



REPORT OF THE COMPTROLLER
AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR 1981-82

GOVERNMENT OF MEGHALAYA

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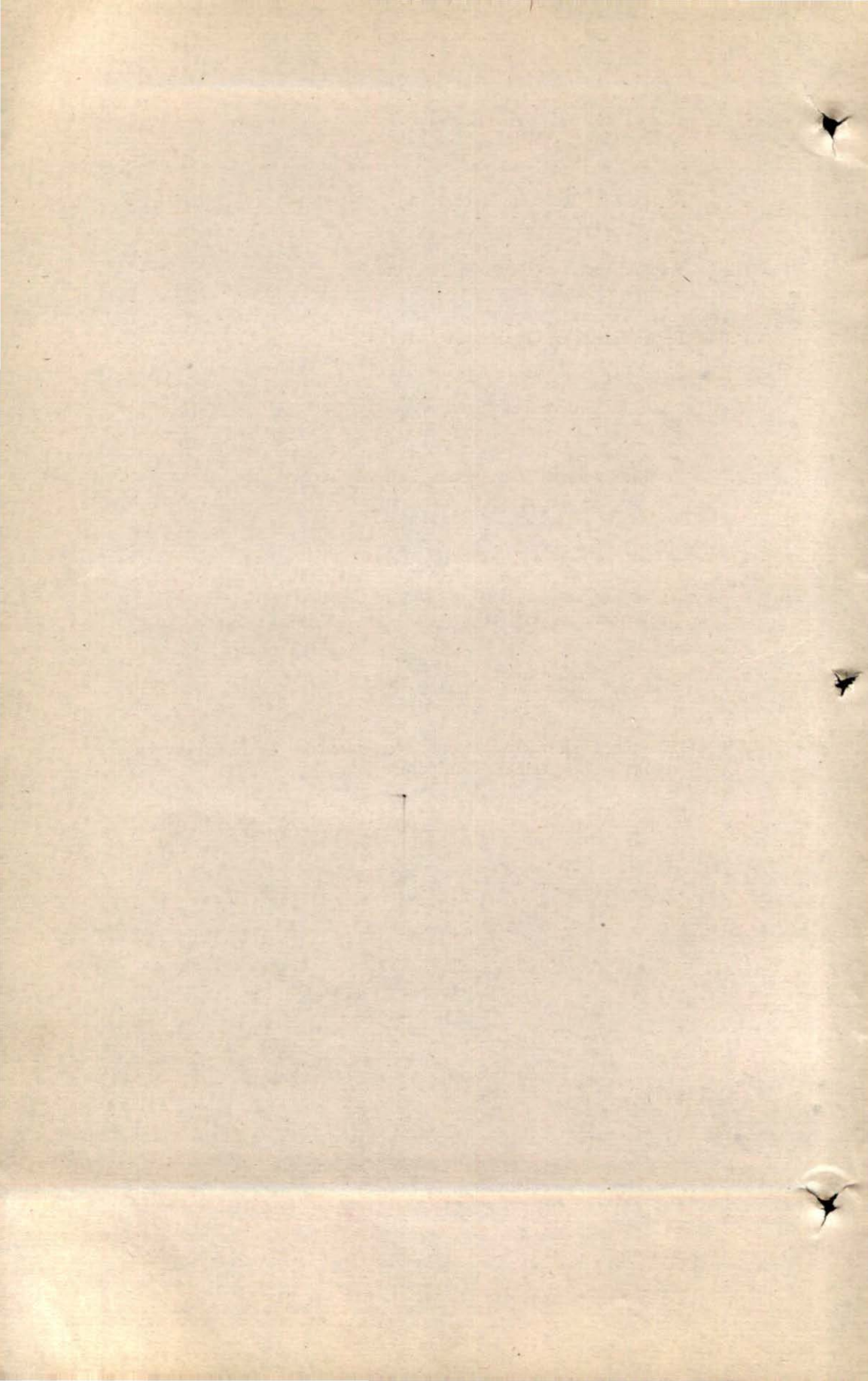
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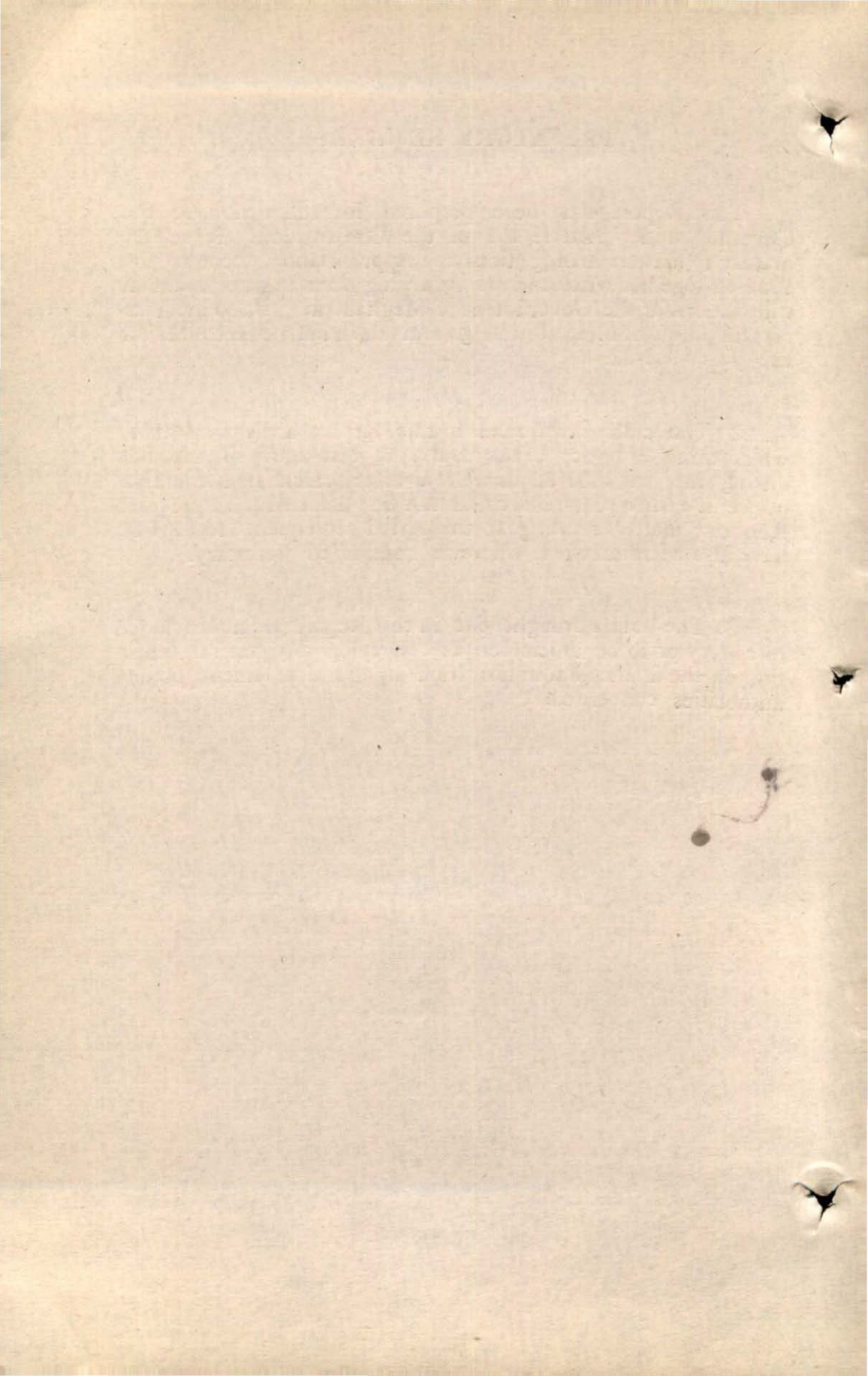


PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1981-82 together with other points arising from audit of financial transactions of the Government of Meghalaya. It also includes certain points of interest arising from the Finance Accounts for the year 1981-82.

2. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1981-82 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1981-82 have also been included, wherever considered necessary.

3. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/bodies/authorities concerned.



CHAPTER I

GENERAL

1.1 Summary of transactions

The receipts and expenditure of the Government of Meghalaya for the year 1981-82 are given below alongside the corresponding figures for the preceding year :—

	1980-81	1981-82
	(in crores of rupees)	
1. Consolidated Fund		
(i) Revenue—		
Revenue Receipts	89.93	82.02
Revenue Expenditure	59.87	74.27
Revenue Surplus (+)	(+) 30.06	(+) 7.75
(ii) Public Debt (net)		
Receipts	6.09	51.62
Repayments	19.07	36.61
Increase (+)/Decrease (—)	(—) 12.98	(+) 15.01
(iii) Capital Expenditure—		
Increase (—)	(—) 21.10	(—) 23.40
(iv) Loans and Advances—		
Recoveries	0.54	0.99
Disbursements	1.82	2.48
Net outgo (—)	(—) 1.28	(—) 1.49
(v) Inter State Settlement		
Net outgo (—)	(—) 0.16	...
II. Contingency Fund		
Increase (+)	(+) 0.43	...

	1980-81	1981-82
	(in crores of rupees)	
III. Public Account		
Receipts	4,32.45	3,43.26
Disbursements	4,30.01	3,41.43
Increase (+)/Decrease (-)	(-) 2.44	(+) 1.83
Net of I to III Deficit (-)	(-) 2.59	(-) 0.30
Opening cash Balance	(-) 3.46	(-) 6.04
Closing cash Balance	(-) 6.05	(-) 6.34*

1.2. Revenue Surplus

(a) *Revenue receipts*—The estimates of revenue receipts as per budget, the receipts as augmented by taxation changes during the year and the actual receipts during 1981-82 alongside the corresponding figures for the two preceding years are given below:—

Year	Budget	Budget taking into account changes in taxation	Actual receipts	Percentage of variation of actuals over budget plus additional taxation More (+) Less (-)
(in crores of rupees)				
1979-80	58.73	58.77	60.40	(+) 3
1980-81	66.36	66.67	89.93	(+) 35
1981-82	84.15	85.42	82.02	(-) 4

(b) *Expenditure on revenue account*—The estimates of expenditure on revenue account as per budget and as modified by supplementary provisions as also the actual expenditure during 1981-82 alongside the corresponding figures for 1979-80 and 1980-81 are given below:—

Year	Budget	Budget modified by supplementary provisions	Actuals	Percentage variation of actuals over modified estimates More (+) Less (-)
(in crores of rupees)				
1979-80	47.54	51.03	45.95	(-) 10
1980-81	56.51	60.72	59.87	(-) 1
1981-82	63.91	68.96	74.27	(+) 8

* There was a difference (Rs.7.72 crores) between the figures reflected in the accounts (Rs. (-)6.34 crores) and that intimated by the Reserve Bank of India (Rs. (-)14.06 crores) under the head "Deposit with the Reserve Bank". The difference is under reconciliation (March 1983).

(c) *Revenue surplus*—While the receipts in 1981-82 fell short of the estimates by Rs. 3.40 crores, the expenditure exceeded the modified estimates by Rs. 5.31 crores and the year ended with a revenue surplus of Rs. 7.75 crores as against Rs. 20.24 crores estimated in the original budget for the year.

1.3. Analysis of revenue receipts

The major component of revenue received during 1981-82 are given in Appendix 1.1 with the corresponding figures for the previous year.

Out of the total decrease in state revenues, the non-tax revenues decreased by Rs.15,59.48 lakhs. The decrease was mainly due to inclusion of Rs.18,21.09 lakhs under "Miscellaneous General Services" during the previous year, being the adjustment of the amount of Central loan written off in terms of recommendations of the Seventh Finance Commission.

The tax revenue, however, increased by Rs.96.98 lakhs, out of which Rs.30.17 lakhs was contributed by additional taxation measures *i. e.* increase in the rates of (i) excise duty on liquor, (ii) Sale tax on cement, (iii) taxes on goods and passengers, (iv) entertainment tax, (v) purchase tax and (vi) royalty on minor minerals. The balance of Rs.66.81 lakhs is on account of increased collections under the existing taxes.

The receipts from the Government of India have also gone up by Rs.6.71 crores out of which Rs.83.79 lakhs are on account of larger share in the divisible taxes and the balance increase of Rs.5.87 crores is on account of grants given by the Government of India for various plan and non-plan schemes including Centrally sponsored schemes.

According to information furnished by the Co-operation department, collection of revenue of Rs.1.22 lakhs was in arrears as on 31st March 1982.

Information about arrears in collection of revenue is still awaited from the department of Taxation, Excise, Power, Mines and Minerals, Transport, Revenue and Forest (March 1983).

1.4 Expenditure on revenue account

The expenditure on revenue account during the year 1981-82 under the principal service sectors and under plan and non-plan headings alongside the provision of funds made thereunder is given in Appendix 1.2.

The expenditure in 1981-82 showed an increasing trend over that in 1980-81 in most of the sectors/sub-sectors.

The expenditure on 'Administrative Services' went up from Rs.12.44 crores in 1980-81 to Rs.17.17 crores in 1981-82 and significant increase was on Public Works (Rs.3.10 crores) and police (Rs.1.11 crores).

Of Rs.7.56 crores expended on plan side on Social and Community Services, Rs.1.84 crores were on Education, Rs.1.75 crores on Medical, Rs.1.72 crores on Public Health, Sanitation Water Supply, Rs.72 lakhs on housing, Rs.51 lakhs on Family Welfare, Rs.35 lakhs on Social Welfare and Rs.28 lakhs on Welfare of Scheduled Tribes. Compared to the previous year, the expenditure increased on Public Health, Sanitation and Water Supply by Rs.29 lakhs, Government Residential Buildings by Rs.26 lakhs, Family Welfare by Rs.18 lakhs and Education by Rs.16 lakhs. The notable increase in Non-Plan expenditure in 1981-82 over the expenditure in 1980-81 was on Public Health Sanitation and Water Supply by Rs.2.46 crores, Medical by Rs.73 lakhs and Education by Rs.51 lakhs. Significant decrease in non-plan expenditure was on Social Security and Welfare by Rs.17 lakhs.

Compared to the preceding year the plan expenditure on Agriculture and Allied Services during 1981-82 increased by R.0.61 crores mainly on National Rural Employment Programme under Community Development (from Nil to Rs.41 lakhs), development of hill areas (from Rs.1.55 lakhs to Rs.1.78 lakhs) various schemes under Minor Irrigation (from Rs.15 lakhs to 26 lakhs) and farm forestry (from Rs.25 lakhs to Rs.44 lakhs), fodder and feed development (from Rs.3 lakhs to Rs.16 lakhs). Plan expenditure decreased on Schemes for small and marginal farmers and agriculture labour (from Rs.15 lakhs to nil) and soil conservation schemes (from Rs.1,20 lakhs to 1,09 lakhs). The increase in non-plan expenditure was mostly on supply of sleepers to Railways (from Rs.1,28 lakhs to Rs.2,64 lakhs) due mainly to receipt of bulk orders for sleepers from Railways. Non-plan expenditure decreased mainly on fodder and feed development.

1.5 Capital expenditure

The capital expenditure during the year 1981-82 under the principal service sectors and under plan and non-plan headings with the provision of funds made thereunder is given in Appendix 1.3. Under General Services Rs.1,38 lakhs was expended on plan side and Rs.14 lakhs on non-plan side on Public Works, mostly on construction of Administrative building for Shillong Polytechnic (Rs.9 lakhs) and other functional Non-residential buildings under General services (Rs.1,23 lakhs).

Under Economic Services, the total expenditure on Plan and non-Plan of Rs.12.46 crores in 1981-82 as compared to Rs.10.30 crores in preceding year was mainly because of more outlay on Special and Backward Areas (Rs.69 lakhs), consumer Industries (Rs.50 lakhs), Roads and Bridges Rs.61 lakhs), Road and Water Transport Services (Rs.67 lakhs).

Under Social and Community Services the Plan expenditure during 1981-82 decreased by Rs.1,15 lakhs over the preceding year. The decrease was mainly on Urban, Rural, Accelerated and other Water Supply Schemes (Rs.1,83 lakhs). The expenditure in this sector increased mostly on construction of Government residential buildings by Rs.70 lakhs and urban development by Rs.43 lakhs. In non-plan side Rs.82 lakhs were expended on construction of Government Residential Buildings including police housing scheme against the non-plan expenditure of Rs.32 lakhs incurred in the preceding year on this account.

1.6 Loans and advances by the Government

(i) The loans and advances disbursed and recovered by the Government during 1981-82, the budget estimates and budget as enhanced by supplementary provision, with the corresponding figures for the two preceding years, are given in Appendix 1.4. Appendix 1.5 gives a sectoral summary for two years ending 1981-82. The amount of loan disbursed during 1981-82 showed an increase of Rs.66.34 lakhs over that during 1980-81. The increase occurred mainly under 'Agricultural Manures and Fertiliser' (Rs.67.99 lakhs).

(ii) Recoveries in arrears

Out of loans and advances to Municipalities, local bodies etc., recovery of Rs.3.91 lakhs (principal : Rs.1.95 lakhs ;

interest: Rs.1.96 lakhs) due for recovery from the Shillong Municipality (over last 10 years) was in arrears at the end of 1981-82.

Information on recovery of principal and interest of loans and advances, of which the detailed accounts are maintained by the departmental officers under the Government had not been received except co-operation department. According to information furnished by the co-operation department recovery of Rs.15.14 lakhs (principal: Rs.7.70 lakhs; interest: Rs.7.44 lakhs) was in arrear in respect of loans to co-operative societies as on March 1982.

(iii) Acceptance of balances of loans

The balances of loans and advances as per ledger maintained by the Accountant General are communicated to the departmental officers concerned responsible for maintaining detailed accounts, every year for verification, acceptance and confirmation. Confirmation of the balances (Departments having balances more than Rs.10 lakhs) communicated to them had not been received from the following departmental officers—

Nature of loans/advances	Department concerned	Confirmation of acceptances awaited from departmental officers (number)	Earliest year from which acceptances are awaited	Amount outstanding on 31st March 1982
(1)	(2)	(3)	(4)	(5)
			(in lakhs of rupees)	
(i) Loans to the Meghalaya State Electricity Board and the Assam State Electricity Board	Power	6	1970-71	1,24.00
(ii) Loans to Co-operative Societies	Co-operation	12	1973-74	76.68
(iii) Loans for Agriculture	Agriculture	12	1973-74	1,17.86
(iv) Loans for Housing	Housing	21	1973-74	1,00.04
(v) Loans to Autonomous District and the Regional Councils	District Council Affairs	11	1971-72	27.00
(vi) Loans for relief measures	Revenue/Welfare/Rehabilitation.	13	1973-74	19.58

1.7 Sources of funds for capital expenditure and net outgo under loans and advances

The capital expenditure (Rs.23.39 crores) and the net outgo under loans and advances (Rs.1.49 crores) during 1981-82 were financed by the State Government mainly from revenue surplus (Rs.7.75 crores), addition to internal debt (Rs.10.81 crores) and loans and advances from the Government of India (Rs.4.20 crores).

1.8 Debt position

(a) (i) A summary of debt liability of Government at the end of the year (full particulars are given in Statement No.16 of Finance Accounts 1981-82) with comparative position as at the end of two preceding years is given below :—

	Debt liability as on 31st March		
	1980	1981	1982
	(in crores of rupees)		
Market loans	9.98	11.49	11.49
Loans and advances from the Government of India	26.61	11.66	15.85
Small Savings, Provident funds, etc.	4.37	5.29	6.30
Deposits and earmarked funds	4.07	3.47	3.93
Other Loans	1.20	1.66	12.48
Total	46.23	33.57	50.05

(ii) *Market loans*—During 1981-82 no market loan was raised.

(iii) *Interest burden*—During 1981-82, Rs.2,03.01 lakhs were paid as interest on debt and other obligations and Rs.33.79 lakhs were realised as interest on loans and

advances, on investments, etc. The net interest charges (Rs.1,69.22 lakhs) represented 2 per cent of total revenue receipts.

(b) Ways and means advances and overdrafts from the Reserve Bank of India

Under an agreement with the Reserve Bank of India, the Government has to maintain with the Bank on all days a minimum balance of Rs. 10 lakhs. If the balance falls below the agreed minimum, the Government can take ordinary ways and means advances from the Bank upto a maximum of Rs.200 lakhs. In addition, special ways and means advances not exceeding Rs. 25 lakhs are made available against Government of India securities held by the State Government. If, even after the maximum advances are given, the cash balance is below the prescribed minimum, the Bank permits shortfalls in the minimum balance/allows overdrafts for the *minus* balance.

The advances carry interest at one per cent below the Bank Rate for the first 90 days, one per cent above the Bank Rate beyond 90 days and upto 180 days and two per cent above the Bank Rate beyond 180 days. The Bank charges interest on the shortfalls in the minimum balance at one per cent below the Bank Rate and on overdrafts at the Bank Rate upto and including the seventh day and at three per cent above the Bank Rate thereafter.

During the year, the balance of the State Government with the Reserve Bank of India fell short of the agreed minimum on 91 (ninety one) days. The deficiency was made good by taking ways and means advances.

The total amount of advances obtained during the year were Rs. 46.12 crores. An amount of Rs. 35.51 crores was repaid during the year leaving a balance of Rs. 10.61 crores at the end of 31st March 1982. Interest paid on the advances was Rs. 7.37 lakhs.

1.9 Guarantees given by the Government

(i) The Government has guaranteed to third party lenders repayment of loans raised by a Government Cement Company and by various co-operative societies. Such guarantees are in

the nature of contingent liabilities on the State revenues. A summary of such contingent liabilities is given below (details in Statement no. 5 of the Finance Accounts 1981-82)—

Body on whose behalf guarantee was given	Maximum amount guaranteed	Sum guaranteed outstanding on 31st March 1982
(in lakhs of rupees)		
Government Company (one)	6,65.00 <i>plus interest</i>	6,65.00 <i>plus interest</i>
Co-operative societies (three)	2,23.00 <i>plus interest 84.95</i>	2,23.00 <i>plus interest 15.45</i>

(ii) Information about guarantee given on behalf of Statutory Corporations and outstanding on 31st March 1982 has not been communicated. As on 31st March 1980 guarantee of Rs. 21.95 crores was outstanding in respect of borrowings by the Meghalaya State Electricity Board.

1.10 Investments in shares/debentures

During 1981-82, the Government invested Rs. 3,06.03 lakhs in all, in two statutory Corporations (Rs. 1,78.00 lakhs), five Government Companies (Rs. 1,10.50 lakhs) and in certain co-operative institutions (Rs. 17.53 lakhs),

The Meghalaya Transport Corporation in which Rs. 4.63 crores now stand invested, has not finalised the accounts of the Corporation for the years 1977-78 onwards. The Mawmluh Cherra Cements Limited, in which Rs. 7.90 crores stand invested, incurred loss of Rs. 9.87 *lakhs during the year ended 30th June 1981 (subsequent accounts not finalised). Meghalaya Industrial Development Corporation in which Rs. 4.07 crores stand invested earned profits of Rs. 0.95 lakh and Rs. 1.33 *lakh for the year ended 31st March 1980 and 1982 respectively and sustained loss of Rs. 3.47 *lakhs for the year ended 31st March 1981. Full details of the investments are given in Statement No. 13 of the Finance Accounts for 1981-82.

Information on the working of the co-operative societies (in which Rs. 2.91 crores stand invested) has not been received from 1976-77 onwards from the department. No dividend was declared during 1981-82 by any of the Government Companies and Statutory Corporations. Certain Co-operative societies declared dividend amounting to Rs. 30,124 during 1981-82.

*The figures are provisional pending audit of the institutions.

1.11 Plan Performance

Against the provision of Rs. 21,99.85 lakhs for plan expenditure under Revenue Section and Rs. 23,78.70 lakhs under capital section during 1981-82, the expenditure was Rs. 20,53.41 lakhs and Rs. 22,12.86 lakhs respectively. Against the provision for plan loans and advances of Rs. 2,01.15 lakhs during 1981-82 disbursement was Rs. 63.07 lakhs. In the revenue section, the shortfall under public works was Rs. 62.58 lakhs, out of provision of Rs. 98.78 lakhs.

On special and Backward Areas against provision of Rs. 97.44 lakhs, expenditure was only 36.54 lakhs mainly due to non-finalisation of certain schemes. On Education, against provision of Rs. 2,19.76 lakhs, expenditure was only Rs. 1,83.72 lakhs mainly due to less assistance to non-government secondary schools.

On Roads and Bridges the expenditure exceeded the provision by Rs. 1,36.14 lakhs out of provision of Rs. 3,26.40 lakhs mainly due to more expenditure on maintenance and repairs of district and other roads.

On Medical, the expenditure exceeded the provision by Rs. 47.97 lakhs, out of provision of Rs. 1,27.05 lakhs due mainly to more expenditure on Shillong Civil Hospital and Ganesh Das Hospital including improvement thereof. On Aid materials and equipment also, the expenditure exceeded the grant by Rs. 57.33 lakhs, out of provision of Rs. 30.77 lakhs due mainly to more expenditure on materials and equipment received from Central Government under Malaria eradication programme.

On capital outlay on Public Health, Sanitation and Water Supply, against provision of Rs. 8,63.26 lakhs, expenditure was Rs. 7,02.88 lakhs mainly due to curtailment of fund by the Government due to non-receipt of loan from the Life Insurance Corporation of India. On Capital outlay on Urban Development, against a provision of Rs. 1,00.00 lakhs, the expenditure was only Rs. 42.58 lakhs mainly due to Government decision not to proceed with the scheme of setting up of satellite township near Mawlai during 1981-82.

On capital outlay on Roads and Bridges, the expenditure was Rs. 6,81.60 lakhs against provision of Rs. 7,04.78 lakhs due mainly to less expenditure on construction of rural roads.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Summary

(a) The following table compares the total expenditure during the year with the total of grants and charged appropriations.

	Grant/charged appropriations	Expenditure	Saving (-) Excess (+)	Per cent tage
(in crores of rupees)				
Voted—				
Original	90·60	97·89	98·66	(+) 0·77
Supplementary	7·29			
Charged—				
Original	6·05	6·20	38·97	(+)
Supplementary	0·15			
		1,04·09	1,37·63	(+) 33·54 32

The overall excess of Rs.33·54 crores was the result of excess of Rs.43·62 crores in 23 grants (Rs.9·00 crores) and 3 charged appropriations (Rs. 34·62 crores) partly offset by saving of Rs.10·08 crores in 46 grants (Rs.8·23 crores) and 8 charged appropriations (Rs.1·85 crores).

(b) Further details are given below :—

	Revenue	Capital	Loans and advances	Public Debt	Inter-State Settlement	Total ¹
(in crores of rupees)						
Authorised to be spent (grants and charged appropriations) :—						
Original	64·29	25·43	2·61	3·78	0·54	96·65
Supplementary	5·05	1·00	1·39	...	...	7·44
Total	69·34	26·43	4·00	3·78	0·54	1,04·09
Actual expenditure (grants and charged appropriations)	75·15	23·39	2·48	36·61	...	1,37·63
Shortfall (-) Excess (+)	(+) 5·81	(-) 3·04	(-) 1·52	(+) 32·83	(-) 0·54	(+) 33·54

(*) Excess was mainly due to repayment of ways and means advances granted by the Reserve Bank of India.

2.2 Excess over grants/charged appropriations requiring regularisation

(a) Grants

There was excess of Rs.8,99,74,860 in 20 grants in Revenue Section and 3 grants in Capital Section which requires regularisation under Article 205 of the Constitution. The details are given below :—

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
Revenue Section				
1.	5—Elections	30,76,000	31,06,137	30,137
Excess was mainly due to intensive revision of electoral rolls.				
2.	8—State Excise	20,37,200	21,09,747	72,547
Excess expenditure of Rs.0.53 lakh was attributed to increased expenditure on travelling; reasons for the balance excess have not been intimated (April 1983).				
3.	9—Sales Tax and I—Other Taxes and Duties on Commodities and Services	15,96,900	16,24,873	27,973

Reasons for excess which occurred under “A—Direction and Administration—(a) Directorate Level Organisation—General” have not been intimated (April 1983).

4.	11—Other Taxes and Duties on Commodities and Services—II—Inspectorate of Electricity, Water and Power Development Services—B—Power Development, Loans for Power Projects	2,79,507	2,80,706	1,199
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Reasons for excess which occurred mainly under “II—Inspectorate of Electricity—A—Collection Charges—(a) Inspectorate of Electricity—General”, (Rs.2.81 lakhs were spent against the provision of Rs.2.80 lakhs) have not been intimated (April 1983).

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
5.	13—Secretariat—General Services—I—Civil Departments, Secretariat—Social and Community Services—I—Civil Departments, Secretariat—Economic Services—I—Civil Departments	1,53,79,647	1,58,20,089	4,40,442

Excess was attributed mainly to payment of arrear dearness allowances, leave travel concession, reimbursement of medical claims and increased charge for telephones.

6.	14—District Administration	54,15,000	55,63,634	1,48,634
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Excess of Rs.1.32 lakhs was reportedly due to rise in prices of petrol, office stationaries and telephone charges. Reasons for the balance excess have not been intimated (April 1983).

7.	16—Police, Fire Protection and Control, Housing—C—Government Residential Buildings, Capital Outlay on Public Works and Capital Outlay on Housing	6,52,29,100	6,87,14,445	34,85,345
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Excess of Rs.21.61 lakhs was attributed to shifting of headquarters of 1st Meghalaya Police Battalion to Mowing and increased expenditure on travel, office expenses and upkeep of vehicles and maintenance of law and order. Reasons for the balance excess have not been intimated (April 1983).

8.	19—Secretariat—General Services, etc.	3,65,81,600	6,33,22,340	2,67,40,740
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Excess occurred mainly under "G—Suspense—(a) Stock and other Suspense Accounts (excluding those of Mechanical Divisions)" and Miscellaneous P. W. Advances "Sixth Schedule (Part II) Areas". Reasons for the excess have not been intimated (April 1983).

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
9.	20—Other Administrative Services—I—Civil Defence and Home Guard	90,91,000	1,07,51,967	16,60,967

Excess occurred under 'Civil Defence' and "Home Guards", and creation/raising of Border Wing Home Guards. Reasons for the excess have not been intimated (April 1983).

10.	24—Pension and Other Retirement benefits	25,00,000	29,28,185	4,28,185
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The excess which occurred under "A—Superannuation and Retirement Allowances", Rs.14.47 lakhs were spent against the provision of Rs.9.60 lakhs and was due to drawal of arrear relief in pension and medical allowance by the pensioners.

11.	25—Aid Materials and Equipments	30,77,000	88,10,241	57,33,241
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Excess occurred mainly under "Value of material and equipment received from Central Government under Malaria Eradication Programme—General". Reasons for the excess have not been intimated (April 1983).

12.	27—Medical, Family Welfare, Public Health, Sanitation and Water Supply, etc.	5,98,59,103	7,86,90,666	1,88,31,563
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Excess of Rs.21.84 lakhs was attributed to purchase of medicines, medical stores, instruments, appliances and dietary charges. Reasons for the balance excess have not been intimated (April 1983).

13.	28—Public Health, Sanitation and Water Supply—B—Sewerage and Water Supply, Housing—C—Government Residential Buildings, Capital Outlay on Public Health, Sanitation and Water Supply, Loans for Public Health, Sanitation and Water Supply	1,82,80,000	3,37,08,546	1,54,28,546
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Reasons for the excess which occurred mainly under 'Suspense—(a) Stock and other suspense accounts—Sixth Schedule (Part II) Areas, have not been intimated (April 1983).

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
14. 31	Urban Development—A—General—II—Town and Regional Planning, Capital Outlay on Urban Development—A—General	29,47,655	30,28,634	80,979

Reasons for the excess which occurred mainly under “A—Direction and Administration—(b) District offices—Sixth Schedule (Part II) Areas”, have not been intimated (April 1983).

15. 34	Social Security and Welfare—A—Civil Supplies, Capital Outlay on Social Security and Welfare—E—Other Social Security and Welfare Programmes— I—Civil Supplies Schemes, Capital Outlay on Food and Nutrition	22,12,000	22,52,481	40,481
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Reasons for the excess which occurred mainly under “A—Direction and Administration—(b) District Civil Supplies establishment—Sixth Schedule (Part II) Areas”, have not been intimated (April 1983).

16. 37	Social Security and Welfare—E—Other Social Security and Welfare Programmes— IV—Soldiers’ Sailors’ and Airmen’s Board, Loans for Social Security and Welfare— II—Loans to Ex-Service personnel	1,36,500	1,39,693	3,193
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Excess occurred mainly under “Other Expenditure—Secret Service expenditure—General” and was attributed to incurring of expenditure in connection with the intelligence set up in the districts.

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
17. 46—	Minor Irrigation— II—Works under Em- bankment and Drai- nage Wing, P. W. D. etc.	7,30,000	8,41,722	1,11,722

Reasons for the excess which occurred under "G. Flood Control and Anti-Sea Erosion Project—Sixth Schedule (Part II) Areas", have not been intimated (April 1983).

18. 53—	Community Develop- ment, Housing—C— Government Residen- tial Buildings, etc.	3,09,09,570	3,16,25,572	7,16,002
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Excess was mainly due to drawals of arrears of pay and allowances and construction/repairs of residential buildings in Community Development Blocks.

19. 57—	Mines and Minerals —B—Regulation and Development of Mines, Capital Outlay on Mining and Metallur- gical Industries	32,15,800	34,55,921	2,40,121
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Reasons for the excess which occurred mainly under "Other Expenditure—Expenditure on account of District Councils share in lieu of royalties collected from major minerals—General", have not been intimated (April 1983).

20. 58—	Roads and Bridges, Capital Outlay on Roads and Bridges	3,26,40,000	4,62,54,382	1,36,14,382
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Excess of Rs.2.90 lakhs was due to incurring more expenditure on maintenance and repairs of District and other roads. Reasons for the balance excess have not been intimated (April 1983).

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
Capital Section				
1. 16—	Police, Fire Protection and Control, Housing—C—Government Residential Buildings, Capital Outlay on Public Works and Capital Outlay on Housing	1,13,37,590	1,23,47,335	10,09,745

Reasons for the excess which occurred under "A—Construction—(a) upgradation of standard of Administration—Police Housing Scheme—General", have not been intimated (April 1983).

2. 29—	Housing-I-A-General and B-Housing Schemes, Loans for Housing	22,20,000	27,70,314	4,50,314
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Excess occurred mainly under "Middle Income Group Housing Scheme-Sixth Schedule (Part II) Areas" due to finalisation of more loan cases under Middle Income Group Housing Scheme.

3. 58—	Roads and Bridges, Capital Outlay on Roads and Bridges	7,04,78,000	7,11,56,402	6,78,402
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Reasons for the excess which occurred mainly under "District and other Roads-C-Construction of Rural Roads-Sixth Schedule (Part II) Areas", have not been intimated (April 1983).

(b) Charged appropriations

Excess expenditure of Rs. 34,61,79,493 over 3 charged appropriations (two in Revenue and one in Capital Section) requires regularisation. Detail are as follows—

Serial number	Number and name of appropriation	Total appropriation Rs.	Expenditure Rs.	Excess Rs.
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Revenue Section

1. 2—	Governor	12,79,000	15,33,346	2,54,346
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Reasons for excess which occurred mainly under "Work maintenance of official residences", have not been intimated (April 1983).

Serial number	Number and name of appropriation	Total appropriation	Expenditure	Excess
		Rs.	Rs.	Rs.
2.	Public Service Commission	7,28,800	7,32,629	3,829

Reasons for excess which occurred mainly under "State Public Service Commission" have not been intimated (April 1983).

Capital Section

Internal Debt of the State Government	1,15,92,400	35,75,13,718	34,59,21,318
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Excess occurred under "G-Ways and Means Advances from the Reserve Bank of India" and was due to repayment of Ways and Means advances to the Reserve Bank of India.

2.3 Supplementary grants/charged appropriations

Significant cases of unnecessary, excessive and inadequate supplementary grants are given below—

(i) Unnecessary supplementary grants

In the following case, the supplementary grants of more than Rs. 10 lakhs remained wholly unutilised as the expenditure did not come up even to the original provision:—

Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
			(in lakhs of rupees)	

Revenue Section

56—Village and Small Industries, Housing-II-Small Industries and Housing-C-Government Residential Buildings, Capital Outlay on Village and Small Industries-II-Small Industries, Loans for Village and Small Industries-II-Small Industries"	86.06	14.00	71.67	28.39
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Saving was attributed mainly to non-implementation of District Industries Centre in two districts and non-finalisation of proposals for payment of subsidy under "Subsidy towards capital to private industrial units",

(ii) Supplementary grants which proved excessive

In the following 2 cases, the supplementary grants (exceeding Rs. 10 lakhs each) proved excessive by more than Rs. 10 lakhs in each case; against the supplementary provision of Rs. 85.15 lakhs, Rs. 18.56 lakhs were only utilised:—

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(in lakhs of rupees)

Revenue Section

(1)	21—Other Administrative services-III-Gazetteers and Statistical Memoirs, Miscellaneous General Services etc.	10,09.04	60.90	10,20.08	49.86
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Saving to the extent of Rs. 16.81 lakhs was stated to be due to less release of fund to District Councils, non-implementation of the Scheme "non-formal education" and less release of assistance to non-Government colleges. Reasons for the balance saving have not been intimated (April 1983).

Loans and advances Section

(2)	61—Loans to Government Servants	82.12	24.25	89.64	16.73
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Reasons for the saving have not been intimated (April 1983).

(iii) Inadequate supplementary grants

In the following two cases, supplementary grants of more than Rs. 10 lakhs each proved inadequate by more than Rs. 10 lakhs in each case; the final uncovered excess was Rs. 2,23.17 lakhs (reasons mentioned in paragraph 2.2):—

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(in lakhs of rupees)

Revenue Section

(1) 16—Police Fire Protection and Control, Housing—

	C-Government Residential Building, Capital Outlay on Public Works and Capital Outlay on Housing (Police)	5,51.07	1,01.22	6,87.14	34.85
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(2) 27—Medical, Family Welfare, Public Health, Sanitation and Water Supply-A-Public Health and Sanitation

		5,82.03	16.56	7,86.91	1,88.32
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2.4 Unutilised provision

Of Rs. 10.08 crores remaining unutilised as mentioned in paragraph 2.1 (a), the saving (more than Rs. 10 lakhs in each case) was more than 10 per cent of the total provision in 15 grants and one charged appropriations. The details of these grants and charged appropriations are given in Appendix 2.1. Reasons to the extent received have been given in the Appropriation Accounts 1981-82.

2.5 Non-receipt of explanations for savings/excesses

For the year 1981-82, explanations for savings/excesses were either not received or, where received, were incomplete in respect of 113 heads (April 1983). These formed 68 per cent of the number of heads, the variations in which were required to be explained.

2.6 Excess over grants/appropriations awaiting regularisation

Out of 8 excesses reported in the Report of the Comptroller and Auditor General of India for the year 1970-71, only 4 excesses were regularised. The excesses found out and mentioned in the Reports of the Comptroller and Auditor General for the years 1971-72 to 1980-81 have not yet been regularised (April 1983).

*Medical Department***2.7 Drawal of money in advance of requirements**

According to the rules, money is required to be drawn only when it is needed for immediate disbursement and the amount remaining unspent should be refunded into the treasury promptly. A test check (July 1982) by audit of the Accounts of the Director of Pasteur Institute, Shillong indicated that the Director drew Rs. 1.45 lakhs on 31st March 1980 on an abstract contingent bill against supply orders placed in March 1980 with two suppliers for supply of Waring Blendors (mixis and jars) and steam jacketed pan respectively. The suppliers of steam jacketed pan was paid Rs. 0.44 lakh in September 1980 and the supplier of Waring Blendors (mixis and jars) was finally paid Rs. 0.98 lakh in August 1981. Further Rs. 0.01 lakh was paid for transportation charges and balance Rs. 0.02 lakh (out of the drawal of Rs. 1.45 lakhs) was deposited into the treasury in September 1982. The amount of Rs. 1.45 lakhs drawn in March 1980 was, therefore, not required for immediate disbursement and was drawn only to avoid lapse of budget grant.

The matter was reported to Government in September 1982; reply is awaited (July 1983).

CHAPTER III

CIVIL DEPARTMENTS

*Agriculture Department***3-1 Injudicious purchase of agricultural implements**

The Director of Agriculture requested (May 1980) all the District Agricultural Officers to submit their requirements of improved quality implements for 1980-81 for the farmers. No demand for the implements was intimated by the District Agricultural Officer, Jowai. The Agricultural Executive Engineer, Shillong placed orders (March 1981) for District Agricultural Officer, Jowai with a local firm for supply of 16 number of implements (value: Rs. 0.24 lakh) for demonstration purposes and 55 number of implements (value : Rs. 0.26 lakh) for sale to the cultivators at 50 per cent subsidised rates. The implements were received by the District Agricultural Officer, Jowai in March 1981, but were not sold to the cultivators as there was no demand for them and no demonstrations were also held. The implements costing Rs. 0.50 lakh were lying unsold/unused in the stock (July 1983).

Again in August 1981, the Director of Agriculture requested all the District Agricultural Officers to submit their requirements for 1981-82 of improved quality implements both for sale at subsidised rates and for demonstration purposes. The District Agricultural Officer, Jowai intimated (February 1982) 'no' demand for implements. However, the Agricultural Executive Engineer, Shillong placed (March 1982) consolidated supply orders with 2 local firms and one firm of Gauhati for supply of implements within 15 days from the dates of placing orders to all the District Agricultural Officers. This included implements of the value of Rs.22,782 for District Agricultural Officer, Jowai, although he had not intimated any requirements and the Agricultural Executive Engineer had not ascertained the utilisation of the implements supplied last year. The Director of Agriculture sanctioned (March 1982) Rs.22,782 being the cost of implements to be supplied to the District Agricultural Officer, Jowai. The amount was drawn by the District Agricultural Officer, Jowai and kept in 3 bank drafts (March 1982). In October 1982, 2 paddy threshers (value Rs. 2,300) were received from a

supplier and Rs.450 was deposited (November 1982) into the treasury. The balance amount of Rs.20,032 was lying in 2 bank drafts as the implements were not supplied by the suppliers (December 1982) and no demonstration to popularise the improved implements to the cultivators could be held.

Purchase of implements of the total value of Rs.0.52 lakh and retention of Rs.20,032 by District Agricultural Officer, Jowai resulted in blocking of funds.

The matter was reported to Government in September 1982; reply is awaited (July 1983).

3.2 Irregularities in maintenance of cash book

The rules require that each entry in the cash book should be attested by the Drawing Officer and that the cash book should be closed and signed by him each day. Further, the cash balance is also to be physically verified and a certificate showing the results of physical verification is required to be recorded by the Drawing Officer at the end of the month.

A test check (May 1982) of the records of the District Agricultural Officer, Tura for the period from October 1980 to April 1982 disclosed the following:—

- (i) The entries in the cash book had not been attested by the Drawing Officer during the entire period covered by test check.
- (ii) The certificates of physical verification of cash were not recorded in any of the months.
- (iii) The District Agricultural Officer had retained heavy cash in hand varying from Rs. 0.59 lakh (December 1980) to Rs.4.65 lakhs (March 1982). The funds were drawn mainly in March each year to avoid lapse of budget grants.

The Director of Agriculture stated (October 1982) that retention of heavy cash by the District Agricultural Officer was due to incomplete supply of agricultural commodities by the suppliers.

The matter was reported to the Government in September 1982; reply is awaited (July 1983).

*Co-operation Department***3.3 Non-supply of jeep**

The Transport Department placed (November 1978) an order with a firm for supply of a jeep to the Assistant Registrar, Co-operative Societies, Tura. As per agreement, the firm was to supply the jeep within 3 to 4 weeks of placing supply order. The firm submitted (November 1978) a *pro-forma* bill for Rs. 0.45 lakh for payment to the Assistant Registrar, Co-operative Societies for cost of the jeep which was paid on 3rd January 1979, without taking delivery of the jeep though the Joint Registrar, Co-operative Societies, advised (15th November 1978) the Assistant Registrar, Co-operative Societies, Tura to make payment and to take delivery of the jeep. The advance payment, thus made by the Assistant Registrar of Co-operative Societies, Tura was irregular. The firm intimated (March 1979) that they could not supply the jeep as their dealership had been cancelled by the manufacturer. The Registrar of Co-operative Societies reported (May 1979) to Government about non-supply of the jeep and requested the Government to take action from their end for expeditious supply of the jeep. No action has so far been taken to recover the amount of advance paid. The advance of Rs. 0.45 lakh has not been refunded by the firm (July 1983).

The matter was reported to Government in September 1982; reply is awaited (July 1983).

*Finance Department***3.4 Local audit of local bodies and institutions**

The audit of local bodies, institutions and certain Government offices are entrusted to the Director of Accounts and Treasuries and Examiner of Local Accounts. On the date (21st January 1972) of formation of the State of Meghalaya, audit of 4,239 accounts was in arrear. As on 31st March 1982, the arrear of audit of accounts further accumulated to 6,180. Year-wise position of arrear in audit

of accounts for the years from 1976-77 to 1981-82 is indicated below :—

Year	Accounts due for audit during the year	Audit done during the year	Percentage of audit done during the year
1976-77	6,716	386	6
1977-78	5,963	554	9
1978-79	6,054	488	8
1979-80	6,205	595	10
1980-81	6,249	509	8
1981-82	6,680	500	7

Further, rules require that an annual report on the working of the local audit department is to be sent to the Finance Department in June every year detailing therein the grants given to the local bodies for specific purposes and certifying that the grants were utilised for the purposes for which they had been sanctioned. A consolidated report for the period from January 1972 to March 1976 was sent to Finance Department in July 1977. Comments of the Finance Department on the report is awaited. No report thereafter was sent.

As a result of non-completion of audit of accounts of local bodies, institutions, etc., by the staff of the Director of Accounts and Treasuries and Examiner of Local Accounts, it could not be ascertained in Audit whether the grants paid to the local bodies had been properly utilised for the purposes for which they were sanctioned. The department stated (March 1983) that the accumulation of arrear in audit of accounts of local bodies etc., was due to shortage of experienced and trained staff.

In regard to availability of staff the following were noticed—

Year	Actual strength of auditors and assistant auditors	Staff engaged for audit in field
1976-77	43	22
1977-78	43	19
1978-79	42	23
1979-80	58	26
1980-81	57	43
1981-82	58	24

The mandays for which the staff was engaged for audit in field during these years have not been intimated (July 1983).

The matter was referred to the Government in June 1982; reply is awaited (July 1983).

Fisheries Department

3.5 Infertuous expenditure

To cater to the need of fish seeds of the people of Jaintia Hills, the Deputy Commissioner, Jaintia Hills District acquired 0.65 hectare of land at Ladthalaboh and handed over (September 1976) to the Fishery Officer, Jowai for construction of a fish nursery farm as a part of the scheme 'Fish seeds production centres and ditribution'. During 1976-77 to 1980-81, the Fishery Officer, Jowai spent Rs.0.83 lakh (Rs.0.39 lakh for development of land construction of a chowkidar's shed and Rs.0.44 lakh on construction and extension of the nursery tank) on the scheme. The Superintendent of Fisheries, Jowai reported (June 1981) to the Director of Fisheries that there was no production of fish seeds in the farm as the area did not retain sufficient water for rearing of fish seeds and requested to examine the feasibility of constructing office building and staff quarters there. In September 1981, the Director of Fisheries invited tender for construction of office building and the scheme on the fish nursery farm was abandoned. Expenditure of Rs.0.44 lakh on construction and extension of fish nursery tank was thus infertuous.

On this being pointed out in audit Government stated (November 1982) that the area slowly dried up due to expansion of Jowai town, felling of trees and clearance of jungles and the scheme was abandoned subsequently.

Health Department

3.6 Suspected misappropriation

(a) A test check by Audit (August 1982) of the accounts of the Civil Surgeon, Jowai disclosed that the Accountant of that office received Rs.19,916 from the Civil hospital, hospitals and dispensaries of the district of Jaintia Hills during the period from 16th January 1979 to 17th June 1981 being the charges for hiring of private wards, ambulances, trucks and

collections from the outdoor patients for which receipts had been issued. This amount was neither recorded in the cash book nor deposited into the treasury. This was not detected by the Civil Surgeon.

(b) The totals of receipts side of the cash book had been struck wrongly on four occasions in March 1981 thereby reducing the cash in hand to the extent of Rs.0.11 lakh as shown below—

Date	Total as recorded in the cash book	Actual total	Difference
	Rs.	Rs.	Rs.
26th March 1981	10,105.93	10,195.93	90.00
30th March 1981	5,70,250.02	5,80,250.02	10,000.00
31st March 1981	37,853.23	37,985.98	132.75
31st March 1981	2,96,397.46	2,96,808.65	411.19
			10,633.94

Although the physical verification of cash had been conducted on 31st March 1981 by the Drawing and Disbursing Officer, no surplus cash was found. The rules require that the officer-in-charge of the cash chest should count the cash in hand at least once a month. This was not done regularly which rendered possible the omissions and possible loss of cash noticed in audit. No action has been taken by the department so far. It is a fit case for investigation by the police.

The matter was referred to Government in November 1982; reply is awaited (July 1983).

Industries Department

3.7 District Industries Centre

3.7.1 Introductory

The District Industries Centres (DICs) Programme was launched in May 1978 by the Government of India as a Centrally Sponsored Scheme with a view to promote an integrated administrative frame work at the district level which would

look into the problems of industrialisation in the districts in a composite manner. Under the programme, all services and supports required by small village entrepreneurs would be provided by the DIC. The DIC is to act as a focal point for the entire industrial growth of the district. One District Industries Centre was set up at Tura (West Garo Hills district) in May 1978.

3.7.2 Staffing

The scheme laid emphasis on manning the DICs with personnel of proven ability and adequate experience, having qualities of leadership and organisational ability. The centres were to be headed by a General Manager (GM) of the rank of a Joint Director of Industries (or a Senior Deputy Director if found exceptionally suitable) to be assisted by 4 to 7 Functional Managers (FMS), depending upon the requirements of each DIC.

The DIC, Tura was being administered by a General Manager assisted by three Functional Managers appointed by the Government. Prior to their appointment, the Manager was the Project Officer and the Functional Managers were Planning-cum-Survey Officer and Technical Officers in the Rural Industries Project. Besides, the Superintendent of Industries, Tura functions as a Functional Manager in addition to his normal duties. The Government has not prescribed rules regarding qualification and recruitment of Manager/Functional Managers.

3.7.3 To ensure that the Functional Managers in the DICs have a clear perception of their duties and discharge their responsibilities effectively, the scheme envisaged training programmes for them. One Functional Manager received two weeks' training in economic investigation at I.T.M., Calcutta, another Functional Manager received two weeks' training in M&E at CMERI, Durgapur and the other two Functional Managers were not deputed for training.

3.7.4 Funding

In 1978-79, Government of India provided a non-recurring grant of Rs. 5 lakhs for the DIC to cover the cost of building (Rs. 2 lakhs) and capital assets such as furniture, fixture and vehicles (Rs. 3 lakhs) and a recurring grant of Rs. 2.05 lakhs to be shared between the centre and State on 75:25 basis. Funds

were also provided by the Central Government for promotional Schemes of incentives and loan assistance to small and cottage units. From 1979-80, the pattern of assistance was revised and the share of the centre and the State, both recurring and non-recurring was fixed on 50:50 basis.

The table below indicates the amount of grants and loans received, expenditure incurred and the amount unutilised by the State Government during 1978-79 to 1981-82.

Year	Grants and loans released by the Central Government				Total receipts	Expenditure			Total expenditure (Total amount unutilised grant)	
	Non-recurring	Recurring	Loans	State Government		Non-recurring	Recurring	Loans		
	(in lakhs of rupees)									
1978-79	5.00	2.05	2.75	Nil	9.80	Nil	4.84	Nil	4.84	4.96
1979-80	7.00	9.50	4.00	1.56	22.06	4.00	1.09	7.25	12.34	7.72
1980-81	Nil	Nil	Nil	8.40	8.40	Nil	8.40	Nil	8.40	...
1981-82	Nil	6.25	3.50	7.05	16.80	Nil	19.60	Nil	19.60	...
Total	12.00	17.80	10.25	17.01	57.06	4.00	33.93	7.25	45.18	...

Out of the grants and loans aggregating to Rs. 40.05 lakhs released by the Central Government during 1978-79 to 1981-82, the expenditure incurred was Rs. 28.17 lakhs, leaving an unutilised balance of Rs. 11.88 lakhs. The unutilised amount of Rs. 11.88 lakhs is lying with the State Government (April 1983).

3.7.5 Works programme—Delegation of powers

The DIC was to be delegated with administrative and financial powers of the Department of Industry as prescribed but no such powers were delegated effecting speedy implementation of the programme.

3.7.6 Action Plan Programme

The DIC, Tura prepared an Action Plan in 1978-79 identifying 9 growth centres to be developed. It envisaged 339 industrial units to be set-up in 1979-80 and 293 units in 1980-81 under nine categories of industries. No target for 1981-82 was available in the Action Plan. During 1978-79 to 1981-82, 132 numbers of industrial units (20.9%) were registered of which 99 units were granted provisional registrations and 33 units permanent registrations. No record about generation of employment was available with the DIC.

No project profile was prepared for any industry by the DIC, Tura.

The Action Plan envisaged also the taking-up of 3 units for expansion and 9 units for revitalisation in Garo Hills. But no such programme was taken up, the reasons for which was not available to audit (April 1983).

3.7.7 Industrial Accommodation

The Action Plan envisaged construction of 10 nos. of industrial sheds in each of the nine growth centres during 1980-81 and 1981-82. As against this programme, the DIC, Tura had constructed only 2 industrial sheds in October 1982, one each in Tura and Williamnagar at a total cost of Rs.4 lakhs. The sheds have remained unallotted till April 1983. The department has not stated reasons for non-allotment of the sheds (July 1983).

3.7.8 Commercial sheds

For marketing the products of various artisans as well as other entrepreneurs, it was proposed in the Action Plan to set up during 1980-81 to 1982-83 commercial estates in 20 centres identified having 4 sheds in each of the centres. Setting up of commercial estates was meant to give employment to educated youths who might be allotted a room for setting up sale centres dealing with the cottage industries and S. S. I. product. The programme had not been taken up (April 1983) by the DIC, Tura.

3.7.9 Training programme

The Action Plan envisaged training programme under various trades in the rural areas to upgrade the skill of rural artisans. The targets and achievements (both financial and

physical) in respect of programme taken up for implementation by the DIC, Tura during 1979-80 to 1981-82 are detailed below :—

Year	Programme	Financial targets	Expenditure	Physical targets	Achievement	Particulars
		(in lakhs of rupees)		(in number)		
1979-80	Rural Artisan programme	1.00	1.00	55	55	Trainees
1980-81	Rural Artisan programme	0.72	0.59	50	47	Trainees
1981-82	Rural Artisan programme	1.14	1.05	97	92	Trainees
	Entrepreneurship Development programme	0.40	0.25	155	155	Trainees
	Entrepreneurs Motivation Programme	0.10	0.10	600	492	Participants

No record was made available to audit to show how the trainees had been employed in the respective trades. The DIC, Tura has not undertaken any follow-up action in the matter (April 1983).

3.7.10 Hire-purchase of machinery and equipment

The Action Plan provided that the entrepreneur would be assisted by procuring machinery and equipment on hire-purchase terms from recognised and reputable agencies. The General Manager, DIC, Tura reported (April 1983) that only one small scale unit was sponsored for purchase of machineries under hire-purchase scheme.

3.7.11 Raw Materials

The work programme in the Action Plan provided setting up of one raw material depot at Williamnagar and two raw material sub-depots at Baghmara and Mendipathar with a view

to assist various units in procuring materials (timber, cane, bamboo, iron and steel, paraffin wax and other scarce raw materials) easily. The activities under this programme had not been initiated (May 1982) by the DIC, Tura, the reasons for which have not been stated.

3.7.12 Financial Assistance

One of the functions of the DIC was to assist the artisans and small scale units in getting financial assistance from banks and financial institutions. Out of 46 cases involving Rs. 4.37 lakhs recommended for assistance by the DIC, Tura, 26 cases involving Rs. 2.55 lakhs were sanctioned by the bank during 1978-79 to 1981-82. It was noticed in audit (April 1983) that no follow-up action was taken by the General Manager in respect of the remaining cases where loans were not sanctioned. There is no arrangement in the DIC to watch over the utilisation of bank loans.

The small amount of credits given by the bank, according to the General Manager, was due to less member of branches of banks to cover the whole district and also operational jurisdiction of the bank being limited within a radius of 10 Kms. Besides, local artisans and entrepreneurs are shy of taking loan.

3.7.13 DIC loans

The scheme of advancing loans to small scale units for construction of buildings, purchase of machinery and working capital under the erstwhile Rural Industries Projects set up was continued as part of the DICs programme. Rs. 7.25 lakhs were paid as loans to 702 artisans/units in 1979-80, to be recovered in 5 equal instalments. Rs. 3.04 lakhs (principal: Rs. 2.33 lakhs and interest: Rs. 0.71 lakh) had fallen due for recovery till September 1982, but only Rs. 0.09 lakh (principal: Rs. 0.07 lakh and interest: Rs. 0.02 lakh) could be recovered so far (April 1983).

Action taken to recover the outstanding loans and interest were not made available to audit.

3.7.14 Common Facilities

Though the Action Plan had the provision for providing a modern workshop having facility of servicing vehicles and reboring engines, setting up of a sawing section for training in

carpentry and purchase of a truck for procuring raw materials and marketing the finished goods, these activities were not taken up (April 1983) by the DIC, Tura.

The reasons for not taking up the activity were not stated by the department (April 1983).

3.7.15 Marketing Assistance

The Action Plan proposed to make a link up marketing from village level to district headquarter by opening an Emporium at Tura. It also proposed that the products would be sold outside the district through the Meghalaya State Co-operative Marketing and Consumers' Federation Ltd., other State Emporiums, NEC and Handicrafts Boards of the Government of India. No action had been taken (April 1983) to implement these proposals for marketing assistance to the Small Scale Industries.

The reasons for non-implementation of the programme were not stated by the department (April 1983).

3.7.16 Revival of sick units

Revival of sick small scale industrial units was one of the major objectives of the programme. According to the Action Plan, 17 Agro based, 40 Forest based and 60 building material/ceramic based units were identified for their revival. The programme had not been taken up (April 1983).

The department did not state the reasons therefor (April 1983).

3.7.17 Monitoring of progress

To watch the progress of the DICs in implementing the various programmes, the State Level Committees were to meet once in six months and to report to the Government of India the progress of the schemes from time to time. District Advisory Committees were also to meet once a month and in any case not less than once in 2 months to provide arrangement for effective co-ordination between the DICs and other State Government Departments/Undertakings, local bodies, etc. The General Manager stated that the State Level Committees and the District Level Committees were formed but no meeting was held (May 1982) and as such report of the committees were not available.

3.7.18 Summing-up:—The following are the main points that emerge—

An expenditure of Rs.45.18 lakhs was incurred on DIC set-up in Meghalaya during 1978-79 to 1981-82. The share of Central Government on the expenditure worked out to Rs.28.17 lakhs, while the Central assistance received during the period was Rs.40.05 lakhs.

Action Plan had been prepared upto 1981-82 only. The plans where prepared, did not lay down specific targets to be achieved from year to year.

DIC was to act as a focal point for accelerating industrial growth by taking up promotional activities and providing assistance to the entrepreneurs under a single roof. The DIC did not start activities like the setting-up of raw material depot, common facility, marketing assistance to the entrepreneurs. Activities of the DIC thus fell short of the programmes envisaged in the Action Plan resulting in deprivation of assistance to the entrepreneurs.

Monitoring of the programme was not done as the committees at different levels stated to have been formed for the purpose, could not held meetings to render necessary assistance and guidance for proper functioning of the DIC.

During 1979-80 to 1981-82, the DIC arranged credit facilities of Rs.2.55 lakhs from bank in 26 cases as against 46 recommended cases amounting to Rs.4.37 lakhs.

During 1979-80, loans of Rs.7.25 lakhs were paid to 702 artisans. Out of Rs.3.04 lakhs due for recovery as principal and interest till September 1982, only Rs.0.09 lakh was recovered (April 1982).

The points mentioned above were reported to Government in August 1982; reply is awaited (July 1983).

CHAPTER IV

WORKS EXPENDITURE

*Public Health Engineering Department***4.1. Construction of a treatment plant at Mowing near Shillong**

The Chief Public Health Engineer (CPHE) had sanctioned (February 1977) construction of a 0.43 million litre capacity per day treatment plant for the central dairy at Mowing (near Shillong) at a cost of Rs.1.88 lakhs. The Executive Engineer, Hills Division, Shillong invited tenders in March 1979 to quote rates on lump-sum basis for construction of the treatment plant. The lump-sum price of Rs.2.50 lakhs (*viz.*, Rs.1.30 lakhs on civil works, Rs.0.54 lakh on piping valves, Rs.0.28 lakh on Electrical works, Rs.0.33 lakh on Mechanical works and Rs.0.05 lakh on testing and commissioning) was accepted (July 1979) by the tender acceptance board of the Department.

The Executive Engineer, Hills Division had issued (29th September 1979) work order to the contractor at the accepted rate which had the stipulation to complete the work within 6 months from the date of issue of the work order.

In May 1980, the contractor submitted to the Department the terms of intermediate payment schedule for civil works (accepted cost: Rs.1.30 lakhs) on percentage basis (details below) which was accepted (May 1980) and included in the agreement by the Chief Public Health Engineer in August 1980. Reasons for the unusual delay in executing the agreement with reference to the date of issue of work order were not on record.

Payment schedule

1. Royalty cost of drawing and design	...	10 per cent
2. Site clearance, earth work, collection of metals including required machineries		20 per cent
3. Reinforced cement concrete works—		
(a) Foundation up to ground level	... ..	15 per cent
(b) Works and shutterings	... ..	15 per cent
(c) Main for the chamber, settler and clear water tank		30 per cent
4. Commissioning and the warranty period upto 3 months		10 per cent

It was noticed during audit (November 1981) that between August 1980 and March 1981, the contractor was erroneously paid Rs.1.50 lakhs for civil works done by him in respect of items 1, 2 and 3 (a) and (b) of the payment schedule calculated on the entire tendered value of Rs.2.50 lakhs instead of Rs.0.78 lakh at the tendered value of Rs.1.30 lakhs for the civil works. The contractor had stopped (March 1981) execution of further work and consequently there had been no progress in construction of the treatment plant after March 1981. Steps taken by the Department to complete construction of the treatment plant has not been intimated (July 1983).

The excess payment of Rs.0.72 lakh has not so far been recovered (July 1983). The Executive Engineer has not taken any action for recovery of the amount due from the contractor. The possibility of recovery of excess amount of Rs.0.72 lakh from the contractor is remote since security deposit of Rs.0.02 lakh is only left with the Department.

The matter was reported to the Government in April 1982; reply is awaited (July 1983).

4.2. Avoidable expenditure on procurement of steel tubes

The Chief Public Health Engineer (CPHE) had placed an order (December 1979) with the Steel Authority of India, (SAIL), Calcutta for supply of 15,000 metres of steel tubes of 8.625 inch diameter and 63 Kg., pressure per sq. centimetre at their offered rate of Rs.130.94 per metre to be delivered by 28th February, 1980. The steel tubes were required for use in "Nongpoh Water Supply Scheme" (estimated cost: Rs.58.75 lakhs) under the Public Health Executive Engineer, Hills Division, Shillong. The CPHE proposed to the Government (January 1980) for making advance payment of Rs.19.75 lakhs to the SAIL, which was sanctioned by the Government on 31st March 1980 and the payment was made on the same date, despite non-supply of material within the stipulated date by the same. Reasons for irregular advance payment were not on record.

The department placed (September 1980) an order with firm 'A' at New Delhi on 24th September 1980 for supply of 16,500 metres of steel tubes (8.625 inch diameter and 70 Kg. pressure per square centimetre) at the rate of Rs.163 per metre on the ground that the SAIL had not supplied the

steel tubes ordered on them. The supply orders stipulated *inter alia* that the rate was f.o.r. New Gauhati Railway Station, delivery was to be made within 90 days from the date of issue of supply order and that no price increase would be accepted.

In October 1980, the SAIL proposed to the CPHE to supply 15,000 metres of 8.625 inch diameter steel tubes of 81 Kg. pressure per square centimetre at the rate of Rs.165.56 per metre instead of the tubes of the specification originally ordered on the ground that the same were not available with them. This was accepted by the CPHE in November 1980. The SAIL was instructed by the CPHE in August 1981 to supply the steel tubes to the Executive Engineer, Public Health Division, Tura against the advance payment of Rs.19.75 lakhs made on 31st March 1980. Supplies against the advance of Rs.19.75 lakhs had not been received (November 1981).

Firm 'A' failed to supply the steel tubes within the stipulated period (*viz.*, 22nd December 1980) and no action was taken to cancel the order.

Firm 'A' wrote (27th February 1981) to the CPHE to enhance the rate by Rs.20.11 per metre on the ground that the prices of steel had been increased under JPC's announcement on 8/9th February 1981 and that the steel required for manufacture of the tubes could be procured by them only after the rise in price.

The increase in price was allowed by the department despite the fact that the firm had failed to supply within the stipulated period and the enhancement in price had been sought on the ground of having to procure the supply after the period of the announcement.

The firm had supplied 16,495 metres of steel tubes during April/June 1981 and was paid at the enhanced rate of Rs.183.11 per metre. The omission to enforce the term of the supply order to the effect that no price increase would be allowed resulted in extra expenditure of Rs. 3.32 lakhs to the department.

The firm had applied on 26th March 1981 to the CPHE for change of the destination of delivery to New Bongaigaon broad gauge rail head on the ground that

booking for metre gauge from New Bongaigaon to New Gauhati Railway station was suspended. The change of the delivery point applied for by the firm was accepted by the CPHE on 27th March 1981 and the acceptance communicated along with the order to deduct the railway freight payable from New Bongaigaon to New Gauhati. It was ascertained by Audit (October 1982) that restriction in booking by railway between New Bongaigaon and New Gauhati by railway was in force from 3rd March 1981 to 29th June 1981.

The steel tubes were booked by the firm to New Bongaigaon during April and June 1981. The work of transportation of the tubes by truck from New Bongaigaon to Nongpoh was entrusted to two carriage contractors who were paid Rs. 2.24 lakhs (September 1981) for the distance between New Bongaigaon to New Gauhati against which Rs. 0.05 lakh were recovered from the firm 'A' being the railway freight payable for the distance for rail carriage. The delay in execution of the supply order by firm 'A' resulted in extra expenditure of Rs. 2.19 lakhs to the department.

It was noticed during Audit that the rate of Rs 2.25 per tonne per km. fixed for transportation of the material from New Bongaigaon to Nongpoh after calling for short time tenders was higher than the rate of Rs. 1.10 per tonne per km. allowed for carriage of heavy materials like Tor steel, M.S. rods, M.S. angles, etc., (including loading and unloading by crane) during 1981-82 in the P.W. Divisions in Shillong. This has resulted in extra expenditure of Rs. 1.49 lakhs to the Government.

Thus, non-supply of tubes within the stipulated time, omission to enforce the terms of supply order to the effect that no price increase would be allowed and deviation in fixing of transport charges resulted in extra expenditure of Rs. 7.00 lakhs to the department.

The matter was reported to the Government in April 1982; reply is awaited (July 1983).

CHAPTER V

STORES AND STOCK

5.1. Accounts not received

As stated in the earlier Audit Reports, complete accounts of non-judicial, judicial and entertainment tax stamps from 1970-71 onwards have not been received from the Treasuries (July 1983). The matter was reported to the Government (October 1982).

The stores accounts for 1981-82 of Stationery and Printing Department in respect of stationery and printing/binding materials have not been received (July 1983).

5.2. Stock registers and stock verification

The priced stores ledgers in the Public Works and Public Health Engineering divisions are to be closed at the end of each month. Inspection of stores is required to be made once a year to ensure that the stock consists of serviceable and necessary articles and is priced at the market rates.

Out of 17 Public Works divisions, information about closing of stores ledgers has been received (April 1983) in respect of 7 divisions. None of these divisions had closed the ledgers upto March 1982; the position as at the end of September 1982 was as under:—

Name of the division	Latest month upto which the ledgers had been closed
1. National Highway Division, Shillong	September 1978
2. Parengapara Division	September 1980
3. Jowai South Division	September 1980
4. Shillong Central Division	October 1981
5. Jowai North Division	September 1978
6. Shillong South Division	September 1981
7. Shillong West Division	September 1980

Similarly, out of 7 Public Health Engineering divisions, information about closing of stores ledgers was received (April 1983) only in respect of 2 divisions. None of these divisions had closed the ledgers upto March 1982 as per details below:—

Name of the division	Lastest month upto which the ledgers had been closed
1. Rural Water Supply Division, Jowai	September 1980
2. Rural Water Supply Division, William-nagar.	December 1980

The rules require that stock should be verified at least once a year by a responsible officer not below the rank of an Assistant Engineer. During 1981-82, out of 17 Public Works divisions, position about physical verification of stores was received (April 1983) only in respect of 8 divisions. Of the 8 divisions, verification was done only in 4 Public Works divisions. The position in the remaining 4 divisions at the end of September 1982 was as under:—

Name of the division	Month after which physical verification not conducted
1. Mawsynram Division	February 1981
2. Tura South Division	May 1979
3. Shillong West Division	March 1981
4. Jowai North Division	February 1980

Similarly, during 1981-82, out of 7 Public Health Engineering divisions, position of physical verification of stores was received (April 1983) in respect of 2 divisions and in these divisions physical verification was conducted.

5.3 Tools and plant registers

Each Public Works and Public Health Engineering division is required to close and balance its tools and plant registers (called ledgers) each month.

Out of 17 Public Works divisions, the position received (April 1983) in respect of 6 divisions revealed that none had closed the ledgers upto March 1982; as per details given below:—

Name of the division	Last month for which ledgers were closed
1. National Highway Division, Shillong	December 1981
2. Shillong Central Division	October 1981
3. Jowai South Division	September 1980
4. Barengapara Division	September 1980
5. Shillong South Division	September 1977
6. Shillong West Division	September 1981

Similarly, out of 7 Public Health Engineering divisions, the information received (April 1983) in respect of only one division *viz.*, Rural Water Supply division, Williamnagar revealed that the division had not closed the ledgers from October 1981 upto March 1982.

5.4 Excess stock

The rules provide that the value of stores held in stock should not exceed the limit specified by the Government. The value of stock held on 31st March 1982 exceeded the limit in the following Public Works Divisions—

Serial No.	Division	Sanctioned reserve limit	Date on which limit was fixed	Balance on 31st March 1982	Excess over reserve stock limit
		(in lakhs of rupees)		(in lakhs of rupees)	
1.	Nong-oin (R & B) Division	10.00	22nd August 1979	29.00	19.00
2.	Williamnagar Division	7.00	22nd August 1970	18.30	11.30
3.	Barengapara Division	7.00	23rd March 1979	13.30	6.30
4.	Tura South Division	12.00	22nd August 1979	46.46	34.46

Public Health Engineering Department

5.5 Local purchase of corrugated aluminium sheets at exorbitantly high rates

The Public Health Executive Engineer (PHEE) Hills Division, Shillong invited quotations from local suppliers on 4th August 1979 giving notice of only 2 days (last date of submission of quotation was fixed as 6th August 1979) for supply of aluminium corrugated sheets (size 26 inch breadth \times 26 gauge). As the time allowed for submission of quotations was only for 2 days, it did not get any circulation to attract competitive rates. The lowest rate of Rs. 9.95 per Rft. quoted by a local supplier was accepted by the PHEE on 30th September 1979.

It was noticed during audit (November 1981) that PHEE had altogether purchased 42,203 Rft. (123 quintals approximately) of aluminium corrugated sheets during the period from January 1980 to March 1981 by placing supply orders ranging between 1,500 Rft. and 2,000 Rft on individual local suppliers and made payments at the accepted rate of Rs. 9.95 per Rft. (this works out at Rs.3,412.85 per quintal). Of the 42,203 Rft. purchased, 20,736 Rft. were lying in stock at the end of July 1981. According to the schedule of rates of the PWD (R&B) Department, Meghalaya, the issue rate of corrugated aluminium sheets for all sizes was Rs. 1,650 per quintal during 1980-81. Compared to this rate of the P.W.D., the rate of Rs. 9.95 per Rft. (Rs. 3,412.85 per quintal) was unreasonably higher and resulted in avoidable extra expenditure of Rs. 2.17 lakhs.

Besides, there was no record in the Division to indicate as to why it went in for purchase of the costlier aluminium corrugated sheets for use in construction of its departmental buildings instead of the comparatively cheaper corrugated galvanised iron (C. G. I.) sheets. The issue rate of C. G. I. sheets according to the PWD (R&B) Schedule of rates of Meghalaya was Rs. 780 per quintal during 1980-81. The Division did not obtain the approval of higher authorities for purchase of corrugated aluminium sheets for roofing of departmental buildings, instead of C. G. I. sheets, normally used. Compared to the cost of C.G.I. sheets, the extra expenditure incurred on purchase of corrugated aluminium sheets amounted to Rs. 3.24 lakhs.

The matter was reported to the Government in April 1982; reply is awaited (July 1983).

5.6 Avoidable extra expenditure on purchase of asbestos corrugated sheets at high rates

The issue rate of asbestos corrugated sheets (6 mm thick) according to the Schedule of Rates (Building) of the PWD (R&B), Meghalaya as approved by the Chief Engineer of the Department was Rs. 20 per square metre during 1980-81.

During audit (November 1981) of the accounts of Public Health Executive Engineer; Hills Division, Shillong it was noticed that the Executive Engineer had placed six supply orders between July 1980 to January 1981 on local firms for supply of 6 mm thick asbestos corrugated sheets at the rate of Rs. 55 per square metre. The firms had supplied in all 1,697.85 square metre of asbestos corrugated sheets between September 1980 to January 1981 for which Rs. 0.97 lakh (including local taxes and carriage) were paid to them.

The Division did not invite any quotation to ascertain the competitive rate of the material and the basis on which the rate of Rs. 55 per square metre was allowed to the firms was not on record. It was also seen in audit that the supply orders for purchase of asbestos corrugated sheets were placed without assessing the requirement and that there was no sanctioned estimate of works in the Division where these asbestos corrugated sheets could be used with the result that the entire quantity purchased was lying in stock (November 1981). The reasons for purchase without any requirement has not been intimated (July 1983).

The purchase of asbestos corrugated sheets at higher rates not only resulted in avoidable extra expenditure of Rs. 0.59 lakh but also in blocking of funds of Rs. 0.97 lakh.

The matter was reported to the Government in April 1982; reply is awaited (July 1983).

5.7 Purchase of goat proof fencing rolls at higher than the accepted rate

During October 1980, the Public Health Executive Engineer, Hills Division, Shillong had purchased 40 rolls of goat proof fencing material (height—1.05 metre, spacing of horizontal wire 4" x 6", intermediate and vertical wire 12 (S. W. G.)) from a Gauhati firm at the lowest accepted rate of Rs. 740 per roll of 100 metre length. It was

noticed in audit (November 1981) that during the period from March 1981 to September 1981, the Public Health Executive Engineer had placed 14 supply orders on different local firms for supply of goat proof fencing material of the same specification at the rate of Rs.680 per roll of 50 metre length and Rs.1,368 per roll of 100 metre length. In all, 175 rolls of 50 metre length and 68 rolls of 100 metre length were purchased at a total cost of Rs. 2.07 lakhs.

On enquiry in audit (November 1981) the Public Health Executive Engineer had stated that the Greater Shillong Water Supply division of the Public Health Engineer Department stationed at Shillong had been purchasing goat proof fencing materials at the higher rates mentioned above and based on the purchase rates of that Division, supply orders were placed at the higher rates. The Division could not furnish reasons for rejection of the lower competitive rate or for non-ascertaining the reasonable market rates during March 1981 by call of competitive quotations. Purchases at higher rates resulted in an avoidable extra expenditure of Rs.0.95 lakh.

Besides, it was noticed during audit that the Division had 157 rolls of 50 metre length goat proof fencing in stock in March 1981 but even then the purchases were made at higher rates without assessing requirements. The entire quantity of the fencing rolls purchased during March 1981 to September 1981 was thus lying idle in stock (November 1981) resulting in blocking of funds.

The matter was reported to the Government in April 1982 ; reply is awaited (July 1983).

5.8 Purchase of cast iron surface boxes at higher rate

The Public Health Executive Engineer, Hills Division, Shillong invited quotations (October 1980) for supply of cast iron surface boxes. The lowest rate of Rs. 910 per box exclusive of local taxes but inclusive of carriage upto the Public Health Storeyard at Shillong quoted by a local firm was accepted (27th October 1980). The orders for supply of 150 nos. of boxes were placed (March 1981) by the Superintending Engineer of the Circle on the lowest tenderer for supply of 75 nos. and on another local firm for supply of 75 nos. at the lowest accepted rate. 40 nos. cast iron boxes were also procured at the accepted rate of Rs. 910 in August-September 1981.

It was, however, noticed in audit (November 1981) that in October 1980 a local firm in a letter to the Public Health Executive Engineer had intimated to supply cast iron boxes of the same size and specifications at the rate of Rs.1,035 each exclusive of local taxes and carriage. The Public Health Executive Engineer had placed 10 supply orders on different local firms (no supply order was placed with the firm which had intimated the rate of Rs.1,035 each) between December 1980 to March 1981 for supply of 152 nos. cast iron boxes (cost : Rs.1.74 lakhs) at the rate of Rs. 1,035 each (excluding taxes and carriage) .

The Division has not intimated the reason for purchase of C. I. boxes at the higher rate of Rs. 1,035 each instead of the competitive rate of Rs. 910 each resulting in an extra avoidable expenditure of Rs. 0.26 lakh.

Further, all the C. I. boxes (342 nos.) purchased during the period from December 1980 to August 1981 were lying idle in stock (November 1981). Reasons for purchase without assessing requirement were not on record.

The matter was reported to the Government in April 1982 ; reply was awaited (July 1983).

Public Works (Roads and Buildings) Department

5.9 Unnecessary purchase of spare parts of Jessop Road Rollers

It was noticed during audit (October 1979) of the accounts of the Executive Engineer, Mechanical Division, Shillong that 34 items of spare parts of Jessop Road Rollers purchased during March 1974 at a cost of Rs.0.69 lakh under orders placed by the Chief Engineer on a Calcutta firm at D. G. S. & D. rate contract were lying unused in stock. The supply order for the spare parts was placed without ascertaining requirements therefor. As there was no possibility of utilisation of these spare parts, the Executive Engineer sought orders of the Chief Engineer in August 1979 for their disposal. In April 1982, the Superintending Engineer of the circle reported to audit that no action could be taken for disposal of the spare parts as instructions of the higher authorities were awaited. This has resulted in idle stock and possible loss of Rs.0.69 lakh.

The matter was reported to the Chief Engineer in November 1981 ; reply was awaited (July 1983).

CHAPTER VI

REVENUE RECEIPTS

*General***6.1 Tax revenue raised by the State**

Revenue raised by the State constituted 15 per cent of the gross revenues for the year 1981-82; the balance 85 per cent being made up of State's share of Union Taxes and Statutory and other grants from the Government of India. Of the revenue raised by the State tax revenue constituted 48 per cent.

Details of tax revenue for the year 1981-82 along with those for the preceding two years are given below:—

Serial No.	Head of revenue	1979-80	1980-81	1981-82	(+) Increase (-) Decrease in 1981-82 with reference to 1980-81
(1)	(2)	(3)	(4)	(5)	(6)
			(in lakhs of rupees)		
1.	Other Taxes on Income and Expenditure	7.94	12.31	15.72	(+) 3.41
2.	Land Revenue	10.58	13.34	6.19	(-) 7.15
3.	Stamps and Registration Fees	13.97	15.38	20.89	(+) 4.51
4.	State Excise	96.77	1,27.24	1,55.77	(+) 31.53
5.	Sales Tax	1,96.95	2,30.93	2,71.11	(+) 40.18
6.	Taxes on Vehicles	34.66	38.27	47.71	(+) 9.44
7.	Taxes on Goods and Passengers	18.48	19.00	27.93	(+) 8.93
8.	Taxes and Duties on Electricity	6.17	4.86	10.82	(+) 5.96
9.	Other Taxes and Duties on Commodities and Services	18.62	25.27	25.44	(+) 0.17
	Total	<u>4,04.14</u>	<u>4,87.60</u>	<u>584.58</u>	<u>(+) 96.98</u>

6.2 Non-Tax Revenue of the State

Receipts from non-tax revenue constituted 52 per cent of the revenue raised by the State during 1981-82. Details of non-tax revenue under the principal heads for the year 1981-82 along with those of preceding two years are given below:—

Serial No.	Head of revenue	1979-80	1980-81	1981-82	(+) Increase (-) Decrease in 1981-82 with reference to 1980-81
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1.	Interest	80.86	69.62	33.64	(-) 26.98
2.	Police	5.43	9.38	25.84	(+) 16.46
3.	Public Works	23.29	22.58	33.65	(+) 10.67
4.	Agriculture	14.69	23.10	20.88	(-) 2.22
5.	Animal Husbandry	21.61	31.49	24.41	(-) 7.08
6.	Forest	1,21.86	1,02.43	3,80.41	(+) 2,77.98
7.	Miscellaneous General Services	0.02	18,29.87	0.01	(-) 18,29.86
8.	Others	97.11	1,13.20	1,14.75	(+) 1.55
	Total	<u>3,64.87</u>	<u>21,93.07</u>	<u>6,33.59</u>	<u>(-) 15,59.48</u>

A—Excise Department

6.3 State Excise Duties

6.3.1 Excise Revenue

Meghalaya, comprising the Khasi Hills, the Jaintia Hills and the Garo Hills became a full-fledged State from 21st January 1972. The share of excise revenue in the total tax

revenues of the State (including State's share of Union Taxes) has been as under:—

Year	Total Tax Revenue of the State (including State's share of Union Taxes)	Excise Revenue	Percentage of Excise Revenue to the total tax Revenue of the State (including State's share of Union Taxes)
	(in lakhs of rupees)		
1974-75	289.09	28.33	10
1975-76	351.74	29.68	8
1976-77	367.00	37.74	10
1977-78	405.92	52.59	13
1978-79	467.93	84.01	18
1979-80	558.09	96.77	17

The bulk of the excise revenue comes from India made foreign liquor for which there are two bonded warehouses in Shillong in the East Khasi Hills.

6.3.2 Organisation

Meghalaya follows the Assam Excise Act, 1910 and the Assam Excise Rule, 1945, as adapted by the Government of Meghalaya. The Excise Department is under the overall charge of the Commissioner of Excise who is assisted by a Deputy Commissioner of Excise. There is one Superintendent of Excise in each of the Hills. Besides, there is one Deputy Superintendent of Excise in each of the Excise Branch of the Deputy Commissioners (Revenue wing), *i.e.* Deputy Commissioner, East Garo Hills and Deputy Commissioner, West Khasi Hills. From 1978 there is also an Enforcement Branch for checking illicit distillation under a Superintendent of Excise.

The year-wise expenditure on the departments has been as under :

Year	Expenditure on Direction and Administration under "239—Excise"
1974-75	Rs. 3,47,708
1975-76	Rs. 5,11,906
1976-77	Rs. 6,00,676
1977-78	Rs. 8,85,537
1978-79	Rs. 10,66,686
1979-80	Rs. 12,68,247

6.3.3 A test check of the records of the Excise Department conducted in January 1982 brought out the following points :

6.3.4 Loss of licence fees in the former Khasi States

No licence fee for outstills for distillation of country spirit located in the *Elakas* (areas) of the *Syiems*, *Lyngdohs* and *Sirdars* of the former Khasi States was previously realised by Government. There was no excise administration in those *Elakas* as the Assam Excise Act was not in force there. In July 1975, the Government of Meghalaya, by a notification, authorised 25 *Syiems*, *Lyngdohs* and *Sirdars* to issue licences for manufacture and sale of country spirit within their respective *Elakas*. The Government prescribed the form of licence and the conditions of issue of licence. One of the conditions was that a licence fee Rs.400 per annum should be deposited with the Deputy Commissioner before issue of licence. All existing outstill licence holders were also required to deposit a sum of Rs.400 per outstill per annum as licence fee. The Government further decided that 50% of the licence fees collected from outstills located within the jurisdiction of the *Syiems/Lyngdohs*, etc., except from areas located within 8 km. from Shillong, would be paid to the respective *Syiems/Lyngdohs*, *Sirdars* for services rendered in respect of power entrusted under the Excise Act.

As per the register of outstills maintained in the office of the Commissioner of Excise there are 452 outstills under the *Syiems/Lyngdohs*, etc. Government's share of licence fees at the

rate of Rs.200 per outstill (50% of Rs.400) on the basis of this number of outstills for the years 1976-77 to 1980-81 would come to Rs.4,52,000 ($452 \times 200 \times 5$). As against this, it was noticed that an amount of Rs.1,85,250 only had been collected from the *Syiems*, *Lyngdohs* and *Sirdars*. There were no records available to show the details of outstanding amounts. The Commissioner of Excise had intimated to Government in July 1981 that most of the *Syiems/Lyngdohs* had failed to comply with the Government orders and licences for outstills were being issued by them without payment of licence fees.

6.3.5 Non-realisation of Excise Duty on Country spirit distilled in outstills (Rs. 37,30,900).

(i) The Government of Meghalaya, by a notification dated 10th February 1978, levied excise duty of 50 paise per bottle of 750 ml. of country spirit in East Khasi Hills with effect from 1st April 1978. This rate was revised to Rs.1.20 per bottle with effect from 1st December 1978. No outstill was exempted from the payment of excise duty. From a statement furnished by the Superintendent of Excise, East Khasi Hills to the Commissioner of Excise, it was seen that there are 377 outstills in East Khasi Hills in the jurisdiction of the *Syiems/Lyngdohs*. No excise duty was realised on country spirit manufactured and sold by these outstills. As a result, Government suffered a loss of Rs.34,51,510 from 1st April 1978 to 31st March 1981, taking the minimum production of 8 bottles per day per outstill.

Besides, the outstills for which licences are issued by the *Syiems*, *Lyngdohs* etc., there are 27 outstills in East Khasi Hills, licences in respect of which are issued by the Excise Department (as seen from the Register of outstills maintained in the office of the Superintendent of Excise, East Khasi Hills, Shillong). No excise duty on the country spirit manufactured and sold by these 27 outstills was also realised. Loss of revenue on that account for the period from 1st April 1978 to 31st March 1981 comes to Rs. 2,47,190.

The total loss of revenue thus worked out to Rs. 36,98,700.

(ii) The Government of Meghalaya, by a notification dated 10th February 1978, levied excise duty on country spirit in areas outside Jowai Town (in Jaintia Hills) at 10 paise per bottle of 750 ml. with effect from 1st April 1978. It was, however, noticed that no excise duty was being realised on the country spirit manufactured and sold by outstills other than those under centralised outstills. As per outstill register maintained by the Superintendent, Jowai there were 132 outstills in Jaintia Hills in the years 1978-79 to 1980-81, out of which 89, 86 and 85 outstills were not centralised outstills during the said three years respectively. It was stated by the department that no records of production or stock were maintained and no sales return were submitted by the outstill licence holders. According to the terms of the licence, a licence holder shall not distil more than 12 bottles of 750 ml. in a day and he shall sell at least 100 bottles (750 ml. each) of spirit in a month. On the basis of production and sale of 100 bottles of spirit in a month total loss of revenue sustained by Government in 1978-79, 1979-80 and 1980-81 owing to non-realisation of excise duty amounted to Rs. 31,200.

**6.3.6. Settlement of country spirit shops without inviting tenders—
Loss of Rs. 2,64,104**

(i) The country spirit shops at Police Bazar, Mawkhar and Laban were settled by open tenders for the years 1979-80 and 1980-81 with a lessee at his offered bid of annual vend fee of Rs. 11,00,412.

On 14th January 1981 the Deputy Commissioner, East Khasi Hills sent proposals for settlement of those three shops for the period from 1st April 1981 to 31st March 1984. As per these proposals the margin of profit to be allowed to the lessee was Rs. 2.70 per bottle of 750 ml. capacity as detailed below—

	Rs.
Cost price per bottle	4.52
Sales tax	0.68
Excise duty	1.20
Margin of profit	2.70
Retail sale price of each bottle	<u>Rs. 9.10</u>

The Government, however, settled those shops with the existing lessee for one year from 1st April 1981 to 31st March 1982 at an annual vend fee of Rs. 8,75,000 without inviting tenders, on the consideration that sale of liquor from those shops had decreased considerably and the lessee had suffered loss in the 1979-81 settlement.

On a scrutiny of the records in the office of the Commissioner of Excise, it was seen that this assessment of the lessee having suffered losses was based only on the sales of 1979-80 and not on the sales of 1979-80 and 1980-81. Actually on the total sales of the two years the lessee had earned a profit of Rs. 2,96,817.

The settlement for the year 1981-82 was made on 30th March 1981 when the figures of sales upto February 1981 were available with the department. The sales had considerably increased in 1980-81 resulting in overall profits for the lessee. In view of this, the settlement of these shops for 1981-82 at an annual vend fee of Rs. 8,75,000 only without inviting tenders was not justified. At that level of vend fee the lessee will earn a profit of Rs. 7,53,328 in 1981-82 if the sales are of the same order as in 1980-81. Even if the sales are lower at the level of 1979-80, the lessee will earn a profit of Rs. 4,46,611. Even the annual vend fee of Rs. 11,00,412 (*i. e.* the amount at which it was settled for 1980-81) would have fetched an additional revenue of Rs. 2,25,412 (11,00,412—8,75,000).

(ii) The Jowai country spirit shop was settled for the period 1st December 1978 to 31st March 1981 with a lessee at his highest bid of Rs. 3,38,692 per annum.

In October 1980, the Deputy Commissioner (Excise) Jowai sent proposals to the Commissioner of Excise, Meghalaya for settlement of the shop for the period 1st April 1981 to 31st March 1984. The Government of Meghalaya, however, resettled the shop with the sitting vendor without inviting any tenders for a period of one year from 1st April 1981 at an annual vend fee of Rs. 3,00,000.

From the consumption register of country spirit in country spirit shops maintained by the Superintendent of Excise, Jowai, it was seen that following quantity of country spirit

was sold in the Jowai country spirit shop in the years 1978-79 to 1980-81.

1978-79	1,49,707 bottles
1979-80	1,72,057 bottle
1980-81	1,78,218 bottles

It was also seen that the margin of profit at the following rates was allowed to lessee.

Upto 2nd September 1980	Rs. 1.94 per bottle
3rd September 1980 to 29th March 1981	Rs. 2.32 per bottle
30th March 1981 onwards	Rs. 2.50 per bottle

Since the sale of country spirit in the Jowai shop was on the increase and the margin of profit per bottle was also increased, the settlement of the shop at a lower vend fee without inviting any tender was not justified. This involved a revenue loss of Rs.38,692 in 1981-82 compared to the annual vend fee of the previous settlement.

6.3.7. Loss of revenue due to non-settlement of outstill shops

Under Rule 210 of the Meghalaya Excise Rules (Assam Excise Rule, 1945, as adapted by Meghalaya), as amended with effect from 19th January 1974, no outstill shops under outstill system of supply shall ordinarily be settled below a minimum monthly vend/licence fee of Rs.300 for sale of country liquor (in addition to the prescribed licence fee for manufacture of liquor).

It was seen in audit (November 1979) of the accounts of the Superintendent of Excise, Shillong that 33 and 31 numbers of outstills within the district of Khasi Hills were authorised to sell liquor to individual consumers of the locality during 1977-78 and 1978-79 respectively; but no monthly minimum vend/licence fees for selling liquor were realised from the licences. This had resulted in a loss of revenue of Rs.2,30,400.

6.3.8. Leakage of country spirit in transit loss of Rs.50,719

A sub-depot of country spirit was opened in Tura with effect from 1st June 1977 for issuing country spirit to lessees of country spirit shops in the West Garo Hills district. The sub-depot is fed by the Central warehouse of country spirit at Mendipathar (Garo Hills) wherefrom country spirit is transported departmentally in loosely packed metal drum and cans. In the sub-depot there is no system of bottling country spirit and the spirit is issued to the lessees of shops in terms of litres. But excise duty, vend fee, etc. are realised in terms of bottles of 750 ml. converting litres into bottles at 3 litres equal to 4 bottles.

According to Rule 141 of the Meghalaya Excise Rules, transit loss upto a maximum of $\frac{1}{2}$ per cent is admissible for a journey of not more than 2 days' duration, when spirit is carried in metal vessels. It was stated by the Superintendent of Excise, Tura that the journey from Mendipathar to Tura is of 3 to 4 hours' duration and country spirit is carried in metal vessels. As such maximum permissible transit loss is $\frac{1}{2}$ per cent only. It was, however, seen from transport passes and stock register that the following quantities of country spirit were lost in transit.

Period	Quantity despatched by central warehouse at Mendipathar (in bottles)	Quantity lost in transit (in bottles)
1.6.1977 to 31-3-1978	73,830.5	7,635
28.11.1978 to 26-12-1978	7,463.0	410
4.4.1979 to 22-3-1980	65,834.0	8,653
1.4.1980 to 21-4-1980	8,479.0	1,315
6.1.1981 to 31-3-1981	18,905.0	284
	<hr/> 1,74,511.5	<hr/> 18,297

Maximum transit loss permissible at the rate of $\frac{1}{2}$ per cent was 872.5 bottles against which there was transit loss of 18,297 bottles. There was thus an excess transit loss of 17,424.5 bottles (17,235 bottles upto April 1980 and 189.5 bottles from 6th January 1981 to 31st March 1981). This involved a loss of revenue of Rs.50,719 by way of loss of cost price, sales tax, excise duty and minimum vend fee.

6.3.9 Defective maintenance of stock register of country spirit in Tura sub-depot

In the course of scrutiny of the stock register of country spirit maintained in Tura sub-depot, the following defects were noticed :—

- (a) Totals of daily issues, or monthly issues were not worked out.
- (b) Balance of country spirit at the end of a day or at the end of a month, or at the end of any date was never worked out.
- (c) Stock was never physically verified.
- (d) Wastage of country spirit in transit from central warehouse at Mendipathar was not always accounted for in the stock register.
- (e) No entry was made in the receipt side of the stock register from 17th June 1980 to 7th January 1981 although as per transport pass (despatch document) issued by the officer-in-charge of the central warehouse at Mendipathar 29,474 bottles were despatched to Tura sub-depot during this period.
- (f) During 28th May, 1980 to 6th January, 1981 no entry was made on the "Issue" side of the stock register although spirits were issued, as seen from the permit books.
- (g) On 2nd June 1980, when there was transfer of charge of the Superintendent of Excise, Tura, 1400 bottles of country spirit were shown as closing balance. The closing balance was worked out without making totals of receipt and issues and without working out daily or monthly closing balances. Thereafter 2266 bottles and 2293 bottles were shown as receipt from the central warehouse on 6th June 1980 and 16th June 1980 respectively. Again the opening balance on 7th January 1981, was shown as nil.

Thus, it would appear that the very purpose of maintaining the stock register was frustrated and the stock register did not give correct picture of receipts, issues and balances of country spirit.

6.3.10 Non-reconciliation of receipts in Excise department with treasury records

The Excise department does not realise Government revenue in cash. The parties concerned deposit their dues into the Government treasury and produce receipted copies of chalang to the Superintendent of Excise/Deputy Superintendent of Excise. A Chalan register showing the number and date of chalan, name of the party depositing the amount, the amount deposited, etc., is maintained by the Superintendent/Deputy Superintendent of Excise. In this system it is necessary that amounts realised as per chalan register be reconciled with the amounts collected as per treasury records to prevent frauds and mal-practices. It was, however, noticed that no such reconciliation with treasury records was done by the department.

6.3.11 The above facts were reported to Government in August 1982 ; their reply is awaited (July 1983).

B—Transport Department

6.4 Non-realisation of taxes in respect of standing passengers

Under the Assam Motor Vehicles Taxation Act, 1936 and the Assam Motor Vehicle Rules made thereunder, as adapted in Meghalaya, motor vehicles tax is required to be realised on the basis of number of passengers authorised to be carried.

Mention was made in paragraph 6.8 of the Report of the Comptroller and Auditor General of India for the year 1977-78 about non-realisation of tax in respect of standing passengers authorised to be carried in city buses in Shillong.

Although the decision to allow such standing passengers was taken by the Regional Transport Authority, in their meeting on the 15th September 1976, a formal notification amending the Rules for that purpose was issued only in August 1981.

It was noticed in the course of audit (May 1982) of the office of the District Transport Officer, Shillong that the standing passengers thus allowed were not taken into account for

determining the authorised load of passengers for the purpose of taxation in respect of, on an average, 70 city buses plying daily in Shillong even after the issue of the formal notification. The department suffered a loss of revenue of Rs. 1.60 lakhs in these cases during July 1977 to July 1981 and a further loss of Rs. 0.26 lakh thereafter upto March 1982.

The matter was reported to Government in September 1982 ; their reply is awaited (July 1983).

6.5 Loss of revenue due to wrong classification of motor cabs

Under the Assam Motor Vehicles Taxation Act, 1936 as adapted in Meghalaya, tax leviable on a tourist taxi is Rs.1,190 per annum and that on a taxi cab is Rs. 350 per annum. There is no definition of a tourist taxi in the Act or the rules framed thereunder. In the analogous situation in Assam, motor cabs authorised by the State Transport Authority to ply in one region only are classified as 'taxi cab' and those authorised to ply in more than one region are classified as 'tourist taxi' and taxed as such.

It was seen in audit (April 1980) of the accounts of the District Transport Officer, Jowai that in 49 cases road permits to local taxis were extended to more than one region during August 1978 to December 1979 but tax was realised at the rate of Rs. 350 per annum as for taxi cabs only. This resulted in under-assessment and loss of revenue of Rs. 26,390 during the said period.

The matter was reported to Government in May 1981 ; their reply is awaited (July 1983).

6.6 Non-registration of taxable vehicles

Transport vehicles registered under the Meghalaya Motor Vehicles Taxation Act (The Assam Motor Vehicles Taxation Act, 1936, as adapted by Meghalaya) are also required to be registered under the Meghalaya Passengers and Goods Taxation Act (The Assam Passengers and Goods Taxation Act, 1962, as adapted by Meghalaya) for the levy of tax on fares in respect of all passengers and goods carried in them.

During the course of audit (June-July 1982) of the records of the Superintendent of Taxes, Tura, it was seen on a cross check with the records of the District Transport Officer, Tura, that out of 29 vehicles registered and assessed under the

Meghalaya Motor Vehicles Taxation Act, 8 vehicles were not registered under the Meghalaya Passengers and Goods Taxation Act. As a result tax amounting to Rs. 15,410 leviable under the latter Act from the date of issue of permits to March 1982 had not been levied.

The matter was reported to Government in October 1982 ; their reply is awaited (July 1983).

C—Taxation Department

6.7 Short levy of interest

Under the Assam Finance (Sale Tax) Act, 1956 as adapted by Meghalaya, every registered dealer is required to submit a half yearly return for the half years ending 31st March and 30th September by 30th April and 30th October, respectively. The returns have to be accompanied by treasury receipts in support of payment of taxes as per returns. If a dealer does not submit the return and/or does not pay the tax due within the prescribed date he becomes liable to pay simple interest at a graded scale varying from 6 to 24 per cent per annum.

It was seen during the audit of the records of the Superintendent of Taxes, Shillong (May 1981) that in the cases of a dealer there were persistent delays in the payment of taxes due during the period of July 1976 to June 1980. The dealer was liable to pay a total interest of Rs.33,140 for these delays. The interest actually levied by the department was, however, Rs.22,125 only. There was thus a short levy of interest of Rs.11,015.

The matter was reported to Government in February 1982 ; their reply is awaited (July 1983).

6.8 Non-levy of penalty and interest

Under the provisions of the Assam Sales Tax Act, 1947 and the Assam Finance (Sales Tax) Act, 1956, as adapted by Meghalaya, if a dealer fails to furnish the prescribed returns without reasonable cause, the assessing authority may with previous sanction of the Commissioner of Taxes, levy penalty in addition to the tax payable by the dealer, at an amount not exceeding one and half times the amount of tax.

Further, under the Assam Sales Tax Act, 1947 and Assam Finance (Sale Tax) Act, 1956, as adapted by Meghalaya, if a registered dealer does not pay within the due date the full amount of tax due from him under the Act, the dealer becomes liable to pay simple interest at graded rates from 6 to 24 per cent per annum.

It was seen in audit (June 1980) of the Superintendent of Taxes, Tura that a dealer failed to submit returns for periods ending 30th March 1972 to 31st March 1979 and was assessed *ex-parte* for all these periods. The dealer also failed to deposit the assessed tax of Rs.5,08,651 pertaining to those period. The assessing authority did not consider the question of levying penalty nor did it make any reference to the Commissioner for the sanction required under the Act. The maximum penalty involved was Rs.7.63 lakhs calculated at one and a half times the assessed tax. No interest was also levied in this case, resulting in loss of revenue of Rs.1.22 lakhs on account of interest payable for the period upto 30th June 1980.

The department has not taken any action to recover the amount of tax by certificate proceedings or otherwise.

The case was reported to Government in May 1981 ; their reply is awaited (July 1983).

D—Forest Department

6.9 Non-revision of rates of royalty

During audit of the Khasi Hills Forest Division (April 1980), it was noticed that a lease was granted by Government to a lessee for extraction of timber from plywood coupes at Nongkhylllem Reserve Forest for a period of 15 years from April 1974.

In terms of the lease, the Government reserved the right to revise the rates of royalty from April 1979 for a period of

five years and to realise royalty at the revised rates from the date of such revision. Government, however, revised the rates of royalty from April 1980 only.

During April 1979 to March 1980, the lessee had extracted 339 cubic metres of timber and paid royalty of Rs. 11,144 at the pre-revised rates. Had the upward revision been given effect to from April 1979 in terms of the lease an additional revenue of Rs. 15,515 would have accrued to Government.

On this being pointed out in audit, the Deputy Conservator of Forests stated (November 1981) that the amount had since been recovered.

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 Grants

During 1981-82, Rs.8,21.35 lakhs (about 11 per cent of revenue expenditure during the year) were paid as grants to private institutions, local bodies, etc., as against Rs.7,50.35 lakhs in 1980-81 as shown below:—

	1980-81	1981-82
	(in lakhs of rupees)	
Educational institutions	6,11.49	6,77.28
Co-operative Societies	53.14	69.42
District Councils	35.27	30.37
Municipalities	6.44	5.89
Other institutions	44.01	38.39
Total	7,50.35	8,21.35

7.2 Utilisation certificates

Grants/loans for various purposes are sanctioned to District Councils, Municipalities and other non-Government bodies/institutions by administrative departments, Heads of Departments and authorities subordinate to them, according to the powers delegated to each of them. The authority signing or countersigning the bill for drawal of the grant/loan and its disbursement is required to watch the fulfilment of the conditions subject to which it was sanctioned and also its utilisation for the purpose for which it was sanctioned. According to the rules, in all cases in which conditions are attached to the grants, a certificate of utilisation of grants should be obtained from the grantees and after verification and acceptance the same should be furnished to the Accountant General by the Departmental Officers within a reasonable time.

Against grants for Rs.51,08.67 lakhs paid to various bodies/authorities between 1970-71 and 1981-82, utilisation certificates for Rs.5,73.20 lakhs (disbursed on 980 occasions) had not been

received upto the end of September 1982. The year-wise break-up of the outstanding utilisation certificates is given in Appendix 7.1. Out of the above, certificates for Rs. 4,15.71 lakhs (disbursed on 712 occasions) were pending for more than three years.

The Public Accounts Committee (December 1982) in paragraph 21 of their Twelveth Report had recommended that stringent measures should be taken by the Government against the Drawing and Disbursing Officers to ensure that the Utilisation Certificates are submitted expeditiously.

Co-operation Department

7.3 Financial assistance to co-operative societies including investments

1. Financial assistance

The Government have been rendering financial assistance to co-operative societies in the shape of share capital, loans, grants and subsidies. Government investment in share capital at the close of each of the three years ending 31st March 1981 were as under:—

Year ending 31st March	Number of institutions	Total investment
		(in lakhs of rupees)
1979	8,42	1,97.96
1980	9,17	2,14.57
1981	9,87	2,72.97

Dividend of Rs. 30,124 was received from the institutions till 1981-82.

2. (a) The overdue amounts of loan/interest/and unutilised grants and subsidies (received from Government) with various co-operative societies at the close of each of the three financial years ending 1980-81 were as follows:

years ending 31st March	Number of institutions	Overdue amounts (in lakhs of rupees)	
		Principal	Interest
1979	83	6.17	4.22
1980	45	5.23	5.32
1981	159	6.75	6.34

(b) The amounts of loans/grants/subsidies paid to the co-operative societies during three years ending 31st March 1981 were as follows:—

Year ending 31st March	Opening balance	Loans		Closing balance	Grants/ subsidies paid during the year
		Disbursed during the year	Repaid during the year		
		(in lakhs of rupees)			
1979	18.04	29.99	0.60	47.43	58.60
1980	47.43	12.65	2.88	57.20	74.00
1981	57.20	8.08	1.21	64.07	65.65

The complete records indicating the position of overdue instalments of loans and interest were not available with the Registrar of Co-operative Societies (July 1983).

3. Non-accountal/alleged mis-appropriation of cash

According to the department, in 41 societies (out of 1,207 societies which had received Government assistance), fund amounting to Rs. 7.89 lakhs were allegedly mis-appropriated between 1976 and 1981. Out of 41 cases, 13 cases have been disposed of and 28 case are pending in the court (July 1983).

4. Delay in completion of audit

The position of audit by the Registrar of Co-operative Societies as on 31st March 1981 in respect of societies that had been extended financial assistance by the Government is indicated below:—

Nature of societies	Total number of societies as on 31st March 1981	Number of societies audited	Number of societies where audit was in arrears	Extent of arrears	
				Upto 3 years	Where more than 3 years
Functioning	529	477	52	24	28
Non-functioning	394	53	341	62	279
Under liquidation	284	8	276	86	190
Total	1 207	538	669	172	497

CHAPTER VIII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION I

This chapter deals with the results of audit of :

- Statutory corporation,
- Government Companies, and
- Departmentally-managed Government Commercial and *quasi*—commercial undertakings

SECTION II

8.1 Government Companies

8.1.1 Introduction

There were eight Government Companies (including three subsidiaries) in the State as on 31st March 1982 as against seven (including three subsidiaries) as at the close of the previous year. One Company *viz.* Meghalaya Mineral Development Corporation Limited was incorporated as a Government Company on 31st March 1981 with an authorised capital of Rs. 50 lakhs.

8.1.2 Compilation of accounts

Only one Company *viz.*, Meghalaya Watches (P) Limited finalised its accounts for the latest year (ending 31st December 1980) and two Companies *viz.* Mawmluh Cherra Cements Limited and Meghalaya Industrial Development Corporation Limited for the earlier years. A synoptic statement giving the summarised financial results of 3 Companies based on the latest available accounts is given in

Appendix 8.1. The accounts of the following Companies were in arrears for the period noted against each :

Name of Company	Extent of arrears
1. Mawmluh Cherra Cements Limited	1978-79 to 1981-82
2. Forest Development Corporation of Meghalaya Limited	1979-80 to 1981-82
3. Meghalaya Industrial Development Corporation Limited	1980-81 to 1981-82
4. Meghalaya Handicrafts Development Corporation Limited (subsidiary of 3)	1979-80 to 1981-82
5. Meghalaya Bamboo Chips (P) Limited (subsidiary of 3)	1979-80 to 1981-82
6. Meghalaya Watches (P) Limited (subsidiary of 3)	1981
7. Meghalaya Government Construction Corporation Limited	1979-80 to 1981-82
8. Meghalaya Mineral Development Corporation Limited	31st March 1981 to 31st March 1982

The position of arrears in the finalisation of accounts was last brought to the notice of the Government in October 1982.

SECTION III

8.2 Statutory Corporations

8.2.1 Introduction

There were three Statutory Corporations in the State as on 31st March 1982 *viz.*, Meghalaya State Electricity Board, Meghalaya Transport Corporation and Meghalaya Warehousing Corporation.

The accounts of all the statutory Corporations were in arrears (June 1983) as detailed below:

Name of Statutory Corporation	Extent of arrears
Meghalaya State Electricity Board	1979-80 to 1981-82
Meghalaya Transport Corporation	1977-78 to 1981-82
Meghalaya Warehousing Corporation	1981-82

The position of arrears in the finalisation of accounts was last brought to the notice of Government in October 1982.

3.2.2 Meghalaya State Electricity Board

The Meghalaya State Electricity Board was formed on 21st January 1975 under Section 5 (i) of the Electricity (Supply) Act, 1948.

The capital requirements of the Board are provided in the form of loan from the Government, the public, the banks and other financial institutions.

The aggregate of long-term loans (including loans from Government) obtained by the Board was Rs. 62,48.90 lakhs at the end of 31st March 1979 and represent an increase of Rs. 6,93.05 lakhs i.e., 12.47 per cent on the long-term loans of Rs. 55,55.85 lakhs as at the end of previous year. Details of loans obtained from different sources and outstanding at the close of the two years upto 31st March 1979 are as follows :

Sources	Amount outstanding as on	
	31st March 1978	31st March 1979
	(in lakhs of rupees)	
State Government	31,85.45	31,85.45
Loan from Life Insurance Corporation of India	5,26.26	6,71.47
Loan from Rural Electrification Corporation	4,41.37	6,86.71
Debentures/Bonds	14,02.77	17,05.27
Total	55,55.85	62,48.90

(a) **Guarantees**

Government had guaranteed the repayment of loans raised by the Board to the extent of Rs.23,76.74 lakhs and the payment of interest thereon.

(b) The financial position of the Board at the close of three years upto 31st March 1979 is given in the following table :

Liabilities	1976-77	1977-78	1978-79
	(in lakhs of rupees)		
(a) Loan from Government	29,05.45	31,85.45	31,85.45
(b) Other long term loans (including bonds)	18,92.70	23,70.40	30,63.45
(c) Reserves and surplus	77.23	1,05.89	1,24.57
(d) Current liabilities	8,88.33	9,96.41	10,74.59
Total	<u>57,63.71</u>	<u>66,58.15</u>	<u>74,48.06</u>
Assets	1976-77	1977-78	1978-79
	(in lakhs of rupees)		
(a) Gross fixed assets	31,93.26	38,03.22	58,29.89
(b) Less depreciation	7,12.69	8,25.90	9,07.25
(c) Net fixed assets	24,80.57	29,77.32	49,22.64
(d) Capital work in progress	21,98.50	21,53.51	63,9.26
(e) Current assets	10,84.64	15,27.32	18,86.16
Total	<u>57,63.71</u>	<u>66,58.15</u>	<u>74,48.06</u>
Capital employed	26,76.88	35,08.23	57,34.21
Capital invested	48,74.38	56,61.74	63,73.47

Note: (1) Capital employed represents net fixed assets (excluding capital work-in-progress) plus working capital.

(2) Capital invested represents paid-up-capital plus long term loans plus free reserves less intangible assets.

(c) Working results

The working results of the Board for the three years upto 1978-79 are summarised below :

	1976-77	1977-78	1978-79
	(in lakhs of rupees)		
(a) Revenue receipts	3,83.96	4,72.46	4,67.05
(b) Subsidy from State Government	...	...	...
Total	<u>3,83.96</u>	<u>4,72.46</u>	<u>4,67.05</u>
(c) Revenue expenditure	1,72.00	1,41.24	3,52.17
(d) Gross surplus :			
(i) for the year	2,11.96	2,31.22	1,14.88
(ii) adjustment relating to previous year	..	...	...
Total	<u>2,11.96</u>	<u>2,31.22</u>	<u>1,14.88</u>
(e) Appropriations :			
General Reserve etc.	...	...	...
Arrear depreciation	59.21	46.03	...
Interest on other loans and bonds	25.18	98.23	95.62
Difference between billing and payment by A.S.E.B. for power supply (Tariff not finalised)	1,27.57	86.96	19.26
Total	<u>2,11.96</u>	<u>2,31.22</u>	<u>1,14.88</u>
(f) Total return on capital employed	84.39	1,36.14	95.62
(g) Total return on capital invested	84.39	1,36.14	95.62
(h) Rate of return on			
(i) Capital employed	3.15	3.88	1.67
(ii) Capital invested	1.73	2.40	1.50

As on 31st March 1979, the Board had a cumulative contingent liability of Rs.1,820.47 as detailed below :

	Amount (in lakhs of rupees)
Interest on Government loans	17,90.62
Depreciation	29.85
Total	<u>18,20.47</u>

(d) Operational performance

The following table indicates the operational performance of the Board for the three years upto 31st March 1979 :

Particulars	1976-77	1977-78	1978-79
1. Installed capacity		(MW)	
(i) Thermal	2.500	2.500	2.500
(ii) Hydel	65.200	66.710	126.710
(iii) Others	1.580	1.900	1.954
Total	<u>69.280</u>	<u>71.110</u>	<u>131.164</u>
		(MW)	
2. Normal maximum demand	60	60	60
3. Power generated		(Mkwh)	
(i) Thermal	1.76	2.15	1.102
(ii) Hydel	171.70	219.57	213.354
(iii) Others	...	1.04	1.004
Total	<u>173.46</u>	<u>222.76</u>	<u>215.460</u>

Particulars	1976-77	1977-78	1978-79
Less: Auxiliary consumption	0.87	2.28	1.622
4. Net power generated	172.59	220.48	213.838
5. Power purchased	...	0.01	...
6. Total power available for sale	172.59	220.49	213.838
7. Power sold	158.05	202.21	192.401
8. Power supplied free	0.20	25	240
9. Transmission and distribution loss	14.34	18.03	21.197
		(Mkwh)	
		(percent)	
10. Load factor	33	42	41
11. Percentage of transmission and distribution loss to total power available for sale	8.31	8.18	9.93
		(numbers)	
12. Number of units generated per KW of installed capacity	2,503.75	3,132.61	1,642.67

(e) The following table gives other details about the working of the Board as at the end of the three years upto 31st March 1979:

Particulars	1976-77	1977-78	1978-79
		(numbers)	
1. Villages/towns electrified (in numbers)	341	399	477
2. Pump sets/wells energised (in numbers)	47	47	47
3. Number of sub-stations (not available)	(not available)	(not available)	441
4. Transmission/distribution lines		(Km)	
(i) High/medium voltage	1577.46	2072.46	2360.06
(ii) Low voltage	583.35	620.35	919.47

Particulars	1976-77	1977-78	1978-79
		(MW)	
5. Connected load	36.167	45.336	45.215
		(numbers)	
6. Number of consumers	6,554	22,990	24,873
7. Number of employees	3,001	3,499	3,977

8.2.8. The following table gives the details of power sold and revenue, expenses and profit/loss per KWH sold during the three years upto 31st March 1979:

Particulars	1976-77	1977-78	1978-79
1. Unit sold (Mkwh)			
(a) Agriculture	...	1.13	0.66
(b) Industrial	11.62	13.39	13.64
(c) Commercial	0.32	4.55	6.89
(d) Domestic	1.88	7.21	8.54
(e) Others	144.23	175.93	162.67
Total	<u>158.05</u>	<u>202.21</u>	<u>192.40</u>
2. Revenue Per Kwh (paise)	24.29	23.36	24.27
3. Expenditure (inclusive of total depreciation for the year but excluding interest on loan) per Kwh (paise)	10.88	11.93	18.30
4. Profit (+) /Loss (-) per Kwh (paise)	(+)13.41	(+)11.43	(+)5.97

8.3 Billing and collection of revenue

8.3.1 Consumption of power and realisation of revenue

The Board supplies energy to various categories of consumers. The table below indicates, category-wise, the number

of consumers, connected load, energy consumed and revenue earned during the 3 years up to 1981-82 :

Category	Number of consumers	Connected load (KW)	Number of consumers	Connected load (KW)	Number of consumers	Connected load (KW)
Domestic	23,662	20,857	25,987	23,171	30,438	26,857
Commercial	4,243	4,759	4,432	5,172	4,752	5,782
Industrial	243	14,155	260	13,977	291	15,429
Public lighting	40	101	41	102	45	107
Agriculture	15	140	16	148	16	158
Public Water Works	14	232	17	262	18	252
Extra State consumers	1	18,000	1	18,000	1	18,000
Bulk licences	23	8,020	24	8,290	27	8,660
Total—	23,241	66,264	30,778	69,122	35,588	75,245

8.3.2 Tariff

All consumers are billed, on the basis of actual consumption of energy as recorded in the meters, under the tariff schedule applicable to their respective category subject to monthly minimum charges. The tariff schedule of January 1975 was revised by the Board with effect from 1st August 1982 although the various elements of cost of energy had been showing a rising trend since 1977.

No manual detailing the procedure to be followed in regard to billing and collection has been prescribed by the Board (October 1982).

8.3.3 Revenue collection and arrears

The table below indicates the particulars of demand raised and collection of revenue during the year and balances outstanding at the close of the three years ending 1981-82 :

Year	Balance outstanding at the beginning of the year	Demand for the year	Amount collected during the year	Balance outstanding	Percentage of arrears to revenue realised
	(in lakhs of rupees)				
1979-80	410.90	657.05	682.47	385.48	58.67
1980-81	385.48	632.53	606.04	411.97	65.13
1981-82	411.97	749.04	675.35	485.66	64.84

Some important cases of arrears are given below :

(a) Assam State Electricity Board

The Board supplies energy to Assam State Electricity Board (ASEB) at rates fixed by a mutual agreement from time to time. The amount of outstanding on account of sale of energy to the ASEB for three years upto 31st March 1982 was as under :

Year	Amount outstanding (in lakhs of rupees)
1979-80	110.10
1980-81	146.94
1981-82	204.40

Besides, a sum of Rs. 0.71 lakh was outstanding as on 30th October 1981 in respect of energy supplied to the ASEB (Garampani) through Jowai Electrical Division. It would appear from the above that the outstanding against the ASEB was on the increase every year.

(b) Shillong Hydro-Electric Limited

Electricity bills totalling Rs.47.91 lakhs were outstanding against the Shillong Hydro Electric Ltd. up to 16th July 1977 *i. e.* the date of taking over of the Company by the Board. No decision was stated to have been taken as regards the adjustment/settlement of outstanding balance from the erstwhile Shillong Hydro Electric Co. Ltd.

(c) Mawmluh-Cherra Cements Ltd.

Energy bill totalling Rs. 40.97 lakhs were outstanding against Mawmluh-Cherra Cements Limited (a State Government Company) as on 31st March 1982. Prior to July 1979, the energy bills of the Board were adjusted against cement bills of the Company. With effect from July 1979, electricity bills are required to be paid in cash. The arrears have accumulated due to irregular part payment of electricity bills. A dispute relating to the non-adjustment of cement bills amounting to Rs. 11.19 lakhs in respect of cement supplied to various Divisional offices of the erstwhile ASEB was stated to be one of the reasons for accumulation of arrears.

(b) Komorrah Lime Stone Mining Company Limited

The outstanding against this Company was Rs.2.31 lakhs as on 31st March 1982. The construction of service line to the mines of the Company was done by the erstwhile ASEB in May 1973 at a cost of Rs.1.57 lakhs on a request made by the Government of Meghalaya. The Board made a reference to the Government in June 1981 enquiring as to who is to bear the cost of the service connection to the mines. The decision of the Government in the matter is still awaited (July 1983).

8.3.4 System of billing

Reading of meter is taken by the meter readers of the Board once in a month. A monthly bill for electrical energy supplied is prepared in accordance with the reading of meter for each month. The bills specify the date by which the payment should be made by the consumer in order to obtain the advantage of rebate. If the amount of the bill remains unpaid after the due date, a delayed payment charge at the rate of two per cent on unpaid amount excluding Government electricity duty for each 30 days or part thereof is levied. The Board has introduced the system of spot billing (except Garo Hills Division) and the meter readers submit the bills to the consumer simultaneously after reading is taken. The collection is made in some sub-division centrally and in some sub-division by deputing staff to the villages. In places where there is no banking arrangement, the amounts collected are sent to the Divisional headquarters monthly once/twice depending on the volume of collection for depositing to the bank.

8.3.5 Delay in issue of bills

(a) First bill

A connection given to new consumer is required to be entered in the service connection register and meter reading book detailing the full particulars of the consumer and the first bill is to be issued as soon as meter reading is taken. Test check carried out (July-October 1982) in four sub-divisions revealed delay ranging from one month to 36 months in taking meter reading (after giving service connection) and issue of first bill. The delays were attributed to shortage/total absence of meter readers/bill clerks and also remoteness as well as communication difficulties in respect of villages under Rural Electrification schemes where the revenue is disproportionately

low compared to billing and collection expenses as well as maintenance expenditure, details of which are given below:—

Name of Sub-division	Period (in month)	Number of cases	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)
Jowai Electrical Sub-division	Up to 6	100	0.07
	6 to 12	62	0.06
	Above 12	44	0.13
	Total	206	0.26
Shillong Electrical Sub-division	Up to 6	79	0.47
	6 to 12	14	0.08
	Above 12	7	0.16
	Total	100	0.71
Burnihat Rural Electri- fication Sub-division	Up to 6	19	0.02
	Mawkyrwat Rural Electrification Sub- division	18 to 24	545	0.60

(b) *Other bills*

The subsequent meter reading are required to be taken regularly after issue of first bill. Scrutiny of meter reading books revealed that there was delay in most sub-divisions ranging from one month to 36 months in taking subsequent meter reading as detailed below:—

Name of Sub-division	Period (in months)	Number of cases	Amount (in lakhs of rupees)
(1)	(2)	(3)	(4)
Jowai Electrical Sub- division	Up to 6	2618	1.67
	6 to 12	400	0.38
	Above 12	79	0.13
	Total	3097	2.18
Nongpoh Rural Electri- fication Sub-division	Up to 6	226	0.25
	More than 6	1	0.02
	Total	227	0.27

Name of Sub-division	Period (in months)	Number of cases	Amount (in lakhs of rupees)
(1)	(2)	(3)	(4)
Tura Electrical Sub-division	Up to 6	75	0.17
	6 to 12	9	0.02
	12 to 18	3	0.01
	Total	87	0.20
Phulbari Rural Electrical Sub-division	12 to 18	156	0.23
Myrengkneng Rural Electrical Sub-division	Up to 6	498	0.23

8.3.6 Collection of bills

Bills are payable in cash but cheques are also accepted under certain conditions.

Cash against bill is received by the cashiers of the sub-divisions and cash receipts are issued to the consumers. In respect of rural consumers, date and place of collection is fixed in respect of each area and money is received by the meter readers/bill clerks and receipts are issued on the spot. The collections made by the sub-divisions on any date are required to be deposited into the Bank in a collection account on the next working day. A test check of records of the sub-divisions revealed that delay to the extent of 2 to 40 days occurred in remittance of money into the Bank *vide* details given below:—

Name of Sub-division	Period of delay	Total amount involved	Period of delay	Total amount involved	Period of delay	Total amount involved	Period of delay	Total amount involved
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	(days)	(Rupees)	(days)	(Rupees)	(days)	(Rupees)	(days)	(Rupees)
Baghmara S. T. R. E. Sub-division	8—14	29,475	15—21	22,217	22—30	1,177	More than 30	4,324
Shillong Electrical division II	—do—	1,388	—do—	2,952	—do—	32,960	—do—	367
Zero Point I Kyrdekulai	—do—	1,246	—do—	148	...	...	...	...
Myrengkneng R.E. Sub-division	—do—	8,126	—do—	2,912	—do—	408	...	...
Transmission Sub-division, Barapani	—do—	1,095	...	...	...	...	...	...

The remittances made into the Bank are required to be reconciled locally with the bank receipts every month regularly. The overall reconciliation of the remittances into the banks by the field offices is required to be done in the office of the Chief Accounts Officer of the Board. It was noticed that no such reconciliation was done since inception.

8.3.7 Ledger posting and its reconciliation

Payments received against bills are required to be posted from the duplicate copies of the receipts in the consumers ledger with a view to watch recoveries and for taking necessary action against defaulters. In many sub-divisions no consumers ledger was maintained and in some sub-divisions ledgers were not posted up to date. A few specific cases are given below:—

Tura Electrical Sub-division	...	No ledger posting* was done since May 1980.
Mendipather Rural Electrification Sub-division		Two ledgers containing the names of 199 consumers were produced. The number of consumers under the sub-division during the years 1979-80, 1980-81 and 1981-82 were 239, 287 and 364 respectively. No posting was done after December 1980.
S. T. R. E. Subdivision, Williamnagar	...	The consumer ledger for November 1981 was not posted.

8.3.8 Non-replacement of defective/dead meters

Periodical testing of meters and timely repairs/replacement of defective meters is essential not only for correct billing of energy sold but also to provide a reliable basis for determining the quantum of line loss.

It was noticed that a large number of meters was defective and many of them from the date of installation. The meters were neither repaired nor replaced. It was stated that the Central Stores could not supply the required meters even for new connections and whenever any requisition for meters was sent to the Central Stores, supply was either nil or quite inadequate.

It was noticed during test check that 1720 defective meters had not been replaced upto 31st March 1982 in five sub-divisions for the periods mentioned below:

Period (in months)	Number of defective meters not replaced
1 to 3	120
3 to 6	103
6 to 12	193
12 to 24	1098
More than 24	206
Total	1720

8.3.9 Other points of interest

(a) Alleged misappropriation

One meter reader did not deposit the collections made from the rural consumers of 17 villages under Jowai Electrical Sub-division during the period October 1979 to February 1981. He was placed under suspension with effect from 1st March 1981. In April 1982, the amount misappropriated was assessed at Rs.0.26 lakh. The meter reader was, however, reinstated in service in July 1982 without effecting any recovery of the misappropriated amount.

(b) Non-maintenance of records

The Energy Distribution Unit is required to maintain a register wherein all cases of default in payment of dues necessitating disconnection of supply are to be noted.

It was observed that no such register was maintained by any of the Energy Distribution Unit.

8.4 Other topics of interest

(i) Infructuous expenditure

The State Government through a notification in March 1980 acquired 925 hectares of land in the Upper Khri areas in East Khasi Hills for construction of a diversion project

(Upper Khri Division Project) which was to be taken up by the Meghalaya State Electricity Board. The Durbar of the Syiem of Nongkhlaw having opposed to the construction of the project in their area on the question of payment of land compensation, it was decided at a meeting (August 1980) held between State Government Board officials and the Syiem of Nongkhlaw and other public leaders to suspend all construction activities till compensation records are made upto date and complete. In another such meeting held in November 1980, it was further decided to abandon the construction of the reservoir till an alternative site is selected for the purpose. Compensation records were not, however, completed so far (March 1983).

Meanwhile, the Executive Engineer, Upper Khri Division Project Division No.1 had invited (September 1980) tenders for construction of two barracks for accommodation of the technical staff at the project site. The work orders were awarded (October 1980) to two contractors at an estimated cost of Rs.0.51 lakh with a stipulation to complete the works within 15 days from the date of issue of work order. One of the contractors was paid (May 1981) Rs. 0.30 lakh as advance on the basis of a certificate that 75 per cent of the work had been completed. The other contractor was paid Rs.0.63 lakh on completion of the construction work in November 1981. The barracks have remained unutilised so far (July 1982).

Work order for construction of two temporary thatched barracks was also issued (September 1980) to a contractor on mutual agreement basis at an estimated cost of Rs. 0.25 lakh. A sum of Rs. 0.34 lakh was paid on completion of the work in May 1981. These barracks were lying unutilised so far (July 1982).

Since it had been decided to suspend/abandon all construction works in the proposed project site in August 1980, (which was reiterated in November 1980) the construction of four barracks subsequently at a cost of Rs. 1.27 lakhs (including the incomplete one for technical staff) resulted in infructuous expenditure.

The matter was reported to Government/Board in November 1982 ; reply is awaited (July 1983).

(ii) Loss of tyres

Two 6 wheeler chassis of Tata make (value : Rs. 2.64 lakhs) were received by the Executive Engineer, Upper Khri Diversion Project, Division I in September 1980. For one of these two chassis, 3 new tyres alongwith tubes and flaps were purchased on 13th January 1981 from a local firm at a cost of Rs. 0.12 lakh. The Truck built on this chassis was transferred (April 1981) to Division II with only four tyres fitted in. The remaining 5 tyres worth Rs. 19,500.00 was not on record.

The matter was reported to the Government/Board (November 1982) ; reply is awaited (July 1983).

8.5 Meghalaya State Warehousing Corporation

8.5.1 *Capital* : The paid-up capital of the Meghalaya State Warehousing Corporation was Rs. 24.12 lakhs (State Government : Rs. 15.06 lakhs ; Central Warehousing Corporation : Rs. 9.06 lakhs) as on 31st March 1981 as of the last year.

8.5.2 *Financial Position* : The table below summarises the financial position of the Corporation under the broad heading for three years upto 31st March 1981—

	1978-79	1979-80	1980-81
	(in lakhs of rupees)		
Liabilities			
(a) Paid-up capital	24.12	24.12	24.12
(b) Reserves and surplus	1.69	2.83	2.89
(c) Borrowings	0.89	...	...
(d) Trade dues and other current liabilities	0.62	1.20	2.03
Total	27.32	28.15	29.04

1978-79 1979-80 1980-81

(in lakhs of rupees)

Assets

(a) Gross block	5.37	5.45	5.45
(b) <i>Less</i> : Depreciation	1.39	1.55	1.69
(c) Net fixed assets	3.98	3.90	3.76
(d) Capital works-in-progress	2.05	2.05	2.05
(e) Investments	...	0.21	0.77
(f) Current assets, loans and advances	21.29	21.99	24.12
Total	27.32	28.15	29.04
Capital employed	28.59	29.36	24.34
Capital invested	25.81	26.95	27.01

Notes: (i) Capital employed represents net fixed assets *plus* working capital.

(ii) Capital invested represents paid-up capital *plus* long term loans and free reserves at the close of the year.

8.5.3 *Working results*: The following table gives the details of the working results of the Corporation for the three years upto 31st March 1981:

Particulars	1978-79	1979-80	1980-81
-------------	---------	---------	---------

(in lakhs of rupees)

1. Income

(i) Warehousing charges	0.59	0.64	0.61
(ii) Other income	1.46	1.34	1.46
Total	2.05	1.98	2.07

	1978-79	1979-80	1980-81
	(in lakhs of rupees)		
2. Expenses			
(i) Establishment charges	0.86	0.95	1.16
(ii) Other expenses	0.30	0.28	0.27
Total	<u>1.16</u>	<u>1.23</u>	<u>1.43</u>
3. Profit before tax	0.89	0.75	0.64
4. Provision for tax	...	...	0.25
5. Other appropriations	...	0.27	0.27
6. Amount available for dividend	0.89	0.48	0.12
7. Dividend paid	...	0.48	0.12
8. Total return on capital employed/ invested	0.89	0.75	0.64
9. Percentage of return on—			
(a) Capital employed	3.11	2.55	2.62
(b) Capital invested	3.45	2.78	2.37

8.5.4 Operational performances: The following table gives details of the storage capacity created, capacity utilised and other information about the performance of the Corporation for the three years upto 31st March 1981:

Particulars	1978-79	1979-80	1980-81
1. Number of stations covered	1	1	1
2. Storage capacity created upto the end of the year (tonnes in lakhs)			
(a) Owned	0.016	0.016	0.016
(b) Hired	...	...	...
Total	<u>0.016</u>	<u>0.016</u>	<u>0.016</u>
3. Average capacity utilised during the year (tonnes in lakhs)	0.014	0.019	0.013
4. Percentage of utilisation	89.5	119.0	80.4
5. Average revenue per tonne (Rupees)	31.54	36.07	21.45
6. Average expenses per tonne (Rupees)	17.02	22.41	14.82

*Meghalaya Transport Corporation***8.6 Idle Outlay**

During May-July 1980, the Chief Automobile Engineer of the Corporation obtained quotations for purchase of 8 (eight) items of plant and machinery for the proposed workshop from eleven selected outstation firms, without inviting any open tenders. In October 1980, these quotations were placed before the Purchase Committee. The Committee approved the lowest quotation of a Calcutta firm. In April 1981, quotation for another eight items of plant and machinery obtained from the said Calcutta firm was also approved by the Purchase Committee. On the basis of the approval, the Corporation placed orders for purchase of the sixteen items of plant and machinery valued at Rs. 20.75 lakhs from the firm between November 1980 and May 1981, subject to the condition that two-third of the value would be paid on delivery of the machinery and the balance one-third on certification about the satisfactory performance of the machinery by the Chief Automobile Engineer. The delivery of the machinery and final payment to the firm was completed between December 1980 and May 1982 without any certificate about their satisfactory performance.

In January 1981, the Corporation acquired 10.09 acres of land for construction of a Central Workshop and Central Store at a cost of Rs. 11.21 lakhs. Work orders for construction of the buildings at an estimated cost of Rs. 9.86 lakhs were issued in May 1982.

The Central Workshop has not been completed (December 1982) and out of sixteen items of plant and machinery only five items of plant and machinery have been put to use. The remaining plant and machinery (value : Rs. 16.56 lakhs) have remained unutilised so far (December 1982).

The matter was reported to the Corporation in January 1983 ; reply is awaited (July 1983).

8.7 Avoidable expenditure

The fleet of the Corporation consists of Tata, Ashok Leyland and Hindustan Motors Vehicles besides a few

Ambassador cars for use by its officers. Till 1979-80, the Corporation purchased spare parts, etc. for these vehicles mostly from the local agents/authorised dealers of these manufacturing firms and availed itself of discount ranging from 18 to 20 per cent on the catalogue price as allowed on purchase of Tata spares.

Orders for supply of spares for these vehicles, beside others were placed on a Calcutta based firm during August 1980 to March 1982 indicating that the firm would be paid "as per Telco, Ashok Leyland and Hindusthan Motors' prevailing price list". The firm completed the supply (April 1982) against the orders and was paid in full which included payment of Rs.14.93 lakhs as value of spares etc. for Tata vehicles at Telco's catalogue price.

While the genuineness and durability, of the spares, etc. so purchased from a firm which has no connection with Telco, Ashok Leyland or Hindusthan Motors was not susceptible of verification, the purchase of spare parts, etc. for Tata vehicles entailed avoidable expenditure of Rs.2.59 lakhs due to non-availing of discount at the minimum 18 per cent normally allowed by Telco or its authorised dealer/agent.

The matter was reported to the Corporation in February 1983; reply is awaited (July 1983).

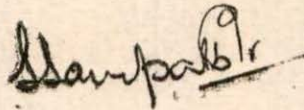
SECTION IV

8.8. Departmentally-managed Government commercial and quasi-commercial undertaking

As on 31st March 1982, there was only one departmentally-managed Government commercial undertaking in the State, *Viz.*, Pinewood Hotel.

The accounts of the undertaking are in arrears since the year ended 31st December 1979.

The matter was last reported to the Government in October 1982.



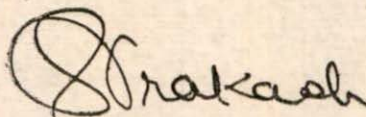
(S. SAMPATH NARAYANAN)

Shillong,
The

Accountant General
Meghalaya, Arunachal Pradesh and Mizoram

17 NOV 1983

Countersigned

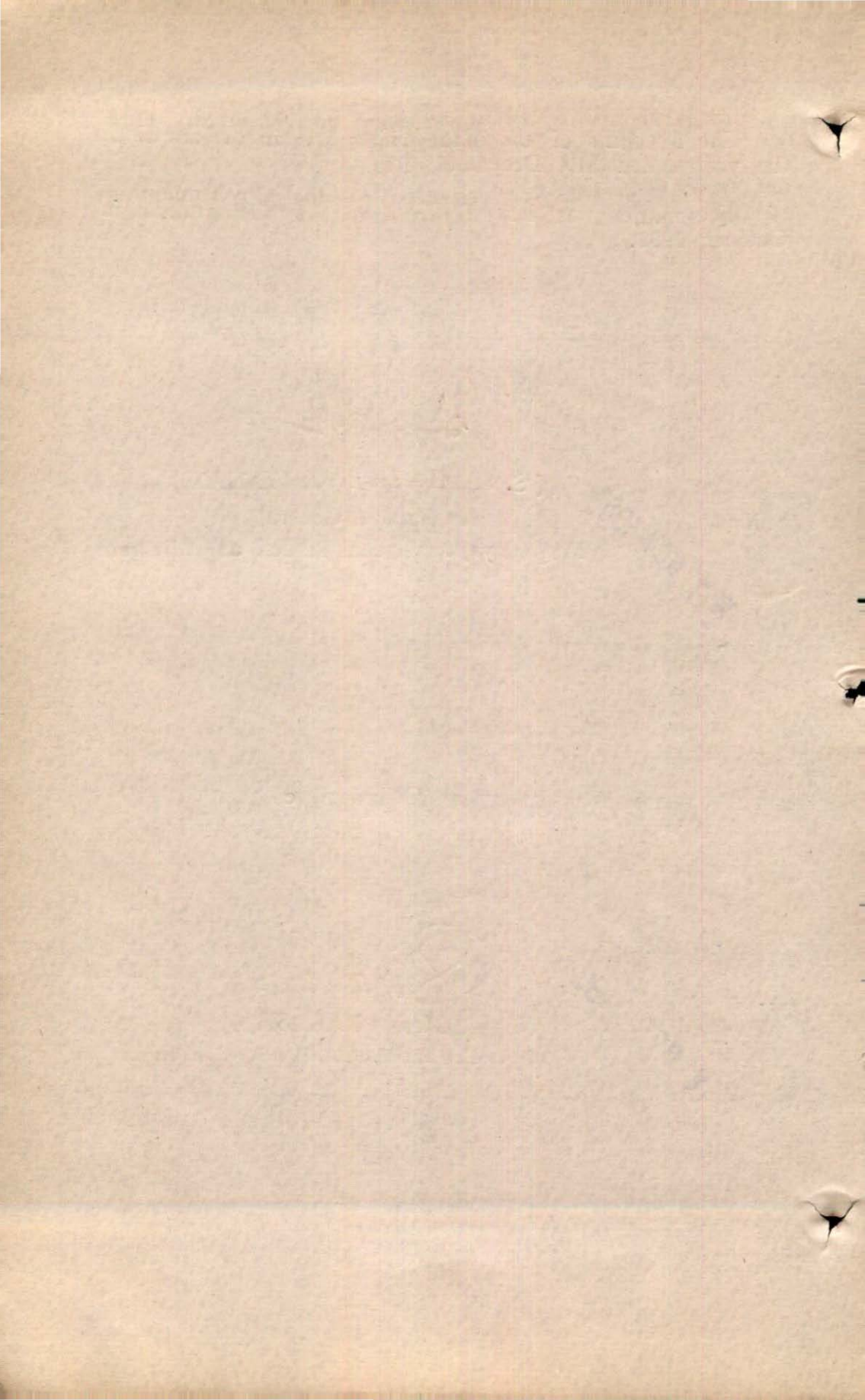


(GIAN PRAKASH)

New Delhi
The

Comptroller and Auditor General of India

1 DEC 1983



APPENDICES

APPENDICES

APPENDIX 1.1

Analysis of Revenue Receipts

(Reference : Paragraph 1.3, page 3)

	1980-81	1981-82	Amount of increase (+)/ Decrease ()
(in lakhs of rupees)			
A. Revenue raised by the State Government			
(i) Tax Revenue (other than State's share of Union Taxes)	4,87.60	5,84.58	(+)96.98
(ii) Non-tax Revenue	21,93.07	6,33.59	(-)15,59.48
Total of 'A'	<u>26,80.67</u>	<u>12,18.17</u>	<u>(-)14,62.50</u>
B. Receipts from the Government of India—			
(i) State's share of Union Taxes—			
(a) Taxes on Income other than Corporation Tax	1,78.35	1,80.48	(+)2.13
(b) Hotel Receipts Tax	0.07	0.15	(+)0.08
(c) Estate Duty	...	(-)1.96	(-)1.96
(d) Union Excise Duties	5,40.46	6,24.00	(+)83.54
(ii) Statutory and other grants—			
(a) Non-Plan Grants	19,71.67	21,0.47	(+)1,29.80
(b) Grants for State Plan Schemes	31,14.00	34,00.18	(+)2,86.18
(c) Grants for Central Plan Schemes	2,32.87	2,20.35	(-)12.52
(d) Grants for Centrally Sponsored Plan Schemes	2,74.99	4,58.79	(+)1,83.80
Total of 'B'	<u>63,12.41</u>	<u>69,83.46</u>	<u>(+)6,71.05</u>
Total of 'A' and 'B'	<u>89,93.08</u>	<u>82,01.63</u>	<u>(-)7,91.45</u>

APPENDIX 1.2

Expenditure on Revenue Account

(Reference: Paragraph 1.4, page 4)

Plan 1981-82

Sector/sub-sector	Budget estimates	Budget plus Supplementary	Actuals (figures for preceding year within brackets)
(in lakhs of rupees)			
A. General Services—			
(b) Fiscal Services	20·20	20·20	21·04 (15·25)
(d) Administrative Services	1,06·79	1,06·79	41·66 (36·97)
B. Social and Community Services	6,86·08	7,04·00	7,56·04 (6,57·73)
C. Economic Services—			
(a) General Economic Services	1,80·34	1,80·34	1,16·29 (1,03·49)
(b) Agriculture and Allied Services	9,06·27	9,89·68	9,49·37 (8,88·79)
(c) Industry and Minerals	1,30·24	1,45·74	1,26·45 (1,14·63)
(d) Water and Power Development	1·00	1·00	7·26 (0·96)
(e) Transport and Communications	51·00	51·60	35·30 (17·00)
Total—Plan	20,82·42	21,99·85	20,53·41 (18,34·82)

APPENDIX 1.2—concl'd.

Non-Plan 1981-82

Sector, sub-sector	Budget estimates	Budget <i>plus</i> Supplementary	Actuals (figures for preceding year within brackets)
((in lakhs of rupees))			
A. General Services—			
(a) Organs of State	1,18·59	1,30·02	1,24·02 (1,08·29)
(b) Fiscal Services	85·53	99·46	98·93 (76·87)
(c) Interest payments and servicing of debt	2,03·87	2,03·87	2,03·01 (1,43·46)
(d) Administrative Services	11,93·03	13,16·86	16,74·97 (12,06·87)
(e) Pension and Miscellaneous General Services	25·10	25·10	29·31 (18·82)
B. Social and Community Services	14,42·00	15,19·81	17,36·19 (13,66·63)
C. Economic Services—			
(a) General Economic Services	92·47	92·94	81·77 (80·28)
(b) Agriculture and Allied Services	7,03·31	8,60·60	8,50·85 (5,63·50)
(c) Industry and Minerals	1,10·24	1,12·60	1,01·60 (98·69)
(d) Water and Power Development	6·30	6·30	1·16 (6·08)
(e) Transport and Communications	3,28·22	3,28·22	4,71·39 (4,82·69)
Total—Non-Plan	43,08·66	46,95·78	53,73·20 (41,52·18)
GRAND TOTAL	63,91·08	68,95·63	74,26·61 (59,87·00)

APPENDIX-1.3

Expenditure on Capital Account

(Reference : Paragraph 1.5, page 5)

Year	Budget	Budget plus supplementary	Actuals	Percentage of variation of actuals over modified estimates
	(in crores of rupees)			
1979-80	18.36	19.52	16.30	(-) 16
1980-81	17.94	24.49	21.10	(-) 14
1981-82	25.42	26.43	23.39	(-) 12

Plan 1981-82

Sector/ Sub-sector	Budget estimates	Budget plus supplementary	Actuals (figures for preceding year within brackets)
	(in lakhs of rupees)		
(i) General Services	92.35	92.35	1,37.68 (73.61)
(ii) Social and Community Services	10,70.65	10,70.65	8,59.73 (9,75.07)
(iii) Economic Services—			
(a) General Economic Services	2,11.80	2,15.55	1,95.45 (1,67.11)
(b) Agriculture and Allied Services	14.00	18.00	7.87 (3.25)
(c) Industry and Minerals	77.00	1,35.15	1,28.15 (77.82)
(d) Water and Power Development	29.00	29.00	26.88 (22.08)
(e) Transport and Communications	8,17.50	8,18.00	8,57.10 (7,53.83)
Total— Plan	23,12.30	23,78.70	22,12.86 (20,72.77)

APPENDIX 1.3—*concl.*

Non-Plan 1981-82

Sector/sub-sector	Budget estimates (in lakhs of rupees)	Budget plus supplementary	Actuals (figures for preceding year within brackets)
(i) General Services	60.95	74.69	14.22 (Nil)
(ii) Social and Community Services	1,06.65	1,24.87	82.15 (31.58)
(iii) Economic Services—			
(b) Agriculture and Allied Services	...	2.00	0.18 (1.02)
(e) Transport and Communications	62.28	62.28	29.96 (4.68)
Total—Non-Plan	2,29.88	2,63.84	1,26.51 (37.28)
GRAND TOTAL	25,42.18	26,42.54	23,39.37 (21,10.05)

APPENDIX 1·4

Loans and Advances given by Government

(Reference : Paragraph 1·6, page 5)

Disbursements

Year	Budget	Budget plus supplementary	Actuals	Percentage variation of actuals over modified estimate
(in lakhs of rupees)				
1979-80	1,35·25	1,43·84	99·22	(—)31
1980-81	1,04·80	2,07·43	1,81·73	(—)12
1981-82	2,60·72	3,99·97	2,48·07	(—)38

Recoveries

Year	Budget	Actuals	Percentage of variation of actuals over budget
(in lakhs of rupees)			
1979-80	52·29	38·46	(—) 26
1980-81	57·29	53·76	(—) 6
1981-82	76·25	99·31	(—) 30

APPENDIX 1.5

*Sectoral Summary of Loans and advances for 1981-82.***(Reference: Paragraph 1.6, page 5)**

Categories	Outstanding balance at the beginning of the year	Loans disbursed during the year	Loans recovered during the year	Outstanding balance at the end of the year
(in lakhs of rupees ; figures for preceding year within brackets)				
1. Loans for Social and Community Services	1,10.18 (93.97)	27.75 (20.20)	6.33 (3.99)	1,31.60 (1,10.18)
2. Loans for Economic Services—				
(i) General Economic Services	88.23 (81.70)	15.68 (8.08)	1.63 (1.55)	1,02.28 (88.23)
(ii) Agriculture and Allied Services	56.21 (13.51)	1,15.00 (47.01)	53.56 (4.31)	1,17.65 (56.21)
(iii) Industry and Minerals	46.60 (35.39)	... (12.00)	0.90 (0.79)	45.70 (46.60)
(iv) Water and Power Development	6,76.50 (6,70.50)	... (6.00)	... (...)	6,76.50 (6,76.50)
Total—Loans for Economic Services	8,67.54 (8,01.10)	1,30.68 (73.09)	56.09 (6.65)	9,42.13 (8,67.54)
3. Loans to Government Servants, etc.	1,30.26 (84.94)	89.64 (88.44)	36.88 (43.12)	1,83.02 (1,30.26)
4. Miscellaneous loans	0.62 (0.62)	... (...)	... (...)	0.62 (0.62)
Total	11,08.60 (9,80.63)	2,48.07 (1,81.73)	99.30 (53.76)	12,57.37 (11,08.60)

APPENDIX 2·1

(Reference : Paragraph : 2·4, page 20)

Statement showing grants/appropriations in which savings (more than Rs.10 lakhs in each case) exceeded 10 per cent of the total provision.

Serial number	Number and name of grant/ appropriation	Total provision	Expenditure	Saving	Percentage
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(in lakhs of rupees)

Revenue Section

1.	18—Stationery and Printing	72·55	* 59·58	12·97	17·87
2.	21—Other Administrative services, etc.	10,69·94	10,20·08	49·86	4·66
3.	33—Labour and Employment, etc.	51·12	34·22	16·90	33·06
4.	36—Social Security and Welfare, etc.	1,09·93	80·63	29·30	26·65
5.	42—Special and Backward Areas, etc.	97·44	36·54	60·90	62·50
6.	56—Village and Small Industries, etc.	1,00·06	71·67	28·39	28·37

Capital Section

7.	11—Other Taxes and Duties on commodities and services	1,32·50	...	1,32·50	100
8.	19—Secretariat General Services, etc.	2,87·92	2,28·67	59·25	20·57
9.	28—Public Health, Sanitation and Water Supply	8,63·26	7,02·89	1,60·37	18·57
10.	31—Urban Development, etc.	1,00·00	42·58	57·42	57·42
11.	41—Co-operation, etc	45·25	31·46	13·79	30·47
12.	42—Special and Backward Areas, etc.	1,89·50	1,78·92	10·58	5·58
13.	46—Minor Irrigation, etc.	39·00	26·92	12·08	30·97

Loans and Advances Section

14.	61—Loans to Government Servants	1,06·37	89·64	16·73	15·73
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Debt Section

15.	63—Inter-State Settlement	54·28	...	54·28	100
16.	Loans and advances from the Central Government	2,61·86	86·15	1,75·71	67·10

APPENDIX 7.1

Wanting utilisation certificates

(Reference : paragraph 7.2, page 62)

Department	Year of payment	Number of certificates awaited	Amount (in lakhs of rupees)
1. Industries, Sericulture and Weaving	1977-78 and earlier years	283	51.22
	1978-79	67	12.64
	1979-80	72	38.35
	1980-81	37	46.68
		<u>459</u>	<u>1,48.89</u>
2. Co-operation	1977-78 and earlier years	147	1,15.12
	1980-81	12	21.09
		<u>159</u>	<u>1,36.21</u>
3. Education	1977-78 and earlier years	52	69.74
	1980-81	24	6.02
		<u>76</u>	<u>75.76</u>
4. Social Security and Welfare	1976-77 and earlier years	25	40.52
		<u>25</u>	<u>40.52</u>

APPENDIX 7.1—contd.

Department	Year of payment	Number of certificates awaited	Amount (in lakhs of rupees)
5. District Council Affairs	1976-77 and earlier years	10	37.12
		<u>10</u>	<u>37.12</u>
6. Public Works	1976-77 and earlier years	16	3.34
		<u>16</u>	<u>3.34</u>
7. Town and Country Planning	1977-78 and earlier years	14	20.47
		<u>14</u>	<u>20.47</u>
8. Mines and Minerals	1976-77	2	9.00
		<u>2</u>	<u>9.00</u>
9. Tourism	1976-77	3	1.50
		<u>3</u>	<u>1.50</u>
10. Municipal Administration	1977-78 and earlier years	3	4.54
		4	0.74
		<u>7</u>	<u>5.28</u>

APPENDIX 71—*concl.d.*

Department	Year of payment	Number of certificotes awaited	Amount (in lakhs of rupees)
11. Animal Husbandry and Veterinary	1976-77 and earlier years	6	1.99
		<u>6</u>	<u>1.99</u>
12. Border Area Development	1978-79	1	2.00
		<u>1</u>	<u>2.00</u>
13. Dairy Development	1976-77 and earlier years	1	1.55
		<u>1</u>	<u>1.55</u>
14. Land Revenue	1977-78 and earlier years	3	6.00
		<u>3</u>	<u>6.00</u>
15. Roads and Bridges	1976-77 and earlier years	1	0.26
		<u>1</u>	<u>0.26</u>
16. Forest	1977-78 and earlier years	146	53.34
	1978-79	22	11.24
	1979-80	11	9.84
	1980-81	18	9.09
		<u>197</u>	<u>83.51</u>
Grand Total		<u>980</u>	<u>5,78.20</u>

APPENDIX

(Reference: Paragraph 8.1)

Statement showing summarised financial

(Figures in columns 5 to

Name of the Company	Name of the Department/ Administration	Date of incorporation	Period of accounts	Total capital invested	Profit(+)/ Loss(-)	Total interest charged to profit and loss account
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1, The Mawmluh-Cherra Cement Limited	Industries	20th May 1955	1977-78 (ending June)	1246.02	(-)30.16	...
2. Meghalaya Industrial Development Corporation	Industries	6th April 1971	1979-80	312.51	0.95	1.31
3. Meghalaya Watches Private Limited (subsidiaries)	Industries	7th August 1979	7th August 1979 to 31st December 1980	2.00	0.09*	...

*Represents excess of expenditure over receipt during

Notes:—(1) Capital invested represents *paid-up* capital *plus*(2) Capital employed in respect of the Meghalaya Industrial Development of (i) *paid-up* capital including advance share money and (ii) net fixed assets *plus*

8.1

page 65)

results of Government Companies

11 are in lakhs of rupees)

Interest on long term loan	Total return on capital invested (6+8)	Capital employed	Total return on capital employed (6+7)	Percentage of total return on capital invested	Percentage of total return on capital employed
(8)	(9)	(10)	(11)	(12)	(13)
..	...	262.88	...	...	...
0.99	1.94	275.24	2.26	0.61	0.82
...	...	7.43	...	...	...

developmnet priod.

long-term loans plus free reserves.

Corporation Limited represents the mean of the aggregates of opening and closing balance reserves and surplus. In respect of the other companies, capital employed represents working capital.

MGP, (A.G.) 17/83—527—5-10-83

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY

DATE	DESCRIPTION	AMOUNT	BALANCE
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