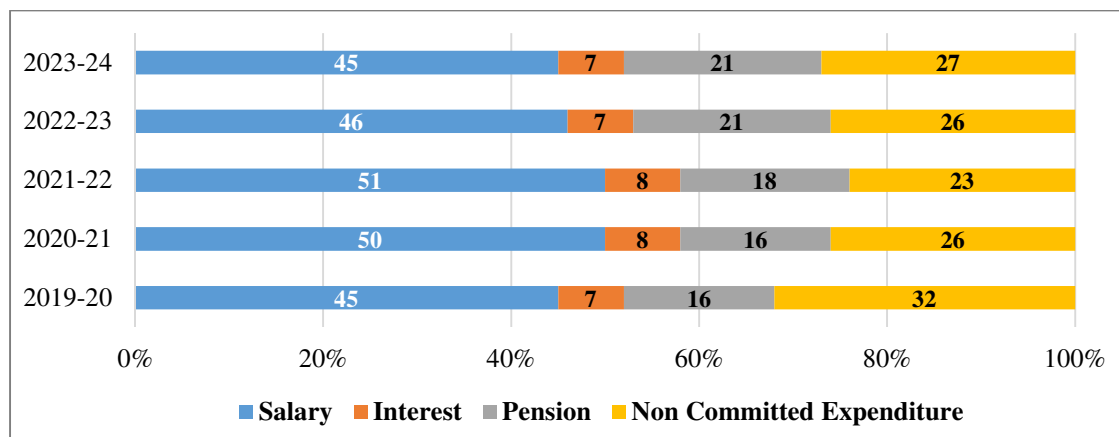
Source: Finance Accounts of respective years

* The difference in figures for 2020-21 to 2022-23 was due to addition of expenditure towards wages highlighted in Statement No. 4 (B) Expenditure by Nature of Finance Accounts of respective years.

Committed expenditure increased by ₹2,998.68 crore at a CAGR of 8.40 per cent from ₹7,874.46 crore in 2019-20 to ₹10,873.14 crore in 2023-24. During the current year, committed expenditure increased by ₹908.44 crore (9.12 per cent) over the previous year. The increase is due to increase in the expenditure on salaries and wages by ₹550.48 crore (8.95 per cent), pension by ₹282.76 crore (10.03 per cent) and interest payment ₹75.20 crore (7.57 per cent). The relative share of Committed Expenditure in Revenue Receipts showed a fluctuating trend during the five-year period from 2019-20 to 2023-24. During 2023-24, committed expenditure constituted about 67.30 per cent of Revenue Receipts and 73.37 per cent of the Revenue Expenditure.

The share of committed expenditure in total Revenue Expenditure during 2019-24 is given in **Chart 2.12**.

Chart 2.12: Share of Committed expenditure in total Revenue Expenditure



Source: Finance Accounts of respective years

As can be seen from **Chart 2.12** above, committed expenditure hovered around 67.66 to 77.18 *per cent* of Revenue Expenditure during the five-year period from 2019-20 to 2023-24 which is quite high. During the last five years, the percentage of salaries and pensions within Revenue Expenditure was highest in 2021-22 and the percentage of non-committed expenditure to Revenue Expenditure was the lowest in 2021-22. This signifies limited flexibility of the State to allocate and spend on areas of non-committed expenditure.

The components of inflexible expenditure which include among others Statutory Devolution to local bodies and contribution to Reserve Funds showed a continued increase during the period 2019-20 to 2022-23 but a decline in 2023-24. As a percentage of Revenue Expenditure, the inflexible expenditure showed fluctuating trend ranging from 8.00 to 10.45 *per cent*. Further, the inflexible expenditure (₹1,186.01 crore) decreased by 11.14 *per cent* during 2023-24 over the previous year (₹1,334.71 crore) mainly due to decrease in Share contribution of CSS against the central Fund received (₹1,316.36 crore in 2022-23 to ₹1,171.12 crore in 2023-24).

Taken together, committed and inflexible expenditure in 2023-24 was ₹12,059.15 crore; 81.37 *per cent* of the Revenue Expenditure. Upward trend on committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

Component-wise analysis is given in the succeeding paragraphs.

Salaries and Wages

Expenditure on salaries and wages (₹6,702.79 crore) increased by 8.95 *per cent* during 2023-24 over the previous year (₹6,152.31 crore). During the year, it was the prominent contributor to Committed Expenditure as it alone constituted 45.23 *per cent* of Revenue Expenditure. During the current year, the State Government projected Salaries and Wages of ₹7,186.90 crore in BEs while the actual Salaries and Wages was ₹6,702.79 crore.

Interest payment

Interest payment comprises of interest on Internal Debt, Small Savings, Provident Funds, Loans and Advances from GoI. Interest payments were to the tune of ₹1068.43 crore (7.21 *per cent* of Revenue Expenditure). Interest on Market Borrowings (₹895.37⁶ crore), Loans from the Institutes and Banks⁷ (₹47.22 crore) and Special Securities issued to National Small Savings Fund (NSSF) of Central Government (₹7.69 crore) continued to be the major components of interest payments. The position of the interest payments *vis-à-vis* the XV FC recommendations and MTFP projection during the current year is given in **Table 2.23**.

Table 2.23: Interest Payments in the year 2023-24

(₹ in crore)

XV FC recommendation	MTFP projection	Actual
1,233.00	1,142.58	1,068.43

Source: Budget document, XV FC report and Finance Account, 2023-24

Pensions

There were 71,055 pensioners including both original (48,546) and family pensioners (22,509) as on 31 March 2024.

During the year, expenditure on pension and other retirement benefits to State Government pensioners was ₹3,101.92 crore. This constituted 20.93 *per cent* of the Revenue Expenditure. During the year, the major components of pension and other retirement benefits are Superannuation and Retirement Allowances (₹1,750.78 crore), Commuted Value of Pensions (₹284.94 crore), Gratuities (₹374.06 crore) and Family Pensions (₹278.00 crore). During 2023-24, there was an increase of ₹282.76 crore on pension and other retirement benefits over the previous year. Double digit increase in pension outgo in 2023-24 over 2022-23 was been observed in nine States out of all States/UTs where Nagaland ranked ninth.

The position of the Pension payments *vis-à-vis* the XV FC recommendations and MTFP projection during the current year is given in **Table 2.24**.

Table 2.24: Details of Pension Payments *vis-à-vis* XV FC recommendations and MTFP projection during year 2023-24

(₹ in crore)

XV FC recommendation	MTFP projection	Actual
2,303.00	3,082.26	3,101.92

Source: Budget document, XV FC report and Finance Account, 2023-24

2.4.2.3 Undischarged liabilities in National Pension System

State Government employees appointed on or after 01 January 2010 are covered under the National Pension System (NPS), which is a defined contributory pension scheme. All India Service officers are covered under the scheme *w.e.f.* 01 January 2004. In terms of

⁶ Including interest of ₹1.83 crore regarding management of Public Debt

⁷ These include Life Insurance Corporation of India, General Insurance Corporation of India, National Bank for Agriculture and Rural Development, National Cooperative Development Corporation and other Institutions

the Scheme, employees contribute 10 *per cent* of their basic pay plus dearness allowances which the State Government is required to match with 14 *per cent* of the basic pay plus dearness allowances (with effect from 01 April 2019). Both the employees and government contributions are transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank. The subscription received from employees is credited to MH-8342-117 'Defined Contributory Pension Scheme (DCPS)' for Government servants. The State Government follows the accounting procedure while providing the employer's matching contribution towards the fund (MH-8342-117 employer contribution) by debiting to MH-2071 Pensions and Other Retirement Benefits.

The total number of employees under NPS as of 31 March 2023 was 32,760 which increased to 35,564 as of 31 March 2024. Out of these 35,564 employees under NPS, 34,645 employees have been allotted Permanent Retirement Account Number (PRAN) as of 31 March 2024.

During the year 2023-24, total subscription received was ₹577.51 crore (Employees' contribution ₹149.20 crore, Government contribution ₹407.25 crore, penal interest paid by State Government ₹13.77 crore and Service Charge to NSDL ₹7.29 crore). Against this, the State Government transferred ₹707.59 crore from the Public Account under Major Head 8342-117 Defined Contribution Pension scheme to NSDL.

As on 31 March 2024, ₹91.99 crore was outstanding under the MH-8342-117 DCPS which had not been transferred to NSDL. Thus, un-transferred amounts, with accrued interest represent outstanding liabilities under the Scheme.

As on 01 April 2023, the balance under the head 8342-117 Defined Contribution Pension Scheme for Government Employees was ₹222.07 crore. The interest to be paid for 2023-24 by the State Government works out to ₹15.77 crore⁸. However, the State Government paid only ₹13.77 crore resulting in short payment of the interest of ₹2.00 crore. This resulted in overstatement of Revenue Surplus and understatement of Fiscal Deficit to that extent.

During the Exit Conference (16 December 2024), Finance Department stated that timely contribution to the NPS account shall be ensured so as to avoid losses to the subscribers.

2.4.2.4 Subsidies

Table 2.25 depicts the expenditure on subsidies during the period 2019-24.

Table 2.25: Expenditure on subsidies during 2019-20 to 2023-24

	2019-20	2020-21	2021-22	2022-23	2023-24
Subsidies (₹ in crore)	0.00	25.12	25.12	33.12	41.12
Subsidies as a percentage of Revenue Receipts	0.00	0.22	0.19	0.23	0.25
Subsidies as a percentage of Revenue Expenditure	0.00	0.23	0.21	0.25	0.28

⁸ (₹222.07 crore * 7.10*1/100 = ₹15.77 crore), Interest calculated at the rate of 7.10 *per cent* notified by Government/ payable to General Provident Fund

As can be seen from **Table 2.25**, during 2023-24, an amount of ₹41.12 crore was booked as subsidy under 2408-01-001-01-39 Subsidies of ₹25.12 crore and Nagaland Civil Secretariat Chief Minister's Micro Financing Initiative, 2251-090-03-39 Subsidies of ₹16.00 crore, an increase of ₹8.00 crore as compared to the previous year.

2.4.2.5 Financial assistance by the State Government to Local Bodies and Other Institutions

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans.

The quantum of assistance provided by way of grants and loans to Local bodies and others during the period 2019-24 is depicted in **Table 2.26**.

Table 2.26: Financial Assistance to Local Bodies, etc.

	(₹ in crore)				
Financial Assistance to Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
(A) Local Bodies					
Municipal Corporations and Municipalities	1.62	1.62	1.62	9.45	15.31
Rural Local Bodies	0.00	62.50	109.57	46.00	0.00
Total (A)	1.62	64.12	111.19	55.45	15.31
(B) Others					
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	2.65	3.00	3.35	3.65	3.60
Development Authorities	56.72	60.02	56.68	84.88	77.91
Hospitals and Other Charitable Institutions	25.84	26.94	14.04	0.24	0.25
Other Institutions	73.87	40.77	31.20	52.37	532.69
Total (B)	159.08	130.73	105.27	141.14	614.45
Total (A + B)	160.70	194.85	216.46	196.59	629.76
GIA on Salary and non-Salary	159.61	180.53	190.87	136.01	562.45
GIA for creation of Capital Assets*	1.09	14.32	25.59	60.58	67.31
GIA given in Kind	State Government did not furnish any information				
Revenue Expenditure	11,637.02	11,052.06	11,817.08	13,410.36	14,819.70
Assistance as percentage of Revenue Expenditure	1.38	1.76	1.83	1.47	4.25

Source: Finance Accounts of respective years

*The difference in figures for 2021-22 and 2022-23 was due to adoption of the details of expenditure by nature (Statement No. 4 (B) Expenditure by Nature) in Finance Accounts, 2023-24.

The total financial assistance to Local Bodies and Other Institution showed a fluctuating trend during 2019-20 to 2023-24. The increase in financial assistance was ₹433.17 crore (220.34 per cent) from ₹196.59 crore in 2022-23 to ₹629.76 crore in 2023-24. During 2023-24, financial assistance was 4.25 per cent of Revenue Expenditure, an increase of 189.12 per cent from the previous year.

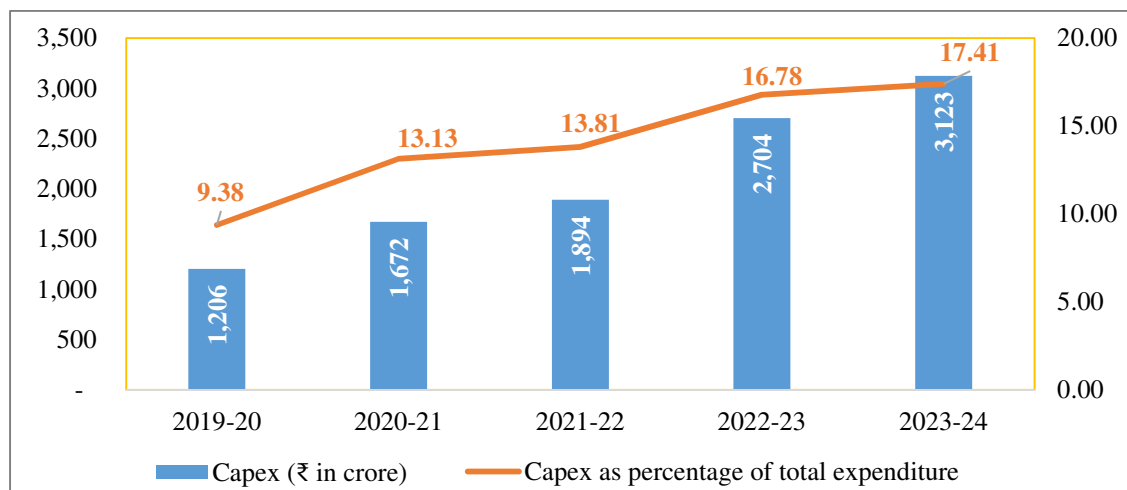
The financial assistance given for creation of Capital assets during 2023-24 increased by ₹6.73 crore over the previous year. Moreover, the financial assistance on salary and non-salary increased by ₹426.44 crore during the year. The share of financial assistance by the Government on Salary and non-salary and creation of Capital assets constituted on an average 89.31 per cent and 10.69 per cent respectively during the period 2019-24.

2.4.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets such as roads, buildings, *etc.* Capital Expenditure, both in the Centre and the State, is being met from budgetary support and extra budgetary resources. It also includes investments made by the State Government in Companies/ Corporations.

The details of the capex and its percentage of total expenditure for the period from 2019-20 to 2023-24 are given in **Chart 2.13**.

Chart 2.13: Capital Expenditure in the State



Source: Finance Accounts of respective years

It can be seen from **Chart 2.13** that the Capital Expenditure increased during the five-year period from 2019-20 to 2023-24. It increased by ₹1,916.20 crore (158.85 per cent) from ₹1,206.32 crore (9.38 per cent of TE) in 2019-20 to ₹3,122.52 crore (17.41 per cent of TE) in 2023-24. During 2023-24, CE increased by ₹418.30 crore (15.47 per cent) over the previous year (₹2,704.22 crore) and was ₹1,319.78 crore (73.21 per cent) more than the Budget Estimates (₹1,802.74 crore).

2.4.3.1 Major changes in Capital Expenditure

Table 2.27 highlights the cases of significant increase or decrease in various Heads of Account in Capital Expenditure during 2023-24 *vis-à-vis* the previous year.

Table 2.27: Capital Expenditure (increase/decrease more than ₹10 crore) during 2023-24 compared to 2022-23

Major Heads of Accounts	(₹ in crore)		
	2022-23	2023-24	Increase (+)/ Decrease (-)
4055- Capital outlay on Police	125.26	114.35	(-)10.91
4059-Capital Outlay on Public Works	320.66	413.77	93.11
4202- Capital Outlay on Education, Sports, Arts and Culture	233.29	249.11	15.82
4210-Capital Outlay on Medical and Public Health	438.22	62.04	(-)376.18
4216- Capital outlay on Housing	27.69	64.93	37.24
4217- Capital outlay on Urban Development	298.76	572.85	274.09
4406- Capital Outlay on Forestry and Wild Life	36.70	52.00	15.30

Major Heads of Accounts	2022-23	2023-24	Increase (+)/ Decrease (-)
4515- Capital Outlay on other Rural Development Programmes	16.00	30.45	14.45
4552- Capital Outlay on North Eastern Areas	14.58	2.30	(-)12.28
4575- Capital outlay on Special Area Development Programme	102.50	121.50	19.00
4702- Capital Outlay on Minor Irrigation	12.91	118.03	105.12
4801- Capital Outlay on Power Project	53.78	91.88	38.10
4810- Capital Outlay on Non-Conventional Sources of Energy	6.26	38.02	31.76
4851- Capital Outlay on Village and Small Industries	29.43	1.79	(-)27.64
5053-Capital Outlay on Civil Aviation	2.00	8.88	6.88
5054-Capital Outlay on Roads and Bridges	819.78	879.36	59.58
5452-Capital Outlay on Tourism	0.79	12.84	12.05
5453-Capital Outlay on Foreign Trade and Export Promotion	0.00	73.50	73.50

Source: Finance Accounts of respective years

Table 2.27 reveals that the increase in Capital Expenditure during 2023-24 over the previous year was mainly due to increase under Public Works, Urban Development, Minor Irrigation and Roads and Bridges, which was offset mainly by decrease under Police, Medical and Public Health, North Eastern Areas and Village and Small Industries.

Reasons for increase in four Major Heads of Accounts are detailed below:

- Increase of ₹274.09 crore under Capital outlay on Urban Development was mainly due to increase of ₹237.80 crore in Other Urban Development Schemes and increase of ₹17.90 crore in Slum Area Improvement.
- Increase of ₹105.12 crore under Capital outlay on Minor Irrigation was due to increase of ₹109.66 crore in Pradhan Mantri Krishi Sinchai Yojana – Har Khet Ko Pani partially offset by decrease of ₹4.63 crore in Irrigation Works.
- Increase of ₹93.11 crore under Capital outlay on Public Works was mainly due to increase of ₹93.02 in Office Building.
- Increase of ₹73.50 crore under Capital outlay on Foreign Trade and Export Promotion was mainly due to increase in Developing Export Infrastructure and Allied Activities.

During 2023-24, the Capital Expenditure on Economic Service and General Service increased by ₹376.51 crore (32.37 per cent), ₹81.20 crore (18.17 per cent) while Social Service decreased by ₹39.40 crore (3.60 per cent) over the previous year respectively.

While Nagaland has significantly increased its Capital Expenditure, the quality of investments, declining social sector spending and lack of financial transparency pose fiscal risks. The state must ensure efficient fund allocation, prevent wasteful investments, and improve monitoring mechanisms in order to maximise the long-term impact of its infrastructure-driven growth strategy.

2.4.3.2 Quality of Capital Expenditure

If the State Government keeps on making investments in loss making government companies and other bodies such as sugar mills, financial corporations, *etc*, whose net worth is completely eroded, there are no chances of return on investment. Similarly, experience has shown the inevitability of writing off the loans given to loss making corporations and other bodies such as sugar mills, financial corporations, *etc*. Requisite steps must be taken to infuse transparency in such financial operations. This section presents an analysis of investments and other Capital Expenditure undertaken by the Government during the current year.

(i) Quality of investments in the companies, corporations and other bodies

Capital expenditure in the companies, corporations and other bodies which are loss making or where net worth has completely eroded, is not sustainable. Investments made and loans given to companies and co-operatives, which are loss making and those where net worth are completely eroded, affect quality of capital expenditure. Return on investment in share capital invested in Public Sector Undertakings (PSUs) and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure.

As per the latest finalised accounts, total paid up capital of five⁹ working State PSUs stood at ₹35.24 crore at the end of 2023-24, of which the State Government's investment (equity) was ₹107.73 crore in State PSUs. Five State PSUs, in which the State Government held investment of ₹15.87 crore had aggregated accumulated losses of ₹114.26 crore.

Net worth of all five PSUs with accumulated losses had completely eroded and had become negative. The net worth of these five PSUs was ₹83.42 crore against equity investment of ₹40.66 crore in the PSUs as on 31 March 2024. None of the five PSUs whose capital had eroded, had any outstanding State Government loans as on 31 March 2024.

The Government paid an average interest rate ranging between 6.33 and 7.16 *per cent* on its borrowings during the same period as detailed in **Table 2.28**.

Table 2.28: Return on Investment

Investment/return/ cost of borrowings	2019-20	2020-21	2021-22	2022-23	2023-24
Investment at the end of the year (₹ in crore)	295.17	296.17	296.16	296.16	337.09
Return (₹ in crore)	2.80	2.47	0.49	2.47	4.94
Return (<i>per cent</i>)	0.95	0.83	0.17	0.83	1.47
Average rate of interest on Government Borrowings (<i>per cent</i>)	7.16	6.68	6.81	6.73	6.33
Difference between interest rate and return (<i>per cent</i>)	(-)6.19	(-)5.85	(-)6.64	(-)5.90	(-)4.86
Difference between interest on Government borrowings and return on investment (₹ in crore) [#]	688.20	729.40	820.90	881.16	956.39

Source: Finance Accounts of respective years [#] Investment at the end of the year *Difference between interest rate and return

⁹ Nagaland Industrial Development Corporation Ltd., Nagaland State Mineral Development Corporation Ltd., Nagaland Hotels and Tourism Development Corporation Ltd., Nagaland Handloom & Handicrafts Development Corporation., Ltd. and Kohima Smart City Development Ltd.

As can be seen from **Table 2.28**, during the five-year period of 2019-24, the State Government's investments had increased by ₹41.92 crore. The average return on this investment was ₹2.80 crore during 2019-20, while the return in the remaining years of 2020-24 ranged between ₹0.49 crore and ₹4.94 crore.

The audit analysis of Nagaland's investments in Public Sector Undertakings (PSUs) and other bodies for 2023-24 highlights serious concerns regarding the sustainability and financial viability of these investments. The erosion of net worth, low returns on investment, and continued losses in state-owned enterprises indicate inefficient capital allocation and potential fiscal risks. The State Government's continued investment in loss-making PSUs with negative net worth represents a significant fiscal risk. The returns on these investments are far below borrowing costs, exacerbating financial inefficiencies.

(ii) **Reconciliation of Government Investments with Accounts of Companies**

The figures in respect of equity, loans and guarantees outstanding as per the records of PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the Finance Department and the PSUs concerned should carry out a reconciliation of the differences. The position in this regard as on 31 March 2024 is shown in **Table 2.29**.

Table 2.29: Variation between Finance Accounts and records of PSUs

Outstanding in respect of	Amount as per		Difference
	Finance Accounts	Records of PSUs ¹⁰	
Equity	111.05	36.67	74.38
Loans ¹¹	0.48	0.27	0.21
Guarantees	59.03	88.00	28.97

Source: As per the State Finance Accounts, 2023-24 and information furnished by PSUs

As can be seen from **Table 2.29** above, as on 31 March 2024, there were unreconciled differences in the figures of equity (₹74.38 crore) and guarantees (₹28.97 crore) as per the two sets of records. The differences in the figures of equity occurred in respect of all the PSUs while differences in the figures of guarantee relate to two PSUs¹².

Though the Finance Department, Government of Nagaland as well as the PSUs concerned were apprised about the differences, impressing upon the need for early reconciliation, no progress was noticed in this regard. The Government and the PSUs concerned may take concrete steps to reconcile the differences in a time-bound manner.

(iii) **Loans and Advances given by State Government**

In addition to investments in Co-operative Societies, Corporations and Companies, the Government has also been providing Loans and Advances to many Institutions/ Organisations.

¹⁰ Information as provided by PSUs and includes only the investment made by the State Government

¹¹ In the State Finance Accounts, 2023-24, the loan figures appear sector-wise and not PSU-wise, hence, the figures of the State Government loans provided to PSUs are not available in Finance Accounts

¹² Nagaland Industrial Development Corporation Ltd. and Nagaland Handloom & Handicrafts Development Corporation, Ltd.

Table 2.30 presents the outstanding Loans and Advances as on 31 March 2024 and interest receipts *vis-à-vis* interest payments during the last five years.

Table 2.30: Quantum of loans disbursed and recovered during five years

(₹ in crore)

Quantum of loans disbursed and recovered	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Balance of loans outstanding*	28.91	37.08	41.46	42.19	39.49
Amount advanced during the year	9.26	5.61	2.61	0.35	0.35
Amount recovered during the year	1.09	1.23	1.88	3.05	2.99
Closing Balance of the loans outstanding	37.08	41.46	42.19	39.49	36.85
Net addition	8.17	4.38	0.73	(-)2.70	(-)2.64
Interest received	3.59	3.16	3.29	4.02	0.00
Interest rate on Loans and Advances given by the Government#	10.89	8.05	7.87	9.85	0.00
Rate of Interest paid on the outstanding borrowings of the Government	7.16	6.68	6.81	6.73	6.33
Difference between the rate of interest paid and interest received (<i>per cent</i>)	3.73	1.37	1.06	3.12	(-)6.33

Source: Finance Accounts of respective years

*Error in figures due to rounding off corrected as per actual Finance Accounts

#Return on Investment = Interest Receipts/Average of Loans and Advances disbursed of previous and current financial year*100

During 2023-24, the disbursement of Loans and Advances (₹0.35 crore) remains the same from the previous year. Recovery of Loans and Advances decreased by ₹0.06 crore (1.97 *per cent*) over the previous year.

At the end of March 2024, the Government had outstanding Loans and Advances of ₹36.85 crore. The amount of loans outstanding decreased by ₹2.64 crore (6.69 *per cent*) from ₹39.49 crore in 2022-23 to ₹36.85 crore in 2023-24.

(iv) Capital locked in incomplete projects

An assessment of trends in capital blocked in incomplete capital works would also indicate quality of Capital Expenditure. Blocking of funds on incomplete projects/works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods.

As per Appendix IX of the Finance Accounts of the State for the year 2023-24, there were 277 incomplete/ongoing projects in the State as on 31 March 2024. These were being executed by 34 Departments. Age profile and Department-wise profile of incomplete projects based on the year of sanction/ year of start of these projects as on 31 March 2024 is given in **Tables 2.31** and **2.32**.

Table 2.31: Age profile of incomplete projects as on 31 March 2024

(₹ in crore)

Year	No of incomplete projects	Estimated cost	Cost over-run	Expenditure (as on 31 March 2024)
Up to 2013-14	215	1,450.21	81.06	678.21
2014-15	26	35.64	0.00	21.69
2015-16	10	22.50	0.38	16.58
2016-17	5	124.71	2.05	92.60
2017-18	9	48.54	5.05	29.28
2018-19	6	229.85	0.00	0.00
2019-20	1	4.98	0.00	0.00

Year	No of incomplete projects	Estimated cost	Cost over-run	Expenditure (as on 31 March 2024)
2020-21	2	17.37	0.00	12.25
2021-22	0	0.00	0.00	0.00
2022-23	3	1.80	0.00	0.55
2023-24	0	0.00	0.00	0.00
Total	277	1,935.60	88.54	851.16

Source: Appendix-IX, Finance Accounts, 2023-24

(Note: Out of these 277 projects, 29 projects have been reported as completed. Out of 29 projects, completion certificates of 14 projects have been furnished with remaining 15 projects without completion certificates)

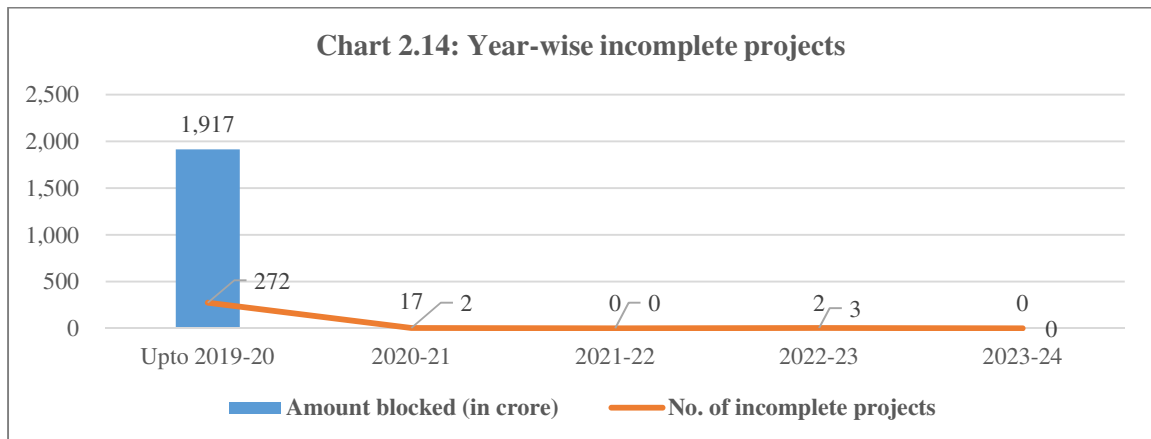
Table 2.32: Department-wise profile of incomplete projects as on 31 March 2024

(₹ in crore)

Department	No. of incomplete projects	Estimated cost	Cost overrun	Expenditure (as on 31 March 2024)
Veterinary and Animal Husbandry	53	46.92	0.14	27.82
CAWD	30	14.23	0.00	13.21
General Administration	26	9.00	0.00	8.18
PWD (Housing)	21	126.01	8.53	96.71
Police Engineering Project	19	487.35	0.00	76.76
Higher Education	18	39.46	0.00	12.45
Urban Development	10	210.16	5.33	96.77
PWD (Roads and Bridges)	8	99.52	0.00	63.57
SCERT	8	43.09	1.07	24.30
Transport Commissioner	7	48.30	0.34	28.36
Geology & Mining	4	53.08	27.41	48.95
Other 23 Departments	73	758.48	45.72	354.08
Total	277	1,935.60	88.54	851.16

Source: Appendix-IX, Finance Accounts, 2023-24

The year-wise detail of incomplete projects is shown in the **Chart 2.14**.



Analysis of the above 277 incomplete projects revealed the following:

- Out of 277 incomplete works, 271 incomplete projects were aged five years and more.
- Works in respect of a project¹³ (estimated cost ₹6.45 crore) had been suspended after incurring an expenditure of ₹6.45 crore (100 per cent of estimated cost).

¹³ Construction of 2 lane RCC Bridge over Dhansiri river

- Out of 277 incomplete projects, there was no financial progress in 272 projects, during 2023-24.
- There was 100 *per cent* financial achievement in five projects. However, 100 *per cent* physical progress was not achieved.
- No expenditure was incurred upto 2023-24 in 25 projects (year of commencement from 2012-13 to 2019-20) which had an estimated cost of ₹273.25 crore.
- In 16 projects which were incomplete since 2010-22, there was a cost overrun of ₹88.82 crore as the original costs of these projects were revised from ₹141.03 crore to ₹229.84 crore. In a project which was incomplete since 2019-20, the original cost of ₹5.59 crore was reduced to ₹5.31 crore (a decrease of ₹0.28 crore).

Thus, the Capital Expenditure of ₹851.16 crore incurred on these 277 incomplete projects remained blocked. Blocking of funds on incomplete projects/works not only impinges negatively on the quality of expenditure but also deprives the State of the intended benefits for prolonged periods and economic growth. Further, delay in completion of the projects was fraught with the risk of cost overrun.

2.4.4 Expenditure priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

Table 2.33 analyses the fiscal priority of the State Government in 2019-20 and 2023-24 with regard to Social Sector Expenditure (Health and Education) and Capital Expenditure.

Table 2.33: Priority of the State with regards to Health, Education and Capital Expenditure

Fiscal priority of the State	(In <i>per cent</i>)			
	TE/ GSDP	CE/TE	Education/ TE	Health/ TE
NE&H States Average (2019-20)	26.21	14.94	17.08	6.37
Nagaland	43.25	9.46	12.19	5.20
NE&H States Average (2023-24)	25.19	17.61	15.93	6.43
Nagaland	42.84	17.40	12.52	4.89

Source: Fiscal Priority of State (circulated by the Economic Advisor) and Finance Accounts of respective years, TE: Total Expenditure; CE: Capital Expenditure (including loans and advances)

A comparison of the data related to Nagaland with that of NE&H States revealed the following:

- Total Expenditure (TE) as a proportion of GSDP decreased from 43.25 *per cent* in 2019-20 to 42.84 *per cent* in 2023-24.
- The share of Capital Expenditure (CE) as a proportion of TE of the State was less than the NE&H average in 2019-20 and 2023-24. The proportion of CE to TE increased during 2023-24 in comparison to 2019-20. This indicates that the State Government accorded appropriate fiscal priorities to enhance the productive capacity of the State.

- The share of expenditure on Education as a proportion of TE was lower than the NE&H average in 2019-20 and 2023-24. However, the ratio increased in 2023-24 as compared to 2019-20.
- The share of expenditure on Health Sector as a proportion of TE was lower than the NE&H average in 2019-20 and 2023-24. Further, it decreased in 2022-23 as compared to 2019-20.

The Expenditure on Human Capital Formation measured by Expenditure on Education and Health needs to be increased to reap the fruits of the demographic dividend that the nation is set to have. In this direction, the States including Nagaland should focus on increasing their expenditure on Education and Health in proportion to Total Expenditure.

The audit analysis of Nagaland's fiscal priorities in Education, Health, and Capital Expenditure (CE) compared to the North Eastern & Himalayan (NE&H) States' average for 2019-20 and 2023-24 highlights inadequate social sector funding, improved capital expenditure allocation, and the need for greater investment in human capital formation. Nagaland has improved its Capital Expenditure but continues to underfund critical social sectors, particularly Education and Health. The declining share of health spending and below-average education expenditure highlight a misalignment in fiscal priorities.

2.4.5 Object head-wise expenditure

The Finance Accounts of a State depicts transactions only up to the minor head level. The Government Accounting Rules provide for recording of the expenditure up to the object head level. Therefore, an attempt has been made to ascertain the extent of expenditure incurred on the actual items at the object head level from the accounts maintained in the Accounts Wing of the office of the Principal Accountant General (A&E), Nagaland. The details of items with significant percentage of expenditure are given in **Table 2.34**.

Table 2.34: Object Head wise expenditure during 2021-24

Object Head	(in per cent)		
	2021-22	2022-23	2023-24
Salary	43.43	37.91	37.12
Office Expenses	0.18	0.19	0.18
Motor Vehicles	0.29	0.44	0.65
Maintenance	1.37	1.04	1.14
Other charges	11.33	13.03	13.32
Material and supply	1.60	1.07	1.16
GIA	2.37	1.22	3.13
Wages	0.55	0.27	0.23
Scholarships	0.26	0.49	0.29
Machinery and Equipment	0.35	0.15	0.25
Travel Expenses	0.20	0.15	0.17
POL	0.23	0.24	0.21
Rent, Rates and Taxes	0.14	0.20	0.16
Minor Works	0.20	0.17	0.10
Major Works	10.14	13.93	13.95

Object Head	2021-22	2022-23	2023-24
Interest Payment	6.80	6.16	5.98
Ration	0.48	0.49	0.28
Pensions and Other Retirement Benefits	15.90	17.49	17.41
Others	4.18	5.37	4.63

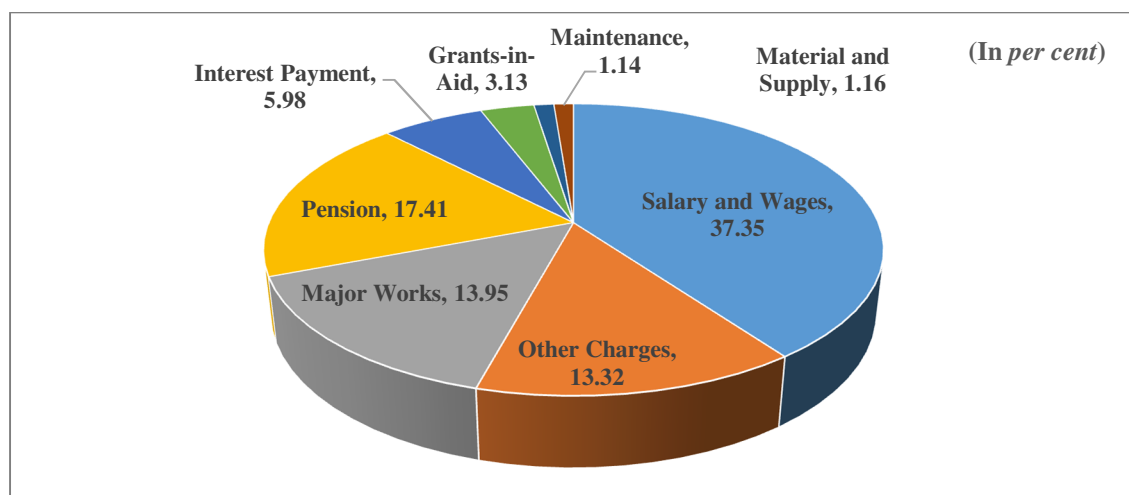
Source: Finance Accounts of respective years

The analysis of the above table reveals the following:

- With respect to the expenditure under “Others charges”, the details of the items on which the expenditure was incurred are not recorded in accounts. This has serious implication for decision making and affects the transparency in accounting. In 2023-24, the expenditure on “Others charges” constituted 13.32 *per cent* of total expenditure which should be properly classified.
- The ratio of salary to the total expenditure decreased during 2023-24 over 2022-23 and the ratio of Capital Expenditure to GSDP during the current year (7.45 *per cent*) increased over the previous year (7.28 *per cent*). This indicates that the emphasis was given to create capital assets of the State which also has a positive impact on the economic growth of the State.
- The ratio of Major works to the Total Expenditure slightly increased from 13.93 *per cent* in 2022-23 to 13.95 *per cent* in 2023-24. This indicates that the State Government is focusing on infrastructure development of the State.

The details of items with significant percentage of expenditure during 2023-24 are depicted in **Chart 2.15**.

Chart 2.15: Items with significant percentage of expenditure during 2023-24



Source: Finance Accounts, 2023-24

Chart 2.15 shows that Salary and Wages constitutes 37.35 per cent, followed by Pension (17.41 *per cent*), Major Works (13.95 *per cent*) and Other Charges (13.32 *per cent*).

2.5 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances *etc.*, which do not

form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.5.1 Net Public Account Balances

The component-wise net balances and yearly changes in composition of balances in Public Account of the State over the period from 2019-20 to 2023-24 are depicted in **Table 2.35** and **Chart 2.16**.

Table 2.35: Component-wise net balances in Public Account as of 31 March of the year
(₹ in crore)

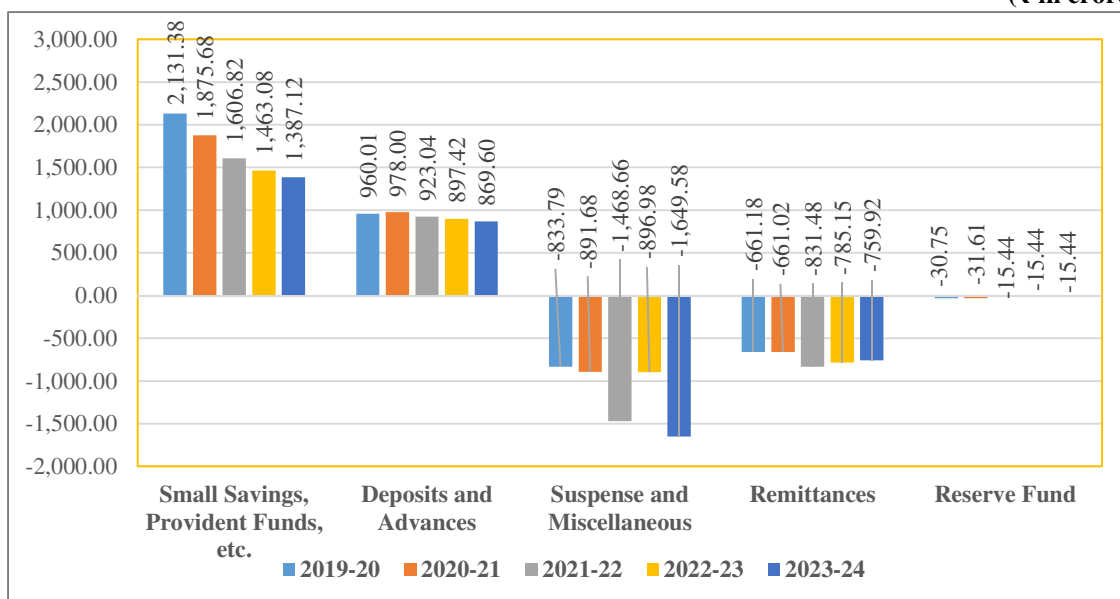
Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	2,131.38	1,875.68	1,606.82	1,463.08	1,387.12
J. Reserve Funds	(a) Reserve Funds bearing Interest	(-)14.58	(-)15.43	(-)15.44	(-)15.44	(-)15.44
	(b) Reserve Funds not bearing Interest	(-)16.17	(-)16.17	0.00	0.00	0.00
K. Deposits and Advances	(a) Deposits bearing Interest	170.35	185.61	204.24	222.07	91.99
	(b) Deposits not bearing Interest	790.03	792.96	719.37	675.92	779.59
	(c) Advances	(-)0.37	(-)0.57	(-)0.57	(-)0.57	(-)1.98
L. Suspense and Miscellaneous	(b) Suspense	(-)89.02	(-)90.10	75.29	(-)80.55	(-)50.14
	(c) Other Accounts	(-)744.77	(-)801.58	(-)1,393.37	(-)816.43	(-)1,599.44
M. Remittances	(a) Money Orders, and other Remittances	(-)660.82	(-)660.74	(-)831.29	(-)785.15	(-)760.06
	(b) Inter-Governmental Adjustment Account	(-)0.36	(-)0.28	(-)0.19	0.00	0.14
Total		1,565.67	1,269.37	214.28	662.93	(-)168.22

Source: Finance Accounts of respective years

Note: (-) ve denotes credit balances

Chart 2.16: Yearly changes in composition of Public Account balances

(₹ in crore)



Source: Finance Accounts of respective years

During 2023-24, the net Public Account receipts was ₹73.71 crore, which was (-) ₹1,127.74 crore in 2022-23. The Public Account receipts increased by ₹90.65 crore (21.68 per cent) from ₹4,196.55 crore in 2022-23 to ₹5,106.20 crore in 2023-24. The Public Account disbursements also increased by ₹409.88 crore (8.87 per cent) from ₹4,622.61 crore in 2022-23 to ₹5,032.49 crore in 2023-24.

2.5.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State. It comprises of both reserve funds bearing interest and reserve funds not bearing interest.

Details of Reserve Funds are available in Statements 21 and 22 of the Finance Accounts. There are three Reserve funds operated by the State Government and one Reserve fund is yet to be operated by the State Government. The fund balances lying in Reserve Funds as on 31 March 2024 are given in **Table 2.36**.

Table 2.36: Details of Reserve Funds

(₹ in crore)

Sl. No.	Name of Reserve Fund	Balance as on 31 March 2024
A	Reserve funds bearing Interest	15.44
1.	Natural Calamities Unspent Marginal Money Fund Investment Account	15.44
2.	State Disaster Response Fund	0.00
3.	State Disaster Mitigation Fund	0.00
B	Reserve fund not bearing interest	0.00
1.	Sinking Funds	0.00
2.	General and other Reserve Fund	0.00

Source: Finance Account, 2023-24

It can be seen from **Table 2.36** that the total accumulated balance at the end of 31 March 2024 in the Reserve Funds (under bearing Interest) was (Dr) ₹15.44 crore. Details of significant Reserve Funds of the State Government are discussed in the succeeding paragraphs.

2.5.2.1 Consolidated Sinking Fund

In terms of the recommendations of the Tenth Finance Commission, the State Government created (2006-07) the Consolidated Sinking Fund to be administered by the Reserve Bank of India for the amortisation of all loans. According to the guidelines of the Fund, States may contribute to the Fund a minimum of 0.50 *per cent* of their outstanding liabilities (Internal Debt + Public Account liabilities) as at the end of the previous year.

During the year, the State Government did not contribute to the Fund. The balance in the Consolidated Sinking Fund as on 31 March 2024 was ₹1,680.70 crore (including interest) which was entirely invested.

2.5.2.2 State Disaster Response Fund

The State Government replaced the Calamity Relief Fund, with the “State Disaster Response Fund” (SDRF) as recommended by the Thirteenth Finance Commission. In terms of the guidelines, the Central Government and North-Eastern/Himalayan States are required to contribute to the Fund in the ratio of 90:10.

As per the guidelines on Constitution and Administration of SDRF (September 2010), the SDRF Fund would be constituted in the Public Account under Reserve Fund bearing interest, under MH 8121 in the accounts of the State Government. The State government shall take the amount as receipts in its budget and account it under MH 1601-01-109. In order to enable transfer of the total amount of the contribution to the fund, including the State share, the State government would make suitable budget provision on the expenditure side of the budget under MH 2245-05-101 (Relief on account of natural calamities). Immediately upon receipt of GoI share, the State would transfer the amount, along with its share to the Public Account head (MH 8121-122). The actual expenditure on relief works will be booked only under respective Minor Head under MH 2245 and the expenditure to be charged to the SDRF will be shown as a negative entry under 2245-05-901. Direct expenditure should not be made from the Public Account. The balance in the Fund would be invested as per provisions stipulated in the guidelines in Central Government dated securities, auctioned treasury bills and interest-bearing deposits and certificates of deposit with scheduled commercial banks.

During 2023-24, the State Government received ₹36.80 crore from the Central Government as its share towards SDRF. The State Government transferred ₹40.80 crore to the SDRF (Central share: ₹36.80 crore *i.e.*, SDRF: ₹36.80 crore, NDRF: ₹0.00 crore received in 2023-24 and State share: ₹4.00 crore). The entire fund of ₹40.80 crore was spent by the State Government on natural calamities.

Details of expenditure charged to SDRF during 2023-24 are given in **Table 2.37**.

Table 2.37: Details of expenditure charged to SDRF during 2023-24

		(₹ in crore)
Major Head of Account	Minor Head of Account	Expenditure
2245 – Relief on Account of Natural Calamities 02 – Floods, Cyclones, etc.,	101- Gratuitous Relief	27.68
	106- Repairs and Restoration of Damaged Roads and Bridges	12.24
	113- Ex-Gratia payment to Bereaved Families	0.88
Total		40.80
2245 – Relief on Account of Natural Calamities 05 – State Disaster Response Fund	901- Deduct – Amount met from State Disaster Response Fund	(-)40.80
Expenditure charged to SDRF in violation of SDRF guidelines		13.12

Source: Finance Account, 2023-24

As per the SDRF guidelines, only the amount booked under 2245-02-101 is admissible expenditure to be met from SDRF. Hence, expenditure of ₹13.12 crore, out of ₹40.80 crore met from SDRF was in contravention of the guidelines.

2.5.2.3 State Disaster Mitigation Fund

The State Disaster Mitigation Fund is to be constituted under section 48 (1) (c) of the Disaster Management Act, 2005. This fund is exclusively for the purpose of mitigation project in respect of disaster covered under the State Disaster Response Fund/National Disaster Response Fund Guidelines and state specific local disaster notified by the State Government from time to time. The State Government has created the SDMF vide notification no. NSDMA/ACCTS/DMF/232/2018 dated 04 March 2021 under major head 8121-130-State Disaster Mitigation Fund. The Central and State Government are required to contribute to the fund the proportion of 90:10.

During 2023-24, the State Government received ₹13.50 crore from Central Government as its share. The State Government's share was ₹1.50 crore. The State Government transferred ₹19.30 crore (Central share: ₹17.80 crore including previous year's balance of ₹4.30 crore and State's share: ₹1.50 crore) to the Fund under MH 8121-130-SDMF. The entire fund of ₹19.30 crore was spent by the State Government and no amount was invested from the Fund.

2.5.2.4 Guarantee Redemption Fund

The State Government constituted (August 2006)¹⁴, a Guarantee Redemption Fund in 2006-07, that is administered by the Reserve Bank of India (RBI). The latest amendment to the Fund notification issued by the State Government, effective from the year 2006, stipulates that the State Government shall initially contribute an amount of ₹four crore and thereafter, an amount equivalent to at least 1/5th of the outstanding invoked guarantees plus the amount of guarantee likely to be invoked. It is open to the Government to increase the contribution to the fund at its discretion. The fund shall be

¹⁴ Vide notification No. BUD/1-14/2005-06 dated 29 August 2006

gradually increased to reach the level deemed sufficient to meet the amount of anticipated guarantees.

During 2023-24, the State Government did not contribute to the fund and no guarantee was invoked during the current year. The entire corpus of ₹43.59 crore as on 31 March 2024 was invested by the RBI.

2.5.2.5 State Compensatory Afforestation Fund

In compliance with the instructions issued (April 2009)¹⁵ by the Ministry of Environment and Forests, GoI and Guidelines of 02 July 2009, the State Governments are required to establish the State Compensatory Afforestation Fund for amounts received from user agencies and utilisation of monies collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto.

The monies received by the State Governments from the user agencies need to be credited in 'State Compensatory Afforestation Deposits' under the interest-bearing section in the Public Account of the State at Minor Head level below the Major Head 8336-Civil Deposits. As per Section 3 (4) of the Compensatory Afforestation Fund Act, 2016, 90 *per cent* of the fund needs to be transferred to the Major Head 8121-General and Other Reserve Funds in the Public Account of the State and balance 10 *per cent* to be credited into the National Fund on yearly basis provided that, the credit of 10 *per cent* Central share of funds should be ensured on monthly basis so that the same is transferred to the National Fund.

The applicable rate of interest on balances available under 'State Compensatory Afforestation Deposits' under '8336-Civil Deposits' and 'State Compensatory Afforestation Fund' under '8121-General and Other Reserve Funds' will be as per the rate declared by the Central Government on year-to-year basis.

During the year 2023-24, the State Government did not receive any grants from the user agencies. However, the State Government received ₹2.57 crore from the Ministry of Environment, Forest and Climate Change (GoI) under National Afforestation Programme. However, the State Government neither operated the MH 8336-Civil Deposits-103 State Compensatory Afforestation Deposits nor followed the guidelines for establishment of State Compensatory Afforestation Fund during 2023-24.

During the Exit Conference (16 December 2024), Finance Department, while accepting the facts stated that efforts would be taken up to comply with the rules in consultation with the Forest Department.

¹⁵ Vide letter No. 5-1/2009-FC dated 28 April 2009

2.5.2.6 Funds outside Consolidated Fund/ Public Account of the State and dedicated Funds

Article 266(1) of the Constitution of India, subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be titled “the Consolidated Fund of the State”. Article 266(2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State, as the case may be.

(i) Building and Other Construction Workers Welfare Cess (Labour Cess)

The State Government, in exercise of the powers conferred under Section 62 and 40 of the Building and Other Construction Workers’ (Regulation of Employment and Conditions of Service) Act, 1996 has framed (June 2011) the Nagaland Building and Other Construction Workers’ (Regulation of Employment and Conditions of Service) Rules 2010. As per Rule 249, the State Government has to constitute the Nagaland Building and Other Construction Workers’ Welfare Board and accordingly the State had constituted the Board to provide social security to the section of workers engaged in building and other construction works by implementing different welfare schemes *viz.*, Grant for purchase of tools, Medical assistance, Children Education Allowance and Maternity benefit for the women beneficiaries.

The State Government notified (August 2011) enforcement of Levy and Collection of cess for the purpose of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The levy and collection of such cess is at the rate of one *per cent* of the cost of construction incurred by an employer. In compliance with this notification, the Finance Department instructed (February 2012) the DDOs to ensure that deduction of the cess as prescribed is made against all civil construction works involving employment of labour and to deposit the same into the account of the Nagaland Building and Other Construction Workers’ Welfare Board (NBOCWBB) by Demand Draft/ Cheque. As such, the Board had been receiving the cess from 2011-12 onwards.

As per Rule 5 of “The Building and Other Construction Workers’ Welfare Cess Rules, 1998”, proceeds of the cess collected under Rule 4 shall be transferred by such government office, public sector undertakings, local authority, or cess collector, to the Board along with the form of challan prescribed (and in the head of account of the Board) under the accounting procedures of the State, by whatever name they are known. Rule 5, further, stipulates that the amount collected shall be transferred to the Board within thirty days of its collection.

As per the Finance Accounts, the Departments booked the Labour cess under MH 8443-Civil Deposit-108-Public Works. During the year 2023-24, the Government collected Labour Cess amounting to ₹9.56 crore and transferred ₹9.39 crore to the NBOCWBB. This resulted in short transfer of ₹0.17 crore to NBOCWBB.

(ii) Central Road and Infrastructure Fund (CRIF)

The erstwhile Central Road Fund (CRF) has been renamed as the Central Road and Infrastructure Fund (CRIF) vide GoI's Gazette notification dated 31 March 2018. The CRIF will be used for development and maintenance of National Highways, Railway projects, improvement of safety in Railways, State and Rural roads and other infrastructure.

In terms of the extant accounting procedure, the grants received by the State from the Centre are to be initially booked as Revenue Receipts under Major Head 1601. Thereafter, the amount so received is to be transferred by the State Government to the Public Account under Major Head 8449-103-Subvention from Central Road and Infrastructure Fund through functional Major Head(s).

During 2023-24, the State Government received grants of ₹46.09 crore towards CRIF. The State Government, however, transferred only ₹30.03 crore to the Fund in the Public Accounts as on 31 March 2024. The short transfer of ₹16.06 has resulted in understatement of Revenue Expenditure and overstatement of Fiscal Deficit.

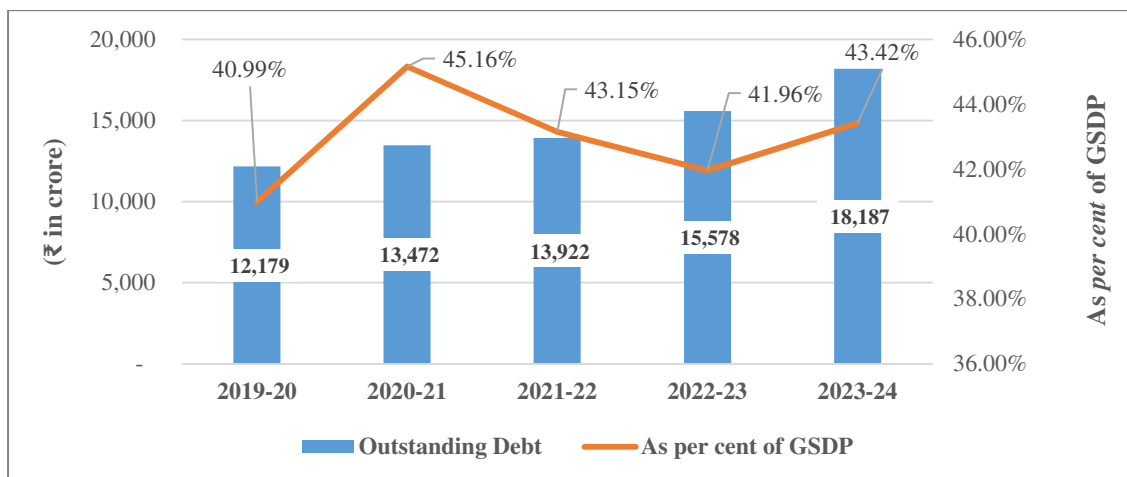
During the Exit Conference (16 December 2024), Finance Department stated that the short transfer was due to receipt of the fund from GoI at the fag end of the financial year. However, the fund for 2023-24 has been released by the State Government during 2024-25.

2.6 Public liability management

Management of public liability is the process of establishing and executing a strategy for managing the Government's liabilities to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

The details relating to outstanding liabilities (debt) and ratio of debt to GSDP during the five-year period 2019-24 are given in **Chart 2.17**.

Chart 2.17: Outstanding Debt and its percentage to GSDP



Source: Finance Accounts of respective years and GSDP-Directorate of Economics and Statistics, GoN

2.6.1 Liability profile: Components

Total liability of the State Government consists of Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, *etc.*), and loans and advances from the Central Government.

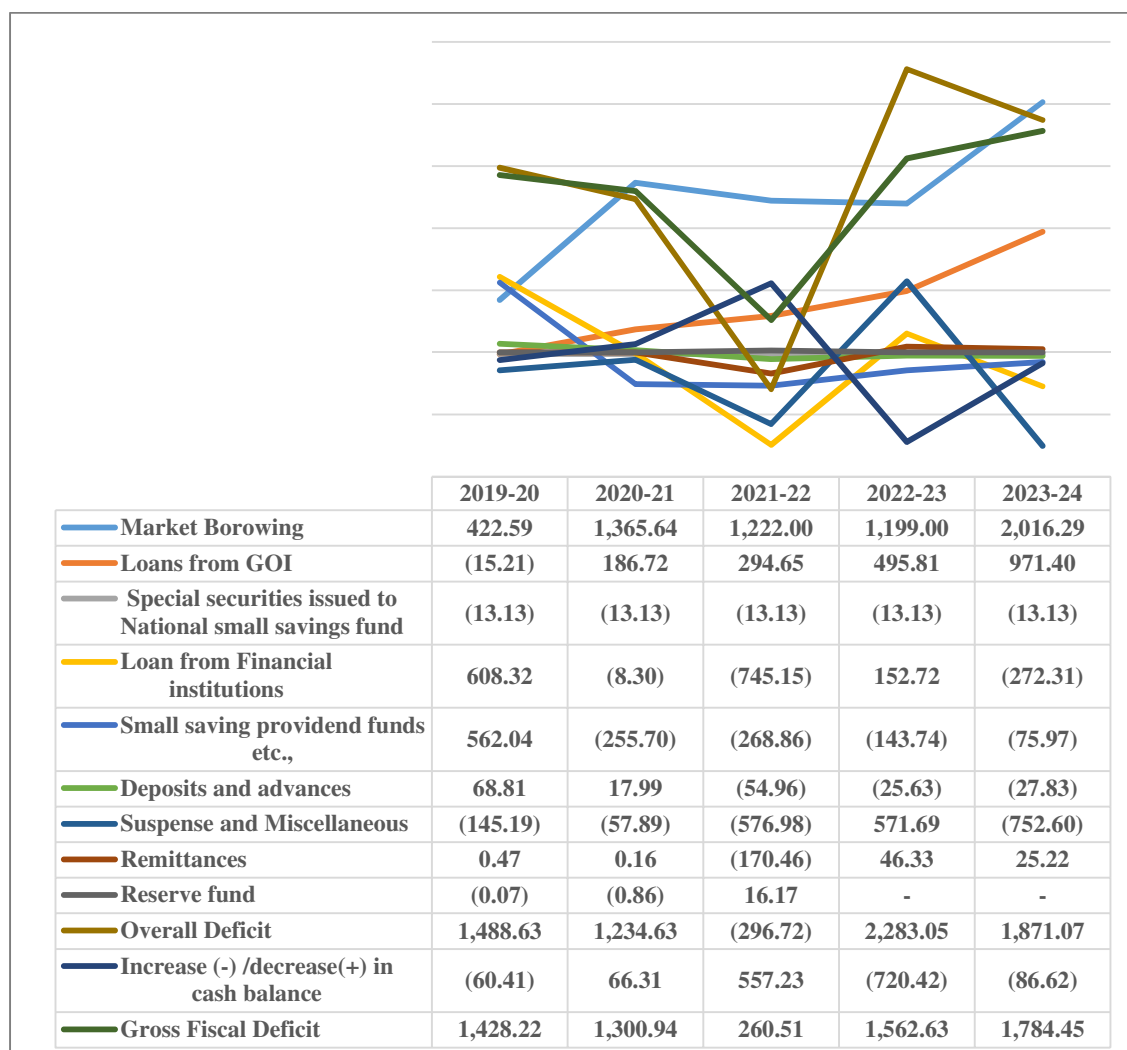
The details relating to total liability received, repayment of liability, ratio of liability to GSDP and the actual quantum of liability available to the State during the five-year period 2019-24 are shown in **Table 2.38** and **Chart 2.18**.

Table 2.38: Component-wise liability trends

		(₹ in crore)				
		2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding Total Liability (A+B)		12,179.10	13,471.67	13,922.40	15,587.44	18,187.32
(A) Public Liability	Internal Debt	8,986.93	10,331.14	10,794.87	12,133.46	13,864.31
	Loans from GoI	131.16	317.89	612.54	1,108.35	2,079.75
(B) Public Account Liabilities		3,061.01	2,822.64	2,514.99	2,345.63	2,243.26
(C) Off-Budget borrowings		0.00	0.00	0.00	0.00	0.00
Rate of growth of outstanding total liability (<i>per cent</i>)		15.49	10.61	3.35	11.96	16.68
Gross State Domestic Product (GSDP)		29,715.87	29,831.64	32,265.38	37,150.09	41,886.96
Liability/GSDP (<i>per cent</i>)		40.99	45.16	43.15	41.96	43.42
Borrowings and Other Liabilities (as per Statement 6 of Finance Accounts)						
Total Receipts		10,059.01	9,370.26	10,031.91	9,139.14	7,862.50
Total Repayments including interest		8,681.42	9,462.83	10,513.26	8,467.34	6,331.05
Net funds Available		1,377.59	(-)92.57	(-)481.35	671.80	1,531.45
Repayments/ Receipts (<i>In per cent</i>)		86.30	100.99	104.80	92.65	80.52

Source: Finance Accounts of respective years and GSDP- Directorate of Economics and Statistics, GoN

Chart 2.18: Component-wise debt trends

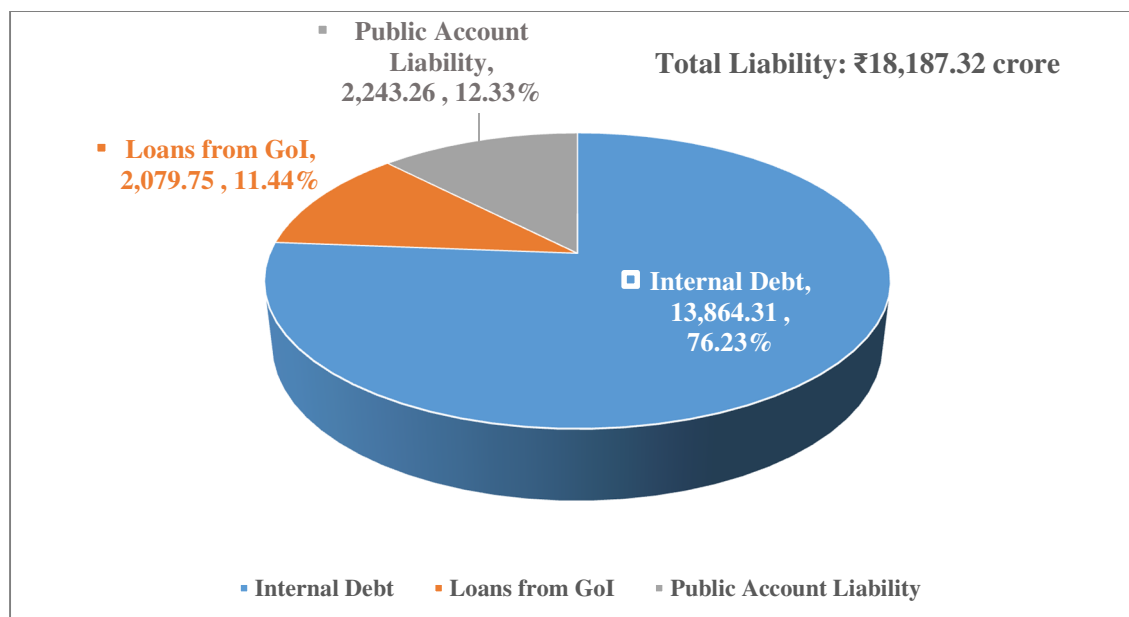


Source: Finance Accounts of respective years
(Note: Figures in parenthesis indicate -ve figures)

The total outstanding liabilities of the State Government have increased by 49.33 per cent from ₹12,179.10 crore in 2019-20 to ₹18,187.32 crore in 2023-24. The Debt/ GSDP ratio increased from 40.99 to 43.42 per cent during the same period. During 2023-24, the outstanding Public Debt (₹15,944.06 crore) increased by ₹2,702.25 crore (20.41 per cent) compared to the previous year (₹13,241.81 crore). Public Debt increased by ₹6,825.97 crore at a CAGR of 14.99 per cent from ₹9,118.09 crore in 2019-20 to ₹15,944.06 crore in 2023-24 wherein Internal debt increased by ₹4,877.38 crore at a CAGR of 11.45 per cent and loan from GoI increased by ₹1,948.59 crore at a CAGR of 99.55 per cent during the same period. As per the Debt stabilization analysis, the current debt level appears manageable in the short term, the upward trajectory and rising Debt/GSDP ratio highlight the need for proactive fiscal management to prevent long-term sustainability risks.

Component-wise break-up of liability is shown below in **Chart 2.19**.

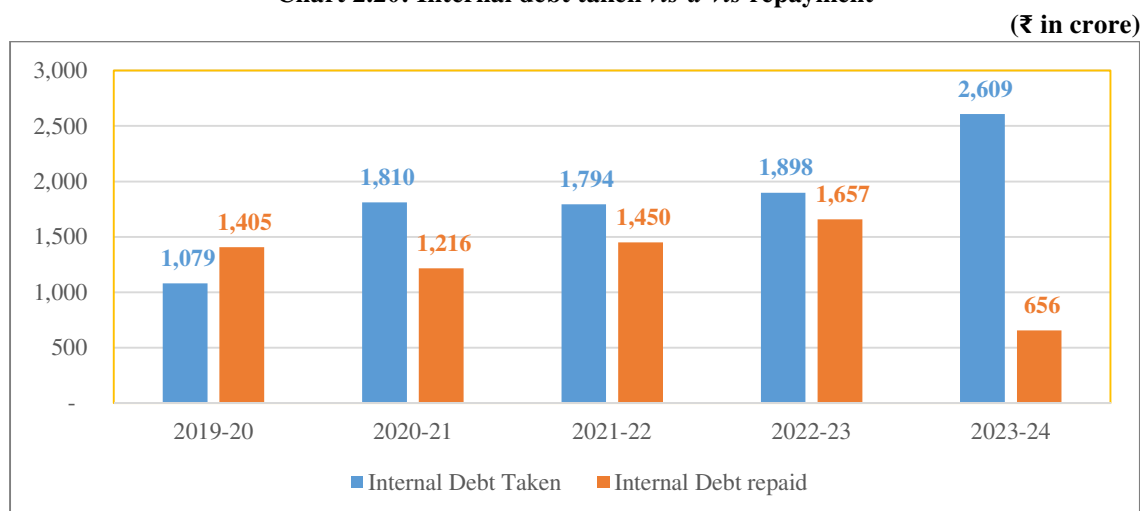
Chart 2.19: Break up of Outstanding Liability at the end of 2023-24



Source: Finance Accounts, 2023-24

The trend of internal debt taken *vis-à-vis* internal debt repaid during each year for the period of five-years from 2019-20 to 2023-24 is given in **Chart 2.20**.

Chart 2.20: Internal debt taken *vis-a-vis* repayment



Source: Finance Accounts of respective years

As can be seen from **Chart 2.20**, during 2019-20 to 2023-23, Internal Debt taken and Internal Debt repayment showed fluctuating trend. The Internal Debt repayment was more than Internal Debt taken in 2019-20 during the five-year period from 2019-20 to 2023-24.

The financing pattern of the Fiscal Deficit has undergone a compositional shift during 2019-24 as reflected in **Table 2.39**.

Table 2.39: Components of fiscal deficit and its financing pattern

(₹ in crore)

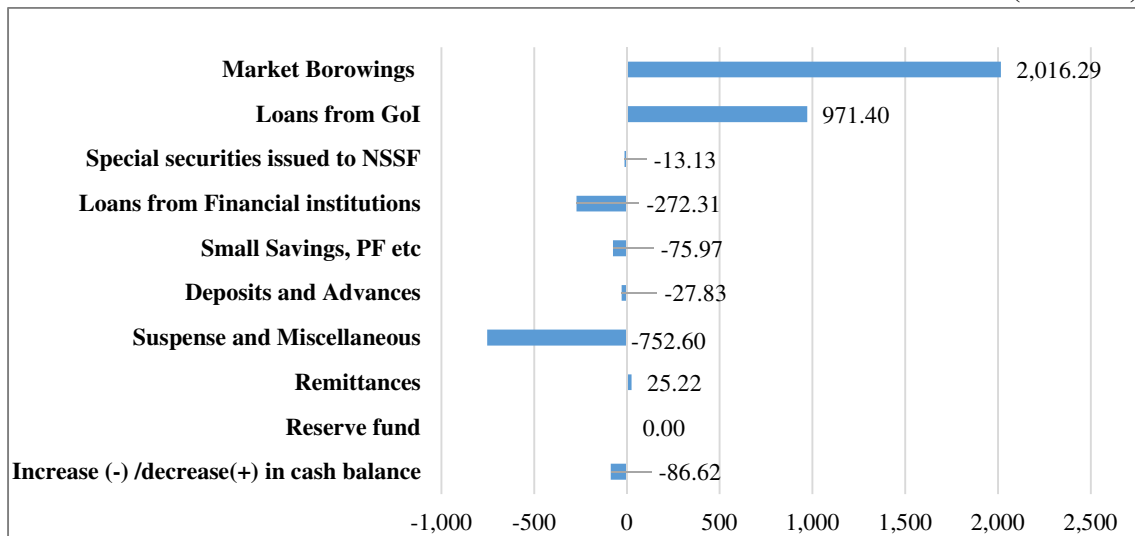
Particulars		2019-20	2020-21	2021-22	2022-23	2023-24
Composition of Fiscal Deficit (-)		(-)1,428.22	(-)1,300.94	(-)260.52	(-)1,562.63	(-)1,784.45
1.	Revenue Deficit (-)/ Surplus (+)	(-)213.73	375.37	1,634.06	688.90	1,335.43
2.	Net Capital Expenditure	(-)1,206.32	(-)1,671.93	(-)1,893.85	(-)2,254.22	(-)3,122.52
3.	Net Loans and Advances	(-)8.17	(-)4.38	(-) 0.73	2.69	2.64
Financing Pattern of Fiscal Deficit:						
1.	Market Borrowings	422.59	1,365.64	1,222.00	1,199	2,016.29
2.	Loans from GoI	(-)15.21	186.72	294.65	495.81	971.40
3.	Special Securities issued to NSSF	(-)13.13	(-)13.13	(-)13.13	(-)13.13	(-)13.13
4.	Loans from Financial Institutions	608.32	(-)8.30	(-)745.15	152.72	(-)272.31
5.	Small Savings, PF, etc.	562.04	(-)255.70	(-)268.86	(-)143.74	(-)75.97
6.	Deposits	68.81	17.99	(-)54.96	(-)25.63	(-)27.83
7.	Suspense and Miscellaneous	(-)145.19	(-)57.89	(-)576.98	571.69	(-)752.60
8.	Remittances	0.47	0.16	(-)170.46	46.33	25.22
9.	Reserve Fund	(-)0.07	(-)0.86	16.17	0	0.00
10.	Overall Deficit	1,488.63	1,234.63	-296.72	2,283.05	1,871.07
11.	Increase/Decrease in cash balance	(-)60.41	66.31	557.23	(-)720.42	(-)86.62
12.	Gross Fiscal Deficit	1,428.22	1,300.94	260.51	1,562.63	1,784.45

Source: Finance Accounts of respective years

The components of fiscal deficit consist of Revenue Surplus, Net Loans and Advances and Net Capital Expenditure. Since the State is Revenue Surplus in four years during 2019-24 except in 2019-20, the surplus on revenue account were utilised to finance Capital Expenditure. During these revenue surplus years, Revenue surplus could finance only 22.45 to 86.28 *per cent* of Capital Expenditure. The composition of financing of fiscal deficit during 2023-24 is expressed through water flow chart as shown in **Chart 2.21**.

Chart 2.21: Components of financing of fiscal deficit during 2023-24

(₹ in crore)



Source: Finance Accounts, 2023-24

The details of receipt and disbursement of the components used for financing the Fiscal Deficit for the year 2023-24 are given in **Table 2.40**.

Table 2.40: Receipts and Disbursements under components financing the fiscal deficit

(₹ in crore)

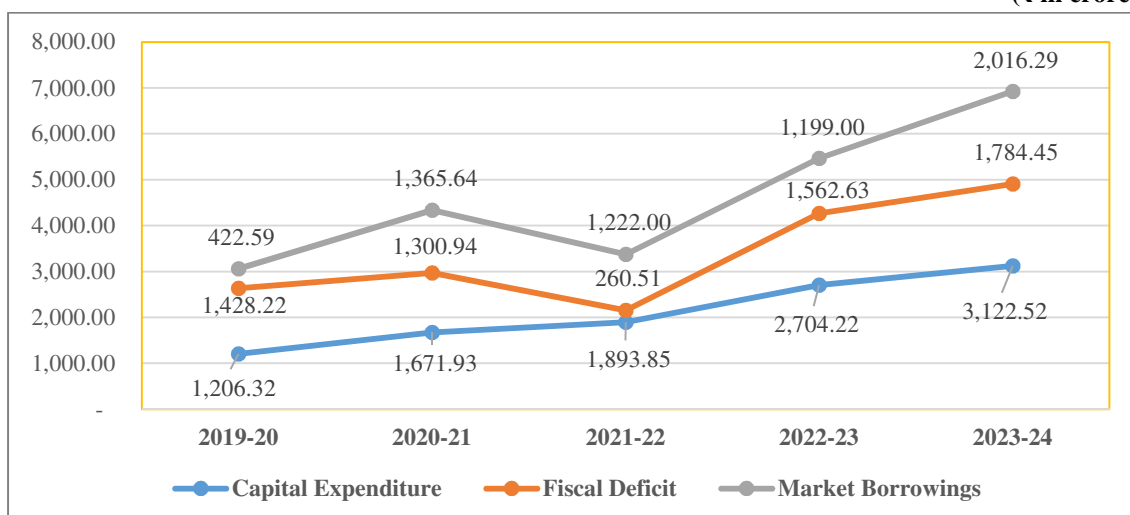
Particulars		Receipts	Disbursement	Net
1.	Market Borrowings	2,551.29	535.00	2,016.29
2.	Loans from GoI	990.49	19.09	971.40
3.	Special Securities issued to NSSF	0.00	13.13	(-)13.13
4.	Loans from Financial Institutions	2,537.01	2,809.32	(-)272.31
5.	Small Savings, PF, etc.	506.75	582.72	(-)75.97
6.	Deposits and Advances	1,108.99	1,136.82	(-)27.83
7.	Suspense and Miscellaneous	14,380.61	15,133.21	(-)752.60
8.	Remittances	3,277.57	3,252.35	25.22
9.	Reserve Fund	181.98	181.98	0.00
10.	Overall Deficit	25,534.69	23,663.62	1,871.07
11.	Increase (-)/Decrease (+) in cash balance	320.80	407.42	(-)86.62
12.	Gross Fiscal Deficit	25,855.49	24,071.04	1,784.45

Source: Finance Accounts, 2023-24

Comparative trend of Capital Expenditure, Fiscal Deficit and Market Borrowings for the period 2019-20 to 2023-24 is given in **Chart 2.22**.

Chart 2.22: Trend of Capital Expenditure, Fiscal Deficit and Market Borrowings

(₹ in crore)



Source: Finance Accounts of respective years

It can be seen from the **Chart** above, Fiscal deficits during the five-year period from 2019-20 to 2023-24, peaked at ₹1,784.45 crore in the current year. During 2023-24, fiscal deficit was primarily financed by market borrowings (net) (₹2,016.29 crore) and Loans from GoI (₹971.40 crore).

The increase in net capital outlay during the year accompanied by a revenue surplus indicated that borrowed funds were being utilised more for productive uses than in previous revenue surplus years. The Government should focus on sustaining economic growth while keeping borrowing in check to ensure long-term fiscal health.

2.6.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing.

Debt maturity profile of the State is depicted in **Table 2.41** and **Chart 2.23**.

Table 2.41: Debt Maturity profile of repayment of State debt

Period of repayment (Years)	Principal Amount	Interest Amount#	Public Debt (including interest)	Percentage (w.r.t. Public debt)
	(₹ in crore)			
0 – 2	1,556.53	183.92	1,740.45	7.74
2 – 5	3,036.67	872.24	3,908.91	17.38
5 – 10	8,871.23	4,539.23	14,310.46	63.64
10 and above	2,045.61*	46.89	2,092.50	9.31
Others**	434.02	-	434.02	1.93
Total	15,944.06	5,642.28	22,486.34	100.00

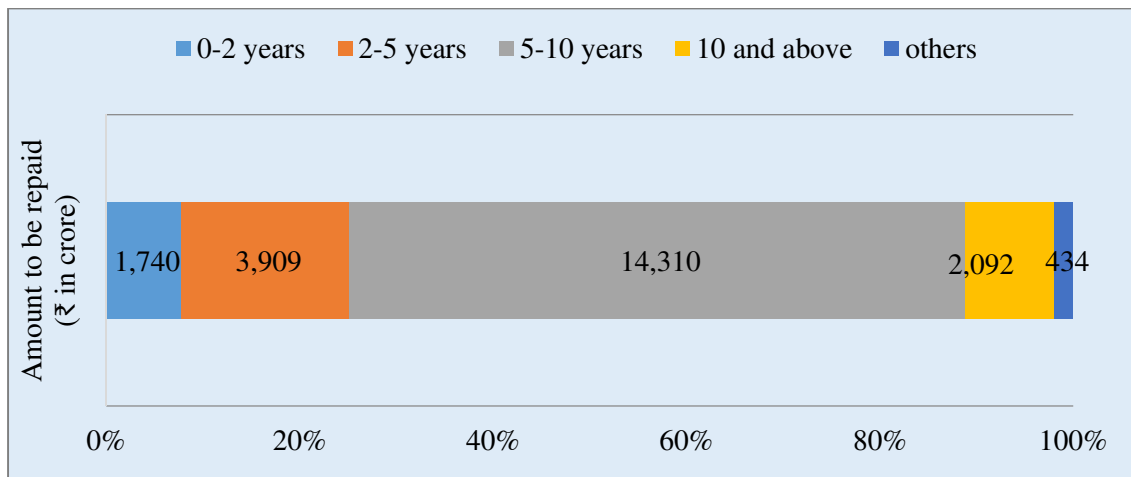
Source: Finance Accounts, 2023-24

* including 50 year interest free loan under Scheme for Special Assistance to State for Capital Expenditure (₹1,995.55 crore)

** includes miscellaneous borrowings whose maturity year not available

As the calculations of repayment of Public Debt and interest thereupon have been done based on the Outstanding Public Debt as on 31 March 2024, the repayment of Public Debt and interest thereupon is bound to increase in view of the trends of borrowings by the State Government.

Chart 2.23: Debt Maturity Profile



Source: Finance Accounts, 2023-24

It can be seen from **Table 2.41** above that out of the Outstanding Public Debt of ₹15,944.06 crore as on 31 March 2024, 28.81 per cent of debt needs to be repaid within five years while the remaining 71.19 per cent (₹11,350.86 crore) of outstanding public debt is in the maturity bracket of more than five years. Further, out of the total outstanding public debt, internal debt consisting of market borrowings, loans from LIC, GIC and NABARD constituted 86.96 per cent (₹13,864.31 crore).

Maturity profile of the outstanding public debt stock along with interest payable thereupon during the next 10 years is detailed in **Table 2.42** and **Chart 2.24**.

Table 2.42: Debt Maturity profile of repayment of public debt

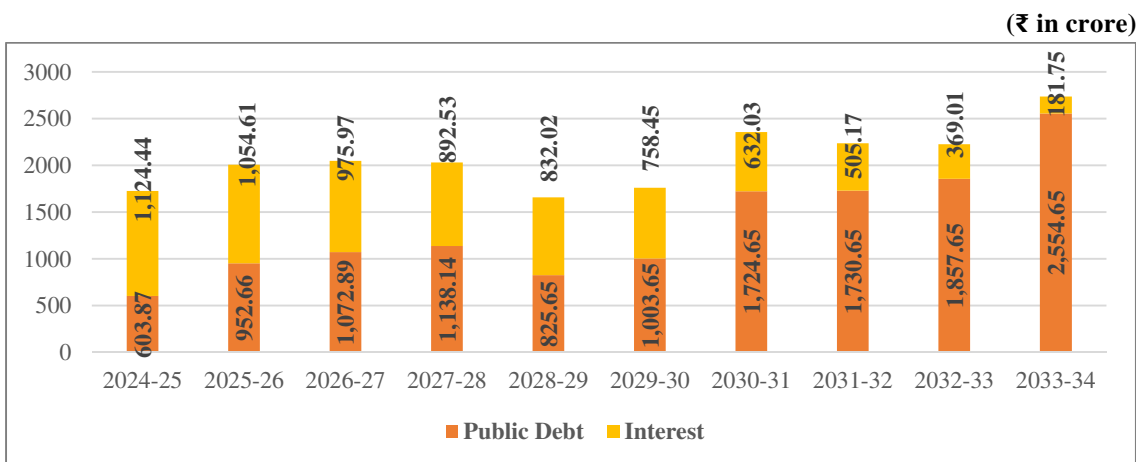
(₹ in crore)

Year	Repayment of				
	Principal			Interest [#]	Total
	Internal Debt	Loans from GoI	Total		
2024-25	600.29	3.58	603.87	1,124.44	1,728.31
2025-26	950.00	2.66	952.66	1,054.61	2,007.27
2026-27	1,070.00	2.89	1,072.89	975.97	2,048.86
2027-28	1,135.00	3.14	1,138.14	892.53	2,030.67
2028-29	822.00	3.65	825.65	832.02	1,657.67
2029-30	1,000.00	3.65	1,003.65	758.45	1,762.10
2030-31	1,721.00	3.65	1,724.65	632.03	2,356.68
2031-32	1,727.00	3.65	1,730.65	505.17	2,235.82
2032-33	1,854.00	3.65	1,857.65	369.01	2,226.66
2033-34	2,551.00	3.65	2,554.65	181.75	2,736.40
Total			13,464.46*	7,325.98	20,790.44

Source: Finance Accounts 2023-24

[#]Interest has been calculated on the basis of five years' average of 'Average Interest Rate of Outstanding Debt' (2019-20: 8.02 per cent; 2020-21: 7.40 per cent; 2021-22: 7.45 per cent, 2022-23: 7.17 per cent and 2023-24: 6.59) i.e., 7.33 per cent; on closing balances of Outstanding Debt

* Excluding Loans from GoI (₹2,045.61 crore) to be repaid after 2033-34 and ₹434.02 crore (whose payment schedule not maintained by PAG (A&E)).

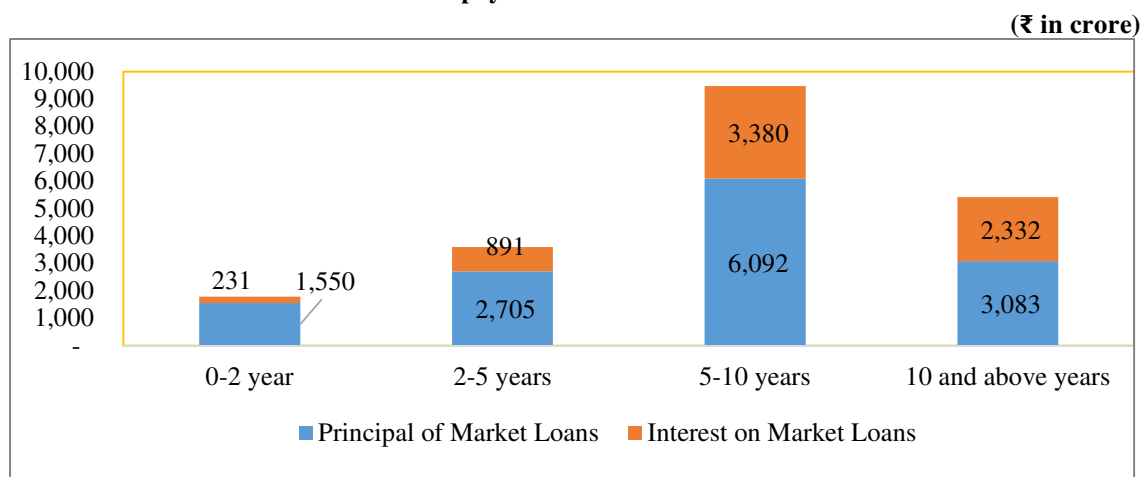
Chart 2.24: Repayment Schedule of Public Debt (including interest) during next 10 years i.e., upto 2033-34

Source: Finance Accounts, 2023-24

Based on the outstanding public debt stock as on 31 March 2024, repayment of Public Debt and Interest would increase from ₹1,728.31 crore in 2024-25 to ₹2,736.40 crore in 2033-34 (58.33 per cent).

Moreover, out of ₹15,944.06 crore, ₹13,430.28 crore was the principal amount of market loan taken by the State. The State is liable to pay an interest of ₹6,833.54 crore at the end of repayment of these loans, if the loans are repaid as per the maturity profile.

Chart 2.25 represents the repayment schedule of both the principal of market loan and interest thereof.

Chart 2.25: Repayment Schedule of market loans

Source: Finance Accounts, 2023-24

2.7 Debt Sustainability Analysis (DSA)

Analysis of Debt sustainability of the State Government has been carried out on the basis of fiscal and debt parameters in terms of debt/GSDP ratio, Fiscal Deficit, burden of interest payments (measured by ratio of Interest Payments to Revenue Receipts) and maturity profile of the State Government debt and Domar approach.

Table 2.43 shows the debt sustainability indicators of the State for the five-year period from 2019-20 to 2023-24 and **Chart 2.26** predicts the trends of debt sustainability indicators during the same period.

Table 2.43: Trends in debt Sustainability indicators

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
1	Overall Liabilities or Overall Debt	12,179.11	13,471.68	13,922.42	15,587.45	18,187.32
2	Rate of Growth of Overall Debt (<i>per cent</i>)	15.49	10.61	3.35	11.96	16.68
3	GSDP (in nominal terms)	9,715.87	29,831.64	32,265.38	37,150.09	41,886.96
4	Nominal GSDP growth (<i>per cent</i>)	12.02	0.39	8.16	15.14	12.75
5	Overall Debt/GSDP (<i>per cent</i>)	40.99	45.16	43.15	41.96	43.42
6	Maturity profile of all kinds of borrowings (<i>per cent</i>)					
6a	0-2 years	11.57	12.00	11.99	8.48	9.76
6b	2-5 years	19.91	16.83	18.27	19.86	19.05
6c	5-10 years	53.25	56.38	59.86	58.24	55.64
6d	Over 10 years*	15.27	14.79	9.88	13.42	15.55
7	Repayment to Gross Borrowings (<i>per cent</i>)	83.76	90.01	95.51	81.78	66.93
8	Net borrowings available as a percentage of Gross Borrowings	16.24	9.99	4.49	18.22	33.07
9	Interest payments on Overall Debt	812.16	854.69	932.09	993.23	1,068.43
10	Effective rate of interest on Overall Debt (<i>per cent</i>)	7.39	7.15	7.34	7.27	6.93
11	Interest payment to Revenue Receipts (<i>per cent</i>)	7.11	7.48	6.93	7.04	6.61
12	Revenue Deficit/Surplus	-213.73	375.37	1,634.06	688.90	1,335.45
13	Primary Revenue Balance (PRB)	598.43	1,230.06	2,566.15	1,682.13	2,403.86
14	Primary Balance (PB)	-616.06	-446.25	671.57	-569.40	-716.02
15	PB/GSDP (<i>per cent</i>)	-2.07	-1.50	2.08	-1.53	-1.71
16	Difference between RoI and effective rate of interest on Overall Debt	3.50	0.90	0.53	2.57	-6.93

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
17	Liquidity Management (use of financial accommodation instruments available with RBI) (in number of occasions)	6,784.50 (139)	9,417.75 (211)	6,599.67 (164)	4,742.83 (93)	2,478.99 (70)
18	Debt Stabilisation (Quantum spread + Primary balance)	-87.96	-1,291.23	777.16	563.81	240.83
19	Domar Criteria					
a	GSDP (in constant terms)	18,476.79	17,674.00	18,292.15	20,154.30	21,430.60
b	Real Growth (in constant terms)	9.54	-4.34	3.50	10.18	6.33
c	Inflation based on CPI (<i>per cent</i>)	3.80	4.45	5.60	6.05	3.36
d	Effective Rate of interest	7.39	7.15	7.34	7.27	6.93
e	Real effective rate of interest (Effective rate of interest-Inflation)	3.59	2.70	1.74	1.22	3.57
f	Growth Interest Differential (Real growth -Real effective rate of interest)	5.95	-7.05	1.76	8.96	2.76
g	Primary Balance (PB)	-616.06	-446.25	671.57	-569.40	-716.02

Source: Finance Accounts of respective years *including miscellaneous borrowings whose maturity year not available and 50 years interest free loans for Special Assistance to States for Capital Expenditure
 PRB: Revenue Receipts - Revenue Expenditure (net of interest payments), where (-) PB implies Primary Deficit and vice-versa

PB: Total Receipts (net of borrowings) -Total Expenditure (net of interest payments), where (-) PB implies Primary Deficit and vice-versa.

Liquidity Management: Amount availed against SDF, WMA & OD

RoI : Return on Investment as measured by effective rate of interest receipts

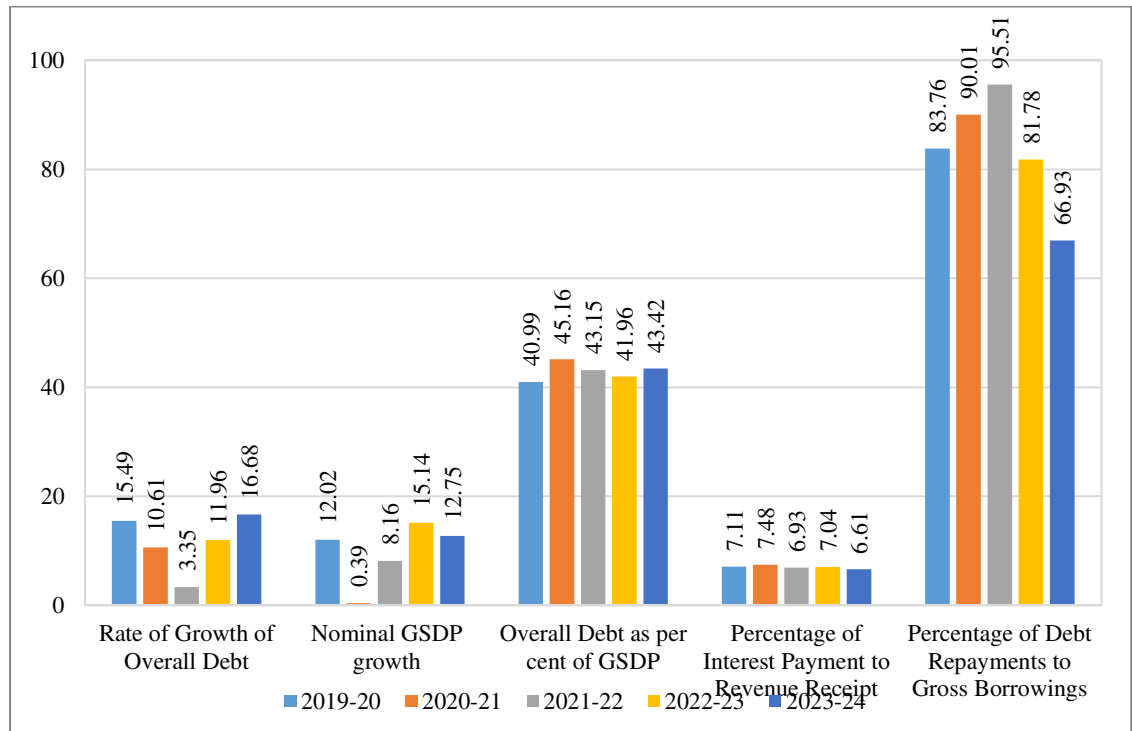
$RoI = \text{Interest Receipts} / \text{Average of Opening and Closing Stock of Loans and Advances Disbursed} * 100$

$\text{Effective Rate of Interest} = \text{Interest Payment} / \text{Average Outstanding Debt of Previous and Current Financial Year (Excluding Non-Interest Bearing Liabilities)} * 100$

Quantum Spread: $\text{Interest Spread} \times \text{Debt (Excluding non-interest bearing liabilities)}$

Non-Interest Bearing Liabilities include non-interest bearing Reserve funds and deposits and 50 years interest free loan for Special Assistance to State for Capital Expenditure.

Chart 2.26: Trends of Debt Sustainability indicators



Source: Finance Accounts of respective years

Based on the data against each debt sustainability indicators given in **Table 2.43** above, the debt sustainability of the State can be analysed over the fiscal years 2019-2024 as follows:

(i) Debt to GSDP Ratio

A low value of debt to GSDP ratio indicates that the State's economy is vibrant to pay the debt without incurring further debt. A high Debt to GSDP ratio signifies that the State's burden is substantial compared to its economic output and indicates financial vulnerability and reduced fiscal flexibility.

During 2019-20 to 2023-24, the Debt-to-GSDP ratio of the State fluctuated between 40.99 and 45.16 *per cent*, ending at 43.42 *per cent* in 2023-24. Although there was a reduction in the ratio from 2020-21 to 2022-23, an increase to 43.42 *per cent* (1.50 percentage points) in 2023-24 implied rising financial vulnerability. Further, it was observed from **Paragraph 1.5** that the State could not keep its debt to GSDP in line with the ceiling prescribed by the FC¹⁶/ FRBM/ MTFP in 2019-20, 2021-22 and 2023-24.

A lower ratio would provide the state with greater fiscal flexibility, allowing it to potentially handle economic shocks better without compromising on development or social spending. However, the current trend may indicate limited flexibility in meeting future debt obligations if economic growth does not keep pace with debt growth.

(ii) GSDP/Debt Growth Comparisons

When rate of nominal growth is more than the rate of growth of debt and rate of real growth is more than real rate of interest, GSDP growth is feasible for debt servicing; when these inequalities are reversed, the debt is on the sustainable path.

During 2019-20 to 2023-24, the State generally satisfied the sustainability conditions, with nominal growth rates above the growth rate of debt in most years. However, for real growth rates, especially in 2020-21, the real growth was negative (-4.34 *per cent*) due to Covid pandemic, indicating difficulties in sustaining debt through real economic growth. During 2022-23 and 2023-24 showed stronger real growth relative to the real effective interest rate, indicating a positive outlook for debt sustainability if this trend continues.

(iii) Primary Balances

A positive primary revenue balance and primary balance indicates that the debt is on the sustainable path.

During 2019-20 to 2023-24, the State experienced mostly negative primary balances (PB), with positive values in 2021-22. During the period from 2019-20 to 2023-24, Primary revenue balance (PRB) remains positive, suggesting that the State's revenue base can meet most revenue expenditure needs before interest payments. A positive PRB and

¹⁶ There are two conditions required for DSA:

- (i) Debt Sustainability Indicator (a combination of Growth Interest Differential and Primary Balance)
- (ii) To estimate the Sustainability of the debt is diversion of the actual Debt/GSDP ratio from target threshold. As there is no theory to indicate what is sustainable debt threshold, so choice of the target value of the debt is arbitrary. Therefore, indicative debt path of the State as projected as given by the FC is considered as threshold of Debt/GSDP ratio.

occasional positive PB indicate that while the debt path has had sustainable moments, persistent negative PB could add stress to debt sustainability if the trend persists.

(iv) Interest Payment Ratios

A declining trend in interest payment as percentage to revenue receipts and interest payment as *per cent* to revenue expenditure is an indication of sustainable debt whereas an increasing trend indicates an unsustainable debt trajectory.

During 2019-20 to 2023-24, Interest payment as a percentage of revenue receipts remained relatively stable, showing a slight downward trend in 2023-24 (6.93 *per cent*) as compared to the previous year (7.27 *per cent*). This declining trend indicates a more sustainable debt profile, as less of the state's revenue is being allocated toward interest payments. A sustainable trajectory here is essential as a growing portion of revenue freed from interest obligations can be redirected to critical expenditures, including development projects. This trend, if maintained, can support more stable and sustainable debt management.

(v) Maturity Profile

The longer average residual maturity period along with a small share of floating rate debt limits roll over risks and insulates interest rate volatility to maintain the debt sustainably.

The maturity profile of debt, with a significant portion (₹8,871.23 crore) maturing in the 5-10 years bracket, suggests moderate rollover risk. Debt maturing within 0-2 years (₹1,556.53 crore) and 2-5 years (₹3,036.67 crore) also adds to short-term pressures. The share of floating-rate debt is not provided explicitly but could affect the ability to withstand interest rate fluctuations if significant. Ensuring that longer-maturity debt remains a larger proportion of the total debt profile would improve sustainability by minimizing the pressure from immediate debt repayments and interest rate volatility.

(vi) Use of WMA and Overdraft Facilities

Sustainable use of Ways and Means Advances (WMA) and overdraft facility in large amount indicates poor liquidity management, which warrants poor fiscal management and hinders short-term debt sustainability.

During 2019-20 to 2023-24, the number of occasions for liquidity accommodations, such as WMA or overdrafts, declined significantly from 139 occasions in 2019-20 to 70 occasions in 2023-24, indicating better fiscal management in recent years. This decline reflects an improvement in liquidity management and a reduced reliance on short-term borrowing, thus enhancing short-term debt sustainability. Such a trend implies that the state's financial management practices are improving, allowing for a reduced dependency on temporary financial accommodation instruments.

(vii) Fiscal Imbalance (FB)

Fiscal Imbalance (FB) equals to zero indicates that Debt/GSDP ratio would remain constant. While positive FB signals fall in Debt/GSDP ratio and vice-versa.

During 2019-20 to 2023-24, the fiscal imbalance has fluctuated, with the PB-to-GSDP ratio remained negative except during 2021-22 where it was positive, suggesting some strain on fiscal sustainability. A zero or positive fiscal imbalance would indicate a stable debt-to-GSDP ratio, but the negative PB-to-GSDP ratios over the period imply that more attention is needed to achieve a balanced fiscal position. Maintaining a positive FB would contribute positively to debt sustainability.

(viii) Domar Criterion

Based on the Domar criterion, the State generally demonstrates sustainable debt practices as the growth interest differential (GID) is positive in four out of five years during 2019-20 to 2023-24. In 2022-23, a GID of 8.96 *per cent* was achieved, showing that real growth exceeded the real effective interest rate significantly. A consistently positive GID indicates that the state's economy is growing at a rate conducive to debt sustainability. A negative GID, as seen in 2020-21 (-7.05 *per cent*) mainly due to Covid pandemic, reflects an unsustainable period, likely due to lower economic output. Maintaining a positive differential through prudent fiscal policies and economic growth can foster a more sustainable debt environment.

Thus, it was observed that following a sharp deterioration in debt sustainability indicators when it hit a five-year low in 2020-21, the debt-GSDP ratio rose to a five-year high of 45.16 *per cent*. Decomposition of debt accumulation relative to GSDP shows that Growth Interest Differential (GID) was not enough to absorb entire impact of primary deficit during 2019-24. Despite a significant improvement in GID growth from 1.50 *per cent* in 2018-19 to 4.60 *per cent* in 2019-20, the debt-GSDP ratio witnessed an increase in 2019-20 due to the worsening of primary deficit and increase in debt, which exceeded the nominal growth. This trend continued in 2020-21 as well, when the debt-GSDP ratio reached a five-year high of 45.16 *per cent*. The sharp deterioration observed in the debt-GSDP ratio can be attributed to the sharp contraction seen in the GID given the steep deceleration witnessed in nominal growth, increase in debt more than nominal growth and primary balance, which continued to remain in the negative territory. However, debt-GSDP ratio observed declining trend in 2021-22 and 2022-23. The State succeeded in steadily improving the debt-GSDP ratio during 2021-22 and 2022-23 years by generating a primary surplus in 2021-22 supported by improvements in the GID and allowing the debt to grow less than nominal growth. With the worsening of the primary deficit and higher growth in debt compared with the nominal growth reversed the trend in 2023-24, debt-GSDP increased by more than one percentage point over the previous year. This shows that debt-GSDP ratio of the State witnessed a fluctuating trend during 2019-20 to 2020-24. Debt-GSDP ratio of the State except 2022-23 remained above the indicative debt path given by FC.

The Domar criterion also shows that nominal growth was not driven by inflation except in 2020-21 and 2021-22. On average, the contribution of real growth to nominal growth remained higher than inflation. In contrast, inflation measured by the CPI (combined) helped the State to keep the real cost of borrowing on a downward trajectory until 2022-23. However, due to a sharp decline in inflation from 6.05 *per cent* in 2022-23 to 3.36 *per cent* in 2023-24, real interest rates witnessed an increase in 2023-24. During the

period 2019-2024, on an average, inflation remained within the band-width of two to six *per cent* for the medium term target of CPI inflation determined by RBI, keeping real interest rates below economic growth, thereby maintaining a favourable GDP. Thus, except for the pandemic-hit year 2020-21, the growth rate has been large enough to cover the increase in interest rates.

Going by the analysis and results discussed above, the finances of the State of Nagaland is marked by increasing trend of liabilities, which pose risk to the target of debt stabilisation and debt sustainability.

2.7.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting current consumption and repayment of interest on outstanding loans is not sustainable.

The trends of the total borrowing, repayment of earlier borrowings and utilisation during the five years from 2019-20 to 2023-24 are given in **Table 2.44**.

Table 2.44: Utilisation of borrowed funds

	(₹ in crore)				
1. Year	2019-20	2020-21	2021-22	2022-23	2023-24
2. Total Borrowings	7,869.82	11,434.86	8,708.55	7,158.69	6,078.79
3. Repayment of earlier borrowings (Principal) (In <i>per cent</i>)	6,867.25 (87.26)	9,903.92 (86.61)	7,950.16 (91.29)	5,324.29 (74.38)	3,376.54 (55.55)
4. Net Capital Expenditure (<i>per cent</i>)	1,206.32 (15.33)	1,671.93 (14.62)	1,893.85 (21.74)	2,704.22 (37.78)	3,122.52 (51.37)
5. Net loans and advances	8.18	4.38	0.73	-2.69	-2.64
6. Portion of Revenue Expenditure met out of net available borrowings (2-3-4-5)	-211.93	-145.37	-1,136.19	-867.13	-417.63

Source: Finance Accounts of respective years

As can be seen from **Table 2.44**, the borrowings were utilised for repayment of earlier borrowings which ranged between 55.55 *per cent* (2023-24) and 91.29 *per cent* (2021-22), during the five-years period of 2019-24.

2.7.2 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. The State Governments have come out with legislations regarding cap on the guarantees. As per NFRBM Act, 2005, the State Government decided to charge guarantee fee at the rate of one *per cent* to cover the risk in the guarantees.

The details of outstanding guarantees given by the State Government including interest liability during the five-years period from 2019-20 to 2023-24 are shown in **Table 2.45**:

Table 2.45: Guarantees given by the State Government

(₹ in crore)

Guarantees	2019-20	2020-21	2021-22	2022-23	2023-24
Ceiling applicable to the outstanding amount of guarantees including interest	No law has been passed by the State Legislature under Article 293 of the Constitution laying down the limit within which the Government may give guarantee on the security of Consolidated Fund of the State.				
Outstanding amount of guarantees including interest	174.96	174.96	189.96	189.96	228.57

Source: Finance Accounts of respective years

The State Government had guaranteed loans raised by various Corporations and Others which at the end of 2023-24 stood at ₹228.57 crore. During 2023-24, the State Government did not pay any amount as no guarantee was invoked.

The Outstanding Guarantees was mainly given against repayment of principal and payment of interest on loan pertaining to Nagaland State Cooperative Bank Ltd. and repayment of principal and payment of interest on loan pertaining to Nagaland Industrial Development Corporation (₹44.24 crore). The Outstanding Guarantees of ₹228.57 crore as on 31 March 2024 was 1.41 *per cent* of the Revenue Receipts of the State during the year.

During the Exit Conference (16 December 2024), Finance Department stated that the outstanding guarantee amount was on the higher side and necessary steps would be taken to reconcile the figure with the office of PAG (A&E), Nagaland.

2.7.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, the State Government must maintain a minimum daily cash balance of ₹0.25 crore with the RBI. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMAs)/Special Ways and Means Advances (SWMAs)/Overdrafts (ODs) from time to time. The limit for ordinary WMA to the State Government is revised by the RBI from time to time.

The State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The profits derived from such investments are credited as receipts under the head '0049-Interest Receipts'. The cash balances are invested in the Consolidated Sinking Fund and Guarantee Redemption Fund as well.

It is not desirable that the State Government take recourse to market loans despite having large cash balances leading to further accretion to cash balances without putting it to productive use.

Table 2.46 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 2.46: Cash Balances and their investment

	(₹ in crore)	
	Opening balance on 1 April 2023	Closing balance on 31 March 2024
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India	320.78	407.42
Total	320.78	407.42
Investments held in Cash Balance investment account	0.00	534.83
Total (A)	320.78	942.25
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	816.40	1,064.58
Permanent advances for contingent expenditure with department officers	0.00	0.00
Investment in earmarked funds	1,617.84	1,739.72
Total (B)	2,434.24	2,804.30
Total (A + B)	2,755.02	3,746.55
Interest realised	2.29	3.23

Source: Finance Accounts, 2022-23

It was noticed that State Government's opening general Cash Balance as on 01 April 2023 was ₹320.78 crore. The closing general Cash Balance (31 March 2024) showed an increase of 193.74 *per cent* (₹621.47 crore) and stood at ₹942.25 crore. The State Government had earned ₹3.23 crore from the Cash Balance Investments during 2023-24.

However, the State Government could maintain the minimum daily cash balance with the RBI for 296 days during 2023-24 and as such WMAs/ SWMAs/ODs was availed for 70 days during the year, for which an interest of ₹3.14 crore (*Appendix 1.3*) was paid.

The Cash Balance Investments of the State of Nagaland for last five years (2019-20 to 2023-24) are given in **Table 2.47**:

Table 2.47: Cash Balance Investment Account (Major Head-8673)

	(₹ in crore)			
Year	Opening Balance	Closing Balance	Increase (+)/decrease (-)	Interest earned
2019-20	134.96	0.00	(-)134.96	1.78
2020-21	0.00	0.00	0.00	0.07
2021-22	0.00	485.37	485.37	0.77
2022-23	485.37	0.00	(-)485.37	2.29
2023-24	0.00	534.83	534.83	3.23

Source: Finance Accounts of respective years

The trend analysis of the cash balance investment of the State Government revealed that during the five year-period of 2019-24, there has been large fluctuation in cash balance at the end of each year of the State.

2.8 Conclusion

The continuous mismatch between receipts and expenditure indicates rising fiscal stress. The State has different sources of receipts such as State Own Tax Revenue, Non-tax Revenue, Devolution of State's share in taxes, Grants-in-Aid and transfers from the Union Government and non-debt capital receipts. The State Government's expenditure

includes expenditure on revenue account as well as Capital Expenditure (assets creation, loans and advances, investments *etc.*).

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of guarantees and subsidies. So far as revenue and expenditure mismatch is concerned, one of the most important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments and interests and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes and transfer to reserve funds.

Revenue Receipts (₹16,155.13 crore) increased by 14.58 *per cent* (₹2,055.87 crore) over the previous year (₹14,099.26 crore). The State's Own Tax Revenue increased by ₹136.21 crore (9.32 *per cent*), Non-Tax Revenue increased by ₹200.00 crore (41.84 *per cent*), Grants-in-Aid from GoI increased by ₹693.59 crore (10.26 *per cent*) and State's Share of Union taxes/duties increased by ₹1,026.63 crore (19.01 *per cent*) respectively over the previous year.

The Government of India and the State Government have introduced a system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The State Government transferred ₹2,812.60 crore in 2023-24. The whole amount was transferred through fully vouched bills. However, detailed vouchers and supporting documents of actual expenditure were not received by Principal Accountant General (A&E) office from the SNAs. As on 31 March 2024, an amount of ₹1,096.65 crore, including both Central and State shares, were parked in SNA bank Account of 117 schemes.

Revenue Expenditure (₹14,819.70 crore) increased by ₹1,409.34 crore (10.51 *per cent*) during 2023-24 over the previous year (₹13,410.36 crore). The percentage of Revenue Expenditure to Total Expenditure was 82.60 *per cent* and Revenue Expenditure to GSDP was 35.38 *per cent* during 2023-24.

Capital Expenditure (₹3,122.52 crore) increased by ₹418.30 crore (15.47 *per cent*) during 2023-24 compared to the previous year (₹2,704.22 crore) and stood at 17.41 *per cent* of total expenditure during the year. During the five-year period of 2019- 24, the borrowings were utilised for repayment of earlier borrowings which ranged between 55.55 *per cent* (2023-24) and 91.29 *per cent* (2021-22).

Under Revenue Expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of interest payments, expenditure on salaries and wages and pensions. Committed expenditure like salary and wages, pension, interest payments steadily increased by ₹2,998.68 crore at a CAGR of 8.40 *per cent* from ₹7,874.46 crore in 2019-20 to ₹10,873.14 crore in 2023-24. The Committed Expenditure during the year 2023-24 was 67.30 *per cent* of the Revenue Receipts and 73.37 *per cent* of the Revenue Expenditure.

In addition to the committed expenditure, the inflexible expenditure as a percentage of Revenue Expenditure, showed fluctuating trend ranging from 8.00 to 10.45 *per cent*.

Further, the inflexible expenditure (₹1,186.01 crore) decreased by 11.14 *per cent* during 2023-24 over the previous year (₹1,334.71 crore).

Taken together, committed and inflexible expenditure in 2023-24 was ₹12,059.15 crore; 81.37 *per cent* of the Revenue Expenditure. Upward trend on committed and inflexible expenditure leaves the Government with lesser flexibility for other priority sectors and capital creation.

At the end of 2023-24, the Government provided guarantees of ₹228.57 crore against loans various Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives. During 2023-24, the Government did not pay any amount as no guarantee was invoked.

Public Debt increased by ₹6,825.97 crore at a CAGR of 14.99 *per cent* from ₹9,118.09 crore in 2019-20 to ₹15,944.06 crore in 2023-24 whereas the Debt/ GSDP ratio increased from 40.99 to 43.42 *per cent* during the same period. As per the Debt stabilization analysis, the current debt level appears manageable in the short term, the upward trajectory and rising debt-to-GSDP ratio highlight the need for proactive fiscal management to prevent long-term sustainability risks.

It was observed that following a sharp deterioration in debt sustainability indicators when it hit a five-year low in 2020-21, the debt-GSDP ratio rose to a five-year high of 45.16 *per cent*. Decomposition of debt accumulation relative to GSDP shows that GID (Growth Interest Differential) was not enough to absorb entire impact of primary deficit during 2019-2024. Despite a significant improvement in GID growth from 1.50 *per cent* in 2018-19 to 4.60 *per cent* in 2019-20, the debt-GSDP ratio witnessed an increase in 2019-20 due to the worsening of primary deficit and increase in debt, which exceeded the nominal growth. This trend continued in 2020-21 as well, when the debt-GSDP ratio reached a five-year high of 45.16 *per cent*. The sharp deterioration observed in the debt-GSDP ratio can be attributed to the sharp contraction seen in the GID given the steep deceleration witnessed in nominal growth, increase in debt more than nominal growth and primary balance, which continued to remain in the negative territory. However, debt-GSDP ratio observed declining trend in 2021-22 and 2022-23. The State succeeded in steadily improving the debt-GSDP ratio during 2021-2023 years by generating a primary surplus in 2021-22 supported by improvements in the GID and allowing the debt to grow less than nominal growth. With the worsening of the primary deficit and higher growth in debt compared with the nominal growth reversed the trend in 2023-24, debt-GSDP increased by more than one percentage point over the previous year. This shows that debt-GSDP ratio of the State witnessed a fluctuating trend during 2019-2024. Debt-GSDP ratio of the State except 2022-23 remained above the indicative debt path given by FC.

The Domar criterion also shows that nominal growth was not driven by inflation except in 2020-21 and 2021-22. On average, the contribution of real growth to nominal growth remained higher than inflation. In contrast, inflation measured by the CPI (combined) helped the State to keep the real cost of borrowing on a downward trajectory until 2022-23. However, due to a sharp decline in inflation from 6.05 *per cent* in 2022-23 to 3.36 *per cent* in 2023-24, real interest rates witnessed an increase in 2023-24. During 2019-2024, on an average, inflation remained within the band-width of 2-6 *per cent* for

the medium term target of CPI inflation determined by RBI, keeping real interest rates below economic growth, thereby maintaining a favourable GID. This concludes that except for the pandemic-hit year 2020-21, the growth rate has been large enough to cover the increase in interest rates.

Going by the analysis and results discussed above, the finances of the State of Nagaland is marked by increasing trend of liabilities, which pose risk to the target of debt stabilisation and debt sustainability.

2.9 Recommendations

- State Government needs to continue the trend of Own Tax Revenue collection by focusing on other potential areas, apart from State Goods and Services Tax to have a sustained increase in Own Tax Revenue.
- The State Government should strive to improve its non-tax revenue mobilisation efforts.
- The Government may ensure that the outstanding arrears of revenue are assessed and recovered in time by strengthening its monitoring mechanism.
- To avoid possible future liabilities under NPS, the State Government needs to fulfil its obligation by releasing arrears of its contributions and transferring the outstanding funds already accumulated including interest, to NSDL for management of the NPS.
- The State Government may ensure that mobilised debt resources are used adequately for creation of assets.
- The State Government may strengthen the local tax base for sustainable fiscal stability and development.
- The State Government may ensure time bound completion of incomplete projects without further delay to avoid time and cost overrun to accrue the desired benefit.
- The State Government may ensure transfer of the Labour cess fund to the Nagaland Building and Other Construction Workers' Welfare Board within the stipulated timeline as per the extant provision.

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 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 distinguished expenditure on revenue account from other expenditure. Legislative authorisation is necessary before incurring any expenditure by the State Government. The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Glossary of important budget related is given in **Appendix 1.1 Part A**.

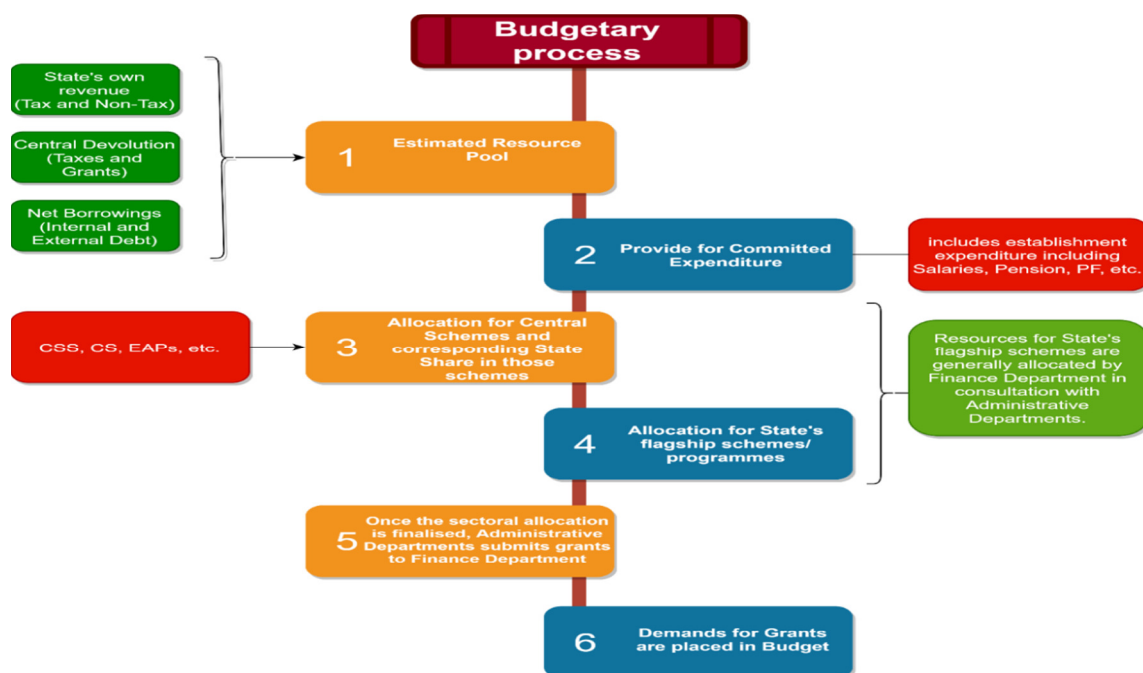
The Government of Nagaland has not yet prepared a Budget Manual, detailing the processes involved in the budget formulation exercise, roles and responsibilities of the persons entrusted with the preparation and implementation of the budget, timelines for preparation and submission of budgetary estimates, requirements of supplementary budget, mode of seeking re-appropriations within Grants, assessment of savings and surrenders and monitoring and controls to be exercised by the Controlling Officers at all stages of budget preparation and implementation.

In the absence of a Budget Manual, the State Government has been following various provisions of the Constitution of India, General Financial Rules and guidelines issued by the Central Government.

The Budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates, for the next financial year.

A typical budget preparation process in a State is depicted in **Chart 3.1**.

Chart 3.1: Budget preparation process



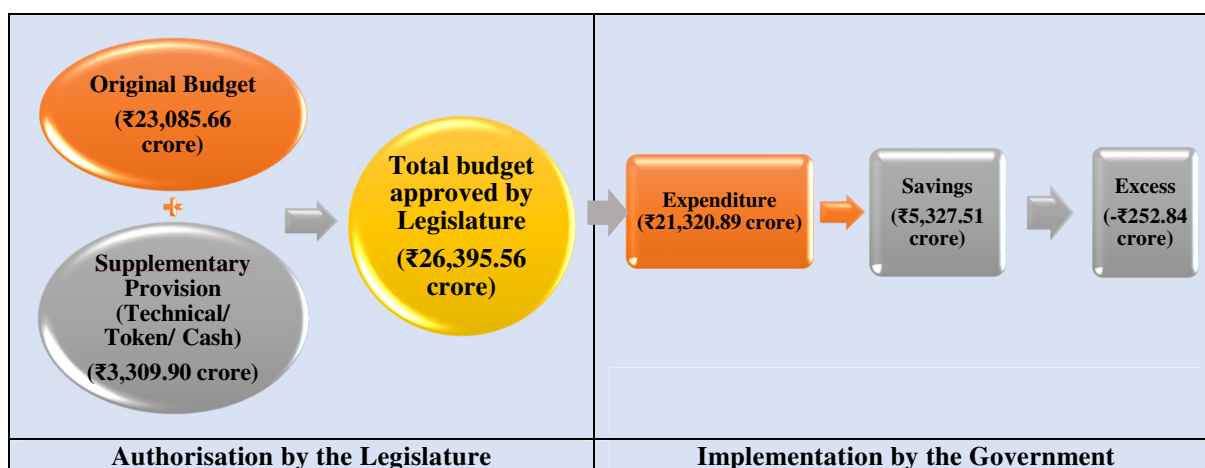
CSS: Centrally Sponsored Schemes; CS: Central Schemes, EAP: Externally Aided Projects.

Legislative authorisation is the *sine qua non* for incurrence of all expenditure by the State Government. To guide individual Government Departments, the State Government framed financial rules and provided for delegation of financial powers. These delegations establish the limits for incurrence of expenditure and the levels authorised to sanction such expenditure together with restrictions on appropriation and re-appropriations.

The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its annual Budget and 82 Demands for Grants. Normally, every Department has one Demand for Grant, to ensure that Heads of Departments take responsibility for implementing the policy decisions and expending public funds for the intended purposes.

Apart from supplementary grant, re-appropriation can also be used to re-allocate funds within a Grant. Re-appropriation is the transfer, by competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same section (Revenue-Voted, Revenue-Charged, Capital-Voted, Capital-Charged) of the Grant or Charged Appropriation. Various components of budget are depicted in **Chart 3.2:**

Chart 3.2: Components of Budget



Source: Appropriation Accounts, 2023-24

During the current year, the total budget approved by the State Legislature (₹26,395.56 crore) was ₹303.07 crore (1.16 *per cent*) more than the previous year (₹26,092.49 crore). The Budget Outlay of the State grew at a CAGR of 4.08 *per cent* from ₹22,496.42 crore in 2019-20 to ₹26,395.56 crore in 2023-24. The overall Savings, during the year, was ₹5,074.66 crore which was 65.21 *per cent* of the Supplementary provision of ₹3,309.90 crore. During the year, excess expenditure (₹252.84 crore) over the budgetary provision occurred in 10 grants. The overall expenditure of the State, during the year, was ₹21,320.89 crore which was ₹211.93 crore (0.98 *per cent*) lesser than the previous year (₹21,532.82 crore).

Chart 3.2 indicates that Supplementary Grant of ₹3,309.90 crore was not required as the gross expenditure was ₹1,764.77 crore less than the Original Provision. It is pertinent to mention that Supplementary Grant was taken on 29 February 2024 and total expenditure as of February 2024 was only ₹15,197.19 crore as per monthly civil accounts submitted by the Treasuries, leaving ₹7,888.47 crore with the State Government for the remaining 31 days. With the Supplementary Grant, total funds available with the State Government were ₹11,198.37 crore, which was 73.69 *per cent* of the total expenditure in the first eleven months of 2023-24. This was indicative of over estimation and poor financial management.

3.1.1 Summary of total provisions, actual disbursements and savings during 2023-24

A summarised position of total budget provision, disbursement and saving/excess with its further bifurcation into voted/ charged during 2023-24 for total 82 grants/appropriation are shown in **Table 3.1**.

Table 3.1: Budget provision, disbursement and savings/excess during 2023-24

(₹ in crore)

Total Budget provision		Disbursements		Savings		Excess	
Voted	Charged	Voted	Charged	Voted	Charged	Voted	Charged
18,883.66	7,511.91	16,825.50	4,495.40	2,310.99	3,016.52	252.84	0.00

Source: Appropriation Accounts, 2023-24

There was an overall savings of ₹5,327.50 crore (Voted: ₹2,310.99 crore *plus* Charged: ₹3,016.52 crore) during the year 2023-24 which was 20.18 *per cent* of total Grants/Appropriations and 24.99 *per cent* of the total expenditure.

These savings may be seen in the context of estimation of Receipts of ₹23,145.66 crore by the State Government and estimation on the expenditure side being ₹26,395.56 crore during the year 2023-24. This implied that the savings were notional, as the funds were not actually available for expenditure. This is an indicative of poor exercise of budget formulation in the State.

3.1.1.1 Charged and voted disbursements

Break-up of total disbursement into charged and voted during the last five-years period (2019-24) is given in **Table 3.2**.

Table 3.2: Break-up of total disbursement into charged and voted during 2019-24

(₹ in crore)

Year	Disbursements		Saving (-)/ Excess (+)	
	Voted	Charged	Voted	Charged
2019-20	11,869.85	7,863.79	(-) 2,726.39	(-) 36.39
2020-21	11,843.76	10,801.26	(-) 3,784.94	(-) 465.69
2021-22	12,768.59	8,922.26	(-) 3,609.17	(-) 344.44
2022-23	15,169.20	6,363.62	(-) 2,862.06	(-) 1,697.60
2023-24	16,825.49	4,495.40	(-)2,058.16	(-)3,016.51

Source: Appropriation Accounts of respective years

As can be seen from **Table 3.2**, there were savings under Voted and Charged heads in all the years during the five-years period of 2019-24.

3.1.1.2 Budget marksmanship

Aggregate Budget Outturn

Aggregate Budget Outturn 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.

Details of BE, actual outturn and their difference during 2023-24 is given in **Table 3.3**.

Table 3.3: Details of BE, actual outturn and their difference during 2023-24

(₹ in crore)

Description	Original Approved Budget (BE)	Actual Outturn	Difference between Actual and BE*
(1)	(2)	(3)	(3)-(2)
Revenue	21,281.78	18,198.02	(-) 3,083.76
Capital	1,803.88	3,122.87	(+) 1,318.99
Total	23,085.66	21,320.89	(-) 1,767.77

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

In Revenue section, deviation in outturn compared with BE was (-) 14.49 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 61 grants, between ± 25 to ± 50 *per cent* in 10 grants, between ± 50 to ± 100 *per cent* in nine grants and more than ± 100 *per cent* in one grant. No provision was, however, made in respect of one grant of the Revenue section.

In Capital Section, deviation in outturn compared with BE was 73.12 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in four grants, between ± 25 to ± 50 *per cent* in eight grants, between ± 50 to ± 100 *per cent* in eight grants and more than 100 *per cent* in 18 grants. No provision was, however, made in respect of 44 grants of the Capital section.

Expenditure Composition Outturn

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

Details of BE, RE, actual outturn and their difference during 2023-24 is given in **Table 3.4**.

Table 3.4: Details of BE, RE, actual outturn and their difference during 2023-24

(₹ in crore)

Description	Original Approved Budget (BE)	Revised (RE)	Actual Outturn	Difference between BE & RE	Difference between Actual and RE*
(1)	(2)	(3)	(4)	(3)-(2)	(4)-(3)
Revenue	21,282.78	22,789.13	18,198.02	1,506.35	(-) 4,591.11
Capital	1,803.88	3,606.43	3,122.87	1,802.55	(-) 483.56
Total	23,085.66	26,395.56	21,320.89	3,309.90	(-) 5,074.67

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

In Revenue section, deviation in outturn compared with RE was (-)20.14 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 69 grants, between ± 25 to ± 50 *per cent* in nine grants and between ± 50 to ± 100 *per cent* in three grants. No provision was, however, made in respect of one grant of the Revenue section.

In Capital section, deviation in outturn compared with RE was (-)13.42 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 44 grants, between ± 25 to ± 50 *per cent* in 13 grants, between ± 50 to ± 100 *per cent* in five grants and more than 100 *per cent* in three grants. No provision was, however, made in respect of 17 grants of the Capital section.

The audit analysis of Nagaland's budget execution and expenditure composition for 2023-24 reveals significant deviations between budget estimates (BE), revised estimates (RE), and actual expenditures. These variances point to weaknesses in budget formulation, expenditure control, and fiscal discipline.

Nagaland's budget execution in 2023-24 suffered from poor forecasting, ineffective fund utilisation, and significant variances between planned and actual expenditures. The underutilisation of revenue allocations and excessive capital spending deviations indicate weak fiscal discipline and inefficiencies in expenditure control.

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 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, the management of finances and monitoring of budgetary provisions, and are, therefore, complementary to the Finance Accounts.

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.

3.3 Integrity of budgetary and accounting process

3.3.1 *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.

Rule 26 of the General Financial Rules, 2017 stipulates that the duties and responsibilities of a controlling officer in respect of funds placed at his disposal are to ensure that (i) the expenditure does not exceed the budget provision and (ii) the expenditure is incurred for the purpose for which funds have been provided.

Audit scrutiny revealed that in respect of ten grants, expenditure of ₹10 lakh and above was incurred (total expenditure was ₹80.83 crore), without budget provision (either with or without re-appropriation of funds) as detailed in **Appendix 3.1**. Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of non-compliance of the Financial Rules by the Controlling officers in the Department.

3.3.2 *Capital Expenditure as Revenue Expenditure and vice versa*

Misclassification of expenditure of revenue nature as Capital Expenditure or *vice-versa*, results in overstatement/understatement of Revenue Expenditure and revenue deficit/surplus.

Examination of the accounts and Voucher Level Computerisation (VLC) data showed that -

1. During the year, an expenditure of ₹14.42 crore related to minor works was booked under Capital Expenditure instead of Revenue Expenditure as minor works/Maintenance and repairs. This led to overstatement of Capital Expenditure and understatement of Revenue Expenditure.
2. During the year, an expenditure of ₹0.97 crore related to major works was booked under Revenue Expenditure instead of Capital Expenditure. This led to overstatement of Revenue Expenditure and understatement of Capital Expenditure.

3.3.3 Unnecessary/ excessive supplementary grants

As per Article 205 of the Constitution, a Supplementary or Additional Grant or Appropriation over the provision made by the Appropriation Act for the year can be made during the current financial year but not after the expiry of the current financial year. When such additional expenditure is found to be inevitable and there is no possibility of effecting savings within the grant to cover the excess by re-appropriation, the Secretary in the Department concerned proposes to the Finance Department for supplementary or additional grant or appropriation.

It was observed that Supplementary Provision of ₹153.11 crore obtained by nine Departments during the current year proved unnecessary as the expenditure either did not come up to the level of the Original Provision or the subsequent Supplementary Provision was not utilised by the Departments concerned as detailed in **Appendix 3.2**. Cases where supplementary provision (₹50 lakh or more in each case) proved unnecessary are given in **Table 3.5**.

Table 3.5: Details of cases where supplementary provision proved unnecessary

(₹ in crore)					
Sl. No.	Name of the Grant	Original	Supplementary	Actual Expenditure	Savings out of Original Provisions
(A) Revenue (Voted)					
1.	20- Relief, Rehabilitation etc.	1.20	0.53	1.14	0.06
2.	26- Civil Secretariat	307.23	0.62	292.49	14.74
3.	32- Higher Education	208.24	5.89	187.82	20.42
4.	37- Municipal Administration	83.93	5.66	29.68	54.25
5.	56- Road Transport	95.70	0.90	95.59	0.11
6.	58- Roads & Bridges	436.18	2.33	388.49	47.69
7.	59- Water Resources	39.11	0.62	37.44	1.67
8.	78- Technical Education	33.30	0.77	31.60	1.70
Total A		1,204.90	17.32	1,064.25	140.64
(B) Revenue (Charged)					
9.	75- Servicing of Debt	1,142.58	135.79	1,068.43	74.15
Total B		1,142.58	135.79	1,068.43	74.15
Grand Total (A + B)		2,347.48	153.11	2,132.68	214.79

Source: Appropriation Accounts, 2023-24

3.3.4 Unnecessary Re-appropriation of funds

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. Further, reasons for additional expenditure and savings should be explained in the Re-

appropriation statement and specific reasons should be given and expressions such as “based on actual requirements” and “based on trend of expenditure” should be avoided.

Scrutiny of Re-appropriation orders issued by the Finance Department revealed that out of a total of 82 grants, Re-appropriation was done in 62 grants (76 *per cent*) on the last day without stating specific reasons for withdrawal of provision or additional provision by way of Re-appropriation of funds. This Re-appropriation on the last day of the financial year resulted in savings in nine Grants, which was avoidable, as discussed in **Paragraph 3.3.3**.

Injudicious (excess/unnecessary/insufficient re-appropriation) re-appropriation of Funds made during the year 2023-24 proved excessive (by 10 lakh or more and less than or equal to savings/ excess) resulting in savings of ₹547.32 crore in sixty Sub-heads and Excess of ₹371.36 crore in fifty-six Sub-heads as detailed in **Appendix 3.3**.

As the re-appropriations were done on the last working day, the Departments did not have enough time to utilise the re-appropriated funds. Had re-appropriations been done in advance, the timely utilisation of funds could have been achieved. Substantial savings/excess of more than ₹0.10 crore in respect of Heads of Account where re-appropriation was resorted to or not made, reflects poorly on planning and monitoring of budget allocation and its utilisation by the State Government.

3.3.5 Unspent amount and surrendered appropriations and/ or Large Savings/ Surrenders

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or slipshod estimating, it is not readily excusable. The golden rule for all Estimating Officers should be to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should consider this while exercising final check on the estimates.

Budgetary allocations based on unrealistic proposals, overstretching the potential of resource mobilisation, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls promote release of funds towards the end of the financial year and increase the propensity of the Departments to retain huge balances outside the Government account in Bank Accounts. Excessive savings also deprives other Departments of the funds which they could have utilised.

Examination of Grants revealed that there was a total Savings of ₹5,327.50 crore, out of which Savings of ₹5,241.93 crore occurred in 47 Grants (**Appendix 3.4**) which exceeded ₹ One crore in each case or by more than 20 *per cent* of the Grant. Further, there were savings of ₹4,769.84 crore (savings were ₹50 crore and above in each case) in 14 Grants as shown in **Table 3.6**.

Table 3.6: List of Grants having large savings (savings above ₹ 50 crore) during the year
(₹ in crore)

Sl. No.	Number and name of the Grant	Total provision (O+S)	Expenditure	Saving/ Excess	Surrender
Revenue (Voted)					
1.	18- Pension and other Retirement Benefits	3,191.86	3,102.32	89.54	89.94
2.	21- Relief of Distress caused by Natural Calamities	141.20	72.19	69.01	69.01
3.	28- Civil Police	1,821.55	1,754.02	67.53	67.65
4.	31- School Education	2,046.28	1,884.00	162.28	163.30
5.	35- Medical, Public Health and Family Welfare	915.49	815.19	100.30	101.77
6.	37- Municipal Administration	89.59	29.69	59.90	59.98
7.	42- Rural Development	1,572.35	1,005.50	566.84	566.32
8.	48- Agriculture	462.69	383.82	78.87	19.00
9.	58- Roads and Bridges	438.51	388.49	50.02	9.85
Capital (Voted)					
1.	26- Civil Secretariat	178.98	128.68	50.30	50.30
2.	27- Planning Machinery	353.94	159.93	194.01	194.01
3.	31- School Education	193.59	89.37	104.22	104.16
4.	32- Higher Education	122.33	30.89	91.44	91.44
5.	53- Industries	149.76	79.71	70.05	72.50
Revenue (Charged)					
1.	75-Servicing of Debt	1,278.37	1,068.43	209.94	94.30
Capital (Charged)					
1.	75-Servicing of Debt	6,182.12	3,376.54	2,805.58	2,805.05
Grand Total		19,156.62	14,368.77	4,769.84	4,558.58

Source: Appropriation Accounts. 2023-24 O-Original; S-Supplementary

It was observed that out of the above 14 Grants, in one Grant, there was persistent low utilisation (less than 50 per cent) in the last five years from 2019-20 to 2023-24. This is indicative of lack of checking by the Administrative and Finance Departments of the estimates, applying unrelentingly the proven and well-tried check of average of previous actuals with known or reasonably foreseeable facts.

Details of utilisation of budgetary allocation in this Grant are shown in **Table 3.7**.

Table 3.7: Budget utilisation less than 50 per cent (in 2022-23)

Grant	Budget utilisation during the years: (in per cent)					Number of years*	Budget 2023-24	Total Budget for five years
	2019-20	2020-21	2021-22	2022-23	2023-24		(₹ in crore)	
27-Planning Machinery	37.37	27.17	28.25	29.74	48.92	05	423.26	3,806.12

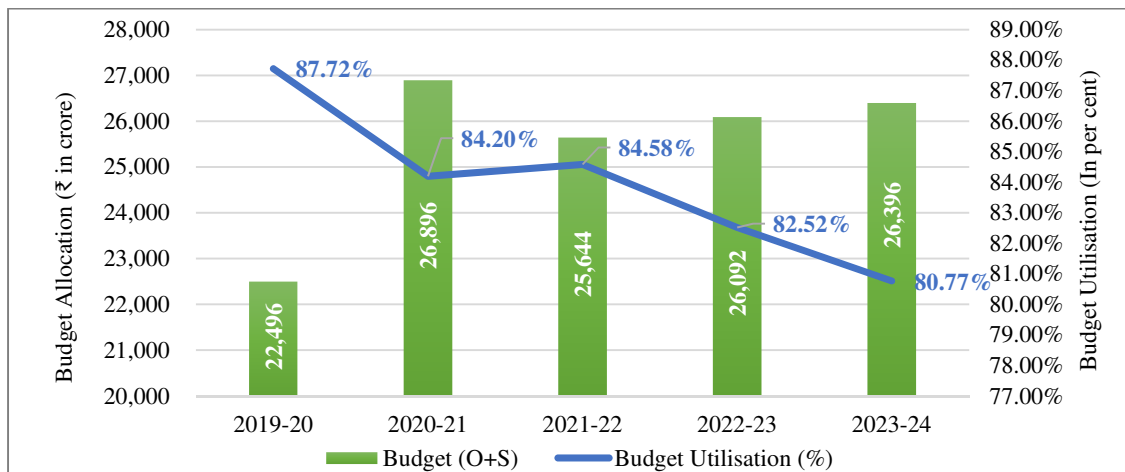
Source: Appropriation Accounts of respective years

* Number of years with utilisation below 50 per cent

It can be seen from **Table 3.7** that in Grant 27, low utilisation (less than 50 per cent) was noticed in all the five years. This is indicative of systemic issues that warrant a close review by the Government to enable initiation of corrective measures.

Utilisation of budgeted funds by the State has been sub optimal every year during the past few years. The extent of utilisation of budget during the five-year period from 2019-20 to 2023-24 is in **Chart 3.3**.

Chart 3.3: Budget Utilisation during 2019-20 to 2023-24

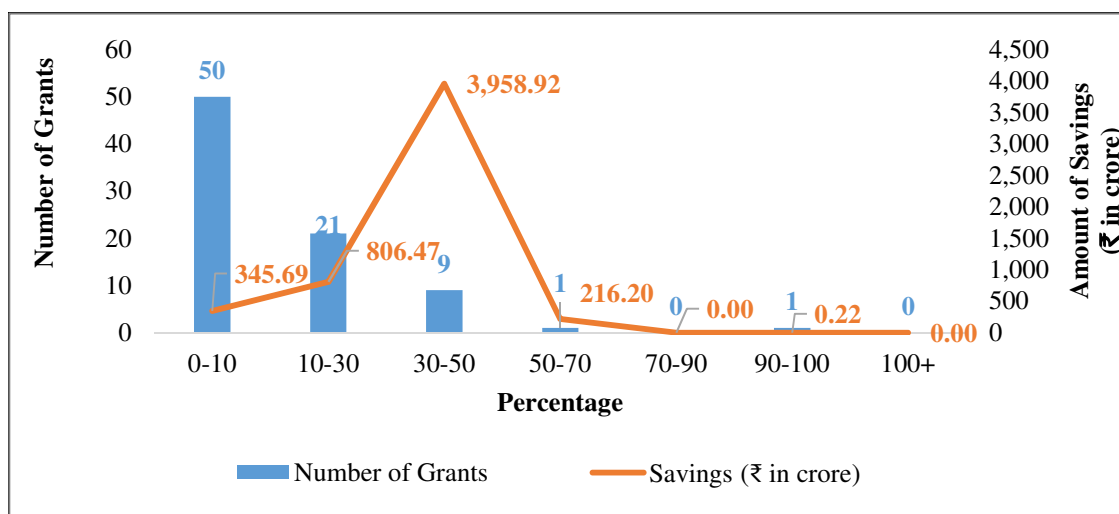


Source: Appropriation Accounts of the respective years

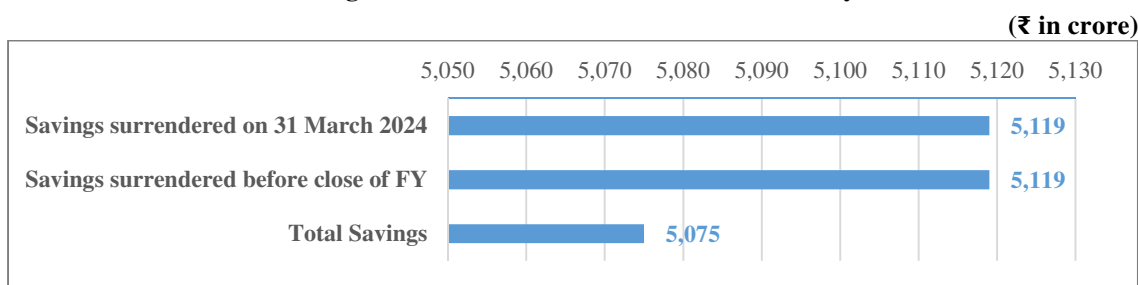
As can be seen from **Chart 3.3**, utilisation of budget has been around 83 *per cent* during four of the last five years and has shown fluctuating trend, though it has been declining since 2021-22, with minimum at 80.77 *per cent* during the current year. Large amount of savings in allocated funds indicate both poor budget management/estimation/inaccurate assessment of requirement as well as inadequate capacity to utilise the funds for intended purposes.

The distribution of number of Grants grouped by the percentage of savings for 2023-24 and the overall savings and surrenders before close of the financial year 2023-24, are depicted in **Chart 3.4** and **Chart 3.5**.

Chart 3.4: The distribution of the number of Grants grouped by the percentage of savings along with total savings in each group



Source: Appropriation Accounts, 2023-24

Chart 3.5: Savings and surrenders before close of financial year 2023-24

Source: Appropriation Accounts, 2023-24 and Surrender/ Re-appropriation orders for 2023-24

1. Large Savings in Allocated Funds (₹5,327.51 crore): Savings of ₹5,241.93 crore were recorded across 47 grants, each exceeding ₹1 crore or 20 *per cent* of the total allocation. 14 major grants had savings exceeding ₹50 crore each, totaling ₹4,769.84 crore.

Major savings were observed in key sectors, such as Pension and Retirement Benefits (₹89.54 crore), Relief for Natural Calamities (₹69.01 crore), School Education (₹162.28 crore), Medical, Public Health and Family Welfare (₹100.30 crore), Rural Development (₹566.84 crore), Higher Education (₹91.44 crore), Roads and Bridges (₹50.02 crore), Debt Servicing (₹2,805.58 crore in Capital Charged Section).

2. Persistent Low Utilisation was observed in Key Sectors: Grant 27 – Planning Machinery had budget utilization below 50 *per cent* for five consecutive years (2019-20 to 2023-24). Budget utilisation was only 80.77 *per cent* in 2023-24, showing a declining trend from previous years. The inability to utilise funds highlights poor planning, lack of implementation capacity, and weak oversight by the Finance and Administrative Departments.

3. Misalignment Between Budget Allocation and Actual Spending: Excessive savings suggest the need for correction in estimation processes as these are leading to over-projection of requirements and inefficient allocation. Large surrender of funds before the close of the financial year indicates hasty reallocation and poor expenditure planning.

Overall, Nagaland's budget execution in 2023-24 showed excessive savings, low fund utilisation, and poor planning. The persistence of underutilisation in crucial grants, particularly in Planning, Education, Health, and Infrastructure, suggests systemic inefficiencies that must be addressed to enhance fiscal discipline and public service delivery.

3.3.6 Excess expenditure and its regularisation

As per Article 204 of the Constitution of India, 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 the Article. Further, Article 205(1) (b) of the Constitution of India provides that if more money has been spent on any service during a financial year than the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly of the State, a demand for such excess. This implies that, it is mandatory for a State Government to get excesses over grants/ appropriations regularised by the State Legislature for the Financial Year.

Although no time limit for regularisation of excess expenditure has been prescribed, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). Failure to do so is in contravention of Constitutional provisions and defeats the objective of ensuring accountability by the Legislature over the executive, over utilisation of public money.

3.3.6.1 Excess expenditure relating to 2023-24

Excess expenditure over the provision for the year is not only in contravention of the provisions requiring Legislative sanction but is also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget made for the purpose.

It was observed that during 2023-24, there was an excess disbursement over grants of ₹252.84 crore under ten Departments. The summary of excess disbursements over grants during the financial year 2023-24 is given below:

Table 3.8: Summary of excess disbursements over grants during the financial year

(₹ in crore)

	Name of Department		Number of Grants
	Public Work/ Irrigation/ Forest	Other	
Revenue (Voted)	0.00	17.63	02
Revenue (Charged)	0.00	0.00	00
(A) Total Excess (Revenue)	0.00	17.63	02
Capital (Voted)	79.85	155.36	08
(B) Total Excess (Capital)	79.85	155.36	08
Grand Total (A + B)	79.85	172.99	10

Source: Appropriation Accounts, 2023-24

The details of the Major Head wise excess disbursement over the budget during the year 2023-24 requiring regularisation is shown in **Table 3.9**.

Table 3.9: Major Head wise excess disbursement over the authorisation from the Consolidated Fund of State during 2023-24

₹ in crore)

Sl. No.	Grant No.	Major Head	Major Head Description	Original Provision	Supple- mentary	Grand Total	Expenditure	Excess	Reason for excess stated by the Department
Revenue (Voted)									
1.	36	2217	Urban Development	31.77	5.69	37.46	53.68	16.22	Reasons for excess have not been intimated (July 2024)
2.	72	2501	Special Programme for Rural Development	45.76	4.31	50.07	51.48	1.41	
		2552	North Eastern Areas						
Capital (Voted)									
3.	4	4059	Capital Outlay on Public Works	16.90	24.91	41.81	94.45	52.64	Reasons for excess have not been intimated (July 2024)
		4216	Capital Outlay on Housing						
4.	33	4202	Capital Outlay on Education, Sports, Arts & Culture	0.00	83.09	83.09	108.09	25.00	Finance Department has treated it as regular subject to Regularisation.
		4552	Capital Outlay on North-East Areas						
5.	37	4217	Capital Outlay on Urban Development	4.62	209.53	214.15	274.70	60.55	

Sl. No.	Grant No.	Major Head	Major Head Description	Original Provision	Supplementary	Grand Total	Expenditure	Excess	Reason for excess stated by the Department
		4552	Capital Outlay on North-East Areas						
6.	39	4552	Capital Outlay on North-East Areas	1.55	10.63	12.18	13.89	1.71	Reasons for excess have not been intimated (July 2024)
		5452	Capital Outlay on Tourism						
7.	42	4515	Capital Outlay on Other Rural Development Programmes	4.00	20.84	24.84	30.44	5.60	
		4575	Capital Outlay on other Special Areas Programmes						
8.	45	4059	Capital Outlay on Public Works	0.60	0.00	0.60	9.46	8.86	Finance Department has treated it as regular subject to Regularisation.
		4216	Capital Outlay on Housing						
		4425	Capital Outlay on Co-Operation						
		6425	Loans for Co-Operation						
9.	47	4059	Capital Outlay on Public Works	0.50	0.00	0.50	1.50	1.00	Reasons for excess have not been intimated (July 2024)
		5475	Capital Outlay on Other General Economic Services						
10.	58	4552	Capital Outlay on North- Eastern Areas	301.80	497.71	799.51	879.36	79.85	
		5054	Capital Outlay on Roads and Bridges						
Total								252.84	

Source: Appropriation Accounts, 2023-24

This excess disbursement is in violation of Article 204 of the Constitution of India. Excess disbursement vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

3.3.6.2 Persistent excesses in certain Grants

Examination of records revealed that there was no grant having persistent excesses during the last five-years period of 2019-2024. However, there were excesses under Grant No. 36 and Grant No. 47 during 2022-23 and 2023-24.

3.3.6.3 Regularisation of excess expenditure of previous financial years

Article 204 (3) of the Constitution of India which provides that no money shall be withdrawn from the Consolidated Fund except under appropriation made by Law by the State Legislature. Further, Article 205 of the Constitution of India mandates the State Government to get the excess expenditure over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation was prescribed under this Article, excess expenditure was to be regularised after discussion of the Appropriation Accounts by the PAC. Administrative Departments concerned are required to submit Explanatory Notes for excess expenditure to PAC through the Finance Department.

Excess expenditure remaining un-regularised for extended periods dilutes legislative control over the executive. The details of the grant-wise excess expenditure relating to previous years requiring regularisation are given in **Table 3.10**.

Table 3.10: Excess expenditure relating to previous years (2017-23) requiring regularisation.

(₹ in crore)

Year	Name of Grants	Total Number of Grants	Amount of excess required to be regularised
2017-18	04,05,07,28,38,54,55,56,78	09	14.51
2018-19	22	01	0.01
2019-20	20,25,28,39,44,51,66,72,75,77	10	197.95
2020-21	45,53,66	03	1.48
2021-22	Nil	0	0.00
2022-23	01,18,31,36,47,52,65,68	08	241.83
Total			455.78

Source: Appropriation Accounts of respective years

During the period 2017-23, there was an excess expenditure of ₹455.78 crore under 29 Grants. This is in violation of Article 204 (3) of the Constitution of India which needs to be regularised as per Article 205. This vitiates the system of budgetary and financial control and encourages financial indiscipline in management of public resources.

During the Exit Conference (16 December 2024), Finance Department stated that excess expenditure for 2017-18 and 2018-19 was under consideration for regularisation.

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 balance 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. Excessive savings in some Departments deprives other Departments of the funds which they could have utilised.

The summarised position of actual expenditure during 2023-24 against 82 Grants is given in **Table 3.11**.

Table 3.11: Summarised position of Actual Expenditure vis-à-vis Budget (Original/ Supplementary) provisions during the financial year

(₹ in crore)

	Nature of expenditure	Original Grant	Supplementary Grant	Total	Actual expenditure	Net of Savings (-)	Surrender during March	
							Amount	per cent
Voted	I. Revenue	13,911.60	1,365.27	15,276.87	13,702.62	1,574.25	1,479.23	93.96
	II. Capital	1,803.53	1,802.90	3,606.43	3,122.52	483.91	739.08	152.73
	III. Loans and Advances	0.35	0.00	0.35	0.35	0.00	0.00	0.00
	Total	15,715.48	3,168.17	18,883.65	16,825.49	2,058.16	2,218.31	107.78
Charged	IV. Revenue	1,188.06	141.73	1,329.79	1,118.86	210.93	95.29	45.18
	V. Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	VI. Public Debt- Repayment	6,182.12	0.00	6,182.12	3,376.54	2,805.58	2,805.05	99.98
	Total	7,370.18	141.73	7,511.91	4,495.40	3,016.51	2,900.34	96.15
Appropriation to Contingency Fund		--	--	--	--	--	--	--
Grand Total		23,085.66	3,309.90	26,395.56	21,320.89	5,074.67	5,118.65	100.87

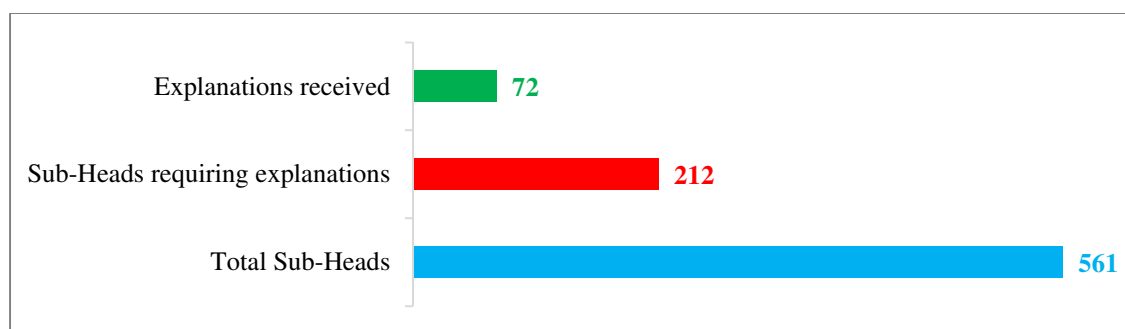
Source: Appropriation Accounts, 2023-24

During 2023-24, against the total budget approved by the State Legislature of ₹26,395.56 crore (Original: ₹23,085.66 crore *plus* Supplementary: ₹3,309.90 crore) the Departments incurred an expenditure of ₹21,320.89 crore leaving a net savings of ₹5,074.67 crore (19.23 *per cent* of the total budget).

Overall Savings of ₹5,074.67 crore was the result of Savings in 77 Grants under Revenue Section and 25 Grants under Capital Section. During the year, the amount surrendered was 100.87 *per cent* of overall Savings.

The Savings/Excess (Detailed Appropriation Accounts for the year 2023-24) were intimated to all the 82 Controlling Officers requesting them to explain the significant variations. The Controlling Officers of 51 Departments of the State furnished their replies before finalisation of the Appropriation Accounts 2023-24. However, no valid reasons for the Savings/Excess were explained or explicitly stated by any of the Departments. The status is given in **Chart 3.6**.

Chart 3.6: Summary of Explanation for Variation in Appropriation Accounts



Source: VLC data of AG (A&E)

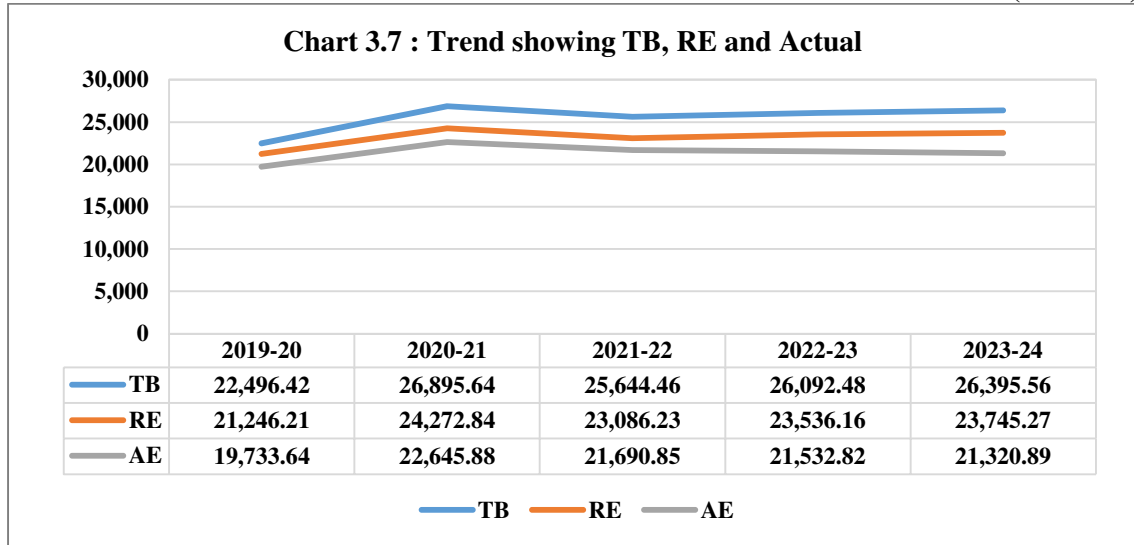
The trend in percentage of overall saving/excess against overall provision in the budget for the last five years from 2019-20 to 2023-24 is detailed in **Table 3.12** and **Chart 3.7**.

Table 3.12: Original Budget, Revised Estimates and Actual Expenditure during 2019-24

	(₹ in crore)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Original Budget (OB)	18,026.11	21,068.85	22,816.61	24,239.50	23,085.66
Supplementary Budget (SB)	4,470.31	5,826.79	2,827.84	1,852.99	3,309.90
Total Budget (TB)	22,496.42	26,895.64	25,644.46	26,092.48	26,395.56
Revised Estimate (RE)	21,246.21	24,272.84	23,086.23	23,536.16	23,745.27
Actual Expenditure (AE)	19,733.64	22,645.88	21,690.85	21,532.82	21,320.89
Savings (-) /excess (+)	(-)2,762.78	(-) 4,249.76	(-)3,953.61	(-)4,559.66	(-)5,074.67
Percentage of SB to OB	24.80	27.66	12.39	7.64	14.34
Percentage of Savings to the overall provision	12.28	15.80	15.42	17.48	19.23
TB-RE	1,250.21	2,622.80	2,558.23	2,971.36	2,650.29
RE-AE	1,512.57	1,626.96	1,395.38	1,588.30	2,424.38
(TB-RE) as percentage of TB	5.56	9.75	9.98	11.39	10.04
(RE-AE) as percentage of TB	6.72	6.05	5.44	6.09	9.18

Source: Appropriation Accounts of respective years and Budget documents of respective years

(₹ in crore)



Source: Appropriation Accounts of respective years and Budget documents of respective years

Table 3.12 shows that supplementary provision of ₹3,309.90 crore during 2023-24 constituted 14.34 *per cent* of the original provision as against 7.64 *per cent* in the previous year.

From **Chart 3.7**, it can be seen that during 2019-20 to 2023-24, the Revised Estimate (RE) was always lower than the Total Budget (TB) of the State. The gap between the RE and the TB showed a fluctuating trend but from 2022-23 to 2023-24, it registered a decrease.

In terms of percentage, the RE was 5.56 *per cent* lower than the TB in 2019-20 which increased to 10.04 *per cent* in 2023-24. Further, in terms of percentage, the AE was lower than the TB at rates ranging between 5.44 to 9.18 *per cent* during 2019-24. The supplementary provisions during 2022-24 proved unnecessary since the actual expenditure did not come up even to the level of the original budget provisions.

Audit observed persistent savings and underutilisation of budgeted funds, unnecessary supplementary provisions and lack of justification for budget variances in respect of 51 Departments. From 2019-20 to 2023-24, the percentage of savings increased from 12.28 to 19.23 *per cent*, showing a rising trend of overestimated budget provisions. The State consistently inflated budget estimates, resulting in actual expenditure being lower than both the total budget and revised estimates.

Inadequate fiscal control and inefficient fund allocation led to large-scale surrender of unspent funds (₹5,118.65 crore), amounting to 100.87 *per cent* of the total savings. This indicates serious deficiencies in financial planning, fund utilization, and fiscal transparency. The recurring pattern of over-budgeting, under-expenditure, and unnecessary supplementary allocations indicates inefficient financial governance.

3.4.2 Supplementary budget and opportunity cost

At times, while obtaining supplementary provisions, the Departments report to legislature large additional requirement for different purposes under various schemes/ activities; but finally, they are unable to spend not only the entire supplementary provision or parts

thereof but also the original budget provision. As a result, the un-utilised funds cannot be made use of. At the same time, some of the schemes remain incomplete due to want of funds. Thus, the intended benefit of the unfinished schemes cannot be extended to the public at large in such cases. Further, this leads to escalation of project cost.

During the year, it was noticed that in 27 major grants (savings of more than ₹One crore or more than 20 per cent of the total provisions), the total budget provisions of ₹10,151.85 crore (Capital/voted) proved unnecessary/excessive as the actual expenditure of ₹8,796.60 crore did not come up to the total budget provisions resulting in ₹1,355.25 crore un-utilised funds under these grants as detailed in **Table 3.13**.

Table 3.13: List of grants with un-utilised fund during 2023-24

(₹ in crore)

Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
Revenue (Charged)						
1.	75- Servicing of Debt	1,142.58	135.79	1,278.37	1,068.43	209.94
Revenue (Voted)						
2.	13- Village Guards	52.67	0.12	52.79	51.49	1.30
3.	18- Pensions and Other Retirement Benefits	3,082.26	109.61	3,191.86	3,102.32	89.54
4.	20- Relief, Rehabilitation etc.	1.20	0.53	1.73	1.14	0.59
5.	22- Civil Supplies	37.46	61.84	99.29	97.86	1.43
6.	25- Land Records and Survey	27.28	1.82	29.11	27.63	1.48
7.	26- Civil Secretariat	307.23	0.62	307.85	292.49	15.36
8.	30- Administrative Training Institute	6.48	1.96	8.45	7.28	1.17
9.	32- Higher Education	208.24	5.89	214.13	187.82	26.31
10.	37- Municipal Administration	83.93	5.66	89.58	29.68	59.90
11.	42- Rural Development	788.42	783.92	1,572.34	1,005.49	566.85
12.	43- Social Security and Welfare	323.10	181.99	505.10	467.27	37.83
13.	47- Legal Metrology and Consumer Protection	12.80	0.06	12.86	11.70	1.16
14.	49- Soil and Water Conservation	64.22	9.43	73.65	69.25	4.40
15.	51- Fisheries	38.70	49.76	88.46	47.08	41.38
16.	52- Forest, Environment and Wildlife	123.85	4.92	128.78	124.99	3.79
17.	53- Industries	93.13	28.14	121.27	109.42	11.85
18.	55- Power	763.86	26.43	790.29	771.61	18.68
19.	56- Road Transport	95.70	89.79	96.59	95.59	1.00
20.	58- Roads and Bridges	436.18	2.33	438.51	388.49	50.02
21.	59- Water Resources	39.11	0.62	39.73	37.45	2.28
22.	67- Home Guards	39.26	2.38	41.64	40.55	1.09
23.	78- Technical Education	33.30	0.77	34.07	31.60	2.47
Capital (Voted)						
24.	26- Civil Secretariat	103.92	75.06	178.98	128.68	50.30
25.	34- Art and Culture and Gazetteers	0.00	27.75	27.75	14.50	13.25
26.	36- Urban Development	103.94	228.67	332.61	298.14	34.47

Sl. No.	Name of the Grant	Original allocation	Supplementary	Total	Actual expenditure	Unutilised funds
27.	43- Social Security and Welfare	3.23	5.37	8.61	5.55	3.06
28.	53- Industries	2.98	146.78	149.76	79.71	70.05
29.	60- Water Supply	74.07	18.93	93.00	91.79	1.21
30.	68- Police Engineering Project	9.20	135.50	144.70	111.60	33.10
Total		8,098.30	2,142.44	10,151.86	8,796.60	1,355.26

Source: Appropriation Accounts, 2023-24

Further, as per the Finance Accounts, there were 277 incomplete scheme/projects which required further allocation of funds for their completion. The details of ten such schemes/projects having estimated cost of more than ₹50 crore are shown in **Table 3.14**.

Table 3.14: List of incomplete scheme/projects at the end of 2023-24

Sl. No.	Name of Scheme/Project (having estimated cost of ₹ 50 crore or more)	Estimated cost of scheme/project (₹ in crore)	Year wise funds allocated up to 2024 (₹ in crore)	Scheduled date of completion	Expenditure as of 31 March 2024 (₹ in crore)	Physical progress of the work (in per cent)	Funds required for completion of remaining work (as per revised estimates) (₹ in crore)
1.	Integrated Roads & Multilevel Parking Project in Kohima	50.42	10.20	2011-12	10.20	20.22	40.22
2.	Housing for Urban Poor in Dimapur under IHSDP	87.74	36.63	2011-12	36.63	41.75	51.11
3.	Construction of 220kv D/C T/L from Dimapur to Zhadima	108.16	87.83	2020-21	87.83	92.00	20.33
4.	Construction of Permanent Hqrs for 10 th NAP (IR) Bn at Zhadima under HUDCO	68.63	38.76	2009-10	38.76	98.00	29.87
5.	Construction of Permanent Hqrs for 11 th NAP (IR) Bn at Aboi under HUDCO	93.88	8.00	2014-15	8.00	26.00	85.88
6.	Construction of Permanent Hqrs for 12 th NAP (IR) Bn at Chingtok Under HUDCO	97.88	8.00	2014-15	8.00	85.00	89.88
7.	Construction of permanent Hqrs for 13 th NAP (IR) Bn at Yachang Under HUDCO	98.43	14.00	2014-15	14.00	70.00	84.43
8.	Construction of permanent Hqrs for 14 th NAP (IR)	121.19	8.00	2014-15	8.00	85.00	113.19

Sl. No.	Name of Scheme/ Project (having estimated cost of ₹ 50 crore or more)	Estimated cost of scheme/ project (₹ in crore)	Year wise funds allocated up to 2024 (₹ in crore)	Scheduled date of completion	Expenditure as of 31 March 2024 (₹ in crore)	Physical progress of the work (in per cent)	Funds required for completion of remaining work (as per revised estimates) (₹ in crore)
	Bn at Okhezong Under HUDCO						
9.	Construction of Multi-Disciplinary Sports Complex, Dimapur	134.99	81.99	2011-12	81.99	60.00	53.00
10.	270 Nos of Surface Minor Irrigation Project under PMKSY- Har Khet ko Pani	206.85	0.00	2021-22	0.00	0.00	206.85
Total		1,068.17	293.41		293.41		774.76

Source: Appendix IX, Finance Accounts – Vol. II, 2023-24

As can be seen from **Table 3.14**, out of the total estimated/ revised cost of ₹1,068.17 crore in respect of ten projects/schemes, an amount of ₹774.76 crore (72.53 per cent) was required for completion of these projects/ schemes.

In view of the foregoing, the State Government may devise a mechanism to avoid savings in certain grants which could be utilised for completion of these incomplete projects/ schemes on time.

The audit analysis of Nagaland's supplementary budget execution and project management for 2023-24 highlights persistent fund underutilization, unrealistic budget allocations and inefficient project execution. The failure to utilize funds effectively has led to delays in infrastructure projects, cost escalations, and lost development opportunities.

27 major grants had unutilised funds of ₹1,355.26 crore, indicating inefficient budget estimation and planning. Departments sought additional budget through supplementary grants but failed to spend not only the supplementary provisions but also the original allocations.

Major savings occurred in crucial departments such as Pensions & Retirement Benefits (₹89.54 crore), Rural Development (₹566.85 crore), Industries (₹70.05 crore), Roads & Bridges (₹50.02 crore), Municipal Administration (₹59.90 crore), Water Supply (₹1.21 crore).

277 incomplete schemes/projects required additional funding. 10 major projects (₹1,068.17 crore estimated cost) had received only ₹293.41 crore (27.47 per cent) in funding, leaving ₹774.76 crore still required. Long-standing projects (dating back to 2009-10) remain incomplete, leading to cost escalations and stalled development.

Nagaland's budgetary process is inefficient, leading to significant fund underutilisation and stalled infrastructure projects. The misalignment between budget provisions and actual expenditures indicates poor financial planning, weak project execution, and lost

economic opportunities. The State Government needs urgent reforms to ensure realistic budgeting, efficient fund allocation, and timely project completion.

3.4.4 Re-appropriation of Grants at sub-head levels

The various provisions related to the re-appropriation are given in **Paragraph 3.3.5**. Scrutiny of re-appropriation orders and Detailed Appropriation Accounts showed that:

- i. In 21 Grants, there was no budget provision (both original grant and supplementary) in 116 Sub Heads and the final provision/grant was due to re-appropriations within the respective grants only. However, expenditure was incurred in 113 Sub Heads and in the remaining three Sub Heads, no expenditure was incurred.
- ii. In eight Grants, re-appropriations were made from/to Supplementary Grants in 33 Sub-Heads as there was no original provision in these Sub-Heads. In eight cases, the entire fund under supplementary grants was re-appropriated. This ultimately resulted in defeating the objective of supplementary grant which was voted for a definite purpose.

3.4.6 Review of selected Grants

(i) Introduction

A review of budgetary procedure and control over expenditure in respect of two selected Grants *viz.*, Grant No. 36 – Urban Development and Grant No. 65 – State Council of Educational Research and Training (SCERT) was done to ascertain compliance with budgeting processes, monitoring of funds, control mechanisms, persistent savings and diversion of funds for other purposes.

Summarised position of Budget Provision and Actual Expenditure during 2023-24 in respect of the two Grants is given in **Table 3.15**.

Table 3.15: Summarised position of Budget Provision and Actual Expenditure

(₹ in crore)

Grant No.	Grant Name	Nature of Expenditure	Budget Provision			Actual Expenditure	Savings (-) / Excess (+)
			Original	Supplementary	Total		
36	Urban Development	Revenue	31.77	5.69	37.46	53.68	16.22
		Capital	103.94	228.67	332.61	298.14	-34.47
Total			135.71	234.36	370.07	351.82	-18.25
65	SCERT	Revenue	66.77	0.00	66.77	56.25	-10.52
		Capital	29.73	0.00	29.73	4.05	-25.68
Total			96.50	0.00	96.50	60.30	-36.20

Source: Appropriation Accounts 2023-24

Table 3.15 shows that during the year 2023-24, in Grant No. 36 (Urban Development) there was overall savings of ₹18.25 crore representing 4.93 *per cent* of the Total Budget Provision as a result of excess under Revenue (₹16.22 crore) and savings under Capital (₹34.47 crore) heads and in Grant No. 65 (SCERT) there was overall savings of

₹36.20 crore representing 37.51 *per cent* of the Total Budget Provision as a result of savings under Revenue (₹10.52 crore) and savings under Capital (₹25.68 crore) heads.

(ii) Expenditure incurred without authority of law

Rule 26 of General Financial Rules, 2017 stipulates that the duties and responsibilities of a controlling officer in respect of funds placed at his disposal are to ensure that (i) the expenditure does not exceed the budget provision and (ii) the expenditure is incurred for the purpose for which funds have been provided.

Audit scrutiny revealed that in respect of the two selected grants, expenditure of ₹10 lakh and above was incurred (total expenditure was ₹22.13 crore), without budget provision (either with or without re-appropriation of funds) as detailed in **Table 3.16**.

Table 3.16: Expenditure in excess of ₹10 lakh without provision at Sub head level

(₹ in lakh)				
Sl. No.	Grant No.	Head of Account	Description	Expenditure
Capital				
1	36	4217-60-051-01	Special Development Fund	288.35
Total				288.35
Revenue				
2	65	2202-01-113-01-01	Samagra Shiksha Teachers' Education- General	192.47
3		2202-01-113-01-01	Samagra Shiksha Teachers' Education- General (CSS)	1,732.32
Total				1,924.79
Grand Total				2,213.14

Source: Detailed Appropriation Accounts 2023-24

Expenditure without budget is violative of financial regulations as well as the will of the Legislature. This is also indicative of non-compliance of the Financial Rules by the Controlling officers in the Departments.

(iii) Unnecessary/unexplained Re-appropriation

According to Financial Rules, reasons for additional expenditure and savings should be explained in the re-appropriation statement and specific reasons should be given and expressions such as “based on actual requirements” and “based on trend of expenditure” should be avoided.

However, examination of re-appropriation orders issued by the Finance Department revealed that in Grant No. 36 (Urban Development), re-appropriation of ₹3.32 crore under Revenue head and ₹64.26 crore under Capital head and in case of Grant No. 65, re-appropriation of ₹0.10 crore under Revenue head and ₹0.31 crore under Capital head were done on the last day of the financial year without stating specific reasons for withdrawal of provision or additional provision by way of re-appropriation of funds.

Injudicious (excess/ unnecessary/ insufficient) re-appropriation of Funds made during the year 2023-24 by the two departments proved excessive (by ₹10 lakh or more and less than or equal to savings/excess) resulting in savings of ₹18.38 crore and Excess of ₹84.93 crore in nine Sub-heads in respect of Grant No. 36 (Urban Development) and savings of ₹19.33 crore and Excess of ₹17.40 crore in five Sub-heads in respect of Grant No. 65 (SCERT) as detailed in **Table 3.17**.

Table 3.17: Excess/Unnecessary/insufficient re-appropriation

(₹ in lakh)

Sl. No.	Grant	Head of Account	Original	Supplementary	Re-appropriation	Final	
						Saving	Excess
1	36	2217-80-001-01 Direction	1,931.74	112.75	-410.58		1,806.04
2		2217-80-001-03 Engineering Wing	338.89	0.00	332.36	45.00	
3		4217-60-051-02 Construction Works	674.03	21,323.89	-9,524.55		6,562.53
4		4217-60-051-05-04 Used Water Management	0.00	0.00	2,503.75	1,074.25	
5		4217-60-051-05-05 Solid Waste Management	0.00	0.00	885.5	488.5	
6		4217-60-051-05-06 Individual Household Latrine, Community Toilet, Public Toilet and Aspirational Toilets	0.00	0.00	204.25	159.25	
7		4217-60-051-06-02 National Urban Livelihood Mission Tribal Area Sub-Plan	64.49	0.00	-32.76		36.41
8		4217-60-051-06-03 National Urban Livelihood Mission-Special Component Plan for Scheduled Castes	337.45	0.00	-296.27		88.47
9		4217-60-051-07-01 Urban Rejuvenation Mission-500 Habitation	3,520	851.95	2,286.65	70.73	
Total (A)						1,837.73	8,493.45
10	65	2202-01-105-02 State Board of Teachers Education	30	0.00	10.00	7.73	
11		2202-02-004-01 State Council Of Educational Research & Training	1,042.09	0.00	-19.94		7.72
12		2202-01-113-01-02 Strengthening of Infrastructure for Educational Training- Tribal Area Sub-Plan	250	0.00	-57.53	192.47	
13		2202-01-113-01-01 Samagra Shiksha-Teachers' Education-General	55.78	0.00	-55.78		1,732.32
14		2202-01-113-01-02 Strengthening of Infrastructure for Educational Training- Tribal Area Sub-Plan	2,588.08	0.00	-855.76	1,732.32	
Total (B)						1,932.52	1,740.04
Grand Total (A+B)						3,770.25	10,233.49

The Departments did not have enough time to utilise the re-appropriated funds as it was done on the last working day. Had re-appropriations been done in advance, the timely utilisation of funds could have been maximised.

(v) Excess Expenditure over the Budget

As per Article 204 of the Constitution of India, 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 the Article. Further, Article 205 of the Constitution of India mandates the State Government to get the excess expenditure over a grant/appropriation regularised by the State Legislature.

Rule 26 of General Financial Rules, 2017 stipulates that a controlling officer in respect of funds placed at his disposal must ensure that the expenditure does not exceed the budget allocation.

Excess Expenditure over the Budget (more than 50 *per cent* of excess expenditure of total budget provision) were made in respect of seven Sub-Heads in the two selected Grants. Out of the total provision amounting to ₹152.97 crore in those Sub-Heads, there was an excess expenditure of ₹119.84 crore (78.34 *per cent*) as detailed in **Table 3.18**. Moreover, in two Sub-Heads (one each in each Grant), expenditures were incurred even though there were no Budget provisions.

Table 3.18: Details of Sub-Heads with substantial excess expenditure during 2023-24

(₹ in crore)

Sl. No.	Grant No	Head of Account	Total Grant/ Appropriation	Amount Expenditure	Excess Expenditure	Percentage of Excess Expenditure
1	36 (Urban Development)	2217-80-001-01 (Direction)	16.34	34.40	18.06	110.53
2		4217-60-051-01 (Special Development Fund)	0.00	2.88	2.88	100.00
3		4217-60-051-02 (Construction Works)	124.73	190.36	65.63	52.62
4		4217-60-051-05-02 (National Urban Livelihood Mission-Tribal Area Sub-Plan)	0.32	0.68	0.36	112.50
5		4217-60-051-06-03 (National Urban Livelihood Mission- Special Component Plan for Scheduled Castes)	0.41	1.30	0.88	214.63
6	65 (SCERT)	2202-01-113-01-02 (Strengthening of Infrastructure for Educational Training- Tribal Area Sub-Plan)	11.17	25.87	14.70	131.60
7		2202-01-113-01-01 (Samagra Shiksha-Teachers' Education-General)	0.00	17.32	17.32	100.00
Total			152.97	272.81	119.83	78.34

Source: Detailed Appropriation Accounts, 2023-24

The excess disbursements in these sub-heads during 2023-24 under these two Departments led to overall excess over Budget allocation in these Departments which were in violation of Article 204 of the Constitution. This excess expenditure needs to be regularised as per Article 205. Further, there was excess disbursement by Urban Development during 2022-23 also. This vitiates the system of budgetary and financial control and encourage financial indiscipline in management of public resources.

(vi) Surrender of entire provision under sub-heads

Examination of Appropriation Accounts/Detailed Appropriation Accounts for the year 2023-24 revealed that the entire provision under four sub-heads (three under Grant No. 36 and one under Grant No. 65) amounting to ₹72.41 crore were surrendered in the month of March 2024 through re-appropriation as detailed in **Table 3.19**.

Table 3.19: Details showing surrender of entire provision

(₹ in crore)

Sl. No.	Grant No.	Head of Account	Original and Supplementary Grant	Amount Re-appropriated	Total Grant	Actual Expenditure
1	36	4217-60-051-05-01 Project Fund (State Resource)	0.42	0.42	0.00	0.00
2		4217-60-051-05-01 Project Fund (CSS)	36.00	36.00	0.00	0.00
3		4217-60-051-09-01 Infrastructure Development Projects (Externally Aided Projects)	10.00	10.00	0.00	0.00
4	65	4202-01-600-01-02 Samagra Shiksha- Tribal Area Sub-Plan	25.99	25.99	0.00	0.00
Total			72.41	72.41	0.00	0.00

Source: Detailed Appropriation Accounts, 2023-24

Surrender of the entire provision of ₹72.41 crore in the month of March 2024 was done for allocation to newly created heads and without any reason (in case of Grant No. 36) and for re-appropriating to other sub-heads and due to less receipt of funds from the sponsoring Ministry against the anticipated BE (in case of Grant No. 65).

(vii) Substantial Savings under sub-heads

During 2023-24, in four sub-heads (two each under Grants No. 36 and 65) savings of ₹ One crore and above, which was between 55 and 100 per cent of the total provision were noticed as shown in **Table 3.20**.

Table 3.20: Sub-head-wise substantial savings

(₹ in crore)						
Sl. No	Grant No.	Head of Account	Total Grant	Expenditure	Savings	Percentage of savings
1	36	4217-60-051-05-05 Solid Waste Management (CSS)	8.85	3.97	4.88	55.14
2		4217-60-051-05-06 Individual House Latrine, Community Toilet, Public Toilet & Aspirational Toilet (CSS)	2.04	0.45	1.59	77.94
3	65	2202-01-113-01-02 Strengthening of Infrastructure for Educational Training-Tribal Area Sub-Plan (Development State Resource)	1.92	0.00	1.92	100.00
4		2202-01-113-01-02 Strengthening of Infrastructure for Educational Training-Tribal Area Sub-Plan (CSS)	17.32	0.00	17.32	100.00
Total			30.13	4.42	25.71	85.34

Source: Detailed Appropriation Accounts, 2023-24

3.5 Conclusion

Budget Outlay of the State grew at a CAGR of 4.08 *per cent* from ₹22,496.42 crore in 2019-20 to ₹26,395.56 crore in 2023-24.

Budget performance in terms of budgetary intent and budget implementation was examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and saving. In Revenue section, deviation in outturn compared with BE was (-) 14.49 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 61 grants, between ± 25 *per cent* to ± 50 *per cent* in 10 grants and between ± 50 *per cent* to ± 100 *per cent* in nine grants and more than ± 100 *per cent* in one grant. No provision was, however, made in respect of one grant of the Revenue section. In Capital Section, deviation in outturn compared with BE was 73.12 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in four grants, between ± 25 *per cent* to ± 50 *per cent* in eight grants, between ± 50 *per cent* to ± 100 *per cent* in eight grants and more than 100 *per cent* in 18 grants. No provision was, however, made in respect of 44 grants of the Capital section.

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure.

In Revenue section, deviation in outturn compared with RE was (-)20.14 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 69 grants, between ± 25 to ± 50 *per cent* in nine grants and between ± 50 to ± 100 *per cent* in three grants. No provision was, however, made in respect of one grant of the Revenue section. In Capital section, deviation in outturn compared with RE was (-)13.42 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 44 grants, between ± 25 to ± 50 *per cent* in 13 grants, between ± 50 to ± 100 *per cent* in five grants and more than 100 *per cent* in three grants. No provision was, however, made in respect of grants of the Capital section.

It was noticed that the supplementary provision of ₹153.11 crore during the year 2023-24 in nine departments proved unnecessary, as the expenditure did not come up even to the level of the original provision.

Overall Budget reliability assessment indicates that though the deviations between the actual expenditure and original budget as well as between the actual expenditure and the final budget were less than 15 per cent, there were deviations up to 50 per cent and even above in different grants. Moreover, it was also noticed that in several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice is required to deal with such deviations.

The State Government has to get excesses over grants/appropriations regularised by the State Legislature as per Article 205 of the Constitution. There was an outstanding excess expenditure of ₹708.62 crore under 33 Grants (pertaining to the year 2017-18 to 2023-24) which is yet to be regularised.

3.6 Recommendations

- The Departments incurring excess expenditure persistently should be identified and closely monitored. They may be instructed to monitor their progressive expenditure figures and advised to seek supplementary grants/ re-appropriations in time.
- The Finance Department may provide supplementary grants only after proper scrutiny and realistic assessment of requirements of the concerned Departments, to avoid under or overspending.
- The State Government may take appropriate steps at the earliest as per Article 205 to regularise the excess expenditure by obtaining legislative approval.

CHAPTER IV

*QUALITY OF ACCOUNTS AND
FINANCIAL REPORTING
PRACTICES*

Chapter IV: Quality of Accounts and Financial Reporting Practices

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

Issues related to completeness of accounts.

4.1 Funds outside dedicated funds

Transport Department, Government of Nagaland notified (17 August 2022) the establishment of the Nagaland Road Safety Fund in pursuance to Section 11 of the Nagaland Road Safety Authority Act, 2013 (First Amendment Act, 2018). As per Section 10 of the Act, there shall be a levy and collection of a one-time cess on every motor vehicle used or kept for use in the State at the rate of 0.50 *per cent* of the basic cost of the vehicle. The proceeds of the cess levied and collected under this Act by the Government together with fines, interest and fees recovered thereunder shall first be credited to the Consolidated Fund of the State through the Head of Account “0041-Taxes on Vehicles” and after deducting the expenses of collection and recovery, as determined by the Government, the remaining amount shall under appropriation duly made by law in this behalf, be entered into and transferred to the Nagaland Road Safety Fund. Further, the Government shall contribute to the Fund every year an amount equal to 50 *per cent* of the compounding fee collection in the previous year.

During 2023-24, an amount of ₹23.80 crore was collected as Road Safety cess. However, the amount of ₹23.95 crore (including compounding fee of 50 *per cent* of ₹0.30 crore compounding fee collected during 2022-23) was not transferred to the Nagaland Road Safety Fund during the year. This resulted in overstatement of the Revenue Surplus and understatement of fiscal deficit during the year.

During the Exit Conference (16 December 2024), Finance Department stated that transfer of money to the Fund has already started. However, the actual amount transferred was not intimated (February 2025).

4.2 Funds transferred directly to State implementing agencies

GoI decided that from 2015-16 onwards, all assistance related to the Centrally Sponsored Schemes (CSS)/Additional Central Assistance (ACA) will be released to the State Government and not directly to the implementing Agencies. Contrary to this decision, the GoI transferred substantial funds directly to State Implementing Agencies/Non-Governmental Organisations for implementation of various schemes and Programmes. These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts.

During the year 2023-24, GoI funds amounting to ₹1,114.25 crore were directly transferred to the Implementing Agencies and the same was not routed through the State Budget.

Details of major amount of funds transferred directly to Implementing Agencies are shown in **Table 4.1**.

Table 4.1: Funds transferred by GoI directly to State implementing agencies during 2023-24

(₹ in crore)		
Name of the Schemes/ Programme	Name of the Implementing Agencies	Fund released
Mahatma Gandhi National Rural Guarantee Programme	NREGA Commissionerate of Nagaland	426.74
Jal Jeevan Mission (JJM)/ National Rural Drinking Water Mission	State Water & Sanitation Mission, JJM	314.90
Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	Department of Agriculture, Nagaland	94.89
National AIDS and STD Control Programme (NACO)	Nagaland State AIDS Control Society	60.88
Support to National Institutes of Technology (NITs) & IIST	NIT, Nagaland	74.16
Establishment Expenditure (EF&CC)	Forest Department	18.95
Khelo India	Directorate of Youth Resource & Sports	10.70
Centenaries and Anniversaries, Celebrations & Schemes	Directorate of Art & Culture, Kohima, Nagaland	10.18
Total		1,011.40

Source: Public Financial Management System (PFMS) portal of Controller General of Accounts for State Accounts (2023-24)

It can be seen from **Table 4.1** that out of ₹1,114.25 crore transferred directly by GoI during 2023-24, ₹1,011.40 crore (90.77 *per cent*) was given to the implementing Departments for eight major Schemes/Programmes. The direct transfer during the year was decreased by ₹387.79 crore (25.82 *per cent*) than the previous year (₹1,502.05 crore). During 2023-24, the fund directly transferred by GoI was 6.90 *per cent* of the Revenue Receipts (₹16,155.13 crore) and 14.95 *per cent* of GIA (₹7,452.37 crore). The State Government accounts for the year 2023-24 depicts only ₹2,917.48 crore under central share of Centrally Sponsored Schemes. Besides contracting the budget and expenditure of State Government to the extent of ₹1,114.25 crore, the assets created and expenditure for the Public were out of the State Government Accounts.

As the funds were not routed through the Consolidated Fund of Nagaland, the Annual Accounts did not capture the flow, utilisation and parking of such funds. Thus, the State's receipts and expenditures as well as other fiscal variables and parameters derived from the State Accounts do not present the complete and fair picture.

Issues related to transparency

4.3 Delay in submission of Utilisation Certificates

The General Financial Rules provide that every order sanctioning a grant would specify its objective clearly and the time limit within which the grant is to be spent. The Departmental officers drawing the Grants-in-Aid would be primarily responsible for certifying to the Accountant General, where necessary, the fulfilment of the conditions attached to the grant and submission of certificate (Utilisation Certificate) in such form and at such interval as may be agreed between the Accountant General (Accounts and Entitlements) and the Head of the Department concerned.

Rule 238 (1) of General Financial Rules, 2017 stipulates that a grantee Organisation or Institution getting non-recurring grants is required to submit a certificate of actual utilisation of the grants received for the purpose for which it was sanctioned in Form GFR 12-A within twelve months.

Non-submission of the Utilisation Certificates (UCs) means that the authorities have not explained whether the funds were spent and if it has been spent, whether it has been spent for the intended purpose. This assumes greater importance if such UCs are pending against Grants-in-Aid meant for Capital Expenditure. Since non-submission of UCs is fraught with the risk of misappropriation, it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

As on 31 March 2024, there were 250 UCs worth ₹356.23 crore, which were due for submission for periods pertaining up to 2022-23.

Tables 4.2 and **4.3** present the age-wise arrears and department-wise break-up of outstanding UCs. Outstanding UCs in respect of 10 major Departments is also given in **Chart 4.1**. Details of Department-wise outstanding UCs up to 2023-24 is shown in **Appendix 4.1**.

Table 4.2: Age-wise arrears in submission of UCs

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2021-22	251	609.07	61	81.80	102	292.73	210	398.14
2022-23	210	398.14	105	86.65	65	146.03	250	338.76
2023-24	250	338.76	105	129.56	105	112.09	250#	356.23

Source: Finance Accounts, 2023-24

*UCs for GIA disbursed during 2023-24 become due only during 2024-25.

excluding the GIA given during 2023-24

Table 4.3: Year-wise break up of outstanding UCs

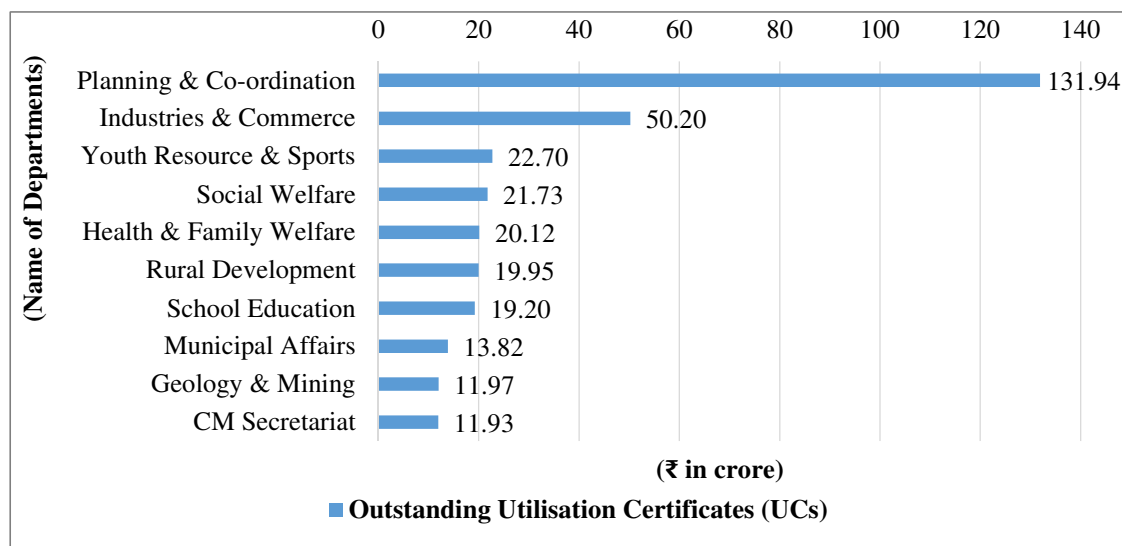
(₹ in crore)

Year	Number of UCs	Amount
Up to 2017-18	43	124.02
2018-19	6	10.67
2019-20	18	18.32
2020-21	17	23.06

Year	Number of UCs	Amount
2021-22	11	11.13
2022-23	63	54.91
2023-24	92	114.12
Total	250	356.23

Source: Information furnished by PAG (A&E)

Chart 4.1: Outstanding UCs in respect of 10 major Departments for grants paid up to 2023-24



Source: Information furnished by Office of the PAG (A&E), Nagaland

As can be seen from **Chart 4.1**, major defaulting Departments, which had not submitted the UCs, were Planning & Coordination Department (37.04 *per cent*), Industries & Commerce Department (14.09 *per cent*), Youth Resources & Sports Department (6.37 *per cent*), Social Welfare Department (6.09 *per cent*), Health & Family Welfare Department (5.65 *per cent*) and Rural Development Department (5.60 *per cent*).

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants and if utilised, it was for the intended purpose. Thus, pending UCs violate prescribed financial rules and directives, and reflects poorly on monitoring mechanism of the State Government. Moreover, high pendency of UCs is fraught with the risk of misappropriation of funds. The State would also lose out on central funds for want of UCs in due time and/or there would be delay in release of next instalment by GoI. It is imperative that the State Government needs to strengthen the relevant internal controls and monitors this closely and holds the person concerned accountable for submission of UCs in a timely manner.

During the Exit Conference (16 December 2024), Finance Department assured to initiate steps to minimise the outstanding UCs.

4.4 Abstract Contingent Bills

When money is required in advance or when they are not able to calculate the exact amount required, Drawing and Disbursing Officers (DDOs) are permitted to draw money without supporting documents, through Abstract Contingent (AC) Bills, by

debiting service heads and expenditure is reflected as an expense under the service head.

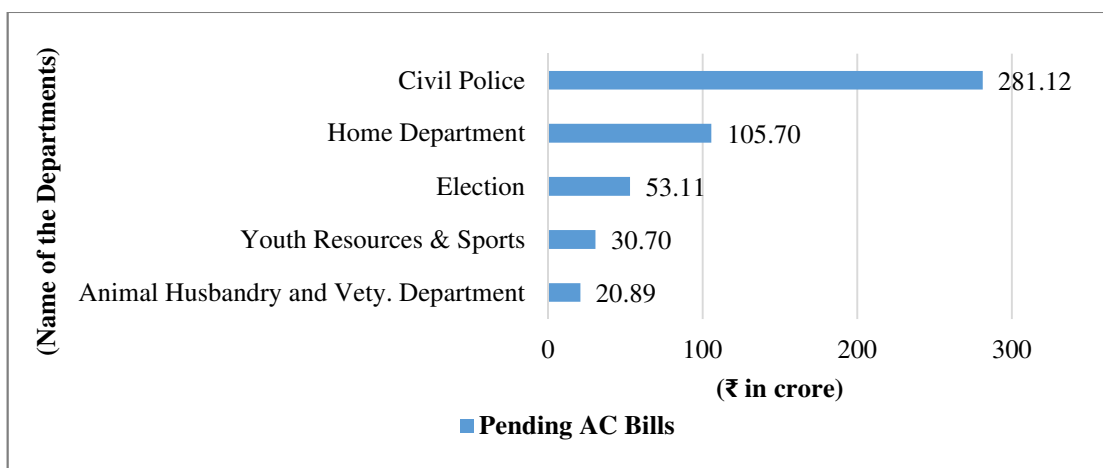
The drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers is not available at the time of drawal are made on 'Abstract Contingent' (AC) Bills. Initially made as advance, its subsequent adjustments are ensured through submission of Detailed Countersigned Contingent (DCC) bills within a stipulated period of drawal of AC bill. DCC bill consists of abstract of expenditure along with sub-vouchers for amount drawn through AC bill. Delayed submission or prolonged non submission of DC Bills may affect the completeness and correctness of accounts.

Rule 290 of the Central Treasury Rules envisages that no money should be drawn from Government Treasury unless it is required for immediate disbursement. In emergent circumstances, the DDOs are authorised to draw sums of money through AC Bills. In terms of Rule 312 of the Central Treasury Rules, the bills duly signed by the controlling officer shall be sent to the Accountant General direct within a month from the date of receipt of such bills in his office.

A total of 405 AC Bills amounting to ₹699.87 crore drawn upto 29 February 2024 (including 323 AC bills worth ₹554.76 crore outstanding as on 31 March 2023). Of which, DCC Bills for 72 AC Bills worth ₹86.58 crore were received. DCC Bills in respect of a total of 333 AC Bills worth ₹613.29 crore due for adjustment as on 31 March 2024 were not received.

Department-wise pending AC bills for the years up to 2023-24 is detailed in **Appendix 4.2**. Status of pending AC bills (amount above ₹10 crore) in respect of five major Departments is given in **Chart 4.2**.

Chart 4.2: Pending AC Bills in respect of major Departments



Source: Information furnished by PAG (A&E)

Year-wise details of pendency of AC bills for the years up to 2023-24 are shown in **Table 4.4**.

Table 4.4: Year-wise progress in submission of DCC bills against the outstanding AC bills**(₹ in crore)**

Year	Opening Balance		Addition		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2021-22	373	562.30	28	22.83	66	52.53	335	532.83
2022-23	335	532.83	89	159.70	101	137.77	323	554.76
2023-24	323	554.76	82	145.20	72	86.57	333*	613.39

Source: Finance Accounts, 2023-24 and information furnished by PAG (A&E)

*This does not include SNA bills.

Non adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills.

Expenditure against AC bills at the end of the year indicates poor public expenditure management and may point to the drawal being done primarily to exhaust the budget provision. Non-submission of DCC bills leading to non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DCC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final. Therefore, the State Government needs to strengthen the relevant internal controls and monitor the submission of DCC bills in a timely manner.

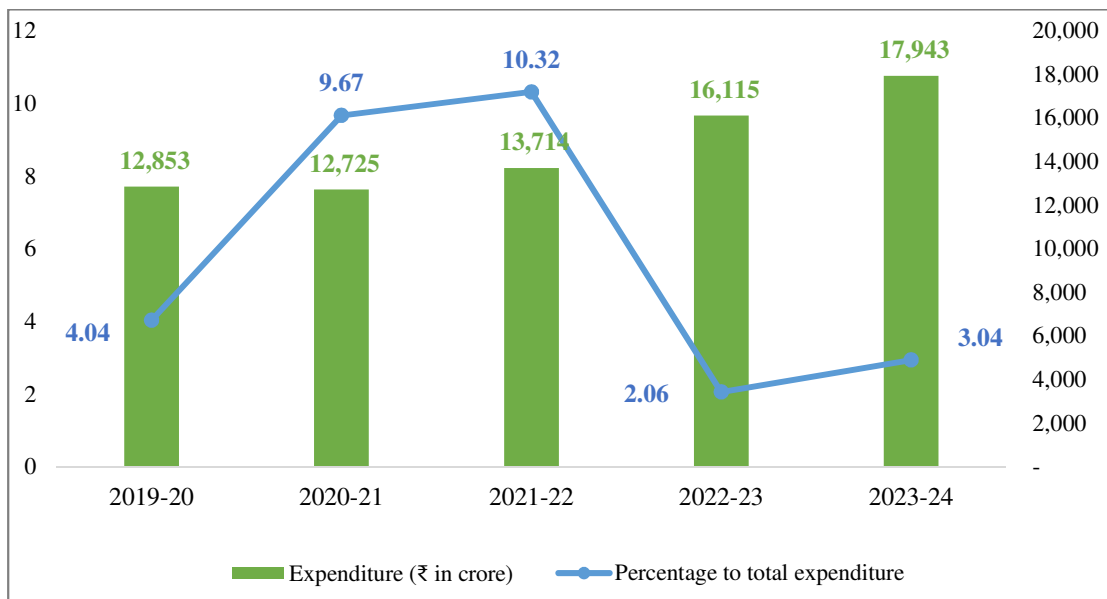
During the Exit Conference (16 December 2024), Finance Department assured to initiate steps to minimise the outstanding AC bills.

4.5 Indiscriminate use of Minor Head 800

Minor Head 800- Other Expenditure/ Other Receipts is intended to be operated only when the appropriate minor head has not been provided in the accounts. Routine operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque.

During the year, expenditure of ₹545.35 crore under 21 Revenue and Capital Major Heads, constituting 3.04 *per cent* of Total Expenditure of ₹17,942.23 crore was booked under Minor head 800-Other Expenditure. Similarly, receipts of ₹531.58 crore under 45 Revenue Major Heads, constituting about 3.29 *per cent* of Revenue Receipts of ₹16,155.13 crore was booked under Minor Heads 800-Other Receipts under concerned Major Heads.

The quantum of expenditure booked under Minor Head 800 showed a mixed trend during the five-years period 2019-2024. The extent of operation of Minor Head 800 for Other Expenditure, as a percentage of Total Expenditure during 2019-2024 is given in **Chart 4.3**.

Chart 4.3: Operation of Minor Head 800 - Other Expenditure during 2019-24

Source: Finance Accounts of respective years

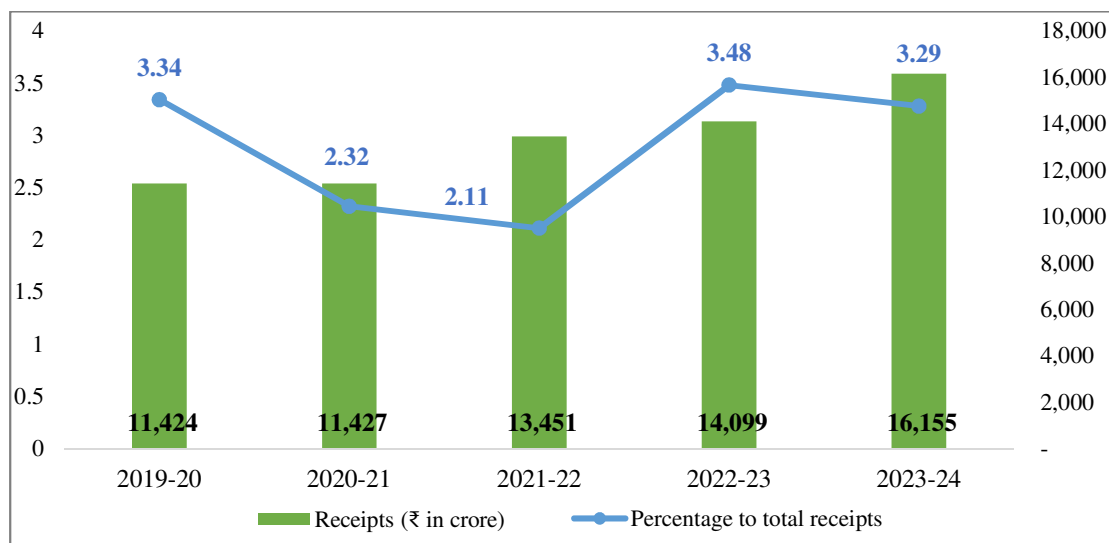
Chart 4.3 shows that the share of operation of Minor Head 800-Other Expenditure in Total Expenditure ranged from 2.06 to 10.32 *per cent* during the five-years period. Instances of substantial proportion (50 *per cent* or more) of the expenditure within a given Major Head, classified under the Minor Head 800 'Other Expenditure', are given in **Table 4.5**.

Table 4.5: Significant expenditure booked under Minor Head 800–Other Expenditure during financial year 2023-24

(₹ in lakh)				
Major Head	Description	Expenditure under Minor Head 800	Total	Per cent
2013	Council of Ministers	1,246.62	1,638.27	76.09
2075	Miscellaneous General Service	407.07	1180.29	68.38
4210	Capital Outlay on Medical and Public Health	3,258.00	6,204.14	52.51
4220	Capital Outlay on Information and Publicity	310.00	310.00	100.00
4408	Capital Outlay on Food Storage and Warehousing	300.00	300.00	100.00
4435	Capital Outlay on other Agricultural Programmes	5,600.00	5,600.00	100.00
4801	Capital Outlay on Power Projects	6,881.71	9,188.01	74.90
4853	Capital Outlay on Non-ferrous Mining and Metallurgical Industries	100.00	100.00	100.00
5053	Capital Outlay on Civil Aviation	888.10	888.10	100.00
Total		18,991.50	25,408.81	74.74

Source: Finance Accounts, 2023-24

The extent of operation of Minor Head 800 for Other Receipts, as a percentage of Total Expenditure during 2019-24 is given in **Chart 4.4**.

Chart 4.4: Operation of Minor Head 800 - Other Receipts during 2019-24

Source: Finance Accounts of the respective years

Similarly, the quantum of receipts booked under Minor Head 800 was higher compared to expenditure, and ranged between 2.11 *per cent* in 2021-22 and 3.48 *per cent* in 2022-23. Instances of substantial proportion (50 *per cent* or more) of the expenditure within a given Major Head, classified under the Minor Head 800-‘Other Receipts’, are given in **Table 4.6**.

Table 4.6: Significant receipts booked under Minor Head 800 – Other Receipts during 2023-24
(₹ in lakh)

Major Head	Receipt under Minor Head-800	Total Receipt under Major Head concerned	Per cent
0041- Taxes on Vehicles	15,215.45	19,848.00	76.66
0042- Taxes on Goods and Passengers	1,967.17	2,261.51	86.98
0049- Interest Receipts	1,051.64	1,567.64	67.08
0056- Jails	0.08	0.08	100.00
0058- Stationery & Printing	2.14	3.14	68.15
0059- Public Works	26.56	41.04	64.72
0217- Urban Development	10.84	10.84	100.00
0220- Information & Publicity	5.72	5.72	100.00
0230- Labour & Employment	18.72	21.73	86.15
0235- Social Security & Welfare	7.71	7.71	100.00
0250- Other Social Services	2.10	2.10	100.00
0401- Crop Husbandry	7.96	13.56	58.70
0403- Animal Husbandry	43.71	45.35	96.38
0405- Fisheries	1.53	1.53	100.00
0406- Forest & Wildlife	2,203.74	3,081.27	71.52
0425- Co-Operation	13.07	13.07	100.00
0515- Other Rural Development Programmes	26.72	27.65	96.64
0702- Minor Irrigation	4.91	4.91	100.00
0801- Power	28,278.04	28,278.04	100.00
0851- Village & Small Industries	10.21	14.66	69.65
0853- Non-Ferrous Mining & Metallurgical Industries	258.77	459.09	56.37

Major Head	Receipt under Minor Head-800	Total Receipt under Major Head concerned	Per cent
1054- Roads & Bridges	81.74	123.28	66.30
1055- Road Transport	890.51	890.51	100.00
1425- Other Scientific Research	2.58	2.58	100.00
1475- Other General Economic Services	45.96	49.12	93.57
Total	50,177.58	56,774.00	88.38

Source: Finance Accounts, 2023-24

It was observed that during 2023-24, there were 42 Major Heads under Receipts where Minor Head 800 was operated. Out of these 42 MHs, there were 33 MHs where other specific Minor Heads already existed.

Similarly, it was noticed that there were 19 Major Heads under Expenditure where Minor Head 800 was operated. Out of these 19 MHs, there were 17 MHs where other specific Minor Heads already existed.

Audit examined selected cases of booking under Minor Head 800, and noted that in some instances, a valid Minor Head, other than 800, was available in the List of Major and Minor Head (LMMH), for booking these transactions. Expenditure of ₹51.31 crore (9.40 per cent of total expenditure under 800) was booked in State Finance Accounts (2023-24), as given in **Table 4.7**.

Table 4.7: Incorrect depiction of Minor Heads in the State Accounts (2023-24)

Specified Heads in the LMMH	Actual Heads in the State Accounts	
	Finance Accounts (Classification up to Minor Head)	Expenditure (₹ in crore)
2230-01-101 Industrial Relation	Grant No 41 2230-01-800-01 Labour Court	0.51
4801-01-799 Suspense each Hydel Electric Scheme	Grant No. 55 4801-05-800-01 Transmission Scheme	50.80
Total		51.31

Source: Finance Accounts, 2023-24 and List of Major and Minor Heads issued by Controller General of Accounts

Thus, it is imperative that the State Government reviews all classifications of schemes being made under 800-Other Expenditure in the light of their depiction in the LMMH and after consultation with the Accountant General (A&E), classify them appropriately as per existing LMMH, or seek addition of new Minor Head, to bring transparency in Accounts.

Issues related to measurement

4.6 Non-preparation of Accounts and non-submission of audited statement in the State Legislature

As per Section 27 of the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996, the Board has to maintain proper accounts and other relevant records and prepare an Annual Statement of Accounts. Further, the Board has to furnish the audited copy of accounts together with the auditor's report to the State Government, who shall cause it to be laid before the State Legislature. The Board, however, has not prepared annual accounts for 2023-24.

In the absence of annual accounts, a true and fair view of the financial position and performance and veracity of the expenditure incurred under various heads during 2023-24 could not be ascertained.

4.7 Outstanding balance under major Suspense and DDR heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads.

Clearance of suspense and remittance items depends on the details furnished by the State Treasuries, Works and Forest Divisions. The position of gross figures under major suspense and remittance heads for the last three years is given in **Table 4.8**.

Table 4.8: Balances under Suspense and Remittance Heads

(₹ in crore)						
Head of Account	2021-22		2022-23		2023-24	
Major Head 8658 - Suspense	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101 - PAO suspense	191.51	189.98	207.77	201.86	208.10	232.64
Net	Dr. 1.53		Dr. 5.91		Cr. 24.54	
102 - Suspense Account-Civil	18.95	1.70	18.95	1.70	18.95	1.70
Net	Dr. 17.25		Dr. 17.25		Dr. 17.25	
107 - Cash Settlement Suspense Account	34.87	0.00	34.87	0.00	34.87	0.00
Net	Dr. 34.87		Dr. 34.87		Dr. 34.87	
109 - Reserve Bank Suspense -Headquarters	12.14	14.16	12.14	14.16	12.14	14.17
Net	Cr. 2.02		Cr. 2.03		Cr. 2.03	
110 - Reserve Bank Suspense - CAO	50.66	10.04	50.66	10.04	50.66	10.04
Net	Dr. 40.62		Dr. 40.62		Dr. 40.62	
129 – Material Purchase Settlement Suspense Account	235.85	249.70	235.85	249.70	235.85	249.70
Net	Cr. 13.85		Cr. 13.85		Cr. 13.85	
Major Head 8782-Cash Remittances						
102 - P.W. Remittances	20,325.84	20,040.94	22,541.04	22,477.09	25,159.50	25,393.35
Net	Dr. 284.90		Dr. 63.95		Dr. 233.85	
103 - Forest Remittances	2,411.15	2,066.45	2,791.87	2,272.37	4,425.42	2,629.49
Net	Dr. 344.70		Dr. 519.50		Dr. 795.93	
105 – R.B.I Remittances	6.26	0.00	6.26	0.00	6.26	0.00
Net	Dr. 6.26		Dr. 6.26		Dr. 6.26	
112 – Nagaland and Manipur Remittances	0.70	0.00	0.70	0.00	0.70	0.00
Net	Cr. 0.70		Cr. 0.70		Dr. 0.70	

Source: Finance Accounts of respective years

As can be seen from **Table 4.8**, there was significant increase in closing balance under 101 - PAO suspense, 102 - P.W. Remittances and 103 - Forest Remittances. If these amounts are not cleared subsequently, the balance under the suspense heads would accumulate and would not reflect Government's receipts and expenditure accurately.

4.8 Reconciliation of Departmental figures

To enable Controlling Officers (COs) of Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate those receipts and expenditure during the

financial year recorded in their books be reconciled by them every month with that recorded in the books of the Principal Accountant General (A&E).

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

The details of receipts and expenditure for the State during the last three years are shown in **Table 4.9**.

Table 4.9: Status of Reconciliation of Receipts and Expenditure figures

(₹ in crore)

Year	No. of COs	Receipts	Expenditure	Remarks
2021-22	82	30,481.25	31,038.48	Fully Reconciled
2022-23		35,340.48	34,471.05	95.50 per cent of total Receipts and 95 per cent of total Expenditure
2023-24		39,608.18	38,693.73	95 per cent of total Receipts and 93 per cent of total Expenditure

Source: Finance Accounts for respective years

All the 82 COs had reconciled their figures (both Receipts and Expenditure) in full with the books of Principal Accountant General (A&E) during the year 2021-22. However, during 2022-23 and 2023-24, the total receipts and expenditure figures were not fully reconciled.

4.9 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State as per the books of Accounts of the Principal Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India.

The difference in cash balances for the previous five years from 2019-20 to 2023-24 is shown in **Table 4.10**.

Table 4.10: Difference in cash balances from 2019-20 to 2023-24

(₹ in crore)

Year	Cash Balance		Adjustment by RBI	Difference in cash balance
	RBI figures	AG figures		
2019-20	115.13 (Dr)	223.90 (Cr)	1.49 (Dr)	107.28 (Cr)
2020-21	47.80 (Dr)	157.59 (Cr)	19.09 (Cr)	90.70 (Cr)
2021-22	544.41 (Dr)	(-)399.64 (Cr)	44.31 (Cr)	100.46 (Dr)
2022-23	18.76 (Dr)	320.80 (Cr)	115.52 (Cr)	186.52 (Cr)
2023-24	9.69 (Dr)	407.45 (Cr)	107.23 (Cr)	290.53 (Cr)

Source: Information furnished by the Office of PAG (A&E), Nagaland

It can be seen from **Table 4.10** that there was a net difference of ₹397.76 crore (Credit) between the Cash Balance of ₹407.42 crore as determined by the Principal Accountant General (A&E) and the figures of ₹9.69 crore reported by the Reserve Bank of India as on 31 March 2024. This was mainly due to incorrect reporting by Agency Banks to the RBI and misclassification by Banks/ Treasuries. As on 30 June 2024, debit items amounting to ₹1.49 crore and Credit items of ₹105.74 crore have

been reconciled, resulting in net reconciliation of ₹38.08 crore. The balance of the difference is under reconciliation.

Issues related to disclosure

4.10 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. Further, the Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the Comptroller and Auditor General of India, the President of India has so far notified three Indian Government Accounting Standards (IGAS).

The following three IGAS became mandatory from the effective date after their notification by the Ministry of Finance, Government of India.

- i. Guarantees Given by the Government – IGAS 1
- ii. Accounting and Classification of Grants-in-Aid - IGAS 2
- iii. Loans and Advances made by Government - IGAS 3

The details of three standards and the extent of compliance with these by the Government of Nagaland in its financial statements for the year 2023-24 are given in **Table 4.11**.

Table 4.11: Compliance to Accounting Standards

Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
IGAS-1: <i>Guarantees Given by the Government – Disclosure requirements</i>	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partially complied. The Government disclosed the maximum amount of guarantees given during the year along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Information concerning class or sector of Guarantees on other material details was not furnished to Principal Accountant General (A&E).
IGAS-2: <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified as Revenue Expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Partially complied	Information on Grants-in-Aid given in kind not furnished by the State Government.

Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
IGAS-3: <i>Loans and Advances made by Government</i>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Partially complied. (Statement 7 and 18 of Finance Accounts)	The details of recoveries in arrears, interest received, written off loans <i>etc.</i> , in respect of loans and advances have not been provided by the State Government.

4.11 Submission of Accounts of Autonomous Bodies

As per Section 19(3) of the CAG's (DPC) Act, 1971, the Governor/ Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the accounts of any body or authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the Government concerned and shall have, for the purpose of such audit, right of access to the books and accounts of that body or authority (Section 20). Thus, these bodies and authorities are required to prepare annual accounts and submit to the Principal Accountant General (Audit) for audit. Apart from Audit certificate, on the completion of financial audit, the audit office issues Separate Audit Report (SAR) that is part of the audit certificate on the accounts. These SARs are to be placed before the State legislature.

Fourteen Autonomous Bodies¹⁷ (AB) have been set up by the State Government, of which, only five ABs are required to submit their accounts and prepare Separate Audit Report (SAR) annually to be placed in the State Legislature as per their respective Acts. The audit of these ABs is taken up under Section 19 (3) of the Comptroller and Auditor General of India' DPC Act, 1971. However, the annual accounts of these ABs are not

¹⁷ (1) The Nagaland Khadi and Village Industries Board (2) Nagaland State Electricity Regulatory Commission (3) Nagaland State Legal Services Authority, Kohima (4) Nagaland Pollution Control Board (5) Nagaland Building & Other Construction Workers' Welfare Board (6) Development Authority of Nagaland (7) Nagaland Board of School Education (8) Nagaland State Agriculture Marketing Board (9) Nagaland Bamboo Development Agency (10) Naga Hospital Authority (11) Nagaland State Social Welfare Advisory Board (12) Nagaland Livestock Development Board (13) State Institute of Rural Development (14) Nagaland Bee-keeping & Honey Mission. The first five ABs are required to prepare SARs.

furnished to the Principal Accountant General (Audit) on time. The status of submission of accounts is indicated in **Table 4.12**.

Table 4.12: Delay in Submission of Accounts

Sl. No.	Name of Autonomous Body	Accounts pending since	No. of accounts pending up to FY 2023-24
1.	The Nagaland Khadi and Village Industries Board (NKVIB)	2023-24	01
2.	Nagaland State Electricity Regulatory Commission (NSERC)	-	0
3.	Nagaland State Legal Services Authority, Kohima (NSLSA)	2022-23	02
4.	Nagaland State Pollution Control Board (NPCB)	2022-23	02
5.	Nagaland Building & Other Construction Workers' Welfare Board (NBOCWBB)	2011-12	13

Source: Information furnished by the O/o the PAG (Audit), Commercial Wing, Nagaland

Although the Annual Accounts of these Bodies were due for submission to the Accountant General (Audit) every year, only NSERC submitted their Accounts upto 2023-24. The Accounts of NBOCWBB have not been submitted since its inception (2011). Delay in finalisation of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to Audit at the earliest.

Further, delay in submission/non-submission of Annual Accounts dilutes accountability as such inaction was also indicative of the failures of the management at the level of such Bodies/Authorities and proper monitoring at Government's level, which is a matter of concern.

The State Government may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies.

4.12 Grants / loans given to bodies and authorities

Under Section 14 of the CAG's (DPC) Act, 1971, whenever anybody or authority is substantially financed by grants or loans from Consolidated Fund of the State, the CAG shall, subject to the provisions of any law for the time being in force applicable to the body or authority, as the case may be, audit all such receipts and expenditure of that body or authority and report the receipts and expenditure audited by him. Under Section 15 of the CAG's (DPC) Act, 1971, where any grant or loan is given for any specific purpose, the CAG shall scrutinise the procedures by which sanctioning authority satisfies itself as to the fulfilment of certain conditions.

In order to identify institutions/ organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 (CAG's DPC Act), the Government/ Head of the Departments (HoDs) are required to furnish to Audit every year:

- Detailed information about the financial assistance given to various institutions;
- The purpose for which the assistance is granted; and
- Total expenditure of the institutions.

Further, the Regulation on Audit and Accounts, 2007 (Regulation 84) provides that Governments and HODs, who sanction grants and/or loans to bodies or authorities,

shall furnish to Audit by the end of July every year, a statement of such bodies and authorities to which grants and/ or loans aggregating ₹10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

As per the Finance Accounts, grants/assurances were given to Urban bodies, Public Sector Undertakings, Autonomous Bodies, Non-Government Organisations every year. The details of such grants/assistance (₹10 lakh or more in each case) given during 2022-23 and 2023-24 are shown in **Table 4.13**.

Table 4.13: List of Recipient of grants/ assistance from the State Government during 2022-24

Recipient	2022-23		2023-24	
	No of Recipients	Amount	No of Recipients	Amount
Urban Local Bodies	Not specified	9.45	Not specified	15.31
Rural Local Bodies	Not specified	46.00	Not specified	0.00
Public Sector Undertakings	07	26.01	05	32.82
Autonomous Bodies	07	59.11	26	83.92
Non-Government Organisations	04	3.65	05	3.90
Others*	46	52.37	29	493.81
Total		196.59		629.76

Source: Finance Accounts of respective years *The Recipients who were not categorised under the above-mentioned nomenclatures, kept under others

As can be seen from **Table 4.13**, an amount of ₹196.59 crore and ₹629.76 crore were given as grants/ assistance during the years 2022-23 and 2023-24 respectively by the State Government to various bodies and authorities. However, the name of the bodies and authorities to whom grants and/ or loans aggregating ₹10 lakh or more were paid during the years, indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure incurred by the body or authority, who receive the grants/ assurances during the years 2022-24 was not disclosed by the State Government.

4.13 Timeliness and Quality of Accounts

The accounts of the State Government are compiled by the Principal Accountant General (A&E) from the initial accounts rendered by district treasuries, sub-treasuries, Resident Commissioners, cyber treasury, public works divisions and forest divisions, apart from the RBI advices. There are often delays in rendition of monthly accounts. Due to the failure of the account rendering units to furnish accounts on time, some accounts are excluded from the monthly Civil Accounts by the Principal Accountant General (A&E).

In Nagaland, the Principal Accountant General (A&E) is required to compile the accounts of the State Government, from the initial accounts rendered by the 12 District Treasuries, nine Sub-Treasuries, 91 Public Works Divisions (77 Building and Roads, 14 Water Supply and Sanitation/ Public Health Engineering), 26 Forest Divisions and 25 Pay and Accounts Offices, apart from RBI advices.

During the financial year 2023-24, there were no delays in rendition of monthly accounts and no accounts have been excluded in the monthly Civil Accounts. Thus, no accounts have been excluded at the end of the year.

Other Issues

4.14 Misappropriations, losses, thefts, etc.

State Financial Rules lay down detailed instructions regarding responsibility for losses sustained through fraud or negligence of individuals, loss or destruction of Government property and report thereof to the Police/ Principal Accountant General.

There were 34 cases of misappropriation and losses involving Government money of ₹350.14 crore up to the period ending 31 March 2024 on which final action was pending. Out of these 34 cases, four cases involving ₹25.76 crore were reportedly pending in the court of law.

Department-wise break up of pending cases and age-wise analysis is given in **Appendix 4.3**. The Department-wise break up of pending cases and the reasons for delay in final disposal are summarised in **Table 4.14**.

Table 4.14: Pending cases of misappropriation, losses, theft, etc.

(₹ in crore)

Name of the Department	Cases of Misappropriation/ Defalcation/ Losses/ Theft of Government materials/ Pending in the court of law (under investigation/trial)		Delay in final disposal		
	No. of cases	Amount	No. of cases	Amount	Reason
School Education	3	83.31	2	70.51	Awaiting departmental and criminal investigation
Health and Family Welfare	2	13.14	1	3.01	
Planning and Transformation	1	20.23	1	20.23	
Nagaland Public Works Department	4	58.23	4	58.23	
Animal Husbandry & Veterinary Services	1	0.25	1	0.25	
Agriculture	1	0.72	1	0.72	
Administration	1	0.23	1	0.23	
Land Resources	3	3.56	3	3.56	
Taxes	2	26.62	2	26.62	
Rural Development	2	0.88	2	0.88	
Disaster Management	2	74.04	2	74.04	
Municipal Affairs	1	1.11	0	0.00	
Industries & Commerce	1	1.54	1	1.54	
Water Resources	1	28.6	1	28.6	
Land Records and Survey	1	1.24	1	1.24	
Forest	1	0.54	1	0.54	
Soil & Water Conservation	1	1.81	1	1.81	
Various Departments	6	34.09	5	32.37	
Total	34	350.14	30	324.38	

Source: Nagaland Lokayukta, Directorate of Investigation, Nagaland

Out of 34 cases, there are 10 cases of loss to Government due to theft, misappropriations and loss of Government materials involving ₹117.63 crore, out of which an amount of ₹5.81 crore has been recovered.

4.15 Follow up action on State Finances Audit Report

In Nagaland, the Departments concerned are required to furnish a *suo motu* Explanatory Note (EN) on the paragraphs featuring in the Audit Reports within one month of placing the Reports in the Legislature. The Government should without waiting for any notice or call from the Public Accounts Committee submit a *suo motu* Explanatory Note (EN) on the paragraphs featuring in the Audit Reports indicating the action taken or proposed to be taken within a period of three months from the date of laying of the Audit Reports.

Government Departments shall invariably submit action taken notes (ATNs) on the recommendation of the PAC within a period of six months from the date of receipt of the PAC's report from the Secretary/ Commissioner Secretary, Assembly. This timeframe was further reduced by the PAC to two months.

The Audit Reports on State Finances for the years from 2009-10 to 2021-22 were placed before the State Legislature and that for the year 2022-23 was yet to be placed are shown in **Table 4.15**.

Table 4.15: Follow up status of State Finances Audit Reports for 2009-10 to 2022-23

Year of State Finances Audit Report	Date of placement in State Legislature	Remarks
2009-10	28.03.2011	The ATNs, on the recommendations of the Public Accounts Committee on the Report of State Finances, for the year 2015-16 have been received and ATNs for the years from 2016-17 to 2021-22 were yet to be received (December 2024).
2010-11	22.03.2012	
2011-12	18.03.2013	
2012-13	25.07.2014	
2013-14	17.03.2015	
2014-15	19.03.2016	
2015-16	28.03.2017	
2016-17	20.09.2018	
2017-18	15.02.2020	
2018-19	19.02.2021	
2019-20	22.03.2022	
2020-21	22.09.2022	
2021-22	06-07-2023	
2022-23	08-03-2024	

Source: Information furnished by the Nagaland State Legislative Assembly Secretariat

4.16 Implementation of Recommendations of State Finance Commission on fiscal devolution

The first State Finance Commission (SFC) was constituted (July 2008) by the State Government during the award period of the XIII FC commencing from 01 April 2010 to 31 March 2015. The second SFC was constituted (June 2013) by the State Government, however its report was not approved by the State Government and as such, its recommendations could not be implemented during the award period of the XIV FC (2015-2020). The third SFC was constituted (March 2023) and its report, covering the period of three years starting from 01 April 2023 has been submitted and approved by the State Government on 27 February 2024.

The Commission recommended one *per cent* share of State's Goods & Services Tax for vertical devolution for the award period 2023-24 to 2025-26 to the Urban Local Bodies. However, due to late receipt of the Report, budgetary provision of recommended amount of ₹10.75 crore for 2023-24 could not be provided by the State

Government. As a result, no vertical devolution of share of taxes to the various Municipalities and Town Councils took place during the year.

4.17 Conclusion

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non- or short – discharging of liabilities and misclassification of transactions and data gaps.

All Departments are required to reconcile their expenditure and receipts with the expenditure booked in the accounts in the Accountant General Office. The State Government reconciled 93 *per cent* of the total expenditure and 95 *per cent* of the receipts during 2023-24.

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government made partial compliance with IGAS-1: Guarantees given by the Government – Disclosure requirements, IGAS-2: Accounting and Classification of Grants-in-Aid and IGAS-3: Loans and Advances made by the Government.

As on March 2024, there are 250 UCs worth ₹356.23 crore, which are due for submission for periods pertaining up to 2022-23. Pending UCs violate prescribed financial rules and directives, and reflects poor monitoring mechanism of the State Government. Moreover, high pendency of UCs is fraught with risk of misappropriation of funds. The State would also lose out on central funds for non-submission of UCs in due time and/or there would be delay in release of next instalment by GoI.

A total of 405 AC Bills amounting to ₹699.87 crore drawn upto 29 February 2024 (including 323 AC bills worth ₹554.76 crore outstanding as on 31 March 2023). Of which, DCC Bills for 72 AC Bills worth ₹86.58 crore were received. DCC Bills in respect of a total of 333 AC Bills worth ₹613.29 crore due for adjustment as on 31 March 2024 were not received. The non-adjustment of AC Bills is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of Detailed Countersigned Contingent (DCC) bills. Further, there is no assurance that the expenditure of the State Government reflected in the Finance Accounts is correct or final due to non-receipt of DCC bills to that extent.

During the year, expenditure of ₹545.35 crore under 21 Revenue and Capital Major Heads, constituting 3.04 *per cent* of Total Expenditure of ₹17,942.23 crore was booked under Minor head 800-Other Expenditure. Similarly, receipts of ₹531.58 crore under 45 Revenue Major Heads, constituting about 3.29 *per cent* of Revenue Receipts of ₹16,155.13 crore was booked under Minor Heads 800-Other Receipts under concerned Major Heads.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against conditional grants; non-submission of DC bills against AC

*bills; non-compliance with IGAS-1, IGAS-2 and IGAS-3 and non-supply of details of expenditure from SNAs (refer **Paragraph 2.3.2.4 (ii)**) have impacted the quality of accounts adversely.*

4.18 Recommendations

- State Government may ensure timely submission of all utilisation certificates due by the recipients of grants and take action against the defaulting Departments
- State Government may ensure timely submission of DCC Bills against the outstanding AC Bills within the prescribed timeline as required under the Rules.
- The Finance Department, Government of Nagaland should, in consultation with the Principal Accountant General (A&E), conduct a comprehensive review of all items presently appearing under minor head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate detailed/ object heads of account.
- The State Government may consider evolving a system to expedite the process of compilation and submission of annual accounts by Autonomous Bodies in order to assess their financial position.
- The State Government may expedite the departmental and criminal investigation to finalise and dispose off the misappropriation/ losses/ theft cases.



Kohima

Date: 07 April 2025

(FREDERICK SYIEMLIEH)

Principal Accountant General (Audit)

Countersigned



New Delhi

Date: 08 April 2025

(K. SANJAY MURTHY)

Comptroller and Auditor General of India

APPENDICES

Appendix 1.1

Part A: Glossary of important Budget related terms

(Reference: Paragraphs-1.1; 1.4 and 3.1)

1. **‘Accounts’ or ‘actuals’ of a year.** - are the amounts of receipts and disbursements for the financial year beginning on *April 1st* and ending on *March 31st* following, as finally recorded in the Accounting authority’s books (as audited by C&AG). Provisional Accounts refers to the unaudited accounts.
2. **‘Administrative approval’ of a scheme, proposal or work.** - is the formal acceptance thereof by the competent authority for the purpose of incurring expenditure. Taken with the provision of funds in the budget, it operates as a financial sanction to the work during that particular year in which the Administrative Approval is issued.
3. **‘Annual financial statement’** – Also referred to as Budget means the statement of estimated receipts and expenditure of the Central/State Government for each financial year, laid before the Parliament/State Legislature.
4. **‘Appropriation’** - means the amount authorized by the Parliament/State Legislature for expenditure under different primary unit of appropriation or part thereof placed at the disposal of a disbursing officer.
5. **‘Charged Expenditure’** - means such expenditure as is not to be submitted to the vote of the Legislature under the provisions of the Constitution.
6. **‘Consolidated Fund of India/ State-** All revenues of the Union/State Government, loans raised by it and all moneys received in repayment of loans form the Consolidated Fund of India/ State. No moneys out of this Fund can be appropriated except in accordance with the law and for the purposes and in the manner provided in the Constitution.
7. **‘Contingency Fund’** is in the nature of an imprest. The Contingency Fund is intended to provide advances to the executive/Government to meet unforeseen expenditure arising in the course of a year pending its authorisation by the Parliament/ State Legislature. The amounts drawn from the Contingency Fund are recouped after the Parliament/State Legislature approves it through the Supplementary Demands.
8. **‘Controlling Officer (budget)’** - means an officer entrusted by a department with the responsibility of controlling the incurring of expenditure and/ or the collection of revenue. The term includes the Heads of Department and also the Administrators.
9. **‘Drawing and Disbursing Officer’ (DDO)** – means a Head of Office and also any other Officer so designated by the Finance Department of the State Government, to draw bills and make payments on behalf of the State Government. The term shall also include a Head of Department where he himself discharges such function

10. **‘Excess Grant’** – Excess grant means the amount of expenditure over and above the provision allowed through the original/supplementary grant, that requires regularisation by obtaining excess grant from the Parliament/State Legislature under Article 115/205 of the Constitution.
11. **‘New Service’** – As appearing in Article 115(1)(a)/205(1)(a) of the Constitution, New Service means expenditure arising out of a new policy decision, not brought to the notice of Parliament/ State Legislature earlier, including a new activity or a new form of investment.
12. **‘New Instrument of Service’**- means relatively large expenditure arising out of important expansion of an existing activity.
13. **‘Public Accounts’**- means the Public Account referred to in Article 266(2) of the Constitution. The receipts and disbursements such as deposits, reserve funds, remittances, *etc.* which do not form part of the Consolidated Fund are included in the Public Account. Disbursements from the Public Account are not subject to vote by the Parliament/ State Legislature, as they are not moneys issued out of the Consolidated Fund of India/State.
14. **‘Re-appropriation’** - means the transfer, by a competent authority, of savings from one unit of appropriation to meet additional expenditure under another unit within the same grant or charged appropriation.
15. **‘Revised Estimates’** - is an estimate of the probable receipts or expenditure for a financial year, framed in the course of that year, with reference to the transactions already recorded and anticipation for the remainder of the year in the light of the orders already issued.
16. **‘Supplementary Demands for Grants’**- means the statement of supplementary demands laid before the legislature, showing the estimated amount of further expenditure necessary in respect of a financial year over and above the expenditure authorized in the Annual Financial Statement for that year. The demand for supplementary may be token, technical or substantive/cash.
 - a) **Cash Supplementary** is over and above the original budget provisions and results in enhancement of the allocation for the Demand/Grant. It should be obtained as a last resort and after proper due diligence. Presently, this method is followed by the State.
 - b) There are four Sections in each Demand *i.e.*, Revenue Voted, Revenue Charged, Capital Voted and Capital Charged. **Technical Supplementary**, after obtaining the approval of the State Legislature, allows to utilize the savings of one of the Sections for any other Section.
 - c) **Token Supplementary** allows to utilise the savings within the same section of the grant.
17. **‘Major Head’** - means a Major Head of account for the purpose of recording and classifying the receipts and disbursements of the State. A Major Head, particularly

the one falling within the Consolidated Fund, generally corresponds to a ‘function’ of Government such as Agriculture, Education, Health, *etc.*

18. **‘Sub-Major Head’** - means an intermediate head of account introduced between a Major Head and the Minor Heads under it, when the Minor Heads are numerous and can conveniently be grouped together under such intermediate Head.
19. **‘Minor Head’** - means a head subordinate to a Major Head or a Sub-Major Head. A Minor Head subordinate to a Major Head identifies a “programme” undertaken to achieve the objectives of the function represented by the Major Head.
20. **‘Sub-Head’** - means a unit of account next subordinate to a Minor Head which normally denotes the scheme or organisation under that Minor Head or programme.
21. **‘Major Work’** - means an original work, the estimated cost of which exclusive of departmental charges exceeds the amount as notified by the Government from time to time.
22. **‘Minor Work’** - means an original work, the estimated cost of which exclusive of departmental charges does not exceed the amount as notified by the Government from time to time.
23. **‘Modified Grant or Appropriation’** - means the sum allotted to any Sub-Head of Appropriation as it stands after Re-Appropriation or the sanction of an Additional or Supplementary Grant by competent authority.
24. **‘Supplementary or Additional Grant or Appropriation’** - means a provision included in an Appropriation Act, during the course of a financial year, to meet expenditure in excess of the amount previously included in an Appropriation Act for that year.
25. **‘Schedule of New Expenditure’** - means a statement of items of new expenditure proposed for inclusion in the Budget for the ensuing year.
26. **‘Token demand’** - means a demand made to the Assembly for a nominal or token sum when, for example, it is proposed to meet the entire expenditure on a new service from savings out of the sanctioned budget grant.

The definition of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

Term	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount})-1]*100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal liabilities} + \text{Current year's Fiscal Liabilities})/2]*100$
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received}/[(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2]*100$
Average interest rate of Outstanding Debt	$\text{Interest Paid}/[(\text{Opening Balance of Public Debt} + \text{Closing Balance of Public Debt})/2]$

Term	Basis of calculation
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts.
Primary Deficit	Fiscal Deficit – Interest Payments
Compound Annual Growth Rate (CAGR)	The Compound Annual Growth Rate is calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered. CAGR = [ending value /beginning value] ^{1/no of years -1}
GSDP	GSDP is defined as the total income of the State or the Market Value of Goods and Services produced using Labour and all other factors of production at Current Prices.
Buoyancy Ratio	Buoyancy Ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, Revenue Buoyancy at 0.70 implies that Revenue Receipts tend to increase by 0.70 percentage points, if the GSDP increases by one <i>per cent</i> .
Core Public and Merit Goods	Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such goods lead to no subtractions from any other individual's consumption of the goods, <i>e.g.</i> , enforcement of law and order, security and protection of our rights; pollution free air, other environmental good, road infrastructure <i>etc</i> . Merit goods are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation, <i>etc</i> .
Debt Sustainability	Debt Sustainability is defined as the ability of the State to maintain a constant Debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its Debt. Sustainability of Debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in Fiscal Deficit should match with the increase in capacity to service the Debt.
Non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
Net Availability of Borrowed Funds	Defined as the ratio of the debt redemption (Principal + Interest payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the Net Availability of Borrowed Funds.
Misappropriation	Dishonestly misappropriating or converting to own use any property, or dishonestly using or disposing of that property in violation of any direction of law prescribing the mode in which such trust is to be discharged, or of any legal contract, express or implied.
Defalcation	Defalcation is misappropriation of funds by a person trusted with its charge; also, the act of misappropriation, or an instance thereof.

Appendix 1.1

Part B: State Profile

(Reference: Paragraph-1.1)

A. General information pertaining to the State for the year 2023-24					
Sl. No.	Particulars		Unit	India	Nagaland
1.	Area#		Sq. km	32,87,469	16,579
2.	Population* (in crore)	(a) 2014	In crore	125.90	0.20
		(b) 2024	In crore	140.07	0.23
3.	Density of population* (persons per square km)		Per square km	426.09	135.89
4.	Population below Poverty line (NITI Aayog) ^		Per cent	21.92	18.88
5.	Literacy rate (2011 census)		Per cent	73.00	79.60
6.	Infant mortality rate (National Family Health Survey 2015-16)		Per 1,000 live births	28.00\$	4
7.	Life expectancy at birth in years		Year	70.00@	NA
8.	Decadal population growth (2014 to 2024)		Per cent	11.26	10.28
9.	GDP/GSDP (2023-24) at current prices (2011-12 Series)		(₹ in crore)	2,95,35,667^	41,887**
10.	Per Capita GSDP		(in ₹)	2,11,725^	1,85,916**
11.	Growth rate of GDP/GSDP for 2023-24 from the previous year		Per cent	9.60	12.75
Sources: #: Forest Survey Report (2021), *: Population projections for India and States 2011-2036 by National Commission on Population, Ministry of Health & Family Welfare, ^: Ministry of Statistics and Programme Implementation, \$: SRS Bulletin (2020), @: SRS based Abridged life Tables (2016-20), Register General of India, **: Directorate of Economics & Statistics Department, GoN					

B. Financial Data								
Particulars	Figures (in per cent)							
	2014-15 to 2017-18		2018-19 to 2021-22		2021-22 to 2022-23		2022-23 to 2023-24	
	NE&H*	Nagaland	NE&H	Nagaland	NE&H	Nagaland	NE&H	Nagaland
CAGR (per cent)								
Revenue Receipts	13.23	12.94	7.90	5.56	11.02	4.82	4.79	14.58
Own Tax Revenue	10.54	17.93	7.55	15.43	17.39	12.38	12.61	9.30
Non Tax Revenue	17.07	12.80	-7.60	6.03	34.51	57.24	6.60	41.84
Total Expenditure	11.85	13.79	8.18	3.08	13.26	17.51	4.25	11.34
Capital Expenditure	13.94	7.62	11.09	5.80	1.03	42.67	18.00	15.45
Revenue Expenditure on								
(i) Education	11.22	11.45	4.07	1.58	11.76	9.92	3.26	5.16
(ii) Health	15.66	10.87	12.96	7.53	9.15	3.39	-4.03	2.90
(iii) Salary and Wages	11.62	8.28	3.95	6.83	10.05	1.91	3.32	8.41
(iv) Pension	22.84	11.78	15.05	11.59	10.74	30.63	3.16	10.04

* NE&H: North Eastern and Himalayan States

Appendix 1.2

Summarised Financial Position of the Government of Nagaland as on 31 March 2024

(Reference: Paragraph 1.4)

(₹ in crore)

As on 31.03.2023		Liabilities	As on 31.03.2024	
12,133.46		Internal Debt -		13,864.32
	11,414.00	Market Loans Bearing Interest	13,430.31	
	0.03	Market Loans Not Bearing Interest	0.03	
	0.97	Loans from Life Insurance Corporation of India	0.89	
	718.46	Loans from Other Institutions	433.09	
	0.00	Ways and Means Advances	0.00	
	0.00	Overdrafts from Reserve Bank of India	0.00	
1,108.35		Loans and Advances from Central Government-		2,079.75
	0.35	Pre 1984-85 Loans	0.35	
	9.47	Non- Plan Loans	8.87	
	1,065.10	Loans for State Plan Schemes	2,037.69	
	0.18	Loans for Central Plan Schemes	0.18	
	26.28	Loans for Centrally Sponsored Schemes	25.85	
	0.00	Ways and Means Advances	0.00	
	6.97	Loans for Special Scheme	6.81	
0.35		Contingency Fund		0.35
1,463.08		Small Savings, Provident Funds, etc.		1,387.12
898.00		Deposits		871.58
1,602.41		Reserve Funds		1,724.29
0.00		Suspense and Miscellaneous Balances		0.00
(-785.14)		Remittance Balances		(-759.91)
16,420.51		Total		19,167.50
Assets				
25,572.06		Gross Capital Outlay on Fixed Assets -		28,694.60
	296.17	Investments in shares of Companies, Corporations, etc.	296.17	
	25,275.89	Other Capital Outlay	28,398.43	
39.48		Loans and Advances -		36.84
	0.00	Loans for Power Projects	0.00	
	41.12	Other Development Loans	39.60	
	(-)1.64	Loans to Government Servants and Miscellaneous Loans	(-)2.76	
0.00		Reserve Fund Investments		0.00
0.57		Advances		1.98
80.55		Suspense and Miscellaneous Balances		50.14
2,755.02		Cash -		3,746.55
	0.00	Cash in Treasuries and Local Remittances	0.00	
	320.78	Deposits with Reserve Bank	407.42	
	816.40	Departmental Cash Balance	1,064.58	
	0.00	Permanent Advances	0.00	
	1,617.84	Investment on Earmarked Funds	1,739.72	
	0.00	Cash Balance Investments	534.83	
(-)12,027.17		Deficit on Government account -		(-)13,362.61
	(-)688.90	(i) Less Revenue Surplus of the current year	(-)1,335.44	
	(-)450.00	(ii) Miscellaneous Deficit	0.00	
	(-)10,888.30	Accumulated Deficit at the beginning of the year	(-)12,027.17	
16,420.51		Total		19,167.50

Explanatory Notes: The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.

Suspense and Miscellaneous Balances include cheques issued but not paid, Inter-Departmental and Inter-Government payments and others awaiting settlement.

Appendix 1.3

Time Series Data on the State Government Finances

(Reference: Paragraphs-1.1; 1.4; 2.4.1 and 2.7.3)

(₹ in crore)

	2019-20	2020-21	2021-22	2022-23	2023-24
Part A Receipts					
1. Revenue Receipts	11,423.29	11,427.43	13,451.14	14,099.26	16,155.13
(i) Own Tax Revenue	958.23(8)	1,022.74(9)	1,301.08(10)	1,461.88(11)	1,598.09(10)
Taxes on Agricultural Income	-	-	-	-	-
Goods and Service Tax	613.22(64)	663.81(65)	830.34(64)	959.09(66)	1,063.04(67)
Taxes on Sales, Trade, etc.	175.15(18)	205.50(20)	261.87(20)	246.55(17)	265.97(17)
State Excise	3.24(1)	4.55(0)	3.32(0)	4.40(0)	4.55(0)
Taxes on Vehicles	113.93(12)	93.29(9)	141.04(11)	187.64(13)	198.48(12)
Stamps and Registration Fees	2.79(0)	2.25(0)	3.39(0)	3.43(0)	4.21(0)
Land Revenue	1.04(0)	1.09(0)	1.23(0)	1.09(0)	1.34(0)
Taxes on Goods and Passengers	18.09(2)	15.62(2)	21.43(2)	21.58(1)	22.62(2)
Other Taxes	30.77(3)	36.63(4)	38.46(3)	38.10(3)	37.88(2)
(ii) Non Tax Revenue	339.29(3)	242.60(2)	303.58(2)	478.41(3)	677.85(4)
(iii) State's share of Union taxes/ Duties	3,267.08 (29)	3,409.25 (30)	4,875.27 (36)	5,400.19 (38)	6,426.82 (40)
(iv) Grants-in-Aid from Government of India	6,858.69 (60)	6,752.84 (59)	6,971.21 (52)	6,758.78 (48)	7,452.37 (46)
2. Miscellaneous Capital Receipts	0.00	0.00	0.00	450.00	0.00
3. Recoveries of Loans and Advances	1.09	1.23	1.88	3.04	2.99
4. Total Revenue and Non-Debt Capital Receipts (1+2+3)	11,424.38	11,428.66	13,453.02	14,552.30	16,158.12
5. Public Debt Receipts	7,869.83	11,434.87	8,708.55	7,158.69	6,078.79
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1,078.64	1,809.50	1,793.67	1,897.58	2,609.30
Net transactions under Ways and Means Advances and Overdrafts	6,784.50	9,417.75	6,599.67	4,742.83	2,479.00
Loans and Advances from Government of India	6.69	207.62	315.21	518.28	990.49
6. Total Receipts in the Consolidated Fund (4+5)	19,294.21	22,863.53	22,161.57	21,710.99	22,236.91
7. Contingency Fund Receipts	0.00	0.00	0.00	0.00	0.00
8. Public Account Receipts	4,078.25	3,599.70	3,537.07	4,196.55	5,106.20
9. Total Receipts of the State (6+7+8)	23,372.46	26,463.23	25,698.64	25,907.54	27,343.11
Part B Expenditure/ Disbursement					
10 Revenue Expenditure	11,637.02	11,052.06	11,817.08	13,410.36	14,819.70
General Services (including interest payments)	5,428.80 (47)	5,100.03 (46)	5,743.69 (49)	6,820.70 (51)	7,218.27 (49)
Social Services	3,030.05 (26)	3,138.51 (29)	3,378.12 (29)	3,746.13 (28)	4,317.93 (29)
Economic Services	3,178.17 (27)	2,813.52 (25)	2,695.27 (22)	2,843.53 (21)	3,283.50 (22)
Grants-in-Aid and contributions#	0.00	0.00	0.00	0.00	0.00
11. Capital Expenditure	1,206.32	1,671.93	1,893.85	2,704.22	3,122.52
General Services	165.73(14)	409.61(25)	293.30 (16)	446.91(17)	528.11(17)
Social Services	457.02(38)	508.21(30)	916.50 (48)	1,094.09(40)	1,054.68 (34)
Economic Services	583.57(48)	754.11(45)	684.05 (36)	1,163.22(9)	1,539.73(49)
12. Disbursement of Loans and Advances	9.26	5.61	2.61	0.35	0.35

	2019-20	2020-21	2021-22	2022-23	2023-24
13. Total Expenditure (10+11+12)	12,852.60	12,729.60	13,713.54	16,114.93	17,942.57
14. Repayments of Public Debt	6,867.25	9,903.92	7,950.12	5,324.29	3,376.54
Internal Debt (excluding Ways and Means Advances and Overdrafts)	724.18	493.85	638.00	781.02	656.43
Net transactions under Ways and Means Advances and Overdraft	6,121.17	9,389.18	7,291.56	4,520.80	2,701.02
Loans and Advances from Government of India	21.90	20.89	20.56	22.47	19.09
15. Appropriation to Contingency Fund	0.00	0.00	0.00	0.00	0.00
16. Total disbursement out of Consolidated Fund (13+14+15)	19,719.85	22,633.52	21,663.66	21,439.22	21,319.11
17. Contingency Fund disbursements	0.00	0.00	0.00	0.00	0.00
18. Public Account disbursements	2,881.70	3,712.20	3,870.95	4,622.61	5,032.49
19. Total disbursement by the State (16+17+18)	22,601.55	26,345.72	25,534.61	26,061.83	26,351.60
Part C Deficits					
20. Revenue Deficit (-)/ Revenue Surplus (+) (1-10)	-213.73	375.37	1634.06	688.90	1,335.43
21. Fiscal Deficit (-)/ Fiscal Surplus (+) (4-13)	-1,428.22	-13,00.94	-260.52	-1,562.63	-1,784.45
22. Primary Deficit (-)/ Surplus (+) (21+23)	-614.48	-444.17	671.57	-569.40	-716.02
Part D Other Data					
23. Interest Payments (included in Revenue Expenditure)	813.74	856.77	932.09	993.23	1,068.43
24. Financial Assistance to Local Bodies etc.	160.70	194.85	216.46	196.59	562.45
25. Ways and Means Advances/ Overdraft Aailed (days)	6,784.50 (139)	9,417.75 (211)	6,599.67 (164)	4,742.83 (93)	2,479.00 (69)
Ways and Means Advances Aailed (days)	6,628.33 (113)	7,765.31 (177)	5,900.14 (139)	3,965.89 (89)	2,479.00 (55)
Overdraft Aailed (days)	156.17 (6)	16,52.44 (34)	699.53 (25)	776.94 (4)	0.00 (14)
26. Interest on Ways and Means Advances/ Overdraft	5.16	10.35	4.42	3.96	3.14
27. Gross State Domestic Product (GSDP)	29,715.87	29,831.64	32,265.38	37,150.09	41,886.96
28. Outstanding Fiscal Liabilities (year-end)	12,179.10	13,471.67	13,922.40	15,587.44	18,187.32
29. Outstanding Guarantees (year-end) (including Interest)	174.96	174.96	189.96	189.96	228.57
30. Maximum Amount Guaranteed (year-end)	0.00	0.00	0.00	0.00	0.00
31. Number of Incomplete Projects	399	416	383	311	277
32. Capital Blocked in Incomplete Projects	1,309.30	1,380.04	1,309.30	963.10	751.73
Part E Fiscal Health Indicators					
I Resource Mobilisation					
Own Tax Revenue/GSDP	3.22	3.43	4.03	3.94	3.82
Own Non-Tax Revenue/GSDP	1.14	0.81	0.94	1.29	1.62
Central Transfer/GSDP	10.99	11.43	15.11	14.54	15.34
II Expenditure Management					
Total Expenditure/GSDP	43.25	42.67	42.50	43.38	42.84

	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure/Revenue Receipts	112.51	111.40	101.95	114.30	111.06
Revenue Expenditure/Total Expenditure	90.54	86.82	86.17	83.22	82.60
Expenditure on Social Services/ Total Expenditure	27.13	28.65	31.32	30.04	29.94
Expenditure on Economic Services/ Total Expenditure	29.34	28.07	24.66	24.87	26.88
Capital Expenditure/Total Expenditure	9.39	13.13	13.81	16.78	17.40
Capital Expenditure on Social and Economic Services/Total Expenditure.	8.10	9.92	11.67	14.01	14.46
III Management of Fiscal Imbalances					
Revenue Deficit (Surplus)/GSDP	(-)0.72	1.26	5.06	1.85	3.19
Fiscal Deficit/GSDP	(-)4.81	(-)4.36	(-)0.81	(-)4.21	(-)4.26
Primary Deficit (Surplus)/GSDP	(-)2.07	(-)1.49	2.08	(-)1.53	(-)1.71
Revenue Deficit/Fiscal Deficit	0.15	*	*	*	*
Primary Revenue Balance/GSDP	4.35	4.23	4.81	5.20	5.40
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	40.99	45.16	43.15	41.96	43.42
Fiscal Liabilities/RR	106.62	117.89	103.50	110.56	112.58
Primary Deficit <i>vis-à-vis</i> Quantum Spread	(-)22.59	(-)1,291.54	859.52	741.50	451.60
Debt Redemption (Principal + Interest)/ Total Debt Receipts	132.56	61.90	70.18	69.84	45.47
V Other Fiscal Health Indicators					
Return on Investment	2.80	2.47	0.49	2.47	4.94
Balance from Current Revenue (₹ in crore)	(-)84.40	(-)342.92	1,118.07	397.28	898.90
Financial Assets/Liabilities	1.81	1.77	1.86	1.83	1.79

Figures in brackets represent percentages (rounded) to total of each sub-heading

GIA is already included under General Services, Social Services and Economic Services

Appendix 2.1

Details of Funds parked in Single Nodal Accounts as on 31 March 2024

(Reference: Paragraph 2.3.2.4)

CSS Scheme Name	Amount Released by GoI Total	Center Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total Amount Released by Treasury to SNA	Total Expenditure	Balance in the Bank Account of SNA
Edible Oil - Oil Palm (Krishionnati Yojna)	40,00,54,000.00	40,00,54,000.00	4,44,50,800.00	44,45,04,800.00	41,93,71,852.00	10,78,96,111.80
Edible Oil - Oilseeds (National Mission On Edible Oil)	7,24,76,000.00	5,62,56,000.00	62,50,800.00	6,25,06,800.00	6,32,76,000.00	61,391.00
Scheme for Digital Agriculture Mission	4,01,00,187.00	4,01,00,187.00	44,55,722.00	4,45,55,909.00	2,97,03,486.00	1,48,63,419.00
Sub - Mission on Agriculture Extension	14,87,35,000.00	18,00,10,000.00	2,00,02,500.00	20,00,12,500.00	17,58,80,855.00	2,49,59,248.00
Sub- Mission on Seed and Planting Material	0.00	0.00	0.00	0.00	0.00	2.00
National Food Security Mission (Rice, Pulses, Coarse Cereals, Nutri Cereals, Jute)	11,26,87,000.00	11,54,21,000.00	1,53,07,300.00	13,07,28,300.00	11,56,27,864.00	4,18,26,378.00
Sub Mission on Seeds and Planting Material-Seed Village	47,02,000.00	0.00	0.00	0.00	0.00	52,25,000.00
National Mission on Horticulture	31,74,46,000.00	27,00,00,000.00	3,83,33,400.00	30,83,33,400.00	40,81,34,624.00	26,01,598.00
Integrated Development of Horticulture (Bamboo Mission)	4,99,98,750.00	3,37,49,800.00	37,50,100.00	3,74,99,900.00	3,74,99,300.00	14,415.00
Rainfed Area Development and Climate Change	9,95,00,000.00	9,95,00,000.00	1,10,55,800.00	11,05,55,800.00	12,31,29,290.00	1,15,91,997.00
Sub-Mission on Agriculture Mechanisation	29,95,00,000.00	29,95,00,000.00	3,32,77,400.00	33,27,77,400.00	34,58,96,413.00	1,81,86,977.00
Pradhan Mantri Krishi Sinchai Yojana (PMKSY)	44,92,00,000.00	44,92,00,000.00	4,76,56,200.00	49,68,56,200.00	90,76,53,775.00	1,23,02,737.00
National Project on Soil Health and Fertility (Soil & Water Conservation)	12,94,00,000.00	18,06,11,000.00	2,00,68,022.00	20,06,79,022.00	14,49,00,355.00	6,22,46,642.00
Rashtriya Krishi Vikas Yojna	82,49,00,000.00	88,15,00,000.00	9,79,45,500.00	97,94,45,500.00	97,93,58,292.00	2,23,51,020.00
Reclamation of Problem Soils under RKVY	0.00	0.00	1,000.00	1,000.00	0.00	1,030.00
Scheme for Crop Diversification Programme	6,18,00,000.00	0.00	0.00	SLS with no GOI release	6,86,66,600.00	30,249.00
Paramparagat Krishi Vikas Yojana	20,00,000.00	20,00,000.00	2,22,400.00	22,22,400.00	22,22,400.00	3,777.00
National Project on Agro-Forestry	1,70,00,000.00	1,70,00,000.00	18,89,900.00	1,88,89,900.00	1,44,81,065.00	37,77,375.00
Assistance to state Agencies for intra-state movement of food grains and FPS Dealers Margin under NFSA	31,42,00,859.00	0.00	0.00	0.00	35,88,68,000.00	1,49,104.00
SMART (PDS)	23,26,700.00	0.00	0.00	0.00	0.00	0.00

CSS Scheme Name	Amount Released by GoI Total	Center Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total Amount Released by Treasury to SNA	Total Expenditure	Balance in the Bank Account of SNA
Forest Fire Prevention and Management	2,88,37,000.00	2,25,00,000.00	25,00,100.00	2,50,00,100.00	3,20,41,100.00	10,670.00
Conservation of Aquatic Ecosystems	1,15,63,200.00	0.00	0.00	0.00	1,28,48,000.00	52,657.00
Project Elephant	3,37,77,000.00	3,37,77,000.00	50,62,050.00	3,88,39,050.00	3,88,40,855.00	8,563.00
Green India Mission-National Afforestation Programme	2,57,36,000.00	2,57,36,000.00	28,59,600.00	2,85,95,600.00	2,85,95,600.00	14,892.00
Integrated Development of Wildlife Habitats	13,06,32,750.00	13,06,32,750.00	1,85,46,800.00	14,91,79,550.00	14,94,12,887.00	148.00
Scheme for Formalization of Micro Food Processing Enterprises PM-FME	3,96,81,000.00	3,96,81,000.00	22,23,000.00	4,19,04,000.00	10,52,12,692.00	3,07,19,767.00
National Tertiary Healthcare Programme (NPCDCS)	0.00	0.00	0.00	0.00	0.00	21,74,71,420.00
Strengthening of state drug regulatory system	4,09,00,000.00	0.00	0.00	0.00	3,98,99,746.00	1,31,82,780.00
AB- PMJAY	0.00	0.00	0.00	0.00	18,55,85,269.00	2,25,405.00
Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PM-ABHIM)	4,42,00,000.00	3,98,00,000.00	44,23,112.00	4,42,23,112.00	59,80,000.00	4,66,66,045.00
Flexible Pool for Rich & Health System Strengthening, National Health Programme (NRHM)	1,18,49,00,000.00	93,54,00,000.00	17,74,18,300.00	1,11,28,18,300.00	1,55,54,75,449.92	25,20,57,889.63
Human Resources for Health and Medical Education	0.00	0.00	0.00	0.00	47,98,10,871.00	2,56,90,48,186.11
National Ayush Mission (NAM)	10,16,97,000.00	6,77,98,000.00	75,33,300.00	7,53,31,300.00	13,90,92,057.00	98,30,557.67
Rashtriya Uchhatar Shiksha Abhiyan (RUSA)	0.00	0.00	0.00	0.00	0.00	17,39,116.30
Modernisation of Police	0.00	0.00	0.00	0.00	0.00	0.00
Scheme for ASUMP (HM CONTINGENCY)	1,93,70,000.00	0.00	0.00	0.00	0.00	1,93,73,705.00
Modernisation of Police Forces	1,37,00,000.00	33,45,000.00	1,19,00,000.00	1,52,45,000.00	3,04,91,048.00	2,52,358.00
Border Area Development Programme	1,37,70,000.00	0.00	0.00	0.00	2,48,87,030.00	602.50
National Mission for Safety of Women	0.00	14,88,375.00	1,65,375.00	16,53,750.00	47,83,490.00	25,52,597.00
Infrastructure Facilities for Judiciary	4,39,25,000.00	4,39,25,000.00	48,80,600.00	4,88,05,600.00	4,88,26,661.00	4,09,11,081.00
Computerisation of Primary Agriculture Cooperative Societies	2,45,68,555.00	64,00,000.00	7,11,200.00	71,11,200.00	71,11,200.00	7,23,886.00
Computerisation of Office of RCS	7,22,250.00	0.00	0.00	0.00	0.00	0.00
Computerisation of Office of RCS	0.00	0.00	0.00	0.00	0.00	0.00

CSS Scheme Name	Amount Released by GoI Total	Center Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total Amount Released by Treasury to SNA	Total Expenditure	Balance in the Bank Account of SNA
National Rural Drinking Water Mission - State Component	0.00	0.00	44,02,38,700.00	44,02,38,700.00	3,38,73,70,090.00	39,95,34,457.00
SBM-G -State Component	31,07,00,000.00	31,07,00,000.00	3,45,22,600.00	34,52,22,600.00	35,95,54,700.00	8,67,47,695.00
Pradhan Mantri Matsya Sampada Yojana (Fisheries)	16,65,62,500.00	23,29,81,000.00	73,79,500.00	24,03,60,500.00	22,76,23,201.00	7,52,28,702.80
ASCAD & ESVHD-MVU	1,01,13,000.00	72,89,000.00	8,11,000.00	81,00,000.00	63,65,100.00	17,99,193.00
National Livestock Mission [NLM]	50,00,000.00	0.00	0.00	0.00	2,75,73,000.00	37.00
Training TA/DA and its Components	7,13,750.00	4,75,000.00	0.00	4,75,000.00	4,75,000.00	977.00
Salary Component under LCISS	1,08,80,000.00	72,50,000.00	8,06,000.00	80,56,000.00	80,56,000.00	4,542.00
Livestock Census (100 per cent Central Share)	0.00	0.00	0.00	0.00	0.00	37.00
Pradhan Mantri Awas Yojana-Housing for all urban	0.00	2,43,29,000.00	18,94,300.00	2,62,23,300.00	3,24,26,443.00	1,29,05,989.00
Other Items of State/UT Component-PMAY URBAN	88,71,85,000.00	87,12,64,000.00	0.00	87,12,64,000.00	51,57,20,991.00	56,43,76,525.78
National Urban Livelihood Mission-State Component	5,38,00,000.00	7,38,00,000.00	42,77,900.00	7,80,77,900.00	3,74,97,620.40	5,18,83,690.90
Mission for development of 100 Smart Cities	1,53,12,50,000.00	1,53,12,50,000.00	0.00	1,53,12,50,000.00	1,84,96,14,698.00	18,59,53,582.20
Urban Rejuvenation Mission-500 Cities	30,68,60,000.00	30,68,60,000.00	3,40,96,000.00	34,09,56,000.00	11,78,12,539.00	27,35,75,225.60
Project Fund AMRUT 2.0	35,19,28,000.00	35,19,28,000.00	3,91,03,200.00	39,10,31,200.00	0.00	0.00
GIS Master Plan AMRUT	72,00,000.00	0.00	0.00	SLS with no GOI release	0.00	72,00,000.00
IEC Activities AMRUT 2.0	7,05,000.00	0.00	0.00	SLS with no GOI release	0.00	7,06,449.00
Technology Submission AMRUT 2.0	0.00	0.00	0.00	0.00	0.00	0.00
Reform Incentives AMRUT 2.0	0.00	0.00	0.00	0.00	0.00	0.00
A&OE AMRUT 2.0	20,00,000.00	0.00	0.00	SLS with no GOI release	0.00	0.00
Swachh Bharat Mission (Used Water Management)	25,03,75,000.00	14,29,50,000.00	1,58,83,400.00	15,88,33,400.00	78,00,000.00	16,11,33,790.00
Swachh Bharat Mission, Solid Waste Management (SWM)	8,85,50,000.00	3,97,00,000.00	44,11,200.00	4,41,11,200.00	78,00,000.00	4,53,76,414.00
Swachh Bharat Mission, IEC & Behaviour Change (IEC & BC)	1,32,75,000.00	1,32,75,000.00	14,75,000.00	1,47,50,000.00	1,03,47,032.00	44,48,680.00

CSS Scheme Name	Amount Released by GoI Total	Center Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total Amount Released by Treasury to SNA	Total Expenditure	Balance in the Bank Account of SNA
Swachh Bharat Mission, Capacity Building, Skill Development & Knowledge Management	57,00,000.00	57,00,000.00	6,33,400.00	63,33,400.00	61,31,772.00	2,92,297.00
Swachh Bharat Mission (SBM) Toilet - Urban	2,04,25,000.00	45,00,000.00	5,00,002.00	50,00,002.00	2,45,35,704.00	2,49,198.00
Pradhan Mantri Jan Vikas Karyakaram	0.00	0.00	0.00	0.00	15,77,00,000.00	4,31,06,097.00
Strengthening of Infrastructure for Institutional Training	1,03,00,000.00	0.00	0.00	0.00	0.00	302.00
Strengthening of Infrastructure for Institutional Training (Labour and Employment)	1,08,61,000.00	0.00	0.00	0.00	1,04,17,937.00	29,42,232.31
Strengthening of Infrastructure for Institutional Training (Labour and Employment)	0.00	0.00	0.00	0.00	0.00	0.00
Skill Acquisition and Knowledge Awareness for Livelihood Promotion	1,63,20,789.00	0.00	0.00	0.00	77,41,755.00	1,40,29,978.50
Skill Acquisition and Knowledge Awareness for Livelihood Promotion	0.00	0.00	0.00	0.00	75,01,382.00	37,361.00
Skill Acquisition and knowledge awareness for livelihood promotion	1,19,83,550.00	1,19,83,550.00	0.00	1,19,83,550.00	1,19,83,550.00	16,820.00
Skill Strengthening for Industrial Value Enhancement	2,00,00,000.00	0.00	0.00	0.00	1,96,47,518.00	30,18,045.53
Rashtriya Gram Swaraj Abhiyan (RGSA)	10,00,00,000.00	9,20,00,000.00	1,11,11,200.00	10,31,11,200.00	5,46,44,500.00	5,79,81,370.30
Indira Gandhi National Old Age Pension Scheme (GNOAPS)	15,34,37,000.00	24,94,85,000.00	0.00	24,94,85,000.00	25,75,82,605.00	5,23,13,789.00
National Family Benefit Scheme	82,66,000.00	1,37,77,000.00	0.00	1,37,77,000.00	1,38,10,834.00	27,56,623.00
Indira Gandhi National Widow Pension Scheme (IGNWPS)	69,95,000.00	1,73,40,000.00	0.00	1,73,40,000.00	1,73,83,303.00	299.00
Indira Gandhi National Disability Pension Scheme (IGNDPS)	27,63,000.00	45,44,000.00	0.00	45,44,000.00	47,09,846.00	9,37,236.00
Pradhan Mantri Gram Sadak Yojna	1,61,28,50,000.00	56,20,50,000.00	6,25,26,889.00	62,45,76,889.00	1,24,84,25,840.00	76,70,70,873.00
Pradhan Mantri Awaas Yojna-Gramin (PMAY-G) Rural-State Component	3,34,16,50,000.00	3,34,16,50,000.00	37,12,95,900.00	3,71,29,45,900.00	3,23,26,28,197.00	98,83,53,530.89
DRDA Administration NRLM	0.00	0.00	1,000.00	1,000.00	0.00	31,250.50
National Rural Livelihood Mission (DDUGKY)	12,86,000.00	0.00	0.00	0.00	16,06,81,892.00	9,90,46,897.31
NRLM Rural Self Employment Training Institute	63,02,000.00	63,02,000.00	1,000.00	63,03,000.00	63,02,000.00	1,413.00
Scheme for MKSP	1,80,00,000.00	10,89,000.00	20,00,000.00	30,89,000.00	4,78,910.00	2,02,23,929.06
Scheme for SVEP under NRLM	1,56,25,000.00	1,56,25,000.00	17,36,111.00	1,73,61,111.00	15,39,928.00	1,69,97,194.25

CSS Scheme Name	Amount Released by GoI Total	Center Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total Amount Released by Treasury to SNA	Total Expenditure	Balance in the Bank Account of SNA
National Rural Livelihood Mission	1,23,21,03,000.00	1,67,69,50,000.00	18,63,29,000.00	1,86,32,79,000.00	1,23,00,22,144.00	74,29,95,704.42
Integrated Watershed Development Programme - State Component	25,31,00,000.00	25,31,00,000.00	2,81,22,434.00	28,12,22,434.00	24,76,94,870.00	10,16,45,860.40
Mahatma Gandhi National Rural Guarantee Programme (Social Audit)	3,29,80,000.00	3,29,80,000.00	0.00	3,29,80,000.00	2,72,43,018.00	1,14,38,262.00
MGNREGA Admn	15,83,76,000.00	15,83,76,000.00	0.00	15,83,76,000.00	0.00	8,16,99,834.50
MGNREGA CFP	0.00	0.00	0.00	0.00	24,45,000.00	19,000.00
MGNREGA Material	1,99,18,99,000.00	2,50,49,79,000.00	80,80,92,333.00	3,31,30,71,333.00	3,56,68,04,952.00	7,86,02,217.54
Samagra Shiksha	2,31,25,34,000.00	2,16,73,95,000.00	24,08,21,100.00	2,40,82,16,100.00	3,02,62,31,725.00	90,16,66,175.17
New India Literacy Programme.	38,81,000.00	38,81,000.00	4,31,000.00	43,12,000.00	87,00,038.00	57,26,552.00
PM SHRI	97,70,000.00	97,70,000.00	10,86,000.00	1,08,56,000.00	78,79,990.00	31,35,253.00
National Programme of Mid Day Meal in Schools	22,50,44,000.00	24,81,37,000.00	3,28,86,000.00	28,10,23,000.00	27,61,35,348.00	2,27,50,949.65
National Action Plan for Drug Demand Reduction (Social Welfare)	68,50,000.00	68,50,000.00	9,97,589.00	78,47,589.00	1,07,38,700.00	78,49,338.00
Pradhan Mantri Anusuchit Jaati Abhyuday Yojana (PMAJAY)	21,00,00,000.00	21,00,00,000.00	0.00	21,00,00,000.00	14,60,88,600.00	11,35,53,763.00
Atal Vayo Abhyuday Yojana (AVYAY)	1,23,43,000.00	1,43,31,500.00	0.00	1,43,31,500.00	81,60,000.00	62,18,468.00
Scheme for Boys and Girls Hostel OBC	0.00	0.00	0.00	0.00	0.00	0.00
Post Matric Scholarship - Tribal	35,00,00,000.00	35,00,00,000.00	3,88,89,500.00	38,88,89,500.00	44,40,17,480.00	18,23,79,887.92
Special Central Assistance to Tribal Sub-Schemes	0.00	15,52,37,000.00	0.00	15,52,37,000.00	30,82,99,685.00	5,49,06,686.00
Tribal Research Institute (CCA)	1,00,00,000.00	50,00,000.00	0.00	50,00,000.00	50,00,000.00	9,143.00
Support for Tribal Research Institutes	3,00,00,000.00	50,00,000.00	0.00	50,00,000.00	90,76,732.00	1,702.00
Scheme for Administration Cost to States/Uts	31,00,000.00	64,00,000.00	0.00	64,00,000.00	32,99,955.00	31,08,452.00
Pre Matric Scholarship-Tribal	0.00	0.00	0.00	0.00	0.00	15,51,932.00
Irrigation Census	99,08,000.00	98,99,746.00	0.00	98,99,746.00	1,03,27,976.00	42,210.00
Scheme for Har Khet Ko Pani (SMI)	87,10,45,000.00	1,06,53,67,500.00	9,41,79,856.00	1,15,95,47,356.00	77,86,38,389.00	46,42,05,578.00
PMKSY-HKKP	5,61,14,000.00	0.00	0.00	0.00	3,11,74,400.00	3,11,74,400.00
Har Khet Ko Pani (GWI)	0.00	65,28,000.00	7,25,000.00	72,53,000.00	63,64,625.00	54,60,128.00

CSS Scheme Name	Amount Released by GoI Total	Center Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total Amount Released by Treasury to SNA	Total Expenditure	Balance in the Bank Account of SNA
Scheme for Flood Management and Border Area Programme (FMBAP)	0.00	0.00	0.00	0.00	0.00	0.00
Mitigation of Flood and River Bank Erosion through Integrated Catchment Area Treatment	86,47,800.00	43,23,900.00	0.00	43,23,900.00	86,47,800.00	19,197.00
National River Conservation Plan-Other Basin	13,83,00,000.00	0.00	0.00	0.00	0.00	0.00
National River Conservation Plan-Other	0.00	0.00	0.00	0.00	0.00	0.00
Saksham Anganwadi and Poshan 2.0 (Social Security & Welfare)	16,51,33,000.00	39,91,76,000.00	4,42,52,300.00	44,34,28,300.00	35,61,51,670.00	8,73,78,816.00
Saksham Anganwadi and Poshan 2.0 (Social Welfare-Supplementary Nutrition Programme)	97,32,94,000.00	96,16,98,800.00	10,58,79,200.00	1,06,75,78,000.00	1,12,58,41,035.00	3,53,939.00
Saksham Anganwadi and Poshan 2.0 (Social Welfare- Scheme for Adolescent Girls)	35,71,29,000.00	35,78,38,500.00	2,38,14,100.00	38,16,52,600.00	38,14,22,046.00	18,02,78,323.00
Saksham Anganwadi Service (General)	1,01,12,99,638.00	93,10,98,638.00	13,04,60,800.00	1,06,15,59,438.00	1,46,16,96,753.00	27,02,20,856.00
ICDS Construction (Social Welfare)	12,22,70,000.00	2,66,40,000.00	0.00	2,66,40,000.00	0.00	2,67,50,618.00
Scheme for Mission Vatsalya (Child Protection)	24,71,56,000.00	35,79,56,000.00	4,29,62,900.00	40,09,18,900.00	40,31,42,831.04	3,09,93,481.96
Child Helpline	1,08,31,332.00	1,08,31,332.00	0.00	1,08,31,332.00	1,04,09,580.60	24,43,071.40
Scheme for Mission Vatsalya (NIC Sponsorship / Foster care/ Aftercare)	3,36,52,800.00	0.00	0.00	SLS with no GOI release	0.00	0.00
Mission Vatsalya (Construction of CCIs Including JJBs and CWCs)	0.00	0.00	0.00	0.00	0.00	0.00
Scheme for Mission Vatsalya (Swachhata Action Plan SAP)	11,88,000.00	0.00	0.00	SLS with no GOI release	0.00	0.00
Sambal under Mission Shakti (One Stop Centre)	5,45,82,868.00	5,45,82,868.00	0.00	5,45,82,868.00	3,46,11,730.00	2,04,73,216.00
Sambal under Mission Shakti (Beti Bachao Beti Padhao)	0.00	1,85,72,000.00	0.00	1,85,72,000.00	5,79,05,000.00	1,07,92,181.00
Sambal under Mission Shakti (Women Helpline)	27,60,000.00	27,60,000.00	0.00	27,60,000.00	27,60,000.00	924.00
Sambal under Mission Shakti (Nari Adalat)	0.00	0.00	0.00	0.00	0.00	0.00
National Creche Scheme	1,83,51,180.00	1,83,51,180.00	20,39,020.00	2,03,90,200.00	0.00	2,04,92,084.00
Scheme for Samarthya (Mahila Shakti Kendra)	0.00	0.00	0.00	0.00	18,53,850.00	151.00
Samarthya (Shakti Sadan)	52,34,400.00	0.00	0.00	SLS with no GOI release	0.00	0.00
Samarthya (Sakhi Niwas)	1,75,14,710.00	0.00	0.00	0.00	3,05,83,667.00	672.00

CSS Scheme Name	Amount Released by GoI Total	Center Share Released from Treasury to SNA	State Share Released from Treasury to SNA	Total Amount Released by Treasury to SNA	Total Expenditure	Balance in the Bank Account of SNA
National Hub for Empowerment of Women	4,51,08,000.00	4,51,08,000.00	50,12,000.00	5,01,20,000.00	3,92,35,322.00	1,18,71,690.00
Samarthya Pradhan Mantri Matru Vandana Yojna	2,41,65,450.00	2,41,65,450.00	26,85,200.00	2,68,50,650.00	2,01,09,000.00	1,11,01,761.00
Total	25,47,95,33,018.00	24,71,87,66,076.00	3,40,72,59,915.00	28,12,60,25,991.00	33,01,21,61,925.96	10,96,65,25,998.90

Appendix 3.1

Expenditure in excess of ₹10 lakh without provision at Sub-Head level

(Reference: Paragraph 3.3.1)

(₹ in lakh)

SI No	Grant No	Head of Account	Description	Expenditure
Capital				
1	31	4202-01-202-01	Repair & Renovation	98.08
2		4202-01-202-02-02	Samagra Shiksha- Tribal Area Sub-Plan	49.40
3	35	4552-00-112-01	Upgradation of Hospitals	115.24
4	36	4217-60-051-01	Special Development Fund	288.35
5	37	4217-60-051-06-01	Pradhan Mantri Awas Yojana- General	921.67
6	53	4216-01-106-01	Works Under Industries	492.58
7	58	5054-05-337-01	Central Road & Infrastructure Fund	1,394.41
8		5054-80-797-01	Central Road & Infrastructure Fund	340.86
9		5054-04-337-02	Major District Roads	728.10
10	77	4575-06-800-01	Border Area Development Programme	544.01
Total (Revenue)				4,972.70
Revenue				
11	12	2054-00-095-05	Treasury Computerisation	28.40
12	45	2425-00-108-02	Integrated Co-Operative Development	20.00
13	58	3054-04-105-01	Maintenance	60.00
14		3054-01-337-01	Maintenance & Repairs	1,077.61
15	65	2202-01-113-01-01	Samagra Shiksha Teachers' Education- General	192.47
16		2202-01-113-01-01	Samagra Shiksha Teachers' Education- General (CSS)	1,732.32
Total (Capital)				3,110.80
Grand Total				8,083.50

Source: Appropriation Accounts, 2023-24

Appendix 3.2

Cases where Supplementary Provision proved unnecessary

(Reference: Paragraph 3.3.3)

(₹ in crore)

Sl. No.	Number and Name of the Grant	Original Provision	Actual Expenditure	Savings out of Original provision	Supplementary provision
Revenue (Voted)					
1	20- Relief, Rehabilitation <i>etc.</i>	1.20	1.14	0.06	0.53
2	26- Civil Secretariat	307.23	292.49	14.74	0.62
3	32- Higher Education	208.24	187.82	20.42	5.89
4	37- Municipal Administration	83.93	29.68	54.25	5.66
5	56- Road Transport	95.70	95.59	0.11	0.90
6	58- Roads & Bridges	436.18	388.49	47.69	2.33
7	59- Water Resources	39.11	37.44	1.67	0.62
8	78- Technical Education	33.30	31.60	1.70	0.77
Sub-Total Revenue (Voted)		1,204.89	1,064.25	140.64	17.32
Revenue (Charged)					
9	75- Servicing of Debt	1,142.58	1,068.43	74.15	135.79
Sub-Total Revenue (Charged)		1,142.52	1,068.43	74.09	135.79
Grand Total (Revenue + Capital)		2,347.47	2,132.68	214.79	153.11

Source: Appropriation Accounts, 2023-24

Appendix 3.3

Excess/ unnecessary/ insufficient re-appropriation

(Reference: Paragraph 3.3.4)

(₹ in lakh)

Sl. No.	Grant	Head of Account	Original	Supplementary	Re-appropriation	Final	
						Savings	Excess
1	1	2011-02-103-01 Assembly Secretariat	2,645.77	0.00	74.11	13.36	
2	4	2014-00-105-02 Addl District & Session Judge Chief Judicial Magistrate Establishment	952.62	53.86	90.14	15.95	
3	5	2015-00-102-01 Chief Electoral Officer- Establishment	681.68	159.53	-95.69		15.55
4	8	2040-00-001-01 Direction	605.76	0.00	28.91		26.85
5	11	2053-00-093-01 Deputy Commissioner's Establishment	11,793.51	0.00	-770.58	24.46	
6	12	2054-00-095-01 Direction	2,448.61	0.00	-348.19	28.40	
7	12	2054-00-095-05 Treasury Computerization	42.10	0.00	-42.10		28.40
8	16	2070-00-115-01 Nagaland House New Delhi	761.19	322.50	-24.85		2.27
9	18	2071-01-101-01 Retirement Benefits	1,08,837.89	0.00	66,199.64		40.25
10	25	2029-00-001-01 Direction	396.73	97.20	-215.22		159.89
11	25	2029-00-102-01 Subordinate Establishment	2,093.00	85.41	-249.16		165.21
12	25	2029-00-102-02 Survey Training Institute	188.34	0.00	-17.64		8.61
13	27	3451-00-090-01 Planning Machinery	1,410.13	0.00	-25.39	10.57	
14	31	2202-02-001-01 Direction	12,430.81	0.00	-3,702.12	10.59	
15	31	2202-02-113-02 Samagra Shiksha Tribal Area Sub Plan	1,714.18	0.00	-519.78		183.46
16	31	2202-05-102-01 Hindi Training Institute	150.80	0.00	15.06	12.56	
17	31	2202-01-112-01 Mid-Day Meal General	251.02	0.00	277.78	53.47	
18	31	4202-01-600-01 Works under School Education	1,256.11	0.00	303.00	189.01	
19	31	4202-01-201-01-01 Samagra Shiksha General	398.15	0.00	-183.32		20.36
20	32	2202-03-001-01 Direction	1,841.99	0.00	-101.45	29.99	
21	33	2204-00-001-01 Direction	1,195.77	113.53	46.42		53.17
22	34	2205-00-001-01 Direction	872.35	0.00	-25.32	21.29	
23	35	2210-01-001-01 Direction	8,732.26	0.00	-90.37	126.23	
24	35	2210-01-001-03 Engineering Cell	409.97	0.00	-10.21		286.89
25	35	2211-00-101-01 Infrastructure Maintenance	6,097.08	0.00	-1,566.37	13.49	
26	35	4210-01-110-01 Upgradation of Hospitals	0.00	0.00	20.00		10.00
27	36	2217-80-001-01 Direction	1,931.74	112.75	-410.58		1,806.04
28	36	2217-80-001-03 Engineering Wing	338.89	0.00	332.36	45.00	
29	36	4217-60-051-02 Construction Works	674.03	21,323.89	-9,524.55		6,562.53

Sl. No.	Grant	Head of Account	Original	Supplementary	Re-appropriation	Final	
						Savings	Excess
30	36	4217-60-051-05-04 Used Water Management	0.00	0.00	2,503.75	1,074.25	
31	36	4217-60-051-05-05 Solid Waste Management	0.00	0.00	885.50	488.50	
32	36	4217-60-051-05-06 Individual Household Latrine, Community Toilet, Public Toilet and Aspirational Toilets	0.00	0.00	204.25	159.25	
33	36	4217-60-051-06-02 National Urban Livelihood Mission Tribal Area Sub-Plan	64.49	0.00	-32.76		36.41
34	36	4217-60-051-06-03 National Urban Livelihood Mission-Special Component Plan for Scheduled Castes	337.45	0.00	-296.27		88.47
35	36	4217-60-051-07-01 Urban Rejuvenation Mission-500 Habitations	3,520.00	851.95	2,286.65	70.73	
36	37	2217-80-001-01 Direction	557.65	533.87	-14.36		7.96
37	37	4217-01-051-01 Mission for 100 Smart Cities	0.00	1,116.88	-803.00		615.50
38	37	4217-60-051-01 Urban Development Schemes	0.00	163.72	563.10	310.74	
39	37	4217-60-051-05-01 PMAY-General	30.00	0.00	-11.06		11.06
40	37	4217-04-800-01 Rajiv Awas Yojana	0.00	1,805.22	-111.38		258.21
41	37	4217-60-051-06-01 PMAY-General	290.83	0.00	-290.83		921.67
42	38	2220-60-001-02 Sub-Ordinate Establishment	2,307.64	0.00	-137.38	22.80	
43	38	2220-60-001-04 Public Relations Office, New Delhi	34.60	0.00	25.02	27.09	
44	42	2501-06-102-06 Rural Self Employment Training Institute	0.00	63.02	63.02	63.02	
45	42	2515-00-104-01 District Rural Development Agency	0.00	394.11	-113.29		10.53
46	42	4515-00-101-01-03 Rashtriya Gram Swaraj Abhiyan- Special Component Plan for Scheduled Castes	0.00	0.00	200.00		200.00
47	43	2235-02-001-01 Direction	844.95	0.00	219.07	117.98	
48	43	2235-02-001-02 Subordinate Establishment	398.66	0.00	9.95	17.15	
49	43	2235-02-102-01-01 Integrated Child Development Scheme-General	5,327.05	0.00	-2,971.45		2,288.44
50	43	2235-02-107-02 Nagaland State Social Welfare Board	100.00	0.00	45.24	45.24	
51	43	2235-02-102-01-01 Integrated Child Development Scheme-General	0.00	2,538.04	3,337.50	2,680.02	
52	43	2235-02-102-01-02 Integrated Child Development Scheme-Tribal Area Sub Plan	8,329.51	1,298.97	-3,329.75	2,854.28	
53	43	2235-02-102-07-01 Child Protection and Welfare Services	1,500.00	2,509.44	-429.88	108.31	

Sl. No.	Grant	Head of Account	Original	Supplementary	Re-appropriation	Final	
						Savings	Excess
54	43	2235-02-103-02-01 One Stop Centre	0.00	369.56	190.07	13.80	
55	43	2235-02-103-02-02 Women Helpline	0.00	55.20	-41.40		13.80
56	43	2236-02-101-01-01 Supplementary Nutrition Programme-General	100.00	101.79	-100.00		99.99
57	43	2236-02-101-01-01 Supplementary Nutrition Programme-General (CSS)	666.87	0.00	249.19		1,101.18
58	43	2236-02-101-01-02 Supplementary Nutrition Programme-Tribal Area Sub Plan	7,565.88	1,779.37	-732.17		943.69
59	43	2236-02-101-02-01 National Nutrition Mission- General	277.85	0.00	2,317.17	943.69	
60	43	2236-02-101-02-02 National Nutrition Mission-Tribal Area Sub-Plan	3,152.38	0.00	-1764.64	1,101.18	
61	44	3451-00-092-01 Direction	400.48	5.75	-106.23		132.17
62	44	3451-00-092-02 Subordinate Establishment	576.23	0.00	-97.23		9.11
63	46	3454-02-111-04 Other Schemes	607.60	0.00	-38.94	6.81	
64	47	3475-00-106-01 Direction	435.43	0.00	-27.07		2.78
65	48	2401-00-001-01 Direction	2,283.45	0.00	608.23	129.16	
66	48	2401-00-001-02 Subordinate Establishment	4,232.17	0.00	-174.39	1,089.31	
67	48	2401-00-108-01 Sugarcane Development and Research	527.88	0.00	2,224.68	1,788.11	
68	48	2401-00-119-04-02 Pradhan Mantri Krishi Sinchai Yojana-Tribal Area Sub-Plan	193.65	0.00	3,691.03	2,977.14	
69	49	2402-00-001-01 Direction	805.07	0.00	-38.78	24.20	
70	49	2402-00-001-02 Sub-Ordinate Establishment	3,999.33	0.00	-254.03		24.21
71	50	2403-00-001-01 Direction	2,828.68	0.00	-427.33		379.79
72	50	2403-00-001-02 Sub-Ordinate Establishment	7,149.62	0.00	-127.00		9.96
73	50	2403-00-113-01-01 Sample Survey (CSS)	120.00	0.00	-120.00		77.25
74	50	2403-00-113-01-01 Sample Survey	7.35	0.00	-7.35		7.35
75	50	2403-00-113-01-02 Livestock Census and Integrated Sample Survey	0.00	0.00	8.06	7.35	
76	50	2403-00-113-01-02 Livestock Census and Integrated Sample Survey (CSS)	0.00	0.00	77.25	77.25	
77	50	2415-03-277-01 Extension & Training	612.30	0.00	-108.39		99.09
78	51	2405-00-001-01 Direction	896.95	0.00	-96.74	28.79	
79	51	2405-00-001-02 Subordinate Establishment	1,289.63	0.00	85.59	33.51	
80	52	2406-02-110-01-01 Wildlife habitats- General	900.00	492.21	-85.89		68.13
81	52	4406-01-070-01 Buildings	0.00	0.00	950.00		63.61

Sl. No.	Grant	Head of Account	Original	Supplementary	Re-appropriation	Final	
						Savings	Excess
82	53	2851-00-001-01 Direction	1,817.98	0.00	-107.23		6.32
83	53	2851-00-001-03 Sub Ordinate Establishment	440.20	0.00	-96.71		22.95
84	54	2853-02-102-03-02 Ground Water Resources Development	0.00	0.00	16.00	16.00	
85	54	2853-02-800-02 Ground Water Resources Development	16.00	0.00	-16.00		16.00
86	54	2853-02-101-01 Establishment for Survey & Mapping	0.00	0.00	149.84	149.84	
87	54	2853-02-102-01 Establishment for Mineral Exploration	150.00	0.00	-150.00		149.84
88	55	2801-80-800-02 Work Charged Establishment	1,572.65	0.00	61.70		544.46
89	55	4801-05-800-02 Sub Transmission Scheme	721.00	77.49	86.94	36.26	
90	56	3055-00-001-01 Direction	1,413.52	0.00	81.82		115.30
91	56	3055-00-001-02 Management	1,810.19	0.00	-69.38		17.08
92	56	3055-00-001-03 Operation	2,893.91	0.00	-140.08		43.05
93	56	3055-00-001-04 Workshop	2,249.99	0.00	20.29	117.40	
94	58	3054-03-103-01 Work Charged Establishment	3,605.08	0.00	-1,888.37		77.21
95	58	3054-04-105-01 Maintenance	3,000.00	232.95	2,029.16		1,255.82
96	58	3054-80-001-04 Execution	27,460.26	0.00	-958.08	6,488.37	
97	58	5054-01-337-01 National Highways	0.00	3,168.15	-2,787.83	53.87	
98	58	5054-04-337-01 Pradhan Mantri Gram Sadak Yojana	1,200.00	49.00	-623.73		14,950.61
99	58	5054-04-337-02 Major District Roads	4,480.00	46,322.00	30,220.63	13,571.20	
100	58	5054-04-337-03 Bridges	0.00	231.93	5,060.31	4,255.80	
101	58	5054-04-337-01 Pradhan Mantri Gram Sadak Yojana (CSS)	20,000.00	0.00	-14,379.50	5,220.10	
102	58	5054-05-337-01 Central Road & Infrastructure Fund	4,500.00	0.00	-1,497.00	2,522.83	
103	59	2702-80-001-01 Direction	1,046.08	27.82	62.32	59.63	
104	64	2059-80-001-01 Direction	2,457.07	0.00	-1,083.47	63.27	
105	64	2059-80-001-02 Execution	11,769.18	275.12	1,763.72	41.53	
106	64	4216-01-106-01 Housing	2,140.10	4,013.66	-600.24	3,085.99	
107	65	2202-01-105-02 State Board of Teachers Education	30.00	0.00	10.00	7.73	
108	65	2202-02-004-01 State Council of Educational Research & Training	1,042.09	0.00	-19.94		7.72
109	65	2202-01-113-01-02 Strengthening of Infrastructure for Educational Training- Tribal Area Sub-Plan	250.00	0.00	-57.53	192.47	
110	65	2202-01-113-01-01 Samagra Shiksha-Teachers' Education-General	55.78	0.00	-55.78		1,732.32
111	65	2202-01-113-01-02 Strengthening of Infrastructure for Educational Training- Tribal Area Sub-Plan	2,588.08	0.00	-855.76	1,732.32	

Sl. No.	Grant	Head of Account	Original	Supplementary	Re-appropriation	Final	
						Savings	Excess
112	68	2055-00-001-01 Police Engineering	2,097.40	0.00	25.18	256.21	
113	68	2055-00-001-02 Work Charged Establishment	314.92	0.00	-29.78		75.81
114	77	4575-06-800-01 Border Area Development Programme	100.00	0.00	-100.00		544.01
115	77	4575-06-800-02 Development of Under Developed Areas	1,000.00	0.00	148.75		738.12
116	78	2203-00-105-01 Government Polytechnics	2,246.48	0.00	-65.26	6.77	
Total						54,731.62	37,136.46

Source: Detailed Appropriation Accounts, 2023-24

Appendix 3.4

Statement of various Grants/ Appropriations where Savings were more than ₹ one crore each or more than 20 per cent of the Total Provision

(Reference: Paragraph 3.3.5)

(₹ in crore)

Sl. No.	Grant No.	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
Revenue (Charged)					
1	75	Servicing of Debt	1,278.37	209.93	16.42
Capital (Charged)					
2	75	Servicing of Debt	6,182.12	2,805.58	45.38
Revenue (Voted)					
3	7	State Excise	29.47	4.17	14.14
4	11	District Administration	213.00	22.31	10.48
5	12	Treasuries and Accounts Administration	66.47	18.11	27.24
6	13	Village Guards	52.79	1.30	2.46
7	14	Jails	65.22	4.57	7.01
8	18	Pensions and Other Retirement Benefits	3,191.86	89.54	2.81
9	20	Relief, Rehabilitation <i>etc.</i>	1.73	0.59	33.90
10	21	Relief of Distress caused by Natural Calamities	141.20	69.01	48.87
11	22	Civil Supplies	99.29	1.43	1.44
12	25	Land Records and Survey	29.11	1.48	5.10
13	26	Civil Secretariat	307.85	15.36	4.99
14	27	Planning Machinery	69.32	22.20	32.02
15	28	Civil Police	1,821.55	67.53	3.71
16	30	Administrative Training Institute	8.45	1.17	13.85
17	31	School Education	2,046.28	162.28	7.93
18	32	Higher Education	214.13	26.31	12.29
19	34	Art and Culture and Gazetteers	27.66	1.70	6.14
20	35	Medical, Public Health and Family Welfare	915.49	100.30	10.96
21	37	Municipal Administration	89.58	59.90	66.87
22	40	Employment and Craftsman Training	62.79	29.74	47.37
23	42	Rural Development	1,572.35	566.85	36.05
24	43	Social Security and Welfare	505.10	37.83	7.49
25	46	Statistics	49.06	1.74	3.54
26	47	Legal Metrology and Consumer Protection	12.86	1.16	9.02
27	48	Agriculture	462.69	78.87	17.05
28	49	Soil and Water Conservation	73.65	4.40	5.97
29	50	Animal Husbandry and Dairy Development	124.61	13.21	10.60
30	51	Fisheries	88.46	41.38	46.78
31	52	Forest, Environment and Wildlife	128.78	3.79	2.94
32	53	Industries	121.27	11.85	9.77
33	55	Power	790.29	18.68	2.36
34	56	Road Transport	96.59	1.00	1.04
35	58	Roads and Bridges	438.51	50.02	11.41
36	59	Water Resources	39.73	2.28	5.74
37	60	Water Supply	118.00	2.82	2.39
38	67	Home Guards	41.64	1.09	2.62
39	68	Police Engineering Project	24.12	1.85	7.67
40	69	Fire and Emergency Services	47.42	3.12	6.58
41	70	Horticulture	79.56	23.23	29.20
42	74	Mechanical Engineering	57.69	2.92	5.06
43	78	Technical Education	34.07	2.47	7.25

Sl. No.	Grant No.	Name of Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
Capital (Voted)					
44	8	Sales Tax	4.92	2.00	40.69
45	26	Civil Secretariat	178.98	50.30	28.10
46	27	Planning Machinery	353.94	194.01	54.81
47	31	School Education	193.59	104.22	53.83
48	32	Higher Education	122.33	91.44	74.75
49	34	Art and Culture and Gazetteers	27.75	13.25	47.75
50	35	Medical, Public Health and Family Welfare	81.17	17.98	22.15
51	36	Urban Development	332.61	34.47	10.36
52	41	Labour	2.81	0.85	30.30
53	43	Social Security and Welfare	8.61	3.06	35.57
54	49	Soil and Water Conservation	22.04	10.69	48.50
55	52	Forest, Environment and Wildlife	70.33	18.32	26.05
56	53	Industries	149.76	70.05	46.77
57	57	Housing Loans	0.22	0.22	100.00
58	60	Water Supply	93.00	1.21	1.30
59	68	Police Engineering Project	144.70	33.10	22.87
60	77	Development of Underdeveloped Areas	36.00	11.69	32.47
Total			23,642.94	5,241.94	22.17

Source: Appropriation Accounts, 2023-24

Appendix 4.1

Department-wise list of Outstanding Utilisation Certificates (UCs) for the Grants provided up to the year 2023-24

(Reference: Paragraph 4.3)

(₹ in crore)

Sl No	Name of the Department	No of UCs	Amount
1	Planning & Co-ordination	24	131.94
2	Industries & Commerce	34	50.20
3	Youth Resource & Sports	22	22.70
4	Social Welfare	29	21.73
5	Health & Family Welfare	10	20.12
6	Rural Development	9	19.95
7	School Education	12	19.20
8	Municipal Affairs	4	13.82
9	Geology & Mining	9	11.97
10	CM Secretariat	3	11.93
11	Agriculture Department	9	6.90
12	Higher Education	2	5.30
13	Women Resource Development	7	3.52
14	Forest	8	3.31
15	Co-operation Department	3	3.20
16	Special Officer (Accounts) Home Commissioner	42	3.06
17	Art & Culture	1	1.50
18	Power Department	2	1.24
19	Legal Metrology & Consumer Protection	3	1.00
20	Administration of Justice	6	0.97
21	Information & Public Relation	3	0.77
22	Science & Technology	3	0.56
23	Public Works Department (Housing)	1	0.42
24	Horticulture	2	0.40
25	Civil Supply	1	0.29
26	Fisheries	1	0.25
Total		250	356.25

Source: Note to Accounts/Finance Accounts, 2023-24 and information furnished by the O/o PAG (A&E), Nagaland

Appendix 4.2

**Outstanding Detailed Countersigned Contingent (DCC) Bills against the drawal of Abstract Contingent (AC)
Bills up to the year 2023-24**

(Reference: Paragraph 4.4)

(₹ in crore)

Sl. No.	Name of the Department	No. of AC bills for which DCC Bills were outstanding	Amount
1	Special Officer (Accounts) Home	168	128.94
2	Inspector General of Police (Hqr)	59	327.23
3	Dy. Director, Youth Resources & Sports	35	36.07
4	Dir. Animal Husbandry & Vety Kohima	10	8.10
5	Dir. Of Border Affairs	8	3.88
6	CEO, Kohima	7	48.02
7	Principal State College of Teacher Education, Kohima	5	0.02
8	Director, Industries and Commerce	5	2.12
9	Addl. Director, SCERT	3	0.85
10	Development Commissioner, Planning & Co-ordination	4	12.02
11	Dy. Director, Art & Culture	5	4.29
12	CM Secretariat	3	5.50
13	Administrative Training Institute	6	1.34
14	Dy. Director, Tourism	2	7.00
15	Deputy Director, State Election Commission	2	5.66
16	Director, Information & Public Relation	2	0.19
17	Joint Director Tribal Affairs	1	5.75
18	Joint Director Health & Family Welfare	1	5.00
19	Director, Higher Education	1	0.45
20	Jt. Director, Minority Affairs	1	0.50
21	Secy. Nagaland Lokayukta	1	0.98
22	Jt. Director, Sericulture	1	0.41
23	Director, Technical Education	1	1.53
24	Dir. Of Information Tech. & Communication	1	2.50
25	Addl. Director, DUDA	1	5.04
Total		333	613.29

Source: Note to Accounts/Finance Accounts, 2023-24 and VLC data

Appendix 4.3

**Department-wise/ Duration -wise Break-up of the Cases of Misappropriation, Defalcation etc.,
(Cases where Final Action was pending at the end of March 2024)**

(Reference: Paragraph 4.14)

Sl. No.	Name of the Department	Up to 5 years	5-10 years	Total No. of Cases
1	School Education	1	2	3
2	Health and Family Welfare	0	2	2
3	Planning and Transformation	0	1	1
4	Nagaland Public Works Department	2	2	4
5	Animal Husbandry & Veterinary Services	1	0	1
6	Agriculture	1	0	1
7	Administration	1	0	1
8	Land Resources	3	0	3
9	Taxes	1	1	2
10	Rural Development	1	1	2
11	Disaster Management	2	0	2
12	Municipal Affairs	0	1	1
13	Industries & Commerce	1	0	1
14	Water Resources	1	0	1
15	Land Records and Survey	0	1	1
16	Forest	1	0	1
17	Soil & Water Conservation	1	0	1
18	Various Departments	5	1	6
Total		22	12	34

Source: Information furnished by Lokayukta, Directorate of Investigation, Government of Nagaland

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