

## **CHAPTER-II**

# **FINANCIAL MANAGEMENT AND BUDGETARY CONTROL**



## CHAPTER II

### Financial Management and Budgetary Control

#### 2.1 Introduction

Effective financial management ensures that policy decisions are implemented at the administrative level without wastage or diversion of funds and with reasonable assurance about successful implementation of policy at the ground level. This Chapter reviews the appropriations and allocative priorities of the State Government and comments on the transparency and effectiveness of its budgetary processes.

Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, 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 is thus a control document facilitating management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

Audit of appropriations seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

#### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2016-17 against 58 Grants and two Appropriations is given in **Table 2.1**:

**Table 2.1: Summarised Position of Actual Expenditure vis-à-vis Original/ Supplementary provision**

(₹ in crore)

Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving	Amount Surrendered	Amount Surrendered on 31 March 2017	Percent age of Savings surrendered on 31 March 2017 to total amount of Savings
<b>Voted</b>								
I. Revenue	7984.76	1168.59	9153.35	7760.04	1393.31	1085.82	1085.82	77.93
II. Capital	1460.53	393.35	1853.88	1389.80	464.08	325.78	325.78	67.59
III. Loans and Advances	48.72	Nil	48.72	30.83	17.89			
<b>Total Voted</b>	<b>9494.01</b>	<b>1561.94</b>	<b>11055.95</b>	<b>9180.67</b>	<b>1875.28</b>	<b>1411.60</b>	<b>1411.60</b>	<b>75.27</b>
<b>Charged</b>								
IV. Revenue	609.20	2.27	611.47	577.78	33.69	28.90	28.90	85.78
V. Capital	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
VI. Public Debt- Repayment	578.88	Nil	578.88	414.41	164.47	164.47	164.47	100
<b>Total Charged</b>	<b>1188.08</b>	<b>2.27</b>	<b>1190.35</b>	<b>992.19</b>	<b>198.16</b>	<b>193.37</b>	<b>193.37</b>	<b>97.58</b>
<b>Appropriation to Contingency Fund (if any)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total</b>	<b>10682.09</b>	<b>1564.21</b>	<b>12246.30</b>	<b>10172.86</b>	<b>2073.44</b>	<b>1604.97</b>	<b>1604.97</b>	<b>77.41</b>

The overall saving of ₹ 2073.44 crore was the result of saving of ₹ 2241.50 crore in 50 Grants under Revenue Section, 23 Grants and two Appropriations under Capital Section. This was offset by excess of ₹ 168.06 crore in four Grants under Revenue Section and two Grants under Capital Section. Out of the total savings of ₹ 2073.44 crore, ₹ 1604.97 crore (77.41 per cent) was surrendered during the year and the balance savings of ₹ 468.47 crore (22.59 per cent) remained un-surrendered.

The savings/excess were intimated (July 2017) to the Controlling Officers requesting them to explain the significant variations. Department-wise position involving substantial amount of savings/excess (exceeding ₹ 10 crore) for which reasons were not furnished (August 2017) by the departments concerned is given in **Appendix 2.1**.

## 2.3 Financial Accountability and Budget Management

### 2.3.1 Appropriation *vis-à-vis* Allocative Priorities

The outcome of the appropriation audit revealed that in 36 cases, savings of ₹ 1723.09 crore exceeded ₹ 1 crore in each case and also by more than 20 *per cent* of total provision (**Appendix 2.2**). Against the savings of ₹ 1723.09 crore, savings of ₹ 1302.44 crore (75.59 *per cent*) over ₹ 50 crore and above occurred in 10 cases relating to seven Grants and one Appropriation as indicated in **Table 2.2**.

**Table 2.2: List of Grants with savings of ₹ 50 crore and above**

(₹ in crore)

Number and name of the Grant	Original	Supplemen -tary	Total	Actual expenditure	Savings
<b>I. Revenue-Voted</b>					
11 – Other Taxes and Duties on Commodities and Services, <i>etc.</i>	185.06	28.46	213.52	131.14	82.37
32 – Civil Supplies, Capital Outlay on Food Storage and Ware-housing	109.79	30.30	140.09	58.23	81.86
38 – Secretariat Economic Services, <i>etc.</i>	447.34	114.21	561.55	234.70	326.86
40 – North Eastern Areas, Capital Outlay on North Eastern Areas	92.44	0.12	92.56	10.80	81.76
43 – Housing, Crop Husbandry, Agricultural Research, <i>etc.</i>	417.15	0	417.15	212.47	204.68
45 – Housing, Soil and Water Conservation, <i>etc.</i>	254.32	0	254.32	129.69	124.63
<b>Total Revenue -Voted</b>	<b>1506.10</b>	<b>173.09</b>	<b>1679.19</b>	<b>777.03</b>	<b>902.16</b>
<b>II. Capital-Voted</b>					
27 – Water Supply and Sanitation, Housing, <i>etc.</i>	273.18	27.48	300.66	185.69	114.97
40 – North Eastern Areas, Capital Outlay on North Eastern Areas	107.56	4.14	111.70	40.74	70.97
43 – Housing, Crop Husbandry, Agricultural Research, <i>etc.</i>	94.05	3.00	97.05	47.02	50.03
<b>Total Capital -Voted</b>	<b>474.79</b>	<b>34.62</b>	<b>509.41</b>	<b>273.45</b>	<b>235.97</b>
<b>III. Capital – Charged</b>					
Appropriation -Internal Debt of the State Government	558.81	0	558.81	394.50	164.31
<b>Total Capital - Charged</b>	<b>558.81</b>	<b>0</b>	<b>558.81</b>	<b>394.50</b>	<b>164.31</b>
<b>Grand Total</b>	<b>2539.70</b>	<b>207.71</b>	<b>2747.41</b>	<b>1444.98</b>	<b>1302.44</b>

Reasons for excessive savings in the above cases had not been furnished (August 2017).

### 2.3.2 Persistent Savings

In six cases, during the last five years, there were persistent savings of more than ₹ 50 lakh in each case and also by 20 *per cent* or more of the total provision (Table 2.3).

**Table 2.3: List of Grants indicating Persistent Savings during 2012-17**

(₹ in crore)

Sl. No.	Number and Name of the grant	Amount of savings				
		2012-13	2013-14	2014-15	2015-16	2016-17
<b>Revenue-Voted</b>						
1.	11- Other Taxes and Duties on Commodities and Services, <i>etc.</i>	106.00 (37)	45.73 (23)	77.67 (32)	65.34 (48)	82.37 (38.58)
2.	40-North Eastern Areas, <i>etc.</i>	90.13 (77)	76.64 (80)	48.27 (77)	91.81 (84)	81.76 (88.33)
3.	43 – Housing, Crop Husbandry, Agricultural Research and Education <i>etc.</i>	214.12 (47)	233.36 (52)	234.43 (48)	135.99 (34)	204.68 (49.07)
4.	50 – Forestry and Wildlife, Agricultural Research and Education, <i>etc.</i>	58.95 (43)	53.29 (30)	74.59 (34)	54.30 (31)	33.70 (21.40)
<b>Capital-Voted</b>						
5.	19 – Secretariat General Services, Public Works, <i>etc.</i>	68.00 (58)	79.23 (42)	95.11 (57)	39.66 (27)	70.43 (45.66)
6.	39-Cooperation, <i>etc.</i>	8.33 (54)	7.79 (48)	9.30 (62)	5.04 (54)	11.74 (69.43)

(Figures in the parentheses indicate percentage of saving to total provision)

There have been large savings persistently for the last five years in six Grants, *viz.* ‘Other Taxes and Duties on Commodities and Services, *etc.*’, ‘North Eastern Areas’, ‘Housing, Crop Husbandry, Agricultural Research and Education, *etc.*’ ‘Forestry and Wildlife, *etc.*’, ‘Secretariat General Services, Public Works, *etc.*’, and ‘Co-operation.’

### 2.3.3 Expenditure without Budget Provision

As per the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds in Budget. **The cases of excess expenditure over Budget provision is a very serious matter as it is a violation of the wishes of the Legislature. In all such cases, the responsibility needs to be fixed.** It was, however, noticed that expenditure of ₹ 33.49 crore was incurred in nine cases as detailed in **Appendix 2.3** without any budget provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect. Six significant cases of such expenditure involving expenditure in excess of ₹ 2 crore are given in **Table 2.4**.

**Table 2.4: Expenditure incurred without provision during 2016-17**  
(₹ in crore)

Sl. No.	Grant/Appropriation Number – Major Head of Accounts - Sub-Head - Detailed Head	Expenditure without provision
1.	16 – 2055 – 102 – (01) Re-imburement to State for Civil Defence – General	4.48
2.	56 – 3054 – 337 – (01) Maintenance by Road Wings – Sixth Schedule (Part II) Areas	8.85
3.	2049 – 101 – (01) 7.98% MSDL/MGS 2026 – General	2.39
4.	2049 – 101 – (02) 8.0% MSDL/MGS 2026 – General	4.00
5.	2049 – 101 – (04) 7.43% MSDL/MGS 2026 – General	3.72
6.	2049 – 101 – (05) 7.18% MSDL/MGS 2026 – General	5.38
<b>Total</b>		<b>28.82</b>

*Government may consider fixing responsibility on officials responsible for incurring expenditure without budget provisions.*

#### **2.3.4 Drawal of funds to avoid lapse of budgetary provision**

As per Paragraph 152 (iii) of Budget Manual, controlling officers are to surrender to the Finance Department all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known and in any case latest by the 15<sup>th</sup> March. Further, as per Rule 211 of Meghalaya Treasury Rules, 1986, no money shall be drawn from the Treasury unless it is required for immediate disbursement. Contrary to the prescribed procedure, ₹ 1462.17 crore was transferred in March 2017 into the major head of Account '8443 – Civil Deposits' primarily to exhaust the unspent budgetary provision. Instances of such transfer (over ₹ five crore in each case) in respect of the 27 cases involving ₹ 1331.55 crore are mentioned in **Appendix 2.4**.

#### **2.3.5 Excess over provision relating to previous years requiring regularisation**

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of excess expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). As indicated in the Report of the Comptroller and Auditor General of India for the previous year, excess expenditure of ₹ 1974.87 crore for the years from 1971-72 to 2015-16 had not been regularised, details of which are given in **Appendix 2.5**.

#### **2.3.6 Excess over provision during 2016-17 requiring regularisation**

**Table 2.5** contains the summary of total excess in four Grants under Revenue Section and two Grants under Capital Section amounting to ₹ 168.06 crore over authorisation from the Consolidated Fund during 2016-17 which requires regularisation under Article 205 of the Constitution. **The cases of excess expenditure over**

**Grants/provisions is a very serious matter as it is a violation of the will of the Legislature. In all such cases, the responsibility needs to be fixed.**

**Table 2.5: Excess over provision requiring regularisation during 2016-17**

(₹ in crore)

Sl. No.	Number and title of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess (+) (per cent to Total Grant/Appropriation)
<b>Revenue – Voted</b>				
1.	7 – Stamps and Registration	1.87	2.28	0.41 (21.93)
2.	24 – Pensions and Other Retirement Benefits	493.48	647.85	154.37 (31.28)
3.	27 – Water Supply and Sanitation, Housing, etc.	184.29	186.79	2.50 (1.36)
4.	56 – Roads and Bridges, etc.	177.18	186.16	8.98 (5.07)
<b>Capital – Voted</b>				
1.	21 – Miscellaneous General Services, General Education, etc.	2.70	4.36	1.66 (61.48)
2.	28 – Housing, Capital on Housing, Loans for Housing	1.60	1.74	0.14 (8.75)
<b>Total</b>		<b>861.12</b>	<b>1029.18</b>	<b>168.06</b>

In one of the above cases, viz. Grant No.24 - Pension & other retirement benefits, excess expenditure by more than ₹ 50 crore of the budget provision has been observed consistently for the last five years (Table 2.6).

**Table 2.6: Persistent excess expenditure during 2012-17**

(₹ in crore)

Number and name of the Grant	Amount of Excess Expenditure				
	2012-13	2013-14	2014-15	2015-16	2016-17
24- Pension and other Retirement benefits (Revenue - Voted)	73.49	53.89	114.63	142.92	154.37

Further, the amount of excess expenditure has been increasing year on year.

*Government may consider fixing responsibility on officials responsible for incurring expenditure in excess of the Grants/provisions.*

### 2.3.7 Excessive/inadequate supplementary provision

Supplementary provision aggregating ₹ 357.13 crore obtained in 29 cases (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.6**. In five cases supplementary provision of ₹ 34.47 crore proved insufficient leaving an aggregate uncovered excess expenditure of ₹ 167.92 crore (**Table 2.7**).



**Table 2.7: Insufficient Supplementary Provision****(₹ in crore)**

Number and Name of Grant	Original Provision	Supplementary provision	Total	Expenditure	Excess
7 – Stamps & Registrations, etc. Revenue – Voted	1.80	0.07	1.87	2.28	0.41
21 - Miscellaneous General Services, General Education, etc. Capital - Voted	-	2.70	2.70	4.36	1.66
24 – Pensions and Other Retirement Benefits Revenue – Voted	490.98	2.50	493.48	647.85	154.37
27 – Water Supply and Sanitation, Housing, etc. Revenue – Voted	168.34	15.95	184.29	186.79	2.50
56 - Roads and Bridges, Capital Outlay on Roads and Bridges, etc. Revenue - Voted	163.93	13.25	177.18	186.16	8.98
<b>Total</b>	<b>825.05</b>	<b>34.47</b>	<b>859.52</b>	<b>1027.44</b>	<b>167.92</b>

In one case, no supplementary provision was obtained resulting in an excess expenditure of ₹ 0.14 crore as given in **Table 2.8**.

**Table 2.8: Excess expenditure but no Supplementary Provision were obtained****(₹ in crore)**

Number and Name of Grant	Original Provision	Expenditure	Excess
28 – Housing, Capital on Housing, Loans for Housing Capital – Voted	1.60	1.74	0.14

### 2.3.8 Excessive/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. As per the Appropriation Accounts, **re-appropriation made under 213 sub-heads proved excessive or insufficient and resulted in savings/excess of over ₹ 10 lakh.** Instances of 59 such cases where excess/saving was ₹ one crore or above in each case are detailed in **Appendix 2.7**.

### 2.3.9 Unexplained re-appropriations

According to Paragraph 115 of the Budget Manual (Volume I), read with Form ‘K’ of re-appropriation statement, reasons for all re-appropriations of ₹ 1,000 or more should be given. Scrutiny of Appropriation Accounts revealed that reasons for re-appropriations made during 2016-17 under various head of accounts were not explained in detail. Reasons given for additional provision/withdrawal of provision in re-appropriation orders were of general nature like “less requirement of funds”, “less expenditure than anticipated”, “non-receipt of sanction”, “non-approval of Scheme”, “discontinuation of Scheme”, “less claim”, “revised budget outlay” and “reduction of provision” etc.

### 2.3.10 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision was surrendered) were made in respect of 103 sub-heads on various grounds like non-receipt of sanction, less expenditure, non-release of funds, etc. Out of the total provision of ₹ 1172.30 crore in 103 sub-heads, ₹ 946.20 crore were surrendered, which included 100 per cent surrender in 48 schemes/projects/works. The details of such cases involving substantial surrenders are given in **Appendix 2.8**.

### 2.3.11 Surrender in excess of actual saving

The spending departments, as per the provision of the Budget Manual, are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. Surrender of the provision in anticipation of savings and incurring expenditure subsequently by controlling officers results in surrender in excess of overall saving under grant/appropriation.

**In 19 cases, the amount surrendered was in excess of actual savings indicating lack of or inadequate budgetary control in those departments.** As against savings of ₹ 361.81 crore, the amount surrendered was ₹ 407.58 crore resulting in excess surrender of ₹ 45.77 crore (**Appendix 2.9**). The cases of surrender in excess of actual savings, however, should be avoided by prudent budgeting. Some significant cases of surrender in excess of actual savings are shown in **Table 2.9**.

**Table 2.9: Cases of surrender in excess of savings**

(₹ in lakh)

Sl No.	Number and Name of Grant/Appropriation	Total Grant	Saving	Amount surrendered	Amount surrendered in excess of savings
1.	2 – Governor Revenue – Charged	875.00	110.95	157.36	46.41
2.	21 - Miscellaneous General Services, General Education, etc. Revenue – Voted	167224.79	6295.48	10388.65	4093.17
3.	22 – Other Administrative Services, Housing, Census, Survey and Statistics Revenue – Voted	3136.46	163.84	194.41	30.57
4.	30 – Information and Publicity Revenue – Voted	1860.48	242.63	276.83	34.20
5.	41 – Census, Survey and Statistics Revenue – Voted	1910.47	669.37	697.41	28.04
6.	45 – Housing, Soil and Water Conservation, etc. Revenue - Voted	25432.00	12463.11	12487.61	24.50
7.	50 – Forestry and Wildlife, Agricultural Research and Education, etc. Revenue - Voted	15750.02	3370.31	3521.67	151.36
8.	56 - Roads and Bridges, Capital Outlay on Roads and Bridges Capital – Voted	61161.08	5263.76	5353.03	89.27

The surrender in excess of actual savings resulted in excess expenditure in various heads of accounts under 19 grants/appropriations which indicated lack of financial prudence in the management of budget in the concerned departments.

### 2.3.12 Anticipated savings not surrendered

As per Paragraph 152 (iii) of Budget Manual, controlling officers are to surrender to the Finance Department all savings anticipated in the budget under their control as soon as the certainty of non-requirement is known and in any case latest by the 15<sup>th</sup> March. At the close of the year 2016-17, there were however, nine Grants in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in those cases was ₹ 199.89 crore (9.64 per cent of the overall savings of ₹ 2073.44 crore) (Appendix 2.10).

Similarly, out of total savings of ₹ 1399.50 crore under 26 other Grants (savings of ₹ 1 crore and above in each Grant), amount aggregating ₹ 583.78 crore (41.71 per cent of total savings) were not surrendered, details of which are given in Appendix 2.11. Besides, in 49 cases, (surrender of funds in excess of ₹ 1 crore), ₹ 1600.64 crore were (Appendix 2.12) surrendered on the last working day of March 2017, indicating inadequate financial control and the fact that these funds could not be utilised for other development purposes.

### 2.3.13 Rush of expenditure

Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. As such, Government expenditure is required to be evenly phased out throughout the year as far as possible. It was however, noticed that during 2016-17, compared to the total expenditure during the year the expenditure during the fourth quarter ranged between 28.01 per cent and 88.86 per cent. In the month of March it ranged between 20.25 per cent and 88.20 per cent in respect of five illustrative major heads of account as indicated in Table 2.10 below:

**Table 2.10: Cases of Rush of Expenditure towards the end of the financial year 2016-17**

(₹ in crore)

Sl. No.	Major Head	Total expenditure during the year	Expenditure during last quarter of the year		Expenditure during March 2017	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2055	577.59	161.81	28.01	116.98	20.25
2.	2202	1477.30	425.83	28.82	330.66	22.38
3.	2205	75.20	66.82	88.86	66.33	88.20
4.	2210	565.60	249.57	44.12	210.76	37.26
5.	2235	177.54	113.48	63.92	105.55	59.45

As can be seen from the table above, the uniform flow of expenditure during the year, which is a primary requirement of budgetary control, was not maintained, indicating deficient financial management.

## 2.4 Reconciliation of departmental figures

### 2.4.1 Detailed Countersigned Contingent Bills against Abstract Contingency Bills

According to the Meghalaya Treasury Rules, 1985, the Controlling Officers are to submit Detailed Countersigned Contingent (DCC) bills against the drawal of Abstract Contingent (AC) bills to the Accountant General (AG) within a month from the date of receipt of such bills in his office. As per Finance Accounts for the year 2016-17 (Volume I), against an amount of AC bills of ₹ 4.57 crore, no DCC Bills were received which resulted in 31 AC bills involving ₹ 4.57 crore remaining outstanding as of March 2017.

**Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs.**

*Government may consider fixing responsibility on officials for failing to settle the outstanding AC bills within the stipulated period of one month.*

### 2.4.2 Un-reconciled Expenditure

Budget Manual stipulates that expenditure recorded in their books be reconciled by them every month during the financial year with that recorded in the books of the Accountant General (Accounts & Entitlement). This is in order to enable Controlling Officers (COs) of Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts. During 2016-17, 20 out of 59 COs did not reconcile expenditure amounting to ₹ 1513.22 crore (14.88 per cent of total gross expenditure of ₹ 10172.86 crore) as of March 2017. This is despite the fact that non-reconciliation of departmental figures is being pointed out regularly in Audit Reports. Out of the unreconciled expenditure of ₹ 1513.22 crore, ₹ 625.35 crore related to the Directors of Accounts and Treasury followed by ₹ 262.58 crore in respect of the Director of Social Welfare and ₹ 239.08 crore in respect of Director of Technical Education and Sports and Youth Affairs Department.

## 2.5 Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for discharging the liabilities of the Government arising out of special enactment. The amount credited to these accounts will be debited to the Consolidated Fund of the State and booked as expenditure of the year. As on 01 April 2016, there were six PD accounts with a balance of ₹ 5.58 crore. Out of six PD accounts, three PD accounts remained inoperative for periods ranging from 10 years to 14 years and were closed during 2016-17. Two PD accounts for ₹ 1.71 crore were opened during 2016-17. As on 31 March 2017, five PD accounts involving ₹ 6.43 crore were in existence.

**Paying interest at higher rates (6.47 per cent during 2016-17) on borrowings while keeping balance in PD Account which did not bear any interest showed poor cash and financial management of the State Government.**

## 2.6 Outcome of Analysis of Budgetary Assumptions

### 2.6.1 Unrealistic Budget Estimates

During 2016-17, the original budget estimate and the revised budget estimate for Revenue Expenditure was ₹ 8593.95 crore. Against this provision, actual expenditure of ₹ 8336.54 crore was incurred during 2016-17. Details of the original, revised estimates and actual revenue expenditure for the last two years are given in **Table 2.11**.

**Table 2.11: Original budget, revised estimates and actual revenue expenditure during 2015-16 and 2016-17**

(Expenditure)

(₹ in crore)

	2015-16	2016-17
Original Budget	7621.48	8593.95
Revised Estimate	7621.48	8593.95
Actual Expenditure	6347.73	8336.54
<b>Shortage (-)/Excess (+)</b>	<b>(-) 1273.75</b>	<b>(-)257.41</b>

Source: Budget at a Glance

The revenue expenditure of the State Government during 2015-16 was less than the budget estimate by 16.71 per cent (₹ 1273.73 crore) and during 2016-17, revenue expenditure was less than the budget estimate by only 3.00 per cent (₹ 257.41 crore).

Details of the original, revised estimates and actual revenue receipts for the last two years are given in **Table 2.12**.

**Table 2.12: Original budget, revised estimates and actual revenue receipts during 2015-16 and 2016-17**

(Revenue)

(₹ in crore)

	2015-16	2016-17
Original Budget	8403.02	8980.85
Revised Estimate	8403.02	8980.85
Actual Receipts	7043.13	8938.95
<b>Shortage (-)/Excess (+)</b>	<b>(-) 1359.89</b>	<b>(-)41.90</b>

Source: Budget at a Glance

The revenue receipts of the State Government during 2015-16 was less than the budget estimate by 16.18 per cent (₹ 1359.89 crore) and during 2016-17, revenue receipts was less than the budget estimate by only 0.47 per cent (₹ 41.90 crore).

### 2.6.2 Unrealistic forecasting of resources

Details of tax revenue and non-tax revenue for the last two years are given in **Table 2.13** below:

**Table 2.13: Tax Revenue, Non-Tax Revenue during 2015-16 and 2016-17**

(₹ in crore)

	2015-16		2016-17	
	Tax Revenue	Non-Tax Revenue	Tax Revenue	Non-Tax Revenue
Original Budget	1035.57	312.17	1268.55	466.16
Revised Estimate	1035.57	312.17	1268.55	466.16
Actual Receipts	1056.82	228.60	1186.01	685.24
<b>Shortage (-)/Excess (+)</b>	<b>(+)21.25</b>	<b>(-)83.57</b>	<b>(-)82.54</b>	<b>(+)219.08</b>

Source: Budget at a Glance

During 2016-17, the actual tax revenue receipts was lower than the budget estimate by 6.51 per cent (₹ 82.54 crore), while Non-Tax Revenue was much more than the budget estimate exceeding it by 47 per cent (₹ 219.08 crore). Hence the budget estimate for non-tax revenue was unrealistic.

### 2.6.3 Projection of Capital Outlay, Disbursement of Loans & Advances and Interest Payments

The projections of Capital Outlay, Disbursement of Loans & Advances and Interest Payments are detailed in **Table 2.14**.

**Table 2.14: Capital Outlay, Disbursement of Loans & Advances and Interest Payments**

(₹ in crore)

	Particulars	Budget Estimates	Revised Estimates	Actual Expenditure	Difference
2015-16	Capital Outlay	1603.41	1603.41	1110.89	(-)492.52
	Disbursement of Loans & Advances	28.13	28.13	158.35	(+)130.22
	Interest Payments	471.06	471.06	465.88	(-)5.18
2016-17	Capital Outlay	1360.53	1360.53	1289.80	(-)70.73
	Disbursement of Loans & Advances	48.72	48.72	30.83	(-)17.89
	Interest Payments	551.29	551.29	522.23	(-)29.06

During 2016-17, Actual Capital Outlay was less than Budget estimate/revised estimate by ₹ 70.73 crore, which fell short by 5.20 per cent, Loans & Advances were also disbursed less by 36.37 per cent (₹ 17.89 crore) than it was budgeted.

Compared to previous year, interest payment during 2016-17 increased by 12.10 per cent (₹ 56.35 crore).

## **2.7 Review of Budgetary Process**

### **2.7.1 Introduction**

A major concern is that budgetary process are being undertaken in a mechanical and routine fashion and adequate due diligence is not being given to ensure high level of preparedness before the budget is finalised. This could reduce the effectiveness of the Government to ensure that developmental goals are achieved as intended by Government.

### **2.7.2 Budget and Accounts**

The Annual Financial Statement of the estimated receipt and expenditure of the State for a financial year is laid before the House of the Legislature in accordance with Article 202 of the Constitution of India. The estimates of expenditure embodied in the Annual Finance Statement shall show separately – (a) the sums required to meet expenditure charged upon the Consolidated Fund of the State, and (b) the sums required to meet other expenditure proposed to be made from the Consolidated Fund of the State.

Government accounts are kept in three parts, namely Part –I Consolidated Fund, Part - II Contingency fund and Part – III Public Account. The details of transactions under the three parts are classified according to various Major Heads, Sub-Major Heads, Minor Heads, Sub-Heads and Detailed Heads of accounts prescribed by the Controller General of Accounts.

The outlays on the various activities of Government are met from the Consolidated Fund which is made up of (a) Revenue-consisting of receipt heads (Revenue Account) and expenditure heads (Revenue Account), (b) Capital, Public Debt, Loans, *etc.* – consisting of receipt heads (Capital Account) and Expenditure Heads (Capital Account). No money (except expenditure charged upon the Consolidated Fund) can be withdrawn from the Consolidated Fund without the authority of the Legislature and for this purpose necessary Demands for Grants are placed before the Legislature at the beginning of each financial year. The Grants, as and when passed by the Legislature, are incorporated in an Appropriation Act authorising necessary appropriation from the Consolidated Fund. In Public Account, records are kept for all transactions relating to public moneys other than those of the Consolidated Fund and the Contingency Fund.

### **2.7.3 Examination and evaluation of the budgetary system**

The findings of Audit after examining and evaluating the budget documents of the Government of Meghalaya for the year 2016-17 are given in the succeeding paragraphs.



## 2.7.4 Budget Process

As contemplated in Paragraphs 1 and 78 of Budget Manual<sup>1</sup>, the duty of preparing budget estimates (Receipts and Expenditure) and revised estimates for laying before the Legislature vests with the Finance Department. The budget estimates are prepared on departmental basis. The budget making process moves from the bottom to the top. As soon as the departmental estimates and revised estimates are received, the Finance Department scrutinises these and after consultation with the administrative departments, enters the figures, which it accepts for the revised and budget estimates. The estimates of receipts should show the amount expected to be actually realised within the year and in case of fluctuating revenue, the estimate should be based upon a comparison of last three years' receipts.

During scrutiny of records of Finance Department it was noticed that the departmental budget estimates were not submitted by the Administrative Departments within the target date (31 October 2015) fixed by the Finance (Budget) Department in August 2015. Instances of such delays are given in **Table 2.15**.

**Table 2.15: Statement showing the date of submission of Budget Estimates**

Sl. No.	Name of the Department	Grant Number (Head of Accounts)	Date of submission of Departmental Budget Estimates	Period of delay
1.	Secretariat Administrative	13 (2052, 2251)	16.02.2016	Three months
2.	Home (Police)	17 (2056)	21.01.2016	Two months
3.	Health & Family Welfare	26 (2210)	10.02.2016	Three months
4.	Public Health Engineering	27 (2215)	15.02.2016	Three months
5.	Urban Development	29 (2217)	20.01.2016	Two months
6.	Tourism	57 (3452)	09.02.2016	Three months
7.	Animal Husbandry and Veterinary	47 (2216, 2403, 2415, 4403)	20.01.2016	Two months
8.	Education	21 (2202 to 2205, 3425, 3454, 4202)	07.01.2016	Two months
9.	Stamps & Registration	7 (2030)	08.01.2016	Two months

Source: Statement furnished by the Finance Department

As can be seen from the above table, there were delays ranging from two months to three months in submission of departmental budget estimates to the Finance Department. Consequently, there was less time for scrutiny of these estimates by the Finance Department.

<sup>1</sup> Budget Manual of the Government of Assam (Volume I) as adopted by the Government of Meghalaya



### 2.7.5 Actual receipts in Consolidated Fund vis-à-vis provision

The position of Revenue and Capital receipts under Consolidated Fund during 2014-15 to 2016-17 is presented in **Table 2.16** below:

**Table 2.16: Revenue and Capital Receipts**

(₹ in crore)

Year	Revenue Account				Capital Account			
	Budget Provision	Actual Receipt	Shortfall in receipt	Percentage of shortfall	Budget Provision	Actual Receipt	Shortfall/ Excess in receipt	Percentage of shortfall/ excess
2014-15	11127.60	6428.25	4699.35	42.23	740.61	746.72	6.11	0.82
2015-16	8403.02	7043.13	1359.89	16.18	1029.02	856.01	(-)173.01	(-)16.81
2016-17	8980.85	8938.95	41.90	0.47	1368.00	1229.24	138.76	10.14

Source: Annual Financial Statement & Finance Accounts

It can be seen from the table above, the shortfall of revenue receipts ranged between 0.47 per cent and 42.23 per cent during 2014-17. As regards capital receipts there was an increase in actual receipts by 10.14 per cent during 2016-17 as compared to the previous year where the actual receipts was less than the budget provision by 16.81 per cent. In view of the wide fluctuations, it is necessary that a more reliable and scientific method of forecasting revenues need to be adopted to achieve better planning of expenditure.

### 2.7.6 Estimates of expenditure under Consolidated Fund

The estimates of expenditure should be prepared for the charges that will be needed for actual payment during the year. It is of great importance that the expenditure estimates should be accurately framed. The Finance Department furnished the dates of receipt of departmental estimates and revised estimates but could not furnish to Audit the departmental estimates and revised estimates received from the various departments, though called for in September 2017. Thus, it could not be verified whether proposals of the departments were duly considered in framing the budget.

Budget provision for expenditure (gross) and actual expenditure thereagainst under revenue and capital accounts during 2014-15 to 2016-17 are shown in the **Table 2.17** below:

**Table 2.17: Budget provision for expenditure (Gross) and Actual expenditure**

(₹ in crore)

Year	Revenue Account				Capital Account (including Loans and Advances and Public Debt)			
	Budget provision (O + S)	Actual expenditure	Saving	Percentage of savings	Budget provision (O + S)	Actual expenditure	Saving	Percentage of savings
2014-15	10435.95	6259.71	4176.24	40.02	2141.11	1377.26	763.85	35.68
2015-16	8192.35	6352.17	1840.18	22.46	2437.01	1606.59	830.42	34.08
2016-17	9764.82	8337.82	1427.00	14.61	2481.48	1835.04	646.64	26.06

(O: Original; S: Supplementary)

In all the three years, there was an overestimation of expenditure which resulted in savings ranging from 14.61 per cent to 40.02 per cent under Revenue Account and 26.06 per cent to 35.68 per cent under Capital Account. This was indicative of the fact that contrary to the prescribed budgetary regulations, estimation was made without proper analysis of actual needs.

### 2.7.7 Inaccuracy in preparation of revised estimates

According to Paragraphs 29 and 50 of the Budget Manual, the revised estimate of receipts should be the best forecast that the estimating officer can make and the revised estimates for expenditure should not merely be a repetition of the budget figures of the year, but a genuine re-estimation of requirements.

Significant cases of variation between the revised estimates and the actuals during 2016-17 under both receipts and expenditure heads of accounts are given below:

**Table 2.18: Variation between revised estimates and actuals**

(₹ in crore)

Sl. No.	Number and name of head of accounts	Budget Estimates (BE)	Revised estimates (RE)	Actuals	Variation Excess (+)/ Shortfall (-) from RE (per cent)
<b>RECEIPTS</b>					
1.	0029 – Land Revenue	5.49	5.49	1.27	-4.22 (76.87)
2.	0055 – Police	11.14	11.14	25.21	+14.07 (126.30)
3.	0059 – Public Works	14.46	14.46	10.21	-4.25 (29.39)
4.	0070 – Other Administrative Services	10.19	10.19	3.11	-7.08 (69.48)
5.	0202 – Education ,Sports, Art and culture	2.63	2.63	3.80	+1.17 (44.49)
6.	0210 – Medical and Public Health	2.44	2.44	1.59	-0.85 (34.84)
7.	0853 – Non-Ferrous Mining and Metallurgical Industries	232.40	232.40	469.52	+237.12 (102.03)
<b>EXPENDITURE</b>					
1.	2029-Land Revenue	15.99	15.99	13.55	-2.44 (15.26)
2.	2071 – Pension and other Retirement Benefit	490.98	490.98	647.85	+156.87 (31.95)
3.	2225 – Welfare of Schedule Caste/Tribe and OBC	105.41	105.41	262.58	+157.17 (149.10)
4.	2402 – Soil and water Conservation	252.45	252.45	128.21	-124.24 (49.21)
5.	2404-Dairy Development	12.33	12.33	7.66	-4.67 (37.88)
6.	2405-Fisheries	52.70	52.70	26.10	-26.60 (50.47)
7.	2702-Minor Irrigation	75.95	75.95	40.97	-34.98 (46.06)
8.	2801-Power	164.70	164.70	125.02	-39.68 (24.09)
9.	3451 – Secretariat Economics Services-II Planning Board etc.	467.34	467.34	251.37	-215.97 (46.21)
10.	3452 – Tourism	24.18	24.18	17.25	-6.93 (28.66)
11.	3456 – Civil Supplies	109.79	109.79	58.23	-51.56 (46.96)

Wide variations ranging from 29.39 per cent to 126.30 per cent under Receipt heads and 15.26 per cent to 149.10 per cent under Expenditure heads between the budget provision and actual particularly with reference to revised estimates, indicated absence of proper care in estimating the revised estimates by the concerned controlling officers as envisaged in the Budget Manual and failure of the Finance (Budget) Department in exercising adequate check over the rough preliminary revised estimates.

## 2.7.8 Errors in Budgetary Process

**2.7.8.1** Paragraph 98 of the Budget Manual requires that when the expenditure requiring provision is obligatory, a supplementary grant or appropriation may be taken towards the end of the year provided that the total provision made by law under the grant concerned, is not exceeded before the Supplementary Demand is obtained.

It was observed that the expenditure in the State was not in conformity with the approved Budget leading to large-scale savings under the Revenue (voted) and Capital (voted) sections as under:

- Under Revenue (voted), the original grants and supplementary grants were ₹ 7984.76 crore and ₹ 1168.59 crore respectively aggregating to ₹ 9153.35 crore, against which the actual expenditure was ₹ 7760.04 crore resulting in savings of ₹ 1393.31 crore. Thus, savings was more than the supplementary provision (₹ 1168.59 crore).
- Similarly under Capital (voted) including Loans and Advances, the original and supplementary grants were ₹ 1509.25 crore and ₹ 393.35 crore respectively aggregating to ₹ 1902.60 crore against which the actual expenditure was ₹ 1420.63 crore, resulting in savings of ₹ 481.97 crore. Thus, savings was more than the supplementary grants (₹ 393.35 crore).

From the above cases, the supplementary provision of ₹ 1168.59 crore under Revenue (voted) and ₹ 393.35 crore under Capital (voted) obtained during the year, proved unnecessary as the actual expenditure did not come up to the level of original provision as indicated in **Table 2.19**.

**Table 2.19: Actual Expenditure vis-à-vis Original/Supplementary provisions**

(₹ in crore)

Sl. No.	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual Expenditure	Savings (-) / Excess (+)
1.	Revenue (voted)	7984.76	1168.59	9153.35	7760.04	(-)1393.31
2.	Capital (voted)	1509.25	393.35	1902.60	1420.63	(-)481.97
<b>Total</b>		<b>9494.01</b>	<b>1561.94</b>	<b>11055.95</b>	<b>9180.67</b>	<b>(-)1875.28</b>

**2.7.8.2** Expenditure relating to minor works, repairs and grants-in-aid is to be classified as revenue expenditure. Capital expenditure is incurred with the object of increasing concrete assets of a material and permanent character or of reducing permanent liabilities. As per Finance Accounts for the year 2016-17 (Volume-I), the

State Government made budget provision and incorrectly classified ₹ 14.88 crore on major works under the Revenue section and ₹ 1.74 crore on minor works under the Capital section. Instances of such cases are given in **Appendix 2.13**.

### 2.7.9 Technical and qualitative application of resources

Budget provision (revised), actual expenditure and shortfall (savings) under Plan and Non-Plan heads of both revenue and capital sections in respect of Social Services and Economic Services for the years 2014-17 are presented in **Table 2.20**.

**Table 2.20: Social Services and Economic Services**

(₹ in crore)

Year	Budget Estimate (net)			Actual expenditure			Shortfall (-)/Excess (+) to Budget Estimates	
	(percentage to total provisions)			(percentage to provision of respective sector)			Non-Plan	Plan
	Non-Plan	Plan	Total	Non-Plan	Plan	Total		
<b>Social Services</b>								
2014-15	1428.54 (24.76)	4340.41 (75.24)	5768.95	1255.71 (87.90)	1477.87 (34.05)	2733.58	-172.83 (12.10)	-2862.54 (65.95)
2015-16	1183.21 (38.19)	1914.88 (61.81)	3098.09	1347.55 (113.89)	1337.30 (69.84)	2684.85	+64.34 (13.89)	- 577.58 (30.16)
2016-17	1372.65 (39.93)	2065.40 (60.07)	3438.05	1398.54 (101.89)	2159.93 (104.58)	3558.47	+25.89 (1.89)	+94.53 (4.58)
<b>Total</b>	<b>3984.40</b> <b>(32.38)</b>	<b>8320.69</b> <b>(67.62)</b>	<b>12305.09</b>	<b>4001.80</b> <b>(44.58)</b>	<b>4975.10</b> <b>(55.42)</b>	<b>8976.90</b>	<b>17.40</b> <b>(0.44)</b>	<b>-3345.59</b> <b>(40.21)</b>
<b>Economic Services</b>								
2014-15	811.76 (21.77)	2916.58 (78.23)	3728.34	819.84 (101.00)	1712.90 (58.73)	2532.74	+8.08 (1.00)	-1203.68 (41.27)
2015-16	735.30 (19.74)	2989.21 (80.26)	3724.51	721.80 (98.16)	1699.20 (56.84)	2421.00	-13.50 (1.84)	- 1290.00 (43.16)
2016-17	789.53 (21.61)	2864.01 (78.39)	3653.54	825.77 (104.59)	2678.94 (93.54)	3504.71	+36.24 (4.59)	-185.07 (6.46)
<b>Total</b>	<b>2336.59</b> <b>(21.04)</b>	<b>8769.80</b> <b>(78.96)</b>	<b>11106.39</b>	<b>2367.41</b> <b>(101.32)</b>	<b>6091.04</b> <b>(69.45)</b>	<b>8558.45</b>	<b>30.82</b> <b>(1.32)</b>	<b>-2678.75</b> <b>(30.55)</b>

Source: Memorandum of Budget Estimates and Finance Accounts

- **Social Services**

During 2014-17, provision for Non-Plan and Plan expenditure under Social services were ₹ 3984.40 crore and ₹ 8320.69 crore respectively which constituted 32.38 per cent and 67.62 per cent of the total provision. However, the actual expenditure under Non-Plan and Plan was ₹ 4001.80 crore and ₹ 4975.10 crore respectively which constituted 44.58 per cent and 55.42 per cent of the total provision. While there was a shortfall in Plan expenditure against the budget provision during 2014-16, expenditure exceeded the Budget provision during 2016-17. The actual Non-Plan expenditure also

exceeded the budget provision during 2015-16 and 2016-17. The percentage of aggregate Plan expenditure during 2014-17 fell short of the budget provision by 40.21 *per cent* and the percentage of Non-Plan expenditure exceeded the budget provision by 0.44 *per cent*.

- **Economic Services**

Non-Plan expenditure surpassed the budget provision during 2014-15 and 2016-17 by ₹ 8.08 crore and ₹ 36.24 crore respectively, while there was a shortfall during 2015-16. There was a decline in Plan expenditure *vis-à-vis* the budget provision, which increased to 93.54 *per cent* during 2016-17 against 56.84 *per cent* during 2015-16. While the overall shortfall during 2014-17 over the expectation (provision) under Plan expenditure was 30.55 *per cent*, the Non-Plan expenditure exceeded the budget provision by 1.32 *per cent* during the period.

To sum up, the above position indicated that the State was not able to utilise the budget provision made under Plan component of Social and Economic Services in comparison to the Non-Plan component, basically meant for payment of salary and office expenses.

### **2.7.10 Budgetary control/monitoring system**

As per paragraph 152 (i) of Budget Manual, for the purpose of facilitating the watch over progress of expenditure and the provision of additional funds when necessary a statement in duplicate was to be submitted to the Finance Department twice a year (by 25<sup>th</sup> November and 1<sup>st</sup> January). Statements/returns received, if any, from the different Controlling Officers/ Heads of Departments, though called for (September 2017) from the Finance (Budget) Department, were not furnished to Audit. However, shortcomings in the budget formulation as discussed in the foregoing paragraphs indicated that the prescribed budgetary control/monitoring system to watch over the progress of expenditure remained ineffective and the Finance Department did not take any initiative to contain the trend of shortcomings like excess expenditure, persistent savings, *etc.*

## **2.8 Outcome of Review of Selected Grant**

A review on budgetary procedure and control over expenditure was conducted (October 2017) in respect of “Grant No. 26 – Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, Capital Outlay on Family Welfare (Major Head of Accounts: 2210, 2211), Capital Outlay (Major Head of Accounts: 4210) on Medical and Public Health” in which significant cases of savings and excess expenditure over budget provision noticed during review are detailed below:

### **2.8.1 Excessive supplementary provision/ non surrender of savings**

Against a budget provision of ₹ 666.24 crore (including supplementary provision of ₹ 30.59 crore) under the revenue head, the actual expenditure incurred was ₹ 604.34 crore resulting in final savings of ₹ 61.90 crore constituting 9.29 *per cent* of the total

provision. In view of the final savings of ₹ 61.90 crore, the supplementary provision of ₹ 30.59 crore obtained under this grant was not at all required as the actual expenditure did not come up even to the original provision (₹ 635.65 crore). Also in view of savings of ₹ 61.90 crore, surrender of ₹ 0.53 crore in March 2017 was inadequate surrender.

Under capital account, against budget provision of ₹ 92.88 crore including supplementary provision of ₹ 9.00 crore, actual expenditure of ₹ 82.73 crore was incurred during 2016-17 resulting in savings ₹ 10.15 crore. Of this savings of ₹ 10.15 crore, no surrender was made till 31 March 2017, contrary to the provision of the Budget Manual (Paragraph 152-iii) which provides for surrender of all anticipated savings to the Finance Department latest by 15 March 2017 so that the same could be utilised for other purposes.

### 2.8.2 Savings

As per the Appropriation Accounts for the year 2016-17, under Grant No -26, 100 per cent savings had occurred in 10 cases, as shown in **Table 2.21**. The Controlling Officer could not utilise any part of the budget provision made in the budget, indicating that the budget provision were unrealistic.

**Table 2.21: Cases where no part of original budget provisions was utilised**

(₹ in lakh)

Sl. No.	Name of the schemes	Original Provision	Savings	Percentage of savings
1.	2210 – 01 – 001 - (11) Expenditure of Chairman/Deputy Chairman/Vice Chairman Meghalaya State Health Advisory Board	18.30	18.30	100
2.	2210 – 01 – 110 – (26) Chief Minister’s Assistance for Critical Illness	300.00	300.00	100
3.	2210 – 80 – 800 – (19) Contribution of State’s Share towards Scheme under N.E.C.	50.00	50.00	100
4.	4210 - 01 – 110 – (24) Establishment of Blood Cell Component Separation Unit in Blood Bank attached to Pasteur Institute, Shillong	20.00	20.00	100
5.	4210 - 01 – 110 – (25) Up-gradation of Ampati CHC to Hospital	200.00	200.00	100
6.	4210 - 01 – 110 – (26) Up-gradation of Mawkyrwat CHC to Hospital	200.00	200.00	100
7.	4210 - 03 – 200 – (02) Construction of Ayurvedic/Homeopathic Dispensaries, etc.	80.00	80.00	100
8.	4210 - 04 – 106 – (02) Construction of the Office of the Assistant Commissioner of Food Safety	150.00	150.00	100
9.	4210 - 04 – 106 – (03) Renovation and Improvement of Pasteur Institute	112.90	112.90	100
10.	4210 - 04 – 106 – (01) Construction of the Office of the Commissioner of Food Safety	105.00	105.00	100
	<b>Total</b>	<b>1236.20</b>	<b>1236.20</b>	



As per Paragraph 152 (iii) of the Budget Manual (Volume I), the controlling officers should surrender to the Finance Department all savings anticipated in the Budget under their control as soon as the certainty of non-requirement of fund is known by 15<sup>th</sup> of March at the latest for utilisation by the Finance Department for other purposes. However, in the above cases, none of the amounts had been surrendered.

### 2.8.3 Excess expenditure over provision

As per Appropriation Accounts for the year 2016-17, under 14 schemes, expenditure of ₹ 196.50 crore exceeded the budget provision (₹ 167.31 crore) by ₹ 29.19 crore. The details are given in **Table 2.22** below:

**Table: 2.22: Significant cases of excess expenditure over Budget Provision**

(₹ in lakh)

Sl. No.	Major Head and Name of the schemes	Total Provision	Actual Expenditure	Excess (Percentage)
1.	2210 – 01 – 001 – (08) Establishment of Joint Director of Health Services Offices (in the Divisions)	8.41	22.09	13.68(163)
2.	2210 – 110 – (02) Ganesh Das Hospital (including Improvement thereof)	2098.80	2156.51	57.71(3)
3.	2210 – 110 – (16) Up-gradation of 30 bedded CHC to Hospital	2364.01	2568.08	204.07(9)
4.	2210 – 110 – (17) Meghalaya Institute of Mental Health and Neurological Sciences	377.00	410.49	33.49(9)
5.	2210 – 03 – 101 – (01) Other Existing and New Primary Health Centres and Sub-Centres with Indoor Facilities	685.30	770.33	85.03(12)
6.	2210 – 103 – (01) Other Existing and New Primary Health Centres and Sub-Centres with Indoor Facilities	5810.01	7705.92	1895.91(33)
7.	2210 – 103 – (02) Other Existing and New Primary Health Centres and Sub-Centres with Indoor Facilities under Basic Minimum Service Programme	631.32	672.79	41.47(7)
8.	2210 – 104 – (01) Up-gradation of Primary Health Centres to 30 bedded Hospitals	3342.40	3389.73	47.33(1)
9.	2210 – 110 – (02) Establishment of T.B Centres and Isolation-Beds	345.05	416.80	71.75(21)
10.	2210 – 110 – (03) Mobile Unit/Vehicles/ Staff	199.80	210.13	10.33(5)
11.	2210 – 06 – 101 – (08) Basic Health Services Schemes	203.55	220.50	16.99(8)
12.	2211 – 101 – (01) Rural Family Welfare Centres	432.90	838.92	406.02(94)
13.	2211 – 101 – (04) Post-Partum Programme at Sub-Divisional Level	32.00	47.70	15.70(49)
14.	4210 – 01 – 200 – (01) Construction of Nurses Training School cum-Hostel including Staff Quarter	200.00	219.53	19.53(10)
	<b>Total</b>	<b>16730.55</b>	<b>19649.52</b>	<b>2919.01</b>

Reasons for final excess of ₹ 29.19 crore had not been intimated by the Controlling Officers.

#### **2.8.4 Savings occurred but not surrendered**

Against available saving of 61.90 crore, only ₹ 0.53 crore was surrendered during March 2017 leaving ₹ 61.37 crore un-surrendered. (**Appendix 2.11**).

#### **2.9 Significant Findings**

The financial management and budgetary control of the Government was not adequate. Government budgeted expenditure of ₹ 12246.30 crore<sup>2</sup> for the year 2016-17, of which it could incur expenditure of ₹ 10172.86 crore resulting in savings of ₹ 2073.44 crore (16.93 *per cent* of total provision). Supplementary provision of ₹ 357.13 crore obtained in 29 cases proved unnecessary as the expenditure did not come up to the level of original provision. There were also instances of inadequate provision of funds and insufficient/excessive re-appropriations.

During the current year, Government incurred ₹ 168.06 crore in excess of provision in certain grants, which required regularisation by the State Legislature. In many cases, the anticipated savings were not surrendered or surrendered on the last day of the year leaving no scope for utilising these for other development purposes.

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<sup>2</sup> Original plus Supplementary.