

**Report of the
Comptroller and Auditor General of
India**

For the year ended 31 March 2006

Government of Meghalaya

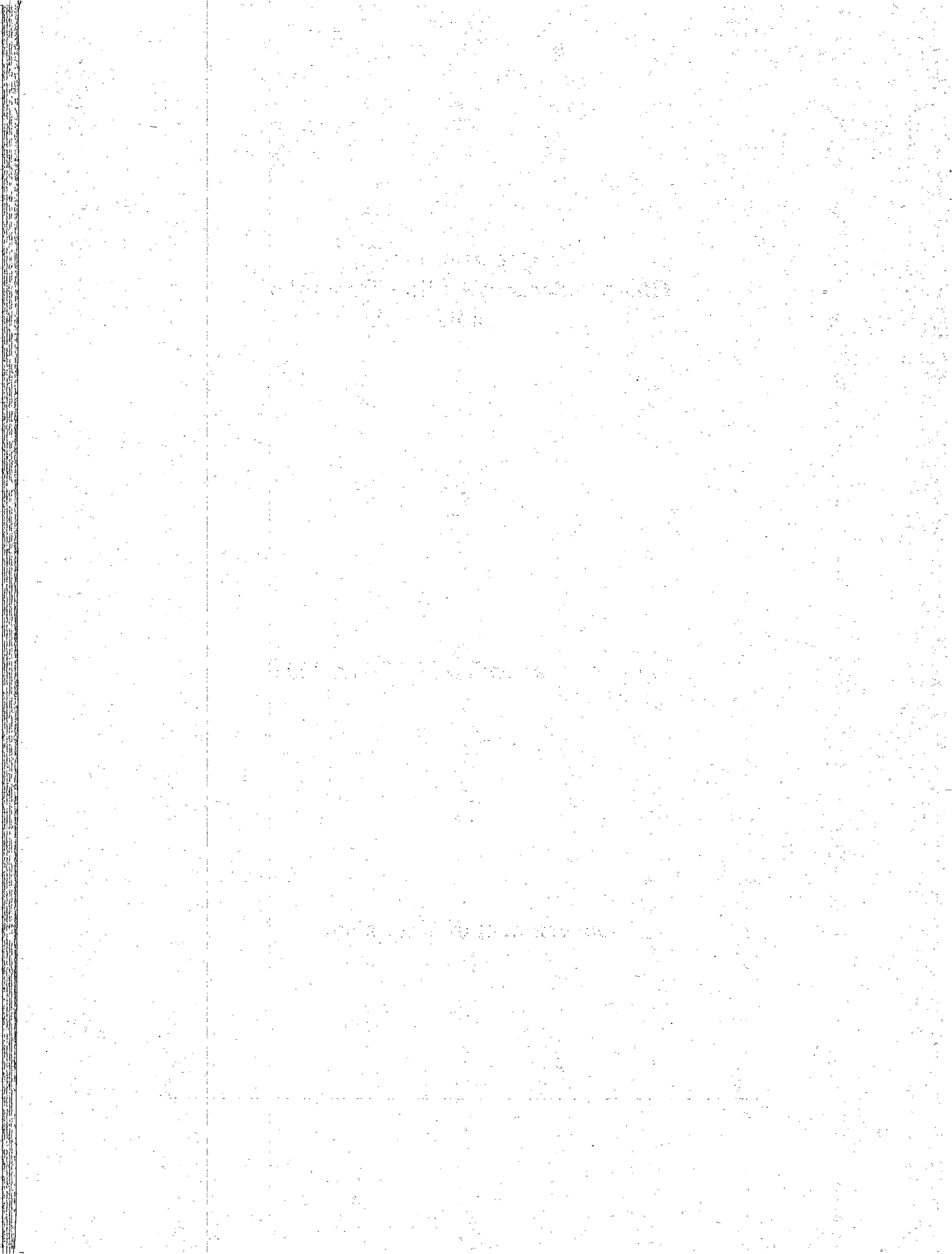


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PREFACE

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters I and II of this Report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year 2005-06.*
3. *The remaining chapters deal with the findings of performance audit and audit of transactions in various departments including the Public Works Department, Revenue Receipts, audit of Government Companies, Statutory Corporations and Internal Control System and Internal Audit.*
4. *The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2005-06 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 2005-06 have also been included wherever necessary.*

REPORT

The following information was obtained from the records of the Department of the Interior, Bureau of Land Management, regarding the land parcels described herein.

The parcels are situated in the County of [County Name], State of [State Name]. The parcels are described as follows:

Parcel 1: [Parcel Description]

Parcel 2: [Parcel Description]

Parcel 3: [Parcel Description]

Parcel 4: [Parcel Description]

Parcel 5: [Parcel Description]

Parcel 6: [Parcel Description]

Parcel 7: [Parcel Description]

Parcel 8: [Parcel Description]

Parcel 9: [Parcel Description]

Parcel 10: [Parcel Description]

Parcel 11: [Parcel Description]

Parcel 12: [Parcel Description]

Parcel 13: [Parcel Description]

Parcel 14: [Parcel Description]

Parcel 15: [Parcel Description]

Parcel 16: [Parcel Description]

Parcel 17: [Parcel Description]

Parcel 18: [Parcel Description]

Parcel 19: [Parcel Description]

Parcel 20: [Parcel Description]

Parcel 21: [Parcel Description]

Parcel 22: [Parcel Description]

Parcel 23: [Parcel Description]

Parcel 24: [Parcel Description]

Parcel 25: [Parcel Description]

Parcel 26: [Parcel Description]

Parcel 27: [Parcel Description]

Parcel 28: [Parcel Description]

Parcel 29: [Parcel Description]

Parcel 30: [Parcel Description]

Parcel 31: [Parcel Description]

Parcel 32: [Parcel Description]

Parcel 33: [Parcel Description]

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Parcel 37: [Parcel Description]

Parcel 38: [Parcel Description]

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OVERVIEW

OVERVIEW

This Report includes two chapters containing observations of Audit on the Finance Accounts and Appropriation Accounts of the State for the year 2005-06 and five other chapters with eight performance reviews (including one internal control review) and 49 paragraphs (including four general paragraphs), based on the audit of certain selected programmes and activities and the financial transactions of the Government.

Copies of the audit paragraphs and performance reviews are sent to the concerned Secretary to the State Government by the Principal Accountant General (Audit) with a request to furnish replies within six weeks. In respect of two reviews and 19 audit paragraphs (excluding general paragraphs) in this Report, no response was received from the concerned Secretary to the State Government.

A synopsis of the important findings contained in this Report is presented in this overview.

FINANCES OF THE STATE GOVERNMENT

Revenue receipts of the State during 2005-06 increased by 13 *per cent* over the previous year. The State finances are heavily dependent on central transfers (share of Union taxes and duties and grants-in-aid), which accounted for more than 77 *per cent* of its revenue receipts during 2005-06. Own sources of revenue of the State comprising tax and non-tax sources together contributed around 23 *per cent* only. An increase of Rs.143 crore in central transfers over previous year has provided a cushion in revenue account which helped the State Government to convert the revenue deficit of previous year to a revenue surplus of Rs.73 crore during 2005-06.

Revenue expenditure of the State increased from Rs.1,079 crore in 2000-01 to Rs.1,674 crore in 2005-06, showing an increase of 55 *per cent* over the period. The non-plan revenue expenditure during the same period increased from Rs.805 crore to Rs.1,183 crore, showing an increase of 47 *per cent*. The capital expenditure, which constituted only 13 *per cent* of the total expenditure (revenue and capital) during 2005-06 indicates that the revenue expenditure of the State is crowding out capital expenditure and thereby retarding asset creation opportunities. The total expenditure in 2005-06 had increased by Rs.66 crore over that of 2004-05. During 2005-06, expenditure on general services and interest payments, which is considered as non-developmental, accounted for 33 *per cent* and expenditure on social and economic services accounted for 67 *per cent*. The total expenditure of Rs.1,297 crore incurred on social and economic services comprised of Rs.1,049 crore on revenue expenditure (81 *per cent*) and Rs.248 crore on capital expenditure (19 *per cent*), indicating that investment in creating productive assets and infrastructure development is gradually picking up momentum in the State.

The consistent primary deficit, with an exception of a marginal surplus during the current year, and continued negative balance from current revenue resulted in increasing dependence on borrowed funds. The increasing debt-GSDP ratio together with negligible return on investment and inadequate recovery of interest cost of borrowed funds aggravated the debt situation of the State over the period 2000-2006.

(Paragraphs 1.1 to 1.11)

ALLOCATIVE PRIORITIES AND APPROPRIATION

During 2005-06, expenditure of Rs.2,100.96 crore (gross) was incurred against the total Grant and Appropriation of Rs.2,527.86 crore resulting in a saving of Rs.426.90 crore (16.89 *per cent*). The overall saving was the result of savings of Rs.461.59 crore in 62 cases of Grants and Appropriations offset by excess of Rs.34.69 crore in five Grants and four cases of Appropriations. The above excess of Rs.34.69 crore requires regularisation by the Legislature under Article 205 of the Constitution.

(Paragraphs 2.1, 2.3 & 2.4)

PERFORMANCE REVIEWS

(i) *Poultry Development Programme*

The Poultry Development Programme was taken up (1974-1979) in Meghalaya to meet the requirement of breeding stock, table and hatching eggs, to improve local breed and for rearing of chicks. The objectives of the programme remained largely unachieved because of significant shortfall in implementation of various targeted activities. All the test-checked farms had been incurring losses consistently during 2001-2006. The annual loss incurred during the period ranged between Rs.1.12 crore and Rs.1.24 crore. Production of eggs was below the norm. Mortality of chicks was as high as 32 *per cent* in one farm (Poultry Farm, Mawryngkneng) and that of ducks, 65 *per cent* (Duck Farm, Asananggre). Setting up of a duck farm at Asananggre was an exercise in futility, since the Department was compelled to close the farm after 13 years due to failure in achievement of objectives.

(Paragraph 3.1)

(ii) Sarva Shiksha Abhiyan

The Sarva Shiksha Abhiyan was launched by the Government of India in January 2001 for providing elementary education to all children in the 6 to 14 years' age group by 2010. The objective of the SSA to bring back all the children to schools by 2005 remained largely unachieved. Even after four years of implementation of the programme and incurring expenditure of Rs.50.54 crore, 1.10 lakh children in the 6-14 age group remained out of school. Fund management was poor. The implementing agencies could not absorb 12 to 100 *per cent* of funds provided by the Central and State Governments during 2000-2006. A large number of schools in the State were functioning without buildings and other infrastructural facilities like drinking water, toilets and separate toilet for girls, boundary wall, *etc.*

(Paragraph 3.2)

(iii) Food Security, Subsidy and Management of Foodgrains

The main objective of Food Security, Subsidy and Management of Foodgrains was to ensure food security in the State by maintaining buffer stock of foodgrains and implementation of a well targeted Public Distribution System for providing foodgrains to the public at affordable prices. Under the Targeted Public Distribution System, beneficiaries were identified without survey and investigation. Foodgrains were lifted on the basis of estimated BPL families ignoring the identified actual beneficiaries, resulting in additional subsidy burden of Rs.13.02 crore on the Government of India. In Shillong Sadar Sub-Division, number of ration cards issued to the APL families (82,957) exceeded the actual number of identified families (67,755). The overall impact of the scheme was unsatisfactory, since the implementing authorities failed to provide foodgrains at prescribed scales to the BPL and poorest segments of the populace of the test-checked districts.

(Paragraph 3.3)

(iv) Implementation of North Eastern Council funded Roads and Bridges

One of the objectives of the North Eastern Council (NEC) was to develop infrastructure, especially construction of roads and bridges. There were cases of non-release of NEC funds (Rs.4.51 crore) by the State Finance Department to the implementing agencies, failure in utilisation of available funds during 2002-2004 (41 *per cent* and 61 *per cent*) by the executing divisions and diversion of NEC funds (Rs.41.63 lakh) for works not sponsored by the NEC. The State Public Works Department incurred extra expenditure of Rs.1.39 crore due to execution of works in deviation of the sanctioned estimates. Physical achievement (100 *per cent*) regarding completion of works at two locations of Nongpoh-Sonapur-Umden Road reported by the executing division did not represent the actual state of affairs. Improvement of Rongsai-Bajengdoba Road was delayed for over six years because of delay in replacement of two timber bridges by RCC bridges. Thus, the overall impact

of the NEC funded road schemes in the State was unsatisfactory. Schemes implemented were also not evaluated to ascertain the extent of achievement of objectives.

(Paragraph 3.4)

(v) *Watershed Development Project in Shifting Cultivation Areas*

The scheme "Watershed Development Project in Shifting Cultivation Areas" was launched by the Government of India in 1994-95 with the objective of overall development of *jhum* areas on watershed basis. Continuation of the scheme during the Ninth Five Year Plan was approved by the Government of India in July 2000. Delay in release of funds by the State Government as well as defective planning led to non-completion of some of the projects even after two years of the project period (1999-2004). Selection of projects was not based on proper survey. Physical achievements in treatment of land under the test-checked districts were far below the financial achievements. Actual execution of various works under the projects remained unassessed due to non-recording of measurement of works done. Impact of the completed projects was also not evaluated. The objectives of the scheme, thus remained largely unachieved.

(Paragraph 3.5)

AUDIT OF TRANSACTIONS

(i) *Extra expenditure*

Allotment of the construction work for additional 200 bedded hospital at Civil Hospital complex, Shillong without a clear site as well as acceptance of the claim of the contractor without assessing the veracity of such claim resulted in extra expenditure of Rs.51.76 lakh.

(Paragraph 4.1)

Failure of the Public Works Department (PWD) to allot the construction work of major bridge over river Umkhen on Nongpoh-Nartiang Road (Span 100 metre) including immediate approaches at the lowest available rate of Rs.1.20 crore and delay of seven years in allotment resulted in extra expenditure of Rs.49.84 lakh.

(Paragraph 4.3)

(ii) *Loss*

The PWD sustained loss of Rs.65.19 lakh due to failure in taking timely action for disposal of unutilised steel material.

(Paragraph 4.4)

Issue of supply order by the Chief Executive Officer, Meghalaya Commercial Crops Development Board for tea seedlings without ensuring the availability of required funds resulted in a loss of Rs.18 lakh, besides committed liability of Rs.16 lakh.

(Paragraph 4.5)

(iii) Idle Investment/Unutilised Funds

Procurement of Computerised Tomography Scan machine for the Civil Hospital, Tura without appointment of technical staff required for its operation and delay in installation of the machine resulted in idle investment of Rs.1.12 crore.

(Paragraph 4.6)

Allotment of construction work of musical fountain at DC's Park, Tura by the Director of Tourism without providing water connection led to non-functioning of the fountain, rendering the expenditure of Rs.24.42 lakh unfruitful for over three years.

(Paragraph 4.9)

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

Internal Control System and Internal Audit in Soil and Water Conservation Department

Internal controls were inadequate and ineffective in the Soil and Water Conservation Department. Arrangements for internal audit too were inadequate. Absence of proper internal control in the Department led to non-compliance with rules and non-observance of budgeting procedure. There was absence of control over expenditure which led to unauthorised diversion of Rs.35 lakh. Poor control over manpower management also resulted in idle expenditure of Rs.1.12 crore incurred on pay of staff engaged in Soil & Water Conservation Divisions, Shillong and Tura.

(Paragraph 5.1)

REVENUE RECEIPTS

REVIEW

Receipts from mines and minerals

Loss of revenue of Rs.8.95 crore due to short/non realisation of royalty, cess, interest and penalty from seven lessees.

(Paragraph 6.2.9)

Royalty of Rs.3.03 crore and cess of Rs.12 lakh on 6.71 lakh MT of limestone remained unrealised.

(Paragraph 6.2.10)

Unauthorised extraction of 3.09 lakh MT of limestone without prospecting licence or lease or permit resulted in loss of royalty and cess of Rs.1.38 crore and fine of Rs.1.25 lakh.

(Paragraph 6.2.11)

A cement company purchased 1.24 lakh MT of coal from private suppliers who had not paid royalty of Rs.1.95 crore for the mineral so extracted.

(Paragraph 6.2.13.2)

PARAGRAPHS

Failure of Forest Department to operate three *mahals* led to loss of revenue of Rs.1.15 crore.

(Paragraph 6.3)

Incorrect application of rate on 120,085.557 cum of stone, 6,444.611 cum of sand and 4,113.828 cum of clay led to short realisation of royalty of Rs.49.34 lakh.

(Paragraph 6.5)

Loss of revenue of Rs.3.94 crore due to non levy of excise duty on 78,889 cases of liquor imported for use in the manufacture of brandy, whisky, *etc.* by a bottling plant.

(Paragraph 6.8)

Non/short realisation of revenue of Rs.33.87 crore from an online lottery distributor due to short payment of guaranteed dues and non forfeiture of undisbursed prize money.

(Paragraph 6.10)

Assessment of stamp duty of Rs.0.34 crore against Rs.12.19 crore led to short realisation of stamp duty of Rs.11.85 crore.

(Paragraph 6.12)

Three manufacturing units made interstate sale of goods valued at Rs.20.88 crore without declarations in form C or D but were irregularly exempted from payment of tax, resulting in underassessment of tax of Rs.2.26 crore.

(Paragraph 6.13)

Twenty one registered dealers concealed turnover of Rs 27.71 crore and evaded tax of Rs.2.22 crore and penalty of Rs.3.33 crore was also leviable.

(Paragraph 6.14)

Ninety nine unregistered dealers were allowed to transport 2.19 lakh MT of coal without payment of security led to loss of revenue of Rs.2.63 crore.

(Paragraph 6.16)

Levy of tax at the rate of 8 *per cent* instead of 12 *per cent* on turnover of Rs.2.41 crore led to short levy of tax of Rs.10.60 lakh.

(Paragraph 6.20)

There was loss of revenue of Rs.92.58 lakh due to failure of the taxation check gate authority to detect excess load of coal and limestone.

(Paragraph 6.21)

Delay in completion of assessment of 75 manufacturing units/dealers led to non realisation/loss of revenue of Rs.158.39 crore.

(Paragraph 6.24)

Sale of 24.29 lakh cases of IMFL/Beer valued at Rs.187.62 crore was irregularly exempted from payment of tax resulting in loss of revenue of Rs.37.52 crore.

(Paragraph 6.25)

Nine dealers utilised fake 'C' forms to avail concessional rate of tax on Rs.37.38 crore and evaded tax of Rs.1.50 crore and penalty of Rs.2.25 crore.

(Paragraph 6.26)

A sick cement manufacturing company was irregularly granted exemption from payment of tax of Rs.3.04 crore under the Meghalaya Industries (Sales Tax Exemption) Scheme 2001.

(Paragraph 6.31)

Non levy of Rs.165.48 crore on 1,45,242 commercial trucks for carrying excess load beyond maximum permissible limit.

(Paragraph 6.33)

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

COMMERCIAL TRANSACTIONS

As on 31 March 2006, the State Government had 13 Public Sector Undertakings (PSUs) (10 Government Companies and three Statutory Corporations). Total investment in these PSUs increased from Rs.847.81 crore as on 31 March 2005 to Rs.896.80 crore as on 31 March 2006. The accounts of 10 Government Companies and two Corporations were in arrears for period ranging from one to 15 years. Seven Companies had accumulated losses aggregating Rs.56.51 crore which exceeded their paid-up-capital of Rs.11.73 crore.

(Paragraphs 7.1.1 to 7.1.25)

PERFORMANCE REVIEW

Performance review on the working of the Meghalaya Tourism Development Corporation Limited

The Meghalaya Tourism Development Corporation Limited (Company) was incorporated in January 1977 as a wholly owned Government Company with a view to promote tourism in the State of Meghalaya. Performance audit of the working of the Company revealed that the Company failed to achieve its primary objective of promoting/developing tourism in the State.

(Paragraph 7.2.1)

The Schemes undertaken by the Company did not contribute to the improvement/upgradation of the infrastructure. The Company did not formulate any Corporate Plan to achieve its stated objectives.

(Paragraph 7.2.6)

The funds received from the Government for development/augmentation of existing facilities and procurement of asset were not utilised.

(Paragraph 7.2.8)

Inordinate delay in completion of project (Hotel Crowborough) in Shillong resulted in locking up of funds to the extent of Rs.7.66 crore.

(Paragraph 7.2.11)

Non formulation of credit policy by the Company resulted in accumulation of receivables of Rs.60.19 lakh.

(Paragraph 7.2.14)

Taxes such as luxury, sales and municipal taxes amounting to Rs.3.15 crore collected from the customers during 2001-02 to 2005-06 were not deposited in the Government Account but were utilised for working capital requirements.

(Paragraph 7.2.15)

The preparation of accounts of the Company was in arrears for 15 years (1991-92 to 2005-06). As a result actual financial health of the Company could not be ascertained and the possibility of misappropriation/fraud could not be ruled out. Internal audit in the Company was also not adequate and commensurate with the size and nature of its activities.

(Paragraph 7.2.22)

PARAGRAPHS

Providing service connection by Meghalaya State Electricity Board (MeSEB) to a consumer from its own funds in violation of the Terms and Conditions of supply of power resulted in avoidable interest liability of Rs.37.99 lakh.

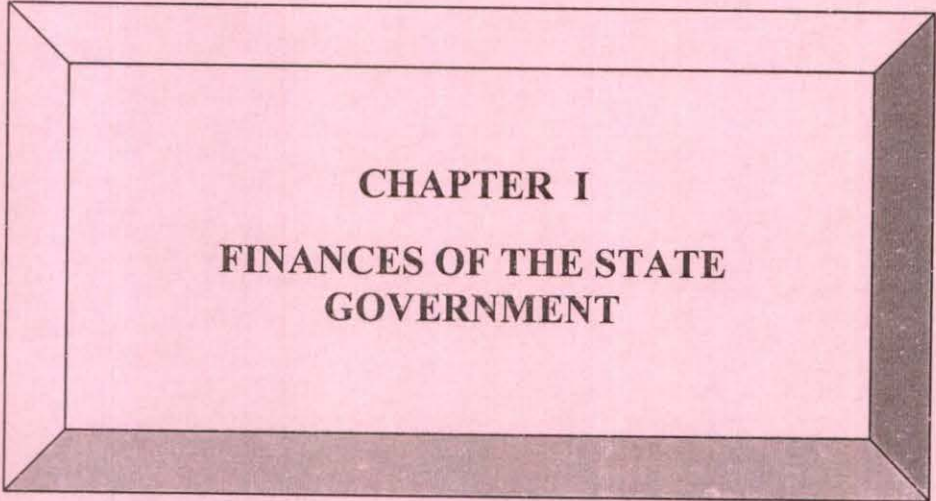
(Paragraph 7.3)

Non-adherence to the Terms and Conditions of supply of power by a consumer resulted in non-recovery of initial load security deposit of Rs.18 lakh by MeSEB.

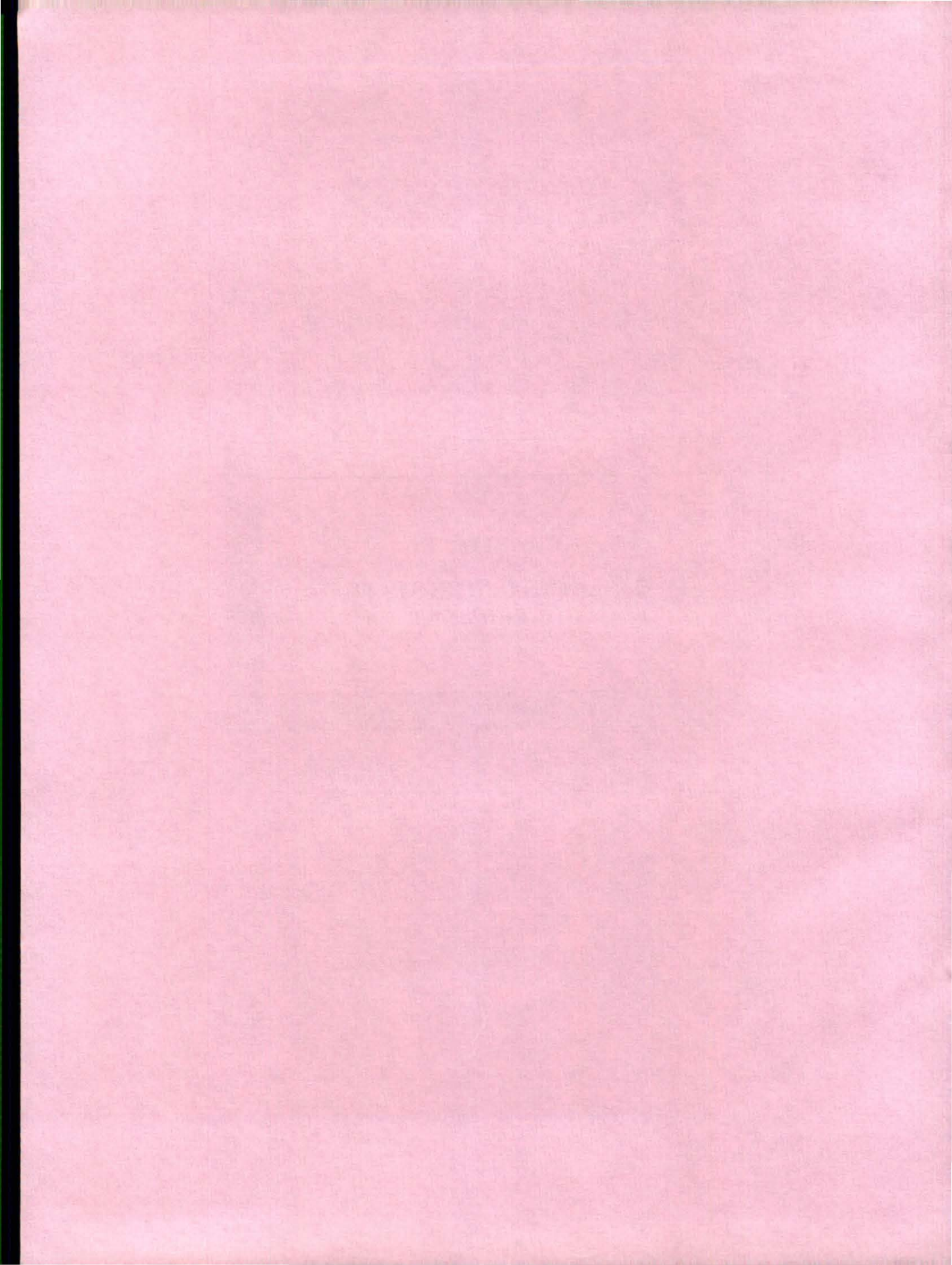
(Paragraph 7.4)

Non-adherence to terms and conditions of supply and faulty survey by MeSEB resulted in non-receipt of additional expenditure of Rs.32.74 lakh incurred on providing service line to consumers.

(Paragraph 7.5)



CHAPTER I
FINANCES OF THE STATE
GOVERNMENT



CHAPTER I: FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (*Appendix I-Part A*). The Finance Accounts of the Government of Meghalaya are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account. The lay out of the Finance Accounts is depicted in *Appendix I-Part B*.

1.1.1 Summary of Receipts and Disbursements for the year

Table 1.1 summarises the financial position of the State Government for the year 2005-06 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public account receipts and disbursements made during the year as emerging from Statement 1 of Finance Accounts and other detailed statements.

Table 1.1 : Summary of Receipts and Disbursements for the year 2005-06

(Rupees in crore)

| 2004-05 | Receipts | 2005-06 | 2004-05 | Disbursements | 2005-06 | | |
|-----------------------------|---|-----------|-----------|--|----------|--------|---------|
| Section - A: Revenue | | | | | | | |
| | | | | | Non-Plan | Plan | Total |
| 1546.13 | I. Revenue Receipts | 1746.94 | 1596.34 | I. Revenue Expenditure | 1182.99 | 491.49 | 1674.48 |
| 207.73 | Tax revenue | 252.67 | 587.05 | General Services | 602.79 | 22.54 | 625.33 |
| 133.49 | Non-tax revenue | 146.01 | 557.76 | Social Services | 340.74 | 214.01 | 554.75 |
| 269.04 | Share of Union Taxes/Duties | 350.57 | 451.53 | Economic Services | 239.46 | 254.94 | 494.40 |
| 935.87 | Grants-in-aid from Government of India | 997.69 | | | ... | ... | ... |
| Section - B: Capital | | | | | | | |
| ... | II. Miscellaneous Capital receipts | ... | 245.53 | II. Capital Outlay | 1.61 | 257.72 | 259.33 |
| 18.46 | III. Recovery of Loans and Advances | 18.52 | 35.93 | III. Loans and Advances disbursed | 2.95 | 7.68 | 10.63 |
| 297.44 | IV. Public Debt Receipts^(a) | 250.46 | 191.97 | IV. Repayment of Public Debt | - | - | 63.37 |
| ... | V. Contingency Fund | ... | ... | V. Contingency Fund | ... | ... | ... |
| 980.01 | VI. Public Account Receipts | 1107.80 | 827.14 | VI. Public Account Disbursements | ... | ... | 914.43 |
| 11.73 | Opening Balance | (-) 43.14 | (-) 43.14 | Closing Balance | ... | ... | 158.34 |
| 2853.77 | Total | 3080.58 | 2853.77 | Total | | | 3080.58 |

(a) Includes net Ways and Means Advances.

The bulk of the total receipts of the State during 2005-06 were contributed by revenue receipts (56 per cent) followed by Public Account receipts (35 per cent). Similarly, the total disbursements of the State during the year consisted of revenue expenditure (57 per cent) followed by Public Account

disbursements (31 per cent), capital account (9 per cent) and repayment of public debt (2 per cent). Within revenue expenditure, the share of non-plan revenue expenditure was 71 per cent of the total revenue expenditure during 2005-06 while the remaining 29 per cent was plan revenue expenditure.

1.2 Overview of Fiscal Situation of the State

1.2.1 Trends in Fiscal Aggregates

The fiscal position of the State Government during the current year compared to the previous year is given in Table 1.2.

Table 1.2

(Rupees in crore)

| 2004-05 | Sl.No. | Major Aggregates | 2005-06 |
|---------|--------|---|---------|
| 1,546 | 1. | Revenue Receipts (2+3+4) | 1,747 |
| 208 | 2. | Tax Revenue | 253 |
| 133 | 3. | Non-Tax Revenue | 146 |
| 1,205 | 4. | Other Receipts | 1,348 |
| 19 | 5. | Non-Debt Capital Receipts | 19 |
| 19 | 6. | Of which Recovery of Loans | 19 |
| 1,565 | 7. | Total Receipts (1+5) | 1,766 |
| 1,134 | 8. | Non-Plan Expenditure (9+11+12) | 1,187 |
| 1,120 | 9. | On Revenue Account | 1,183 |
| 177 | 10. | Of which, Interest payments | 191 |
| 5 | 11. | On Capital Account | 1 |
| 9 | 12. | On Loans disbursed | 3 |
| 744 | 13. | Plan Expenditure (14+15+16) | 757 |
| 476 | 14. | On Revenue Account | 491 |
| 241 | 15. | On Capital Account | 258 |
| 27 | 16. | On Loans disbursed | 8 |
| 1,878 | 17. | Total Expenditure (8+13) | 1,944 |
| (-) 313 | 18. | Fiscal Deficit (-) (17-1-5) | (-) 178 |
| (-) 50 | 19. | Revenue Surplus (+)/Deficit(-) {1-(9+14)} | (+) 73 |
| (-) 136 | 20. | Primary Deficit (-)/Surplus (+) (18-10) | (+) 13 |

Total non-debt receipts of the State essentially consist of revenue receipts of the State, which have increased by 13 per cent from Rs.1,546 crore in 2004-05 to Rs.1,747 crore in 2005-06, while the total expenditure increased by 4 per cent from Rs.1,878 crore in 2004-05 to Rs.1,944 crore in 2005-06. Of the total increase of Rs.201 crore in revenue receipts of the State, Rs.143 crore (71 per cent) was contributed by Central transfers comprising of grants-in-aid and State's share of Union taxes and duties. Against the revenue deficit during 2004-05, the State enjoyed a revenue surplus of Rs.73 crore during 2005-06. An increase of 13 per cent (Rs.201 crore) in revenue receipts during 2005-06 in comparison to that of 5 per cent (Rs.78 crore) in revenue expenditure resulted in a revenue surplus during 2005-06. Increase in revenue receipts during 2005-06 (13 per cent) compared to total expenditure (4 per cent) led to

decrease in fiscal deficit by Rs.135 crore (43 per cent). Interest payments during 2005-06 exceeded the fiscal deficit leading to a primary surplus of Rs.13 crore during the year.

1.3 Audit Methodology

Audit observations on the Statements of Finance Accounts for the year 2005-06 bring out the trends in the major fiscal aggregates of receipts and expenditure wherever necessary and analyse them in the light of time series data and periodic comparisons (*Appendix II to V*). Major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current prices. The New GSDP series as furnished (October 2006) by the Directorate of Economics and Statistics of the State Government have been used for the purpose. For tax revenues, non-tax revenues/revenue expenditure, *etc.*, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP. The key indicators adopted for the purpose are (i) resources by volumes and sources (ii) application of resources (iii) assets and liabilities and (iv) management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. In addition, selected indicators of financial performance of the Government are also listed in this section; some of the terms used in this context are explained in *Appendix I-Part C*.

1.4 State Finances by Key Indicators

1.4.1 Resources by Volumes and Sources

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. Table 1.3 shows that the total

receipts of the State Government for the year 2005-06 were Rs.3,124 crore. Of these, the revenue receipts of the State Government were Rs.1,747 crore only, constituting 56 per cent of the total receipts. The balance came mainly from borrowings and public account receipts.

Table 1.3 - Resources of Meghalaya

(Rupees in crore)

| | | | |
|------|---|--------|--------------|
| I. | Revenue Receipts | | 1,747 |
| II. | Capital Receipts | | 269 |
| | (a) Recovery of Loans and Advances | 19 | |
| | (b) Public Debt Receipts ^(b) | 250 | |
| | (c) Miscellaneous Capital Receipts | ... | |
| III. | Contingency Fund Receipts | | ... |
| IV. | Public Account Receipts | | 1,108 |
| | (a) Small Savings, Provident Fund, etc. | 89 | |
| | (b) Reserve Funds | 20 | |
| | (c) Deposits and Advances | 343 | |
| | (d) Suspense and Miscellaneous | (-) 18 | |
| | (e) Remittances | 674 | |
| | Total Receipts | | 3,124 |

(b) Included net (Nil) Ways and Means Advances also.

Out of the total receipts under Public Account, remittances constituted about 61 per cent. While 67 per cent (Rs.452 crore) of the remittances have come from Public Works remittances, Cash remittances between treasury and currency chests and Forest remittances constituted 20 per cent (Rs.134 crore) and 13 per cent (Rs.88 crore) respectively.

1.4.2 Revenue Receipts

Statement 11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, Central tax transfers and grants-in-aid from the GOI. Overall revenue receipts, their annual rate of growth, ratio of these receipts to the GSDP and its buoyancy are indicated in Table 1.4.

Table 1.4 – Revenue Receipts-Basic Parameters

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue Receipts (RR) | 1,132 | 1,123 | 1,289 | 1,399 | 1,546 | 1,747 |
| Own Taxes | 119 (10.51) | 136 (12.11) | 145 (11.25) | 178 (12.72) | 208 (13.46) | 253 (14.48) |
| Non-Tax Revenue | 87 (7.69) | 94 (8.37) | 93 (7.22) | 129 (9.22) | 133 (8.60) | 146 (8.36) |
| Central Tax Transfers | 164 (14.49) | 165 (14.69) | 176 (13.65) | 225 (16.08) | 269 (17.40) | 350 (20.03) |
| Grants-in-aid | 762 (67.31) | 728 (64.83) | 875 (67.88) | 867 (61.98) | 936 (60.54) | 998 (57.13) |
| Rate of Growth of RR (per cent) | 19.92 | - 0.80 | 14.78 | 8.53 | 10.51 | 13.00 |
| RR/GSDP (per cent) | 30.36 | 27.13 | 29.18 | 29.05 | 29.37 | 30.45 |
| Buoyancy ratio of RR with reference to GSDP | 1.496 | - 0.072 | 2.193 | 0.947 | 1.132 | 1.443 |
| Rate of Growth of Own Taxes (per cent) | 15.53 | 14.29 | 6.62 | 22.76 | 16.85 | 21.63 |
| Buoyancy ratio of State's Own Taxes with reference to GSDP | 1.167 | 1.296 | 0.982 | 2.526 | 1.816 | 2.401 |
| Buoyancy ratio of RR with reference to State's Own Taxes | 1.283 | - 0.056 | 2.233 | 0.375 | 0.624 | 0.601 |
| GSDP (Rupees in crore) | 3,728 | 4,139 | 4,418 | 4,816 | 5,263 | 5,737 |
| GSDP Growth (per cent) | 13.31 | 11.02 | 6.74 | 9.01 | 9.28 | 9.01 |

(Figures in brackets represent percentage)

General Trends

The revenue receipts of the State increased from Rs.1,132 crore in 2000-01 to Rs.1,747 crore in 2005-06. There were, however, significant inter-year variations in the growth rates. From a negative 0.80 per cent in 2001-02, the growth rate of revenue receipts reached to a level of 14.78 per cent in 2002-03, but declined to 13 per cent during 2005-06. Compared to 2004-05, the revenue receipts increased by 13 per cent during 2005-06 mainly on account of Central transfers comprising State's share of Union taxes and duties and grants-in-aid from GOI. While 22.84 per cent of the revenue receipts during 2005-06 have come from State's own resources comprising tax and non-tax receipts, Central tax transfers and grants-in-aid together contributed 77.16 per cent of the total revenue.

Grants-in-Aid

Central tax transfers as well as grants-in-aid received during 2005-06 increased substantially compared to previous year. Central tax transfers increased by over 30 per cent over that of 2004-05 mainly due to increase of 81 per cent in the share of service tax (Rs.11.59 crore) followed by 26 per cent in corporation tax (Rs.20.21 crore) and 22 per cent in Union excise duties (Rs.16.37 crore). There was sharp increase (12.53 per cent) in the non-plan grants from Rs.360.82 crore in 2004-05 to Rs.406.03 crore during 2005-06, which included Rs.376.67 crore for meeting the non-plan revenue deficit as

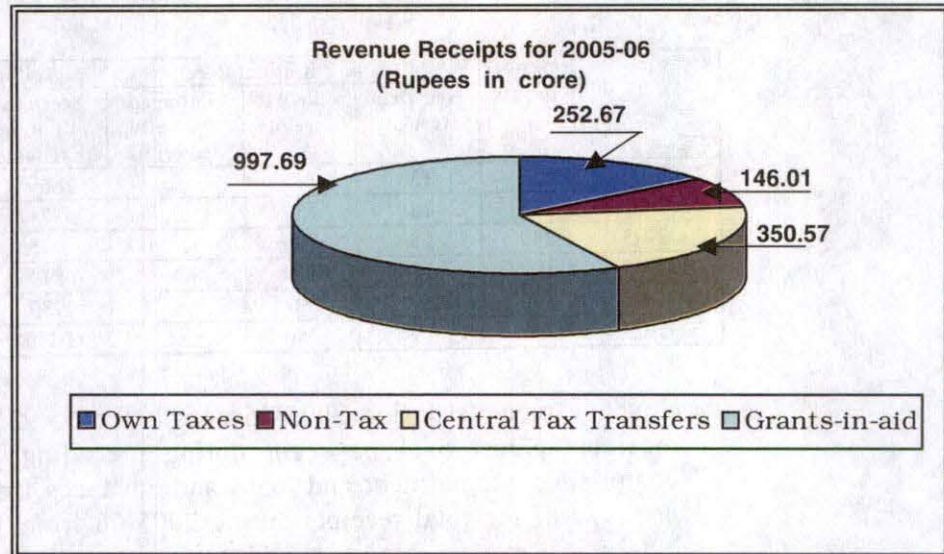
recommended by the Twelfth Finance Commission (TFC). However, the increase of plan grants was only marginal (2.88 *per cent*) from Rs.575.05 crore in 2004-05 to Rs.591.66 crore in 2005-06.

Tax Revenue

The receipts from own taxes at Rs.252.67 crore during 2005-06 was marginally higher (3.82 *per cent*) than the normative projection of Rs.243.38 crore made by the TFC for the State for 2005-06. Sales tax was the major contributor (68 *per cent*) of State's own tax revenue followed by State excise (23 *per cent*). Compared to 2000-01, the share of taxes on sales, trade, *etc.* towards tax revenue increased significantly, but the share of State excise sharply declined from 34 *per cent* in 2000-01 to 23 *per cent* in 2005-06.

Non-Tax Revenue

Receipts from non-tax revenue sources (Rs.146.01 crore) during 2005-06 was less by 10 *per cent* of the projection (Rs.162.20 crore) made by the TFC. Of non-tax revenue sources, receipts under non-ferrous mining and metallurgical industries (67 *per cent*) was the principal contributor. The TFC applied 12.5 *per cent* annual rate of growth for revenue receipts under general services and 25 *per cent* for both social and economic services in the forecast period, (2005-2010) reflecting the need for the States to achieve a greater degree of cost recovery in these services. While the growth of revenue receipts under general services (37 *per cent*) and social services (48 *per cent*) during 2005-06 over that of previous year surpassed the projected growth rates, the growth under economic services (7 *per cent*) was less than the projected rate by 18 *per cent*. In absolute terms, revenue receipts under general, social and economic services during 2005-06 increased by Rs.4.72 crore, Rs.1.02 crore and Rs.8.02 crore respectively over the previous year. Despite substantial increase in the receipts under social services, the current levels of cost recovery (revenue receipts as a percentage of revenue expenditure) in supply of merit goods and services by Government were negligible (0.59 *per cent* for secondary education, 0.82 *per cent* for medical and public health and 0.96 *per cent* for water supply and sanitation).



Revenue Arrears

Besides, the arrears of tax revenue at the end of March 2006 in respect of some principal heads of revenue were Rs.29.91 crore, which constituted 11.84 *per cent* of tax revenue of the State. Of these, Rs.23.95 crore (80.07 *per cent*) were more than five years old. An analysis of revenue arrears revealed that 74 *per cent* of pending arrears related to sales tax followed by land revenue (10 *per cent*). Further, all the pending arrears relating to purchase tax (Rs.1.61 crore) and State excise (Rs.0.31 crore), 83 *per cent* of sales tax arrears (Rs.18.45 crore) and 78 *per cent* of arrears of land revenue (Rs.2.27 crore) were more than five years old. As the pending revenue arrears constituted about 12 *per cent* of tax revenue of the State during 2005-06, appropriate steps need to be initiated by the State Government for their recovery, which would in turn provide a cushion to reduce the burden of fiscal liabilities of the State.

1.4.3 Sources of Receipts

The source of total receipts under different heads during 2000-2006 is indicated in Table 1.5.

Table 1.5 – Sources of Receipts: Trends

(Rupees in crore)

| Year | Revenue Receipts | Capital Receipts | | | | Total Receipts | Gross State Domestic Product |
|---------|------------------|-------------------|---------------|---------------------------|----------------------------|----------------|------------------------------|
| | | Non-Debt Receipts | Debt Receipts | Contingency Fund Receipts | Accruals in Public Account | | |
| 2000-01 | 1,132 | 13 | 141 | ... | 869 | 2,155 | 3,728 |
| 2001-02 | 1,123 | 16 | 156 | ... | 774 | 2,069 | 4,139 |
| 2002-03 | 1,289 | 15 | 295 | ... | 935 | 2,534 | 4,418 |
| 2003-04 | 1,399 | 18 | 319 | ... | 874 | 2,610 | 4,816 |
| 2004-05 | 1,546 | 19 | 297 | ... | 980 | 2,842 | 5,263 |
| 2005-06 | 1,747 | 19 | 250 | ... | 1,108 | 3,124 | 5,737 |

Revenue receipts during 2005-06 constituted 55.92 per cent of the total receipts against 54.4 per cent during preceding year. Debt receipts comprising internal debt and loans and advances from GOI declined to 8 per cent of the total receipts during 2005-06 from 10.45 per cent during 2004-05. Revenue receipts have increased from Rs.1,132 crore in 2000-01 to Rs.1,747 crore in 2005-06 largely due to enhanced Central transfers. Of capital receipts, debt receipts increased from Rs.141 crore in 2000-01 to Rs.250 crore in 2005-06, essentially on account of an increase of Rs.137 crore in the internal debt receipts from Rs.110 crore in 2000-01 to Rs.247 crore in 2005-06. However, compared to 2004-05, debt receipts during 2005-06 decreased by Rs.47 crore due to obtaining of lesser amount of loans and advances from GOI. Public account receipts increased significantly from Rs.869 crore in 2000-01 to Rs.1,108 crore in 2005-06. The increase of Rs.128 crore in public account receipts during 2005-06 compared to previous year was largely on account of increase of Rs.178 crore under deposits and advances.

1.5 Application of Resources

1.5.1 Growth of Expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. Total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in Table 1.6.

Table 1.6 – Total Expenditure – Basic Parameters

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|---------|---------|---------|---------|---------|---------|
| Total Expenditure (TE) ^(c) (Rupees in crore) | 1,394 | 1,360 | 1,466 | 1,619 | 1,878 | 1,944 |
| Rate of Growth (per cent) | 19.97 | -2.44 | 7.79 | 10.44 | 16.00 | 3.51 |
| TE/GSDP Ratio (per cent) | 37.39 | 32.86 | 33.18 | 33.62 | 35.68 | 33.89 |
| Revenue Receipts/TE Ratio (per cent) | 81.21 | 82.57 | 87.93 | 86.41 | 82.32 | 89.87 |
| Buoyancy ratio of Total Expenditure with | | | | | | |
| GSDP | 1.500 | -0.221 | 1.156 | 1.159 | 1.724 | 0.390 |
| Revenue Receipts | 1.003 | -3.068 | 0.527 | 1.223 | 1.522 | 0.270 |

(c) Total expenditure includes revenue expenditure, capital expenditure and loans & advances.

The total expenditure of the State has increased from Rs.1,394 crore in 2000-01 to Rs.1,944 crore in 2005-06. The rate of growth of total expenditure during 2005-06 was 3.51 per cent against 16 per cent during the preceding year. In relative terms, the revenue and capital expenditure components have increased by 55 per cent and 15 per cent respectively during the period 2000-2006. However, in absolute terms, increase was of the order of Rs.595 crore in revenue expenditure and Rs.33 crore in capital account during 2005-06 crore compared to 2000-01. These trends indicate that the increase in capital and revenue expenditure was in the ratio of 1:18.03 during the last six year period. An increase of Rs.66 crore in total expenditure (3.51 per cent) during 2005-06 over the previous year was mainly due to an increase in both revenue and capital expenditure by Rs.38 crore and Rs.3 crore in general services respectively, Rs.5 crore in capital expenditure on social services and Rs.43 crore and Rs.5 crore under revenue and capital expenditure of economic services with a marginal decline of Rs.3 crore revenue expenditure in social services and Rs.25 crore in loans and advances. A decline in the growth of total expenditure during 2005-06 compared to that of 2004-05 is also reflected in terms of buoyancies of total expenditure with respect to GSDP and total revenue receipts of the State.

1.5.2 Trends in Total Expenditure by Activities

In terms of activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in Table 1.7.

Table 1.7 – Components of Expenditure-Relative Share

(in per cent)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| General Services | 29.34 | 31.99 | 33.49 | 34.03 | 31.68 | 32.72 |
| Of which Interest Payments | 8.18 | 9.49 | 10.30 | 10.50 | 9.42 | 9.83 |
| Social Services | 35.08 | 36.84 | 33.70 | 34.78 | 35.52 | 34.41 |
| Economic Services | 29.20 | 28.01 | 27.69 | 26.87 | 30.88 | 32.30 |
| Loans and Advances | 6.38 | 3.16 | 5.12 | 4.32 | 1.92 | 0.57 |

The movement of the relative share of these components of expenditure indicated that all components of expenditure had inter-year variations. Of the total expenditure during 2005-06, expenditure on general services and interest payments, which is considered as non-developmental, together accounted for 32.72 per cent. On the other hand, expenditure on social and economic services together accounted for 66.71 per cent during 2005-06. The total expenditure of Rs.1,297 crore incurred on social and economic services during 2005-06 comprised of Rs.1,049 crore of revenue expenditure (81 per cent) and Rs.248 crore of capital expenditure (19 per cent) indicating that investment in creating productive assets and infrastructure development is gradually picking up momentum in the State.

1.5.3 Incidence of Revenue expenditure

Revenue expenditure had predominant share in the total expenditure. Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in Table 1.8.

Table 1:8 – Revenue Expenditure – Basic Parameters

| | (Rupees in crore) | | | | | |
|-------------------------------------|-------------------|---------|---------|---------|---------|---------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| Revenue Expenditure (RE) | 1,079 | 1,157 | 1,205 | 1,314 | 1,596 | 1,674 |
| <i>Of which</i> | | | | | | |
| Non-Plan Revenue Expenditure (NPRE) | 805 | 884 | 949 | 1,004 | 1,120 | 1,183 |
| Plan Revenue Expenditure (PRE) | 274 | 273 | 256 | 310 | 476 | 491 |
| Rate of Growth of | | | | | | |
| RE (per cent) | 16.27 | 7.23 | 4.15 | 9.05 | 21.46 | 4.89 |
| NPRE (per cent) | 11.96 | 9.81 | 7.35 | 5.80 | 11.55 | 5.62 |
| PRE (per cent) | 31.10 | -0.36 | -6.23 | 21.09 | 53.55 | 3.15 |
| NPRE/GSDP (per cent) | 21.59 | 21.36 | 21.48 | 20.85 | 21.28 | 20.62 |
| NPRE as per cent of TE | 57.75 | 65.00 | 64.73 | 62.01 | 59.64 | 60.85 |
| NPRE as percentage of RE | 74.61 | 76.40 | 78.76 | 76.41 | 70.18 | 70.67 |
| NPRE as per cent of RR | 71.11 | 78.72 | 73.62 | 71.77 | 72.45 | 67.72 |
| PRE/GSDP (per cent) | 7.35 | 6.60 | 5.79 | 6.44 | 9.04 | 8.56 |
| PRE as per cent of TE | 19.66 | 20.07 | 17.46 | 19.15 | 25.35 | 25.26 |
| PRE as percentage of RE | 25.39 | 23.60 | 21.24 | 23.59 | 29.82 | 29.33 |
| PRE as per cent of RR | 24.20 | 24.31 | 19.86 | 22.16 | 30.79 | 28.11 |
| Buoyancy of RE with | | | | | | |
| GSDP (ratio) | 1.222 | 0.656 | 0.615 | 1.004 | 2.312 | 0.543 |
| Revenue Receipts (ratio) | 0.817 | -9.092 | 0.281 | 1.060 | 2.042 | 0.376 |
| Buoyancy of NPRE with | | | | | | |
| GSDP (ratio) | 0.899 | 0.890 | 1.091 | 0.644 | 1.245 | 0.624 |
| Revenue Receipts (ratio) | 0.600 | -12.263 | 0.497 | 0.680 | 1.099 | 0.432 |
| Buoyancy of PRE with | | | | | | |
| GSDP (ratio) | 2.337 | -0.033 | -0.924 | 2.341 | 5.770 | 0.350 |
| Revenue Receipts (ratio) | 1.561 | -0.450 | -0.422 | 2.472 | 5.095 | 0.242 |

Overall revenue expenditure of the State increased from Rs.1,079 crore in 2000-01 to Rs.1,674 crore in 2005-06, showing an increase of 55 *per cent* over the period. However, the non-plan revenue expenditure during the same period increased from Rs.805 crore to Rs.1,183 crore, showing an increase of 47 *per cent* indicating that the share of NPRE in total revenue expenditure declined only marginally from 75 *per cent* in 2000-01 to 71 *per cent* in 2005-06. As a result, plan revenue expenditure, which normally covers the maintenance expenditure incurred on services, has only increased by Rs.217 crore during 2000-2006 keeping its share in total revenue expenditure between 21 and 30 *per cent* during the period. The growth of plan revenue expenditure during 2005-06 significantly declined to 3.15 *per cent* from 53.55 *per cent* during the previous year mainly due to decrease in expenditure on energy sector by Rs.20.88 crore followed by Rs.8.26 crore under education, sports, art and culture and Rs.7.31 crore under general economic services. Though the rate of growth of non-plan revenue expenditure declined to 5.62 *per cent* in 2005-06 from 11.55 *per cent* in 2004-05, this expenditure at Rs.1,183 crore during the year was 5.48 *per cent* (Rs.61.48 crore) higher than the normatively assessed level of Rs.1,122 crore by the TFC for the State for the year (Table 1.9).

Table 1.9: Non-Plan Revenue Expenditure: Actual *vis-à-vis* Normative Assessment by TFC

(Rupees in crore)

| Particulars | Assessed by the TFC | Actual | Difference Excess (+)/Less. (-) |
|---|---------------------|-----------------|---------------------------------|
| Interest Payments | 196.86 | 191.00 | (-) 5.86 |
| Pension | 87.98 | 93.22 | (+) 5.24 |
| Other General Services | 235.75 | 318.57 | (+) 82.82 |
| Social Services | 398.87 | 340.74 | (-) 58.13 |
| Economic Services | 202.05 | 239.46 | (+) 37.41 |
| Total Non-Plan Revenue Expenditure | 1,121.51 | 1,182.99 | (+) 61.48 |

Except for interest payments and expenditure on social services, the actual expenditure incurred on all other components of non-plan revenue expenditure was more than the assessment made by the TFC.

1.5.4 Committed Expenditure

Expenditure on Salaries and Wages

The expenditure on salaries and wages increased by 9 *per cent* from Rs.553 crore in 2004-05 to Rs.602 crore in 2005-06 as indicated in Table 1.10 below.

Table 1.10: Expenditure on Salaries and Wages

(Rupees in crore)

| Heads | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | |
|--|------------------------------|---------|---------|---------|---------|---------|-----|
| Expenditure on Salaries and Wages ^(d) | 462 | 536 | 576 | 622 | 553 | 602 | |
| <i>Of which</i> | | | | | | | |
| <i>Non-Plan Head</i> | <i>Details not available</i> | | | | | 464 | 502 |
| <i>Plan Head</i> | | | | | | 89 | 100 |
| As percentage of GSDP | 12.39 | 12.95 | 13.04 | 12.92 | 10.51 | 10.49 | |
| As percentage of Revenue Receipts | 40.81 | 47.73 | 44.69 | 44.46 | 35.77 | 34.46 | |

(d) 2000-2004: Salaries only on the basis of information furnished by the Finance (Economic Affairs) Department, Government of Meghalaya; 2004-2006: Salaries and wages as per Finance Accounts. Salaries exclude grants-in-aid towards salaries.

Salaries and wages accounted for 10.49 *per cent* of State's GDP and 34.46 *per cent* of the revenue receipts during 2005-06. Against the norms of the TFC that total salary bill relative to revenue expenditure net of interest payments and pensions should not exceed 35 *per cent*, the expenditure on salaries and wages in the State during 2005-06 accounted for 43.31 *per cent*.

1.5.5 Expenditure on payment of pension and other retirement benefits

Payments on pension and other retirement benefits have increased by 69 *per cent* from Rs.55 crore in 2000-01 to Rs.93 crore in 2005-06. Year-wise break-up of expenditure incurred on pension payments during the years 2000-01 to 2005-06 is indicated in Table 1.11.

Table 1.11: Expenditure on Pension (including other retirement benefits)

| Heads | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|---------|---------|---------|---------|---------|---------|
| Expenditure on Pension and other Retirement Benefits (Rupees in crore) | 55 | 58 | 67 | 76 | 87 | 93 |
| As <i>per cent</i> of GSDP | 1.48 | 1.40 | 1.52 | 1.58 | 1.65 | 1.62 |
| As <i>per cent</i> of Revenue Receipts | 4.86 | 5.16 | 5.20 | 5.43 | 5.63 | 5.32 |

With the increase in number of retirees, the pension liabilities are likely to increase further in future.

1.5.6 Interest Payments

Interest payments and their ratio to revenue expenditure during 2000-2006 are detailed below.

Table 1.12: Interest

| Year | Revenue Receipts | Interest payment | | |
|---------|-------------------|------------------|----------|-------------|
| | (Rupees in crore) | | Receipts | Expenditure |
| 2000-01 | 1,132 | 114 | 10.07 | |
| 2001-02 | 1,123 | 129 | 11.49 | 11.11 |
| 2002-03 | 1,289 | 151 | 11.71 | 12.53 |
| 2003-04 | 1,399 | 170 | 12.15 | 12.94 |
| 2004-05 | 1,546 | 177 | 11.45 | 11.09 |
| 2005-06 | 1,747 | 191 | 10.93 | 11.41 |

Interest payments increased steadily by 68 per cent from Rs.114 crore in 2000-01 to Rs.191 crore in 2005-06. Interest payments were on internal debt comprising loans from market, Life Insurance Corporation of India and other financial institutions (Rs.122 crore), loans and advances received from Central Government (Rs.44 crore) and Small Savings, Provident Fund, etc. (Rs.25 crore). Of the total interest payments during the year, over 41 per cent (Rs.79 crore) was paid for market borrowings. The rate of growth of interest payments during 2005-06 over the previous year at 7.91 per cent was marginally higher than the average growth rate of 7.5 per cent assigned by the TFC while projecting the interest payments of special category states for the forecast period.

1.5.7 Subsidies by the Government

Though the finances of the State are under strain, the State Government has been paying subsidies to various sectors. The trends in the subsidies given by the State Government are given in Table 1.13.

Table 1.13: Subsidies

| Year | Amount (Rupees in crore) | Percentage increase (+)/ decrease (-) over previous year | Percentage of subsidy in total expenditure |
|---------|--------------------------|--|--|
| 2000-01 | 28 | (+) 33 | 2.15 |
| 2001-02 | 24 | (-) 14 | 1.82 |
| 2002-03 | 33 | (+) 37 | 2.37 |
| 2003-04 | 30 | (-) 9 | 1.94 |
| 2004-05 | 28 | (-) 7 | 1.52 |
| 2005-06 | 20 | (-) 29 | 1.03 |

(Total expenditure excludes Loans and Advances)

Source: 2000-2005: Information furnished by the Finance (Economic Affairs) Department, Government of Meghalaya; 2005-06: Finance Accounts for the year 2005-06 - Government of Meghalaya.

During the current year subsidies constituted 1.03 *per cent* of the total expenditure, out of which 55 *per cent* was paid to the Meghalaya State Electricity Board, 19.5 *per cent* to Meghalaya Government Construction Corporation engaged in public works and remaining for the collection of taxes on commodities and services, agriculture and allied activities, *etc.*

1.6 Expenditure by Allocative Priorities

1.6.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore, ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP better is quality of expenditure. Table 1.14 gives these ratios during 2000-2006.

Table 1.14 – Indicators of Quality of Expenditure

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|------------------------------|---------|---------|---------|---------|---------|
| Capital Expenditure | 226 | 160 | 186 | 235 | 246 | 259 |
| Revenue Expenditure | 1,079 | 1,157 | 1,205 | 1,314 | 1,596 | 1,674 |
| <i>Of which</i> | | | | | | |
| Social and Economic Services with | 678 | 728 | 721 | 788 | 1,009 | 1,049 |
| (i) Salary & Wage Component | <i>Details not available</i> | | | | 342 | 376 |
| (ii) Non-Salary & Wage Component | | | | | 667 | 673 |
| As per cent of Total Expenditure^(e) | | | | | | |
| Capital Expenditure | 17.32 | 12.15 | 13.37 | 15.17 | 13.36 | 13.40 |
| Revenue Expenditure | 82.68 | 87.85 | 86.63 | 84.83 | 86.64 | 86.60 |
| As per cent of GSDP | | | | | | |
| Capital Expenditure | 6.06 | 3.87 | 4.21 | 4.88 | 4.67 | 4.51 |
| Revenue Expenditure | 28.94 | 27.95 | 27.27 | 27.28 | 30.32 | 29.18 |

(e) Total expenditure excludes Loans and Advances.

Revenue expenditure continues to have a dominant share in total expenditure, which is nearly 87 *per cent* in 2005-06. Though the increase of Rs.78 crore in revenue expenditure during 2005-06 over that of 2004-05 was minimal (5 *per cent*), it was more than 55 *per cent* when compared to 2000-01. The share of capital expenditure to total expenditure and GSDP showed decreasing trend during 2000-2006 and was 13.4 *per cent* and 4.51 *per cent* respectively in 2005-06. This indicates that adequate funds have not been allocated for creating productive assets and developing social and economic infrastructure in the State.

The increase of Rs.78 crore in revenue expenditure in 2005-06 over 2004-05 was due to increase of Rs.38.28 crore (7 *per cent*) in general services and Rs.42.87 crore (9 *per cent*) in economic services. However, expenditure on social services decreased by Rs.3.01 crore from Rs.557.76 crore in 2004-05 to Rs.554.75 crore in 2005-06. Within economic services, a significant increase of Rs.33.05 crore was observed during 2005-06 over the previous year under 'Rural Development' mainly due to increase in plan revenue expenditure by Rs.31.42 crore. Out of the total revenue expenditure of Rs.1,674 crore during 2005-06, expenditure on social and economic services (Rs.1,049) comprised about 63 *per cent*.

The increase in capital expenditure from Rs.246 crore in 2004-05 to Rs.259 crore in 2005-06 was mainly due to increase of Rs.10.70 crore in expenditure on social services (Rs.5.35 crore) and economic services (Rs.5.35 crore). Under social services, major increase was noticed in capital expenditure on social welfare and nutrition (Rs.5.56 crore). Within economic services, significant increase was on special areas programmes (Rs.11.60 crore).

1.6.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities, *etc.* have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. Table 1.15 summarises the expenditure incurred by the State Government in expanding and strengthening social services in the State during 2000-2006.

Table 1.15: Expenditure on Social Services

(Rupees in crore) (Per cent in brackets)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|-----------------------|------------------|------------------|------------------|-------------------|-------------------|
| Education, Sports, Art and Culture | | | | | | |
| Revenue Expenditure | 235.53 | 248.86 | 240.75 | 267.81 | 308.32 | 311.07 |
| Of which | | | | | | |
| (a) Salary & Wage Component | Details not available | | | | 104.86 (34.01) | 109.85 (35.31) |
| (b) Non-Salary & Wage Component | | | | | 203.46 (65.99) | 201.22 (64.69) |
| Capital Expenditure | 1.53 | 1.22 | 1.55 | 1.26 | 1.83 | 0.70 |
| Total | 237.06 | 250.08 | 242.30 | 269.07 | 310.15 | 311.77 |
| Health and Family Welfare | | | | | | |
| Revenue Expenditure | 70.51 | 82.07 | 81.86 | 82.56 | 86.39 | 94.03 |
| Of which | | | | | | |
| (a) Salary & Wage Component | Details not available | | | | 65.88 (76.26) | 78.28 (83.25) |
| (b) Non-Salary & Wage Component | | | | | 20.51 (23.74) | 15.75 (16.75) |
| Capital Expenditure | 9.92 | 10.29 | 11.89 | 14.32 | 14.51 | 17.23 |
| Total | 80.43 | 92.36 | 93.75 | 96.88 | 100.90 | 111.26 |
| Water Supply, Sanitation, Housing and Urban Development | | | | | | |
| Revenue Expenditure | 66.59 | 66.33 | 67.11 | 69.76 | 83.50 | 82.05 |
| Of which | | | | | | |
| (a) Salary & Wage Component | Details not available | | | | 26.19 (31.37) | 28.73 (35.02) |
| (b) Non-Salary & Wage Component | | | | | 57.31 (68.63) | 53.32 (64.98) |
| Capital Expenditure | 66.99 | 53.65 | 52.64 | 63.88 | 90.39 | 88.59 |
| Total | 133.58 | 119.98 | 119.75 | 133.64 | 173.89 | 170.64 |
| Other Social Services | | | | | | |
| Revenue Expenditure | 37.34 | 38.67 | 36.17 | 59.01 | 79.55 | 67.60 |
| Of which | | | | | | |
| (a) Salary & Wage Component | Details not available | | | | 15.75 (19.80) | 17.12 (25.33) |
| (b) Non-Salary & Wage Component | | | | | 63.80 (80.20) | 50.48 (74.67) |
| Capital Expenditure | ... | ... | 1.94 | 4.37 | 2.44 | 8.00 |
| Total | 37.34 | 38.67 | 38.11 | 63.38 | 81.99 | 75.60 |
| Total (Social Services) | | | | | | |
| Revenue Expenditure | 409.97 | 435.93 | 425.89 | 479.14 | 557.76 | 554.75 |
| Of which | (83.94) | (87.00) | (86.23) | (85.11) | (83.63) | (82.89) |
| (a) Salary & Wage Component | Details not available | | | | 212.68 (38.13) | 233.98 (42.18) |
| (b) Non-Salary & Wage Component | | | | | 345.08 (61.87) | 320.77 (57.82) |
| Capital Expenditure | 78.44 (16.06) | 65.16 (13.00) | 68.02 (13.77) | 83.83 (14.89) | 109.17 (16.37) | 114.52 (17.11) |
| Grand Total | 488.41 | 501.09 | 493.91 | 562.97 | 666.93 | 669.27 |

Out of the development expenditure (revenue and capital expenditure on social and economic services) of Rs.1,297 crore during 2005-06, social services accounted for about 52 *per cent* (Rs.669.27 crore). Expenditure on education, sports, art and culture, health and family welfare and water supply and sanitation, housing and urban development constituted about 89 *per cent* of the expenditure on social sector.

The trends in revenue and capital expenditure on social services during 2000-2006 reveal that the share of capital expenditure remained within the range of 13 to 17.11 *per cent* which indicated that the revenue expenditure was dominant. Of the revenue expenditure on social services, the share of salary and wage component has increased from 38.13 *per cent* in 2004-05 to 42.18 *per cent* in 2005-06 implying less expenditure on non-salary components including on their maintenance indicating deterioration in providing quality of services under this sector. The non-salary and wage expenditure on social services has decreased by 7 *per cent* during 2004-2006 from Rs.345.08 crore in 2004-05 to Rs.320.77 crore in 2005-06. Within the priority sector, despite the fact that non-salary and wage component continues to share dominantly under education, sports, art and culture and water supply, sanitation, housing and urban development, high salary and wage expenditure during 2004-2006 (over 76 *per cent* and 83 *per cent* respectively) under health and family welfare reflects the quality of health services.

1.6.3 Expenditure on Economic Services

The expenditure on economic services includes all such expenditure that promotes directly or indirectly, productive capacity within the States' economy. Under economic services, the revenue expenditure increased from Rs.268.17 crore in 2000-01 to Rs.494.40 crore in 2005-06, while capital expenditure decreased from Rs.139.36 crore to Rs.133.60 crore (Table 1.16).

Table 1.16: Expenditure on Economic Services

(Rupees in crore) (Per cent in brackets)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|---------------|---------------|---------------|---------------|------------------|------------------|
| Agriculture and Allied Activities | | | | | | |
| Revenue Expenditure | 112.00 | 124.34 | 116.94 | 121.97 | 139.62 | 163.07 |
| <i>Of which</i> | | | | | | |
| (a) Salary & Wage Component | | | | | 79.34 (56.83) | 85.75 (52.58) |
| (b) Non-Salary & Wage Component | | | | | 60.28 (43.17) | 77.32 (47.42) |
| <i>Details not available</i> | | | | | | |
| Capital Expenditure | 3.82 | 4.03 | 5.01 | 3.60 | 10.27 | 4.61 |
| Total | 115.82 | 128.37 | 121.95 | 125.57 | 149.89 | 167.68 |

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|-------------------------------------|-----------------------|------------------|-------------------|-------------------|--------------------|-------------------|
| Irrigation and Flood Control | | | | | | |
| Revenue Expenditure | 9.51 | 9.03 | 9.01 | 9.53 | 10.82 | 12.65 |
| Of which: | | | | | | |
| (a) Salary & Wage Component | Details not available | | | | 7.13 (65.90) | 7.84 (61.98) |
| (b) Non-Salary & Wage Component | | | | | 3.69 (34.10) | 4.81 (38.02) |
| Capital Expenditure | 8.99 | 10.54 | 6.61 | 6.17 | 5.19 | 7.58 |
| Total | 18.50 | 19.57 | 15.62 | 15.70 | 16.01 | 20.23 |
| Energy | | | | | | |
| Revenue Expenditure | 10.80 | 11.50 | 11.36 | 19.23 | 88.85 | 67.97 |
| Of which: | | | | | | |
| (a) Salary & Wage Component | Details not available | | | | Nil ⁽⁶⁾ | |
| (b) Non-Salary & Wage Component | | | | | 88.85 | 67.97 |
| Capital Expenditure | ... | ... | ... | ... | ... | ... |
| Total | 10.80 | 11.50 | 11.36 | 19.23 | 88.85 | 67.97 |
| Transport | | | | | | |
| Revenue Expenditure | 36.05 | 36.14 | 38.43 | 40.22 | 50.06 | 52.54 |
| Of which: | | | | | | |
| (a) Salary & Wage Component | Details not available | | | | Nil ⁽⁶⁾ | |
| (b) Non-Salary & Wage Component | | | | | 50.06 | 52.54 |
| Capital Expenditure | 92.13 | 50.15 | 87.40 | 91.85 | 90.18 | 86.03 |
| Total | 128.18 | 86.29 | 125.83 | 132.07 | 140.24 | 138.57 |
| Other Economic Services | | | | | | |
| Revenue Expenditure | 99.81 | 111.28 | 119.07 | 117.57 | 162.18 | 198.17 |
| Of which: | | | | | | |
| (a) Salary & Wage Component | Details not available | | | | 43.20 (26.64) | 48.29 (24.37) |
| (b) Non-Salary & Wage Component | | | | | 118.98 (73.36) | 149.88 (75.63) |
| Capital Expenditure | 34.42 | 24.16 | 12.02 | 25.09 | 22.61 | 35.38 |
| Total | 134.23 | 135.44 | 131.09 | 142.66 | 184.79 | 233.55 |
| Total (Economic Services) | | | | | | |
| Revenue Expenditure | 268.17 | 292.29 | 294.81 | 308.52 | 451.53 | 494.40 |
| Of which: | (65.80) | (76.68) | (72.64) | (70.89) | (77.88) | (78.73) |
| (a) Salary & Wage Component | Details not available | | | | 129.67 (28.72) | 141.88 (28.70) |
| (b) Non-Salary & Wage Component | | | | | 321.86 (71.28) | 352.52 (71.30) |
| Capital Expenditure | 139.36 (34.20) | 88.88 (23.32) | 111.04 (27.36) | 126.71 (29.11) | 128.25 (22.12) | 133.60 (21.27) |
| Grand Total | 407.53 | 381.17 | 405.85 | 435.23 | 579.78 | 628.00 |

⁽⁶⁾ These sectors being under the respective Statutory Corporations (Energy: Meghalaya State Electricity Board; Transport: Meghalaya Transport Corporation), no provision for salary and wage is made in the State Budget.

The expenditure on economic services during 2005-06 (Rs.628 crore) accounted for over 32 *per cent* of the total revenue and capital expenditure (Rs.1,933 crore) and 48 *per cent* of the development expenditure during the year. Expenditure on agriculture and allied activities, irrigation and flood control, energy and transport consumed nearly 63 *per cent* of the total expenditure on economic sector during 2005-06.

The non-salary and wage expenditure on economic services has increased by 9.53 *per cent* during 2004-2006 from Rs.321.86 crore in 2004-05 to Rs.352.52 crore in 2005-06 indicating allocative priorities towards their better quality and maintenance. Within revenue expenditure, share of salary and non-salary components remained almost stable during the last two years.

1.6.4 Financial Assistance to Local Bodies and other Institutions

The quantum of assistance (Rs.1,162 crore) provided by the State Government by way of grants (Rs.940 crore) and loans (Rs.222 crore) to local bodies and others during the six-year period 2000-2006 is presented in Table 1.17.

Table 1.17: Financial Assistance

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|------------|------------|------------|------------|------------|------------|
| University and Educational Institutions | 122 | 128 | 130 | 129 | 150 | 151 |
| Co-operative Societies | 2 | 3 | 2 | 2 | 2 | 2 |
| District Councils | 5 | 5 | 0.21 | 6 | 4 | 3 |
| Municipalities | 4 | 2 | 2 | 1 | 2 | 2 |
| Meghalaya State Electricity Board | 49 | 29 | 56 | 50 | 26 | 7 |
| Other Institutions ^(b) | 28 | 27 | 11 | 10 | 5 | 5 |
| Total | 210 | 194 | 201 | 198 | 189 | 170 |
| Percentage of increase (+)/decrease (-) over previous year | + 45.83 | - 7.62 | + 3.61 | - 1.49 | - 4.55 | - 10.05 |
| Assistance as a percentage of Revenue Expenditure | 19.46 | 16.77 | 16.68 | 15.07 | 11.84 | 10.16 |

The total assistance during 2005-06 decreased by 10.05 *per cent* compared to the previous year mainly as a result of providing decreased assistance in the form of loan to Electricity Board by Rs.18.69 crore and grants to the District Councils by Rs.1 crore. The assistance to State institutions, etc. as a percentage of total revenue expenditure has also decreased from 19.46 *per cent* in 2000-01 to 10.16 *per cent* in 2005-06. University and educational institutions were the main beneficiaries, who were provided with 89 *per cent* of the total financial assistance during 2005-06. Of Rs.151 crore provided to the University and Educational Institutions, Rs.148 crore was paid to non-Government primary/secondary schools and colleges mainly for non-plan purposes (Rs.100 crore) indicating transfer of funds for current consumption.

^(b) Khadi & Village Industries, Housing Board, Indian Red Cross Society, Forest Development Corporation of Meghalaya, etc.

1.6.5 Non-submission of accounts

In order to identify the institutions which attract audit under Section 14/15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (Act, 1971), Government/Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions. Information for the year 2005-06 called for in May 2006 from 13 departments^(h) was awaited as of July 2006.

1.6.6 Abstract of performance of Autonomous Bodies

The audit of accounts of the Meghalaya Khadi and Village Industries Board, Shillong up to 2004-05 was entrusted to the Comptroller and Auditor General of India under Section 19(3) of the Act, 1971. The Board had not submitted the accounts for the years 2003-04 and 2004-05.

1.6.7 Misappropriation, losses, defalcation, etc.

State Government reported 86 cases of misappropriation, defalcation, etc. involving Government money amounting to Rs.1.54 crore up to the period March 2006 on which final action was pending. The department-wise break up of pending cases is given in *Appendix VI*.

1.7 Assets and Liabilities

1.7.1 Financial position

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix II* gives an abstract of such liabilities and the assets as on 31 March 2006, compared with the corresponding position on 31 March 2005. While the liabilities in this *Appendix* consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly capital outlay and loans and advances given by the State Government and cash balances. *Appendices IV, V* and *VI* depict the Abstract of Receipts and Disbursements for the year 2005-06, Sources and Application of Funds and Time series data on State Government Finances respectively for the period 2000-2006.

^(h) Education, Health & Family Welfare, Community & Rural Development, Soil & Water Conservation, Industries, Urban Affairs, Information & Public Relation, Sericulture & Weaving, Agriculture, Social Welfare, Border Areas, Economics & Statistics and Forest Departments.

1.7.2 Incomplete Projects

According to the information available in *Appendix II* of the Finance Accounts for the year 2005-06, there were 172 ongoing projects as of March 2006. Of these, 24 projects, stipulated for completion on or before 31 March 2006 at an estimated cost of Rs.12.86 crore, remained incomplete with an expenditure of Rs.11.30 crore till 31 March 2006. Out of 24 projects, 15 remained incomplete for less than one year and the remaining nine projects for over one to two years.

1.7.3 Investments and Returns

As of 31 March 2006, Government had invested Rs.177.31 crore in Statutory Corporations, Government Companies and Co-operative Societies (Table 1.18). The return on this investment was less than one *per cent* during 2000-2006 while the Government paid interest at average rate of 8.58 to 9.05 *per cent* on its borrowings during the period.

Table 1.18: Return on Investment

| Year | Investment during the year | Investment at the end of the year | Return | Percentage of return | Average rate of interest on Government borrowing | Difference between interest rate and return |
|---------|----------------------------|-----------------------------------|--------|----------------------|--|---|
| | (Rupees in crore) | | | (Per cent) | | |
| 2000-01 | 27.18 | 125.54 | 0.01 | 0.00 | 9.05 | 9.05 |
| 2001-02 | 14.84 | 140.38 | 0.11 | 0.08 | 8.81 | 8.73 |
| 2002-03 | 11.93 | 152.32 | 0.01 | 0.00 | 8.98 | 8.98 |
| 2003-04 | 10.58 | 162.89 | 0.18 | 0.11 | 9.00 | 8.89 |
| 2004-05 | 7.53 | 170.42 | 0.18 | 0.11 | 8.58 | 8.47 |
| 2005-06 | 6.89 | 177.31 ⁽ⁱ⁾ | 0.01 | 0.01 | 8.69 | 8.68 |

As of March 2006, the State Government had invested Rs.37.07 crore in two Statutory Corporations, Rs.102.05 crore in eight Government Companies and Rs.38.19 crore in 1,438 Co-operative Societies. Of the two Statutory Corporations, bulk of the investment (Rs.35.60 crore) was made to the Meghalaya Transport Corporation Limited despite accumulated loss of Rs.47.09 crore sustained by the Corporation up to 1999-2000. Out of Rs.102.05 crore invested in Government Companies, Rs.18.68 crore was invested in five loss making Companies, which had accumulated loss of Rs.19.07 crore as detailed in Table 1.19. Up-to-date working results of the Co-operative Societies had not been intimated (November 2006).

⁽ⁱ⁾ Figures in Chapter VI are provisional.

Table 1.19: Details of loss making Government Companies

(Rupees in crore)

| Sl. No. | Name of Companies | Amount invested up to March 2006 | Accumulated loss | Period up to ⁽ⁱ⁾ |
|---------|--|----------------------------------|------------------|-----------------------------|
| 1. | Meghalaya Government Construction Corporation Limited | 4.77 | 8.77 | 2003-04 |
| 2. | Meghalaya Mineral Development Corporation Limited | 2.27 | 5.50 | 2004-05 |
| 3. | Meghalaya Tourism Development Corporation Limited | 7.75 | 1.59 | 1990-91 |
| 4. | Forest Development Corporation of Meghalaya Limited | 1.56 | 1.74 | 1998-99 |
| 5. | Meghalaya Handloom and Handicrafts Development Corporation Limited | 2.33 | 1.47 | 2000-01 |
| | | 18.68 | 19.07 | |

(i) Accounts for the subsequent years are in arrears.

1.7.4 Loans and Advances by State Government

In addition to investments in Co-operatives, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/organisations. Total outstanding loans and advances as on 31 March 2006 was Rs.480 crore (Table 1.20). Interest received against these loans and advances was meagre, which had decreased from 0.63 per cent in 2004-05 to 0.21 per cent in 2005-06.

Table 1.20 : Average interest received on Loans and Advances by the State Government

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|---------|---------|---------|---------|---------|---------|
| Opening Balance | 256 | 332 | 359 | 419 | 471 | 488 |
| Amount advanced during the year | 89 | 43 | 75 | 70 | 36 | 11 |
| Amount repaid during the year | 13 | 16 | 15 | 18 | 19 | 19 |
| Closing Balance | 332 | 359 | 419 | 471 | 488 | 480 |
| Net Addition | 76 | 27 | 60 | 52 | 17 | - 8 |
| Interest Received | 0.55 | 0.49 | 0.46 | 0.72 | 3 | 1 |
| Interest received as per cent to outstanding Loans and Advances | 0.19 | 0.14 | 0.12 | 0.16 | 0.63 | 0.21 |
| Weighted interest rate paid on borrowings by the State Government (per cent) | 9.05 | 8.81 | 8.98 | 9.00 | 8.58 | 8.69 |
| Difference between interest paid and received (per cent) | 8.86 | 8.67 | 8.86 | 8.84 | 7.95 | 8.48 |

As the rate of return on outstanding loans was much lower than the cost at which the State Governments borrow, the TFC assumed a 7 per cent return on outstanding loans and advances, to be achieved in a graded manner by the terminal year of the forecast period. Decreasing trend in return on outstanding loans and advances advanced by the State Government indicates that the possibility of achieving 7 per cent return by the terminal year of the forecast period as assumed by the TFC is remote.

1.7.5 Management of Cash Balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) – Ordinary and Special – from the Reserve Bank of India (RBI) has been put in place. The operating limit for Ordinary WMA is reckoned as the three year average of revenue receipts and the operative limit for Special WMA is fixed by the RBI from time to time depending on the holding of Government securities.

Under the agreement with the RBI, the Government of Meghalaya has to maintain an all time minimum balance of Rs.21 lakh with RBI. If the balance falls below the agreed minimum, the Government can take Ordinary WMA from the RBI up to a maximum of Rs.50.50 crore. In addition, Special WMA not exceeding Rs.9.16 crore are made available against GOI securities held by the State Government. Overdrafts are given by the RBI if the State has a minus balance after availing of the maximum advance. There was no improvement in the management of cash balances as WMA facilities were used for seven days during 2005-06 against six days in previous year, besides availing of the facilities of Overdraft for one day during the year.

WMAs and overdrafts availed, the number of days these were availed and interest paid by the State is detailed in Table 1.21.

Table 1.21: Ways and Means Advances and Overdrafts of the State
(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--------------------------------|---------|---------|---------|---------|---------|---------|
| Ways and Means Advances | | | | | | |
| Availed in the Year | ... | ... | 243.17 | 50.99 | 2.57 | 83.49 |
| Number of days | ... | ... | 96 | 44 | 6 | 7 |
| Outstanding WMAs, if any | ... | ... | ... | ... | ... | ... |
| Interest Paid | ... | ... | 0.23 | 0.24 | 0.0015 | 0.08 |
| Overdraft | | | | | | |
| Availed in the Year | ... | ... | 0.46 | ... | ... | 8.85 |
| Number of days | ... | ... | 1 | ... | ... | 1 |
| Outstanding Overdraft, if any | ... | ... | ... | ... | ... | ... |
| Interest Paid | ... | ... | ... | ... | ... | (k) |

(k) Rs.0.21 lakh only.

1.8 Undischarged Liabilities

1.8.1 Fiscal Liabilities - Public Debt and Guarantees

There are two sets of liabilities namely, public debt and other liabilities. Public Debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund – Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time, be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of public account, include deposits under small savings scheme, provident funds and other deposits. However, no such law has been passed by the State.

Table 1.22 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table 1.22 – Fiscal Liabilities – Basic Parameters

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|---------|----------|---------|---------|---------|---------|
| Fiscal Liabilities ⁽¹⁾ (Rupees in crore) | 1,395 | 1,535 | 1,827 | 1,952 | 2,173 | 2,566 |
| Rate of Growth (per cent) | 24.11 | 10.04 | 19.02 | 6.84 | 11.32 | 18.09 |
| Ratio of Fiscal Liabilities to | | | | | | |
| GSDP (per cent) | 37.42 | 37.09 | 41.35 | 40.53 | 41.29 | 44.73 |
| Revenue Receipts (per cent) | 123.23 | 136.69 | 141.74 | 139.53 | 140.56 | 146.88 |
| Own Resources (per cent) | 677.18 | 667.39 | 767.65 | 635.83 | 637.24 | 643.11 |
| Buoyancy of Fiscal Liabilities to | | | | | | |
| GSDP (ratio) | 1.811 | 0.910 | 2.822 | 0.759 | 1.220 | 2.008 |
| Revenue Receipts (ratio) | 1.211 | - 12.623 | 1.287 | 0.802 | 1.077 | 1.391 |
| Own Resources (ratio) | 2.373 | 0.861 | 5.469 | 0.236 | 1.022 | 1.063 |

Fiscal liabilities of Rs.2,566 crore during 2005-06 consist of internal debt, e.g., market loans bearing interest, loans from Life Insurance Corporation of India (LIC) and other institutions, etc. (Rs.1,423 crore), loans and advances from Central Government (Rs.372 crore), small savings, provident funds (State

⁽¹⁾ Includes Internal Debt, Loans and Advances from Government of India, Small Savings, Provident Funds, etc., Deposits and other non-interest bearing obligations.

Provident Funds and Insurance & Pension Funds: Rs.347 crore) and other non-interest bearing obligations such as deposit of local funds, civil deposits, etc. (Rs.424 crore). Overall fiscal liabilities of the State increased from Rs.1,395 crore in 2000-01 to Rs.2,566 crore in 2005-06. The growth rate in 2005-06 was 18.09 *per cent* over the previous year. The ratio of fiscal liabilities to GSDP also increased from 37.42 *per cent* in 2000-01 to 44.73 *per cent* in 2005-06. These liabilities stood at 1.47 times the revenue receipts and 6.43 times of the State's own resources at the end of 2005-06. The fiscal liabilities had grown faster than the State's GSDP. The buoyancy of these liabilities with respect to GSDP during the year was 2.008 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 2.008 *per cent*.

According to Statement 4 of the Finance Accounts for the year 2005-06, during 1999-2000, the State Government constituted a 'Consolidated Sinking Fund' for redemption and amortisation of open market loans from the year 2005-06. In 2005-06, the Government has appropriated Rs.8.25 crore from revenue and credited to this fund for investment in the GOI Securities.

1.8.2 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower from whom the guarantee has been extended. As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of the year since 2000-01 is given in Table 1.23.

Table 1.23: Guarantees given by the Government of Meghalaya

(Rupees in crore)

| Year | Maximum amount guaranteed (year end) | Outstanding amount of guarantees (year end) | | | Percentage of maximum amount guaranteed to total Revenue Receipts |
|---------|--------------------------------------|---|----------|--------|---|
| | | Principal | Interest | Total | |
| 2000-01 | 243.07 | 141.49 | 73.15 | 214.64 | 21.47 |
| 2001-02 | 187.51 | 105.56 | 51.40 | 156.96 | 16.70 |
| 2002-03 | 183.69 | 88.02 | 49.28 | 137.37 | 14.25 |
| 2003-04 | 342.94 | 248.02 | 52.31 | 300.33 | 24.51 |
| 2004-05 | 384.32 | 287.02 | 51.16 | 338.18 | 24.86 |
| 2005-06 | 504.67 | 369.36 | 35.02 | 404.38 | 28.89 |

Government has guaranteed loans raised by various Corporations and others, which at the end of 2005-06 stood at Rs.404.38 crore (including interest). The outstanding amount of guarantees is in the nature of contingent liabilities, which were over 23 *per cent* of revenue receipts of the State during 2005-06. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limit within which Government may give guarantees on the security of the Consolidated Fund of the State.

According to Statement 6 of the Finance Accounts for the year 2005-06, to regulate the unplanned borrowing by the public sector undertakings and apex co-operative institutions against Government guarantees, the State Government decided to levy a guarantee fee at an annual rate of one *per cent* from April 1989. As of March 2006, such fee of Rs.9.29 crore was outstanding from a Statutory Corporation, *viz.*, Meghalaya State Electricity Board.

1.8.3 Debt Sustainability

Debt sustainability is defined as the ability to maintain a constant debt-GSDP ratio over a period of time. In simple terms, public debt is considered sustainable as long as the rate of growth of income exceeds the interest rate or cost of public borrowings subject to the condition that the primary balance is either positive or zero. Given the rate spread (GSDP growth – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or sustainable. On the other hand, if $PD > QS$, debt-GSDP ratio would be rising and if $PD < QS$, it would be falling.

Table 1.24: Debt Sustainability – Interest Rate and GSDP Growth (in *per cent*)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|---------|---------|---------|---------|---------|---------|
| Weighted Interest Rate | 9.05 | 8.81 | 8.98 | 9.00 | 8.58 | 8.06 |
| GSDP Growth | 13.31 | 11.02 | 6.74 | 9.01 | 9.28 | 9.01 |
| Interest Spread | 4.26 | 2.21 | -2.24 | 0.01 | 0.70 | 0.95 |
| Outstanding Debt (Rupees in crore) | 1,395 | 1,535 | 1,827 | 1,952 | 2,173 | 2,566 |
| Quantum Spread (Rupees in crore) | 59 | 34 | - 41 | 0.20 | 15 | 24 |
| Primary Deficit (-)/ Surplus (+) (Rupees in crore) | - 135 | - 92 | - 11 | - 32 | - 136 | +13 |

One of the indicators of fiscal sustainability is the existence of a positive spread between rate of growth of GSDP and average interest rate. The trends in Table 1.24 reveal that except in 2002-03, interest spread was positive during 2000-2006, i.e., weighted interest rate was less than the rate of growth of GSDP during these years. But the spread has declined from a peak of 4.26 *per cent* in 2000-01 to a nominal 0.95 *per cent* in 2005-06. Persistence of this phenomenon in later years may endanger debt sustainability.

The State has not only experienced primary deficit during 2000-2005, but it continues to be sizeable throughout this period. An analysis of primary deficit *vis-à-vis* quantum spread reveals that primary deficit during 2000-2005 was greater than the quantum spread indicating rising debt-GSDP ratio and deteriorating debt position of the State. But the position during 2005-06 was

changed when there was primary surplus indicating a step towards debt consolidation.

1.8.4 Net Availability of Borrowed Funds

Another important indicator of debt sustainability is the net availability of funds after the repayment of principal on account of earlier contracted liabilities and payment of interest. Table 1.25 below gives the position of receipt and repayment of internal debt and other fiscal liabilities of the State over the last six years.

Table 1.25 – Net Availability of Borrowed Funds (Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|---------|---------|---------|---------|---------|---------|
| Internal Debt^(m) | | | | | | |
| Receipts | 110 | 110 | 401 | 287 | 188 | 340 |
| Repayment (Principal + Interest) | - 65 | 81 | 343 | 183 | 194 | 258 |
| Net Fund Available | 45 | 29 | 58 | 104 | - 6 | 82 |
| Net Fund Available (<i>per cent</i>) | 40.91 | 26.36 | 14.46 | 36.24 | ... | 24.12 |
| Loans and Advances from Government of India | | | | | | |
| Receipts | 31 | 46 | 138 | - 83 | 112 | 3 |
| Repayment (Principal + Interest) | 62 | 65 | 156 | 170 | 157 | 63 |
| Net Fund Available | -31 | -19 | -18 | - 87 | - 45 | - 60 |
| Net Fund Available (<i>per cent</i>) | ... | ... | ... | ... | ... | ... |
| Other obligations⁽ⁿ⁾ | | | | | | |
| Receipts | 343 | 241 | 329 | 255 | 281 | 410 |
| Repayment (Principal + Interest) | 200 | 239 | 228 | 318 | 186 | 228 |
| Net Fund Available | 143 | 2 | 101 | - 63 | 95 | 182 |
| Net Fund Available (<i>per cent</i>) | 41.69 | 0.83 | 30.70 | ... | 33.81 | 44.39 |
| Total Liabilities | | | | | | |
| Receipts | 484 | 397 | 868 | 625 | 581 | 753 |
| Payments | 327 | 385 | 727 | 671 | 537 | 549 |
| Net receipts | 157 | 12 | 141 | - 46 | 44 | 204 |
| Net Fund Available (<i>per cent</i>) | 32.44 | 3.02 | 16.24 | ... | 7.57 | 27.09 |

The net funds available from the total receipts on account of internal debt, loans and advances from GOI and other debt receipts (including Public Account) varied between 3.02 and 32.44 *per cent* during 2000-2006 (no amount was available during 2003-04). During 2005-06, the net fund availability was 27.09 *per cent* against 7.57 *per cent* during the previous year. Nearly 23 *per cent* (Rs.60 crore) of the net available funds (Rs.264 crore) from internal debt (Rs.82 crore) and other obligations (Rs.182 crore) was used to meet the overwhelming repayment obligation of the loans and advances from the GOI. Considering that the fiscal liabilities have been increasing year after year, availability of borrowed funds would be reduced further.

^(m) Includes Ways and Means Advances and Overdrafts.

⁽ⁿ⁾ Small Savings, Provident Funds, etc., Deposits and other non-interest bearing obligations.

1.9 Management of Deficits

Deficit in Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. Some important parameters of the State's fiscal imbalances are indicated in Table 1.26.

Table 1.26 – Fiscal Imbalances – Basic Parameters

| Parameters | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|---------|---------|---------|---------|---------|---------|
| Revenue Surplus (RS) (+)/ Revenue Deficit (RD) (-) (Rupees in crore) | + 53 | -34 | + 84 | + 85 | - 50 | + 73 |
| Fiscal Deficit (FD) (Rupees in crore) | 249 | 221 | 162 | 202 | 313 | 178 |
| Primary Deficit (PD) (-)/ Surplus (+) (Rupees in crore) | - 135 | - 92 | - 11 | - 32 | - 136 | + 13 |
| RD/GSDP (<i>per cent</i>) | - 1.42 | 0.82 | - 1.90 | - 1.76 | 0.95 | - 1.27 |
| FD/GSDP (<i>per cent</i>) | 6.68 | 5.34 | 3.67 | 4.19 | 5.95 | 3.10 |
| PD/GSDP (<i>per cent</i>) | 3.62 | 2.22 | 0.25 | - 0.66 | 2.58 | - 0.23 |
| RD/FD (<i>per cent</i>) | (o) | 15.38 | (o) | | 15.97 | (o) |

(o) There was revenue surplus during the year.

The State had a revenue surplus of Rs.73 crore during 2005-06 against revenue deficit (Rs.50 crore) during previous year. An increase of 13 *per cent* (Rs.201 crore) in revenue receipts during 2005-06 in comparison to 4.89 *per cent* (Rs.78 crore) on revenue expenditure resulted in revenue surplus during the year.

Fiscal deficit, which represents the total borrowings of the Government and the total resource gap, decreased from its peak of Rs.313 crore in 2004-05 to Rs.178 crore in 2005-06. A sharp increase in revenue receipts over the previous year and a marginal increase in revenue and capital expenditure led to improvement in fiscal deficit during 2005-06. As a proportion of GSDP, the fiscal deficit of the State varied significantly during 2000-2006. It declined to 3.1 *per cent* in the current year from 5.95 *per cent* in 2004-05.

Primary deficit, defined as fiscal deficit net of interest payments, has turned from a deficit of Rs.136 crore in 2004-05 to a surplus of Rs.13 crore during current year. The emergence of a surplus in primary account was largely on account of increase in revenue receipts during 2005-06 over the previous year.

1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 1.27 below presents a summarised position of Government finances over 2000-2006, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facts.

Table 1.27: Indicators of Fiscal Health (in per cent)

| Fiscal Indicators | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|-----------------------|----------|---------|---------|---------|---------|
| I. Resource Mobilisation | | | | | | |
| Revenue Receipts (RR)/GSDP | 30.36 | 27.13 | 29.18 | 29.05 | 29.37 | 30.45 |
| Revenue Buoyancy | 1.496 | - 0.072 | 2.193 | 0.947 | 1.132 | 1.143 |
| Own tax/GSDP | 3.192 | 3.286 | 3.282 | 3.696 | 3.952 | 4.410 |
| II. Expenditure Management | | | | | | |
| Total Expenditure (TE)/GSDP | 37.39 | 32.86 | 33.18 | 33.62 | 35.68 | 33.89 |
| TE/RR | 123.14 | 121.10 | 113.73 | 115.73 | 121.47 | 111.28 |
| Revenue Expenditure (RE)/TE | 77.40 | 85.07 | 82.20 | 81.16 | 84.98 | 86.11 |
| Salary & Wage expenditure on Social and Economic Services/RE | Details not available | | | | 21.43 | 22.46 |
| Non-Salary & Wage expenditure on Social and Economic Services/RE | Details not available | | | | 41.79 | 40.20 |
| Capital Expenditure/TE ^(a) | 17.32 | 12.15 | 13.37 | 15.17 | 13.36 | 13.40 |
| Capital Expenditure on Social and Economic Services/TE | 20.20 | 13.31 | 14.85 | 15.98 | 14.91 | 14.81 |
| Buoyancy of TE with RR | 1.003 | - 3.068 | 0.527 | 1.223 | 1.522 | 0.270 |
| Buoyancy of RE with RR | 0.817 | - 9.092 | 0.281 | 1.060 | 2.042 | 0.376 |
| III. Management of Fiscal Imbalances | | | | | | |
| Revenue Deficit (-)/Surplus (+) (Rupees in crore) | + 53 | - 34 | + 84 | + 85 | - 50 | + 73 |
| Fiscal Deficit (Rupees in crore) | 249 | 221 | 162 | 202 | 313 | 178 |
| Primary Deficit (-)/ Surplus (+) (Rupees in crore) | - 135 | - 92 | - 11 | - 32 | - 136 | + 13 |
| Revenue Deficit/Fiscal Deficit | (b) | 15.38 | (b) | (b) | 15.97 | (b) |
| IV. Management of Fiscal Liabilities | | | | | | |
| Fiscal Liabilities (FL)/GSDP | 37.42 | 37.09 | 41.35 | 40.53 | 41.29 | 44.73 |
| FL/RR | 123.23 | 136.69 | 141.74 | 139.53 | 140.56 | 146.88 |
| Buoyancy of FL with RR (ratio) | 1.211 | - 12.623 | 1.287 | 0.802 | 1.077 | 1.391 |
| Buoyancy of FL with Own Receipt (ratio) | 2.373 | 0.861 | 5.469 | 0.236 | 1.022 | 1.063 |
| Primary Deficit vis-à-vis Quantum Spread (Rupees in crore) | - 76 | - 58 | - 52 | - 32 | - 121 | 37 |
| Net Funds Available | 32.44 | 3.02 | 16.24 | ... | 7.57 | 27.09 |
| V. Other Fiscal Health Indicators | | | | | | |
| Return on Investment | 0.00 | 0.08 | 0.00 | 0.11 | 0.11 | 0.01 |
| BCR (Rupees in crore) | - 113 | - 168 | - 123 | - 137 | - 142 | - 19 |
| Financial Assets/Liabilities (ratio) | 1.65 | 1.57 | 1.55 | 1.55 | 1.47 | 1.43 |

(a) Total expenditure excludes Loans and Advances.

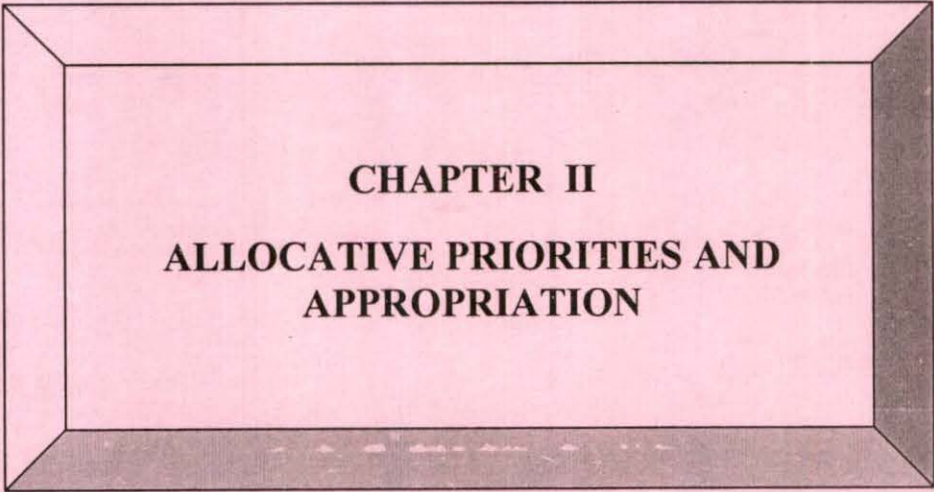
(b) There was revenue surplus during the year.

The ratio of revenue receipts to GSDP as well as revenue buoyancy was on a rising trend during 2003-04 to 2005-06. The ratio of own taxes to GSDP had also shown continuous improvement in the six-year period 2000-2006. Various ratios concerning expenditure indicate quality of expenditure and sustainability in relation to resources. Though the revenue expenditure showed a decreasing trend in 2005-06 (4.89 *per cent*) over the previous year, it still comprised 86 *per cent* of total expenditure during the year leaving very little for capital formation or asset creation. The total expenditure to GSDP ratio, though showed an increasing trend during 2002-2005, declined to 33.89 *per cent* during 2005-06. Fiscal deficit year after year indicates growing fiscal imbalances of the State.

1.11 Conclusion

The trends in key fiscal parameters (RD, FD & PD) indicates mixed trends about the fiscal health of the State's economy during the year. A steep increase in Central transfers to State, comprising tax transfers and grants-in-aid, has provided a cushion in revenue account which helped the State Government to convert the revenue deficit of previous year to a revenue surplus during the current year. Capital expenditure, which constituted only 13.4 *per cent* of the total expenditure (revenue and capital) during 2005-06 indicates that the revenue expenditure of the State is crowding out capital expenditure and thereby retarding asset creation opportunities. The consistent primary deficit, with an exception of a marginal surplus during the current year, and continued negative balance from current revenue resulted in increasing dependence on borrowed funds. The increasing debt-GSDP ratio together with negligible return on Government investment and inadequate recovery of interest cost of borrowed funds aggravated the debt situation of the State over the period 2000-2006. The position has slightly improved during 2005-06 when the sum of quantum spread and primary deficit turned out to be a positive figure.

Thus, the State has either to generate more revenue from out of its existing assets or needs to provide from its current revenue for servicing its debt obligations. Long term fiscal stability can be achieved through measures like reduction of fiscal deficit by compressing non-plan revenue expenditure, enhancement of additional resource mobilisation through prudent tax reforms and debt management.



CHAPTER II
ALLOCATIVE PRIORITIES AND
APPROPRIATION

THE UNIVERSITY OF CHICAGO
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CHAPTER II : ALLOCATIVE PRIORITIES AND APPROPRIATION

Appropriation Accounts at a glance – 2005-06

The summarised position of original and supplementary grants/appropriations and expenditure thereagainst is given below:

Appropriation Accounts : Government of Meghalaya
 Total Number of Grants/
 Appropriations : 63 (58 Grants; 5 Appropriations)

Total provision and actual expenditure

Table 2.1

(Rupees in crore)

| Provision | Amount | Expenditure | Amount |
|---|-----------------|--|-----------------|
| Original | 2,351.01 | | 2,100.96 |
| Supplementary | 176.85 | | |
| Total Gross provision | 2,527.86 | Total Gross expenditure | 2,100.96 |
| Deduct – Estimated recoveries in reduction of expenditure | 1.77 | Deduct – Actual recoveries in reduction of expenditure | 0.81 |
| Total Net Provision | 2,526.09 | Total Net Expenditure | 2,100.15 |

Voted and Charged provision and expenditure

Table 2.2

(Rupees in crore)

| | Provision | | Expenditure | |
|---|-----------------|---------------|-----------------|---------------|
| | Voted | Charged | Voted | Charged |
| Revenue | 1,780.35 | 217.62 | 1,471.22 | 204.08 |
| Capital ^(a) | 371.94 | 157.95 | 269.95 | 155.71 |
| Total: Gross | 2,152.29 | 375.57 | 1,741.17 | 359.79 |
| Deduct – Recoveries in reduction of expenditure | 1.77 | ... | 0.81 | ... |
| Total: Net | 2,150.52 | 375.57 | 1,740.36 | 359.79 |

^(a) Included Loans and Advances and Public Debt.

Appropriation and Control Over Expenditure

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

2.1 Summary of Appropriation Accounts

The summarised position of actual expenditure, excess and savings during 2005-06 against the Grants/Appropriations was as follows:

Table 2.3

(Rupees in crore)

| | Nature of expenditure | Original Grant/ Appropriation | Supplementary Grant/ Appropriation | Total | Actual expenditure | Saving (-) Excess (+) |
|--|-------------------------|-------------------------------|------------------------------------|-----------------|--------------------|-----------------------|
| Voted | I. Revenue | 1,658.29 | 122.06 | 1,780.35 | 1,471.22 | (-) 309.13 |
| | II. Capital | 315.55 | 4.92 | 320.47 | 259.32 | (-) 61.15 |
| | III. Loans and Advances | 51.09 | 0.38 | 51.47 | 10.63 | (-) 40.84 |
| Total Voted | | 2,024.93 | 127.36 | 2,152.29 | 1,741.17 | (-) 411.12 |
| Charged | IV. Revenue | 217.42 | 0.20 | 217.62 | 204.08 | (-) 13.54 |
| | V. Capital | ... | ... | ... | ... | ... |
| | VI. Public Debt | 108.66 | 49.29 | 157.95 | 155.71 | (-) 2.24 |
| Total Charged | | 326.08 | 49.49 | 375.57 | 359.79 | (-) 15.78 |
| Appropriation to Contingency Fund (if any) | | ... | ... | ... | ... | ... |
| Grand Total | | 2,351.01 | 176.85 | 2,527.86 | 2,100.96 | (-) 426.90 |

2.2 Excess over provision relating to previous years requiring regularisation

According to Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a Grant/Appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.691.20 crore for the years 1971-72 to 2004-05 is yet to be regularised. The details are in *Appendix VII*.

2.3 Results of Appropriation Audit

2.3.1 The overall saving of Rs.426.90 crore was the result of saving of Rs.461.59 crore in 62 cases of Grants and Appropriations offset by excess of Rs.34.69 crore in five cases of Grants and four cases of Appropriations.

2.3.2 Supplementary provision made during the year constituted 7.52 per cent of the original provision as against 13.95 per cent in the previous year.

2.4 Fulfilment of Allocative Priorities

2.4.1 Appropriation by Allocative Priorities

Out of overall savings of Rs.426.90 crore, major savings of Rs.363.27 crore (85 per cent) occurred in 10 cases^(b) of Grants and one Appropriation as mentioned below:

Table 2.4

(Rupees in crore)

| Sl. No. | Number and name of Grant/Appropriation | Grant | | | Actual expenditure | Saving |
|---------|--|----------|---------------|--------|--------------------|---------------|
| | | Original | Supplementary | Total | | |
| 1. | 11 – Other Taxes and Duties on Commodities, etc. (Revenue – Voted) | 111.19 | 17.11 | 128.30 | 69.50 | 58.80 |
| 2. | 11 – Other Taxes and Duties on Commodities, etc. (Capital – Voted) | 44.16 | 0.38 | 44.54 | 6.94 | 37.60 |
| 3. | 13 – Secretariat General Services, etc. (Revenue – Voted) | 43.13 | 4.06 | 47.19 | 34.86 | 12.32 |
| 4. | 19 – Secretariat General Services, etc. (Revenue – Voted) | 72.08 | 3.90 | 75.98 | 61.23 | 14.75 |
| 5. | 21 – Miscellaneous General Services, etc. (Revenue – Voted) | 401.64 | 11.72 | 413.36 | 311.36 | 101.99 |
| 6. | 34 – Welfare of Scheduled Castes/Scheduled Tribes, etc. (Revenue – Voted) | 78.65 | ... | 78.65 | 41.84 | 36.81 |
| 7. | 40 – North Eastern Areas, etc. (Revenue – Voted) | 38.04 | ... | 38.04 | 4.05 | 33.99 |
| 8. | 50 – Forestry and Wildlife, etc. (Revenue – Voted) | 49.57 | 6.76 | 56.33 | 37.26 | 19.07 |
| 9. | 51 – Housing, Crop Husbandry, etc. (Revenue – Voted) | 81.43 | 13.51 | 94.94 | 84.91 | 10.03 |
| 10. | 56 – Roads and Bridges, etc. (Capital – Voted) | 108.12 | ... | 108.12 | 82.81 | 25.31 |
| 11. | Appropriation – Interest Payment (Revenue – Charged) | 203.60 | ... | 203.60 | 191.00 | 12.60 |
| | Total | | | | | 363.27 |

Areas in which major savings occurred in these 11 cases of Grants/Appropriation are given in *Appendix VIII*.

^(b) Two cases relate to the same Grant No. 11 but one under Revenue and the other under Capital.

2.4.2 Unnecessary/Excessive/Insufficient Supplementary Provision

(a) Supplementary provision of Rs.50.33 crore made in 16 cases during the year proved unnecessary in view of aggregate saving of Rs.267.94 crore as detailed in *Appendix IX*.

(b) In 12 cases, against additional requirement of Rs.51.27 crore, supplementary grants of Rs.73.67 crore were obtained resulting in saving in each case exceeding Rs.10 lakh, aggregating Rs.22.40 crore. Details of these cases are given in *Appendix X*.

(c) In three cases, supplementary provision of Rs.52.16 crore proved insufficient leaving an uncovered excess expenditure of Rs.23.91 crore as per details given in *Appendix XI*.

(d) In 31 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 *per cent* of the total provision as indicated in *Appendix XII*.

2.4.3 Persistent savings

In 13 cases, there were persistent savings in excess of Rs.10 lakh in each case and 20 *per cent* or more of the provision. Details are given in *Appendix XIII*.

2.4.4 Excess requiring regularisation

The excess of Rs.34.69 crore under five Grants and four cases of Appropriations requires regularisation under Article 205 of the Constitution. Details of these are given in *Appendix XIV*.

2.4.5 Excessive/unnecessary/injudicious re-appropriation of funds

Re-appropriation is transfer of funds within a Grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where excessive/unnecessary/injudicious re-appropriation of funds resulted in excess/savings by over Rs.10 lakh are given in *Appendix XV*.

2.4.6 Expenditure without provision

As envisaged in the budget manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was noticed that expenditure of Rs.20.51 crore was incurred in nine cases (expenditure exceeding Rs.10 lakh in each case), as detailed in *Appendix XVI* without provision having been made in the original estimates/supplementary demands and without any re-appropriation orders.

2.4.7 Anticipated savings not surrendered

According to the rules framed by the Government, the spending departments are required to surrender funds to the Finance Department as and when savings are anticipated. At the close of the year 2005-06 there were 35 Grants/Appropriations (43 cases) in which large savings had not been surrendered by the departments. The amount involved was Rs.230.45 crore. Details are given in *Appendix XVII*. The amount of available savings of Rs.1 crore and above in each case not surrendered aggregated Rs.225.23 crore in 21 cases.

2.4.8 Non-receipt of explanations for savings/excesses

For the year 2005-06, explanations for final savings/excesses were not received in respect of 105 major heads of account out of 107.

2.4.9 Unreconciled expenditure

Financial Rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. 57 heads of account (34 Controlling Officers) involving Rs.1,076.18 crore pertaining to 2005-06 remained unreconciled.

2.4.10 Rush of expenditure

Financial rules require that Government expenditure be evenly phased out throughout the year as far as possible. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. The expenditure during the 4th quarter and in the month of March compared to the total expenditure ranged between 13 and 83 *per cent* in respect of nine illustrative major heads of account as indicated in *Appendix XVIII*.

2.5 Control over Expenditure

According to the Meghalaya Treasury Rules, 1985, the Controlling Officers are to submit Detailed Countersigned Contingent (DCC) bills against the drawal of Abstract Contingent (AC) bills to the Accountant General (AG) within a month from the date of receipt of such bills in his office.

It was noticed that DCC bills for Rs.4.55 crore against 59 AC bills drawn between November 1992 and March 2006 by 27 Drawing and Disbursing Officers were not submitted to the AG and thus remained unregularised (June 2006). The details are given in *Appendix XIX*.

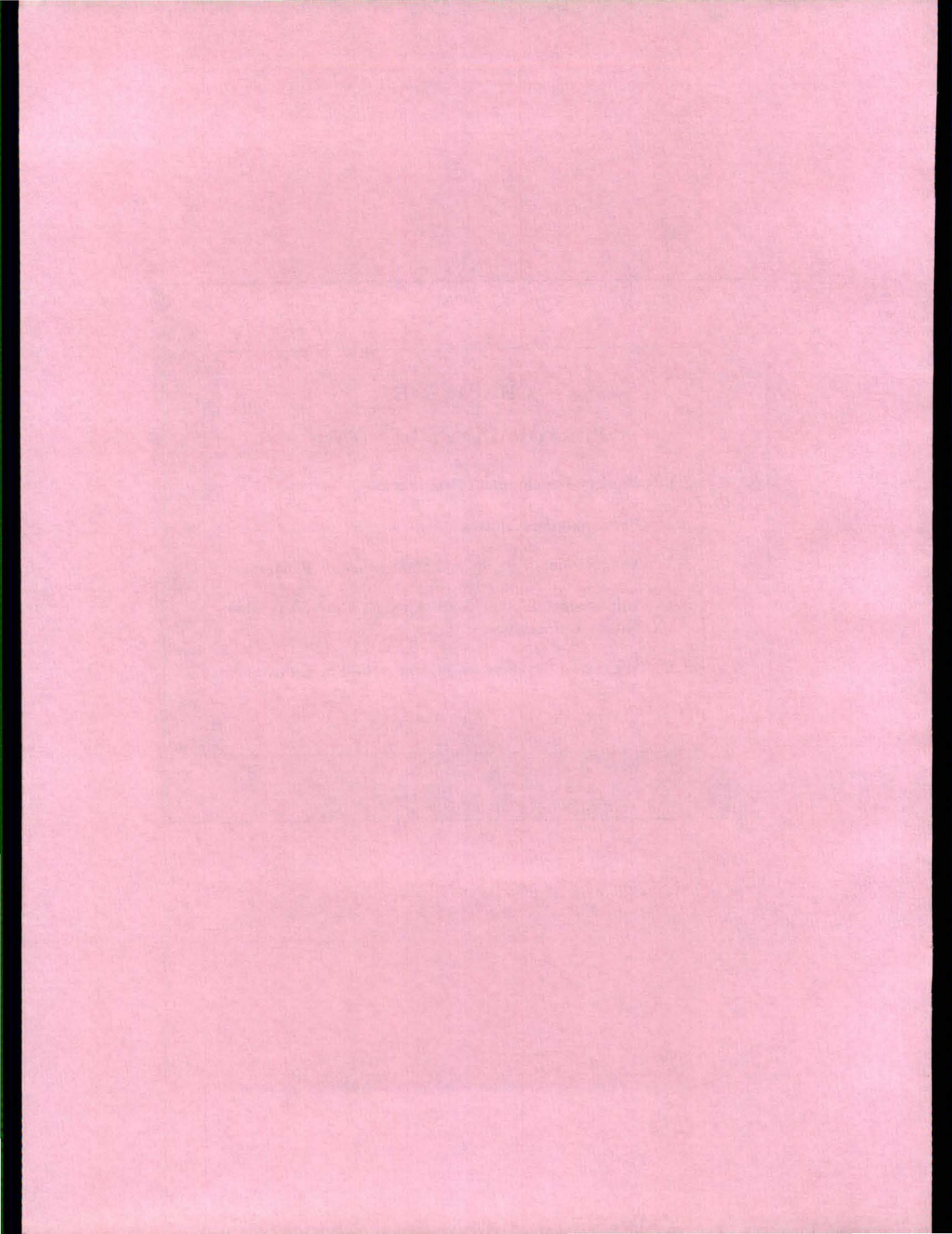
Withdrawal of money on AC bills is exhibited in the accounts as expenditure for the purpose for which the funds were provided by the Legislature. Due to

non-submission of DCC bills, the actual expenditure against the withdrawal on AC bills, the extent through and the purpose for which the amounts were appropriated remained unassessed. The large scale non-regularisation of withdrawals on AC bills indicated serious deficiency in control over expenditure.

CHAPTER III

PERFORMANCE REVIEWS

- 3.1 Poultry Development Programme**
- 3.2 Sarva Shiksha Abhiyan**
- 3.3 Food Security, Subsidy and Management of Foodgrains**
- 3.4 Implementation of North Eastern Council funded Roads and Bridges**
- 3.5 Watershed Development Project in Shifting Cultivation Areas**



CHAPTER III : PERFORMANCE REVIEWS

ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

3.1 Poultry Development Programme

Highlights

Poultry Development Programme was taken up (1974-1979) in Meghalaya to meet the requirement of breeding stock, table and hatching eggs, to improve local breed and for rearing of chicks. A review of implementation of the programme in six farms^(a) revealed significant shortfall in achievement of targets of rearing of layers and broilers as well as in production of chicks and eggs.

The Department consistently incurred annual losses in implementation of the programme in six farms during 2001-2006 ranging between Rs.1.12 crore and Rs.1.24 crore.

(Paragraph 3.1.8.4)

Production of eggs during 2001-2006 in five farms (Kyrdemkulai, Bhoi, Rongkhon, Jowai, Mawryngkneng) ranged between 64 and 250 per bird per year against the norm of 260 per bird per year. Poultry Farm, Mawryngkneng was the lowest producer of eggs during the period (average 146 eggs per bird per year). Mortality rate of chicks (32 per cent) in this farm was also highest amongst the five farms.

(Paragraphs 3.1.9.2 & 3.1.9.4)

During 2001-2006, the performance of the Regional Poultry Breeding Farm, Kyrdemkulai in hatching of broiler chicks from the fertile eggs was below the Government of India's norm of 80 per cent.

(Paragraph 3.1.9.3)

The Department incurred extra expenditure of Rs.14.62 lakh on procurement of broiler feed by the Regional Poultry Breeding Farm, Kyrdemkulai and Central Hatchery cum Poultry Farm, Bhoi in excess of norm.

(Paragraph 3.1.9.5)

^(a) Kyrdemkulai, Bhoi, Rongkhon, Jowai, Mawryngkneng and Asananggre Duck Farm.

Under the North Eastern Council Scheme, poultry items for the Regional Poultry Breeding Farm, Kyrdemkulai were purchased at higher rates resulting in extra expenditure of Rs.10.46 lakh.

(Paragraph 3.1.10.3)

3.1.1 Introduction

In Meghalaya, the majority of the population is non-vegetarian. In this context, poultry and livestock could be developed to provide an alternative avocation to the populace especially in the present socio-economic scenario. According to the Livestock Census Data of 2003 collected by the Director, Animal Husbandry and Veterinary Department (AH&V), the poultry population in the State was 28.21 lakh.

Poultry Development Programme was taken up in the State during the Fifth Five Year Plan (1974-1979). The objectives of the programme were to meet the requirement of breeding stock, table and hatching eggs, improve the local breed by distribution of improved breed and rear chicks for distribution to different district poultry farms/farmers and other integrated private agencies for extension of poultry development programme.

The components of the programme were as under:

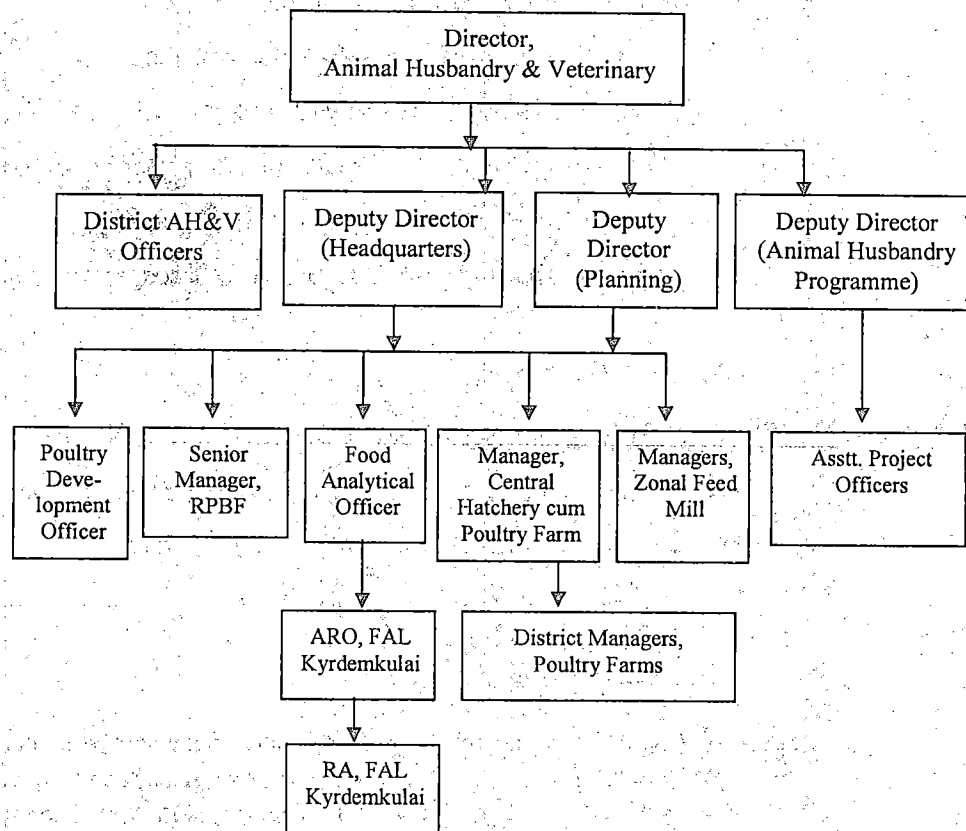
- Central Hatchery-cum-Poultry Farm, Bhoi;
- Regional Poultry Breeding Farm, Kyrdemkulai;
- District Poultry Farm, Rongkhon, Tura; and,
- Poultry Farms at Jowai, Williamnagar, Baghmara, Nongstoin, Mawryngkneng, Mairang, Phulbari, Broiler Farm, Kyrdemkulai and Duck Farm, Asananggre (converted to broiler farm in 2005-06).

During 1999-2000, the initiative of the State Government on poultry development was boosted by the Government of India (GOI) through a Centrally Sponsored Scheme (CSS) for providing cent *per cent* assistance to at least two poultry/duck farms in each of the North Eastern States (including Sikkim). The basic idea of the CSS was to increase egg and meat production by suitably replacing quality chicks with low-input technology.

3.1.2 Organisational Set Up

At the Government level, the Principal Secretary of the Animal Husbandry & Veterinary (AH&V) Department is responsible for overseeing the functions of the Department. The organisational structure of the Department for implementation of the programme is as under:

Chart 3.1



RPBF : Regional Poultry Breeding Farm
 ARO : Assistant Research Officer
 RA : Research Assistant
 FAL : Feed Analytical Laboratory

3.1.3 Scope of Audit

Review on implementation of the Poultry Development Programme for the period from 1989-90 to 1992-93 was included as paragraph 3.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1993 in respect of the Government of Meghalaya.

Implementation of various activities under the programme during 2001-02 to 2005-06 was reviewed through test-check (January-May 2006) of records of the Director, Animal Husbandry and Veterinary (Director), four District Animal Husbandry & Veterinary (AH&V) Officers^(b) out of seven and the managers of six farms^(c) out of 12 covering 72 per cent (Rs.10.18 crore) of the total expenditure of Rs.14.19 crore. Results of the review are discussed in the succeeding paragraphs.

^(b) East Khasi Hills, Ri-Bhoi, West Garo Hills and Jaintia Hills.

^(c) Kyrdemkulai, Bhoi, Rongkhon, Jowai, Mawryngkneng and Duck Farm, Asananggre.

3.1.4 Audit Objectives

Audit objectives were to assess whether the -

- plan was properly drawn to achieve the objectives;
- programme was implemented economically and efficiently;
- major interventions were carried out as per norms fixed;
- infrastructure facilities were available; and,
- programme implemented was need based, relevant and realistic.

3.1.5 Audit Criteria

The following audit criteria was adopted:

- Guidelines of the Poultry Development Programme;
- Annual work plans and appraisal reports; and,
- Monitoring mechanism prescribed.

3.1.6 Audit Methodology

In the performance review, districts and farms were selected on the basis of random sampling. Annual work plans, appraisal reports, execution of various activities, physical and financial progress, *etc.* were analysed in course of review using the available data.

After completion of the review, an exit conference was held (September 2006) with the Director for discussion of the Audit findings. The views of the Department have been incorporated in the review at appropriate places.

3.1.7 Audit Findings

The review on implementation of the programme in six test-checked farms revealed recurring losses in running of these farms, significant shortfall in achievement of targets, low production of eggs, high mortality of chicks, *etc.* Audit findings in detail are discussed in the succeeding paragraphs.

3.1.8 Financial Management

3.1.8.1 Budget Provision and Expenditure

Budget provisions and the expenditure under the programme during 2001-2006 are given in the table below:

Table 3.1

(Rupees in crore)

| Year | Sector | Budget provision (Final grant) | Expenditure | Variations Excess (+)/Savings (-) (Percentage) |
|---------|----------|--------------------------------|-------------|--|
| 2001-02 | Plan | 2.00 | 1.40 | (-) 0.60 (30) |
| | Non-Plan | 1.47 | 1.25 | (-) 0.22 (15) |
| | CSS | 0.45 | ... | (-) 0.45 (100) |
| | NEC | ... | ... | ... |
| 2002-03 | Plan | 1.63 | 0.81 | (-) 0.82 (50) |
| | Non-Plan | 1.28 | 1.30 | (+) 0.02 (2) |
| | CSS | 0.85 | ... | (-) 0.85 (100) |
| | NEC | 0.36 | ... | (-) 0.36 (100) |
| 2003-04 | Plan | 1.61 | 0.58 | (-) 1.03 (64) |
| | Non-Plan | 1.40 | 1.46 | (+) 0.06 (4) |
| | CSS | 0.85 | ... | (-) 0.85 (100) |
| | NEC | 0.82 | ... | (-) 0.82 (100) |
| 2004-05 | Plan | 1.33 | 0.92 | (-) 0.41 (31) |
| | Non-Plan | 1.48 | 1.42 | (-) 0.06 (4) |
| | CSS | 0.85 | 0.85 | ... |
| | NEC | 0.82 | 0.78 | (-) 0.04 (5) |
| 2005-06 | Plan | 1.32 | 1.03 | (-) 0.29 (22) |
| | Non-Plan | 1.54 | 1.50 | (-) 0.04 (3) |
| | CSS | 1.70 | 0.85 | (-) 0.85 (50) |
| | NEC | 0.55 | 0.04 | (-) 0.51 (93) |
| Total | Plan | 7.89 | 4.74 | (-) 3.15 (40) |
| | Non-Plan | 7.17 | 6.93 | (-) 0.24 (3) |
| | CSS | 4.70 | 1.70 | (-) 3.00 (64) |
| | NEC | 2.55 | 0.82 | (-) 1.73 (68) |

Source: Appropriation Accounts.

CSS: Centrally Sponsored Scheme

NEC: North Eastern Council Scheme

Availability of adequate Budget was not a constraint to the programme. Savings were on account of deficiencies in financial management, i.e., shortfall in expenditure under different components of the programme. There were also instances of recurring losses on implementation of the programme, extra expenditure on procurement of broiler feed, etc. as would be evident from the observations made in the succeeding paragraphs.

3.1.8.2 Variation between budget provision and actual expenditure

Wide variation between the budget provision and actual expenditure indicated poor budgeting and lack of internal control. The shortfall in expenditure under Plan during 2001-2006, under CSS during 2001-2004 and 2005-06 and NEC Scheme during 2002-2004 and 2005-06 ranged between 22 and 100 per cent.

3.1.8.3 Non-Plan Revenue Expenditure

Over 59 per cent (Rs.6.93 crore) of the total expenditure (Rs.11.67 crore) during 2001-2006 incurred under State sector was on non-Plan revenue expenditure, leaving only 41 per cent for Plan expenditure. This indicated slow pace of infrastructure development under the programme.

3.1.8.4 Expenditure on implementation of the programme was far more than the receipts

An analysis of the receipts (sale of eggs and birds) and expenditure (maintenance) of six test-checked farms^(d) showed that the expenditure of Rs.7.20 crore on these farms during the five year period ending 31 March 2006 was far in excess of the revenue receipts which was only Rs.1.40 crore. The annual loss on these six farms ranged from Rs.1.12 crore to Rs.1.24 crore. Year-wise position in this regard is given in *Appendix XX*.

The Director stated (September 2006) that the farms were run as demonstration farms and were only expected to meet the cost of feed and birds. The reply is not tenable because running of these farms on demonstration basis for a prolonged period of over 31 years at a huge expenditure was not in the interests of the State's economy.

3.1.9 Implementation

3.1.9.1 Shortfall in achievement of targets

The physical performance of the six test-checked farms during 2001-2006 against the targets fixed by the Director is given in *Appendix XXI*. Year-wise position of shortfall was as under:

Table 3.2

(In per cent)

| | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|---------|---------|---------|---------|----------------|
| Rearing of layers | | | | | |
| Regional Poultry Breeding Farm, Kyrdemkulai | 59 | 50 | 21 | 16 | |
| Central Hatchery cum Poultry Farm, Bhoi | 5 | 15 | ... | 49 | 18 |
| District Poultry Farm, Rongkhon | 18 | ... | 3 | 12 | 59 |
| Poultry Farm, Mawryngkneng | ... | ... | ... | 38 | 2 |
| Duck Farm, Asananggre | 84 | 37 | 96 | NA | ^(e) |
| Rearing of broilers | | | | | |
| District Poultry Farm, Rongkhon | ... | 23 | 29 | ... | ... |
| Poultry Farm, Jowai | ... | ... | 42 | ... | 20 |
| Poultry Farm, Mawryngkneng | ... | 55 | 53 | ... | ... |
| Production of chicks | | | | | |
| Regional Poultry Breeding Farm, Kyrdemkulai | 69 | 73 | 71 | 60 | 33 |
| Production of eggs | | | | | |
| Regional Poultry Breeding Farm, Kyrdemkulai | 66 | 58 | 28 | 32 | 18 |
| Central Hatchery cum Poultry Farm, Bhoi | 44 | 15 | ... | 66 | 37 |
| District Poultry Farm, Rongkhon | 23 | ... | 8 | 18 | ... |
| Poultry Farm, Jowai | 8 | ... | 6 | 12 | 12 |
| Poultry Farm, Mawryngkneng | 50 | 44 | 28 | 36 | 28 |
| Duck Farm, Asananggre | 89 | 98 | 99 | ... | ^(e) |

Source: Information furnished by the Director, AH&V

- (d) Kyrdemkulai, Bhoi, Rongkhon, Jowai, Mawryngkneng and Asananggre Duck Farm.
 (e) Converted to broiler farm.

The above table shows significant shortfall in achievement of targets under various activities of the programme. In rearing of layers and production of eggs, the maximum shortfall was in Duck Farm, Asananggre (96 and 99 *per cent*) followed by Regional Poultry Breeding Farm, Kyrdemkulai (59 and 66 *per cent*) and Central Hatchery cum Poultry Farm, Bhoi (49 and 66 *per cent*). The Poultry Farm, Mawryngkneng achieved only 45 and 47 *per cent* of the targets in rearing of broiler chicks during 2002-03 and 2003-04 respectively. During 2001-2006, shortfall in production of chicks in the Regional Poultry Breeding Farm, Kyrdemkulai ranged between 33 and 73 *per cent*.

The Director stated (September 2006) that the fund allocation was not consistent with the targets. The reply is not tenable as funds was not a constraint and there were persistent savings during 2001-2006 as shown in table 3.1.

3.1.9.2 Production of eggs

Year-wise position of production of eggs during 2001-02 to 2005-06 in the six test-checked farms is given in *Appendix XXII*.

It was seen that compared to the norm^(f) of 260 eggs per bird per year, production of eggs in five test-checked poultry farms^(g) during 2001-2006 ranged between 64 and 250 eggs per bird per year. Poultry Farm, Mawryngkneng was the lowest producer of eggs during the period (average 146 eggs per bird annually) followed by District Poultry Farm, Rongkhon (average 176 eggs per bird annually). During 2001-02 and 2002-03, production of eggs in the Duck Farm, Asananggre per bird per year were 33 and 7 against the prescribed norm of 40 per bird per year.

The Director stated (September 2006) that infectious diseases, irregular supply of electricity, *etc.* were the reasons for shortfall in production of eggs. The reply is not acceptable as there was no fund constraints for purchase of medicines/vaccines or generators, besides back up from Disease Investigation Officer, Shillong and Indian Council for Agricultural Research (ICAR). Further, as mentioned in Para 3.1.10.1, the GOI gave Rs.45 lakh each for this purpose to the poultry farms at Bhoi and Rongkhon in 1999.

3.1.9.3 Hatching programme

The performance of hatching programmes of the Regional Poultry Breeding Farm, Kyrdemkulai and Central Hatchery cum Poultry Farm, Bhoi during 2001-02 to 2005-06 was as under:

^(f) Statistics under Section I : General of Indian Poultry Industry Year Book, 1994 (Tenth Annual Edition).

^(g) Regional Poultry Breeding Farm, Kyrdemkulai, Central Hatchery cum Poultry Farm, Bhoi, Poultry Farms, Rongkhon, Jowai and Mawryngkneng.

Table 3.3

| | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|---------|---------|---------|---------|----------|
| Regional Poultry Breeding Farm, Kyrdemkulai | | | | | |
| Egg transferred for hatching (in number) | | | | | |
| Broiler | 65,193 | 55,488 | 24,907 | 11,005 | 76,897 |
| Layer | 26,800 | 22,237 | 27,723 | 32,385 | 67,695 |
| Eggs found fertile (in number) | | | | | |
| Broiler | 54,513 | 47,529 | 21,866 | 9,917 | 60,796 |
| Layer | 22,047 | 19,024 | 25,119 | 28,560 | 57,702 |
| Eggs found infertile (in number) | | | | | |
| Broiler | 10,680 | 7,959 | 3,041 | 1,088 | 16,101 |
| Layer | 4,753 | 3,213 | 2,604 | 3,825 | 9,993 |
| Chicks hatched (in number) | | | | | |
| Broiler | 39,831 | 34,323 | 15,527 | 7,077 | 46,045 |
| Layer | 18,416 | 16,048 | 17,312 | 24,188 | 39,910 |
| Percentage of chicks hatched with reference to the fertile eggs | | | | | |
| Broiler | 73 | 72 | 71 | 71 | 76 |
| Layer | 84 | 84 | 69 | 85 | 69 |
| Central Hatchery cum Poultry Farm, Bhoi (Position for layers) | | | | | |
| Egg transferred for hatching (in number) | 31,202 | 58,634 | 57,165 | 34,133 | 1,06,070 |
| Eggs found fertile (in number) | 28,027 | 51,468 | 50,067 | 25,093 | 85,796 |
| Eggs found infertile (in number) | 3,175 | 7,166 | 7,098 | 9,040 | 20,274 |
| Chicks hatched (in number) | 18,185 | 34,749 | 42,717 | 21,297 | 72,625 |
| Percentage of chicks hatched with reference to the fertile eggs | 65 | 68 | 85 | 85 | 85 |

Source: Information furnished by the Senior Manager/Manager of the farms concerned.

The above table shows poor performance of the Regional Poultry Breeding Farm, Kyrdemkulai in hatching broiler chicks during 2001-2006. In case of layers, the farm failed to hatch 31 per cent of the fertile eggs during 2005-06 against the GOI's norm of 20 per cent (Hatchability of chicks: 80 per cent of fertile eggs). Reasons for poor performance were not on record.

Though the performance in hatching of layers of the Central Hatchery cum Poultry Farm, Bhoi, was poor during 2001-2003, the position has improved during 2003-2006.

The Director stated (September 2006) that the Managers concerned had been directed to improve the hatchability.

3.1.9.4 High mortality rate

The position of mortality of chicks and ducks in the six test-checked farms during the period 2001-02 to 2005-06 was as under:

Table 3.4

| Particulars | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|---------|---------|---------|---------|---------|
| (Chicks/Ducklings in number and mortality in <i>per cent</i>) | | | | | |
| Regional Poultry Breeding Farm, Kyrdemkulai | | | | | |
| Chicks produced | 18,400 | 16,000 | 17,300 | 24,190 | 39,910 |
| Chicks (day-old) sold | 2,226 | 2,040 | 2,287 | 4,263 | 8,215 |
| Chicks died | 1,647 | 893 | 1,936 | 3,449 | 7,596 |
| Mortality | 8.95 | 5.58 | 11.19 | 14.26 | 19.03 |
| Central Hatchery cum Poultry Farm, Bhoi | | | | | |
| Chicks reared | 2,565 | 2,930 | 3,600 | 1,487 | 5,698 |
| Chicks died | 394 | 130 | 140 | 104 | 213 |
| Mortality | 15.36 | 4.44 | 3.89 | 6.99 | 3.74 |
| District Poultry Farm, Rongkhon, Tura | | | | | |
| Chicks reared | 753 | 508 | 397 | 277 | 2,690 |
| Chicks died | 96 | 39 | 14 | 71 | 1 |
| Mortality | 12.75 | 7.68 | 3.53 | 25.63 | 0.04 |
| Poultry Farm, Jowai | | | | | |
| Chicks reared | 2,105 | 945 | 964 | 664 | NA |
| Chicks died | 44 | 61 | 66 | 48 | NA |
| Mortality | 2.09 | 6.46 | 6.85 | 7.23 | NA |
| Poultry Farm, Mawryngkneng | | | | | |
| Chicks reared | 816 | 700 | 450 | 403 | NA |
| Chicks died | 99 | 226 | 40 | 61 | NA |
| Mortality | 12.13 | 32.29 | 8.89 | 15.14 | NA |
| Duck Farm, Asananggre | | | | | |
| Ducklings reared | 791 | 1,249 | Nil | NA | (h) |
| Ducklings died | 60 | 810 | Nil | NA | |
| Mortality | 7.59 | 64.85 | Nil | NA | |

Source: Information furnished by the Director, AH&V.

The above table shows that the mortality rate of chicks in all the five poultry farms during most of the years exceeded the norm of 7 *per cent* prescribed by the GOI. In the Poultry Farms, Mawryngkneng and Rongkhon and in the Regional Poultry Breeding Farm, Kyrdemkulai, the mortality rates during 2002-03, 2004-05 and 2005-06 were 32, 26 and 19 *per cent* respectively. Similar was the position in the Duck Farm, Asananggre, where the mortality rate of ducks during 2002-03 was about 65 *per cent*. The mortality of ducks in 2001-02 would increase to 38 *per cent* against about 8 *per cent* as given in the above table if the number of death of ducks (301) reported (June 2002) by the District AH&V Officer to the Director are taken into consideration instead of 60 death cases informed by the Director to Audit. The discrepancy of 241 death cases had not been reconciled (June 2006).

Reasons for mortality of 301 ducks were attributed (June 2002) by the District AH&V Officer to suspected shock due to dehydration. The Director attributed (September 2006) the high mortality of chicks to sudden outbreak of infectious diseases and irregular supply of electricity. The Director also stated (September 2006) that whenever there was mortality in farms, the matter was referred to the Disease Investigation Officer, Shillong/ICAR/Veterinary College to diagnose the problem and take necessary remedial measures. The reply is not acceptable as there was no fund constraints for purchase of

(h) Converted to broiler farm.

medicines/vaccines and generators besides back up from Disease Investigation Officer, Shillong and ICAR. Further, as mentioned in Para 3.1.10.1, the GOI gave Rs.45 lakh each for this purpose to the poultry farms at Bhoi and Rongkhon in 1999.

3.1.9.5 Excess procurement of feed for broiler birds and extra expenditure

According to the statistics provided in the Indian Poultry Industry Year Book, 1994 (Tenth Edition), the requirement of feed for each broiler bird was 3.05 kg⁽ⁱ⁾ per year. The quantity of feed required as per this norm and quantity actually procured by the Senior Manager/Manager of the Regional Poultry Breeding Farm, Kyrdemkulai and the Central Hatchery cum Poultry Farm, Bhoi during the period 2001-02 to 2005-06 were as under:

Table 3.5

| Year | Broiler birds maintained (Average) | Requirement of feed | Feed procured and issued | Quantity issued per bird | Excess quantity | Rate of procurement | Extra expenditure on excess feed |
|--|------------------------------------|---------------------|--------------------------|--------------------------|-----------------|----------------------|----------------------------------|
| | (in number) | (in quintal) | (in quintal) | (In Kg) | (in quintal) | (Rupees per quintal) | (Rupees in lakh) |
| Regional Poultry Breeding Farm, Kyrdemkulai | | | | | | | |
| 2001-02 | 9,060 | 276.33 | 355.01 | 3.92 | 78.68 | 1,150 | 0.90 |
| 2002-03 | 9,916 | 302.44 | 293.86 | 2.96 | ... | ... | ... |
| 2003-04 | 6,912 | 210.82 | 471.00 | 6.81 | 260.18 | 1,100 | 2.86 |
| 2004-05 | 3,502 | 106.81 | 257.00 | 7.34 | 150.19 | 1,100 | 1.65 |
| 2005-06 | 20,845 | 635.77 | 914.30 | 4.39 | 278.53 | 1,100 | 3.06 |
| Total | | | | | | | 8.47 |
| Central Hatchery cum Poultry Farm, Bhoi | | | | | | | |
| 2001-02 | 3,930 | 119.87 | 235.80 | 6.00 | 115.93 | 1,150 | 1.33 |
| 2002-03 | 4,003 | 122.09 | 240.18 | 6.00 | 118.09 | 1,150 | 1.36 |
| 2003-04 | 4,000 | 122.00 | 240.00 | 6.00 | 118.00 | 1,100 | 1.30 |
| 2004-05 | 3,700 | 112.85 | 222.00 | 6.00 | 109.15 | 1,100 | 1.20 |
| 2005-06 | 3,614 | 110.23 | 197.32 | 5.46 | 87.09 | 1,100 | 0.96 |
| Total | | | | | | | 6.15 |

Source: Information furnished by the Managers of farms concerned and payment vouchers.

The above table shows excess procurement and issue of feed by the managers concerned during 2001-2006 resulting in an extra expenditure of Rs.14.62 lakh. Reasons for excess procurement and issue of feed resulting in the extra expenditure were not on record.

The Director stated (September 2006) that the Department followed the feeding schedule of 5.18 kg per bird. Issue of feed from 2.96 kg to 7.34 kg per bird at Regional Poultry Breeding Farm, Kyrdemkulai as well as at variable rates in the above two farms indicated that no norm was followed by the managers of these farms for issue of broiler feed.

(i) Broiler birds were to be maintained for eight weeks (Starter: 0-4 weeks; Finisher: 4-8 weeks).

3.1.9.6 Duck Farm, Asananggre

To meet the demand of improved breed of ducks for more eggs and meat and to generate employment opportunities for the local people of Garo Hills, a duck farm was set up in 1992 at Asananggre (Rongram Block), West Garo Hills.

However, setting up of a duck farm at Asananggre was a futile exercise as the farm failed to achieve the objectives during 13 years of its existence. As such, the departmental committee recommended (August-September 2004) the rearing of broiler birds instead of ducks during 2004-05 and for conversion of duck farm into a full fledged hatchery and broiler farm in 2005-06. The duck farm was converted into a broiler farm during 2005-06 without creating any infrastructure required for the broiler farm. The existing staff of the erstwhile duck farm were also deployed to this farm without assessing the actual requirement.

During 2005-06, the Department incurred expenditure of Rs.6.39 lakh towards salary and allowances of the officer/staff (Rs.5.97 lakh) and materials/supplies (Rs.0.42 lakh) against revenue of Rs.0.25 lakh only realised on sale of eggs, birds, etc.

Thus, the efforts of the committee for conversion of the duck farm into a hatchery and broiler farm also did not yield satisfactory results at least during the first year of operations of the converted farm.

3.1.10 Irregularities in utilisation of Central funds

3.1.10.1 Diversion of Central funds

Under the CSS for providing one time assistance to State Poultry/Duck Farms for the North Eastern States including Sikkim, the Union Ministry of Agriculture provided (guidelines of April 1999) Rs.90 lakh for two poultry farms in Meghalaya. The State Government sanctioned Rs.45 lakh each to the Poultry Farms, Bhoi and Rongkhon in February 2000 and March 2001 respectively for implementation of the scheme.

According to the guidelines of the scheme, Rs.30 lakh was provided for strengthening the infrastructure, hatchery building, feed analysis/disease diagnostic laboratories, etc. and Rs.15 lakh was provided as revolving fund for purchase of hatching eggs, day old parent chicks, feed, medicine, transportation, etc. The position of utilisation of the central assistance was as under:

Poultry Farm, Bhoi

Central assistance of Rs.45 lakh was drawn by the Director in March 2000 and till November 2000, Rs.26.64 lakh was utilised for strengthening of infrastructure, etc. The balance amount of Rs.18.36 lakh was placed

(February 2001) at the disposal of the Manager of the farm, who spent (March, May and June 2001) Rs.3.86 lakh on payment to different farms and the balance amount of Rs.14.50 lakh was kept in revolving fund.

Poultry Farm, Rongkhon

Out of the Central assistance of Rs.45 lakh drawn by the Director in March 2001, an expenditure of Rs.30 lakh was incurred (October 2002) by him for strengthening of infrastructure, etc. in accordance with the sanction accorded (March 2001) by the State Government. Of this, Rs.5 lakh was utilised for strengthening and improvement of existing feed mill godown, which was not covered in the list of items qualified in the GOI's guidelines of April 1999. The balance amount of Rs.15 lakh was placed (March 2004) at the disposal of the Manager of the farm which was kept in the revolving fund. Reasons for such diversion of central assistance of Rs.5 lakh were not on record.

The Director stated (September 2006) that there was provision in the scheme for strengthening of feed mill infrastructure and the scheme was modified as per requirement with the approval of the Government. Reply is not tenable because the scheme provided for strengthening of infrastructure for brooding, etc. and not for feed mill. Documentary evidence in support of approval of the GOI for modification of the scheme had not been furnished.

3.1.10.2 Revolving fund

According to the guidelines of the scheme, the State Government was responsible for ensuring that the revolving fund of Rs.15 lakh is effectively utilised and recouped on recurrent basis from year to year to make the operation self sustaining.

Central funds released by the Director for revolving fund were deposited by the Managers of the farms concerned in the current accounts opened (June 2001 and March 2004) with the State Bank of India. As of 31 March 2006, the position of this fund was as under:

Table 3.6

(Rupees in lakh)

| Year | Opening balance | Utilisation | Recoupment | Closing balance |
|--|-----------------|-------------|------------|-----------------|
| Revolving Fund of Manager, Poultry Farm, Bhoi | | | | |
| 2001-02 | 14.50 | 11.51 | 9.55 | 12.54 |
| 2002-03 | 12.54 | 11.05 | 15.51 | 17.00 |
| 2003-04 | 17.00 | 14.69 | 11.94 | 14.25 |
| 2004-05 | 14.25 | 7.90 | 7.91 | 14.26 |
| 2005-06 | 14.26 | 14.90 | 24.53 | 23.89 |
| Revolving Fund of Manager, Poultry Farm, Rongkhon | | | | |
| 2003-04 | 15.00 | ... | ... | 15.00 |
| 2004-05 | 15.00 | 4.64 | ... | 10.36 |
| 2005-06 | 10.36 | 4.90 | 1.35 | 6.81 |

Source: Information furnished by the Managers of the farms concerned and bank reconciliation statements.

The above table shows that out of Rs.15 lakh earmarked for the revolving fund, the Manager, Poultry Farm, Bhoi opened the fund with an amount of Rs.14.50 lakh. Moreover, both the Managers did not recoup the funds drawn from the revolving funds during 2001-02, 2003-04 and 2004-05 (Bhoi) and 2004-05 and 2005-06 (Rongkhon). In contrast, the Manager of Poultry Farm, Bhoi credited Rs.2 lakh and Rs.8.89 lakh into the revolving fund in excess of the limit of Rs.15 lakh. Reasons for failure to recoup the fund contrary to the GOI's instructions as well as excess credit were not on record. Besides, retention of fund in a non-interest bearing account was not justified.

The Director stated (September 2006) that the Managers concerned had been directed to place the fund in savings account.

3.1.10.3 North Eastern Council Scheme - Extra expenditure on purchase of material

Under the North Eastern Council scheme "Strengthening of Regional Poultry Breeding Farm, Kyrdemkulai", Government sanctioned (November 2004) Rs.36 lakh for procurement of different items at rates indicated in the sanction letter.

It was noticed that during 2004-05, the Senior Farm Manager, Kyrdemkulai procured different items at rates much higher than those prescribed by the Government by reducing the prescribed quantities and restricting the total expenditure within the sanctioned amount. This had resulted in an extra expenditure of Rs.10.46 lakh. The details are given in *Appendix XXIII*.

Reasons for purchase of poultry items in deviation from the sanction accorded by the State Government were not on record.

The Director stated (September 2006) that the rates mentioned in the para related to 1999 which were not valid during implementation of the scheme in 2004. Hence, items were procured at revised rates approved by the Department. Reply is not tenable because the rates mentioned in the para were based on the sanction accorded by the State Government in November 2004 for implementation of the scheme during 2004-05.

3.1.11 Monitoring and evaluation

The existence of an effective monitoring system is a pre-requisite for smooth functioning of a programme. It was, however, observed that the Department had virtually no such system in respect of the Poultry Development Programme as is evident from the fact that the productivity in various poultry farms and the duck farm was very low and the mortality rate of chicks was high. Further, the performance of the Regional Poultry Breeding Farm, Kyrdemkulai in hatching of broiler chicks from fertile eggs was below the GOI norm. However, since the activities under the programme were not monitored properly, necessary corrective measures were not taken to improve

the performance of the farms. Implementation of the programme during the period covered under review was also not evaluated by the Department.

3.1.12 The matter was reported to the Government in July 2006. Government endorsed (November 2006) the views of the Director.

3.1.13 Conclusion

The objectives of the programme remained largely unachieved because of significant shortfall in implementation of various targeted activities. All the test-checked farms had been incurring losses consistently during 2001-2006. Production of eggs was below the norm. Mortality of chicks was as high as 32 *per cent* in one farm and that of ducks, 65 *per cent*. Setting up of a duck farm at Asanangre was a futile exercise, since the Department was compelled to discontinue the farm after 13 years for its failure in achieving the objectives.

3.1.14 Recommendations

The following recommendations are made for streamlining the implementation of the programme:

- Appropriate action should be taken to increase the revenue of the farms so that the poultry farms can sustain themselves in the coming years.
- Since funds are not a constraint infrastructure and back up facilities in the poultry farms should be modernised for promotion of poultry in the State.
- Infections to poultry should be analysed expeditiously to avoid mortality and provide the required vaccine for improving poultry stock in the State.
- There needs to be proper monitoring and evaluation system in the Department to oversee the performance of the poultry farms and to ensure effective implementation of the programme.

EDUCATION DEPARTMENT

3.2 Sarva Shiksha Abhiyan

Highlights

Sarva Shiksha Abhiyan was launched by the GOI in January 2001 for providing elementary education to all children in the 6 to 14 years' age group by 2010. The planning for implementation of the programme in the State was not effective and consequently the objectives of the scheme could not be realised even after four years of its implementation. The financial management of the programme was also poor.

The State Government/State Mission Authority (SMA) failed to utilise 12 to 100 per cent of funds available during 2000-2006 indicating ineffective implementation of the programme.

(Paragraph 3.2.11.1)

The SMA failed to maintain the SSA norm of 1:40 for teacher-student ratio. The ratio varied between 1:26 and 1:28.

(Paragraph 3.2.12.2)

There were cases of irregular release of funds (Rs.90.36 lakh) for teachers' salaries of unapproved schools.

(Paragraph 3.2.12.4)

1.10 lakh children in the age group of 6-14 years remained out of school in the State as on March 2006 after four years of implementation of the scheme and expenditure of Rs.50.54 crore.

(Paragraph 3.2.12.7)

A large number of schools in the State were functioning without buildings. Other infrastructural facilities like drinking water, toilets and separate toilet for girls, boundary wall, etc. were mostly not available.

(Paragraph 3.2.12.11)

3.2.1 Introduction

Sarva Shiksha Abhiyan (SSA) is a comprehensive and integrated flagship programme of the GOI, to attain universal elementary education in the country. The programme was launched by the GOI in January 2001 to provide useful and relevant elementary education to all children in the age group 6-14 years with the active participation of the community, by effectively involving school management committees, village and urban slum level education

committees and other grass root level structures in the management of schools to bridge social, regional and gender gaps. The programme realises the importance of early childhood care and education and looks at the 0-14 age as a continuum. The SSA was being implemented in Meghalaya in a mission mode by the Sarva Shiksha Abhiyan State Mission constituted on 13 March 2002.

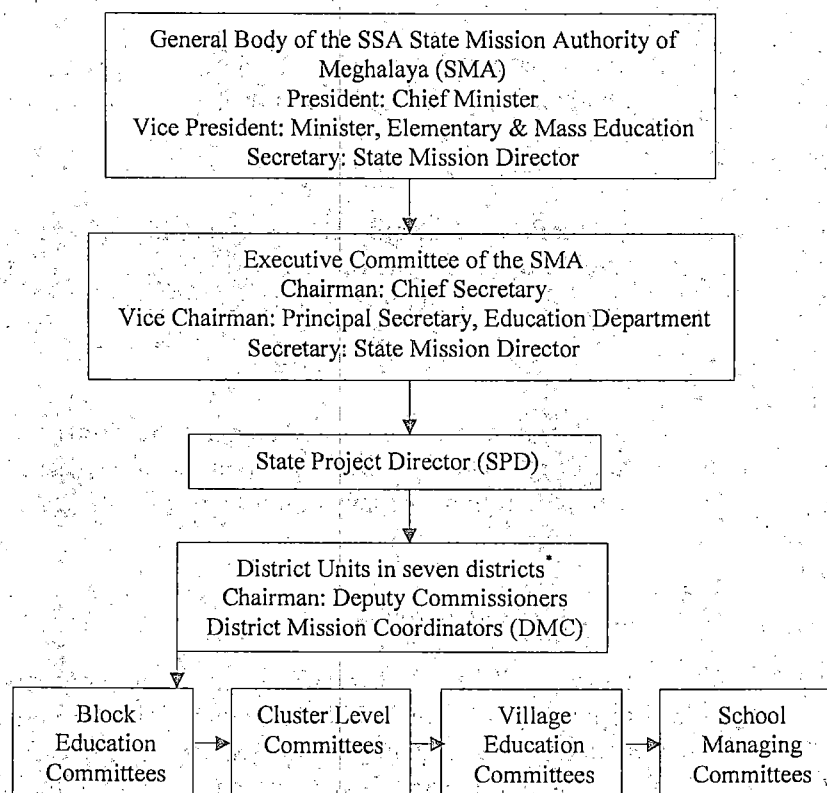
The main objectives of SSA were to -

- have all children in schools, education guarantee centres, alternate schools, 'back to school' camps by 2003 (revised to 2005 in March 2005);
- ensure that all children complete five years of primary schooling by 2007 and eight years of elementary schooling by 2010;
- bridge all gender and social category gaps at primary stage by 2007 and at elementary education level by 2010; and,
- ensure universal retention by 2010.

3.2.2 Organisational Set Up

Organisational structure for implementation of SSA in Meghalaya is as detailed below:

Chart 3.2



* East Khasi Hills, Ri-Bhoi, West Khasi Hills, Jaintia Hills, East Garo Hills, West Garo Hills and South Garo Hills Districts.

3.2.3 Scope of Audit

Implementation of various activities under the SSA during 2001-02 to 2005-06 was reviewed through test-check (July-August 2005 and June 2006) of records of the State Project Director (SPD), SMA and District Mission Coordinators (DMC) of six districts^(a) (out of seven), eight Joint District Mission Coordinators, eight Block Resource Centres and 24 schools (12 Upper Primary and 12 Lower Primary Schools), covering 95 per cent (Rs.47.87 crore) of the total expenditure of Rs.50.54 crore. Results of the review are discussed in the succeeding paragraphs.

3.2.4 Audit Objectives

Audit objectives were to assess whether -

- the annual work plans were properly drawn to achieve the objectives of the programme;
- the major interventions were implemented economically and effectively and as per fixed norms;
- infrastructure facilities were available; and,
- implementation of the interventions were need based, relevant and realistic.

3.2.5 Audit Criteria

The audit criteria used for the performance audit covered the following aspects-

- guidelines issued by the GOI in regard to different schemes and programmes;
- different programmes and policies designed to meet the educational needs of children of the age group of 6-14 years;
- prescribed output and benchmarks of performance;
- prescribed teacher-student ratio, teacher training, infrastructure facilities; and,
- prescribed monitoring mechanism.

^(a) East Khasi Hills, West Khasi Hills, East Garo Hills, West Garo Hills, Ri-Bhoi and Jaintia Hills Districts.

3.2.6 Audit Methodology

Before taking up the performance audit of the scheme, an entry conference was organised (July 2005) with the active participation of the Secretary, Education Department, Government of Meghalaya and the SPD and Joint PDP, SSA. In this conference, the objectives of the review, scope, criteria and audit procedures were explained to the Department.

For the performance review, DMCs, JDMCs, BRCs and schools were selected on the basis of random sampling. Perspective plans, annual work plans, appraisal reports, intervention-wise expenditure, sanctions, release orders and allocation of funds, survey reports of child population in the age groups of 6-14 years were analysed in course of review using the available data.

After completion of the review, an exit conference was held (October 2005) with the Commissioner & Secretary, Education Department for discussion of the Audit findings. The replies and views of the State Government have been incorporated in the review at appropriate places.

The Social and Rural Research Institute (SRRI), a specialist unit of Indian Market Research Bureau International (IMRBI), were commissioned by Audit for assessing the impact of the SSA from the perspective of the beneficiaries and their parents. SRRI conducted the survey covering seven districts in Meghalaya. Significant findings of the survey on matters discussed in this review have been included at appropriate places.

3.2.7 Audit Findings

The review on implementation of the SSA in six test-checked districts revealed underutilisation of available funds, understatement of payments, entertainment of excess teachers, unauthorised and irregular release of funds, non-fulfilment of the objective of the programme, *etc.* Audit findings in detail are discussed in the succeeding paragraphs.

3.2.8 Planning

The planning process was to start at the habitation level and move upwards to block level, district level and State level. Effective implementation of the scheme requires proper planning, which should initiate from primary functions such as household surveys, studies, community mobilisation, preparation of habitation level educational plans and school mapping, constitution of core planning teams in each village at the habitation level, creation of best possible infrastructure for education of girls, scheduled castes and tribal children, increase in coverage of children under special focus groups and active participation of NGOs, to achieve need based performance of various components of the scheme within a predetermined date.

The SPD stated (September 2005) that data based on household survey and village education registers/enumerated records were submitted by each district

and, if not destroyed, these were with the respective districts. Since these records were not produced to Audit by the authorities of the test-checked districts, the veracity of planning for implementation of the programme could not be assessed in audit.

The Special Officer of the Department stated (December 2006) that utmost efforts would be made to update the village education registers.

3.2.9 Funding Pattern

The expenditure under SSA (including support for salary of teachers appointed under SSA) was financed during the Ninth Five Year Plan (1997-2002) on 85:15 basis by the Union and the State Governments. The ratio was changed to 75:25 during the Tenth Plan (2002-2007) and 50:50 thereafter.

Funds were to be released by the Union Government directly to the SMA. The State Government was to release its share to the SMA within 30 days on receipt of the Central funds.

Subsequent instalment of Central share was to be released to the SMA only after release of State's matching share and utilisation of at least 50 *per cent* of the released funds.

The SMA was to release the funds to the districts within 15 days of its receipt from the Central and State Governments. All funds to be used for up-gradation, maintenance, repair of schools and teaching learning equipment and local management were to be transferred to village education committees/schools management committees/Gram Panchayat/or any other village/school level arrangement for decentralisation adopted by the State.

It was noticed in Audit that for implementation of the SSA, the GOI released Rs.19.21 crore on 28 November 2005. Accordingly, State's share of Rs.6.40 crore was to be released by the State Government within 27 December 2005. But the State Government released Rs.4.40 crore after a delay of three months on 31 March 2006, reasons for which were not on record.

3.2.10 Financial Management

Funds released by the Central and State Governments during 2000-2006 for implementation of the SSA, expenditure incurred and unutilised funds were as under:

Table 3.7

(Rupees in crore)

| Year | OB | Receipts | | | | Expenditure | | | Unspent balance |
|--------------------------|-------|---------------------|-----------------------------|-------------|-------|-------------|----------------|--------------|------------------------------|
| | | From GOI | From GOM ^(b) | Interest | Total | State level | District level | Total | |
| 2000-01 | ... | 0.68 ^(c) | ... | ... | 0.68 | ... | ... | ... | 0.68 (100) |
| 2001-02 | 0.68 | ... | 0.26 | ... | 0.94 | ... | 0.83 | 0.83 | 0.11 (12) |
| 2002-03 | 0.11 | 7.95 | 4.03 0.62 ^(c) | 0.01 | 12.72 | ... | 3.29 | 3.29 | 9.43 (74) |
| 2003-04 | 9.43 | 15.37 | 3.92 | 0.38 | 29.10 | 0.46 | 8.55 | 9.01 | 20.09 (69) |
| 2004-05 | 20.09 | 29.26 | 5.58 | 0.71 | 55.64 | 0.35 | 15.64 | 15.99 | 39.65 (71) |
| 2005-06 (Provisional) | 39.65 | 19.39 | 8.18 | 0.28 | 67.50 | 0.61 | 20.81 | 21.42 | 46.08 ^(d) (68) |
| Total | | 72.65 | 22.59 | 1.38 | | 1.42 | 49.12 | 50.54 | |

Source: Information furnished by the Special Officer to the Government of Meghalaya, Education Department.

OB-Opening Balance; GOM-Government of Meghalaya.

Availability of adequate funds was not a constraint to the programme. Savings were on account of deficiencies in financial management, i.e., underutilisation/ irregular release of funds. There were also instances of understatement of payments, excess expenditure, etc. as would be evident from the observations made in the succeeding paragraphs.

3.2.11 Financial Irregularities

3.2.11.1 Unutilised Funds

Funds released by the Union and State Governments were to be utilised by the SMA during the respective years. But the State Government/SMA could not utilise 12 to 100 per cent of available funds during 2000-2006. Failure in utilisation of available funds reflected casual approach and ineffective implementation of the programme in the State.

The Special Officer of the Department stated (December 2006) that the SMA was hopeful of full and fair utilisation of available funds by 2006-07.

3.2.11.2 Irregular Release of Funds

Paragraph 2.9 of the Framework for Implementation of SSA provides for release of funds by the Central and State Governments directly to the State implementing society.

(b) Includes State share paid through Treasury drawal.

(c) Pre-project activities.

(d) SPD: Rs.7.59 crore; DMCs: Rs.38.49 crore (including outstanding advances: Rs.11.03 crore and excluding adjustment of advances: Rs.8.93 crore)

Contrary to the prescribed procedure, the State Government released its share of Rs.5.78 crore for the years 2002-2004 direct to the DMCs instead of SMA.

The Special Officer of the Department stated (December 2006) that this practice had been dispensed with since 2004-05.

3.2.11.3 Retention of Funds outside the account of the SSA

During 2005-06, State Government released Rs.4.40 crore for the programme with the instruction to draw and deposit the same in civil deposit. Accordingly, the fund was deposited (March 2006) in '8443-Civil Deposit' and shown as closing balance in the cash book of the SMA. This was contrary to the State Treasury Rules, 1985, which prohibits drawal of money in anticipation of demands or to prevent lapse of budget grants. Moreover, retention of SSA funds outside the account of the SSA was not justified.

The Special Officer of the Department admitted the Audit observation and stated (December 2006) that the amount was withdrawn from the civil deposit and credited to SSA account.

3.2.11.4 Understatement of Payments

Rupees 2.89 crore released during 2003-04 by the SMA to the DMCs for teachers' salaries, teachers' grants, etc. was not reflected in the annual accounts of the SMA for the year 2003-04, resulting in understatement of payments to that extent. The SMA directed (May 2005) the DMCs to substantiate the expenditure with supporting expenditure statement/utilisation certificate and incorporate the amount in the accounts for the year 2004-05. The annual accounts for the year 2004-05, however, did not exhibit the position of Rs.2.89 crore. The SMA also failed to furnish information regarding the whereabouts of this amount (July 2006).

Thus, the possibility of misappropriation/misutilisation of Rs.2.89 crore can not be ruled out.

The Special Officer of the Department stated (December 2006) that the amount missed incorporation in the SSA accounts, as, the same was not released from the SSA account but allotted to the Deputy Inspector of Schools by the Director of Elementary and Mass Education and that the amount meant for teachers' salaries had already been paid. In the absence of supporting expenditure statement/utilisation certificate, the veracity of the actual expenditure of the amount could not be ascertained by Audit.

3.2.11.5 Discrepancies between Cash Book and Bank Pass Book/Statement

According to the MFM&P, bank reconciliation should be carried out on a regular basis and entries in the pass book/bank statement should be tallied monthly with the entries in the cash book.

Scrutiny of cash books maintained by the DMCs along with bank pass book/bank statement of four test-checked districts revealed huge discrepancies in the bank balances as shown below:

Table 3.8

| DMC/JDMC | Position as on | Bank balance as per | | Difference |
|------------------|----------------|---------------------|---------------------------|-------------|
| | | Cash Books | Pass Books/Bank Statement | |
| (In rupees) | | | | |
| East Khasi Hills | 31 March 2004 | 1,72,73,262 | 40,30,762 | 1,32,42,500 |
| East Garo Hills | 31 March 2005 | 1,26,75,757 | 82,13,616 | 44,62,141 |
| West Garo Hills | 31 March 2005 | 41,26,219 | 14,16,189 | 27,10,030 |
| Ri-Bhoi | 31 March 2005 | 3,89,18,971 | 3,68,58,332 | 20,60,639 |
| Sohra | 31 March 2005 | 57,85,028 | 54,76,318 | 3,08,710 |

Source: Bank pass book/statement and cash books of the DMCs/JDMC.

Position of bank balance as on 31 March 2006 as per cash books of the DMCs/JDMC and Pass Books/Bank statements, though called for (June 2006) from the SPD, was not made available to Audit.

Failure of the DMCs/JDMC to carry out periodical reconciliation of balances led to accumulation of such discrepancies. In case of East Garo Hills, though bank reconciliation was done up to 31 March 2005, the discrepancy of Rs.44.62 lakh could not be settled. Absence of bank reconciliation was not only contrary to the guidelines but also indicative of financial indiscipline in the districts and sub-district levels.

The Special Officer of the Department stated (December 2006) that the reconciliation had since been done except for Rs.1,920 in case of East Garo Hills. The reply is not tenable because the position of closing balances now intimated by the Special Officer does not match with the position of closing balance as shown in the cash books/bank pass books/statements for the respective years.

3.2.11.6 Opening of unauthorised Bank Account

MFM&P stipulated the opening of Savings Bank Accounts by the DMCs/JDMCs for deposit and expenditure of funds received from the SMA for implementation of the programme. Contrary to the prescribed procedure, the DMC, East Garo Hills and JDMC, Mairang (West Khasi Hills) maintained non-interest bearing current accounts with the Meghalaya Co-operative Apex Bank. Had the funds been deposited in Savings Bank Accounts, a substantial amount could have been earned as interest by the SMA.

The Special Officer of the Department stated (December 2006) that the accounts had since been transferred from current to savings account.

3.2.11.7 Cash Payment

According to the MFM&P, only crossed Account Payee cheques should be issued to third parties/firms, etc.

It was noticed that during April 2004 to March 2005, the DMC, East Garo Hills made huge payments ranging from Rs.0.12 lakh to Rs.9.48 lakh to 21 parties in cash instead of cheques.

Government stated (November 2005) that instructions had been issued to all concerned to refrain from cash payment.

3.2.12 Implementation

3.2.12.1 Major Interventions under SSA

SSA framework envisages financial norms under various interventions such as school grant, teacher grant, research and evaluation, management cost, etc.

Year-wise position of expenditure incurred by the DMCs/JDMCs of seven districts under different interventions of the programme is given in *Appendix XXIV*. This shows that over 60 per cent (Rs.28.04 crore) of the total expenditure was on teachers' salaries, teachers' grants, school grants and management leaving only 40 per cent (Rs.18.93 crore) for other interventions of the programme.

3.2.12.2 Excess Teachers

In order to have an optimum teacher-student ratio, norms provided for one teacher for every 40 students in primary and upper primary schools; at least two teachers in a primary school and one teacher for every class in the upper primary school.

Audit scrutiny revealed that during 2001-2006, 5,886 to 6,985 teachers were engaged in upper and lower primary schools of the State in excess of the prescribed norm. Details are as under:

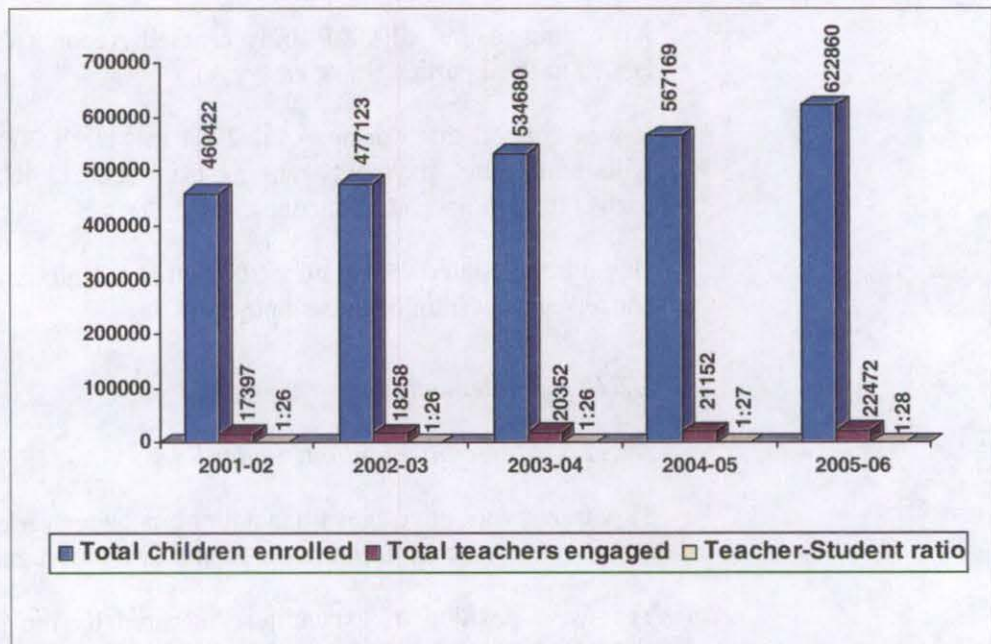
Table 3.9

| Year | Children enrolled | | | Teachers required as per norm (1:40) | Teachers engaged | | | Excess teachers |
|--------------|--------------------|--------------------|----------|--------------------------------------|------------------|-------|--------|-----------------|
| | Lower Primary (LP) | Upper Primary (UP) | Total | | LP | UP | Total | |
| 2001-02 | NA | NA | 4,60,422 | 11,511 | 12,654 | 4,743 | 17,397 | 5,886 |
| 2002-03 | NA | NA | 4,77,123 | 11,928 | 12,650 | 5,608 | 18,258 | 6,330 |
| 2003-04 | 3,80,327 | 1,54,353 | 5,34,680 | 13,367 | 13,034 | 7,318 | 20,352 | 6,985 |
| 2004-05 | 4,12,822 | 1,54,347 | 5,67,169 | 14,179 | 13,745 | 7,407 | 21,152 | 6,973 |
| 2005-06 | 4,44,480 | 1,78,380 | 6,22,860 | 15,572 | 15,860 | 6,612 | 22,472 | 6,900 |
| Total | | | | 66,557 | | | | 33,074 |

NA: Not available.

Source: Annual Working Plan & Budget (AWP&B), Report on Appraisal of AWP&B and information furnished by the SMA.

Chart 3.3



The above table shows that against the norm of 1:40, the teacher-student ratio in the State varied between 1:26 and 1:28. This indicated that the SMA did not take effective measures to bring the teacher-student ratio closer to the stipulated norm.

The Special Officer of the Department stated (December 2006) that there was increasing trend of teacher-student ratio and the Department was hopeful for improvement of the ratio in the coming years.

3.2.12.3 Deficient Teachers Training

To upgrade the skills of teachers, the SSA provides for 20 days' in-service course for all teachers each year, 60 days' refresher course for untrained teachers already employed as teachers and 30 days' orientation for freshly trained recruits.

Audit scrutiny revealed that out of 15,860 primary and 6,162 upper primary level teachers engaged as of March 2006, 9,422 primary and 2,557 upper primary teachers were imparted training. Training was not imparted to the remaining 6,438 (40.59 per cent) primary and 3,605 (58.50 per cent) upper primary level teachers in the State. Thus, the objective of providing useful and relevant training to the teachers remained largely unfulfilled.

The Special Officer of the Department stated (December 2006) that the teachers training is a continuous process and the teachers were being trained in phases. Nevertheless, failure to impart training to all the teachers affected the quality of education.

3.2.12.4 Unauthorised and Irregular Release/Sanction of Funds

SSA framework envisages payment of salary to the teachers appointed under SSA. According to the norm, new primary schools were to be opened only in those areas which do not have any school within one km of habitation.

The following irregularities were noticed in this regard:

- During November 2003 to March 2004, the JDMC, Shillong paid Rs.20.18 lakh from SSA fund for salary of 104 lower primary school teachers, who had drawn their salary from the Government. Besides, Rs.7.17 lakh was released (November 2003 to March 2004) to 25 unapproved lower primary schools which were not covered under the SSA.

Government admitted the fact and stated (November 2005) that efforts would be made to recover the balance amount. According to the Special Officer of the Department, out of Rs.27.35 lakh, Rs.10.97 lakh had been recovered till August 2006.

- During 2004-2006, the SPD released Rs.90.36 lakh to the DMC, Nongpoh for payment of salaries to the teachers engaged in 132 unapproved schools (60 lower primary and 72 upper primary schools). Similarly, during 2003-2005, the SMA sanctioned Rs.52.26 lakh to the DMC, Shillong for payment of salaries to the teachers engaged in 88 unapproved new schools (42 lower primary and 46 upper primary schools). Non-approval of the schools was indicative of the fact that these were not under SSA. Information regarding fulfilment of the norms prescribed for coverage of schools under SSA as well as release of the amounts to the school management committees for disbursement of salaries, though called for (August 2006) from the SPD, had not been received.

Thus, release of funds for the teachers' salaries of unapproved schools was not only irregular but also resulted in blocking up of Rs.90.36 lakh with the DMC, Nongpoh thereby adversely affecting the implementation of the programme.

The Special Officer of the Department stated (December 2006) that no fund was released from the SMA to pay teachers salary of unapproved schools. The reply is contrary to the fact about release of Rs.90.36 lakh by the SPD for teachers' salaries as communicated to the SPD by the Deputy Inspector of Schools and District Mission Co-ordinator, Nongpoh through letter dated 8 July 2005.

3.2.12.5 Excess Expenditure on Management Cost

According to norms provided in the MFM&P, the management cost^(e) should be less than 6 per cent of the total cost, separately for each district and also in total for the entire State.

Against Rs.0.96 crore {6 per cent of the total cost (Rs.15.93 crore) of the SMA including DMCs} permissible as management cost during 2004-05, the SMA incurred expenditure of Rs.1.35 crore during the year. Reasons for expenditure of Rs.0.39 crore in excess of the norm were not made available to Audit.

The Special Officer of the Department stated (December 2006) that keeping the management cost within 6 per cent might adversely affect staffing, capacity building and other management functions. The reply is not tenable because this is against GOI guidelines. Further, the norm might have been fixed taking into account all these factors.

3.2.12.6 Intervention for Out of School Children

The intervention programme for out-of-school children envisages bringing back to school, children who have dropped out of school, as also those children of the target group who have never joined school. This was to be achieved by establishing education guarantee centres, bridge courses, remedial courses, etc. as provided under the programme. The position of children who remained out of school, percentage of drop out, etc. during 2001-2006 is given below:

Table 3.10

| Physical Performance | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|----------|----------|----------|----------|----------|
| Children in the age group of 6-14 years (in number) | 6,03,416 | 6,40,480 | 6,84,467 | 7,62,295 | 7,94,442 |
| Children enrolled in the school (in number) | 4,60,422 | 4,77,123 | 5,34,680 | 5,67,169 | 6,22,860 |
| Children remained out of school (in number) | 1,66,981 | 1,63,357 | 1,60,049 | 1,49,992 | 1,09,636 |
| Percentage of out of school to total children | 28 | 26 | 23 | 20 | 14 |
| Drop out (per cent) | 78 | 67.35 | 65.86 | 64.54 | 45.71 |

Source: AWP&B, Appraisal Report on AWP&B and information furnished by the SMA.

^(e) Management cost includes office expenses, hiring of experts under various interventions, provision of equipment, stationery, etc.

Audit scrutiny revealed the following shortcomings:

3.2.12.7 Out of School Children

The major group that constitute out of school children comprises never enrolled children and dropouts. The very objective of the SSA was to enrol all children in schools, Education Guarantee Centres, Alternative Schools and back to school camps by 2003 (revised to 2005 in March 2005).

It was noticed in Audit that at the commencement of the scheme, i.e. 1 April 2002, 1.63 lakh children were out of school in the State. On 31 March 2006, after four years of implementation of the programme and incurring expenditure of Rs.50.54 crore, 1.10 lakh children in the 6-14 age group still remained out of school. Thus, neither the original goal of “all children in school by 2003” nor the revised target of bringing all children in school by 2005 was achieved.

The Special Officer of the Department admitted the facts and stated that (December 2006) there had been continuous efforts to bring all out of school children in school through community mobilisation and enrolment drive.

3.2.12.8 Gender-wise Out of School Children

As of March 2006, 144 boys and 132 girls per thousand were out of school in the State. Although education of girls was to be one of the principal concerns in SSA, over 13 *per cent* of girls in the State remained out of school as of March 2006. The three main reasons that came across in the survey conducted by SRRI for keeping the children away from school were (i) looking after household chores, (ii) school is not good and (iii) parents have to go to work.

The Special Officer of the Department stated (December 2006) that since 132 girls against 144 boys per thousand remained out of school, there was no gender parity requiring special attention for girl education in the State. Significant number (51,070) of girl children remaining out of school, however, justify special attention for their enrolment.

3.2.12.9 Education Guarantee Centres

Setting up of Education Guarantee Schemes (EGS) is one of the strategies for bringing the out of school children into the education system.

According to the norms, overall cost of EGS centres/Alternative & Innovative Education (AIE) for district as a whole was to be maintained within Rs.845 per child per annum for primary level centres, Rs.1,200 per child per annum for upper primary level centres and Rs.3,000 per child per annum for alternative innovative education.

During 2004-05 and 2005-06, 55,456 and 55,096 children were shown (in the Report of AWP&B-2005-06 & 2006-07) as covered in 1,789 and 1,731 EGS

centres respectively. Level of these centres (primary/upper primary/AIE) was, however, not indicated in the report. During 2004-05 and 2005-06, expenditure under the 'EGS/AIE' and 'out of school children' was Rs.1.25 crore and Rs.2.31 crore respectively. Even considering that all these centres were of primary level, maximum of 14,792 and 27,337 children^(f) could have been covered at the prescribed rate of Rs.845 per child per annum.

Thus, either the reported coverage of children was fabricated or the prescribed norm was not followed.

The Special Officer stated (December 2006) that the lesser per capita expenditure might be due to non-discharging of committed liabilities as at the close of 2005-06, there was unspent balance of Rs.4.77 crore against this intervention. Even taking into account the unspent balance, a maximum of 98,580 children could have been covered during 2004-2006 instead of 1,10,552 as reported in the AWP&B.

3.2.12.10 Inadequate number of Schools/Alternative Schooling Facility

As per the norms, new primary schools were to be opened only in those areas, which did not have any school within one km of habitation. EGS centres at primary level were to be opened in unserved habitations where no school existed within a radius of one km and where there were at least 15 children in the age group of 6-14 who were not going to school. As of March 2006, there were still 453 habitations in the State without a school.

The Special Officer of the Department stated (December 2006) that efforts were on to cover the uncovered habitations.

3.2.12.11 Infrastructure Facilities

According to the norms, programme funds for civil works were not to exceed the ceiling of 33 *per cent* of the entire project cost approved by the Project Approval Board (PAB) on the basis of Perspective Plan prepared for the period till 2010. Civil works *inter alia* included (a) new school buildings, (b) school buildings for building-less schools, (c) additional class rooms, (d) room for Headmaster, (e) toilets, (f) drinking water facilities and (g) boundary walls in extreme cases like hilly terrain, forest areas. Audit scrutiny revealed that the State was plagued by severe lack of infrastructure and the schools were running without proper buildings, toilets and drinking water facilities. Details are as under:

^(f) 2004-05: Rs.1.25 crore ÷ Rs.845 = 14,792
2005-06: Rs.2.31 crore ÷ Rs.845 = 27,337

Table 3.11

| Particulars | Number of schools | |
|---|-------------------|---------------|
| | Primary | Upper Primary |
| Schools without own building | 1,039 | 402 |
| Schools in dilapidated condition | 1,451 | 325 |
| Schools without drinking water facility | 4,857 | 1,065 |
| Schools without toilet facility | 5,608 | 1,327 |
| Schools without girls' toilet | 5,887 | 1,449 |
| Schools without room for Headmaster | 6,164 | 1,354 |
| Schools with repairable class rooms | 4,340 | 1,874 |
| Schools without boundary | 5,862 | 1,499 |
| Schools without playground | 4,949 | 1,201 |

Source: Report on Appraisal for AWP&B-2006-07.

During the five-year period ending March 2006, expenditure (Rs.1.81 crore) on civil works constituted only 3.85 per cent of the total expenditure (Rs.46.97 crore) incurred on different interventions (details in Appendix XXIV). Inadequate infrastructure and expenditure of a nominal amount for creation of the same indicated ineffective implementation of the scheme in the State.

Beneficiary survey by SRRI disclosed that about 2.3 per cent of primary and 12.5 per cent of upper primary schools were operating in *kuccha* structures, which were not structurally stable and hence not suitable for running a school.

The Special Officer of the Department stated (December 2006) that since 33 per cent of the budget provision of SSA was meant for civil works, provision for headmasters room could not be made after attending to higher priority areas like school building, toilets, water facilities, etc. The reply is not tenable because the expenditure on civil works during 2001-2006 constituted only 3.85 per cent (Rs.1.81 crore) of the total expenditure (Rs.46.97 crore) incurred for different interventions and many of the schools were running without school building as well as without toilet and water facilities.

3.2.12.12 Provision for Disabled Children

Identification of children with special needs was an integral part of the micro planning and household survey under the SSA. The scheme was to ensure that every child with special needs, irrespective of the kind, category and degree of disability was provided education in an appropriate environment.

Minutes of the meeting held in May 2005 by the PAB showed 8,603 children were identified for integrated education for disabled (IED). According to the SMA, 4,959 identified children were in school. Action taken for providing education to the remaining 3,644 children in an appropriate environment was not on record.

The Joint SPD stated (October 2006) that out of 3,644 children, 365 would be provided with home based education and the remaining 3,279 children would be institutionalised in EGS/AIE. Failure in providing education to these

children even after one year of identification indicated that education to the children with special needs did not get priority under the SSY.

3.2.12.13 Text Books

The programme envisages that free text books within an upper ceiling of Rs.150 per child will be provided to all focus group children namely girls and SC/ST children. States are to continue to fund free text books as is being currently provided from the State Plans. In such cases, the free text books under SSA should not be provided to such children. In case the subsidy is partially provided, the assistance under SSA will be restricted to that portion of the cost of books, which is being borne by the children.

During 2004-05 and 2005-06, the DMCs of East Garo Hills and Jaintia Hills Districts purchased text books worth Rs.59.42 lakh and Rs.22.93 lakh respectively without recording any stock certificate on the body of the bill/voucher. Records in support of issue of these books to the children were also not produced to Audit. In the absence of these records, the actual position relating to provision of free text books to the children could not be ascertained in audit.

The Special Officer of the Department admitted the Audit observation and stated (December 2006) that books were delivered to the schools concerned.

3.2.12.14 Implementation of Programme through NGOs

SSA conceives a vibrant partnership with non-governmental organisations (NGO) in the area of capacity building, both in communities and in resource institutions.

During 2001-2006, the SMA did not release any fund to the NGOs. Information regarding the role of NGOs in implementation of the programme, though called for (August 2006), had not been furnished by the SMA. However, the Report on AWP&B for the year 2006-07 showed involvement of 19 NGOs in the State and district levels to assist in the planning and implementation of IED and out of school component. Since no expenditure was incurred by the SMA during 2001-2006 directly for involvement of NGOs, the reported figure could not be verified.

The Special Officer of the Department stated (December 2006) that the expenditure on the involvement of NGOs was met from the management cost. However, details of such expenditure had not been furnished.

3.2.13 Other Points

3.2.13.1 Cash Book

Cash book of DMC, East Garo Hills for the period from 2001-02 to 2003-04 was not made available to Audit. Though cash book for 2004-05 was

maintained, entries were not attested by the DMC. Analysis of closing cash balance had also not been done.

The JDMC, Mawkyrwat did not maintain any cash book, reasons for which were not on record.

The Special Officer of the Department stated (December 2006) that the DMC/JDMC had maintained the cash books and that they had also been warned for not making the cash books available to Audit.

3.2.13.2 Non-maintenance of Records

(a) In March 2005, the DMC, Tura incurred expenditure of Rs.21.67 lakh on IED. Recorded evidence in support of activities on which the expenditure was incurred was not made available to Audit.

(b) Village education registers, retention registers, pupil progress cards, teachers' attendance registers and students' attendance registers were not produced to Audit.

The Special Officer of the Department stated (December 2006) that all concerned were being pressurised for proper maintenance of records.

3.2.14 Research, Monitoring and Evaluation

Rupees 1,500 per school per year has been provided for research, evaluation, supervision and monitoring under the programme. Out of this, Rs.100 at national level and Rs.1,400 at State level per school per year was to be spent. The funds were to be used *inter alia* for (a) creating a pool of resource persons at national, State, district, sub-district level for effective field-based monitoring, (b) providing travel grant and a very modest honorarium to resource persons for monitoring, (c) providing regular generation of community based data, (d) conducting achievement tests and evaluation studies, (e) undertaking research activities, (f) incurring expenditure on education management information system, (g) assessment and appraisal teams and their field activities, (h) analysing data at sub-district/district/state level, (i) development of training modules with resource teams and (j) institutional monitoring of the progress of implementation.

Audit examination revealed that though Rs.34.16 lakh was spent during 2004-2006 on research and evaluation, there was no record of the implementation of the said intervention.

Government stated (November 2005) that there was continuous effort to collect the intervention-wise physical and financial achievement and that under the Management Information System, information was being collected from districts and quarterly progress reports were being submitted to the GOI regularly. A co-ordinator had also been appointed for research and evaluation.

But insignificant achievement of the objective of the programme indicated poor monitoring at State, district and block levels.

3.2.15 Conclusion

The objective of the SSA to bring back all the children in schools by 2005 remained largely unachieved. Even after four years of implementation of the programme, there were still 1.10 lakh children in the 6-14 age group out of school. Fund management was poor. The implementing agencies could not absorb the available funds provided by the Central and State Governments. A large number of schools in the State were functioning without buildings. Other infrastructural facilities like drinking water, toilets and separate toilet for girls, boundary wall, etc. were mostly not available.

3.2.16 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for streamlining the implementation of the programme:

- Proper utilisation of funds with reference to objectives should be made mandatory.
- Effective measures needs to be taken to bring the teacher-student ratio closer to the stipulated norm.
- A comprehensive development plan needs to be undertaken to construct permanent structures for buildingless schools and ensure provision of basic amenities like water and toilet facilities in these and in the existing school buildings in a phased and time bound manner.
- Supply of free text books to the focus group of children should be ensured.
- Effective steps should be taken for participation of reputed NGOs in implementation of SSA.
- Effective steps should be taken to cover all the out of school children under the scheme.
- The State Government should display information about projects for the benefit of targeted community and public as required under the Right to Information Act.

**FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS
DEPARTMENT**

3.3 Food Security, Subsidy and Management of Foodgrains

Highlights

The main objective of Food Security, Subsidy and Management of Foodgrains was to ensure food security in the State by maintaining buffer stock of foodgrains and implementation of a well targeted Public Distribution System for providing foodgrains to the public at affordable prices. Review of implementation of the scheme revealed identification of beneficiaries without survey and investigation and absence of records on verification of quality of foodgrains. Evaluation of the scheme as a whole was also not done and as such the impact of the scheme remained un-assessed.

Lifting of foodgrains from the Food Corporation of India (FCI) on the basis of estimated below poverty line (BPL) population under the Targeted Public Distribution System (TPDS) and Antyodaya Anna Yojana (AAY) ignoring the identified beneficiaries, resulted in additional subsidy burden of Rs.13.02 crore on the GOI.

(Paragraph 3.3.10.3)

There was delay in distribution of special ration cards to the AAY families contrary to the directives of Supreme Court.

(Paragraph 3.3.10.6)

In Shillong Sadar Sub-Division, issue of 82,957 Above Poverty Line (APL) ration cards against the existing 67,755 APL families indicated existence of 15,202 bogus ration cards.

(Paragraph 3.3.10.7)

During 2001-2005, the BPL/AAY families of East Khasi Hills, Ri-Bhoi and Jaintia Hills Districts were deprived of the intended benefits of the scheme because of failure in distribution of foodgrains at prescribed scales.

(Paragraph 3.3.10.11)

3.3.1 Introduction

“Food Security” exists when all people at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary

needs and food preferences for an active and healthy life either by sufficient agriculture production or by importing foodgrains. Thus, food security can be achieved by proper foodgrains management at two levels:

- (i) Building and managing optimum buffer stock by way of periodical procurements and disposals; and,
- (ii) Making stocks of foodgrains available and accessible to all people by implementing appropriate distribution policy.

GOI's food management strategy involves procurement of foodgrains at reasonable prices from the growers, its storage/handling, maintenance of buffer stocks and implementation of a well targeted Public Distribution System (PDS) for ensuring availability of foodgrains to the public at affordable prices for enhancing food security at the micro level.

Food management consists of procurement of foodgrains from farmers at Minimum Support Price (MSP)^(a), allocation of foodgrains so procured amongst States for eventual distribution to the targeted population at subsidised Central Issue Price (CIP)^(b) and retention of buffer stock to meet the food scarcity and for intervention to regulate the market rate. Since the CIP for distribution of foodgrains to the targeted population is lower than the cost of procurement and handling, the GOI provides subsidy to the agencies responsible with handling, storage, retention and distribution of the foodgrains.

In Meghalaya, PDS operates through a network of 4,302 Fair Price Shops (FPS) and involves the following schemes:

Targeted Public Distribution System (TPDS)

GOI streamlined the PDS from June 1997 by issuing special cards to the Below Poverty Line (BPL) families and providing foodgrains to them at specially subsidised prices. Under the scheme, States were to formulate and implement foolproof arrangements for identification of the poor and deliver foodgrains to them through FPSs in a transparent and accountable manner. The scheme also covered population Above Poverty Line (APL).

Antyodaya Anna Yojana

Aimed at reducing hunger among the poorest segments of population and to make PDS benefits more substantial in terms of both quantity and nutrition, for this section of the population, Antyodaya Anna Yojana (AAY) was launched by the GOI on 25 December 2000. In Meghalaya, the AAY was being implemented since November 2001.

^(a) It is the pre-determined price at which procurement agencies of FCI and States procure foodgrains.

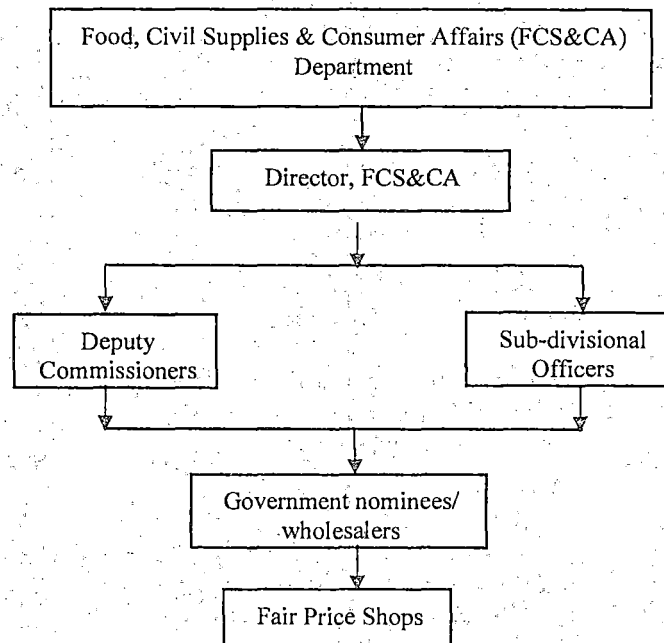
^(b) It is the pre-determined price at which foodgrains are issued from Centre to States for distribution under PDS.

Apart from issue under TPDS, foodgrains from Central Pool are also released for other foodgrains based welfare schemes, viz., Annapurna Scheme, Supply of Foodgrains to SC/ST/OBC Hostels/Welfare Institutions, Mid Day Meal Scheme, Sampoorna Gramin Rozgar Yojana (SGRY), Programme for Adolescent Girls, National Food for Work Programme, etc.

3.3.2 Organisational Set Up

Organisational structure for foodgrains management in the State is detailed below:

Chart 3.4



3.3.3 Audit Coverage

The performance review of foodgrains management in the State covering the period from 2000-01 to 2005-06 was carried out through a test-check (August-October 2005 & July-August 2006) of the records of the Secretary, FCS&CA Department, Director, FCS&CA, DCs of three^(c) out of seven districts, SDOs of six^(d) out of 15 Sub-Divisions, seven^(e) out of 31 Blocks and 28 out of 4,302 FPSs. Results of the review are discussed in the succeeding paragraphs.

^(c) East Khasi Hills, Jaintia Hills and Ri-Bhoi.

^(d) Shillong, Sohra, Jowai, Khliehriat, Anilarem and Nongpoh.

^(e) Mawryngkneng, Mawsynram, Shella-Bholaganj, Thadlaskein, Amlarem, Khliehriat and Umsning.

3.3.4 Audit Objectives

The main audit objective was to evaluate the system of foodgrain management for securing food security in the State. Towards this goal, thrust was given to the following objectives:

- the effectiveness of distribution arrangements of the State Government to ensure that all people have access to foodgrains and they actually get it when needed; and,
- convergence of foodgrains based schemes and effectiveness of their delivery to the target group.

3.3.5 Audit Criteria

The following audit criteria were adopted for achieving the audit objectives:

- criteria for identification of beneficiaries; and
- distribution arrangements.

3.3.6 Audit Methodology

The performance audit commenced with an entry conference (September 2005) with the Secretary, FCS&CA Department and Additional Director, FCS&CA in which the audit objectives, scope, criteria and methodology was explained.

For the purpose of the review, districts, sub-divisions, blocks and FPSs were selected on the basis of random sampling.

After completion of the review, an exit conference was held (December 2005) with the Secretary, FCS&CA Department and the Director and Additional Director, FCS&CA to discuss the Audit findings. The replies and views of the State Government have been incorporated in the review at appropriate places.

3.3.7 Audit Findings

The review revealed improper identification of BPL/AAY beneficiaries under TPDS, short distribution of rice to the beneficiaries, excess coverage of BPL/AAY families and non-distribution of *chakki atta* to the beneficiaries, etc. Audit findings in detail are discussed in the succeeding paragraphs.

3.3.8 Finance and Expenditure

The authorised wholesalers were to initially bear the expenditure on procurement of TPDS commodities (except AAY rice) and subsequently realise the cost including transportation charges and profit from the FPSs. Expenditure of the Government on the scheme was restricted to administrative

expenses, expenditure towards construction of godowns and transportation charges under AAY.

Budget provision and expenditure during 2000-2006 were as follows:

Table 3.12

(Rupees in crore)

| Year | Budget provision | | | Actual expenditure | Savings (Percentage) | Amount surrendered |
|--------------|------------------|---------------|--------------|--------------------|----------------------|--------------------|
| | Original | Supplementary | Total | | | |
| 2000-01 | 3.26 | 0.97 | 4.23 | 3.66 | 0.57 (13) | 0.56 |
| 2001-02 | 3.55 | 0.95 | 4.50 | 3.84 | 0.66 (15) | 0.68 |
| 2002-03 | 3.57 | 0.59 | 4.16 | 3.41 | 0.75 (18) | 0.73 |
| 2003-04 | 3.60 | 1.36 | 4.96 | 4.30 | 0.66 (13) | 0.66 |
| 2004-05 | 4.97 | 0.80 | 5.77 | 4.67 | 1.10 (19) | 0.98 |
| 2005-06 | 5.20 | 0.63 | 5.83 | 5.17 | 0.66 (11) | 0.71 |
| Total | 24.15 | 5.30 | 29.45 | 25.05 | 4.40 (18) | 4.32 |

Source: Appropriation Accounts (Grant No. 32).

Availability of adequate funds was not a constraint to the execution of the PDS. Savings were on account of deficiencies in financial management, i.e., persistent savings, unnecessary/excessive demands for supplementary grants, etc. There were also instances of additional subsidy burden, delay in issue of ration cards, etc. as would be evident from the observations made in the succeeding paragraphs.

3.3.9 Financial Irregularities

3.3.9.1 Persistent Savings

There were persistent savings in all the years during 2000-2006. Wide variations between budget provisions and actual expenditure indicated flaws in budgeting particularly during 2002-03 and 2004-05 when the shortfall was above 15 per cent. Savings were attributed (December 2006) by the Commissioner and Secretary (C&S) of the Department to imposition of economy measures by the Government, non-filling up of vacant posts, etc.

3.3.9.2 Unnecessary/Excessive Demand for Supplementary Grants

During 2000-01, 2001-02 and 2003-04, the Department obtained supplementary provisions in excess of actual requirement. Again, during 2002-03, 2004-05 and 2005-06, supplementary provisions obtained by the Department proved unnecessary because of failure in utilisation of even the original provisions.

The C&S of the Department stated (December 2006) that the supplementary demands were obtained particularly for implementation of Annapurna scheme, utilise one-time grant, meeting the transport expenses, etc. Failure to utilise the original provisions was contrary to the Budget Manual which provides for submission of a statement with the proposal for supplementary grant indicating that saving would not be available.

3.3.10 Implementation

The implementation of the scheme is the joint responsibility of both the Union and the State Governments. The Central Government is responsible for procurement, storage, transportation and bulk allocation of foodgrains, etc. The responsibility for lifting of foodgrains from FCI godown and effective distribution of the same to the consumers/beneficiaries through the network of FPSs lies with the State Government. The operational responsibilities of the States include allocation within the State, identification of BPL families and poorest among BPL, issue of ration cards, supervision and monitoring of the functioning of FPSs.

Irregularities noticed in implementation of the scheme in the State are discussed in the succeeding paragraphs.

3.3.10.1 Identification of Beneficiaries/Target Group

Identification of BPL beneficiaries under the TPDS, including the AAY families, for issue of foodgrains at specially subsidised rates^(f) was to be made by formulating suitable guidelines and also by involving Gram Sabhas/local representative bodies to ensure that only genuine and needy families were identified. While undertaking the exercise of identification, the State Government was to prescribe a suitable proforma to be filled by or on behalf of the head of a family.

Under the AAY, identification of families was to be made from amongst the number of BPL families within the State for providing foodgrains at specially subsidised rates^(g).

Irregularities noticed in identification of beneficiaries are discussed below:

3.3.10.2 Identification of Beneficiaries without Survey/Investigation

Against 1,54,403 BPL families covered under the TPDS during April to December 2000, 1,72,099 families were identified in January 2001. Records in support of identification of the additional 17,696 BPL families (Shillong: 17,418; Sohra Sub-Division: 278) were not made available to Audit.

According to the Director (October 2005), no special survey or investigation was conducted by the Department for identification of beneficiaries under AAY, BPL and APL categories. The beneficiaries were identified by the DCs/SDOs through the DRDAs/BDOs and in consultation with the Village Durbars in rural areas and the Municipal Boards in urban areas. In the absence of the relevant records, the veracity of correct identification of

^(f) 20 Kg per family per month from April 2000 to June 2001, 25 Kg per family per month from July 2001 to March 2002 and 35 Kg per family per month from April 2002 @ Rs.6.15 per Kg.

^(g) 25 Kg per family per month up to March 2002 and 35 Kg per family per month from April 2002 at rates not exceeding Rs.2 per Kg of wheat and Rs.3 per Kg of rice.

beneficiaries could not be ascertained in audit. Reply of the Director was silent about the proforma required to be prescribed by the State Government under the PDS (Control) Order, 2001 as well as obtaining information from the identified families through this proforma.

The C&S of the Department stated (December 2006) that no proforma had been prescribed by the Department. The reply is not tenable because the proforma was required to be prescribed as per the PDS (Control) Order, 2001.

3.3.10.3 Additional Subsidy Burden

BPL families under TPDS

Against 1,72,099 BPL families identified in January 2001, the Department estimated the families in the State as '1,83,000' in September 2001. Basis for sudden increase of 10,901 families in the estimated figure within a period of seven months was not on record. During November 2001 to March 2006, foodgrains were also lifted from the FCI and distributed to the beneficiaries on the basis of BPL families estimated in September 2001.

The C&S of the Department stated (December 2006) that BPL families were fixed by the GOI as 1.83 lakh. The reply is not tenable because, as per the information furnished by the Director, 1.83 lakh families were the estimated number of families as of September 2001 and thus, issue of foodgrains on the basis of estimated families instead of actual families identified in January 2001 was not justified.

BPL Families under AAY

AAY beneficiaries were identified on the basis of the estimated figure of 1.83 lakh BPL families ignoring the identified 1,72,099 families. Consequently, excess number of BPL families were shown to have been covered under AAY, as discussed below:

- Norms for AAY provided for coverage of 15.33 *per cent* families from amongst the number of BPL families. Thus, 26,383 out of 1,72,099 identified BPL families were to be covered under AAY. But the Department brought (November 2001) 28,100 families under the AAY on the basis of estimated (September 2001) 1,83,000 BPL families thereby covering 1,717 families in excess of norm.
- From June 2004 and May 2005, coverage of BPL families under the AAY was enhanced by 7.67 and 7.38 *per cent* respectively. Accordingly, 13,200 and 12,701 families from amongst the identified BPL families were to be covered under the AAY. Against this, 14,000 and 13,500 families were brought under the purview of AAY in June 2004 and May 2005 respectively on the basis of the estimated BPL families, resulting in excess coverage of 800 and 799 families.

Thus, coverage of excess BPL families under the TPDS and the AAY in the above cases resulted in excess lifting of 23,159.95 tonnes of foodgrains from the FCI during November 2001 to March 2006 thereby passing on an additional subsidy burden of Rs.13.02 crore to the GOI. Details are as under:

Table 3.13

| Period | Excess number of BPL families | Excess quantity of foodgrains lifted from the FCI | Additional subsidy burden (@ Rs.6,150 (TPDS)/Rs.3,000 (AAY) per tonne) |
|--|-------------------------------|---|--|
| | | (In tonne) | (Rupees in lakh) |
| TPDS | | | |
| November 2001 to March 2006 | 10,901 | 19,289.10 | 1,186.28 |
| AAY (position up to March 2006) | | | |
| November 2001 | 1,717 | 3,192.45 | 95.77 |
| June 2004 | 800 | 337.16 | 10.11 |
| May 2005 | 799 | 341.24 | 10.24 |
| Total | | 23,159.95 | 1,302.40 |

Source: Identified and estimated figures of BPL families furnished by the Director, FCS&CA and information on lifting of foodgrains furnished by the District Manager, FCI.

3.3.10.4 Irregularities in Identification of Beneficiaries in the test-checked districts

Old people, widows and disabled persons without family or society support, etc. are the prescribed criteria for selection of beneficiaries under the AAY. But the criteria for selection of 6,420 families under AAY in June 2004 (Shillong: 4,098; Sohra: 408; Nongpoh: 598; Jowai: 591; Khliehriat: 468; Amlarem: 257) was neither specified in the list of eligible beneficiaries nor the same was certified by the Village Councils. Thus, the criteria for selection of these beneficiaries remained un-assessed.

The C&S of the Department stated (December 2006) that the guidelines prescribed by the GOI for identification of families were followed by the State Government. Reasons for not specifying the criteria for selection of beneficiaries in the list of beneficiaries had not been stated.

Issue of Ration Cards

3.3.10.5 Inaccurate Projection of BPL Families under TPDS

According to the PDS (Control) Order, 2001, the State Government was to issue distinctive ration cards to APL, BPL and AAY families. It was to be ensured that no eligible applicant was denied a ration card under the PDS.

As of March 2006, 4.49 lakh families in the State were covered under the TPDS, which included 2.66 lakh APL families. But, majority (1.70 lakh) of the APL families were not provided with ration cards. Thus, the projection of coverage of 4.49 lakh families under TPDS in the State was not based on facts.

The Director stated (August 2005) that issue of cards to all the APL families in the State was a large scale operation requiring house to house enumeration and

funds for the purpose were not available. Action taken to obtain the required funds had not been stated. Further, according to the PDS (Control) Order, 2001, the APL families are those families who have been issued APL ration cards by the State Government. The reply of the Director was silent as to how 1.70 lakh families in the State were categorised as APL families without issuing ration cards.

The C&S of the Department stated (December 2006) that though ration cards were not issued to the APL families, non-AAY and non-BPL families draw ration as per their entitlement. The reply is contrary to the PDS (Control) Order, 2001, which provides for issue of APL ration cards for identification of APL families.

3.3.10.6 Delay in Issue of Ration Cards

Cases of delay in issue of ration cards to the beneficiaries noticed in audit are given below:

- To cover additional BPL families under the AAY, the GOI directed (June 2003) the Secretary, FCS&CA Department to complete the identification of beneficiaries and issue distinctive ration cards under the expanded AAY positively by July 2003. The Director, however, instructed (July 2003) the DCs and SDOs to complete the process as soon as possible so as to implement the expanded scheme by 1 October 2003. To facilitate timely relief to those in dire need of subsidised foodgrains, the Commissioner of the Supreme Court also directed (September 2003) the Chief Secretary of the State to ensure completion of the process of identification and distribution of cards to the additional families of AAY by the end of September 2003.

According to the information furnished (October 2005) by the Additional Director, FCS&CA, distribution of ration cards to the additional 14,000 families covered under the first expansion of AAY was completed between October 2003 and May 2004. Consequently, the benefit of subsidised foodgrains was extended to these families from June 2004. Reasons for delay in distribution of the cards thereby disregarding the directives of the Supreme Court were not on record.

- Out of 13,500 families covered under AAY in May 2005, distribution of special ration cards to 1,743 families was completed in May 2005. Consequently, foodgrains were issued to these families from July 2005 thereby depriving them of the subsidy benefit.

The C&S of the Department admitted the fact and stated (December 2006) that the delay was not intentional. Since the card holders were entitled to highly subsidised foodgrains, the Department was very careful to ensure that the cards were issued to the actual AAY families. The fact remains that there was considerable delay in extending the benefit of subsidised foodgrains to the poorest of the poor families.

3.3.10.7 Existence of Bogus Ration Cards

According to the PDS (Control) Order, 2001, the State Government was to conduct periodical checking of ration cards to weed out ineligible and bogus ration cards and bogus units in ration cards.

As of March 2006, the APL families under the Shillong Sadar Sub-Division were 67,755. Against this, 82,957 ration cards were issued. This indicated existence of 15,202 bogus ration cards in the Sub-Division.

The Additional Director, FCS&CA stated (October 2005) that the matter had been taken up (July 2002) with the Deputy Commissioner (DC), East Khasi Hills District. Action taken by the DC to weed out the bogus ration cards had not been furnished (October 2006).

The C&S of the Department stated (December 2006) that report/comment on the matter was pending from the Deputy Commissioner concerned.

3.3.10.8 Operation of Fair Price Shops

According to the Director, 1,717 FPSs were functioning in the six test-checked sub-divisions till March 2006. However, as per the records of the sub-divisional authorities, there were only 1,590 FPSs. This indicated lack of proper information and monitoring by the Director about the functioning of the FPSs.

3.3.10.9 Requirement, Allotment, Lifting and Distribution of Foodgrains

Foodgrains for PDS from the FCI are allocated by the GOI on monthly basis.

During 2000-2006, against the requirement of 9.57 lakh tonnes of foodgrains under the scheme, the GOI allotted 8.23 lakh tonnes. According to the Director, out of the allotted quantity, 7.44 lakh tonnes were lifted and distributed through FPSs (details in *Appendix XXV*). Audit scrutiny revealed the following irregularities in lifting and distribution of foodgrains:

Allotment of Rice

3.3.10.10 Discrepancy in Quantity Lifted

According to the information furnished (September 2005 and July 2006) by the District Manager, FCI, 4.37 lakh tonnes of rice were lifted by the Department during 2000-2006. The records of the Director, however, showed 7.44 lakh tonnes. Details are as under:

Table 3.14

| Year | Quantity of rice lifted and distributed (in tonne) | | | | | | | | Difference Excess (+) Less (-) |
|--------------|--|-----------------|---------------|-----------------|---------------------------|-----------------|-----------------|-----------------|--------------------------------------|
| | According to FCI | | | | According to the Director | | | | |
| | AAY | BPL | APL | Total | AAY | BPL | APL | Total | |
| 2000-01 | | 30,442 | 1,006 | 31,448 | | 34,354 | 1,14,360 | 1,48,714 | (+) 1,17,266 |
| 2001-02 | 2,812 | 43,278 | 4,511 | 50,601 | 3,515 | 44,240 | 1,14,360 | 1,62,115 | (+) 1,11,514 |
| 2002-03 | 10,876 | 60,788 | 5,495 | 77,159 | 11,808 | 65,052 | 37,248 | 1,14,108 | (+) 36,949 |
| 2003-04 | 12,567 | 69,503 | 12,706 | 94,776 | 11,808 | 65,052 | 37,248 | 1,14,108 | (+) 19,332 |
| 2004-05 | 16,116 | 60,393 | 13,617 | 90,126 | 16,218 | 60,642 | 37,248 | 1,14,108 | (+) 23,982 |
| 2005-06 | 22,760 | 54,100 | 16,101 | 92,961 | 22,759 | 54,446 | 13,366 | 90,571 | (-) 2,390 |
| Total | 65,131 | 3,18,504 | 53,436 | 4,37,071 | 66,108 | 3,23,786 | 3,53,830 | 7,43,724 | (+) 3,06,653 |

Source: Information furnished by the District Manager, FCI and Director, FCS&CA.

The above table shows lifting of 3.07 lakh tonnes of rice during 2000-2006 in excess of those shown in the records of the FCI. Since FCI was the only source of foodgrains under the TPDS, lifting of excess quantity of rice as shown in the records of the Director was doubtful. Reasons for the discrepancy were not on record.

While furnishing different figures of lifting of foodgrains during 2000-2005, the C&S of the Department stated (December 2006) that there was no excess lifting. This indicated that either the figures now furnished by the C&S were not based on facts or the figures of the Director were not correct.

3.3.10.11 Denial of the Benefit of Subsidy

During 2000-01, the GOI allotted 34,354 tonnes of rice for distribution to 1.54 lakh BPL families of the State. In addition, 57,042 tonnes of rice were allotted during July 2000 to March 2001 at economic cost^(h). But the entire additional quantity of rice was not lifted by the nominated wholesalers, reasons for which were not on record. Consequently, the BPL families were deprived of the benefit of subsidised foodgrains.

Scrutiny of records of the test-checked districts/sub-divisions further revealed that during 2001-2005, despite allocation of the required quantity of foodgrains by the GOI, the quantity of foodgrains distributed to the AAY and BPL families of three districts (East Khasi Hills, Ri-Bhoi and Jaintia Hills) fell short of the prescribed scale (20/25/35 Kg per family per month) by about 0.54 to 25 Kg (average) per family per month (details in *Appendix XXVI*). Reasons for short distribution of foodgrains were not on record. In the process, the BPL and poorest segments of population were the ultimate sufferers as they were deprived of the benefit of subsidised foodgrains.

The C&S of the Department stated (December 2006) that there were instances where full quantity of rice could not be supplied by the FCI, which might be the reason for the shortfall in distribution. The reply is not tenable, as the C&S should have ascertained the specific reason for shortfall in distribution and taken appropriate remedial measures.

^(h) Common grade @ Rs.1,135.49 per quintal and Grade 'A' @ Rs.1,188.22 per quintal at the scale of 17.97 Kg per household per month for both APL and BPL families.

3.3.10.12 Allotment, Release and Distribution of Wheat

According to the existing arrangements, the nominated *chakki* mill dealers lift the wheat from FCI and grind the same into wholemeal *atta* (90 per cent *atta*, 2 per cent wastage and 8 per cent bran) for distribution to the APL beneficiaries through FPS under TPDS. The lifting of wheat by the *chakki* mills was to be supervised by the inspecting staff of the Department.

Allotment, lifting and distribution of wheat under TPDS during 2000-2006 are shown below:

Table 3.15

| Year | Allocation from the GOI | Quantity lifted as per FCI | (In tonne) |
|--------------|-------------------------|----------------------------|--|
| | | | Shortfall (-)/Excess (+) in lifting of allotted quantity |
| 2000-01 | 12,000 | 118.00 | (-) 11,882.00 |
| 2001-02 | 12,000 | 6,334.00 | (-) 5,666.00 |
| 2002-03 | 6,810 | 7,217.00 | (+) 407.00 |
| 2003-04 | 7,776 | 6,286.00 | (-) 1,490.00 |
| 2004-05 | 7,776 | 8,168.00 | (+) 392.00 |
| 2005-06 | 7,776 | 7,615.77 | (-) 160.23 |
| Total | 54,138 | 35,738.77 | (-) 18,399.23 |

Source: Information furnished by the District/Area Manager of FCI.

According to the Director (March 2004), the consumers did not prefer *chakki atta* and therefore, there was no requirement of wheat in the State. Allotment of wheat would neither benefit the consumers nor be utilised properly by the intended beneficiaries. Even so wheat was not only allotted and lifted during 2000-2006, but the lifting of wheat also exceeded the allotted quantity by 407 and 392 tonnes during 2002-03 and 2004-05 respectively. Authority for lifting excess quantity of wheat during 2002-03 and 2004-05 and reasons for lifting of wheat despite opposition from the Director were not on record. Since there was no demand for wheat from the Director as well as from the beneficiaries, misutilisation of the lifted quantity of wheat such as selling of *chakki atta* in open market can not be ruled out.

3.3.11 Convergence of Foodgrains based Schemes for Food Security

During 2000-2006, other foodgrains based schemes, viz., Annapurna Scheme, Supply of Foodgrains to SC/ST/OBC Hostels/Welfare Institutions, Mid Day Meal Scheme⁽ⁱ⁾ and SGRY⁽ⁱ⁾ were also implemented in the State.

Audit scrutiny of two of these schemes, viz., Annapurna Scheme, Supply of Foodgrains to SC/ST/OBC Hostels/Welfare Institutions, implemented by the FCS&CA Department revealed that –

- There was no system to monitor the process of receipt of foodgrains by BPL population under other foodgrains based schemes and therefore, the

⁽ⁱ⁾ Mid Day Meal Scheme and SGRY were implemented through Education and Community & Rural Development Departments.

extent of impact of other schemes on lifting under PDS remained unanalysed; and,

- Though the foodgrains under Annapurna Scheme and Scheme for Supply of Foodgrains to SC/ST/OBC Hostels/Welfare Institutions were analysed through FPSs, there was no mechanism to ascertain the drawal of foodgrains from FPSs under TPDS by persons covered under other schemes.

Besides, the following irregularities were also noticed:

3.3.11.1 Annapurna Scheme

Centrally Sponsored Annapurna Scheme was launched (2000-01) by the GOI to meet the requirement of the indigent old age persons who were not covered under the National Old Age Pension Scheme. Under the scheme, 10 Kgs of rice per month are to be provided free of cost to the beneficiaries. As of March 2006, 9,263 beneficiaries were covered under the scheme.

According to the Additional Director, FCS&CA, 201.99 tonnes of rice were allotted by the Department during January to March 2002 for coverage of 6,733 beneficiaries under the scheme. But, as per the records of the FCI, foodgrains were not lifted during 2001-02 despite allocation of 1,112 tonnes of rice by the GOI. This made the claim of the Additional Director questionable inasmuch as there was no source other than FCI to lift rice for distribution to the indigent old age persons under the scheme.

The C&S of the Department stated (December 2006) that 201.99 tonnes of rice were lifted during January-March 2002 by DCs/SDOs and investigation was necessary to ascertain why the FCI had denied the lifting of foodgrains.

3.3.11.2 Supply of Foodgrains to SC/ST/OBC Hostels/Welfare Institutions

The objective of the scheme was to provide foodgrains at the rate of 15 Kg per resident per month for SC/ST/OBC hostels including residential schools (Public and Private) in which at least two-third inmates belonged to SC/ST/OBC categories and at the rate of 5 Kg per inmate per month for Vocational Training Centres. The scheme was introduced in Meghalaya with effect from April 2002.

During 2002-03 to 2005-06, against 8,309.88 tonnes of rice required for the inmates of the SC/ST/OBC hostels and VTC, the GOI allotted 11,588.72 tonnes. But, the quantity of rice lifted during the period for the intended beneficiaries fell short by 9 to 55 *per cent*, as detailed below:

Table 3.16

| Year | Number of beneficiaries | | Requirement of rice | | | Allotment | Quantity of rice lifted | Shortfall |
|--------------|-------------------------|--------------|---------------------|---------------|-----------------|---------------|-------------------------|----------------------|
| | SC/ST | VTC | SC/ST | VTC | Total | | | |
| | (in tonne) | | | | | | | |
| 2002-03 | 9,076 | 1,166 | 1,633.68 | 69.96 | 1,703.64 | 3,252 | 1,382.18 | 321.46 (19) |
| 2003-04 | 9,827 | 1,166 | 1,768.86 | 69.96 | 1,838.82 | 3,240 | 1,664.44 | 174.38 (9) |
| 2004-05 | 12,264 | 838 | 2,198.34 | 50.28 | 2,248.62 | 3,154 | 1,948.01 | 300.61 (13) |
| 2005-06 | 13,714 | 838 | 2,468.52 | 50.28 | 2,518.80 | 1,942 | 1,145.04 | 1,373.76 (55) |
| Total | 44,881 | 4,008 | 8,069.40 | 240.48 | 8,309.88 | 11,588 | 6,139.67 | 2,170.21 (26) |

Source: Information furnished by the C&S of the Department and the Area Manager, FCI.

Thus, despite allocation of the required quantity of rice by the GOI, 2,170.21 tonnes (26 per cent) did not reach the intended beneficiaries. This indicated the lack of initiative on the part of the Department in effective and purposeful implementation of the scheme.

3.3.12 Quality Control, Inspection and Vigilance

3.3.12.1 Quality Control

PDS (Control) Order, 2001 provides that the representative of the State or their nominees and FCI should conduct joint inspection of the stocks intended for PDS to ensure that the quality of foodgrains conformed to the prescribed specifications.

According to the district/sub-divisional authorities⁽ⁱ⁾ joint verification was conducted. But relevant records in support of such verification were not made available to Audit. In the absence of records, it could not be ascertained whether the foodgrains issued to the beneficiaries met the quality specifications.

3.3.12.2 Inspection

To ensure non-pilferage of PDS items, the PDS (Control) Order, 2001 prescribes inspection of FPSs one in every six months. But no record in support of such inspection during 2000-2006 was furnished to Audit.

3.3.12.3 Vigilance

The PDS (Control) Order 2001 envisages constitution of vigilance committees at State, district and block level for implementation and monitoring the functioning of FPS.

According to the district/sub-divisional authorities^(k) of test-checked districts, vigilance committees were formed. But distribution of foodgrains to the

⁽ⁱ⁾ Deputy Director (Supply), Jaintia Hills District, DC, Ri-Bhoi, Joint Director, East Khasi Hills and SDOs, Sohra, Khliehriat and Amlarem.

^(k) Deputy Director (Supply), Jaintia Hills District, DC, Ri-Bhoi, Joint Director, East Khasi Hills and SDOs, Sohra, Khliehriat and Amlarem.

beneficiaries of these districts much below the prescribed quantity and incorrect information regarding existence of FPSs either with the Director or with the district/sub-divisional authorities made the functioning of the vigilance committees questionable.

3.3.13 Monitoring and Evaluation

As the success of the entire scheme depends upon an efficient and effective system of the distribution network, the GOI had emphasised the need for proper monitoring through submission of monthly, quarterly report/returns at various levels. But, no record in support of submission of any report/return at any level was produced to Audit. Evaluation of the scheme as a whole was also not done and as such the impact of the scheme remained un-assessed.

During exit conference (December 2005), the Secretary to the Department did not offer any comment on this aspect.

3.3.14 Conclusion

Under the TPDS, beneficiaries were identified without survey and investigation. Foodgrains were lifted on the basis of estimated BPL families ignoring the identified actual beneficiaries. In Shillong Sadar Sub-Division, the number of ration cards issued to the APL families exceeded the actual number of identified families. The overall impact of the scheme was far from satisfactory, since the implementing authorities failed to provide the prescribed quantity of foodgrains to the BPL and poorest segments of the populace of the test-checked districts.

3.3.15 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for streamlining the implementation of the scheme:

- Identification of beneficiaries mainly under BPL and AAY to be made by adopting proper methodology to ensure that only the persons belonging to really poor and vulnerable sections of the society are selected.
- Supply of foodgrains at the prescribed quantity to the identified beneficiaries should be ensured.
- Proper implementation of various foodgrains based schemes launched by the GOI should be ensured.
- Inspection, vigilance and evaluation mechanism needs to be strengthened and made functional.

- **The State Government should ensure that the targeted community is aware of the Right to Information Act.**
- **In respect of various projects undertaken under the Scheme the Department should display information as required under the Right to Information Act.**

PUBLIC WORKS DEPARTMENT

3.4 Implementation of North Eastern Council funded Roads and Bridges

Highlights

One of the objectives of the North Eastern Council (NEC) was to develop infrastructure, especially construction of roads and bridges. Review of NEC funded roads and bridges revealed tardy implementation of road schemes inasmuch as two road works, which commenced in 2003, were completed after two to three years of the stipulated date. Improvement of another road was delayed for over six years because of delay in replacement of two timber bridges by RCC bridges.

The State Finance Department had not released Rs.4.51 crore to the implementing Department thereby adversely affecting the implementation of the NEC funded schemes. The executing divisions also failed to utilise 41 and 16 *per cent* of funds available during 2002-03 and 2003-04 respectively indicating ineffective execution of the works.

(Paragraphs 3.4.9.1 & 3.4.9.2)

There were cases of diversion of NEC funds of Rs.41.63 lakh for works not sponsored by the NEC.

(Paragraph 3.4.9.3)

The Department incurred extra expenditure of Rs.1.39 crore due to execution of works in deviation of the sanctioned estimates.

(Paragraphs 3.4.12.2 & 3.4.14.1)

Physical progress report indicating 100 *per cent* physical achievement of works at two locations of Nongpoh-Sonapur-Umden Road submitted by the executing division did not represent the actual state of affairs.

(Paragraph 3.4.12.4)

Quality of roads and bridges constructed out of NEC funds was not ensured despite estimated provisions for quality control.

(Paragraph 3.4.18)

3.4.1 Introduction

The North Eastern Council (NEC), Shillong came into existence on 1 August 1972 consequent upon the enactment of the NEC Act, 1971. Among others, the objectives of the NEC were to develop infrastructure, especially construction of roads and bridges. The NEC, functioning as a regional planning body for formulating regional plan, was responsible for (i) scrutiny

of schemes/projects proposed by the State Government for inclusion in the regional plan and for approval by the Planning Commission, (ii) formulation of budgets and plans, (iii) sanction of estimates, (iv) release of funds, (v) physical performance and (vi) monitoring and evaluation.

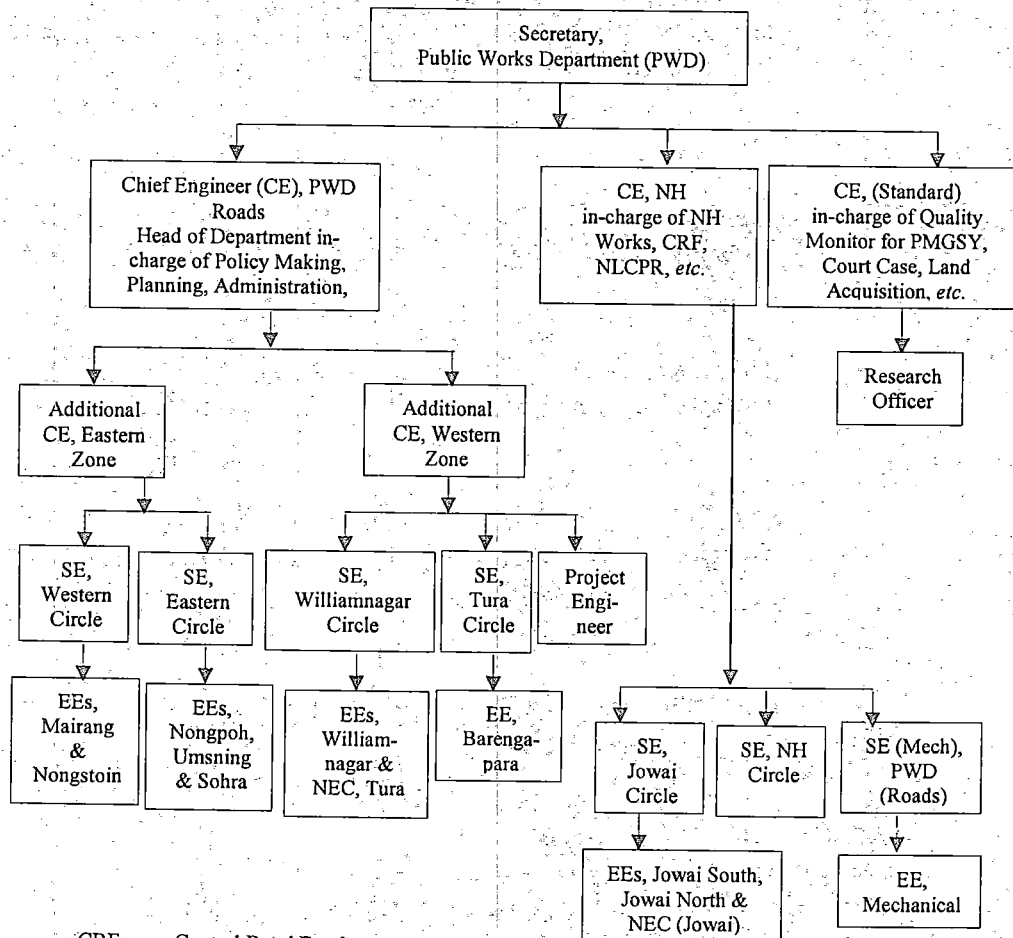
For construction of roads and bridges funded by the NEC in Meghalaya, priority was given to roads of (a) interstate connectivity and (b) economic importance.

In Meghalaya, the total road length (motorable) as of March 2006 was 8,164.34 Kms, out of which, 800.84 Kms (9.81 per cent) was funded by the NEC.

3.4.2 Organisational Set Up

Organisational structure for implementation of the NEC funded roads and bridges in Meghalaya is detailed below:

Chart 3.5



CRF: Central Road Fund
 NLCPR: Non-lapsable Central Pool of Resources
 PMGSY: Pradhan Mantri Gram Sadak Yojana
 SE: Superintending Engineer
 EE: Executive Engineer

3.4.3 Scope of Audit

As of March 2001, there were 13 NEC funded schemes (12 road schemes and one bridge scheme) in the State, of which five were completed and eight were ongoing schemes. During 2001-2006, six new schemes were taken up for implementation.

Execution of six works (three roads and three bridges) under five schemes^(a) (out of 14) during 2001-02 to 2005-06 was reviewed in Audit through a test-check (April-June 2006) of the records of the NEC, Shillong, CE, PWD, Roads, CE (Standard), SE, Eastern Circle and EEs of five divisions^(b) (out of 11) covering 51 per cent (Rs.35.56 crore) of the total expenditure of Rs.70.26 crore during the period.

3.4.4 Audit Objectives

The objectives of the performance review were to assess whether the -

- schemes were taken up for development of the State infrastructure through construction of quality roads in an economic and efficient manner;
- funds were used for the purpose for which these were provided;
- prescribed quality parameters were adhered to by the executing agencies;
- constructed roads were maintained properly; and,
- monitoring system was adequate.

3.4.5 Audit Criteria

The following audit criteria were adopted for achieving the audit objectives:

- Schedule of rates (SOR)/market rates in connection with preparation and submission of detailed estimates;
- Letter of credit in connection with utilisation of funds;
- Physical targets;
- Norms for quality control as per Indian Roads Congress Standards; and,
- Requirement of monitoring and evaluation system.

^(a) Three road schemes, viz., (i) Nongpoh-Sonapur-Umden Road (0-53 Km.), (ii) Sutnga-Sumer Road (4-18 Km.), (iii) Barapani-Umroi-Mawlasnai-Diphu Road (0-38.25 Km) and three bridges under two road schemes, viz., (i) RCC Bridge Nos. 1/1 & 2/1 on Rongsai-Bajengdoba Road and (ii) RCC Bridge No. 59/1 on Mairang-Ranigodown Road.

^(b) (i) Nongpoh Division, Nongpoh, (ii) Mairang Division, Mairang, (iii) NEC Division, Jowai, (iv) Umsning Division, Umsning and (v) NEC Division, Tura.

3.4.6 Audit Methodology

Before taking up the performance audit of the schemes, an entry conference was organised (April 2006) with the active participation of the Secretary, PWD and the CE, PWD (Roads). In this conference, the objectives of the review and modalities of audit procedure were explained to the Department.

For the purpose of the review, NEC funded road and bridge works were selected on the basis of stratified random sampling. Allocation of funds received from the NEC and its utilisation, execution of various works and quality control mechanism were analysed in the course of the review using the available data.

After completion of the review, an exit conference was held (August 2006) with the Secretary of the Department and the CE, PWD (Roads) for discussion of Audit findings and for incorporating the views of the State Government.

3.4.7 Audit Findings

The review of implementation of the NEC funded road schemes revealed non-release of funds by the State Finance Department to the implementing department, diversion of funds, irregular expenditure, doubtful utilisation of material, incorrect reporting about completion of works, significant delay in completion of road and bridge works, extra expenditure due to deviation from the estimates, etc. Audit findings are discussed in detail in the succeeding paragraphs.

3.4.8 Funding Pattern

Funds for implementation of survey, research and investigation schemes were provided by the NEC till March 2005 in the form of 100 *per cent* grants and for other schemes, 90 *per cent* grants and 10 *per cent* loan. From 2005-06, loan component (10 *per cent*) was withdrawn by the NEC.

3.4.9 Financial Management

The details of funds released by the NEC, State Government and the expenditure incurred thereagainst during the period from 2001-02 to 2005-06 are given below:

Table 3.17

| Year | Funds released by NEC | Funds to be released by the State Finance Department | Funds released by the | | Expenditure incurred by the executing divisions | Shortfall in utilisation of available funds by the executing divisions (Percentage) |
|--------------|-----------------------|--|---------------------------|-------------------------------|---|---|
| | | | Finance Department to PWD | CE to the executing divisions | | |
| 2001-02 | 9.30 | 9.30 | 9.30 ^(c) | 9.30 | 8.79 | 0.51 (5) |
| 2002-03 | 19.00 | 19.00 | 10.00 | 11.37 | 6.68 | 4.69 (41) |
| 2003-04 | 12.00 | 12.00 | 15.00 | 16.02 | 13.47 | 2.55 (16) |
| 2004-05 | 17.24 | 17.24 | 17.00 | 15.39 | 14.39 | 1.00 (6) |
| 2005-06 | 21.84 | 24.27 ^(d) | 26.00 | 27.10 | 26.93 | 0.17 (0.63) |
| Total | 79.38 | 81.81 | 77.30 | 79.18 | 70.26 | 8.92 |

Source: Information furnished by the NEC and CE, PWD (Roads).

Availability of adequate funds was not a constraint to the projects. Savings were on account of deficiencies in financial management, i.e., non-utilisation/diversion of funds released by the NEC as discussed below. There were also instances of excess expenditure, irregular expenditure, etc. as would be evident from the observations made in the succeeding paragraphs.

3.4.9.1 Short Release of Funds by the State Finance Department

During 2001-2006, the State Finance Department was to release Rs.81.81 crore (including State's share) to the Public Works Department (PWD). Against this, only Rs.77.30 crore was released during the period resulting in short release of Rs.4.51 crore.

3.4.9.2 Non-Utilisation of Funds

The EEs of the Divisions concerned could not utilise over 11 per cent (Rs.8.92 crore) of the funds released (Rs.79.18 crore) by the CE during 2001-2006. Failure to utilise available funds indicated inadequate planning in execution of works particularly during 2002-03 and 2003-04 when the shortfall was 41 per cent and 16 per cent respectively.

3.4.9.3 Diversion of Funds

It was noticed that expenditure of Rs.41.63 lakh was incurred by the EEs, Umsning and Nongpoh Divisions on works not sponsored by the NEC charging the same under two NEC funded works (Improvement including MBT of Barapani Umroi Mawlasnai-Diphu Road (0-38.25 km): Rs.24.01 lakh; Construction and Improvement of Nongpoh-Sonapur-Umden Road (11-18.37 km): Rs.17.62 lakh). This resulted in diversion of funds to the tune of Rs.41.63 lakh from NEC funds.

^(c) Excluding excess amount (Rs.0.65 crore) of previous year.

^(d) Rs.21.84 crore: 90 per cent and Rs.2.43 crore : 10 per cent being State share.

3.4.10 Physical Achievement

As of March 2006, the progress of implementation of the schemes sanctioned by the NEC during 2001-2006 was as under:

Table 3.18

(Rupees in crore)

| Name of work | Month and year of sanction | Sanctioned cost | Target date of completion | Achievement | |
|---|----------------------------|-----------------|---------------------------|------------------------|----------------------|
| | | | | Physical (in per cent) | Financial (Per cent) |
| Survey and investigation of Tenth Plan Schemes | May to June 2002 | 1.02 | ... | 20 to 100 | 0.56 (55) |
| Improvement/construction of Barapani-Umroi-Mawlasnai Road (38.25 Km.) | September 2004 | 20.53 | March 2007 | 78 | 17.20 (84) |
| Improvement of Sutnga-Sumer Road (4-18 Km.) | February 2005 | 4.88 | March 2007 | 60 | 3.80 (78) |
| Improvement of Rymbai-Khliehriat Road (0-5 Km.) | July 2005 | 4.94 | March 2008 | Nil | 0.34 (7) |
| Improvement of Moolamanoh-Mushut Road (7.6 Km.) | October 2005 | 3.68 | March 2008 | Nil | 0.25 (7) |
| Construction of Rymbai-Bataw-Borghat-Jalalpur Road (0-63 Km.) | March 2006 | 40.31 | March 2009 | Nil | ... |

Source: Progress reports and information furnished by the CE, PWD (Roads).

In addition, the NEC sanctioned (2001-2006) extension of road length and construction of bridges under the existing schemes, as under:

Table 3.19

(Rupees in crore)

| Name of work | Month and year of sanction | Sanctioned cost | Target date of completion | Achievement | |
|--|----------------------------|-----------------|---------------------------|------------------------|----------------------|
| | | | | Physical (in per cent) | Financial (Per cent) |
| Improvement/construction of Nongpoh-Sonapur-Umden Road (19-53 Km.) | May 2002 to November 2003 | 11.66 | December 2006 | 34 to 97 | 9.71 (83) |
| Construction of 47 RCC bridges in Meghalaya | July 2001 to July 2004 | 14.77 | March 2007 | 25 to 100 | 7.24 (49) |
| Construction of Agia-Medhipara-Phulbari-Tura Road (73-133 Km.) | December 2005 | 59.68 | March 2009 | 4 | 2.19 (4) |

Source: Progress reports and information furnished by the CE, PWD (Roads).

Table 3.18 shows that against the financial achievements of 78 per cent and 84 per cent in respect of 'Improvement of Sutnga-Sumer Road (4-18 Km.)' and 'Improvement/construction of Barapani-Umroi-Mawlasnai Road (38.25 Km.)', the physical achievements were only 60 and 78 per cent respectively indicating slow progress of works.

3.4.11 Implementation

As of March 2006, the status of five test-checked works was as under:

Table 3.20

(Rupees in crore)

| Name of work | Estimated cost | Date of administrative approval | Stipulated date of completion | Expenditure incurred | Physical progress |
|--|----------------|---------------------------------|-------------------------------|----------------------|-------------------|
| Improvement/construction of Nongpoh-Sonapur-Umden Road (0-53 Km.) | 15.45 | July 2000 to November 2003 | December 2006 | 13.88 | 33.75 to 100 |
| Improvement of Sutinga-Sumer Road (4-18 Km.) | 4.88 | February 2005 | March 2007 | 3.80 | 60 |
| Improvement/construction of Barapani-Umroi-Mawlasnai-Diphu Road (0-38.25 Km) | 20.53 | September 2004 | March 2007 | 17.20 | 78 |
| Construction of RCC Bridge Nos. 1/1 & 2/1 on Rongsai-Bajengdoba Road | 2.87 | February 2000 | July 1996 and November 1997 | 2.87 | 100 |
| Construction of permanent RCC Bridge No. 59/1 on Mairang-Ranigodown Road | | | | | |
| Bridge | 0.31 | March 1997 | March 1998 | 0.32 | 100 |
| Approach | 0.09 | September 1997 | November 1998 | 0.09 | 100 |

Source: Progress reports and information furnished by the CE, PWD (Roads) and the EE, Nongpoh Road Division

The important Audit findings with regard to the test-checked works are discussed below.

3.4.12 Nongpoh-Sonapur-Umden Road

3.4.12.1 Delay in completion of works

The scheme 'improvement of the Nongpoh-Sonapur-Umden Road' scheduled to be completed in December 2006 was administratively approved by the NEC separately for five locations. Details showing the dates of administrative approval of these locations, expenditure and physical achievement as of March 2006, etc. are given below:

Table 3.21

(Rupees in crore)

| Sl. No. | Location (Km.) | Date of administrative approval | Estimated cost | Expenditure | Stipulated date of completion | Date of allotment of work | Physical achievement in percentage (Date of completion) |
|---------|----------------|---------------------------------|----------------|-------------|-------------------------------|------------------------------|---|
| 1. | 0-10 | July 2000 | 1.52 | 1.69 | June 2003 | June 2001 to August 2004 | 100 (October 2004) |
| 2. | 11-18.37 | October 2000 | 2.27 | 2.49 | August 2003 | March 2002 to December 2004 | 100 (December 2004) |
| 3. | 19-32 | May 2002 | 6.23 | 6.47 | December 2006 | August 2002 to June 2005 | 96.5 |
| 4. | 33-43 | October 2003 | 3.19 | 2.17 | | April 2004 to March 2006 | 63 |
| 5. | 44-53 | November 2003 | 2.24 | 1.06 | | September 2004 to March 2006 | 33.75 |
| | | | 15.45 | 13.88 | | | |

Source: Progress reports and information furnished by the CE, PWD (Roads) and the EE, Nongpoh Road Division.

The above table shows that out of five locations, works in respect of two locations (Serial No. 1 & 2) were completed after a delay of over one year and the works on other three locations were in progress. Reasons for delay in completion of works on two locations were attributed by the EE, Nongpoh Road Division to short period of working season and cancellation/re-allotment of works. The little progress of works under two locations (Serial No. 4 & 5) made during one to two years of execution was indicative of the fact that the possibility of completion of works under these locations within the remaining period of nine months was remote.

3.4.12.2 Deviation from the Estimate led to Excess Expenditure

The NEC sanctioned (July and October 2000) construction/improvement work at 0-10 km and 11-18.37 km of the road, estimated to cost Rs.3.79 crore (0-10 Km: Rs.1.52 crore; 11-18.37 Km: Rs.2.27 crore). Administrative approval to the works was accorded by the State Government in December 2000 and March 2001 respectively. According to the detailed estimates of the works, 93,676.02 cum earthwork in excavation of different classes of soil was to be executed for the entire length of the road. Against this, the EE, Nongpoh Road Division recorded execution of 1,61,981.81 cum of earthwork through different contractors. This had resulted in execution of 68,305.79 cum of earthwork in excess of the estimated provision involving extra expenditure of Rs.9.76 lakh as detailed below:

Table 3.22

| Location (Km.) | Earth work in excavation | Estimated provision | Execution | Variation Excess (+)/ Less (-) | Rate | Extra expenditure |
|----------------|--------------------------|---------------------|--------------------|--------------------------------|------------------|-------------------|
| | | | | | (Rupees per cum) | (In rupees) |
| | | | | | (In cum) | |
| 0-10 | Soft rock | 3,050.16 | 30,525.16 | (+) 27,475.00 | 20.50 | 5,63,237 |
| | Medium rock | 4,074.22 | 7,009.56 | (+) 2,935.34 | 25.00 | 73,383 |
| | Very hard shale | 4,302.54 | 1,036.017 | (-) 3,266.523 | 32.00 | (-) 1,04,529 |
| | Hard rock | 10,711.27 | ... | (-) 10,711.27 | 32.00 | (-) 3,42,761 |
| 11-18.37 | Soft rock | 10,730.53 | 90,431.16 | (+) 79,700.63 | 20.50 | 16,33,863 |
| | Medium rock | 10,730.53 | 4,510.53 | (-) 6,220.00 | 25.00 | (-) 1,55,500 |
| | Very hard shale | 50,076.77 | 9,906.36 | (-) 40,170.41 | 32.00 | (-) 12,85,453 |
| | Hard rock | ... | 18,563.02 | (+) 18,563.02 | 32.00 | 5,94,017 |
| Total | | 93,676.02 | 1,61,981.81 | (+) 68,305.79 | | 9,76,257 |

Source: Measurement Books and Payment Vouchers.

The EE also did not test-check the measurements recorded in Measurement Books (MB) as required under Rule 317(i) of the Meghalaya Financial Rules, 1981.

Reasons for such deviation from the estimated provision and authority for the same were not on record.

3.4.12.3 Irregular Expenditure and Doubtful Utilisation of Material

The item 'metalling and blacktopping' (MBT) consists of (i) supply of hard broken stone metal (size: 40-90 mm and 20-50 mm) and blindage, (ii) built up spray grouting, (iii) consolidation of metal and (iv) carpeting including seal coat. During February 2003 to December 2005, the EE, Nongpoh Road Division executed the MBT work at three locations of the road (0-10 Km, 11-18.37 Km & 19-32 Km) through 89 contractors at a cost of Rs.2.23 crore.

It was noticed that in addition to the work executed by the contractors, the EE, through indents and supply orders (May 2001 to February 2005), procured (March 2001 to July 2005) 5130.04 cum^(e) of granular materials and 665.48 cum of stone aggregates (size: 20-60 mm) at a cost of Rs.27.99 lakh by charging the MBT works at the above three locations without provision in the work estimates. Approval of the competent authority for procurement of additional material was also not obtained. Records in support of consolidation of the material at 0-32 Km of the road as well as reasons and authority for procurement of the same were not on record.

Thus, expenditure of Rs.27.99 lakh incurred by the EE on procurement of material without estimated provision/approval from the competent authority was irregular. Besides, in the absence of records for consolidation, utilisation of these material remained doubtful.

3.4.12.4 Incorrect reporting about completion of works

Physical progress report of works for the quarter ending March 2006 submitted by the EE, Nongpoh Road Division to the Additional Chief Engineer, PWD Roads, NEC Branch showed 100 per cent physical achievement of the construction/improvement works at 0-10 Km and 11-18.37 Km of the road at a cost of Rs.4.18 crore. According to the information furnished (May 2006) to Audit by the EE, Nongpoh Road Division, these works were completed in October 2004 (0-10 Km) and December 2004 (11-18.37 Km). Scrutiny of records revealed the following instances:

- The detailed estimates for the work at two locations (0-10 km and 11-18.37 km) of the road provided for execution of MBT work on widened surface. Between August 2001 and March 2004, the EE, Nongpoh Road

(e)

| Location (Km.) | Period of Supply Order/Indent | Item | Quantity (cum) | Value (Rupees) | Voucher for the period |
|----------------|-------------------------------|-------------------|----------------|----------------|------------------------|
| 0-10 | May 2001 to May 2004 | Granular material | 1,339.54 | 5,81,837 | March 2001 to |
| | | Stone aggregate | 110.50 | 38,711 | September 2004 |
| 11-18.37 | May 2001 to February 2005 | Granular material | 2,849.935 | 12,61,759 | August 2001 to |
| | | Stone aggregate | 78.190 | 31,888 | July 2005 |
| 19-32 | November 2002 to June 2004 | Granular material | 940.56 | 2,47,700 | December 2002 |
| | | Stone aggregate | 476.79 | 6,36,875 | to June 2004 |
| Total | | Granular material | 5,130.04 | 20,91,296 | |
| | | Stone aggregate | 665.48 | 7,07,474 | |
| | | Grand Total | | 27,98,770 | |

Division incurred expenditure of Rs.12.91 lakh on execution of 57,214.38 cum of earthwork on formation cutting at different chainages of the road during January 2001 to February 2004, as detailed below:

Table 3.23

| Chainage No. | Quantity executed (In cum) | Value of work done (In rupees) | Chainage No. | Quantity executed (In cum) | Value of work done (In rupees) |
|--|----------------------------|--------------------------------|-----------------------------------|----------------------------|--------------------------------|
| I. Location: 0-10 Km | | | II. Location: 11-18.37 Km. | | |
| 1000-1500 | 4,903.49 | 1,12,459 | 10000-11000 | 11,275.79 | 2,55,281 |
| 1500-1750 | 2,351.92 | 58,798 | | | |
| 1750-2000 | 2,854.46 | 66,145 | | | |
| 2205-2325 | 779.62 | 15,982 | 12000-13000 | 17,651.77 | 4,07,590 |
| 2360-2495 | 2,545.85 | 52,781 | | | |
| 2500-2875 | 2,114.60 | 52,865 | | | |
| 3000-3500 | 3,611.67 | 81,621 | | | |
| 3510-3750 | 2,124.78 | 43,558 | 18000-18370 | 3,748.85 | 76,852 |
| 4510-5000 | 1,332.27 | 27,311 | | | |
| 9000-9210 | 1,919.31 | 39,345 | | | |
| | 24,537.97 | 5,50,865 | | 32,676.41 | 7,39,723 |
| Total value of work done (I+II) | | | | | 12,90,588 |

Source: Measurement Books and Payment Vouchers.

MBT work on the above chainages of the road was, however, not executed till May 2006, though the entire length of the above locations of the road was shown as completed in the Progress Report for the quarter ending March 2006. Basis on which the entire road length was reported as completed without execution of MBT work at different places of these locations was not on record. The possibility of deterioration of the earthwork executed till February 2004 due to passage of time cannot be ruled out.

- The estimated MBT work at 0-10 Km of the road included carpeting over existing surface of 39,375 sqm (cost: Rs.23.35 lakh). Against this, carpeting over 33,895.67 sqm was recorded in the Measurement Books (MB) leaving 5,479.33 sqm without carpeting.
- For improvement of road at 11-18.37 Km., the NEC sanctioned (October 2000) Rs.37 lakh for carpeting of the existing surface area of 32,956.87 sqm (Rs.23.04 lakh) and MBT on an area of 2,443.75 sqm for passing places (Rs.13.96 lakh). Against this, the EE, Nongpoh Road Division executed (March 2003 to December 2004), through 13 contractors, carpeting over 23,553.37 sqm of existing surface and MBT on 1,784.75 sqm for passing places only at 12th and 14th to 18th km of the road at a cost of Rs.24.75 lakh (details in Appendix XXVII). Carpeting over the existing surface area of 9,331.88 sqm and MBT for passing places on 658.25 sqm at 11th, 13th and 18.37th km of the road was not executed, for reasons not on record.

The above position was indicative of the fact that though the works at 0-10 Km. and 11-18.37 Km. were not completed in all respect, the same were reported by the EE as completed. Such misrepresentation of the facts by the EE was highly irregular.

3.4.12.5 Extra Expenditure due to duplication of item of work

During December 2003 to March 2004, the EE, Nongpoh (Road) Division executed 7,862.75 sqm of carpeting over existing surface and 467.8 sqm of MBT for passing places at 12th and 18th Km. of 11-18.37 Km. location of the road at a cost of Rs.7.83 lakh (details in *Appendix XXVIII*). As mentioned in sub-paragraph 3.4.12.4 above, these items were already executed in November-December 2003 and March 2003. Thus, duplication of the item of works after one to 11 months of initial execution resulted in extra expenditure of Rs.7.83 lakh.

3.4.12.6 Excess Payment to Contractors

According to the standard norms adopted by the Department after detailed analysis, 0.75 kg and 1.25 kg of blasting material (Gelatine) are required for excavation of 10 cum of medium rock and very hard shale respectively. Accordingly, the cost of blasting material was included in the rates fixed for excavation of medium rock and very hard shale as Rs.8.20 per cum and Rs.13.40 per cum respectively.

For improvement of the road at 19-32 Km., the EE, Nongpoh (Road) Division incurred (August 2002 to April 2004) expenditure of Rs.20.56 lakh for excavation of 58,945.46 cum of medium rock and 2,691.86 cum of very hard shale through 57 contractors. But 275 kgs of blasting material were utilised for excavation of the said quantities of rock against requirement of 4,757.39 kgs. With the use of 275 kgs blasting material, the contractors could at best excavate either 3,666.67 cum of medium rock or 2,200 cum of very hard shale. This indicated that large quantities of medium rock and very hard shale were excavated without using blasting material. But payments were made by the EE to the contractors without reducing the rates of these items for not using the blasting material. This had resulted in excess payment of Rs.4.90 lakh^(f).

During exit conference (August 2006), the Secretary of the Department stated that due to non-availability of blasting material, the contractors resorted to excavation through hot and cold process. A similar view had been expressed by the Department earlier and the Public Accounts Committee (PAC), in its thirty-third report (presented to the Assembly on 30 June 2000), had adversely commented on the use of expensive hot and cold method instead of explosives. The Committee, therefore, recommended that the Department

^(f) Medium rock:

Quantity excavated: 58,945.46 cum less 1,833.33 cum (excavated capacity of blasting material utilised taking 50 per cent (137.5 kgs) of the total utilised quantity (275 kgs) of blasting material) = 57,112.13 cum @ Rs.8.20 per cum:

Rs.4,68,319

Very hard shale:

Quantity excavated: 2,691.86 cum less 1,100 cum (excavated capacity of blasting material utilised taking 50 per cent (137.5 kgs) of the total utilised quantity (275 kgs) of blasting material) = 1,591.86 cum @ Rs.13.40 per cum:

Rs. 21,331
Rs.4,89,650

should find out the main agent for regular and expeditious supply of explosives to the Department. Reply of the Secretary (August 2006) implied that no action had been taken by the Department to implement the PAC's recommendations.

3.4.13 Sutnga-Sumer Road

The work 'Improvement of Sutnga-Sumer Road (4-18 Km.)', estimated to cost Rs.4.88 crore, was administratively approved by the NEC and the State Government in February and September 2005 respectively. The following irregularities were noticed in the execution of the work:

3.4.13.1 Change of Specification of Stone Aggregates leading to Extra Expenditure

In the Technical Note of the work, the NEC accepted the pavement thickness of 200 mm base course in two layers by water bound macadam (WBM) Grade II metal of 63-45 mm size. Contrary to this, the EE, Jowai NEC Division collected (December 2005 to March 2006) 16,064.48 cum of Grade III metal of 53-22.4 mm size through three contractors. As of June 2006, 5,358.95 cum of collected Grade III metal were utilised on work. Since the rate of Grade III metal was higher than the Grade II metal, the Department incurred extra expenditure of Rs.11.57 lakh^(g) on collection of the same. Reasons for such deviation and authority for the same were not on record.

3.4.13.2 Irregular Expenditure on Collection of Material

The provision of 2,250 cum hard shoulder made in the estimate prepared by the PWD was deleted by the NEC as the road was 'other district road' standard. But the EE, Jowai NEC Division incurred expenditure of Rs.12.37 lakh (December 2005: Rs.11.75 lakh; March 2006: Rs.0.62 lakh) on collection of 2,239.15 cum stone aggregate (size: 90-45 mm) and 186.24 cum blindage for hard shoulder through three contractors (4-8 Km., 9-13 Km. & 14-18 Km.). Out of the collected material, 746.62 cum stone aggregates and the entire quantities of blindage collected for completed portion of the road (4-8 Km.) were shown as utilised in road metal account (RMA) and the balance quantities of 1,492.53 cum of stone aggregates were lying unutilised. Record in support of consolidation of stone aggregates (746.62 cum) were not made available to Audit.

Thus, unnecessary collection of material led to irregular expenditure of Rs.12.37 lakh. In the absence of relevant record, utilisation of material worth Rs.4.24 lakh (stone aggregate: Rs.3.62 lakh and blindage: Rs.0.62 lakh) also remained doubtful.

| | | |
|-----|---|-----------------------|
| (g) | Rate of Grade III metal | = Rs.460 per cum |
| | Rate of Grade II metal | = Rs.388 per cum |
| | Difference | = Rs. 72 per cum |
| | Extra expenditure: 16064.48 cum @ Rs.72 per cum | = Rs.11,56,643 |

During exit conference (August 2006), the Secretary of the Department stated that for enabling smooth and safe movement of vehicular traffic, hard shoulder was considered during execution. The fact remains that this item was deleted by NEC in the approved estimate and if the same was justified it should have been got regularised from the NEC.

3.4.14 Barapani-Umroi-Mawlasnai-Diphu Road (0-38.25 km)

The work 'improvement and construction of Barapani-Umroi-Mawlasnai-Diphu Road (0-38.25 km)', estimated to cost Rs.20.53 crore, was sanctioned by the NEC in September 2004. Administrative approval to the work was accorded by the State Government in March 2005. The following irregularities were noticed in the execution of the work.

3.4.14.1 Extra Expenditure due to Deviation from the Estimate

The Department incurred extra expenditure of Rs.1.29 crore for execution of various items of work in deviation from the sanctioned estimate, as detailed below:

- According to the detailed estimate of the work, 1,51,456.96 cum earthwork was to be executed in excavation of different classes of soil for the entire length of the road. Against this, the EE, Umsning Division recorded execution of 3,17,879.94 cum of earthwork through different contractors. This had resulted in execution of 1,66,422.98 cum of earthwork in excess of the estimated provision involving extra expenditure of Rs.20.96 lakh as detailed below:

Table 3.24

| Earth work in excavation | Estimated provision | Execution | Variation Excess (+)/ Less (-) | Rate | Extra expenditure |
|--------------------------|---------------------|--------------------|--------------------------------|------------------|-------------------|
| | | | | (Rupees per cum) | (In rupees) |
| | | (In cum) | | | |
| Soil with moorum | ... | 73,263.60 | (+) 73,263.60 | 17.00 | 12,45,481 |
| Soil with boulder | 30,291.35 | 1,60,163.32 | (+) 1,29,871.97 | 20.00 | 25,97,439 |
| Medium rock | 45,437.10 | 75,640.22 | (+) 30,203.12 | 33.00 | 9,96,703 |
| Very hard rock | 75,728.51 | 8,812.80 | (-) 66,915.71 | 41.00 | (-) 27,43,544 |
| Total | 1,51,456.96 | 3,17,879.94 | (+) 1,66,422.98 | | 20,96,079 |

Source: Measurement Books and Payment Vouchers.

The EE also did not test-check the measurements recorded in Measurement Books (MB) as required under Rule 317(i) of the Meghalaya Financial Rules, 1981.

Reasons for such deviation from the estimated provision and authority for the same were not on record.

- For pavement from 17 to 35 Km. (64,788.75 sqm) of the road (where there was no raising of formation), the quantity of stone aggregates (53-22.4

mm) was estimated as 12,828.17 cum. Against this, the executing division recorded collection of 14,322.27 cum stone aggregates (53-22.4 mm) and 7,350.37 cum granular material and consolidated 8,825.66 cum stone aggregates and 3,149.03 cum granular material through five contractors till May 2006 (details in *Appendix XXIX*).

Thus, collection (7,350.37 cum) and utilisation (3,149.03 cum) of granular material without estimated provision and collection of excess 1,494.10 cum (14,322.27 cum – 12,828.17 cum) stone aggregates led to extra expenditure of Rs.71.38 lakh (details in *Appendix XXIX*).

- According to norms prescribed in the estimate of the work (0-16 Km), 9,702.08 cum of granular materials were required for new/widened pavement of thickness 400 mm (175 mm granular sub-base). Against this, the executing division recorded utilisation of 13,771.894^(h) cum granular materials at different locations of the road. Thus excess utilisation of 4,069.894 cum (13,771.894 cum minus 9,702.00 cum) of granular materials led to extra expenditure of Rs.36.48 lakh⁽ⁱ⁾.

3.4.14.2 Utilisation of Hume Pipes in Excess of Actual Requirement

During March 2005 to March 2006, the Umsning Road Division constructed 73 hume pipe culverts at 17 to 28 Km. of road utilising 730 running meter (RM) hume pipes (HP).

It was noticed that against the estimated 10 RM earthwork in excavation for the bed of each culvert, the actual execution ranged between 6.3 and 6.8 meters. Thus, maximum three hume pipes (2.5 RM of each HP) were required for each culverts and 219 (547.5 RM) for 73 culverts. Justification for utilisation of the additional 182.5 RM hume pipes, which resulted in extra expenditure of Rs.10.23 lakh⁽ⁱ⁾, was not on record.

^(h) 1-4 Km: 3,556.53 cum; 5-8 Km.: 3,534.37 cum: 9-12 Km.: 3,594.19 cum; 13-16 Km.: 3,086.804 cum.

⁽ⁱ⁾

| Item | Quantity (cum) | Rate per cum (Rupees) | Amount paid (Rupees) |
|---|----------------|-----------------------|----------------------|
| Collection & supply of granular materials | 4,069.894 | 399.00 | 16,23,888 |
| Extra for carriage beyond 200 m lead | 4,069.894 | 289.85 | 11,79,659 |
| Consolidation of granular materials | 4,069.894 | 58.00 | 2,36,054 |
| Total | | | 30,39,601 |
| Add : 20 per cent Cost Index | | | 6,07,920 |
| Grand Total | | | 36,47,521 |

⁽ⁱ⁾ Cost of one RM HP (including Sales Tax (12 per cent) & Surcharge (20 per cent) = Rs.4,565
 Add: Carriage Charge Rs. 760
 Cost of laying/handling of HP Rs. 234
 20 per cent CI on Rs.234.00 Rs. 47
 Grand Total Rs.5,606
 Extra expenditure: 182.50 RM of HP @ Rs.5,606 per RM Rs.10,23,095

3.4.15 RCC Bridge Nos. 1/1 and 2/1 on Rongsai-Bajengdoba Road

3.4.15.1 Extra Expenditure due to Delay in Finalisation of Modified Design

For improvement of the Rongsai-Bajengdoba Road through conversion of the existing timber bridges to RCC bridges, the NEC approved (February 1993) construction of two RCC bridges (Bridge Nos. 1/1 and 2/1) at an estimated cost of Rs.1.53 crore. The designs for the bridges were prepared on the basis of geo-technical exploration report framed by the Engineering Development Corporation after investigation of sites. The estimate was subsequently revised to Rs.1.89 crore and again to Rs.2.87 crore owing to site condition and inclusion of sub-way bridges (Rs.10.95 lakh) and approved by the NEC in February 1996 and February 2000 respectively. The State Government accorded (December 1996) administrative approval to the revised estimate, but approval to the re-revised estimate was awaited.

The construction work of Bridge No. 1/1 was awarded (January 1994) to a contractor at Rs.69.15 lakh stipulating the date of completion as June 1996. But the contractor could not start the work on the bridge till November 1997 due to delay in providing alignment for the bridge and supply of steel material by the Department. The work, though started in December 1997, could not be continued due to rocky strata in the abutment and pier wells.

Though the contractor immediately informed the Department about the hindrances, the design for the bridge was modified and approved by the Additional Chief Engineer, Western Zone only in November 2001. The value of work was enhanced to Rs.1.16 crore for execution as per modified design. The bridge was completed by the contractor after a delay of over six years in March 2003 at a cost of Rs.1.01 crore.

The construction work of Bridge No. 2/1 was awarded (May 1995) to the same contractor at Rs.80.54 lakh stipulating the date of completion as October 1997. The fate of this bridge was also similar to that of Bridge No. 1/1, i.e., absence of alignment and rocky strata in the abutment and pier wells leading to delay in commencement (November 1995) followed by discontinuation of work. Encounter with the rocky strata in the abutment and pier wells in case of both the bridges was indicative of the fact that investigation of site of the works was not done properly.

The work for Bridge No. 2/1 was finally executed by the contractor as per the modified design (approval not on record) and completed after a delay of over three years in July 2001 at a cost of Rs.1.22 crore.

Thus, taking up the works without proper investigation of sites as well as subsequent delays at various stages not only resulted in extra expenditure, but was also suggestive of the casual approach of the Department and the fact that there was no urgency in replacement of two timber bridges by RCC bridges required for improvement of the road.

3.4.16 RCC Bridge No. 59/1 on Mairang-Ranigodown Road

3.4.16.1 Inordinate Delay in Completion of Work leading to Extra Expenditure

The work 'construction of RCC Bridge No. 59/1 on Mairang-Ranigodown Road', estimated to cost: Rs.30.78 lakh (including Rs.22.68 lakh as cost of bridge), was administratively approved by the NEC in March 1997. The work was awarded (May 1997) to a contractor at his tendered cost of Rs.20.91 lakh stipulating the date of completion as March 1998.

Scrutiny revealed that the work of the bridge dragged on beyond the scheduled date of completion. The work was completed (cost: Rs.20.91 lakh) in December 2001 after a delay of three years nine months. Reasons for delay as well as action taken by the Department either for getting the work completed within the stipulated period or to rescind the contract for delay in completion were not on record. A meagre amount of Rs.500 was levied on the contractor as penalty for delay instead of Rs.2.09 lakh leviable as per agreement (one *per cent* for each day of delay subject to a maximum of 10 *per cent* of the tender value). Such action of the Department was indicative of the fact that there was no urgency in timely completion of the work funded by the NEC.

Although no extension was granted to the contractor, yet the stock material continued to be issued to the contractor by the executing Division (Mairang) till completion of the work. The cost of stock material (cement: 2,334 bags; steel material: 416.67 quintals) issued beyond the scheduled date of completion (March 1998) was recovered at the recovery rates fixed originally (cement: Rs.105 per bag; steel: Rs.1,000 per quintal). Taking into account the market rates of these material (cement: Rs.195 per bag; steel: Rs.1,850 per quintal) prevalent beyond March 1998, the Department incurred avoidable additional expenditure of Rs.5.64 lakh approximately on account of delays attributable to the contractor.

3.4.17 Other Points

3.4.17.1 Undue Financial Benefit

The State Government revised (November 1998) the rates of forest royalty leviable on all types of forest produce removed from any reserved forest. However, the Nongpoh Road and Tura NEC Divisions recovered (September 2001 to May 2005) from the contractors' bills forest royalty for 24653.10 cum of stone aggregates and 5528.53 cum of sand/blindage utilised for the works under Nongpoh-Sonapur-Umden (NSU) Road (0-53 Km.) and Bridge Nos. 1/1 and 2/1 on Rongsai-Bajendoba Road at pre-revised rates. Consequently, the

contractors enjoyed undue financial benefit of Rs.10.41 lakh^(k). Reason for such undue favour was not on record.

3.4.17.2 Extra Expenditure

The Department incurred extra expenditure of Rs.6.05 lakh on execution of different items of works, as detailed below:

- According to the norm prescribed in the 'Specifications for road and bridge works' published by the Indian Road Congress, 1.32 cum (average) of stone aggregates were required for metalling of 10 sqm area of 100 mm thickness.

For metalling (thickness 300 mm) and blacktopping at 4-8 Km. location of the Sutnga-Sumer Road over an area of 18,866 sqm, the NEC Jowai Division utilised 566.24 cum stone aggregates (Size: 90-45 mm: 187.91 cum; 53-22.4 mm: 378.33 cum) in excess of the actual requirement of 7,470.93 cum as per norm, resulting in extra expenditure of Rs.3.22 lakh^(l).

- According to the norm, the requirement of bitumen for tack coat over the existing black topped surface was 5 kg per 10 sqm. Contrary to this, the EE, Umsning Road Division executed (March 2005 to March 2006) (through contractors) carpeting over an area of 17,352.81 sqm on the existing black topped surface at 0-8 Km. location of the Barapani-Umroi-Mawlasnai-Diphu Road by utilising bitumen in tack coat at the rate of 10 kgs per 10 sqm (details in *Appendix XXX*). Besides, payment for execution of this item was made to the contractor at the rate applicable for water bound macadam surface (Rs.73 per sqm) instead of rate admissible for the existing black topped surface (Rs.65 per sqm).

(k)

| Item | Quantity (cum) | | | Revised Rate/cum | Recovery Rate/cum | Difference in rates/cum | Short realisation |
|-----------------|----------------|----------------------|-----------|------------------|-------------------|-------------------------|-------------------|
| | NSU Road | Bridge No. 1/1 & 2/1 | Total | | | | |
| Stone aggregate | 19,986.98 | 4,666.12 | 24,653.10 | 80.00 | 40.00 | 40.00 | 9,86,124 |
| Sand/ blindage | 4,017.36 | 1,511.17 | 5,528.53 | 30.00 | 20.00 | 10.00 | 55,285 |
| Total | | | | | | | 10,41,409 |

(l)

| Area (sqm) | Thick-ness (mm) | Stone aggregates | | | | Rate (Collection including extra carriage) per cum (Rupees) | Amount (Rupees) |
|--------------|-----------------|------------------|-----------------|-----------------|-----------------------|---|-----------------|
| | | Size (mm) | Utilised (cum) | Required (cum) | Excess quantity (cum) | | |
| 18,866 | 100 | 90-45 | 2,678.22 | 2,490.31 | 187.91 | 485 | 91,136 |
| | 200 | 53-22.4 | 5,358.95 | 4,980.62 | 378.33 | 609 | 2,30,403 |
| Total | | | 8,037.17 | 7,470.93 | 566.24 | | 3,21,539 |

Thus, the Division utilised 8.676 tonnes of bitumen in excess of actual requirement resulting in extra expenditure of Rs.1.44 lakh (at the rate of Rs.16,593 per tonne including carriage), besides excess payment of Rs.1.39 lakh (17,352.81 sqm at the rate of Rs.8 per sqm) for allowing higher rate.

3.4.18 Quality Control

For effective quality control, one *per cent* of the estimated cost of each work was earmarked to meet the expenditure for conducting various tests (placement of moisture content, degree of compaction, CBR of sub-grade, gradation, aggregate of impact value of stone aggregates, grading of aggregates and screenings, quality of binders *etc.* used in construction of roads). Though improvement/construction of Nongpoh-Sonapur-Umden Road (0-18.37 km) was completed (March 2005), prescribed tests for quality control measures were not carried out by the executing division despite provision of Rs.2.60 lakh in the estimate for quality control. Further, out of five ongoing works, quality control tests were conducted only for one road work (Barapani-Umroi-Mawlasnai Road) by the Road Research Laboratory, Shillong of the State. Thus, the Department failed to ensure the quality of roads and bridges constructed out of NEC funds.

During exit conference (August 2006), the Secretary of the Department admitted the fact, but gave no reason for failure to conduct the quality control tests.

3.4.19 Monitoring and Evaluation

Execution of road and bridge works were monitored by the NEC and PWD through the quarterly progress reports submitted by the executing divisions. No evaluation studies of the schemes (roads/bridges) implemented during the period covered under review had been conducted by the Department to correlate the construction works with the expenditure incurred and to ensure that the objectives of the schemes were achieved.

During exit conference (August 2006), the Secretary of the Department admitted the fact and stated that evaluation would be carried out in all the future road works.

3.4.20 The matter was reported to the Government in July 2006; reply had not been received (November 2006).

3.4.21 Conclusion

The State Finance Department had not released Rs.4.51 crore to the implementing department. There were cases of diversion of NEC funds for works not sponsored by the NEC, extra expenditure due to execution of works in deviation from the sanctioned estimates and misrepresentation of facts. Road works at two locations of a road were completed after a delay of over

one year of the stipulated date. Improvement of another road was delayed for over six years because of delay in replacement of two timber bridges by RCC bridges. Thus, the overall impact of the NEC funded road schemes in the State was unsatisfactory. Schemes implemented were also not evaluated to ascertain the extent of achievement of objectives.

3.4.22 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for streamlining the implementation of the NEC sponsored road schemes:

- **Timely release and utilisation of funds by the State machinery should be made mandatory for further release of funds by the NEC.**
- **Execution of works needs to be undertaken after proper planning and investigation to avoid delay in completion.**
- **Executing Divisions should adhere strictly to the provisions of the sanctioned estimates to avoid extra expenditure.**
- **There needs to be a proper mechanism to ensure the quality of roads constructed out of NEC funds.**
- **There should be an effective monitoring mechanism in place.**
- **In respect of projects undertaken the Department should display information as required under the Right to Information Act.**

SOIL AND WATER CONSERVATION DEPARTMENT

3.5 Watershed Development Project in Shifting Cultivation Areas

Highlights

The scheme "Watershed Development Project in Shifting Cultivation Areas" was launched by the GOI in 1994-95 with the objective of overall development of jhum areas on watershed basis. Continuation of the scheme during the Ninth Five Year Plan was approved by the GOI in July 2000. The impact of implementation of the scheme was not assessed through concurrent evaluation to ascertain the progress in upgradation of socio-economic status of jhumia families as envisaged under the scheme.

Significant delay (53 to 267 days) in release of Central funds by the State Government hampered the pace of execution of works.

(Paragraph 3.5.10)

The Department furnished fictitious utilisation certificate to the GOI for Rs.3.67 crore for implementation of scheme during 2000-01, 2002-03 and 2005-06 as the amount was lying in civil deposit.

(Paragraph 3.5.11)

Survey for selection of projects and planning for implementation of the programme were defective.

(Paragraph 3.5.12.2)

There was shortfall (10 to 16 per cent) in coverage of treatable areas under East Khasi Hills, West Garo Hills and East Garo Hills Districts despite utilisation of 78 to 80 per cent of the project cost.

(Paragraph 3.5.13.1)

Various works under the project were executed by four Divisions at a cost of Rs.2.34 crore without recording detailed measurement of works done.

(Paragraph 3.5.13.3)

Six out of seven executing Divisions failed to establish eco-friendly system through prescribed plantation measures. The shortfall ranged between 21 and 41 per cent.

(Paragraph 3.5.13.6)

Monitoring of the programme was deficient.

(Paragraph 3.5.16)

3.5.1 Introduction

Shifting cultivation, known as '*jhum*' cultivation in the North Eastern States is a traditional form of crop cultivation practiced on hill slopes. Shifting cultivation involves clearance of forest hill slopes, drying and burning the debris and cropping. After the harvest, the cultivators repeat the process by shifting to a new plot of land. Once the plot is cultivated/harvested it remains fallow for a long time till it rejuvenates in the natural way. In the process, the families shift from one place to another leaving behind the vegetative cover of the soil destroyed.

The scheme "Watershed Development Project in Shifting Cultivation Areas (WDPSCA)" was launched in 1994-95 during the Eighth Plan period by the Ministry of Agriculture and Cooperation (MOA&C), the GOI in the seven North Eastern States. The scheme aimed at overall development of *jhum* areas on watershed basis, reclaiming the land affected by shifting cultivation and socio-economic upgradation of below poverty line *jhumia* families living in these areas so as to encourage them to go in for settled cultivation through 100 per cent special central assistance to the State Plan.

In Meghalaya, 12 projects were completed under the scheme in 1999-2000 and 12,900 hectares (ha) of shifting cultivation areas were treated extending benefit to 3,200 families.

Continuation of the scheme during the Ninth Five Year Plan (1997-2002) was approved (July 2000) by the Cabinet Committee on Economic Affairs with the following objectives:

- to protect and develop the hill slopes of *jhum* areas through different soil and water conservation measures on watershed basis and to reduce further land degradation process;
- to encourage relocation of *jhumia* families by providing developed productive land and improved cultivation packages;
- to improve the socio-economic status of *jhumia* families through household/ land based activities; and,

- to mitigate the ill effects of shifting cultivation by introducing appropriate land use and water management as per capability and improved technologies.

Guidelines for implementation of the scheme were issued by the Ministry of Agriculture (MOA), Department of Agriculture & Cooperation (DA&C) in October and November 2000.

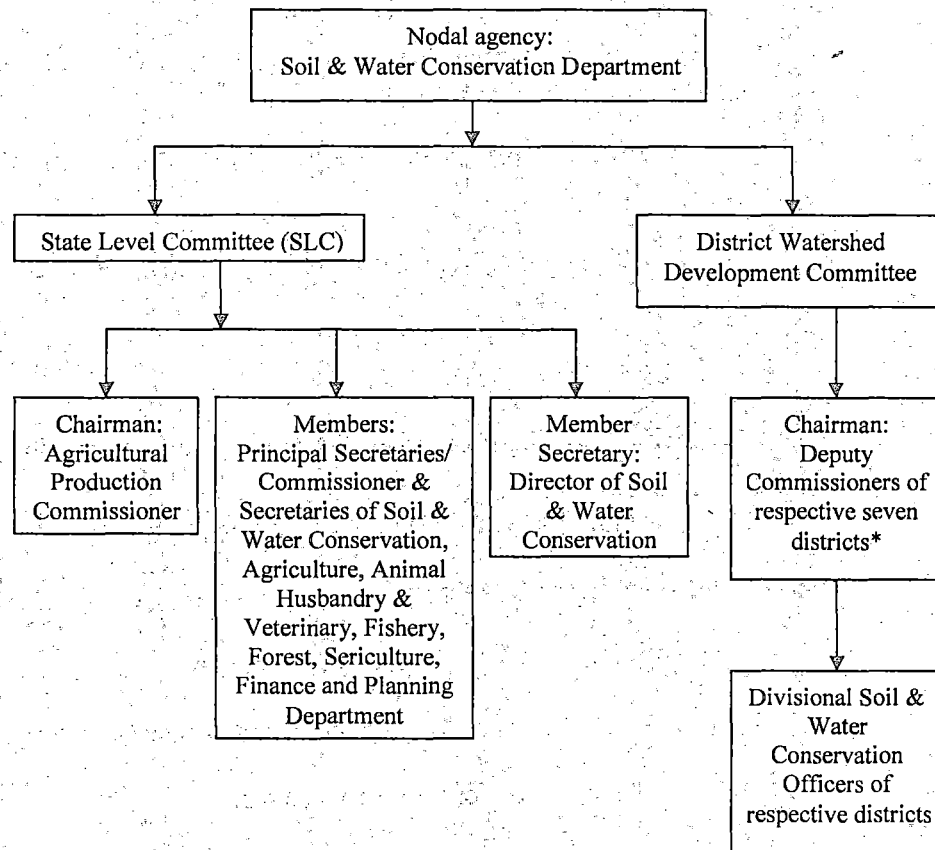
During the Ninth Plan, 38 new watershed projects were approved (1999-2000) by the GOI (details in *Appendix XXXI*). The area to be covered under the scheme in seven districts was 28,294 ha (arable: 15,773 ha and non arable: 12,521 ha) with a total financial commitment of Rs.20.62 crore.



3.5.2 Organisational Set Up

Organisation structure for implementation of the scheme is as detailed below:

Chart 3.6



East Khasi Hills, West Khasi Hills, Ri-Bhoi, Jaintia Hills, East Garo Hills, West Garo Hills and South Garo Hills Districts.

3.5.3 Scope of Audit

Implementation of the scheme during 2001-02 to 2005-06 was reviewed through a test-check (April-July 2006) of the records of the Soil & Water Conservation (S&WC) Department, Directorate of S&WC (Director) and Divisional Soil & Water Conservation Officers (DS&WCO) of four districts^(a) out of seven covering 53 per cent (Rs.10.12 crore) of the total expenditure of Rs.19.12 crore.

3.5.4 Audit Objectives

Audit objectives were to assess whether -

- the scheme was able to achieve the goal in reduction of *jhum* cultivation by way of protecting and developing *jhum* areas and bringing the *jhumia* families to settled cultivation;

^(a) East Khasi Hills, West Garo Hills, East Garo Hills and Jaintia Hills.

- the watershed project was identified through proper survey;
- the available funds were utilised in time;
- the prescribed quality parameters and norms were adhered to by the executing agencies;
- the system of concurrent evaluation during implementation was adopted; and,
- the monitoring and evaluation systems envisaged under the scheme were adequate.

3.5.5 Audit Criteria

The following audit criteria were adopted for achieving the audit objectives:

- Guidelines for selection of projects;
- Detailed project reports;
- Physical targets specified;
- Instruction related to training and capacity building; and,
- Prescribed monitoring mechanism.

3.5.6 Audit Methodology

Before taking up the performance audit of the scheme, an entry conference was organised (May 2006) with the active participation of the Director, Soil & Water Conservation. In this conference, the audit objectives, scope, criteria and audit procedure were explained to the Director.

For the performance review, districts were selected on the basis of stratified random sampling. Allocation of funds received from the GOI and its utilisation including release orders, sanctions, progress reports, project reports, execution of works, survey reports, measurement books, success criteria in reduction of *jhum* cultivation, *etc.* were analysed using the available data.

After completion of the review, an exit conference was organised (August 2006) with the Commissioner & Secretary, S&WC Department for discussion of the Audit findings. The replies and views of the State Government have been incorporated in the review at appropriate places.

3.5.7 Audit Findings

The review on implementation of the scheme in four test-checked districts revealed retention of funds in civil deposit, improper planning, incorrect

reporting about achievement of year-wise targets, execution of works without recording measurement, etc. Audit findings in detail are discussed in the succeeding paragraphs.

3.5.8 Planning

According to the guidelines issued by the MOA, DA&C, the watershed areas are to be identified through detailed survey by using scientific as well as certain physical and social programmes for the watershed villages. Once the village is selected, the boundary of the watershed is to be demarcated through focussed transact on the ridgeline along with village authorities and farmers. For conservation of soil, engineering/vegetative measures like contour bund, trenches, dams, embankment, etc. are identified.

Watershed committee was to take necessary action for opening watershed project account in the name of Watershed Association in the local branch of the nationalised/co-operative bank to be operated jointly by the Chairperson of Watershed Committee, a member of watershed development team and the Watershed Secretary. The Watershed Secretary was to maintain the records of receipt and expenditure as well as execution of the scheme.

In Meghalaya, funds were utilised by the nodal Department for implementation of the programme. Accordingly, the nodal Department maintained accounts and books of records. Reasons for deviation from the prescribed procedure were not on record.

3.5.9 Financial Management

Funds received from the GOI were to be sanctioned by the State Government and drawn by the Director. The Director was also to release funds to the DS&WCOs for implementation of the projects.

Funds released by the GOI and the State Government during 1999-2006 *vis-à-vis* expenditure incurred were as under:

Table 3.25

(Rupees in crore)

| Year | Funds released by | | Amount drawn by the nodal authority | Expenditure |
|--------------|-------------------|------------------|-------------------------------------|--------------|
| | GOI | State Government | | |
| 1999-2001 | 3.62 | 3.62 | 3.62 | 3.62 |
| 2001-02 | 2.00 | 2.00 | 2.00 | 2.00 |
| 2002-03 | 2.50 | 2.50 | 2.50 | 2.50 |
| 2003-04 | 3.00 | 3.00 | 3.00 | 3.00 |
| 2004-05 | 3.00 | 3.00 | 3.00 | 3.00 |
| 2005-06 | 5.00 | 5.00 | 5.00 | 5.00 |
| Total | 19.12 | 19.12 | 19.12 | 19.12 |

Source: Information furnished by the Director.

Funds released by the nodal agency to the DS&WCOs for various activities under the scheme are given below:

Table 3.26

(Rupees in crore)

| Funds released up to | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|--------------|
| Name of the Divisions implementing the scheme | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | Total |
| East Khasi Hills, Shillong (T) | 0.67 | 0.33 | 0.37 | 0.36 | 0.75 | 2.48 |
| Ri-Bhoi, Nongpoh | 1.36 | 0.53 | 0.74 | 1.26 | 2.44 | 6.33 |
| West Khasi Hills, Nongstoin | 0.51 | 0.26 | 0.22 | 0.18 | 0.29 | 1.46 |
| Jaintia Hills, Jowai (T) | 0.54 | 0.24 | 0.24 | 0.13 | 0.05 | 1.20 |
| East Garo Hills, Williamnagar | 0.92 | 0.44 | 0.54 | 0.27 | 0.30 | 2.47 |
| West Garo Hills, Tura (T) | 1.10 | 0.51 | 0.62 | 0.62 | 1.12 | 3.97 |
| South Garo Hills, Baghmara | 0.52 | 0.19 | 0.27 | 0.18 | 0.05 | 1.21 |
| Total | 5.62 | 2.50 | 3.00 | 3.00 | 5.00 | 19.12 |

Source: Information furnished by the Director.

There were deficiencies in financial management leading to delay in release of funds and misrepresentation of facts. There were also instances of defective planning, shortfall in plantation on the required area of the projects, etc. as would be evident from the observations made in the succeeding paragraphs.

3.5.10 Delay in release of funds

There were abnormal delays on the part of the State Government in releasing the funds received from the GOI. The delays ranged between 53 and 267 days. Reasons for the delays were neither on record nor stated.

A Joint Central team, during its field visit in May 2004, also observed that the funds released by the GOI were not being made available to the implementing agencies in time, which hampered the pace of execution of works. In spite of this, the State Government had not taken any action for timely release of funds.

3.5.11 Issue of fictitious utilisation certificate to avoid lapse of budget grant

Funds amounting to Rs.3.67 crore released by the State Government at the fag end of the years 2000-01 (Rs.1.12 crore), 2002-03 (Rs.1.25 crore) and 2005-06 (Rs.1.30 crore) were initially kept in '8443-Civil Deposit' during March of each year and withdrawn during the subsequent year for utilisation. This was contrary to the State Treasury Rules, 1985, which prohibits drawal of money in anticipation of demand or to prevent lapse of budget grants.

Further, the Director submitted fictitious utilisation certificates to the GOI indicating that the above amount was utilised in full during the year. Since the Department failed to utilise the amount within the year, the utilisation certificates did not represent the actual state of affairs.

The Commissioner & Secretary of the Department (C&S) stated (September 2006) that utilisation certificates were submitted because the amount was committed and payment was made as soon as the civil deposit was made available. Since the amount deposited in civil deposit was not the real

expenditure, submission of fictitious utilisation certificate for the same was irregular.

3.5.12 Implementation

3.5.12.1 Approval of projects

For implementation of the scheme during 1999-2000, the GOI sanctioned Rs.1.60 crore in June 1999 (Rs.0.50 crore) and March 2000 (Rs.1.10 crore). Of this, the Department utilised Rs.50 lakh for survey (Rs.2.70 lakh), establishment of nurseries (Rs.44.60 lakh) and as management cost (Rs.2.70 lakh). Balance amount of Rs.1.10 crore was re-validated by the GOI for utilisation during 2000-01. The model project report under the scheme, prepared by the Soil Conservation Department and approved (July 2000) by the SLC, was cleared (July 2000) by the Cabinet Committee on Economic Affairs' for implementation during the Ninth Five Year Plan.

The programme envisaged execution of the following components:

- basic activities such as survey and planning, establishment of nurseries, training, awareness campaign;
- project activities involving soil and water conservation measures for arable and non-arable land, demonstration for scientific land use, drainage line treatment and construction of water harvesting structures and farm ponds;
- improvement of production system through household/ land based activities.

Component-wise position is discussed in the succeeding paragraphs.

3.5.12.2 Survey and selection of projects

According to the guidelines, besides using a combination of scientific parameters for the micro-watersheds for final selection of villages in an objective manner, detailed survey of the physical and social parameters for the watershed village were also to be taken up. Some of these parameters are as under:

- The village should have at least 25 *per cent* of the watershed area under shifting cultivation;
- Lack of earlier investment in the village under any other watershed development project;
- Detailed bench-mark survey along with socio-economic studies should be taken up to facilitate effective identification of watersheds and for comparison in assessing the success of the programme during evaluation;

- Watersheds identified should be contiguous to make land development works more effective;
- Significant reduction in the water table in the wells/bore wells should have taken places; and,
- High level of seasonal migration of resource poor families to urban areas.

Scrutiny of project reports of 19 projects taken up for execution under the test checked districts (*Appendix XXXI*) prepared on the basis of survey revealed that none of the above parameters were taken into consideration prior to selection of the villages. There was also nothing on record as to whether the *jhumias* were willing to go for alternative farming systems and whether there was any investment under any other watershed development project in the village. In the absence of this information, the basis for selection of villages for the project activities could not be ascertained.

It was further noticed that one project (Umrynniang Watershed Project) under the Jaintia Hills Division selected after detailed survey was approved (January 2000) by the District Level Committee. In July 2000, the DS&WCO informed the Committee that this project was already taken up by the Agriculture Department under National Watershed Development Project for Rainfed Areas. Accordingly, another project at Mynso-Palang-Pamblang was selected by the Department and approved (July 2000) by the DWDC. This was indicative of the fact that the detailed survey of the required parameters for selection of projects, such as existence of other watershed development projects, was not adequate.

The C&S stated (September 2006) that the villagers did not inform about survey of any schemes taken up by other Departments. This indicated lack of proper survey in selection of watershed development projects.

3.5.12.3 Defective planning

Based on the survey report, a watershed development plan was to be prepared for all arable and non-arable land with emphasis on low cost, easy to operate and maintain works/activities. The plan was to be submitted to the DWDC for administrative and financial approval. The approved plan was to be the basis for release of funds as well as for monitoring and evaluation of projects.

The project reports for the test-checked districts were prepared for the five-year period ending March 2004. But these contained year-wise break up of physical and financial targets for four years. Funds were released by the Director to the DS&WCOs from time to time fixing activity-wise targets for each project.

Due to such defective planning no project could be completed at the end of the project period (2003-04). Only one project was completed during 2004-05 and handed over to the user group.

The Director stated (July 2006) that 18 more projects were completed during 2005-06 and the remaining 19 projects would be completed during 2006-07. The position given in *Appendix XXXI* negates the claim of the Director as in 34 out of 38 projects, the achievement was less than the target fixed for treatable areas.

Audit scrutiny further revealed that the GOI, while according administrative approval, made tentative allocation of funds for the respective years subject to revision on the basis of performance of the State Government. Achievement at the end of each year from 2001-02 to 2003-04 *vis-a-vis* funds utilised under the programme is given below:

Chart 3.7

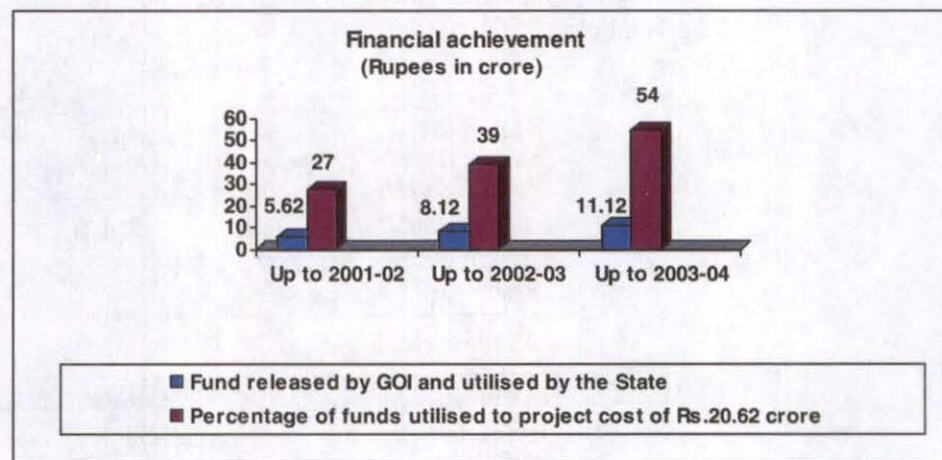
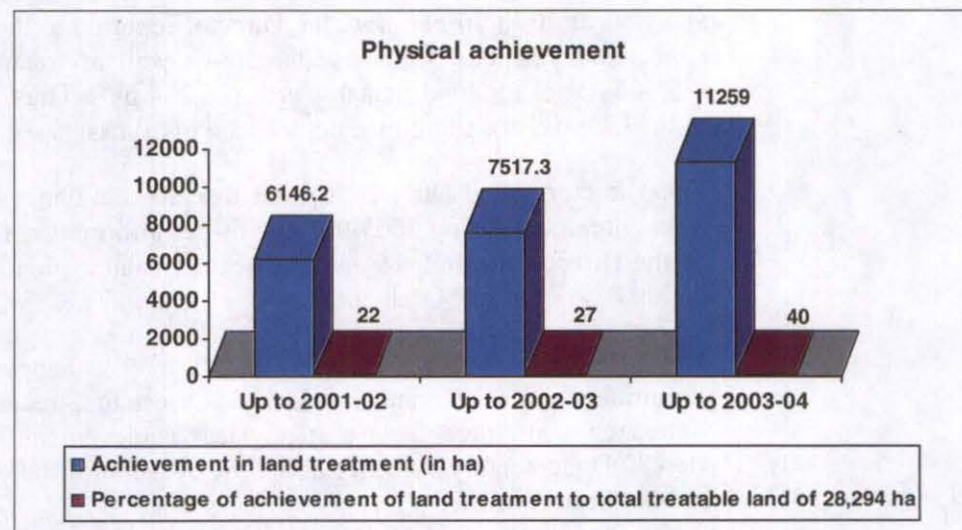


Chart 3.8



Source: Achievement report.

The above charts show that the physical achievements were far less than the financial achievement during the period. Due to such poor performance, the scope for revision of year-wise allocation by the GOI was marginal.

During exit conference (August 2006), the Director stated that though the annual action plan was prepared, it was difficult for the Department to follow the same since its implementation was subject to release of funds. The reply is not tenable because as per information furnished (July 2006) by the Director himself, the entire funds (54 *per cent* of the project cost) released by the GOI till 2003-04 were spent during the period against physical achievement of 40 *per cent*.

3.5.13 Project activities

3.5.13.1 Incorrect reporting

The position of total treatable areas in the three test-checked districts as well as the actual achievement as of March 2006 (details in *Appendix XXXI*) is given below:

Table 3.27

| Name of the Districts | Total treatable area (in-ha) | Project cost (Rupees in lakh) | Total area treated (in-ha) | Expenditure (Rupees in lakh) | Percentage of area treated to treatable area | Percentage of expenditure incurred to project cost |
|-------------------------------|------------------------------|-------------------------------|----------------------------|------------------------------|--|--|
| East Khasi Hills, Shillong | 3,583 | 262.74 | 3,218 | 210.23 | 90 | 80 |
| West Garo Hills, Tura | 5,653 | 413.90 | 4,794 | 326.35 | 85 | 79 |
| East Garo Hills, Williamnagar | 3,279 | 246.51 | 2,757 | 193.51 | 84 | 78 |
| Total | 12,515 | 923.15 | 10,769 | 730.09 | | |

Source: Desk review on WDPSA and information furnished by the Director.

The above table shows that 84 to 90 *per cent* of the total area was treated in three districts against the financial achievement of 78 to 80 *per cent*. Despite shortfall of 10 to 16 *per cent*, the Director reported to the GOI about 100 *per cent* achievement of year-wise targets as well as treatment of 94 *per cent* (26,506 ha) of the total treatable area (28,294 ha). Thus, the report submitted to the GOI did not exhibit the actual state of affairs.

The Director stated (July 2006) that the projects under East Garo Hills had been completed during 2005-06. But as per information furnished (July 2006) by the Director himself, 16 *per cent* of the treatable area remained incomplete in this District as of March 2006.

The C&S stated (September 2006) that "it may so happen that the watershed committee did not take into consideration the actual treatable area because the watershed committee feels that physical achievement is adequate in their view". Documentary evidence about the decision of the watershed committee had not been furnished.

3.5.13.2 Execution of projects

The scheme envisaged involvement of village level institutions and the community in project planning, implementation and maintenance of the assets

created. Accordingly, various items of work under the projects were taken up through self-help groups/user groups formed at village level. For different items of work, the Department fixed cost norms per unit on the basis of existing Schedule of Rates (SOR) of Public Works Department. While approving the cost norms, the Department also specified the details of works involved under each item.

3.5.13.3 Execution of works without recording detailed measurement

According to Rule 237 of Meghalaya Financial Rules, 1981, all works executed and supplies made should be measured and details of measurement recorded in the Measurement Book (MB) which would form the basis of payments.

As of March 2006, the Department, through the beneficiaries, executed construction work of various structures and creation of plantations valued at Rs.2.34 crore. Though these works were susceptible to measurement, MBs did not exhibit details of measurement of the works executed as well as dates of commencement and completion. Payments were made by the DS&WCOs of divisions concerned at the prescribed rate on the basis of lump sum quantities of works recorded in the MBs. Details are as under:

Table 3.28

(Rupees in lakh)

| Item of works | Payments made by the Divisions | | | | Total |
|---|--------------------------------|-----------------|-----------------|---------------|---------------|
| | East Khasi Hills | West Garo Hills | East Garo Hills | Jaintia Hills | |
| Construction of contour bund | ... | 26.97 | 5.48 | ... | 32.45 |
| Construction of Peripheral bund | 14.05 | 13.40 | 7.01 | 5.91 | 40.37 |
| Creation of Agro forestry | 21.95 | ... | 22.56 | 10.77 | 55.28 |
| Creation of Horticulture/ Dry land Horticulture | 62.45 | ... | ... | 20.59 | 83.04 |
| Construction of Dugout Ponds/Structures/Water Harvesting Structures | ... | ... | ... | 22.44 | 22.44 |
| Total | 98.45 | 40.37 | 35.05 | 59.71 | 233.58 |

Source: Achievement reports.

In the absence of recorded measurement of works, actual execution of works as per required specification could not be ascertained in Audit.

The C&S stated (September 2006) that at the time of audit, the actual field works were in progress and the recording in MBs could not be completed at that time because it was necessary to meet the deadline for submission of accounts. The reply is not tenable because payments without recorded measurement was contrary to the rules.

3.5.13.4 Non-maintenance of records of materials utilised in the works

The scheme guidelines provide for maintenance of a register for the material utilised in the works. But, no record showing the actual utilisation of material in respect of any of the works executed by the test-checked divisions was made available to Audit by the DS&WCOs. In the absence of relevant records, the actual utilisation of material in works as well as adherence to the quality parameters could not be assessed.

The C&S admitted the fact and stated (September 2006) that the matter would be taken up in right earnest in future.

3.5.13.5 Orientation and capacity building

The scheme envisaged on capacity building at all levels from planning stage to implementation of the scheme. A major orientation in the tools and techniques of participatory approaches and capacity building programme was mandatory to overcome constraints of inadequate capacity particularly at watershed committee level. For capacity building, orientation of members of various management committees and institutional heads and training of State level trainers, faculty members, Project Implementing Agency (PIA), etc. were prescribed under the guidelines. Responsibility of training office bearers of watershed committees, user groups, self help groups would rest with PIA (executing divisions).

The Assistant Commissioner, MOA observed (June 2002) that adequate training programme was not taken up and therefore, suggested for more involvement of community in successful implementation of the projects.

Audit scrutiny revealed that during implementation (up to 2005-06), the four-test-checked districts incurred expenditure of Rs.26.86 lakh for imparting training to the farmers. But attendance record of the trainees for any of the training courses could not be produced by the Divisions concerned. In the absence of any record of attendance, authenticity of conducting the training courses could not be assessed.

The C&S stated (September 2006) that the attendance register would be maintained.

3.5.13.6 Plantations

For establishment of friendly eco-system, one-third of the project area was to be taken up for conservation and management through plantation measures.

The Assistant Commissioner, MOA observed (June 2002) that plantation activities under both forestry and horticulture required to be strengthened and vegetative support along the contour bunds required for stabilisation was not taken up.

Division wise achievement in creation of plantations under agro forestry and agro horticulture *vis-à-vis* project area and area to be covered under plantations are given below:

Table 3.29

| Name of the Districts | Total Project area | 1/3 rd of the Project area | Creation | | Total | Shortfall (Per cent) |
|-----------------------|--------------------|---------------------------------------|-------------------|---------------|---------------|----------------------|
| | | | Agro horticulture | Agro forestry | | |
| (In ha) | | | | | | |
| East Khasi Hills | 4,545 | 1,515 | 701 | 489 | 1,190 | 325 (21) |
| East Garo Hills | 4,494 | 1,498 | 560 | 352 | 912 | 586 (39) |
| West Garo Hills | 6,818 | 2,273 | 1,072 | 512 | 1,584 | 689 (30) |
| Jaintia Hills | 2,199 | 733 | 296 | 168 | 464 | 269 (37) |
| West Khasi Hills | 2,452 | 817 | 325 | 168 | 493 | 324 (40) |
| Ri-Bhoi | 14,230 | 4,743 | 2,994 | 2,168 | 5,162 | ... |
| South Garo Hills | 2,245 | 748 | 272 | 168 | 440 | 308 (41) |
| Total | 36,983 | 12,327 | 6,220 | 4,025 | 10,245 | 2,501 |

Source: Position of achievement as compiled by the Directorate up to March 2006.

The above table shows that all the Divisions (except Ri-Bhoi) failed to create plantation on the required area of the projects. The shortfall ranged between 21 and 41 *per cent*. Establishment of friendly eco-system through plantation measures as envisaged in the guidelines thus remained mostly unachieved.

The above position also indicated that there was no follow up action on the observations of the Assistant Commissioner, MOA.

The C&S admitted the fact and stated (September 2006) that efforts would be made to take corrective measures.

3.5.14 Improvement of production system through household/land based activities

To encourage permanent settlement and supplement the requirement during the lean period of plantation programme, taking up of house hold/land based activities^(b) was suggested under the programme. By this, each family of the watershed would be benefited by economic upliftment. Under this system, there would be a 'beneficiary card' for each beneficiary for recording periodical supply of inputs and returns to measure efficiency of the programme.

Records of the test-checked districts showed expenditure of Rs.53.58 lakh under the production system (Jaintia Hills: Rs.8.08 lakh; East Garo Hills: Rs.21.02 lakh; West Garo Hills: Rs.24.48 lakh). But beneficiaries' cards

^(b) Animal husbandry, pisciculture, sericulture, tailoring, carpentry, blacksmithy, etc.

showing periodical supplies of inputs and return thereof were not produced. The DS&WCO, Jaintia Hills Division admitted (July 2006) that beneficiaries cards were not maintained. Response from the DS&WCOs of East and West Garo Hills was awaited.

Thus, efficiency of the programme in the three districts remained unmeasured and economic upliftment of *jhumia* families through delivery of production system remained un-assessed.

Further, inputs like tailoring unit, piggery/poultry units were required to be supplied to each *jhumia* family. Beneficiaries' cards of East Khasi Hills showed that in many cases information on present land holding, source of income, *etc.*, were not recorded in these cards. In the absence of this information, the status (*jhumia* family or others) of the beneficiaries supplied with the inputs could not be ascertained in audit. It was also noticed in audit that contrary to the scheme guidelines, inputs were supplied to the self help groups/communities instead of individual families.

The C&S admitted the fact and stated (September 2006) that the Department was facing difficulty in enforcing this requirement because in some districts, the beneficiaries refused to accept the cards.

3.5.15 Success criteria

Periodical review of the progress during implementation was to be undertaken and a system of concurrent evaluation was to be evolved through internal as well as external agencies on reliable performance indicators. To evaluate the success or otherwise of activities in terms of the stated purpose, it is important to fix measurable and quantifiable success criteria like increase in productivity of major commodities in agriculture, horticulture, livestock, poultry, *etc.*, for different categories of works/ activities under the projects.

Audit scrutiny revealed that the system of concurrent evaluation was not evolved by the Department. The Director admitted (May and June 2006) that the programme was not evaluated and the assessment report was yet to be submitted by the Divisional Officers. Thus, socio-economic status of the *jhumia* families as well as progress made in reduction of *jhum* cultivation remained unassessed even after spending of Rs.19.12 crore on implementation of the programme over seven years (1999-2006).

The C&S admitted (September 2006) that the concurrent evaluation was lacking.

3.5.16 Monitoring and Evaluation

Guidelines of the scheme envisaged (i) monitoring and supervision of the programme at the State, district and project levels, (ii) periodical review of the progress during implementation and (iii) evaluation of the project after completion. Sanction of annual programme, timely release of funds and

review of progress of the scheme were required for better monitoring of the scheme. For this purpose, meeting of the SLC was to be held twice in a financial year and that of the DLC, quarterly.

The Director stated (July 2006) that the meeting of the SLC was never held. Records in support of meeting of the district level committee were not made available to Audit.

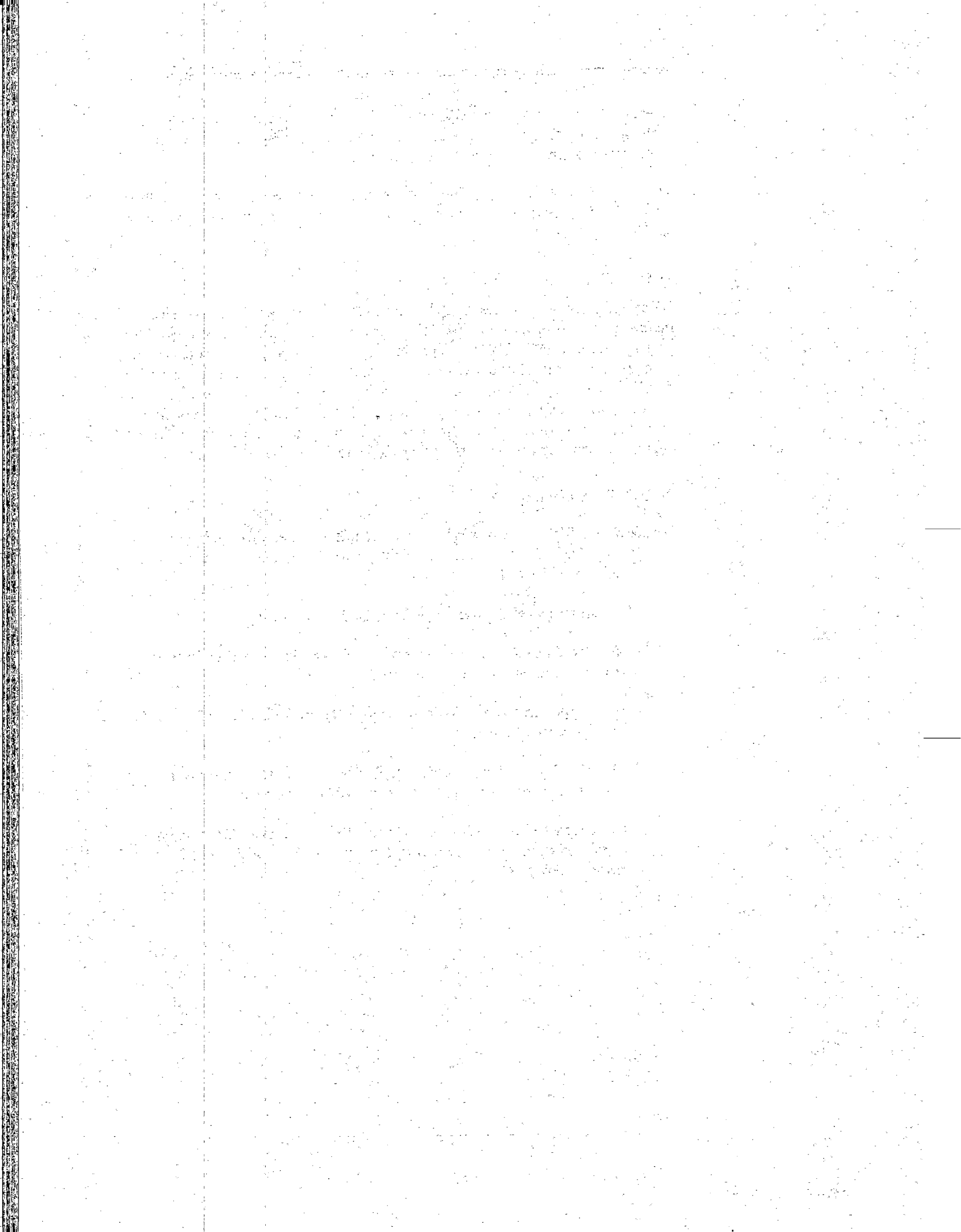
3.5.17 Conclusion

Delay in release of funds by the State Government as well as defective planning led to non-completion of the projects even after two years of the project period (1999-2004). Selection of projects was not based on proper survey. Physical achievements in treatment of land under the test-checked districts were far below the financial achievements. Actual execution of various works under the projects remained unassessed due to non-recording of measurement of works done. Impact of the completed projects was also not evaluated. The objectives of the scheme, thus remained largely unachieved.

3.5.18 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made for streamlining the implementation of the scheme:

- **Projects should be selected through detailed survey.**
- **Funds should be released to the implementing agencies in time for proper implementation of the projects.**
- **Measurement of works done should be recorded in detail in the measurement books.**
- **Monitoring system at each level should be strengthened and a system of concurrent evaluation should be evolved.**
- **In respect of projects undertaken the Department/implementing agency should display information as required under the Right to Information Act.**



CHAPTER IV – AUDIT OF TRANSACTIONS

EXTRA EXPENDITURE

- 4.1 Extra expenditure on construction of additional 200 bedded hospital at Shillong Civil Hospital complex**
- 4.2 Avoidable extra expenditure on improvement of the riding quality of a section of National Highway-40**
- 4.3 Extra expenditure on construction of a bridge due to delay in accepting tender**

LOSS - STEEL MATERIAL/TEA SEEDLINGS

- 4.4 Loss due to prolonged storage of material in the site of works**
- 4.5 Loss due to issue of order for tea seedlings without ensuring availability of funds**

IDLE INVESTMENT/UNUTILISED FUNDS/ DENIAL OF TOURIST INFRASTRUCTURE

- 4.6 Idle investment on purchase of Computerised Tomography Scan machine**
- 4.7 Central assistance remaining unutilised**
- 4.8 Denial of the tourist infrastructure facilities**

UNFRUITFUL EXPENDITURE

- 4.9 Unfruitful expenditure on construction of musical fountain at Tura**

GENERAL

- 4.10 Failure to respond to Audit objections and compliance thereof**
- 4.11 Follow up action on Audit Reports**

CHAPTER IV : AUDIT OF TRANSACTIONS

EXTRA EXPENDITURE

HEALTH AND FAMILY WELFARE DEPARTMENT

4.1 Extra expenditure on construction of additional 200 bedded hospital at Shillong Civil Hospital complex

Allotment of work without a clear site as well as acceptance of the claim of the contractor without assessing the veracity of such claim resulted in extra expenditure of Rs.51.76 lakh, besides undue financial benefit of Rs.20.69 lakh to the contractor due to non-imposition of penalty for delay in completion of the work.

The work "Construction of additional 200 bedded hospital at Civil Hospital complex, Shillong", estimated to cost Rs.2.91 crore, was administratively approved by Government in March 2001. The estimate of the work, framed on the basis of Schedule of Rates (SOR) for 2000-01 (Buildings), provided Rs.2.07 crore for construction of the building and Rs.0.84 crore for electrification, water supply, *etc.* In accordance with the decision of the tender committee, the Executive Engineer (EE), Engineering Wing, Director of Health Services allotted (December 2001) the construction work of the building to a local contractor at Rs.2.28 crore (estimated cost plus 10 *per cent*), stipulating the date of completion as June 2003.

In April 2004, the contractor prayed for enhancement of the rate of work to 35 *per cent* above the SOR-2000-01 on the ground that as the clear site of the work was made available by the Department only in January 2003, he had incurred extra expenditure for retention of labour, machinery and technical supervisory staff as well as for increase in the cost of cement and steel by almost 35 *per cent*. Based on the recommendation (November 2004) of the tender committee, Government enhanced (August 2005) the rate to 35 *per cent* above the SOR-2000-01. The contractor, however, failed to complete the work within the stipulated period of 18 months (June 2004) even after getting the clear site in January 2003. The work was completed in December 2005 at the cost of Rs.2.80 crore, including Rs.72.47 lakh being 35 *per cent* enhanced rate. Reasons for delay of about one year six months in completion of the work as well as for non-imposition of penalty for the delay as per clause 2 of

the agreement executed (date not indicated) with the contractor were not on record.

Test-check (June 2006) of records of the EE revealed that the work was commenced on 4 January 2002, and as of December 2002, the contractor achieved 10 *per cent* physical progress. Measurement Books also showed execution of various items of work (value: Rs.13.07 lakh) by the contractor during January-December 2002 (details in *Appendix XXXII*). Besides, cement utilised for the work (932.25 tonnes) was purchased by the contractor during the period of execution (February 2002 to October 2005) at much lower rate (cost: Rs.21.64 lakh) than the cost involved (Rs.39.99 lakh) than the recovery rate provided in the SOR-2000-01. In case of utilisation of steel (2,476.4 tonnes), involvement of extra expenditure (total cost: Rs.47.40 lakh) was only 3.56 *per cent* in excess of the cost at recovery rate (Rs.45.77 lakh) as per SOR-2000-01. But, taking advantage of adverse site condition, the contractor claimed enhancement of the rate, which the Department accepted without ascertaining the veracity of the contractor's claim. Reasons for allotment of construction work of a building on a site not free from all encumbrances were not on record.

Thus, allotment of work without a clear site as well as acceptance of the claim of the contractor without assessing the veracity of such claim resulted in extra expenditure of Rs.51.76 lakh^(a). Besides, the contractor enjoyed undue financial benefit of at least Rs.20.69 lakh due to non-imposition of penalty for delay in completion of work (one *per cent* for each day of delay subject to a maximum of 10 *per cent* of the estimated amount of Rs.206.90 lakh).

The Officer-on-Special Duty, Health & Family Welfare Department stated (October 2006) that enhancement of rate was approved by the Finance Department on the recommendation of the Tender Committee. Reply was silent about allotment of work without a clear site as well as acceptance of the claim of the contractor without verifying the veracity of such claim.

| | |
|---|-----------------------|
| (a) Original value of work done by the contractor: | Rs.207.05 lakh |
| Amount paid at enhanced rate (Rs.207.05 lakh + 35 <i>per cent</i>): | Rs.279.52 lakh |
| Amount payable at the originally agreed rate (Rs.207.05 lakh + 10 <i>per cent</i>): | <u>Rs.227.76 lakh</u> |
| Extra expenditure | <u>Rs. 51.76 lakh</u> |

PUBLIC WORKS DEPARTMENT

4.2 Avoidable extra expenditure on improvement of the riding quality of a section of National Highway-40

Inflated measurement of bituminous macadam and semi dense bituminous concrete works on the prepared surface for improvement of a section of the National Highway-40 beyond the scope of actual execution resulted in avoidable extra payment of Rs.28.91 lakh.

The Union Ministry of Road Transport & Highways (MORTH) accorded (October 2002) administrative approval and technical sanction to the work "Improvement of riding quality from 68 Km. to 78 Km. of Shillong-Guwahati Section of National Highway (NH)-40" at a cost of Rs.3.65 crore. The estimate of the work *inter alia* provided for execution of the following items of work:

- (i) Providing and applying tack coat on the prepared surface (Surface Area: before laying bituminous macadam - 76,230 square metre (sqm); before laying semi dense bituminous concrete - 76,230 sqm);
- (ii) Providing and laying bituminous macadam on the prepared surface, *etc.* with 50 mm compacted thickness for a total quantity of 4,192.65 cum (76,230 sqm x 0.05 m + 10 *per cent* for profile corrective course);
- (iii) Providing, laying and consolidating of semi dense bituminous concrete, *etc.* for a total quantity of 1,905.75 cum (76,230 sqm x 0.025 m).

The work was awarded (March 2003) by the Chief Engineer (CE), NH & Research, PWD (Roads) to a contractor at his tendered value of Rs.2.76 crore stipulating the date of completion as January 2004. The work was completed in March 2004 at a cost of Rs.3.21 crore.

Test-check (November-December 2004) of records of the EE, NH Division, Shillong revealed that during November-December 2003, item (i) of the work was executed by the contractor on a total surface area of 75,465.58 sqm. Consequently, items (ii) and (iii) were to be executed for 4,150.607 cum^(b) and 1,886.64 cum^(c) respectively. But according to the Measurement Book (MB) and final payment voucher, items (ii) and (iii) were shown to have been executed for 4,744.49 cum and 1,989.33 cum respectively at a cost of Rs.3.01 crore. Since the tack coat (item - i) was applied on the surface area of 75,465.58 sqm before laying bituminous macadam (item - ii) and since item (iii) was to be executed on the same surface area prepared after laying

| | |
|---|---------------|
| (b) 75,465.58 sqm x 0.05 m + 10 <i>per cent</i> = | 4,150.607 cum |
| (c) 75,465.58 sqm x 0.025 m = | 1,886.640 cum |

bituminous macadam, there was no scope for execution of the quantity of items (ii) and (iii) in excess of 4,150.607 cum and 1,886.64 cum respectively at the estimated compacted thickness of 50 mm and 25 mm. Reasons for recording inflated measurement in the MB were not on record.

Thus, payment to the contractor based on inflated measurement of bituminous macadam and semi dense bituminous concrete on the prepared surface resulted in avoidable extra expenditure of Rs.28.91 lakh^(d).

The matter was reported to Government in May 2006; reply had not been received (November 2006).

4.3 Extra expenditure on construction of a bridge due to delay in accepting tender

Failure to allot the work at the lowest available rate of Rs.1.20 crore and delay of seven years in allotment resulted in extra expenditure of Rs.49.84 lakh.

The work "Construction of major bridge over river Umkhen on Nongpoh-Nartiang Road (Span 100 metre) including immediate approaches", estimated to cost Rs.1.52 crore, was administratively approved by the Government in March 1995 (estimate prepared on the basis of Schedule of Rates (SOR) – 1990-91). The estimate of the work *inter alia* provided Rs.1.09 crore (Rs.78.02 lakh plus 40 per cent price escalation) for construction of RCC double lane T-Beam girder bridge with foot path over river Umkhen.

Test-check (August 2003) of records of the Executive Engineer (EE), Shillong North Division, Nongpoh and information received (May-June 2006) from the EE revealed that tenders for construction of RCC T-Beam bridge with foot

| | |
|--|--|
| ^(d) Item (ii): | |
| Quantity shown to have been executed: | 4,744.49 cum |
| Less Quantity required to be executed on the surface area prepared after execution of item (i), i.e, 75,465.58 sqm : | <u>4,150.607 cum</u> |
| | 593.883 cum |
| Item (iii): | |
| Quantity shown to have been executed: | 1,989.33 cum |
| Less Quantity required to be executed on the surface area of 75,465.58 sqm : | <u>1,886.64 cum</u> |
| | 102.69 cum |
| Extra expenditure: Item (ii): 593.883 cum @ Rs.3,830 per cum = Rs.22,74,572/- | |
| | Item (iii): 102.69 cum @ Rs.6,000 per cum = <u>Rs. 6,16,140/-</u> |
| Total | <u>Rs.28,90,712</u> |

path were invited (October 1995) by the Additional Chief Engineer, Eastern Zone at an estimated cost of Rs.78 lakh. In response, the lowest rate offered by a tenderer was 51 *per cent* above the SOR-1990-91, i.e., Rs.1.20 crore. The tender committee recommended (December 1995) allotment of the work to the lowest tenderer subject to sanction of the revised estimate. Since the revised estimate submitted to Government in 1996 was not sanctioned till February 1997, the tender committee requested the tenderer to extend the validity of his offer. The tenderer refused and work was retendered in May and September 1997. However, the work could not be awarded since the offered rates were considered very high.

The work was finally awarded in November 2002 after retendering (August 2001) to a contractor at Rs.1.97 crore stipulating the date of completion as May 2004. Revised estimate for the entire work was also administratively approved by Government in March 2004 at Rs.2.40 crore including Rs.2.21 crore for the RCC T-Beam bridge with foot path.

As of March 2006, Rs.1.11 crore was paid to the contractor for 65 *per cent* physical progress of the work. According to the EE (June 2006), delay in completion of the work was due to onset of early monsoon in 2003 and 2004 hampering foundation works of piers, fund shortage and insurgency problems and the work was expected to be completed by June 2007. The reply is not tenable because the tendering process itself took seven years leading to delay in allotment of work.

Thus, failure to allot the work at the lowest available rate of Rs.1.20 crore in October 1995 and delay of seven years in allotment resulted in extra expenditure of Rs.49.84 lakh^(e), besides committed liability of Rs.26.84 lakh^(e).

The matter was reported to Government in July 2006; reply had not been received (November 2006).

| | |
|--|----------------|
| ^(e) Amount at which the work was allotted in November 2002: | Rs.197.14 lakh |
| Amount available in October 1995: | Rs.120.46 lakh |
| Difference | Rs. 76.68 lakh |
| Extra expenditure incurred: 65 <i>per cent</i> of Rs.76.68 lakh: | Rs.49.84 lakh |
| Committed liability (Rs.76.68 lakh – Rs.49.84 lakh): | Rs.26.84 lakh |

LOSS - STEEL MATERIAL/TEA SEEDLINGS

PUBLIC WORKS DEPARTMENT

4.4 Loss due to prolonged storage of material in the site of works

The Department sustained loss of Rs.65.19 lakh due to failure to utilise, transfer or dispose of unutilised steel material.

During audit of records of Executive Engineer (EE), Shillong Building Division for the period from July 1998 to June 1999 and July 1999 to March 2001 Audit had observed unutilised steel material worth Rs.68.74 lakh at the site of four works⁽ⁱ⁾, which were procured between 1992-93 and 1994-95 and where the works were completed.

Test-check (March 2006) of records of the EE revealed that despite commitment (June 2002 and August 2003) of the EE for utilisation of the material either on other works or on the works in progress, material worth Rs.50.46 lakh were still lying unutilised in the site of these works. As of March 2006, the value of unutilised steel material was Rs.65.19 lakh due to failure in utilisation of such material worth Rs.14.73 lakh procured (between 1992-93 and 1994-95) for three other works. Out of these seven works, four were completed, one was in progress and two works were subjudice. Details are given in *Appendix XXXIII*.

According to the survey report (March 2006) of the Sub-divisional Officer, PWD (B), Building Sub-Division No. I, all the material had rusted and had become unusable due to prolonged exposure to weather. However, the material remained undisposed (June 2006).

Thus, the failure of the Division to utilise the steel in some other work or transfer the same to some other Division resulted in the material becoming unusable and loss of Rs.65.19 lakh. Responsibility for the loss had not been fixed.

The matter was reported to Government in July 2006; reply had not been received (November 2006).

⁽ⁱ⁾ (i) Office complex behind Myntdu building - Director of Economic and Statistics, Director of Supply, (ii) Development of integrated infrastructure/office complex at Nongpoh, Ri-Bhoi District, (iii) Construction of Circuit House, Mawkyrwat & (iv) Construction of SATC at Laitlyngkot.

SOIL AND WATER CONSERVATION DEPARTMENT

4.5 Loss due to issue of order for tea seedlings without ensuring availability of funds

Issue of supply order for tea seedlings without ensuring the availability of required funds resulted in a loss of Rs.18 lakh, besides committed liability of Rs.16 lakh.

Scrutiny (August 2004) of records of the Director of Soil Conservation, Shillong and further information collected in April 2006 revealed that in January 2002, the Chief Executive Officer of the Meghalaya Commercial Crops Development Board^(e) (Board) placed supply order for tea seedlings with a Tura based supplier for plantation area of 75 hectares (approximate requirement: 10.50 lakh seedlings at the rate of Rs.5 per seedling). In August 2002, the supplier informed the Board that the seedlings were ready and delay in taking delivery would spoil the seedlings.

The Board refused to take delivery of the seedlings because of fund constraints (September 2002 and June 2003). Meanwhile, the supplier filed a writ petition in the Gauhati High Court praying for a direction to the Board for (i) procurement of the seedlings at the rate of Rs.5 per seedling and (ii) payment of Rs.52.50 lakh as outstanding dues. The Court observed (October 2003) that during pendency of the writ petition, there would be no bar for settlement of dispute between the parties. Accordingly, the matter was settled (July 2005) out of Court at a negotiated sum of Rs.34 lakh. Of Rs.34 lakh, the Board paid Rs.18 lakh to the supplier in December 2005 (Rs.10 lakh) and March 2006 (Rs.8 lakh). The balance amount of Rs.16 lakh was to be paid by the Board in 2006-07. Meanwhile, the seedlings were overgrown for the purpose of transplanting.

Thus, placing of supply order without ensuring availability of funds resulted in loss of Rs.18 lakh, besides committed liability of Rs.16 lakh.

The Deputy Secretary of the Department stated (October 2006) that Cabinet decision to discontinue the policy of issuing guarantee to any loan taken by the Board led to non-utilisation of the seedlings. Reply is not tenable because the fund position should have been secured before placing supply order for tea seedlings involving substantial amount. It was further observed in audit that during the years 2002-06 the Soil and Water Conservation Department had substantial savings as brought out in para 5.1.7.1 and the Board could have approached the Department for release of funds.

^(e) Constituted (May 1997) under an Act of Meghalaya State Legislature and functioning under the administrative control of the Soil and Water Conservation Department.

**IDLE INVESTMENT/UNUTILISED FUNDS/ DENIAL OF
TOURIST INFRASTRUCTURE**

HEALTH AND FAMILY WELFARE DEPARTMENT

**4.6 Idle investment on purchase of Computerised Tomography
Scan machine**

Procurement of Computerised Tomography Scan machine without appointment of technical staff required for its operation and delay in installation of the machine resulted in idle investment of Rs.1.12 crore.

Under the Award of the Eleventh Finance Commission, Government of Meghalaya sanctioned (March 2003 and February 2004) Rs.1.57 crore to the Director of Health Services (MI) (DHS), Meghalaya for procurement of Computerised Tomography (CT) Scan machine to be installed at Civil Hospital, Tura. The DHS issued (September 2004) order to a Kolkata based firm for supply of Somatom Emotion CT Scan machine at Rs.1.12 crore. According to the agreement executed (September 2004) with the firm, supply, installation, commissioning and trial run of the machine were to be completed by 21 January 2005. Payment of Rs.1.12 crore was released to the firm on 27 January 2005 on receipt of despatch documents and bank guarantee (valid up to 31 July 2005).

Test-check (July 2005) of records of the DHS and further information received (May 2006) from the Superintendent of Civil Hospital, Tura revealed that the machine was received by the Civil Hospital, Tura in February 2005, but could not be installed till December 2005 because of non-availability of power supply in the CT Scan room. Though the machine was installed in January 2006 after providing power supply, it had not been utilised till date (April 2006). The Superintendent of Civil Hospital, Tura stated (May 2006) that the machine could not be utilised as there was no technical person to operate it since even the post of operator had not been created. Reasons for procurement of the machine without creating necessary post for its operation had not been furnished.

Thus, inordinate delay in installation of the machine and failure to take timely action to appoint technical staff required for operation of the same, resulted in idle investment of Rs.1.12 crore. Besides, patients were also deprived of the benefit of the machine for over one year.

The DHS stated (July 2006) that the machine could not be made fully functional because of non-installation of a high voltage transformer by the Meghalaya State Electricity Board (MeSEB) and non-sanction of post of radiologist by Government. The reply is not acceptable as the DHS had Rs.45

lakh for depositing with MeSEB for the high voltage transformer and action for sanction for the post of radiologist should have been taken in March 2003 when Government sanctioned Rs.1.57 crore.

The matter was reported to Government in June 2006. Government endorsed (July 2006) the views of the DHS.

TOURISM DEPARTMENT

4.7 Central assistance remaining unutilised

Delay of seven years on the part of the Department in acquiring land deprived the State of a tourist infrastructure as well as Central assistance of Rs.30 lakh meant for Yatri Niwas at Jowai.

GOI sanctioned (March 1998) construction of a Yatri Niwas at Jowai at a cost of Rs.63.95 lakh with the following conditions:

- The project was to be funded by Central assistance of Rs.45 lakh and the remaining Rs.18.95 lakh by the State Government;
- Land for the project was to be contributed by the State Government free of cost;
- The project should be completed within 30 months from the date of sanction;
- The released funds should be utilised within six months, failing which the amount should be surrendered to GOI.

In February 1999, GOI released the first instalment of Rs.15 lakh to the State Government.

Scrutiny (August 2004 and April 2006) of records of the Director of Tourism (DOT), Meghalaya revealed that after retention of the Central share of Rs.15 lakh in Government account for over three years, the State Government accorded (July 2002) sanction of Rs.15 lakh for construction of the project. The DOT drew the amount and kept (October 2002) it in a bank as 'Deposit repayable at call' instead of revalidating the same or surrendering the same to the GOI. But the project could not be started by the Department even after seven years of sanction due to non-availability of the required land. Consequently, GOI dropped the project in June 2005.

Thus, delay of seven years on the part of the Department in acquiring land deprived the State of a tourist infrastructure as well as Central assistance.

The matter was reported to Government in August 2006; reply had not been received (November 2006).

4.8 Denial of the tourist infrastructure facilities

Failure of the Department to release funds deprived the State the benefit of tourist infrastructure as well as Central assistance of Rs.28 lakh, besides extending financial benefit of Rs.12 lakh to the Meghalaya Government Construction Corporation Limited.

Union Ministry of Tourism (MOT), GOI sanctioned (March 1999) a project viz., 'Construction of Tourist Bungalow at Nongpoh' at an estimated cost of Rs.60.75 lakh (Plinth area: 455 sqm), to be funded by the GOI (Rs.40 lakh) and the State Government (Rs.20.75 lakh). The MOT released (March 1999) Rs.12 lakh as first instalment of Central assistance with the condition to (i) utilise the funds within six months and to surrender the funds in case of failure in utilisation by such time and (ii) commission the project within 30 months from the date of sanction. The estimate of the work was prepared by the Meghalaya Government Construction Corporation Limited (MGCCL) on the basis of Schedule of Rates (SOR) 1995-96.

Test-check (August 2004 and April 2006) of records of the Director of Tourism (DOT), Shillong revealed that contrary to the instructions of the MOT, the Department accorded expenditure sanction for the Central assistance of Rs.12 lakh after a delay of over three years in July 2002. The DOT released the funds to the MGCCL in December 2002. The MGCCL submitted (February 2003) the detailed plan and estimate of the work (SOR-2000-01) to the DOT reducing the plinth area of the building to 425 sqm and excluding the provision for staff quarters. Reason for the deviation from the original estimate was attributed by the DOT to delay in release of funds. Though tenders were invited (January and April 2004) by the MGCCL for construction of the building, the work could not be awarded because of poor response from the tenderers. Consequently, the MGCCL furnished (March 2005) a fresh estimate further reducing the plinth area of the building to 288.5 sqm on the ground that the estimate prepared on the basis of SOR-2000-01 was not workable. This estimate was not approved by the Government and the project was ultimately dropped by the MOT. The amount paid to the MGCCL was also not refunded (April 2006) despite repeated requests (October 2005) from the DOT. Instead, the MGCCL requested the Department to allow them to utilize the amount for construction of another tourist lodge at Williamnagar.

Thus, inordinate delay of the Department in sanctioning the funds released by the Ministry showed the apathy of the Department towards creation of tourist infrastructure in the State. Such action of the Department led to dropping of the project by the MOT thereby depriving the State of the benefit of tourist infrastructure as well as Central assistance of Rs.28 lakh. DOT also failed to recover Rs.12 lakh from MGCCL (April 2006).

The matter was reported to Government in July 2006; reply had not been received (November 2006).

UNFRUITFUL EXPENDITURE

TOURISM DEPARTMENT

4.9 Unfruitful expenditure on construction of musical fountain at Tura

The Department incurred unfruitful expenditure of Rs.24.42 lakh on construction of musical fountain at DC's Park, Tura.

The Government sanctioned Rs.25 lakh for construction of a musical fountain at DC's Park, Tura in March 2002. The Director of Tourism (DOT), after inviting tenders (June 2002), awarded (October 2002) the work for 'supply, construction, installation and commissioning of the Premier Musical Fountain-Model PC-12 at DC's Park, Tura' to a Shillong based firm at a cost of Rs.21.15 lakh for completion in six months (April 2003). As per terms of the contract, advance payment of Rs.10.58 lakh was made to the firm in March 2003.

Scrutiny (April 2006) of records of the DOT, revealed that the fountain was installed and temporarily tested by the firm in June 2005 after a delay of over three years, reasons for which were not on record. The balance amount of Rs.10.57 lakh was paid to the firm in March 2006 without any penal action against the firm. In addition, the Department incurred (March 2004) an expenditure of Rs.3.09 lakh on electrical works of the musical fountain (completed in November 2004). But the fountain could not be made functional because of non-availability of permanent water connection despite payment (January 2006) of Rs.0.18 lakh to the Public Health Engineering Department.

Thus, even after an expenditure of Rs.24.42 lakh and a delay of over three years the purpose for which the expenditure was incurred was defeated.

The matter was reported to Government in August 2006; reply had not been received (November 2006).

GENERAL

4.10 Failure to respond to Audit objections and compliance thereof

Accountant General (Audit) (AG) arranges to conduct periodical inspection of the Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). When important irregularities, etc. detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected with a copy to the next higher authorities. The Meghalaya Financial Rules, 1981 provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies and lapses noticed during inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Accountant General (Audit). A half-yearly report of pending IRs is sent to the Secretary of the concerned department to facilitate monitoring of the Audit observations in the pending IRs.

Inspection Reports issued up to March 2006 pertaining to 52 offices/divisions of four departments disclosed that 343 paragraphs relating to 127 IRs remained outstanding at the end of November 2006. Of these, 37 IRs containing 88 paragraphs had not been replied to/settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is detailed in *Appendix XXXIV*. Even the initial replies, which were required to be received from the Heads of offices within six weeks from the date of issue of IR were not received from five offices for 54 paragraphs of eight IRs issued between October 2001 and November 2005. As a result the following serious irregularities commented upon in these IRs had not been settled as of November 2006.

Table 4.1

| Nature of irregularities | Number of paragraphs | Amount (Rupees in crore) |
|---|----------------------|--------------------------|
| Recovery of departmental receipts, advances, overpayments/inadmissible payments and other recoverable charges were either delayed or not made | 21 | 14.66 |
| Drawal of fund in advance of requirement | 11 | 7.87 |
| Utilisation certificates not submitted | 11 | 2.54 |
| Overpayment/inadmissible/irregular payment of subsidy/non-reimbursement of subsidy/repayment of transport subsidy | 7 | 10.48 |
| Delay in handing over the land to the beneficiaries/delay in acquisition of land | 2 | 5.51 |
| Non-utilisation/blockage of funds/unfruitful/avoidable/excess expenditure/belated implementation of schemes | 13 | 51.54 |
| Others | 278 | 19.67 |
| Total | 343 | 112.27 |

A review of the IRs which were pending due to non-receipt of replies from the departments mentioned in the *Appendix XXXIV* revealed that the Heads of the offices whose records were inspected and the concerned Heads of the Departments^(h) failed to discharge due responsibility as they did not send replies to a large number of IRs/Paragraphs indicating their failure to initiate action with regard to the defects, omissions and irregularities pointed out in the IRs of the AG. The Secretaries of the concerned departments, who were informed of the position through half-yearly reports, also failed to ensure prompt and timely action by the concerned officers of the department.

The above also indicated inaction against the defaulting officers thereby facilitating the continuance of serious financial irregularities and loss to the Government.

It is recommended that Government look into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner and (c) revamping the system to ensure proper response to the Audit observations in the department.

The matter was reported to the Government in September 2006; reply had not been received (November 2006).

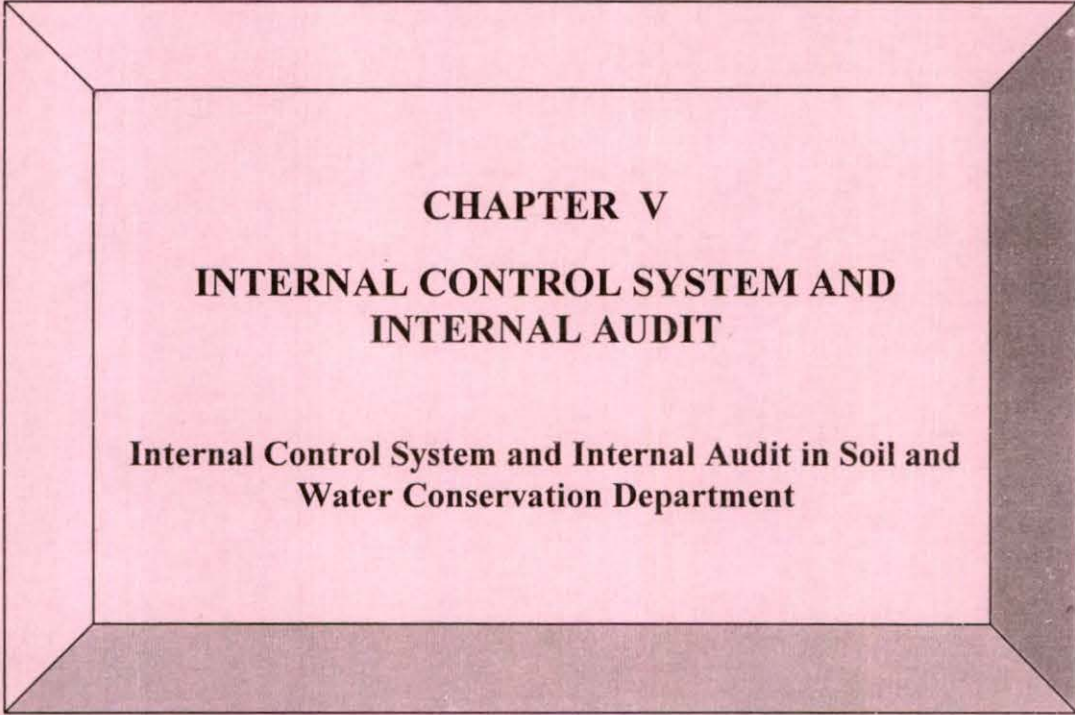
^(h) Forest & Environment, Food & Civil Supplies, Industries and Social Welfare Departments.

4.11 Follow up action on Audit Reports

To ensure accountability of the executive to the issues dealt in various Audit Reports, the Public Accounts Committee (PAC) issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned administrative departments within one month of presenting the Audit Reports to the State Legislature. According to the said instructions, the Report was to be taken up from 1986-87 onwards. Review of outstanding explanatory notes on paragraphs included in the Reports of the Comptroller and Auditor General of India for the years from 1986-87 to 2004-05 revealed that the concerned administrative departments were not complying with these instructions. As of November 2006, *suo motu* explanatory notes on 231 paragraphs of these Audit Reports (Civil and Works Chapters) were outstanding from various departments as detailed in *Appendix XXXV*.

The administrative departments were required to take suitable action on the recommendations made in the Report of the PAC presented to the State Legislature. Following the circulation of the Reports of the PAC, the departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat. The PAC specified the time frame for submission of such ATNs as six weeks up to 32nd Report of the PAC and six months in 33rd Report. Review of 12 Reports of the PAC involving 14 departments (containing recommendations on 50 paragraphs of Audit Reports as detailed in *Appendix XXXVI*) presented to the Legislature between April 1995 and December 1997 (10 reports), in June 2000 (one report) and April 2005 (one report) revealed that none of these departments sent the ATN to the Assembly Secretariat as of September 2006. Thus, the fate of the valuable recommendations contained in the said reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained in audit.

The matter was reported to Government in September 2006; reply had not been received (November 2006).



CHAPTER V
INTERNAL CONTROL SYSTEM AND
INTERNAL AUDIT

**Internal Control System and Internal Audit in Soil and
Water Conservation Department**

CHAPTER V : INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

SOIL AND WATER CONSERVATION DEPARTMENT

5.1 Internal Control System and Internal Audit in Soil and Water Conservation Department

Highlights

Internal control system is an integral process by which an organisation governs its activities to effectively achieve its objectives. A built-in internal control system and strict adherence to statutes, codes and manuals minimise the risk of errors and irregularities and helps to protect resources against loss due to wastage, abuse and mismanagement. An evaluation of the internal controls and internal audit system in the Soil and Water Conservation Department revealed weaknesses in internal controls in vogue in the Department, such as, non-compliance with rules, programme management, etc.

There were deficiencies in budgetary control leading to persistent savings, unsurrendered savings, delayed submission of budget estimates, etc.

(Paragraph 5.1.7)

Failure in control over expenditure resulted in delay in submission of accounts and diversion of funds.

(Paragraph 5.1.8)

Engagement of staff without proper infrastructure for their utilisation resulted in idle expenditure of Rs.1.12 crore.

(Paragraph 5.1.10)

5.1.1 Introduction

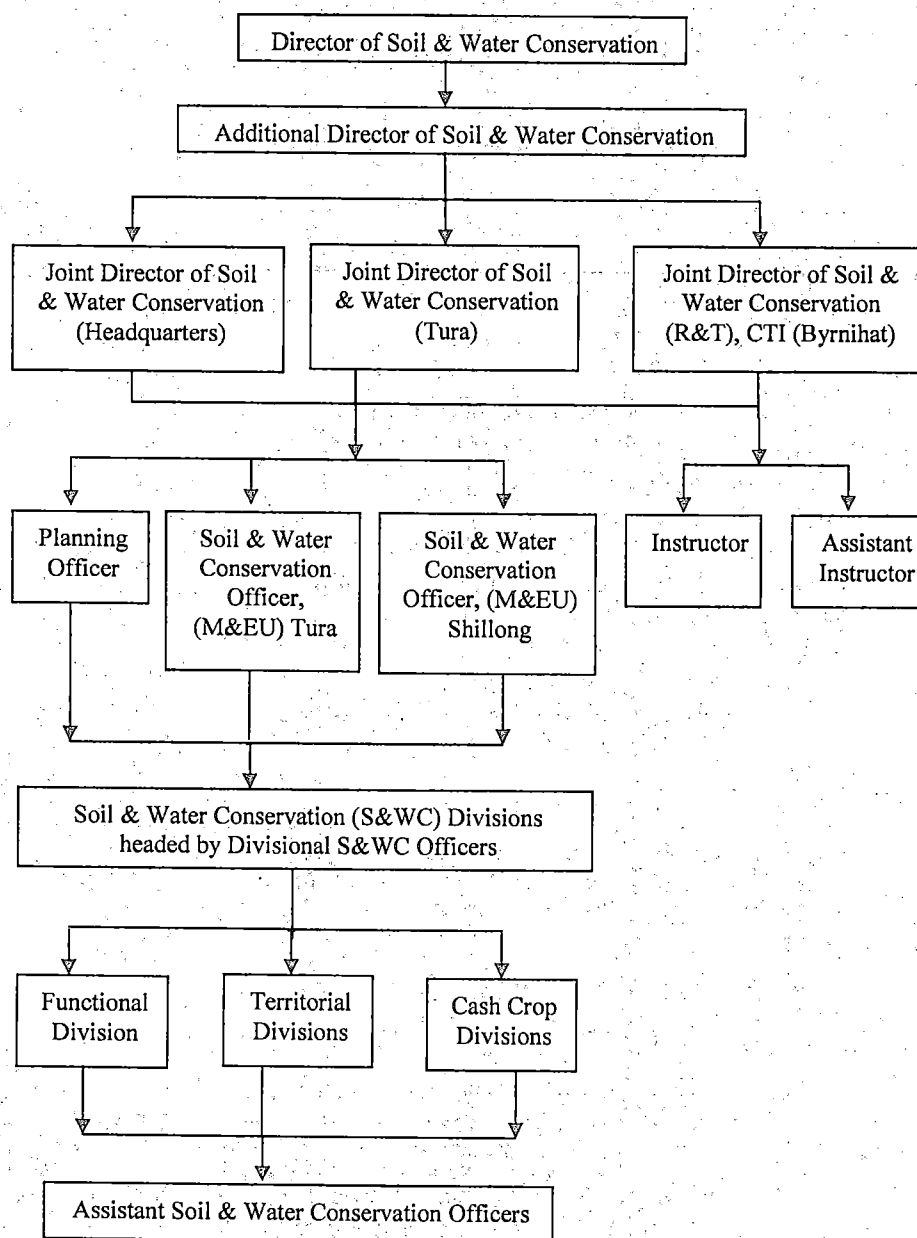
Internal controls provide reasonable assurance to the management that financial interests, assets and other resources of the organisation are safeguarded and reliable information is available. Internal auditors, as an independent entity, examine and evaluate the level of compliance with the departmental rules and procedures and provide independent assurance to the management on the adequacy or otherwise of the existing internal controls.

The primary objective of the Soil and Water Conservation (S&WC) Department is to check eco-system degradation and to ensure re-generation, conservation and management of vital natural resources as well as to initiate processes for sustainable development.

5.1.2 Organisational Set Up

At Government level, the Principal Secretary/Commissioner and Secretary of the S&WC Department is responsible for overseeing the functions of the department. The organisational set up of the Department is as under:

Chart 5.1



R&T : Research & Training.
 CTI : Conservation Training Institute
 M&EU : Monitoring & Evaluation

5.1.3 Audit Objectives

Audit objectives were to see whether the internal control system of the Department provides a reasonable assurance that the system is efficient to achieve its objectives through the following:

- Financial controls;
- Expenditure controls;
- Compliance with rules;
- Programme management;
- Manpower control; and,
- Effectiveness of internal audit.

5.1.4 Scope of Audit

Adequacy and effectiveness of the internal control system including internal audit arrangements in S&WC Department were reviewed in audit through a test-check (April–June 2006) of the records of the Commissioner and Secretary, S&WC Department, Director, Joint Director (HQ) and five Divisional Soil & Water Conservation Officers (DS&WCO)^(a) for the period from 2002-03 to 2005-06. Results of the review are discussed in the succeeding paragraphs.

5.1.5 Audit Criteria

The following criteria was used to assess the internal controls:

- Internal controls prescribed by the Department/Government;
- State Treasury Rules;
- Provisions of State Financial Rules; and,
- Rules and guidelines issued by Government from time to time.

5.1.6 Audit Methodology

Information furnished by the Department in response to audit queries and questionnaires were used as audit evidence. The audit findings were forwarded to the Commissioner and Secretary, Soil and Water Conservation Department in August 2006 for acceptance of facts and figures and offering of comments, if any.

^(a) Shillong (Territorial); Shillong (Cash crop); Ri-Bhoi; Tura (Territorial); Williamnagar.

5.1.7 Financial Control

5.1.7.1 Budgetary Control

Budget estimates and actual expenditure of the Department during 2002-03 to 2005-06 were as follows:

Table 5.1

(Rupees in crore)

| Year | Budget provision (Original plus Supplementary) | Actual expenditure | Savings (Percentage) | Amount surrendered | Unsurrendered savings (Percentage to total savings) |
|--------------|--|--------------------|----------------------|--------------------|---|
| 2002-03 | 23.84 | 20.01 | 3.83 (16) | 3.50 | 0.33 (9) |
| 2003-04 | 22.90 | 21.01 | 1.89 (8) | 1.69 | 0.20 (11) |
| 2004-05 | 23.45 | 22.67 | 0.78 (3) | 0.65 | 0.13 (17) |
| 2005-06 | 34.14 | 30.89 | 3.25 (10) | 2.17 | 1.08 (33) |
| Total | 104.33 | 94.58 | 9.75 | 8.01 | 1.74 |

Source: Appropriation Accounts (Grant No. 45).

The following shortcomings were noticed in budgetary control:

5.1.7.2 Persistent Savings

There were persistent savings in all the years during 2002-2006. Wide variations between budget provision and actual expenditure indicated flaws in budgeting particularly during 2002-03 when the shortfall in expenditure was 16 per cent.

5.1.7.3 Unsurrendered Savings

During 2002-2005, 9 to 17 per cent of the available savings were not surrendered. Failure of the controlling officers to surrender the savings to the Finance Department for utilisation for other purposes indicated inadequate control over budget. Non-surrender of savings was attributed (January 2007) by the Deputy Secretary (DS) of the Department to non-payment of anticipated arrears of pay in the revised scale, non-receipt of sanction, etc.

5.1.7.4 Unnecessary Demand for Supplementary Grant

According to the Budget Manual (adopted by the Government of Meghalaya), no supplementary demand will be accepted by the Finance Department unless it is accompanied by a specific statement to the effect that the existing provision under the appropriate Grant has been examined and it has been

found that there will be no saving available therefrom to meet the present need.

During 2004-05, savings of Rs.65 lakh was surrendered by the controlling officer despite obtaining supplementary provision for Rs.8 lakh. Evidently, the required statement was either not prepared by the concerned controlling officer or the same was defective, indicating absence of any analysis of the fund requirements.

The DS of the Department stated (January 2007) that the case was an exceptional one, which could not be foreseen. The reply is not acceptable since there were consistent savings in earlier years also and supplementary grants have to be justified and got approved by the Assembly.

5.1.7.5 Delayed Submission of Budget Estimates

The controlling officers (CO) are provided with blank forms by the Finance Department for submission of consolidated estimates within the prescribed date fixed by the latter.

Scrutiny revealed that submission of consolidated estimates for the years 2002-2006 by the CO to the administrative department was delayed by 10 to 66 days leading to delay in submission of the same to the Finance Department by the administrative department. The overall delay in submission of the estimates to the Finance Department was between 32 and 66 days leaving little scope for the Finance Department to scrutinise the same. Thus, there was lack of proper control at the level of the administrative department in processing the budget estimates.

5.1.8 Expenditure Control

5.1.8.1 Delays in submission of Accounts

According to the existing procedure, the Drawing and Disbursing Officers (DDO) are required to submit monthly accounts to the Accountant General (A&E) by 10th of the succeeding month.

Records maintained in the Directorate of S&WC showed that during 2005-06, there was considerable delay (up to 55 days) in the submission of monthly accounts. Records for other years were not produced to Audit. But repeated instructions from the Directorate to the DDOs for timely submission of monthly accounts indicated that there were persistent delays in submission of monthly accounts. This indicated lack of overall control of the Department over expenditure incurred by the DDOs.

The DS of the Department stated (January 2007) that submission of monthly accounts was delayed either due to holidays on account of festivals or personal

problems of the DDOs. The reply is not tenable because that is not a valid reason for non-submission of accounts.

5.1.8.2 Diversion of Funds

The Annual Plan Budget of 2005-06 included one time Additional Central Assistance (ACA) of Rs.3.50 crore for soil erosion control measures in river valley cultivation areas affected by flash floods. The Department sanctioned (March 2006) Rs.3.15 crore for implementation of the scheme. The balance amount of Rs.35 lakh was diverted by the DS&WCO on the advice of the Director for the Centrally Sponsored Scheme "Integrated Wasteland Development Programme" as the State's share for this programme.

The DS of the Department admitted that fact and stated (January 2007) that the mistake would not be committed in future.

5.1.8.3 Compliance with Rules

As per Rule 237 of Meghalaya Financial Rules, work done other than on a lump sum contract and supplies made should be measured before payment thereof is made. The details of measurement made should be systematically recorded in the Measurement Book (MB) which will form the basis of all accounts of quantities.

Audit scrutiny revealed the following cases of violation of the rules:

- Between September 2001 and March 2003 and in December 2005, the DS&WCO, Ri-Bhoi Soil Conservation Division incurred expenditure of Rs.8.83 lakh on construction of various structures. Though these works were susceptible to measurement, payments were made without recording detailed measurements in the MBs. Reasons for not recording the measurements were not on record.

The DS of the Department admitted the fact and stated (January 2007) that the mistake would not be repeated in future.

- Records of the East Garo Hills Division, Williamnagar showed that during March 2006, Adokgre Range under the Division incurred an expenditure of Rs.6.53 lakh on construction of various structures on the basis of entries in the MB as recorded in the monthly accounts. But the relevant pages of the MB, where the measurements were shown in the monthly accounts to have been recorded, were found blank. Evidently, the Divisional Officer did not verify the MB and thus, failed to exercise minimum control over works management.

The DS of the Department stated (January 2007) that during implementation of any scheme, the field staff come across innumerable problems including militancy, *etc.* and that there was no failure of internal control mechanism. Reply is not tenable because recording of

measurement in the MBs is meant to form the basis for releasing payment for the work done.

5.1.9 Programme Management

5.1.9.1 Inspection of Works

According to the existing procedure, inspection of works was to be carried out by officers at different levels in the districts to ascertain whether (i) the works were being implemented according to the original specification of the schemes, (ii) amount spent corresponds to the works executed, (iii) execution of the works were as per technical requirements and (iv) the benefits had accrued to the targeted beneficiaries. At the State level, such inspections were to be carried out by the Additional Director and the Joint Directors of S&WC. The Director was also to maintain a fortnightly diary for recording observations of his field inspections.

It was noticed from the records of the test-checked divisions that the inspection notes/diaries of DS&WCOs, Assistant Soil & Water Conservation Officers and Range Officers of Shillong (T) Division did not contain information on whether the works executed were as per approved estimates/norms/technical requirements and whether the benefits, if any, accrued to the targeted beneficiaries. Inspection reports/diaries were not made available by the Ri-Bhoi and Tura (T) Divisions.

Scrutiny of the inspection note of the Director (September 2003) revealed the following:

- Many works requiring maintenance by the beneficiaries had not been maintained properly;
- Works taken up and executed were not technically correct;
- There was over-smoking of rubber in some centres and the latex processing materials were not maintained properly;
- Tapping of rubber as well as processing were not up to the mark in many centres. Besides there was excess engagement of rubber tappers;
- Survival of seedling of *Jatropha* at Machangpani under Baghmara Division was poor with less than 30 *per cent* survival.

The above position indicated that programme management in the Department was not adequate.

The DS of the Department admitted (January 2007) that the programme management needs improvement for which necessary steps were being taken.

5.1.9.2 Civil Works

The Department prepared its working estimates on the basis of Schedule of Rates (SOR). As per the SOR, for construction of stone masonry retaining wall, breast wall and wing wall, a height of the wall for every one metre should be exposed till inspected by the supervising officer. Scrutiny of records revealed the following:

- During March 2006, the Range Officer, Laitlyngkot under Shillong (T) Division incurred expenditure of Rs.15.32 lakh on construction of protection wall at various locations without any record of inspection.
- As per sanction accorded (March 2006) by the Director, protection walls were constructed (March 2006) by the Range Officer, Jongchipara Range under Tura (T) Division at various locations in order to arrest soil erosion in river valley cultivable areas affected by flash floods. But the length and height of the protection walls at four locations^(b) (cost: Rs.3.50 lakh) were different from the estimated provisions.
- According to the sanctioned estimates, preliminary works of earthwork in excavation in foundation was a pre-requirement of various construction works, viz., irrigation dam, check dam, protection wall, etc. But irrigation dam, check dam, protection wall, etc. were constructed (March 2006) at various locations of Mendipathar Range (cost: Rs.4.89 lakh) without the required preliminary works. Structures so constructed without preliminary works, thus, remained substandard.

The above position indicated that programme management in the Department was deficient.

The DS of the Department admitted (January 2007) that the programme management needs improvement for which necessary steps were being taken.

5.1.10 Manpower Control

S&WC Divisions, Shillong (T) and Tura (T) had been engaging drivers, handymen and operators without having functional bulldozers, tractors and power tillers. During 2002-2006, the Department incurred expenditure of Rs.1.12 crore on pay of these staff, as detailed below:

^(b) (i) Roni stream at Ronipara, (ii) Lower Dabong of Anggaripara, (iii) Achri Stream at Mandagre and (iv) Dabong stream at Dajakaggre.

Table 5.3

| Name of Division | Designation of the staff | Number of staff | Position of machines | Number of idle staff | Average pay per month (Rupees) | Idle expenditure ^(c) (Rupees) |
|------------------|--------------------------|-----------------|--|----------------------|--------------------------------|--|
| Shillong (T) | Buldozer drivers | 2 | Off-road | 2 | 4,080 | 3,91,680 |
| | Buldozer handymen | 1 | | 1 | 3,060 | 1,46,880 |
| | Tractor drivers | 4 | Three off road and one transferred to Ri-Bhoi in 1993. | 4 | 4,080 | 7,83,360 |
| | Tractor handymen | 4 | | 4 | 3,060 | 5,87,520 |
| Tura (T) | Buldozer driver | 1 | No bulldozer since 1987 | 1 | 4,080 | 1,95,840 |
| | Buldozer handymen | 2 | | 2 | 3,060 | 2,93,760 |
| | Tractor drivers | 10 | Only two in running condition since 2001 | 8 | 4,080 | 15,66,720 |
| | Tractor handymen | 6 | | 4 | 3,060 | 5,87,520 |
| | Power tiller operators | 34 | No functional power tiller since 1983 | 34 | 4,080 | 66,58,560 |
| Total | | 64 | | 60 | | 1,12,11,840 |

Source: Information received from the divisional officers concerned.

The DS&WCO, Tura (T) stated (June 2006) that services of the drivers and handymen were being utilised in the departmental garage and those of power tiller operators in the ranges. The reply is not tenable as there were already a foreman and two mechanic cleaners in the departmental garage and ranges were sufficiently staffed. Reply from the DS&WCO, Shillong (T) was awaited (August 2006).

The DS of the Department stated (January 2007) that immediate termination of services of these staff was not possible and therefore, their services were being utilised elsewhere. The reply is not tenable because the Department should have taken steps to declare these staff as surplus.

Thus, engagement of staff without proper infrastructure for their utilisation indicated poor control over manpower management. This resulted in idle expenditure of Rs.1.12 crore incurred on pay of these staff.

5.1.11 Failure to Enforce Accountability for Non-settlement of Inspection Reports of the Accountant General

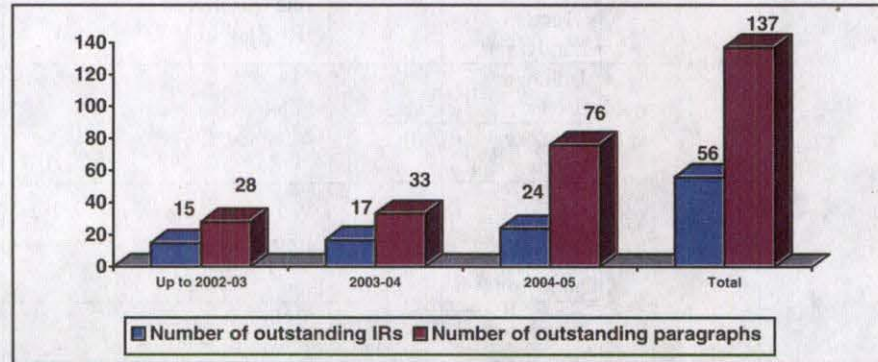
The irregularities noticed during the local audit conducted by the Accountant General (Audit) (AG) are communicated through Inspection Reports (IRs) to the Heads of offices inspected with a copy to the next higher authorities. A half-yearly report of pending IRs is sent by the AG to the Secretary of the

^(c) Number of idle staff x Average pay per month x 48 months (2002-2006).

concerned administrative department to facilitate monitoring of action on the reports.

As of July 2006, 137 paragraphs relating to 56 IRs relating to the Department were outstanding either due to non-receipt of replies or the replies being incomplete. The details are as under:

Chart 5.2



Large pendency of IRs indicated failure of the controlling officer to initiate action in regard to the points raised in the IRs. The concerned Secretary of the administrative department also failed to ensure timely action by the concerned controlling officers and thus the control of the administrative department on the controlling officer was not adequate.

The DS of the Department, while admitting the fact, stated (January 2007) that the Department was trying its level best to give replies to the audit paragraphs/observations on time.

5.1.12 Internal Audit

5.1.12.1 Inadequate Internal Audit

Internal audit is a useful tool to judge the efficiency of an internal control system. Government Notification of October 1990 empowers the Examiner of Local Accounts (ELA), Meghalaya to examine and carry out the audit of accounts of various Government departments.

According to the information furnished (May 2006) by the ELA, out of 16 units of the Department (including Directorate), audit was completed in respect of Soil Conservation Divisions, Tura (up to March 1991), Shillong (up to March 1999) and Jaintia Hills (up to March 2000). Reasons for not conducting audit of other units by the ELA had not been furnished.

Thus, adequacy and effectiveness of accounting and internal control systems of the Department as a whole remained un-evaluated.

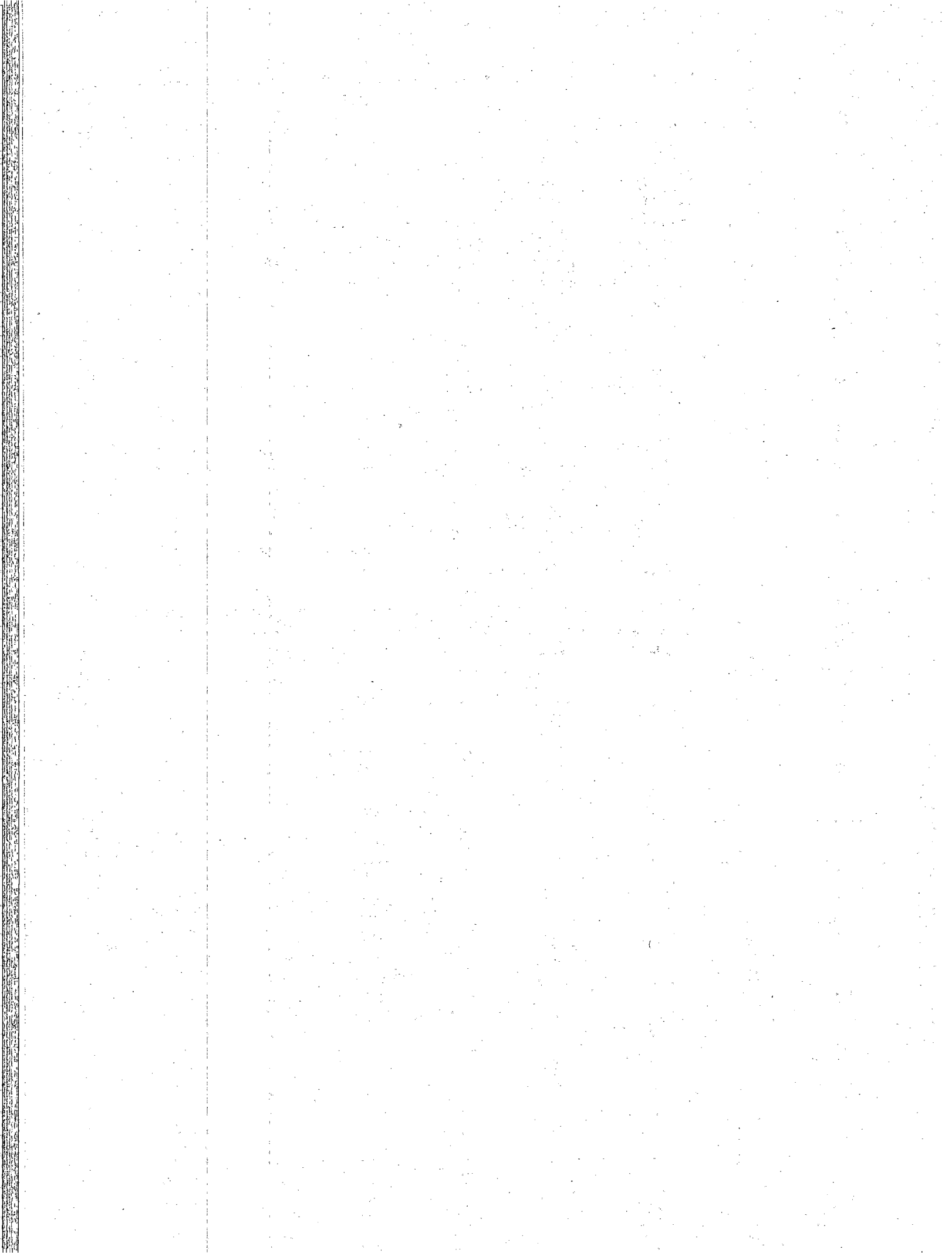
5.1.13 Conclusion

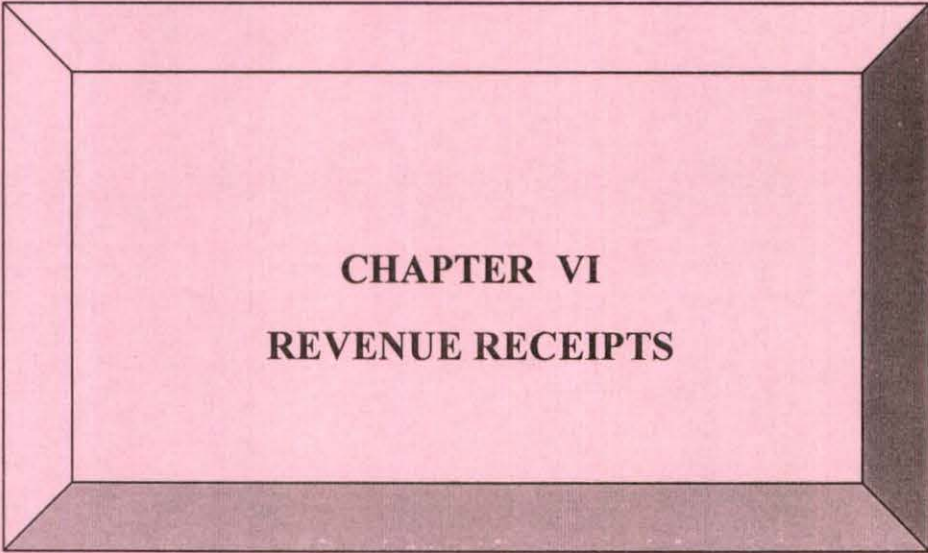
Internal controls were inadequate and ineffective in the Soil & Water Conservation Department. Arrangements for internal audit too were inadequate. Absence of proper internal control in the Department led to non-compliance with rules and non-observance of budgeting procedure. There was also absence of control over expenditure which led to diversion of funds. Poor control over manpower management resulted in idle expenditure incurred on pay of staff engaged in two Soil and Water Conservation Divisions.

5.1.14 Recommendations

On the basis of the shortcomings and deficiencies pointed out in the foregoing paragraphs, the following recommendations are made:

- Internal controls in the Department need to be strengthened with regard to finalising budgetary estimates on time and monitoring the expenditure.
- Works should be executed as per approved norms and measurement of works actually executed should be recorded in details and verified before making payment.
- Internal audit should be undertaken in respect of all units to evaluate the efficacy of the internal control system and the adequacy of the accounting system.





CHAPTER VI
REVENUE RECEIPTS

CHAPTER VI : REVENUE RECEIPTS

6.1 General

6.1.1 Trend of revenue receipts

The tax and non tax revenue raised by Government of Meghalaya during the year 2005-06, the State's share of divisible Union taxes and grants in aid received from Government of India during the year and the corresponding figures for the preceding four years are given below:

Table 6.1

| (Rupees in crore) | | | | | | |
|-------------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Sl. no. | Particulars | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| I. | Revenue raised by the State Government | | | | | |
| | ◦ Tax revenue ^(a) | 135.98 | 144.87 | 177.68 | 207.73 | 252.67 |
| | ◦ Non tax revenue | 94.09 | 92.78 | 128.95 | 133.49 | 146.01 |
| | Total : I | 230.07 | 237.65 | 306.63 | 341.22 | 398.68 |
| II. | Receipts from Government of India | | | | | |
| | ◦ State's share of divisible Union taxes | 164.83 | 176.11 | 225.08 | 269.04 | 350.57 |
| | ◦ Grants in aid | 728.48 | 875.17 | 867.12 | 935.87 | 997.69 |
| | Total : II | 893.31 | 1,051.28 | 1,092.20 | 1,204.91 | 1,348.26 |
| III. | Total revenue receipts of the State Government | 1,123.38 | 1,288.93 | 1,398.83 | 1,546.13 | 1,746.94 |
| IV. | Percentage of I to III | 20.48 | 18.44 | 21.92 | 22.07 | 22.82 |

The position of non plan grants given to the State by Government of India during the five year period ending March 2006 is as under:

Table 6.2

| (Rupees in crore) | |
|-------------------|---------------------------|
| Year | Amount of non plan grants |
| 2001-02 | 317.17 |
| 2002-03 | 407.74 |
| 2003-04 | 329.33 |
| 2004-05 | 360.82 |
| 2005-06 | 406.03 |

The share of non plan grants during 2005-06 was 40.70 per cent of the total grants in aid received from Government of India. Compared to 2001-02, non plan grants of the State increased by over 28 per cent mainly due to increase in receipt of grants by the State to cover deficit on non plan revenue account from Rs.321.83 crore in 2004-05 to Rs.376.67 crore in 2005-06.

^(a) Excluding share of net proceeds of taxes and duties assigned to State.

The details of tax revenue during the year 2005-06 along with the figures for the preceding four years are given below:

Table 6.3

(Rupees in crore)

| Sl. no. | Head of revenue | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | Percentage of increase (+) or decrease (-) in 2005-06 over 2004-05 |
|---------|--|---------|---------|---------|---------|---------|--|
| 1. | Sales tax | 59.78 | 71.67 | 83.37 | 106.35 | 159.65 | (+) 50 |
| | Central sales tax | 21.11 | 15.53 | 26.76 | 19.84 | 13.72 | (-) 31 |
| 2. | State excise | 41.69 | 44.95 | 52.80 | 62.70 | 59.16 | (-) 6 |
| 3. | Stamp duty and registration fees | 3.49 | 2.95 | 3.37 | 4.56 | 5.48 | (+) 20 |
| 4. | Taxes and duties on electricity | 0.01 | 0.02 | 0.03 | 0.03 | 0.04 | (+) 33 |
| 5. | Taxes on vehicles | 4.72 | 4.62 | 5.52 | 7.45 | 8.73 | (+) 17 |
| 6. | Taxes on goods and passengers | 1.61 | 1.63 | 2.02 | 2.66 | 2.76 | (+) 4 |
| 7. | Other taxes on income and expenditure – taxes on professions, trades, callings and employments, etc. | 0.90 | 0.92 | 0.97 | 1.02 | 1.17 | (+) 15 |
| 8. | Other taxes and duties on commodities and services | 2.00 | 2.26 | 2.35 | 2.83 | 1.63 | (-) 42 |
| 9. | Land revenue | 0.67 | 0.32 | 0.49 | 0.29 | 0.33 | (+) 14 |
| | | 135.98 | 144.87 | 177.68 | 207.73 | 252.67 | (+) 22 |

Increase under serial 1 & 5 above was mainly due to increase in receipts under taxes on sale of motor spirits, lubricants and taxes on trade and more receipts under the Motor Vehicle Act and other receipts respectively. Reasons for variations in respect of other heads of revenue though called for in November 2006 had not been furnished (November 2006).

The details of major non tax revenue raised during the year 2005-06 along with the figures for the preceding four years are given below:

Table 6.4

(Rupees in crore)

| Sl. no. | Head of revenue | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | Percentage of increase (+) or decrease (-) in 2005-06 over 2004-05 |
|---------|---|---------|---------|---------|---------|---------|--|
| 1. | Interest receipts | 5.26 | 4.66 | 5.61 | 7.75 | 6.67 | (-) 14 |
| 2. | Dairy development | 0.97 | 1.09 | 1.18 | 1.25 | 0.79 | (-) 37 |
| 3. | Forestry and wild life | 7.82 | 8.56 | 11.77 | 14.62 | 15.30 | (+) 5 |
| 4. | Non ferrous mining and metallurgical industries | 63.36 | 56.11 | 86.18 | 90.26 | 97.56 | (+) 8 |
| 5. | Miscellaneous general services (including lottery receipts) | 0.57 | 6.18 | 8.55 | 4.22 | 7.92 | (+) 88 |
| 6. | Education, sports, arts and culture | 0.62 | 0.76 | 0.80 | 0.45 | 0.55 | (+) 22 |
| 7. | Medical and public health | 0.41 | 0.55 | 0.62 | 0.61 | 0.70 | (+) 15 |
| 8. | Co-operation | 0.46 | 1.13 | 0.84 | 0.56 | 0.57 | (+) 2 |
| 9. | Public works | 4.16 | 3.63 | 3.66 | 5.10 | 4.33 | (-) 15 |
| 10. | Police | 1.41 | 1.53 | 1.42 | 2.26 | 3.65 | (+) 61 |
| 11. | Other administrative services | 4.11 | 3.41 | 0.91 | 0.75 | 1.21 | (+) 61 |
| 12. | Other agricultural programmes | 0.32 | 0.72 | 0.69 | 0.49 | 0.61 | (+) 24 |
| 13. | Crop husbandry | 1.71 | 1.40 | 1.57 | 1.76 | 1.99 | (+) 13 |
| 14. | Animal husbandry | 1.04 | 1.09 | 1.23 | 1.22 | 1.32 | (+) 8 |
| 15. | Others | 1.87 | 1.96 | 3.92 | 2.19 | 2.84 | (+) 30 |
| | | 94.09 | 92.78 | 128.95 | 133.49 | 146.01 | (+) 9 |

Increase under serial 4 was mainly due to more receipts under mineral concession fees, rents and royalties. Decrease under serial 1 & 9 was mainly due to less receipt of interest and other receipts. Reasons for variations in respect of other heads of revenue though called for in November 2006 had not been furnished (November 2006).

6.1.2 Variations between budget estimates and actuals

The variations between budget estimates and actuals of revenue receipts for the year 2005-06 in respect of principal heads of tax and non tax revenue are given below:

Table 6.5

(Rupees in crore)

| Sl. no. | Head of revenue | Budget estimates | Actuals | Variations excess (+) or shortfall (-) | Percentage of variation |
|---------|---|------------------|---------|--|-------------------------|
| 1. | Land revenue | 0.46 | 0.33 | (-) 0.13 | 28 |
| 2. | Sales tax | 128.50 | 173.37 | (+) 44.87 | 35 |
| 3. | State excise | 80.00 | 59.16 | (-) 20.84 | 26 |
| 4. | Stamp duty and registration fees | 4.40 | 5.47 | (+) 1.07 | 24 |
| 5. | Taxes and duties on electricity | 0.34 | 0.04 | (-) 0.30 | 88 |
| 6. | Taxes on vehicles | 6.66 | 8.73 | (+) 2.07 | 31 |
| 7. | Forestry and wildlife | 13.00 | 15.30 | (+) 2.30 | 18 |
| 8. | Non-ferrous mining and metallurgical industries | 98.50 | 97.56 | (-) 0.94 | 0.95 |
| 9. | Taxes on goods and passengers | 4.62 | 2.76 | (-) 1.86 | 40 |

Reasons for variations between budget provisions and the actuals under the above heads of revenue, though called for in November 2006, had not been furnished (November 2006).

6.1.3 Cost of collection

The gross collection under principal revenue receipt heads, expenditure incurred on collection and percentage of such expenditure to gross collection during the years 2003-04 to 2005-06 along with all India average percentage of expenditure on collection were as under:

Table 6.6

(Rupees in crore)

| Sl. no. | Head of revenue | Year | Collection | Expenditure on collection of revenue | Percentage of expenditure on collection | All India average percentage for the year 2004-05 |
|---------|-------------------|---------|------------|--------------------------------------|---|---|
| 1. | Sales tax | 2003-04 | 110.13 | 2.48 | 2.25 | 0.95 |
| | | 2004-05 | 126.28 | 2.73 | 2.16 | |
| | | 2005-06 | 173.37 | 3.22 | 1.86 | |
| 2. | State excise | 2003-04 | 52.80 | 3.12 | 5.91 | 3.34 |
| | | 2004-05 | 62.70 | 3.23 | 5.15 | |
| | | 2005-06 | 59.16 | 3.45 | 5.83 | |
| 3. | Taxes on vehicles | 2003-04 | 5.52 | 1.78 | 32.35 | 2.74 |
| | | 2004-05 | 7.45 | 2.13 | 28.59 | |
| | | 2005-06 | 8.73 | 2.29 | 26.23 | |

Figures as furnished by the department.

It can be seen from the table that the cost of collection under the above mentioned heads of revenue were much higher than the all India average for the year 2004-05.

6.1.4 Collection of sales tax per assessee

The number of assessees, sales tax revenue and sales tax revenue per assessee for the period from 2001-02 to 2005-06 was as follows:

Table 6.7

(Rupees in crore)

| Year | Number of assessees | Sales tax revenue | Revenue/assessee |
|---------|---------------------|-------------------|------------------|
| 2001-02 | 5,875 | 80.89 | 0.014 |
| 2002-03 | 5,883 | 87.20 | 0.015 |
| 2003-04 | 14,696 | 110.14 | 0.007 |
| 2004-05 | 15,398 | 126.28 | 0.008 |
| 2005-06 | 23,413 | 173.37 | 0.007 |

The above table reveals that with the introduction of value added tax, the number of small and medium assessees has gone up leading to increase in sales tax revenue. The position of revenue per assessee has, however, decreased as compared to previous year.

6.1.5 Arrears in assessment

The details of cases pending assessment at the beginning of the year 2005-06, cases due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year, as furnished by the department, are given below:

Table 6.8

| Names of tax | Opening balance | Cases due for assessment during the year | Total | Cases finalised during the year | Balance at the close of the year | Percentage of column 5 to 4 |
|--|-----------------|--|-----------------|---------------------------------|----------------------------------|-----------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Sales tax/Central sales tax/Luxury tax | 99,643 | 42,202 | 1,41,845 | 5,772 | 1,36,073 | 4.07 |
| Motor spirits tax | 3,217 | 1,185 | 4,402 | 154 | 4,248 | 3.50 |
| Total | 1,02,860 | 43,387 | 1,46,247 | 5,926 | 1,40,321 | 4.05 |

It would appear from above that the percentage of final assessments ranged between three and four *per cent* of the total assessments due upto 2005-06. Government has not fixed any norm quantifying the number of assessments to be completed by each assessing officer during a particular period.

6.1.6 Arrears of revenue

The arrears of revenue as on 31 March 2006 in respect of some principal heads of revenue amounted to Rs.37.71 crore of which Rs.31.75 crore was outstanding for more than five years as detailed in the table below:

Table 6.9

| Sl. no. | Head of revenue | Amount outstanding as on 31 March 2006 | (Rupees in crore) |
|---------|---------------------------|--|---|
| | | | Amount outstanding for more than five years as on 31 March 2006 |
| 1. | Sales tax | 22.13 | 18.45 |
| 2. | Purchase tax | 1.61 | 1.61 |
| 3. | Motor spirit | 0.61 | 0.31 |
| 4. | Electricity duty | 0.34 | - |
| 5. | Amusement and betting tax | 1.03 | 0.95 |
| 6. | Tax on luxuries | 0.01 | - |
| 7. | Passengers and goods tax | 0.95 | 0.05 |
| 8. | Taxes on profession, etc. | 0.02 | - |
| 9. | State excise | 0.31 | 0.31 |
| 10. | Land revenue | 2.90 | 2.27 |
| 11. | Geology and mining | 7.80 | 7.80 |
| | Total | 37.71 | 31.75 |

Particulars of arrears of revenue as on 31 March 2006 in respect of environment and forest and motor vehicles taxes though called for had not been received (November 2006).

6.1.7 Results of audit

Test check of records of sales tax, state excise, motor vehicles tax, other tax receipts, forest receipts and other non tax receipts conducted during the year 2005-06 revealed under assessments/short levy/non levy/loss of revenue amounting to Rs.399.78 crore in 123 cases. During the year the departments accepted assessments/short/non levy/loss of revenue of Rs.18.56 crore in 47 cases pointed out during 2005-06 and in earlier years and recovered Rs.0.10 crore. Reply had not been received in respect of the remaining cases (November 2006).

This chapter contains 33 paragraphs and one review on receipts from mines and mineral in Meghalaya involving Rs.251.96 crore and Rs.10.47 crore respectively. The departments/Government accepted 11 paragraphs and two sub paragraphs involving Rs.10.90 crore while 11 paragraphs and one sub paragraph involving Rs.53.65 crore had not been accepted. In respect of review, the department accepted seven sub paragraphs involving Rs.6.06 crore whereas one sub paragraph involving Rs.0.05 crore had not been accepted.

No reply has been received in respect of eight paragraphs and three sub paragraphs (November 2006).

6.1.8 Failure of senior officials to enforce accountability and protect interest of Government

The Principal Accountant General (Audit) Meghalaya, Arunachal Pradesh and Mizoram, Shillong conducts periodical inspection of various offices of Government departments to test check the correctness of assessments, levy and collection of tax and non tax receipts and verify the maintenance of accounts and records as per Acts, Rules and procedures prescribed by Government. These inspections are followed by inspection reports (IRs) issued to the heads of offices inspected with copies to the higher authorities. Serious irregularities noticed in audit are also brought to the notice of Government/head of the department by the Office of the Principal Accountant General (Audit) Meghalaya, Arunachal Pradesh and Mizoram, Shillong. A half yearly report regarding pending IRs is sent to the secretaries of the concerned Government departments to facilitate monitoring and settlement of audit objections raised in these IRs through intervention of Government.

Inspection reports issued upto December 2005 pertaining to offices under sales tax, state excise, land revenue, motor vehicles tax, other taxes, forest, stamps and registration, state lotteries, geology and mining departments disclosed that 976 objections relating to 210 IRs involving money value of Rs.1,411.17 crore remained unsettled at the end of June 2006. Of these, 87 IRs containing 214 observations involving money value of Rs.18.62 crore had not been settled for more than five years. The year wise position of old outstanding IRs and paragraphs is given in *Appendix XXXVII*.

In respect of 18 IRs involving money value of Rs.346.81 crore issued upto March 2006, even first reply from the department/Government had not been received (November 2006).

Report regarding position of old outstanding IRs/paragraphs was reported to Government in July 2006; reply had not been received (November 2006).

6.1.9 Response of the departments to draft paragraphs

The draft paragraphs are forwarded to the secretaries of the concerned departments through demi official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non receipt of replies from the departments is invariably indicated at the end of each such paragraph included in the Audit Report.

Out of 33 audit paragraphs and one review included in this chapter, the secretaries to Government furnished replies to 23 paragraphs in compliance to the request of audit (between May and September 2006) upto November 2006. As such 10 paragraphs and the review had been included without the response of Government.

6.1.10 Follow up on Audit Report – Summarised position

To ensure accountability of the executive in respect of all the issues dealt with in the various Audit Reports, the Public Accounts Committee (PAC) issued instructions in July 1993 for submission of *suo motu* replies by the concerned departments from 1986-87 onwards. As regards submission of action taken notes (ATN) on the recommendations of the PAC to the Assembly, the Committee specified the time frame as six weeks upto 32nd Report and six months in the 33rd Report.

Review of outstanding ATNs as of November 2006 on paragraphs included in the Reports of the Comptroller and Auditor General of India disclosed as under:

The departments of the State Government had not submitted *suo motu* explanatory notes on 157 paragraphs of Audit Reports for the years from 1992-93 to 2004-05 in respect of revenue receipts as shown below.

Table 6.10

| Year of Audit Report | Date of presentation of the Audit Report to the legislature | Number of paragraphs/ reviews included in the Audit Report | | Number of paragraphs/reviews for which <i>suo motu</i> replies are awaited | |
|----------------------|---|--|----------|--|----------|
| | | Para-graphs | Reviews | Para-graphs | Reviews |
| 1992-93 | 16 September 1994 | 6 | ... | 6 | ... |
| 1993-94 | 08 September 1995 | 8 | ... | ... | ... |
| 1994-95 | 20 September 1996 | 10 | ... | 4 | ... |
| 1995-96 | 07 April 1997 | 14 | 2 | 3 | 2 |
| 1996-97 | 12 June 1998 | 21 | 1 | 17 | 1 |
| 1997-98 | 09 April 1999 | 8 | 1 | 1 | ... |
| 1998-99 | 12 April 2000 | 8 | 1 | 8 | 1 |
| 1999-2000 | 07 December 2001 | 23 | 2 | 22 | 2 |
| 2000-01 | 01 April 2002 | 20 | 1 | 18 | 1 |
| 2001-02 | 20 June 2003 | 25 | ... | 8 | ... |
| 2002-03 | 11 June 2004 | 30 | 1 | 30 | 1 |
| 2003-04 | 14 October 2005 | 29 | ... | 27 | ... |
| 2004-05 | 27 March 2006 | 23 | ... | 5 | ... |
| Total | | 225 | 9 | 149 | 8 |

The departments failed to submit ATN on 29 out of 30 paragraphs pertaining to revenue receipts for the years from 1982-83 to 1997-98 on which recommendations had been made by PAC in their 16th to 33rd Reports presented before the State Legislature between December 1988 and June 2000, as detailed below:

Table 6.11

| Year of Audit Report | Number of paragraphs on which recommendations were made by PAC but ATNs are awaited | Number of PAC Report in which recommendations were made |
|----------------------|---|---|
| 1982-83 | 2 | 16 th |
| 1984-85 | 9 | 26 th 19 th |
| 1987-88 | 1 | 26 th |
| 1988-89 | 1 | 20 th |
| 1989-90 | 1 | 20 th |
| 1990-91 | 11 | 26 th 20 th |
| 1991-92 | 3 | 26 th 20 th |
| 1997-98 | 1 | 33 rd |
| Total | 29 | |

Thus, failure by the respective departments to comply with the instructions of the PAC, defeated the objective of ensuring accountability of the executive.

SECTION 'A' : REVIEW

MINING AND GEOLOGY DEPARTMENT

6.2 Receipts from mines and minerals

Highlights

Short/non realisation of royalty, cess, interest and penalty of Rs.8.95 crore against seven lessees.

(Paragraph 6.2.9)

Less realisation of royalty of Rs.3.03 crore and cess of Rs.12 lakh on limestone.

(Paragraph 6.2.10)

Unauthorised extraction of 3.09 lakh MT of limestone by an individual and four firms resulted in loss of royalty and cess of Rs.1.38 crore and fine of Rs.1.25 lakh.

(Paragraph 6.2.11)

A cement company purchased 1.24 lakh MT of coal from private suppliers who had not paid royalty of Rs.1.95 crore for the mineral sold.

(Paragraph 6.2.13.2)

Incorrect weight recording of coal trucks at Mookyndur check gate led to revenue loss.

(Paragraph 6.2.14)

6.2.1 Introductory

The State of Meghalaya is endowed with rich mineral deposits, particularly coal and limestone. Constitutionally, the State Government is the owner of the minerals and as such receives rent and royalty accruing from grant of prospecting and mining rights to individuals and firms. The Constitution of India, however, empowers the Indian Parliament to make laws for the regulation of mines and minerals. Under this power the Central Government enacted the Mines and Minerals (Development and Regulation) Act, (MMDR Act) 1957 and the Mineral Concession Rules (MC Rules), 1960. Subsequently, to mobilise additional revenue, the State Government introduced the Meghalaya Minerals Cess (MMC) Act, 1988.

6.2.2 Organisational set up

The directorate of mineral resources, Government of Meghalaya functions under the administrative department of Mining and Geology at secretariat level. The director of mineral resources (DMR) is responsible for planning and execution of geological investigations and levy and collection of revenue. He is assisted by a team of ministerial and technical staff, stationed at Shillong and by two divisional mining officers (DMOs) – posted at Jowai in Jaintia Hills district and Williamnagar in East Garo Hills district. Thirteen check gates have been set up at various locations in the State.

6.2.3 Audit objective

The review was conducted with a view to ascertain:

- effectiveness and efficiency of the system/mechanism for proper assessment, levy and collection of royalty, rents, fees, etc.,
- effectiveness of co-ordination among various departments and
- adequacy and effectiveness of internal control.

6.2.4 Scope of audit

The review was conducted through test check of records for the years 2000-01 to 2004-05 of the DMR, Shillong, the DMOs Jowai and Williamnagar and 13 check gates* records under the inspectors of mining, during January 2006 to March 2006. All units connected with the administration, execution and realisation of mineral revenue were also verified.

6.2.5 Production of coal and limestone

Table 6.12

| Year | Production in MT | | Percentage increase/decrease over previous years production | |
|-----------|------------------|-----------|---|-----------|
| | Coal | Limestone | Coal | Limestone |
| 1999-2000 | 40,60,101 | 4,93,580 | | |
| 2000-01 | 40,64,992 | 4,99,601 | (+) 00.12 | (+) 01.22 |
| 2001-02 | 51,49,354 | 5,84,963 | (+) 26.67 | (+) 17.09 |
| 2002-03 | 44,05,907 | 6,41,000 | (-) 14.44 | (+) 09.58 |
| 2003-04 | 54,39,268 | 7,21,750 | (+) 23.45 | (+) 12.60 |
| 2004-05 | 53,45,190 | 6,54,973 | (-) 01.73 | (-) 09.25 |

The percentage of increase/decrease in production of coal and limestone reflected an unstable/erratic trend. Such fluctuations in production could not be investigated as the local land tenure system permits individual land owners to perform mining activities without Government interference. Thus, the

* Check gates

- (i) Byrnihat, (ii) Borsora, (iii) Daluagre, (iv) Dawki, (v) Dainadubi, (vi) Garampani, (vii) Gasuapara, (viii) Mookyndur, (ix) Mahendraganj, (x) Masangpani, (xi) Nidanpur, (xii) Riangdoh (Athiabari) and (xiii) Umkiang

Mining and Geology Department has neither any control over the extractions nor can set any targets for production of minerals.

6.2.6 Trend of revenue collection

The trend of revenue collected by the department in the form of royalty, dead rent, cess, fees and penalty *etc.* during the years 2000-01 to 2004-05 is detailed below:

Table 6.13

| Year | Budget estimate | Actual realisation | (Rupees in crore) | |
|---------|-----------------|--------------------|------------------------------------|--|
| | | | Excess (+) Less realisation (-) | Percentage of excess or less realisation |
| 2000-01 | 62.00 | 50.22 | (-) 11.78 | 19.00 |
| 2001-02 | 68.00 | 63.36 | (-) 4.64 | 6.82 |
| 2002-03 | 73.44 | 56.11 | (-) 17.33 | 23.59 |
| 2003-04 | 82.30 | 86.18 | (+) 3.88 | 4.71 |
| 2004-05 | 88.88 | 90.26 | (+) 1.38 | 1.55 |

The shortfall in realisation during the period 2000-01 to 2002-03 ranged between 6.82 and 23.59 *per cent.* The department attributed (March 2006) reasons for shortfall in revenue collection during the aforesaid period to less movement of coal and limestone carriers.

Internal Control Mechanism

6.2.7 Internal audit

The department did not have an internal audit organisation. The internal audit organisation functioning under the Examiner of Local Accounts is responsible for conducting internal audit of the State Government departments. It was, however, noticed that no internal audit had ever been conducted to evaluate the system of working of the directorate and suggest ways and means to plug leakage of revenue.

6.2.8 Formation of vigilance squad

Government of Meghalaya, Mining and Geology Department on 29 August 2002 directed the DMR, Meghalaya to constitute a vigilance squad. In pursuance of Government directive, a vigilance squad was constituted in October 2002 comprising of the DMR, Joint Director of Mineral Resources and Financial Adviser, Mining and Geology Department. The team was to start functioning with immediate effect.

Test check of records revealed that the vigilance squad had never conducted any surprise check. DMR admitted that due to various official preoccupations, the personnel of the squad could never assemble to conduct such checks.

Thus, the squad existed only on paper and defeated the very purpose for which it was constituted. Absence of surprise checks was one of the reasons that resulted in revenue losses as pointed out in the following paras.

Demand and Levy

6.2.9 Short / non realisation of royalty, cess and dead rent on limestone

Under section 9A of the MMDR Act, a lessee is liable to pay either the prescribed royalty on any mineral removed/consumed or dead rent in respect of the leased area, whichever is higher. Rule 64A of the MC Rules provides that, if the dues payable by the lessee are not paid within the time specified for such payment, simple interest at the rate of 24 *per cent* per annum may be charged on any amount remaining unpaid from the sixtieth day of the expiry of the date fixed for payment of such dues. Under the provisions of the MMC Act 1988, cess on limestone was fixed at Rs.5 per tonne with effect from 01 April 1992. Government of Meghalaya, Geology and Mining Department, executed mining lease agreements with seven lessees between January 1986 and January 2005 for extraction of limestone and coal. The terms and conditions of the agreements stipulated *inter alia*, that in event of failure to pay the dues, the lessees shall pay penalty not exceeding twice the amount of dues.

6.2.9.1 Cross check of records of the Registrar of Companies (ROC), North Eastern Region (NER), Shillong revealed that lessees 'A' and 'B' extracted 0.70 lakh tonne and 1.72 lakh tonne of limestone involving royalty of Rs.28.06 lakh and Rs.74.04 lakh, for manufacture of cement between January 2004 and June 2005. Records of the DMR, Shillong, however, disclosed that these lessees paid dead rent of Rs.0.05 lakh and Rs.0.34 lakh respectively. This resulted in short realisation of royalty of Rs.1.02 crore in addition to cess of Rs.12.10 lakh and interest of Rs.26.21 lakh.

6.2.9.2 Test check of records of DMR, Shillong revealed that lessees 'C' and 'D' extracted and sold 3.78 lakh tonne and 1.13 lakh tonne of limestone between April 2002 and June 2005. No royalty was paid by any of the two lessees. Cess was, however, paid by lessee 'C'. The department did not initiate any action against the defaulters for realisation of royalty of Rs.1.95 crore, cess of Rs.5.65 lakh from lessee 'D' and interest of Rs.45.81 lakh. Besides, maximum penalty of Rs.3.89 crore could also be levied.

6.2.9.3 Test check of records of DMR, Shillong revealed that lessees 'E', 'F' and 'G' did not extract any mineral from the leased areas and, as such, were liable to pay dead rent of Rs.0.67 lakh, Rs.31.55 lakh and Rs.3.50 lakh respectively between January 2002 and June 2005. Only lessee 'E' paid dead rent of Rs.0.48 lakh belatedly on 31 March 2005 thereby leaving a balance of Rs.0.19 lakh. For non payment/belated payment of dead rent, interest of Rs.14.07 lakh was leviable against which interest of Rs.0.09 lakh was levied and collected from lessee 'E'. Thus, there was non realisation of dead rent of

Rs.35.24 lakh and interest of Rs.13.98 lakh. Besides, penalty of Rs.70.48 lakh could also be levied.

Thus, failure of the department to monitor the mining activities of the lessees resulted in non realisation of Government revenue of Rs. 4.36 crore and penalty of Rs.4.59 crore.

6.2.10 Royalty and cess less realised on limestone due to absence of proper mechanism

In Meghalaya, royalty on limestone is collected both by the DMR and the Forest Department (FD) while cess on limestone is exclusively realised by DMR. Government has not demarcated the jurisdiction of these two departments as regards collection / realisation of royalty.

Test check of records of the DMR revealed that 33.10 lakh metric tonne (MT) of limestone involving royalty of Rs.13.21 crore and cess of Rs.1.65 crore was removed/ consumed by lessees and private parties from the State during April 2000 to March 2005. DMR collected royalty of Rs.4.81 crore on 13.14 lakh MT of limestone extracted by the lessees while FD collected royalty of Rs.5.38 crore on 13.25 lakh MT. No royalty was realised by DMR on the remaining quantity of 6.71 lakh MT¹ of limestone. Thus, revenue of Rs.3.03 crore² remained unrealised. Particulars regarding lessees/private parties against whom royalty was outstanding were not on record. There was no mechanism available with DMR to check the quantity of mineral extracted by private parties. In addition, cess of Rs.1.53 crore was realised by DMR against Rs.1.65 crore³ realisable. This resulted in non realisation of cess of Rs.12 lakh.

DMR while accepting the observation stated that proper check on limestone could be exercised only when administration and collection is bestowed on a single department.

6.2.11 Unauthorised extraction of limestone

Sections 4(1) and 4(1-A) of the MMDR Act provide that, no person shall undertake reconnaissance, prospecting or mining operations or store or cause to be transported any mineral unless a prospecting licence or mining lease is granted by the State Government. Further, under Section 21(1) of the Act, whoever violates the provisions of Sections 4(1) and 4(1-A), shall be punishable with imprisonment for a term which may extend to two years or fine which may extend to Rs.25,000 or both. To prevent transportation of illegally extracted minerals, check gates have been set up at different locations in the State.

¹ 33.10 lakh MT-(13.14 lakh MT + 13.25 lakh MT)

² Rs. 13.21 crore -(Rs.4.81 crore + Rs. 5.38 crore)

³ 33.10 lakh MT of limestone extracted X Rs.5 per MT

6.2.11.1 Test check of records disclosed that the Member Secretary, Meghalaya State Pollution Control Board, Shillong in July 2005 intimated DMR, Shillong that illegal open cast quarrying of limestone was being carried on at Dapgre A' King in South Garo hills by an individual from Assam. As per enquiry conducted by the department, land measuring 0.3 sq km was illegally under mining operation since 1991-92. Limestone was transported in 10 to 15 trucks per day during the dry season and five to six trucks per day during the rainy season. The above facts indicate that not only did the DMR fail to detect unauthorised extraction in time, but check gates also did not report transportation of illegal extraction of limestone of at least 1.64 lakh MT to the department. The case was reported on 17 October 2005 by DMR to Government but till date no action had been initiated. This led to minimum loss of revenue of Rs.73.43 lakh (royalty Rs.65.22 lakh and cess Rs.8.21 lakh) during the last five years ending 31 March 2005. Besides, fine of Rs.25,000 was also leviable.

6.2.11.2 Scrutiny of records of the ROC, NER, Shillong revealed that four firms extracted and utilised 1.45 lakh MT of limestone between April 2000 and March 2004. Records of DMR, Shillong, however, disclosed that no prospecting licence or lease or permit was granted to any of these firms for extraction/sale/use of limestone from any area of the State nor had any of the firms paid royalty and cess on the limestone extracted. The departmental machinery failed to detect the extraction. This resulted in unauthorised extraction of limestone involving royalty of Rs.57.26 lakh and cess of Rs.7.27 lakh. Besides, fine of Rs.1 lakh was also leviable.

DMR while admitting the revenue loss stated that the DMOs and inspectors would be directed to keep a strict vigil and ensure that such cases do not recur.

6.2.12 Non cancellation of lease agreements of unoperated mines

Section 4A (4) of the MMDR Act lays down that where the holder of a mining lease fails to undertake mining operations for a period of two years after the date of execution of the lease or having commenced mining operations, had discontinued the same for a period of two years, the lease shall lapse on the expiry of the period of two years from the date of execution of the lease or, as the case may be, discontinuance of the mining operations.

Test check of records revealed that three lease agreements were drawn up with lessees A, B and C. Thereafter, none of the lessees extracted any limestone from their respective areas. Thus, all the three lessees have held their mining leases idly for periods ranging between 15 years and 20 years as detailed below:

Table 6.14

| Firm | Date of execution | Area (hectares) | Location | Mineral reserve (Million tonnes) | Remarks |
|------|-------------------|-----------------|-------------------|----------------------------------|---------------------------------|
| A | 17-01-1986 | 86.000 | Darrang Era Aning | 8.8 | Lease expired on 16-01-2006 |
| B | 23-12-1988 | 11.083 | Latyrke | 2.6 | Lease will expire on 22-12-2008 |
| C | 27-11-1990 | 384.000 | Siju | 38.32 | Lease will expire on 26-11-2010 |

Despite the lapse, Government/ DMR failed to cancel the lease agreements. This not only negated the provisions of the Act but also resulted in blockage of revenue in the form of royalty due to non extraction of minerals.

DMR stated that Government had been apprised of the matter and a decision/direction from the latter was awaited.

6.2.13 Short/non realisation of royalty on coal

A register of coal transport challans (CTC) is to be maintained by the DMR wherein details of CTCs issued to coal dealers /firms/companies and advance royalty realised thereon are recorded. The DMR, Shillong notified in September 1995 that non payment of royalty in advance on the quantity of coal transported would entail payment of penalty varying from 25 per cent to 100 per cent of the rate of royalty.

6.2.13.1 Test check of CTC records of DMR, Shillong revealed that a coal trader 'X' paid an amount of Rs.61.35 lakh and Rs.1.40 crore as royalty on coal despatched outside the State during 2002-03 and 2003-04 respectively. Cross check of records of ROC, NER, Shillong however, disclosed that royalty of Rs.67.95 lakh and Rs.1.59 crore was deposited during 2002-03 and 2003-04 respectively. Thus, the licensee disclosed incorrect particulars of despatch of coal in his returns to DMR, resulting in short realisation of royalty of Rs.6.60 lakh during 2002-03 and Rs.18.64 lakh during 2003-04.

After this was pointed out, DMR stated that demand notice had been issued to the trader for payment of balance dues.

6.2.13.2 Test check of records of the Superintendent of Taxes (ST) Shillong revealed that between April 2001 and March 2004, a cement company utilised 1,24,397.40 MT of coal purchased from 2,280 private suppliers. Cross check of CTC register in DMR, Shillong disclosed that neither any CTC had been issued nor any royalty realised from these private suppliers for the said supply. Thus, there was unauthorised extraction leading to non realisation of royalty of Rs.1.95 crore. Besides, minimum penalty of Rs.49 lakh was also leviable.

After this was pointed out, DMR stated that demand notices would be issued to the suppliers.

6.2.13.3 Test check of records of the mineral check gate at Umkiang revealed that 4.72 lakh MT coal was despatched outside the State in 29,496 trucks between February 2004 and July 2005 and royalty plus penalty was realised on the same. A cross check of records of the sales tax check gate at Umkiang for the same period, however, disclosed that 4.74 lakh MT coal was actually despatched through 29,608 trucks in course of interstate trade. Thus, despatch of 1,901 MT of coal escaped notice. This resulted in short realisation of royalty of Rs.3.14 lakh. Besides, minimum penalty of Rs.0.78 lakh was also leviable.

After this was pointed out, DMR admitted that lack of co-ordination between check gate staff of two departments led to loss of revenue and stated that corrective measures would be taken to check such lacuna. Further reply is awaited (November 2006).

6.2.14 Incorrect weight recording at check gate

As a measure of control and to ensure that no mineral is extracted and transported without full payment of royalty, the DMR, Meghalaya posted mines royalty inspectors in charge of check gates. In Meghalaya, coal is mainly transported through the Mookyndur check gate where coal laden trucks are weighed at the weighbridge set up by the Jaintia Hills Autonomous District Council (JHADC). This weighment is obligatory as per agreement drawn up between Government and the district council. Weighment certificates are issued by the personnel in charge of district council weighbridge and royalty plus penalty is collected by the DMR staff based on such weighment.

During test check of records, it was noticed that the DMR staff conducted random surprise check, in Mookyndur check gate, in five spells during the years 2002-03 to 2004-05. On these five occasions 223 coal trucks were checked. The total weight carried by these trucks was found to be 3,504.262 MT against 2,458.712 MT recorded in the weighment certificates issued by the JHADC personnel. Due to incorrect recording there was a revenue loss of Rs.2.06 lakh⁴. As per census report, 4,54,396 coal trucks passed through the

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| Rupees in lakh | | | | | | | | |
|----------------|-------------|-----------|---------------|------------------------------|---|-------------|-------------|-------------|
| Sl. no. | Period from | Period to | No. of trucks | Weight recorded by DMR staff | Weight as per Weighment Certificate issued by JHADC staff | Amount | Penalty | Total |
| 1. | 15-03-03 | 18-03-03 | 31 | 692.529 | 512.44 | 0.22 | 0.05 | 0.27 |
| 2. | 13-10-03 | 13-10-03 | 109 | 912.984 | 444.502 | 0.77 | 0.20 | 0.97 |
| 3. | 17-10-04 | 22-10-04 | 83 | 1,898.749 | 1,501.77 | 0.66 | 0.16 | 0.82 |
| 4 | 25-10-04 | 30-10-04 | | | | | | |
| 5 | 01-11-04 | 05-11-04 | | | | | | |
| Total | | | | 3,504.262 | 2,458.712 | 1.65 | 0.41 | 2.06 |

check gate during 2002-03 to 2004-05. Based on the sample checks carried out by the department, the projected loss amounted to Rs.41.69 crore⁵.

After this was pointed out, DMR while accepting the observation opined that such loss of revenue could be avoided if the weighbridge was set up and manned by departmental staff. This matter had also been brought to the notice of Government by the department from time to time. However, no action was taken by Government. Thus, non adoption of any corrective measures like terminating the agreement with the non Government organisation resulted in loss of revenue.

Collection and accountal

6.2.15 Short deposit of revenue

Under the Meghalaya Finance Rules, Government revenue shall be directly deposited to the Consolidated Fund (CF) of the State through treasury challan either by the Government officer who receives or by the person who tenders such dues. Further, the Constitution of India provides that no money out of the CF of the State shall be appropriated except in accordance with the law enshrined in the Constitution. Clause 5 of the agreement between the Secretary of State for India in Council and the Reserve Bank of India and continued in operation by virtue of sub-section (a) of Section 177 of the Government of India Act, 1935 states that the bank shall not be entitled to any remuneration for the conduct of ordinary banking business of the Governor General in Council other than such advantage as may accrue to it from the holding of his cash balances free of obligation to pay interest thereon.

Test check revealed that revenue collected at four check gates under the DMOs, Jowai and Williamnagar were deposited at designated bank branches. These were subsequently withdrawn in the form of bank drafts and transferred to Government account/treasury. This process, however, involved a sizeable amount as bank commission. During the years 2000-01 to 2004-05, revenue to the tune of Rs.26.55 crore was collected by those check gates and deposited to the designated banks. Out of the revenue so collected, Rs.26.50 crore was transferred to Government account by way of bank drafts while Rs.0.05 crore** was spent as commission for the bank drafts.

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(Rupees in crore)

| Year | Average difference | No. of trucks | Total MT less reflected | Royalty | Penalty | Total |
|--------------|--------------------|-----------------|-------------------------|--------------|-------------|--------------|
| 2002-03 | 5.809 | 1,33,175 | 7,73,613.58 | 9.28 | 2.32 | 11.60 |
| 2003-04 | 4.298 | 1,60,264 | 6,88,814.67 | 11.37 | 2.84 | 14.21 |
| 2004-05 | 4.7828 | 1,60,957 | 7,69,825.14 | 12.70 | 3.18 | 15.88 |
| TOTAL | | 4,54,396 | 22,32,253.39 | 33.35 | 8.34 | 41.69 |

| ** Name of check gate | DMO | Period | Total revenue collected (Rs.) | Revenue deposited (Rs.) | Bank Commission (Rs.) |
|-----------------------|-----------|--------------------|-------------------------------|-------------------------|-----------------------|
| Williamnagar | Dainadubi | 2000-01 to 2004-05 | 15,95,76,912.00 | 15,92,80,490.00 | 2,96,422.00 |
| Umkiang | Jowai | 2004-05 | 10,59,59,818.00 | 10,57,58,312.00 | 2,01,506.00 |
| Mookyndur | -do- | 2004-05 | | | |
| Dawki | -do- | 2004-05 | | | |
| TOTAL | | | 26,55,36,730.00 | 26,50,38,802.00 | 4,97,928.00 |

Thus, not only was there unauthorised appropriation of revenue (for processing bank drafts) without valid appropriation from the legislature but also undue payment of bank commission in violation of the provision of the agreement *ibid.* DMR stated that the system was adopted as per Government orders. The reply is not tenable as Government did not order for payment of commission out of revenue collected.

6.2.16 Non initiation of certificate proceedings

Under the MMDR Act and the MC Rules, royalty, dead rent and other mining dues are required to be paid within a prescribed period. In case the same are not paid within the prescribed period, and their realisation is found impossible through the normal mode of recovery, these may, on a certificate of such officer as may be specified by the State Government, be recovered in the same manner as arrears of land revenue.

Test check of the demand, collection and balance register revealed that revenue of Rs.8.73 crore was in arrear for more than five years as detailed below:

Table 6.15

| Year from which outstanding | Number of cases | No. of cases pending | Rupees in crore |
|-----------------------------|-----------------|----------------------|-------------------|
| | | | Amount involved |
| 1994-1995 | 237 | 237 | 7.80 ⁶ |
| 1995-1996 | 01 | 01 | 0.07 |
| 1999-2000 | 01 | 01 | 0.86 |
| Total | 239 | 239 | 8.73 |

No certificate proceedings had been initiated against the defaulting individuals, firms and companies.

After this was pointed out, the DMR admitted that no case had been referred to the certificate officer during the last decade. Reasons for non initiating certificate proceedings could not be furnished. This resulted in Rs.8.73 crore remaining unrealised.

Environment vis-à-vis coal mining

6.2.17 Environmental impact/hazard due to unscientific coal mining

In Meghalaya, the local land ownership system permits individual land owners to perform mining activities without legislative interference. Individuals

⁶ The arrears had accumulated due to decision of single bench of High Court directing the coal traders to deposit 50 *per cent.* of the royalty on coal imposed by Central Government. However this order was quashed by a division bench of High Court in its interim order dated 20-06-1995 followed by a final decision on 09-11-1998 stating that the Central Government under Sec 9(3) of MMDR Act is entitled to reduce or enhance the rate of royalty on coal. Thus the traders were directed to pay royalty as per rate fixed by the Central Government. None of the traders paid the arrear royalty.

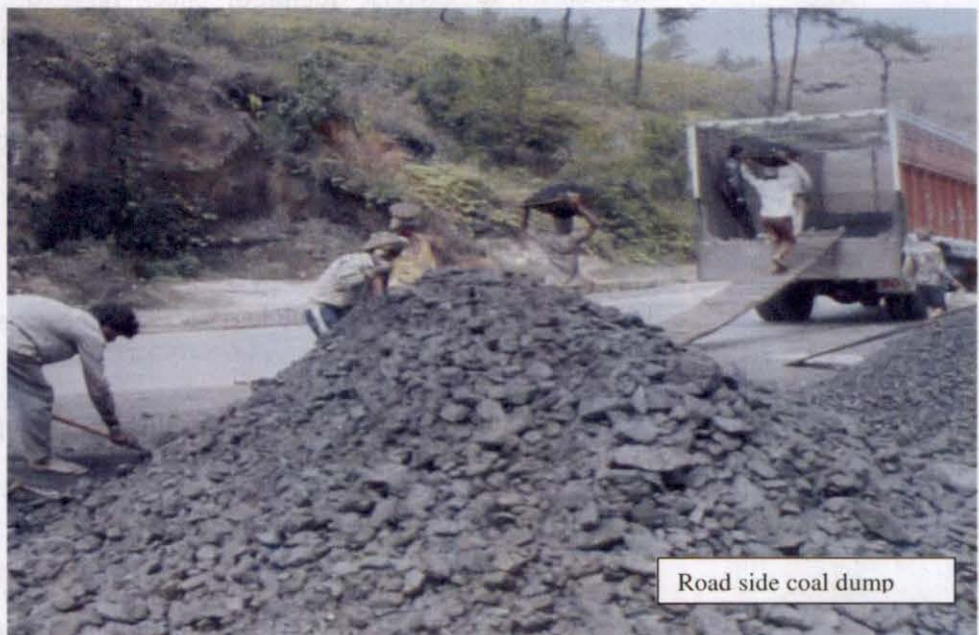
generally conduct mining on small plots of land. The coal deposits in Meghalaya are mostly of bedded type and the seams are thin in nature and are generally found at shallow depths. Coal mining operations are performed by traditional rat-hole method in which a small tunnel, which runs parallel to the ground surface, is dug in the hills. After extraction of coal, the rat holes are never filled up. Coal before sale is spread along the roadside throughout the coal belt.



The mining practices produce irreversible negative impacts on the surface as well as ground water quality which is mostly polluted due to the discharge of acid mine drain and coal dump run offs. These effluents contaminate water by the process of leaching which makes the water highly acidic. This discharge of environmental pollutants on inland and surface waters violates the general standards restricting the pH values between 3.5 and 4.5 only. The rivers and streams have become totally unfit even for the propagation of aquatic life, which requires pH values in the range of 5.5 to 9.0. Washing of coal prior to loading in trucks for export adds to water pollution.



Although the mining activity itself does not contribute much towards air pollution but its associate activities like handling, storage and transportation degrade the ambient air quality quite considerably. The problem gets magnified because coal is transported through open-top trucks generating pollutants like suspended particulate matter.



Thus, unplanned and unscientific coal mining activities in the State, which started about a century ago, have achieved dangerous dimensions and are creating ecological disturbances and negative environmental impact.

Mining activities across the country are regulated by the Indian Bureau of Mines. In Meghalaya, there is no regulatory authority. As a result, large areas of abandoned mines have now turned into wastelands. The abandoned mines are empty inside and as such are potential environmental hazards as they could cave in and cause disaster.

Although Government has no control over the mining system, it can take adequate measures through regular interactions to make people aware of the negative aspects of traditional methods of mining, extraction and transportation.

6.2.18 Acknowledgement

Audit findings as a result of checking of records were reported in April 2006 to Government and DMR with a specific request to attend the meeting of Audit Review Committee so that the viewpoint of Government and the department could be taken into account before finalising the review. The meeting was held in April 2006 with the Director. No official representing Government attended the meeting. The results of discussion have been included in the review paragraphs. Adequate co-operation was extended during the conduct of the review by the auditee department.

6.2.19 Conclusion

Above facts reveal that inter departmental co-ordination which is an effective mechanism to exercise foolproof check on extraction of minerals needs strengthening. This lacuna coupled with the fact that the vigilance squad never conducted any surprise checks, resulted in indiscriminate illegal mining, extraction and despatch of minerals without payment of revenue. Though the department failed to recover the arrear revenue, no certificate proceedings were initiated.

6.2.20 Recommendations

To check the recurring revenue loss / leakage the department may consider the following recommendations:

- Internal control system should be strengthened and vigilance squad should be made functional;
- Certificate proceedings should be initiated;
- Proper/adequate coordination may be established among departments dealing with collection of mineral receipts;
- Timely action should be initiated to cancel lease agreements that have remained inoperative.

SECTION 'B' : PARAGRAPHS

ENVIRONMENT AND FOREST DEPARTMENT

6.3 Loss of revenue

Loss of revenue of Rs.1.15 crore as three *mahals* remained inoperative due to non receipt of settlement orders from Government.

As per Assam Settlement of Forest and Mahals by Tender System Rules, 1967 (as adopted by Government of Meghalaya), *mahals* are to be settled by inviting tenders. Sand/stone in a river bed is in constant process of accumulation and depletion due to river current. If a *mahal* is not worked during the specified working period, the sand/stone is carried away by the river current and does not, therefore, become available later.

Test check of records of the Divisional Forest Officer (DFO), Khasi Hills forest division, Shillong revealed in December 2004 that three *mahals* were offered for sale in August 2003 for the working period 2003-05 with a stipulated quantity of 42,000 cubic meter (cum) of sand/stone for each *mahal*. The highest offers received were Rs.25 lakh, Rs.71.40 lakh and Rs.19.07 lakh respectively. The tender papers were accordingly forwarded in September 2003 to Government for approval on collection of 10 *per cent* security deposit. In spite of repeated requests by the DFO, none of these *mahals* were settled for want of approval from Government till January 2006. As the working period of the *mahals* had already expired, the *mahals* remained inoperative during the entire period of 2003-04 and 2004-05. Thus, apathy on the part of Government to settle the *mahals* in time resulted in minimum loss of revenue of Rs.1.15 crore calculated at the offered value of *mahals* for the year 2003-05.

After this was pointed out in February 2005, Government stated in December 2006 that out of three *mahals* only one *mahal* was operated on permit system and there was, therefore, no loss of revenue. The reply is not tenable as the highest bidder offered Rs.60 per cum of sand whereas Government collected royalty at the rate of Rs.30 per cum on permit system. Further, the other two *mahals* remained inoperative only due to inaction on the part of Government.

6.4 Illicit felling and removal of timber

Loss of revenue of Rs.35.93 lakh due to illicit removal of 754.760 cum of timber from State reserved forest.

Under the Assam Forest Regulation, 1891 and Rules framed thereunder (as adopted by Government of Meghalaya), felling and removal of trees from the reserved forest area, without valid pass constitutes a forest offence punishable with fine. Forest produce felled/removed illegally is also liable to be seized by the Forest Department. To prevent such illegal felling/removal of forest produce, deployment of forest protection force and erection of forest check gates at all the vital points is the primary responsibility of the Forest Department.

Test check of records of the DFO, Garo Hills forest division revealed in August 2005, that 754.760 cum of timber of different species involving royalty of Rs.35.93 lakh was illegally felled from different ranges/beats during the period between April 2004 and March 2005 and the entire out turn of timber was removed by miscreants during the aforesaid period. Illegal felling and removal of such a large quantity of timber by miscreants from the State reserved forests indicates poor enforcement resulting in loss of revenue of Rs.35.93 lakh.

After this was pointed out, Government while admitting the facts, stated in December 2006 that proper executive action was being taken by the field staff to prosecute the offenders.

6.5 Short realisation of royalty

Incorrect application of rate on 1,20,085.557 cum of stone, 6,444.611 cum of sand and 4,113.828 cum of clay led to short realisation of royalty of Rs.49.34 lakh.

Under the Meghalaya Forest Regulation (Application and Amendment) Act 1973, Government of Meghalaya, Environment and Forest Department in their notification of 12 November 1998 revised the rate of royalty on clay, sand and stone from Rs.16, Rs.20 and Rs.40 to Rs.32, Rs.30 and Rs.80 per cum respectively.

Cross check of records of three user agencies⁷ with those of the DFO, Jowai revealed in September 2005, that 1,20,085.557 cum of stone, 6,444.611 cum of sand and 4,113.828 cum of clay were extracted and utilised in works by contractors between December 2003 and February 2005. The user agencies, however, realised royalty of Rs.49.98 lakh at prerevised rates from the contractors' bills instead of Rs.99.32 lakh realisable as per revised rates. This resulted in short realisation of royalty of Rs.49.34 lakh.

After this was pointed out, Government while admitting the facts stated in December 2006, that the user agencies were responsible to make good the loss incurred due to realisation of royalty at prerevised rates as deduction of royalty from the bills of contractors was made by the user agencies and the matter has been taken up with respective user agencies to realise the balance royalty. Report on recovery is awaited (November 2006).

EXCISE DEPARTMENT

6.6 Loss of revenue due to non disposal of confiscated liquor

Loss of revenue of Rs.5.27 lakh due to non disposal of 1,239 cases of confiscated liquor through auction.

Under Rule 23 of the Assam Bonded Warehouse Rules 1965 (as adopted by Government of Meghalaya), the stock of India made foreign liquor (IMFL)/beer in a closed bond shall be taken over by the Commissioner of Excise (CE) for recovery of excise duty either from the licensee or by sale through auction.

Test check of records of the CE in August 2005, revealed that a Shillong based bonded warehouse was closed in July 2002. The department took over the stock of 3,646 cases of IMFL/beer after conducting physical verification in August 2002. But no follow up action was taken to recover excise duty either from the licensee or by selling the stock of IMFL through auction. Instead the stock was stored in two bonded warehouses and office *malkhana* of the Excise Department. After a lapse of two years, the CE informed (July 2004) Government that, 1,239 cases of IMFL/beer had sedimented and were found unfit for human consumption and requested Government to destroy the sedimented stock. Failure of the department to take action as per provision of

⁷ Executive Engineer, NEC division, Jowai; Executive Engineer, North and South divisions, Jowai.

the Rule *ibid*, resulted in loss of revenue of Rs.5.27 lakh in the form of excise duty. Information on disposal of remaining stock is awaited (November 2006).

The case was reported to the department/Government in August 2005 and March 2006; reply had not been received (November 2006).

6.7 Non realisation of licence fees

Loss of revenue of Rs.5.52 lakh due to inaction of the department.

Under the Assam Excise Act, 1910 and Assam Distillery Rules (as adopted by Government of Meghalaya), all excise revenue including any loss that may accrue as a consequence of default may be recovered either by attachment of premises of the distiller or as an arrears of land revenue under Public Demand Recovery Act.

Test check of records of the CE in July 2005 revealed that the owner of a distillery renewed licence upto March 1999 on payment of prescribed licence fee in advance. However, on expiry of the validity period, the owner did not renew the licence but continued to operate. The licence was belatedly cancelled in July 2004 by the department after a lapse of more than five years without realising licence fees for the years 1999-2000 to 2004-05. No action was taken either departmentally by attaching the premises of the distiller or sending the case to the recovery officer to realise the dues of Rs.5.52 lakh as arrear of land revenue.

After this was pointed out in August 2005, Government while accepting departmental failure in recovering licence fees, directed the department in November 2006 to recover the balance licence fees through the recovery officer. Report on recovery is awaited (November 2006).

6.8 Loss of revenue due to non levy of excise duty on liquor imported

Loss of revenue of Rs.3.94 crore due to non levy of excise duty on 78,889 cases of liquor imported for use in the manufacture of brandy, whisky etc. by a bottling plant.

Under the Assam Excise Act (as adopted by the Government of Meghalaya), excise duty is realisable at the rate of Rs.500 per case of IMFL, rectified spirit indented for the manufacture of brandy, whisky, etc. and similar potable alcoholic products.

Test check of records of the CE revealed between May 2004 and July 2005 that a bottling plant imported 78,222 cases of extra neutral alcohol (ENA) and 667 cases of malt spirit between June 2003 and March 2005 for use in the manufacture of brandy, whisky, etc. Excise duty of Rs.3.94 crore was leviable in these cases but was not levied and collected. This resulted in loss of revenue of Rs.3.94 crore.

After this was pointed out in June 2004 and August 2005, Government while admitting audit observation, stated in October 2006 that action had been initiated to recover the dues from the bottling plant. Report on recovery is awaited (November 2006).

6.9 Non levy of import pass fee

Loss of revenue of Rs.22.93 lakh due to non levy of import pass fee on IMFL/beer imported by defence service organisations.

Under the Meghalaya Excise Rules, import pass fee for importing IMFL and beer from outside the State shall be leviable at the rate of Rs.54 and Rs.31.20 per case respectively. No exemption from payment of import pass fee has been granted to defence services organisations, para military forces including canteen store departments.

Test check of records of the Superintendents of Excise (SE), Shillong and Nongpoh revealed in August – September 2005, that 38,167 cases of IMFL and 7,420 cases of beer were imported from outside the State by different defence and para military organisations between April 2004 and March 2005 on the basis of import passes issued by the concerned SE. It was, however, noticed that import pass fee was not realised even in a single case while issuing import pass which resulted in loss of revenue of Rs.22.93 lakh.

After this was pointed out in October 2005, Government stated in August 2006 that pass fee was not levied as the drawal of IMFL or beer was not made from within the State. The reply is not tenable as import pass fee is leviable on liquor imported from outside the State.

**EXCISE, REGISTRATION, TAXATION AND STAMPS
DEPARTMENT**

6.10 Non/short realisation of revenue

Short realisation of guaranteed dues and non forfeiture of undisbursed prize money of Rs.33.87 crore from an online lottery distributor.

As per clause 3 of the supplementary agreement executed (August 2002) by Government of Meghalaya with a distributor for operating and running the Meghalaya State computerised online lottery, the distributor assured and guaranteed the State Government to organise not less than 4,000 lottery draws at the agreed rate of Rs.30,000 per draw. The annual minimum guaranteed amount of Rs.12 crore was to be paid in equal quarterly instalments within the first six weeks of the quarter. However, no provision for recovery of dues in case of failure to pay guaranteed money was inserted in the agreement. Further, as per clause 12 of the amended agreement (entered into in April 2002), the prize amount for each draw was to be at least 50 *per cent* of the gross sale proceeds of tickets for each draw. Clause 21 of the agreement provided that, if prize money was unclaimed or otherwise not disbursed it would be the property of the State Government.

6.10.1 Test check of records of the Director of State Lottery, Meghalaya in April 2005 revealed that the distributor organised 11,051 draws on different dates between 22 August 2003 and 31 March 2005. Hence, the distributor was liable to pay Rs.33.15 crore as lottery revenue to the State Government, but only Rs.7 crore was paid on different dates between October 2003 and September 2004 and the balance amount of Rs.26.15 crore remained unpaid till April 2005.

6.10.2 It was further noticed that during the period from April 2004 and March 2005 the sale proceeds in respect of two schemes⁸ aggregated Rs.23.22 crore. As per terms of the agreement, the prize money should not have been less than Rs.11.61 crore against which the distributor disbursed Rs.3.89 crore as prize money. The balance amount of Rs.7.72 crore was, however, not forfeited to Government as per the agreement. Thus, failure of the department to forfeit the undisbursed prize money led to non realisation of revenue of Rs.7.72 crore.

The matter was reported to the department/Government in November 2005 and March 2006; reply had not been received (November 2006).

⁸ Lucky 3 and Saturday Super Lotto.

MINING AND GEOLOGY DEPARTMENT

6.11 Non levy of penalty

Non levy of penalty of Rs.8.31 lakh on coal despatched through mineral check gate without payment of royalty in advance.

The DMR, Meghalaya, notified in September 1995, that if any coal trader fails to pay full royalty in advance on the quantity of coal transported in his carrier, penalty at the prescribed rates of 25 to 100 *per cent* should be collected at the mineral check gate in addition to royalty on the quantity of coal on which advance royalty was not paid with effect from October 1995. Coal dealers should possess valid coal transport challans (CTC) to avoid payment of penalty.

Test check of records of Dainadubi mineral check gate under the DMO, Williamnagar revealed in July 2005 that 20,145 tonnes of coal were transported during February 2005 without valid CTC through the check gate. While the check gate authorities collected royalty of Rs.33.24 lakh prior to transportation of coal they did not impose penalty as per the above notification. This resulted in loss of revenue of Rs.8.31 lakh calculated at the minimum rate of 25 *per cent*.

After this was pointed out in October 2005, Government while admitting the the facts stated in August 2006 that check gate authority had been instructed to recover the amount of penalty. Report on recovery has not been received (November 2006).

STAMPS AND REGISTRATION DEPARTMENT

6.12 Short levy of stamp duty

Short levy of stamp duty of Rs.11.85 crore due to non adherence to the provisions of the Indian Stamp Act.

Under Section 26 of the Indian Stamp Act 1899, for the lease of a mine in which royalty is received as rent or part of the rent, it shall be sufficient to have estimated such royalty for the purpose of stamp duty. Clause 35 (a) (v) (lease) of the Indian Stamp (Meghalaya Amendment) Act, 1933 lays down

that stamp duty on lease, where the lease purports to be for a term exceeding 20 years but not exceeding 30 years, shall be calculated at the rate of Rs.99 per thousand for a consideration equal to three times the amount or value of the average annual rent received. Further, under clause 63 of the Amendment Act *ibid*, stamp duty on transfer of lease by way of assignment is leviable as a conveyance for a consideration equal to the amount of the consideration for the transfer.

Test check of records of the sub registrar (SR), Sohra in November 2005 revealed, that Government of Meghalaya executed a lease agreement in January 2002 with a lessee 'A' for a period of 30 years for extraction of limestone. For the purpose of stamp duty, the anticipated royalty on limestone from the demised land was determined at Rs.3.73 crore per year. The SR levied and realised stamp duty of Rs.0.17 crore against Rs.1.11 crore leviable on Rs.11.19 crore (three times of royalty value). This resulted in short realisation of stamp duty of Rs.0.94 crore.

It was further noticed, that lessee 'A' executed a deed of transfer of mining lease in February 2002 with another company in August 2005 with the prior approval of the State Government. Stamp duty of Rs.11.08 crore calculated at the rate of Rs.99 per 1,000 on Rs.111.90[⊕] crore was leviable on transfer of mining lease against which only Rs.0.17 crore was levied and collected by the SR, Sohra. This resulted in short realisation of stamp duty of Rs.10.91 crore.

The cases were reported to the department/Government in March 2006; reply had not been received (November 2006).

TAXATION DEPARTMENT

6.13 Irregular grant of exemption

Interstate sale of Rs.20.88 crore not supported by declaration in form 'C' or 'D' was irregularly exempted resulting in underassessment of tax of Rs.2.26 crore.

Under Section 8(4) & (5) of the Central Sales Tax Act (CST Act), 1956 as amended in May 2002, State Governments are empowered to issue notification granting exemption to eligible industrial units from payment of tax

[⊕] Annual anticipated royalty Rs 3.73 crore
Royalty for 30 years = Rs.111.90 crore (minimum amount of consideration for transfer)

in respect of those interstate sales which are made to registered dealers or to Government which are supported with declarations in form C or D as the case may be. If interstate sales made by the exempted units are not supported by declaration in form C or D, such units are liable to pay tax at 10 *per cent* or the local rate of tax whichever is higher.

Test check of assessment records of Circle III and Circle IV revealed in March 2005 that three manufacturing units sold goods valued at Rs.20.88 crore in course of interstate trade between May 2002 and March 2004 without being supported by declaration in form C or D and claimed exemption from payment of tax as per Meghalaya Industrial Policy (MIP), 1997 and Government notification of April 2001 issued under section 8(5) of the CST Act. The assessing officer (AO) while finalising the assessments between June and December 2004 admitted the claim which is admissible only when interstate sales are made to registered dealers/Government and supported by declarations in form C or D. Thus the grant of exemption from tax was irregular and resulted in underassessment of tax of Rs.2.26 crore.

After this was pointed out in July 2005, Government while admitting the facts stated in June 2006 that as the dealers had not collected any tax on interstate sales of goods they were exempted from payment of tax. The reply is not tenable as exemption is subject to production of form C or D in support of interstate sales.

6.14 Concealment of turnover

21 registered dealers concealed turnover of Rs.27.71 crore and evaded tax of Rs.2.22 crore and maximum penalty of Rs.3.33 crore.

Under the Meghalaya Sales Tax Act (MST Act), if any dealer conceals particulars of his turnover or deliberately furnishes inaccurate particulars in his return or evades tax, in addition to the tax he shall be liable to pay penalty not exceeding one and a half times the tax due. The provision of the State Act applies in assessment/reassessment made under the CST Act. Further, Commissioner of Taxes (COT), Meghalaya in his notification dated March 2002 fixed the rate of advance tax at Rs.1,800 for 15 metric tonne (MT) coal based on its prevailing market price of Rs.1,400 to Rs.1,500 per MT.

Test check of assessment records of the ST, Circle – V, Shillong and Williamnagar in February and September 2005 revealed that 21 registered dealers sold 6.81 lakh MT of coal in course of interstate trade between April 2002 and March 2005. But the dealers disclosed turnover of Rs.67.70 crore in their returns for the aforesaid periods duly supported by form 'C' instead of Rs.95.41 crore calculated at the minimum rate of Rs.1,400 per MT. The AO while completing the assessments between January 2004 and May 2005

ignored the rates fixed by the COT. This resulted in concealment of turnover of Rs.27.71 crore and evasion of tax of Rs 2.22 crore. Besides, penalty of Rs.3.33 crore was also leviable for concealment of turnover.

After this was pointed out in July 2005, Government stated in August 2006 that the sales turnover was determined as per books of accounts of the concerned dealers. The reply is not tenable as minimum turnover should have been determined based on minimum market price of Rs.1,400 per tonne of coal as intimated by the COT after market survey.

6.15 Evasion of tax

A bottling plant concealed sales of Indian made foreign liquor valued at Rs.25.22 lakh in course of interstate trade or commerce and evaded tax of Rs.10.38 lakh.

Under CST Act, every dealer liable to pay tax, shall be registered under section 7(1) of the Act. Further, interstate sale of goods not covered by declaration in form C are taxable at the rate of 10 per cent or at the rate applicable under the State Act whichever is higher. As per schedule attached to the Meghalaya Finance (Sales Tax) Act (MFST Act), IMFL/beer was taxable at the rate of 50 per cent upto 31 December 1999 and 20 per cent thereafter. Government of Meghalaya, Taxation Department notified in April 2001 that no tax shall be payable by any eligible industrial unit to whom an exemption certificate in the form of certificate of authorisation (CA) has been granted. The CA is valid for one year and thereafter shall be renewed on examination of annual return which shall have to be submitted in prescribed form within 30 days after the end of each financial year.

Test check of assessment records of the ST, Circle VI, Shillong in February 2005 revealed that an IMFL bottling plant not registered under section 7(1) of the CST Act disclosed sale of IMFL under the CST Act as 'nil' in return for the period between August 1998 and March 2004. Further, scrutiny of records of CE, Meghalaya, however, revealed that the unit sold IMFL of Rs.25.22 lakh between July 1999 and January 2000 in the course of interstate trade. This resulted in evasion of tax of Rs.10.38 lakh.

After this was pointed out in July 2005, Government stated in August 2006 that the dealer was not liable to pay tax as the dealer was exempted under the industrial policy and CA upto 2004-05 had been issued in June 2006. The reply is not tenable as *ex post facto* issuance of CAs without annual returns violates the provision of Industrial Policy of Government. Further, sale of goods in course of interstate trade without registration under section 7(1) of the CST Act was also inadmissible.

6.16 Loss of revenue due to non realisation of security

99 unregistered dealers transported 2.19 lakh MT of coal without payment of advance tax of Rs.2.63 crore.

Under the CST Act, no dealer liable to pay tax, shall carry on business unless he is registered and possesses a certificate of registration. Further, a sale or purchase of goods shall be deemed to take place in the course of export of goods out of the territory of India only if the sale or purchase either occasions such export or is effected by a transfer of documents of title to the goods after the goods have crossed the custom frontier of India. As notified (September 2003) by the COT, Meghalaya, coal traders (registered and unregistered both) shall pay security in the form of advance tax at the rate of Rs.120 per MT in the course of interstate trade with effect from 26 September 2003.

Test check of records of the DMR, Meghalaya, Shillong in December 2004 disclosed that 99 coal dealers were permitted to extract 2.19 lakh MT of coal from East and West Khasi Hills districts for export to Bangladesh during November 2003 and June 2004. Scrutiny of records of the Taxation Department, however, revealed that these coal dealers were neither registered nor was any action initiated to realise advance tax at the check gates. Further, these dealers did not furnish any evidence in support of export of coal to Bangladesh either to the DMR or to the Taxation Department. Thus, failure to register these dealers and to realise advance tax led to loss of revenue of Rs.2.63 crore.

After this was pointed out in July 2005, Government stated in June 2006 that these coal dealers were exporters of coal to Bangladesh and hence realisation of security in the form of advance tax did not arise. The reply is not tenable as all the exporters should be registered and produce evidence of export to claim exemption from payment of tax as laid down under section 5 of the CST Act.

6.17 Loss of revenue due to non registration of contractors/dealers

Loss of revenue of Rs.1.47 crore due to non registration of 10 contractors/dealers.

Under Section 9(2) of the MST Act, no dealer liable to pay tax shall carry on business unless he is registered and possesses a certificate of registration. Section 10 of the Act, empowers the COT to register a dealer who fails to apply for registration. Further, if a dealer evades tax in any way, he shall be liable to pay penalty for a sum not exceeding one and half times the tax sought to be evaded. In Meghalaya, corrugated galvanised iron (CGI) sheets and

works contract are taxable at the rate of four and eight *per cent* respectively after deducting 25 *per cent* being labour charges in respect of works contracts.

6.17.1 Test check of assessment records of the ST, Jowai revealed in May 2005 that seven unregistered contractors of Jaintia hills district executed works contract valued at Rs.9.14 crore during the period between June 2002 and March 2003. These contractors neither applied for registration, nor was the tax deducted at source by the Public Works Department from the bills. The Taxation Department also did not initiate any action to register the dealers. Thus, failure of the department to register the contractors resulted in loss of revenue of Rs.54.84 lakh. Besides, penalty of Rs.82.26 lakh was also leviable.

6.17.2 Similarly, three unregistered dealers supplied CGI sheets valued at Rs.1.02 crore to the block development officers under Jaintia hills district for the period between March 2002 and March 2004. These dealers neither applied for registration nor was the tax element deducted at source from their bills. No action was also initiated by the department to register these dealers. Thus, failure of the AO to register the dealers resulted in loss of revenue of Rs.4.08 lakh calculated at the rate of four *per cent*. Besides, penalty of Rs.6.12 lakh was also leviable.

After this was pointed out in July 2005, Government stated in November 2006 that the contractors/suppliers had been registered and were being assessed to tax. Report on assessment and recovery of tax has not been received (November 2006).

6.18 Loss of revenue due to irregular registration

Loss of revenue of Rs.19.42 lakh due to irregular registration and subsequent cancellation of registration certificate of dealer.

Under Section 7(1) of the CST Act 1956, every dealer liable to pay tax under this Act shall make an application for registration. If the registering authority is satisfied that the particulars contained in the application are correct and complete, he shall register the applicant and grant him a certificate of registration fixing the date of liability to pay tax. It was judicially held* by the Hon'ble Supreme Court that satisfaction is objective and may be arrived at upon quasi judicial enquiry.

Test check of assessment records of the ST, Jowai revealed in May 2005 that registration certificate was granted to a coal dealer under CST Act with effect from 16 September 2003 and subsequently cancelled in April 2005 as the dealer ceased to carry on business. Cross check of records of Registrar of

* The State of Madras Vs Radio and Electrical Ltd. (1966) 1&3 TC 222(Sc).

Companies, Shillong revealed in July 2005, that the dealer sold coal valued at Rs.2.43 crore in course of interstate trade during the period between April 2000 and March 2001 with tax effect of Rs.19.42 lakh which escaped notice of the AO. Thus grant of registration certificate without proper enquiry by the registering authority resulted in loss of revenue of Rs.19.42 lakh calculated at the rate of eight *per cent*.

After this was pointed out in July 2005, Government stated in November 2006 that the dealer did not conduct any interstate sale of coal during the period. The reply is not tenable as the dealer himself disclosed sale of coal of Rs.2.43 crore in his trading account for the year ended March 2001 and the dealer was registered under CST Act only.

6.19 Evasion of tax due to concealment of turnover

Two dealers concealed turnover of Rs.41.59 lakh and evaded tax of Rs.3.33 lakh and penalty of Rs.5 lakh.

Under the MFST Act, if the Commissioner is satisfied that any dealer has concealed the particulars of his turnover or deliberately furnished inaccurate particulars of turnover, he may direct that such dealer shall pay by way of penalty in addition to the tax payable by him, a sum not exceeding one and a half times that amount.

Test check of assessment records of the ST (Circle III and IV) Shillong, revealed in March 2005 that two dealers sold goods valued at Rs.2.40 crore for the period from April 2002 and March 2004 but disclosed sale of Rs.1.98 crore in their returns which were accepted by the AO and assessment was made accordingly in September 2004. The dealers, thus, concealed turnover of Rs.41.59 lakh and evaded tax of Rs.3.33 lakh. Besides, penalty of Rs.5 lakh for deliberate concealment was also leviable.

After this was pointed out in July 2005, Government stated in November 2006 that both the dealers were reassessed and demand notices were served for payment of balance dues. Report on recovery has not been received (November 2006).

6.20 Short levy of tax due to misclassification of goods

Levy of tax at the rate of eight *per cent* against leviable rate of 12 *per cent* on turnover of Rs.2.41 crore led to short levy of tax of Rs.10.60 lakh.

As per entry 47 of the schedule attached to the MFST Act, spark plugs, transformers, transmission wires and towers, including cable and ACS⁹R conductors are taxable at the rate of 12 *per cent* at the point of first sale within the state. All other electrical goods are, however, taxable at the rate of eight *per cent* as per entry 48 of the schedule. Besides, surcharge of 10 *per cent* is also leviable on the amount of tax.

Test check of assessment records of the ST (Circle VI), Shillong, revealed in March 2005 that a dealer sold electrical goods of Rs.2.41 crore falling under entry 47 of the schedule under MFST Act during the period between April 2001 and September 2002. But the AO while finalising the assessment in April 2005, assessed the sale turnover of electrical goods sold at the rate of eight *per cent* treating the goods as covered under entry 48 of the schedule. Thus, application of incorrect rate led to short levy of tax of Rs.10.60 lakh including surcharge.

After this was pointed out in July 2005, Government stated in November 2006 that the dealer was asked to reproduce accounts for reverification. Result of reverification has not been intimated (November 2006).

6.21 Loss of revenue

Failure of the officer incharge of the taxation check gate to detect excess load of coal and limestone led to loss of revenue of Rs.92.58 lakh.

The COT, Meghalaya, in September 2003 notified that all coal traders carrying coal in excess of 15 MT per truck in course of interstate trade or commerce, shall pay at the check gate, additional security for the excess load so carried at the rate of Rs.120 per MT. This additional security was in addition to the advance tax of Rs.1,800 per truck carrying coal of 15 MT. Further, the COT instructed (September 2004) the taxation check gate, Umkiang to realise additional security in the form of advance tax on powdered lime despatched in excess of 15 tonne in each truck at Rs.25 per ton with immediate effect. The security was to be realised under the CST Act and the Meghalaya Purchase Tax (MPT) Act as well.

⁹ Alluminium conductor steel reinforced.

6.21.1 Test check of records of the taxation check gate at Dainadubi, revealed in October 2005 that 47,237 commercial trucks carried 2,34,200 MT of coal in excess of permissible limit and paid Rs.2.81 crore as advance tax in the form of additional security at the check gate during the period between April 2004 and March 2005. Cross verification of records of the DMR check gate located at the same station, however, revealed that 49,984 commercial trucks actually carried 3,09,543 MT of coal in excess of permissible limit and paid royalty of Rs.5.11 crore at the DMR check gate. Thus, at least 75,343 MT of excess load of coal escaped notice of the taxation check gate authorities leading to loss of revenue of Rs.90.41 lakh.

6.21.2 Further test check of records of the taxation check gate, Umkiang revealed in August 2005 that 13,495 MT of powdered limestone in excess of 15 MT per truck were despatched on different dates between September 2004 and July 2005 and additional security at prescribed rates under the CST and the MPT Act was realised accordingly by the taxation check gate, Umkiang. Cross verification of records of the mines and mineral check gate located at the same exit point of the state, however, disclosed that 22,190 MT of powder limestone in excess of 15 MT per truck was despatched during the same period referred to above. Thus, despatch of 8,695 MT of powder limestone escaped notice of the taxation check gate authorities at Umkiang resulting in loss of revenue of Rs.2.17 lakh.

After this was pointed out, Government while admitting the facts stated in November 2006 that the loss in tonnage might be due to acceptance of different weighment certificates issued by the respective departmental weighbridges. The reply is based on assumption and silent regarding measures taken by Government to arrest such recurring loss of revenue as it is apparent from the reply that weighbridge of either department is understating weight actually carried.

6.22 Irregular adjustment of tax

A dealer collected excess sales tax surcharge of Rs.4.46 lakh which was adjusted against tax due in subsequent periods resulting in under assessment of tax of Rs.4.85 lakh including fine.

Under Section 22 (9) of the Meghalaya (Sale of Petroleum and Petroleum Products including Motor Spirit and Lubricants) Taxation Act, whoever charges from any purchaser sales tax at a rate higher than that payable under the provisions of the Act, shall in addition to any tax or penalty or both that may be due from him be punishable with fine not exceeding Rs.1,000 and when the offence is a continuing one, with a daily fine not exceeding Rs.50 during the period of the continuance of the offence. Further, section 3A of the Act provides for levy of sales tax surcharge at two *per cent* of the tax with effect from January 2000.

Test check of records of the ST (Circle IV), Shillong revealed in March 2005 that a dealer collected and deposited sales tax surcharge of Rs.5.58 lakh at the rate of 10 *per cent* instead of two *per cent* on sale of lubricant for the period between June 2001 and June 2003. The dealer, therefore, collected excess tax of Rs.4.46 lakh by charging rate higher than that payable and was thus, liable for penal action. The AO, while finalising the assessments between May 2002 and January 2004 instead of crediting the excess tax so collected into Government account, adjusted the amount against tax due for the subsequent periods. Such irregular adjustment resulted in loss of revenue of Rs.4.46 lakh. Besides, fine of Rs.0.39 lakh was also leviable but not levied.

After this was pointed out in July 2005, Government stated in November 2006 that the case had been referred to the COT for revision of assessment and action taken would be intimated in due course. Further report from the COT is awaited (November 2006).

6.23 Underassessment of tax due to allowance of excess deduction

A dealer was allowed deduction of Rs.2.58 crore instead of Rs.1.17 crore towards cost of labour resulting in underassessment of tax of Rs.12.40 lakh including surcharge.

As per Section 2(13) (b) of the MST Act, 'sale price' means the amount payable to a dealer as valuable consideration for carrying out of any contract less such fraction of such amount as represents the proportion of the cost of labour used in carrying out such contract. Under Rule 72 of MST Rules, the proportion shall be in the case where the dealer produces to the satisfaction of the AO evidence, the sum representing the cost of labour or in all other cases percentage as specified in Schedule II attached to the Act. Works contract/construction work is taxable at the rate of eight *per cent* after allowing deduction of 25 *per cent* towards cost of labour.

Test check of records of the ST (Circle IV), Shillong revealed in March 2005 that a contractor disclosed taxable turnover of Rs.10.62 crore for the period from October 2002 to March 2004. Out of this amount, Rs.5.96 crore was taxable under MFST Act and balance of Rs.4.66 crore, being value of contract works was taxable under MST Act. Since the dealer did not maintain accounts showing cost of material and cost of labour separately, he was entitled to deduction of Rs.1.17 crore towards cost of labour. Instead the dealer claimed deduction of Rs.2.58 crore on the entire turnover of Rs.10.62 crore and was assessed (July 2004) accordingly. Thus, allowance of excess deduction of Rs.1.41 crore towards cost of labour, resulted in underassessment of tax of Rs.12.40 lakh including surcharge.

The case was reported to the department/Government in July 2005 and March 2006; reply had not been received (November 2006).

6.24 Non realisation/loss of revenue due to delay in assessment

Delay in completion of assessment of 75 dealers led to non realisation/loss of revenue of Rs.158.39 crore.

Under the taxation laws of Meghalaya, if a dealer fails to submit returns along with payment of admitted tax or after submission of returns, fails to produce books of accounts despite notices, the AO shall complete the assessments on best judgment basis. The provision of the state Act, applies *mutatis mutandis* in case of assessment/reassessment under the CST Act. Under section 8(5) of the CST Act, the State Government may by notification in the official gazette, direct that no tax under this Act shall be payable by any dealer in respect of sale of any goods or classes of goods as prescribed in the notification in course of interstate trade or commerce to a registered dealer or Government, provided such sales are covered by form 'C' or 'D' as the case may be. Otherwise, such sales are taxable at the rate of eight *per cent* in respect of declared goods and in other cases at the rate of 10 *per cent* or at the rate of tax applicable under the state Act whichever is higher. It was judicially held* by the Hon'ble Supreme Court, that the ST is bound to make assessment to the best of his judgment, if the dealer fails to submit return and produce books of accounts. Further, as per entry 52 of schedule III attached to the MST Act, products of khadi and village industries when sold by a producer or organisation are exempted from payment of sale tax provided that such goods are certified by the Khadi and Village Industries Commission (KVIC) or Board. The aforesaid exemption was, however, withdrawn from January 2000. In Meghalaya, glassware, soaps and works contract are taxable at the rate of 12 *per cent* and eight *per cent* respectively after deducting 20 *per cent* of the sum as cost of labour in case of works contract.

6.24.1 Test check of assessment records of the ST (Circle IV), Shillong, revealed in January – March 2006 that a contractor executed works contract valued at Rs.32.78 crore between April 1997 and March 2004 under Greater Shillong Water Supply Division II, Mawphlang. The contractor submitted nil return for the period from April 1997 to March 2002 and the AO completed assessment (January 2000) of the dealer only upto September 1999. The dealer neither submitted any return thereafter nor was any tax paid during the aforesaid periods. The AO also did not initiate any action to complete the assessments on best judgment basis and recover the assessed tax. Further scrutiny, however, revealed that the dealer left the State after completion of the works contract. Thus, failure of the AO to complete assessments on best judgment basis resulted in loss of revenue of Rs.2.10 crore.

After this was pointed out in July 2005, Government stated in November 2006 that no tax was deducted from the works contract as the contractor was exempted from payment of Sales Tax as per agreement. The reply is not tenable as Government by order dated August 1992 directed that all heads of

* CIT V Segu Buchiar Setty (1970) 77ITR 539 –SC.

department should personally be held responsible in case taxes were not deducted at source. Further, inclusion of such defective clause in the agreement is contrary to the provision of Sales Tax Act and ultimately led to loss of revenue.

6.24.2 Test check of assessment records of the ST, Nongpoh in April 2006, revealed that 71 out of 120 registered industrial units disclosed turnover of Rs.1,851.48 crore in course of interstate trade or commerce for different periods falling between September 2002 and September 2005 and claimed exemption from payment of tax under the Meghalaya Industries (Sales Tax Exemption) Scheme 2001. The dealers neither produced books of accounts nor furnished form 'C' or 'D' in support of sales made to registered dealers/Government departments as required under Act. The AO also did not initiate any action to assess the dealers on best judgment basis for non production of books of accounts and left the cases unattended. Thus, failure of the AO to initiate timely action resulted in non realisation of tax of Rs.155.53 crore.

After this was pointed out in April 2006, Government stated in November 2006 that necessary steps had been taken to complete the assessments. The report on assessment and recovery of tax even in a single industrial unit has not been intimated (November 2006).

6.24.3 Test check of assessment records of ST (Circle VI), Shillong in January 2004 revealed that a producer of khadi and village industries product (husk and mat board) disclosed interstate sales of goods valued at Rs.5.35 crore during the period from January 2000 to March 2002 and claimed exemption being sale of khadi and village industries products under the CST Act. Though the provision was deleted from January 2000, the dealer did not pay admitted tax and the AO also did not initiate any action to complete the assessment on best judgment basis. It was further noticed that the dealer disclosed 'nil' turnover for the period April 2002 to March 2005. Thus, laxity of the AO to complete assessment on best judgment basis resulted in loss of revenue of Rs.53.49 lakh.

After this was pointed out in July 2005, Government stated in November 2006 that the dealer was exempted from payment of tax by virtue of being a Small Scale Industry (SSI). The reply is not tenable as SSI units are not exempted from payment of tax under the taxation laws of the State.

6.24.4 Test check of records of the ST (Circle III) Shillong, in March 2005 revealed that a registered dealer purchased glass sheet valued at Rs.38.23 lakh by utilising two declarations in form 'C' during the period from January 2001 to March 2002 for resale within the State. The dealer neither filed any return nor was any tax paid since the period ending 30 September 1997 till date of audit (March 2005). The AO also did not initiate any action to assess the dealer on best judgment basis for the aforesaid periods. The ST stated in July 2006, that the dealer was not traceable. Thus, failure of the AO to initiate timely action to assess the dealer on best judgment basis resulted in loss of revenue of Rs.4.59 lakh.

After this was pointed out in July 2005, Government stated in November 2006 that the dealer was untraceable. Therefore he was assessed on best judgment basis and the matter was referred to the Tax Recovery Officer to recover the dues as arrears of land revenue. Report on recovery is awaited (November 2006).

6.24.5 Test check of way bills received from the taxation check gate, Byrnihat under the ST, Shillong (Circle I) revealed in November 2005, that a registered dealer imported soaps valued at Rs.1.51 crore from outside the state between December 2003 and November 2004. But the dealer neither submitted any return nor paid due tax. The AO also failed to complete the assessment on best judgment basis. The area inspector reported in November 2004 that the dealer was not in existence. Thus, failure of the AO to complete assessment on best judgment basis resulted in loss of revenue of Rs.18.09 lakh.

After this was pointed out in July 2005, Government while admitting the facts stated in November 2006 that the dealer was assessed *ex parte* and the case was referred to the Tax Recovery officer in August 2006 to recover the dues as arrears of land revenue. The report on recovery is awaited (November 2006).

6.25 Irregular grant of exemption

21 bonded warehouses were irregularly granted exemption from payment of tax of Rs.37.52 crore.

As per notification issued under section 3A read with section 4 of the MST Act on 31 December 1999, IMFL/beer is taxable at the rate of 20 *per cent* (prepaid) at the point of first sale within the state under entry 86 of the schedule II attached to the MFST Act. It was judicially held¹⁰ that a legislature can only give retrospective effect to a piece of legislation passed by it and an executive Government exercising subordinate and delegated legislative powers can not make such legislation with retrospective effect.

Test check of records of the CE, Meghalaya, Shillong revealed that 21 bonded warehouses sold 24.29 lakh cases of IMFL/beer valued at a minimum sale price of Rs.187.62 crore during April 2004 to August 2005. The advance tax of Rs.37.52 crore realisable before sale/lifting of IMFL/beer from the warehouses was, however, not realised. Cross check of records of five sales tax unit offices* revealed, that these dealers did not file any return nor did the AO initiate any action to complete the assessments on best judgment basis for non submission of returns. Government in their notification of 31 August 2005 deleted entry 86 of the schedule *ibid* with retrospective effect from 31 December 1999, which led to loss of revenue of Rs.37.52 crore.

¹⁰ State of Rajasthan and others Vs J. K. Udaipur Udyog and others (2004)137 STC (SC) and Gokulchand Kisturchand Vs State of Assam, 1973 Tax LR 1771 Gau.

* Shillong, Tura, Jowai, Nongpoh, Williamnagar.

After this was pointed out in March 2006, the COT stated in May 2006, that in view of Government notification of 31 August 2005 deleting entry 86 of schedule *ibid* with retrospective effect from 31 December 1999 no tax is leviable. The reply is not tenable, as section 4 of the Act *ibid* empowers Government to issue notification reducing the rate of tax only with prospective effect. Further the position was also confirmed by the Apex Courts' verdict as cited above.

The case was reported to Government in June 2006; reply had not been received (November 2006).

6.26 Evasion of tax by utilising fake declaration forms

Nine dealers utilised fake 'C' forms to avail concessional rate of tax on transaction of Rs.37.38 crore and evaded tax of Rs.1.50 crore and penalty of Rs.2.25 crore.

Under the CST Act, tax on interstate sales of goods which are covered by valid declaration in form 'C', is leviable at a concessional rate of four *per cent*. In case of declared goods, if not covered by valid declaration in form 'C', tax is leviable at twice the rate applicable to sale or purchase of such goods inside the appropriate state. Further, under the MST Act, if any dealer evades in any way the liability to pay tax, he shall be liable to pay penalty in addition to the tax payable by him, a sum not exceeding one and half times the amount of tax due. In Meghalaya, limestone and coal are taxable at the rate of 25 *per cent* and four *per cent* respectively.

Test check of assessment records of the ST, Circle V, Shillong, ST, Purchase Tax Circle, Shillong and ST, Jowai revealed utilisation of following fake 'C' forms which escaped notice of the Taxation Department:

6.26.1 Between April 2004 and September 2004 a dealer sold coal amounting to Rs.12.45 crore to another dealer registered in Jalukbari unit office (Assam) and furnished one declaration in form 'C' received from the purchasing dealer in support of concessional rate of tax and was assessed (May 2005) accordingly. Scrutiny, however, revealed that the aforesaid form was issued from a non-existent unit named 'Guwahati Ward B'. It was further noticed that, the ST, Jalukbari check post issued a 'C' form bearing the same number to the purchasing dealer on 22 April 2002 which remained unutilised with the dealer till 30 September 2005 and was different in quality and colour from the fake one furnished by the selling dealer. Thus, the dealer submitted fake declaration form to avail concessional rate of tax which escaped notice of the AO. This resulted in evasion of tax of Rs.49.81 lakh calculated at the differential rate of four *per cent*.

6.26.2 A dealer sold coal valued at Rs.1.48 crore for the period between April 2003 and September 2003 and furnished one form 'C' received from the purchasing dealer registered under Jalukbari check post (Assam) to avail concessional rate of tax which was accepted by the AO and the dealer was assessed accordingly. Further verification of records revealed, that another dealer sold coal of Rs.3.83 crore during the period from April 2004 and September 2004 and furnished a 'C' form bearing the same number issued by 'Guwahati Ward B' instead of Jalukbari check post which escaped the notice of the AO. Thus, acceptance of fake form resulted in evasion of tax of Rs.14.71 lakh.

6.26.3 Two dealers sold coal valued at Rs.66 lakh and Rs.57.75 lakh respectively during the period from October 2004 to March 2005 to a dealer in Jammu & Kashmir. The AO assessed both the dealers at concessional rate of four *per cent* as the turnover were supported by declaration forms issued by the purchasing dealers. It was, however, noticed that both the forms had same serial number. Since two 'C' forms cannot bear the same serial number, turnover of either dealer was supported by fake form resulting in evasion of tax.

After this was pointed out in July 2006, Government stated in November 2006 that revised assessment had been completed and due demand notice served on the assesseees. The report on recovery has not been received (November 2006).

6.26.4 A dealer sold coal valued at Rs.3.83 crore to a dealer registered in Jalukbari unit office (Assam) during the period between October 2003 and March 2004 and produced a 'C' form issued by the purchasing dealer and was assessed at a concessional rate of four *per cent*. Further scrutiny, however, revealed that the aforesaid form was not issued to Jalukbari unit office by the COT, Assam where the purchasing dealer was registered. Thus, dealer evaded tax of Rs.15.33 lakh by utilising fake declaration form.

6.26.5 Two dealers sold coal valued at Rs.12.42 crore during the period from April 2004 to March 2005 to two dealers registered in Jalukbari unit office and produced two 'C' forms which were accepted by the AO while making assessments and were assessed accordingly. In these cases also, the forms were issued from non existent unit office named 'Guwahati Ward B'. Thus, failure of the AO to detect these fake forms resulted in evasion of tax of Rs.49.65 lakh.

6.26.6 Test check of assessment records of the ST, Purchase Tax circle revealed in March 2005 that a dealer sold limestone valued at Rs.59.26 lakh in course of interstate trade or commerce to registered dealers of Assam during the period between April 2000 and September 2004. The dealer paid tax at concessional rate of four *per cent* by claiming the entire sale as sales supported by form 'C'. The AO assessed the dealer between June and November 2004 accordingly. Further scrutiny, however, revealed that three 'C' forms covering turnover of Rs.18.45 lakh issued by a purchasing dealer of Assam was neither registered in Unit – B, Guwahati, as recorded in the forms

nor were the forms issued to him. Thus, acceptance of invalid 'C' forms resulted in underassessment of tax of Rs.3.87 lakh.

After this was pointed out in July 2005, Government stated in November 2006 that the case was reopened and the dealer has paid all dues.

6.26.7 Test check of records of ST, Jowai revealed in June 2006 that a dealer sold coal in course of interstate trade or commerce valued at Rs.4.26 crore during the period ending March 2006 to a dealer of Bhatinda, Punjab and produced a declaration in form 'C' issued by the purchasing dealer. The AO also accepted the declaration and assessed the dealer accordingly in April 2006. Cross verification of records of Assistant Excise and Taxation Commissioner (AETC), Bhatinda, Punjab, however, revealed that the dealer was neither registered nor was the aforesaid declaration form issued to him. Thus, the declaration form submitted by the dealer was invalid and tax should have been levied at the rate of eight *per cent* instead of four *per cent*. Failure of the AO to detect the invalid declaration form resulted in under assessment of tax of Rs.17.03 lakh.

After this was pointed out in June 2006, Government stated in November 2006 that the forms would be reexamined and action taken would be intimated. The report on assessment and recovery of tax has not been intimated (November 2006).

Further, in respect of sub paragraphs 1, 2, 4 and 5, it was stated that the COT had taken up the matter with COT Assam for verification of the forms. Results of verification is awaited (November 2006).

In addition to tax of Rs.1.50 crore in aforesaid cases, maximum penalty of Rs.2.25 crore was also leviable for deliberate evasion of tax by fraudulent means.

6.27 Evasion of tax by unregistered dealers

Failure of the department to register 20 dealers led to evasion of tax of Rs.13.71 lakh.

Under the CST Act, if the COT is satisfied that any dealer who is liable to be registered has failed to apply for registration, he shall register the dealer compulsorily. Further, interstate sale of goods other than declared goods is taxable at the rate of four *per cent* if supported by declaration in form 'C'. Otherwise such sales are taxable at the rate of 10 *per cent* or at the rate applicable to sale or purchase of such goods inside the State whichever is higher. In Meghalaya, bamboo is taxable at the rate of eight *per cent* at the point of last purchase within the State.

Cross verification of records of ST, Williamnagar and Tura with those of DFO, Tura revealed in August 2005 that 20 unregistered dealers purchased and sold 75.01 lakh bamboo valuing Rs.77.06 lakh in course of interstate trade between October 2003 and June 2005. These dealers were neither registered under the MPT Act and the CST Act nor did they pay any tax for sale of bamboo outside the state during the aforesaid period. Thus, failure of the Taxation Department to get these dealers registered led to evasion of tax of Rs.13.71 lakh¹¹.

After this was pointed out in December 2005, Government stated in November 2006 that action could not be initiated due to non receipt of particulars of sale of bamboos. The reply is not tenable as the AO can obtain the required particulars from the concerned DFO. Further, the evasion could have been avoided had the Forest Department insisted on NOC from Taxation Department before issuing transit pass.

6.28 Irregular grant of exemption

Incorrect exemption of Rs.3.95 crore to five contractors led to under assessment of tax of Rs.31.60 lakh.

Under Section 2(13)(b) of the MST Act, 'sale price' means the amount payable to a dealer as valuable consideration for carrying out any contract less a fraction of such sum as represents the prescribed proportion of the cost of labour used in carrying out such contract. As per schedule II attached to the Act *ibid*, turnover of works contract is taxable at the rate of eight *per cent*. It was judicially held* that, in a works contract the materials are supplied for execution of such contract and there is no sale of material and the materials have no separate identity as a commercial article.

Test check of records of the ST (Circle IV), Shillong in March 2005 revealed that five contractors utilised materials valued at Rs.3.94 crore in the execution of works contract for the period between April 2002 and September 2004 and claimed exemption from payment of tax being sale of materials purchased locally (eight *per cent* goods valued at Rs.1.23 crore and 12 *per cent* goods valued at Rs.2.72 crore) from within the State and the dealers were assessed accordingly between June 2003 and November 2004. Since the contractors were engaged in works contract, the materials were supplied for execution of such contract and there was no sale of materials separately as judicially held.

¹¹ CST = Rs.7.71 lakh and Purchase tax = Rs.6 lakh.

* Sailesh Chandra Nandi Vs Superintendent of Taxes (1991) 82STC (Gau) and Sentinel Rolling Shutter & Engineering Co.Pvt. Ltd V Commissioner of Taxes(1978) 42 STC 409 (SC).

Thus grant of exemption of Rs.3.95 crore being value of materials purchased locally was incorrect resulting in underassessment of tax of Rs.31.60 lakh.

After this was pointed out in July 2005, Government stated in November 2006 that deduction in respect of locally purchased goods was admissible under the Meghalaya Finance (Sales Tax) Act. The reply is not tenable as works contract is taxable under the MST Act and there was no provision in the Act to grant exemption on consumption of materials purchased locally in the execution of works contract.

6.29 Non realisation of revenue

Non realisation of revenue of Rs.43.84 lakh due to non deduction of tax at source.

As per schedule II attached to the MST Act, transfer of the right to use any goods for cash, deferred payment or other valuable consideration is taxable at the rate of eight *per cent*. Further, Government of Meghalaya, in October 1991, notified that all the buying departments shall deduct the amount of tax payable at source from the bills of the suppliers/dealers and deposit on behalf of the dealer into the treasury as payment of sales tax.

Scrutiny of records of the Commissioner of Transport (CT), Meghalaya revealed that Government of Meghalaya, Transport Department, introduced helicopter services of M/s Pawan Hans Helicopters Limited (PHHL) in the state in February 1999 on payment of fixed monthly and hourly charges. During the period from March 2003 to July 2004, Government paid monthly and hourly charges of Rs.5.48 crore to PHHL. The amount received by the company was due to transfer of the right to use helicopter services by the State Government and as such taxable under the Act. The Transport Department failed to deduct the amount of tax at source from the bills resulting in non realisation of revenue Rs.43.84 lakh.

The matter was reported to the department/Government in February and March 2006; reply had not been received (November 2006).

6.30 Underassessment of tax

Underassessment of tax of Rs.12.37 lakh due to irregular grant of exemption of Rs.49.49 lakh from taxable turnover.

Under the CST Act and Rules made thereunder, tax is leviable at a concessional rate of four *per cent* on interstate sale to registered dealers provided they are supported by valid declaration in form 'C'. Otherwise, tax is payable at the rate of 10 *per cent* or at the rate applicable under the state Act, whichever is higher. Act further provides that whoever furnishes incorrect particulars of his turnover shall be punishable with maximum penalty of one and half times the tax due. In Meghalaya, limestone is taxable at the rate of 25 *per cent* within the State.

Test check of assessment records of the ST, Purchase Tax Circle, Shillong, revealed in March 2005 that a dealer disclosed sale of limestone of Rs.49.49 lakh in his returns for the period from October 2000 to September 2004 in course of interstate trade to dealers of Punjab, Chandigarh, Haryana and Uttar Pradesh and submitted eight declarations in form 'C' in support of such sales. The AO rejected these declaration forms as invalid while finalising assessment between June and November 2004 and also excluded the amount from the taxable turnover. Since the interstate sales were not supported by valid declaration in form 'C', the AO should have assessed the dealer to tax at the rate of 25 *per cent* but no tax was levied which resulted in underassessment of tax of Rs.12.37 lakh.

After this was pointed out in June 2005 and March 2006, Government stated in November 2006 that the AO had been directed to reopen the case, assess the dealer at the rate of 25 *per cent* and forward the forms in question to the COT for further action. Report on assessment and recovery of tax is awaited (November 2006).

6.31 Loss of revenue due to irregular grant of exemption

A sick cement manufacturing company was irregularly granted exemption from payment of tax of Rs.3.04 crore under the Meghalaya Industries (Sales Tax Exemption) Scheme 2001.

Under Section 2(1) of the Meghalaya Industries (Sales Tax Exemption) Scheme 2001 notified under Industrial Policy 1997, only new units set up on or after 15 August 1997 and existing units which undertake expansion, modernisation or diversification will be eligible for exemption. Under the scheme *ibid*, the industrial units are eligible for sales tax exemption on sale of finished products manufactured by such units within the state and in course of

interstate trade or commerce. In Meghalaya, cement is taxable at the rate of 12 per cent.

Test check of assessment records of the ST, Jowai revealed in May 2005 that a cement manufacturing company was considered as an eligible unit and granted exemption from payment of sales tax on finished products for a period of five years with effect from March 2000 as per provision of the Industrial Policy 1997, on the ground that the company was declared a sick industrial company. Since the Meghalaya Industrial Policy 1997 and the Scheme 2001 did not provide for any provision for sales tax exemption to sick industries, the exemption granted by Government was irregular. The company sold cement of Rs.25.31 crore during the period between April 2000 and March 2004 and was, therefore, liable to pay tax of Rs.3.04 crore. Thus, irregular grant of exemption by Government resulted in loss of revenue of Rs.3.04 crore.

After this was pointed out in May 2005, Government agreed to reexamine the case. Further report is awaited (November 2006).

6.32 Non levy of penalty for misuse of 'C' form

Non levy of penalty of Rs.97.11 lakh for misuse of 'C' form on purchase of raw materials at concessional rates from outside the State to construct a cement plant.

Under the provisions of Section 10 of the CST Act, a registered dealer may purchase goods from a registered dealer of another state at a concessional rate of tax by furnishing prescribed declaration in form 'C'. If any person after purchasing goods for any of the purpose specified in the declaration form, fails to make use of the goods for any such purpose, he is liable to pay penalty not exceeding one and half times the amount of tax which would have been levied in lieu of prosecution. It was judicially held* by the Hon'ble Supreme Court that, "building materials used as raw materials for construction of plant cannot be said to be '*used as plant*' in the manufacture of goods".

Test check of assessment records of the ST, Jowai revealed in May 2005 that a manufacturer of cement imported 'building materials' valued at Rs.13.13 crore against declaration in form 'C' for use as raw materials in the construction of 'cement plant'. Since building materials used as raw materials for construction of plant cannot be said to be 'used as plant' in the manufacture of cement as per Apex Courts' pronouncement, the dealer is liable to pay maximum penalty of Rs.97.11 lakh for misuse of 'C' forms which was not levied and realised by the AO.

* J.K. Cotton Spinning & Weaving Mills Co. Ltd. Vs the STO Kanpur (1965) 16 STC 563(SC).

After this was pointed out in May 2005, Government stated in November 2006 that show cause notice had already been issued to the dealer for misuse of 'C' forms. Report on recovery of penalty has not been received (November 2006).

TRANSPORT DEPARTMENT

6.33 Non levy of fine on trucks carrying excess load of coal

Non levy of fine of Rs.165.48 crore on 1,45,242 commercial trucks for carrying excess load beyond maximum permissible limit.

In Meghalaya, all commercial trucks are registered by the district transport officers (DTO) with maximum permissible pay load of 10 MT on which road tax is payable under the Assam Motor Vehicle Taxation Act, 1936 (AMVT Act) (as adopted in Meghalaya). Further, under the Motor Vehicle Act 1988 (MV Act), whoever drives a motor vehicle or causes or allows a motor vehicle to be driven carrying load in excess of permissible limit, shall be liable to pay a minimum fine of Rs.2,000 and an additional amount of Rs.1,000 per MT of excess load so carried.

Cross check of records of the CT, Meghalaya, Shillong with those of the DMR check gate at Dainadubi, revealed in March 2005, that during the period between April 2001 and March 2004, 1,45,247 commercial trucks carried 28,16,755 MT of coal against the maximum permissible limit of 14,52,470 MT. But the excess load of 13,64,285 MT carried by these trucks beyond the maximum permissible limit, escaped notice of the Transport Department, resulting in non realisation of minimum fine of Rs.165.48 crore^(b).

The case was reported to the department/Government in July 2005 and March 2006; reply had not been received (November 2006).

(b) $1,45,247 \times 2,000 = \text{Rs.}29.05 \text{ crore}$
 $13,64,285 \times 1,000 = \text{Rs.}136.43 \text{ crore}$
Rs.165.48 crore

6.34 Non levy/short realisation of fine

There was non levy/short realisation of fine of Rs.8.24 lakh on 611 transport vehicles plying without permits.

Under MV Act, using a motor vehicle without permit in contravention of the provision of the Act shall be punishable for the first offence with a fine which may extend to Rs.5,000 but shall not be less than Rs.2,000.

Test check of records of the DTO, Shillong, revealed in July 2005, that 213 transport vehicles failed to get their permits renewed and were, thus, plying without valid permits. These vehicle owners were therefore liable to pay a minimum fine of Rs.4.26 lakh which was not levied and realised. This resulted in non levy of fine of Rs.4.26 lakh.

Similarly, test check of records of the CT, Meghalaya, Shillong revealed in March 2005, that 398 transport vehicles plying without valid permits were detected by the Enforcement Wing for the period between April 2003 and September 2004, but fine of only Rs.3.98 lakh against minimum fine of Rs.7.96 lakh was levied and realised. This resulted in short levy of fine of Rs.3.98 lakh.

The cases were reported to the department/Government in July and November 2005 and March 2006; reply had not been received (November 2006).

6.35 Non imposition/levy of fine

Non levy of fine of Rs.5.60 lakh for non registration of 280 vehicles.

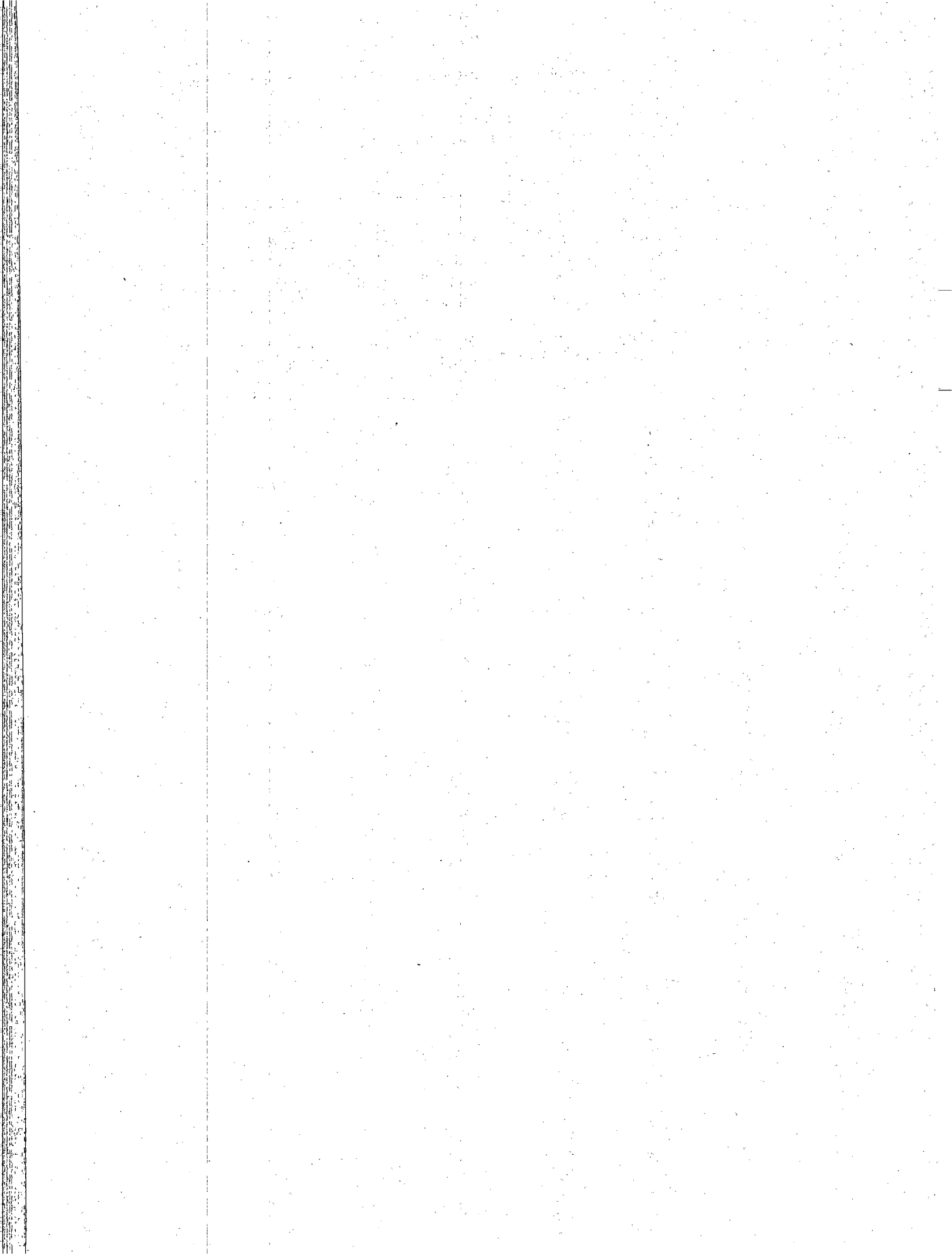
Under Section 39 of the MV Act, and Rule 33 of the Central Motor Vehicle (CMV) Rules 1989, a motor vehicle in possession of the dealer shall be exempted from the necessity of registration subject to the condition that he obtains a trade certificate from the registering authority. Rule 42 of the CMV Rules, provides that no holder of a trade certificate shall deliver a motor vehicle to a purchaser without registration whether temporary or permanent. Further, Section 41(7) of the Act, provides that a certificate of registration in respect of a motor vehicle, other than a transport vehicle, shall be valid for a period of 15 years from the date of issue of certificate and shall be renewed as per provision of the Act. The Act also provides for imposition of minimum fine of Rs.2,000 for contravention of the above provisions.

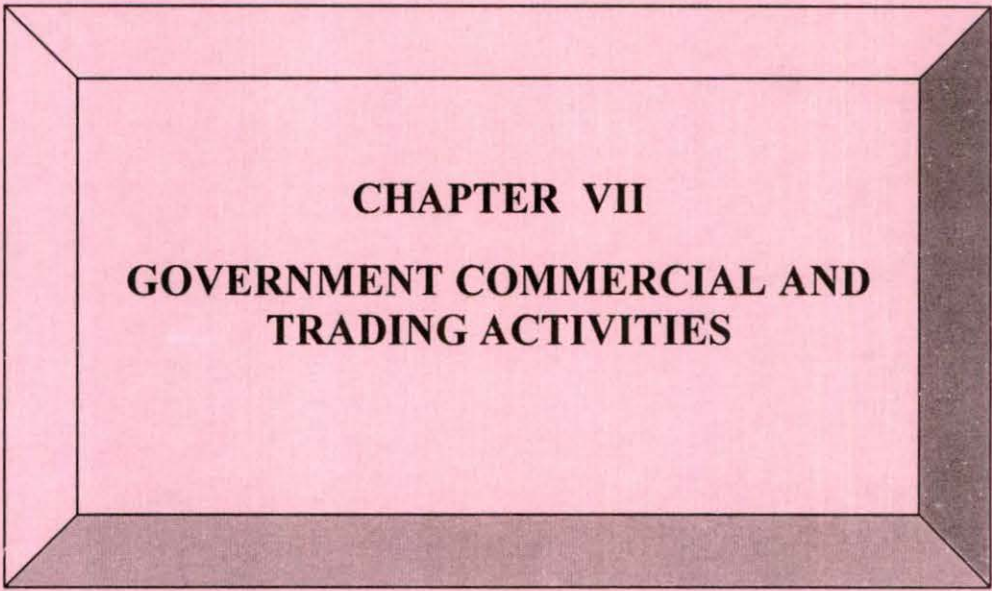
6.35.1 Test check of records of the DTO, Shillong revealed in July 2005, that 144 vehicles were sold by the dealers on different dates between July 2001 and January 2003 to various purchasers without registration. These vehicles

were registered after a lapse of 2 to 496 days from the date of delivery. For violation of provision of the Act and Rule, a minimum fine of Rs.2.88 lakh was leviable but not levied.

6.35.2 Similarly, test check of records of the DTO, Shillong revealed that out of 136 cases, the owners of 101 vehicles failed to get the certificates of registration renewed between 2001-02 and 2005-06 after the expiry of 15 years from the date of registration. In the remaining 35 cases, registration certificates were belatedly renewed. This resulted in plying of vehicles without registration and non levy of minimum fine of Rs.2.72 lakh.

The cases were reported to the department/Government in November 2005 and March 2006; reply had not been received (November 2006).





CHAPTER VII
GOVERNMENT COMMERCIAL AND
TRADING ACTIVITIES

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General

This chapter deals with the results of audit of Government Companies and Statutory Corporations. Paragraph 7.1 gives a general view of Government Companies and Statutory corporations. Paragraph 7.2 contains a Performance review on the working of the Meghalaya Tourism Development Corporation Limited and Paragraphs 7.3 to 7.5 deal with topics of other interest.

7.1 Overview of Government Companies and Statutory Corporations

7.1.1 Introduction

As on 31 March 2006 there were 10 Government Companies (all working) and three Statutory Corporations (all working) under the control of the State Government as against the same number of working Government Companies and working Statutory Corporations as on 31 March 2005. The accounts of the Government Companies (as defined in Section 617 of the Companies Act, 1956) are audited by the Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 (4) of the Companies Act, 1956. The audit arrangement of the Statutory Corporations is as follows:

Table 7.1

| Sl. No. | Name of the Corporation | Authority for audit by the CAG | Audit arrangement |
|---------|--|--|---|
| 1. | Meghalaya State Electricity Board (MeSEB) | Under Rule 14 of the Electricity (Supply) (Annual Accounts) Rules, 1985 read with Section 185 (2)(d) of the Electricity Act, 2003 ^(a) . | sole audit by CAG |
| 2. | Meghalaya Transport Corporation (MTC) | Section 32(2) of Road Transport Corporations Act, 1950 | |
| 3. | Meghalaya State Warehousing Corporation (MSWC) | Section 31(8) of the State Warehousing Corporations Act, 1962 | audit by Chartered Accountants and supplementary audit by CAG |

Working Public Sector Undertakings (PSUs)

7.1.2 Investment in working PSUs

As on 31 March 2006, the total investment in 13 working PSUs (10 Government Companies and three Statutory Corporations) was Rs.896.80 crore* (equity: Rs.379.72 crore; long-term loans** : Rs.512.92 crore and share application money: Rs.4.16 crore) against the total investment of Rs.847.81 crore (equity: Rs.358.93 crore; long-term loans: Rs.484.71 crore and share application money: Rs.4.17 crore) in the same number of working PSUs as on 31 March 2005. The analysis of investment in working PSUs is given in the following paragraphs.

7.1.3 Sector-wise investment in working Government Companies and Statutory Corporations

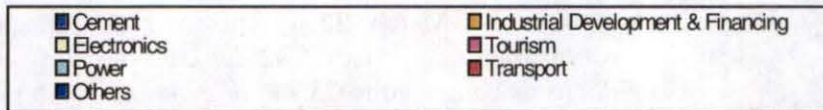
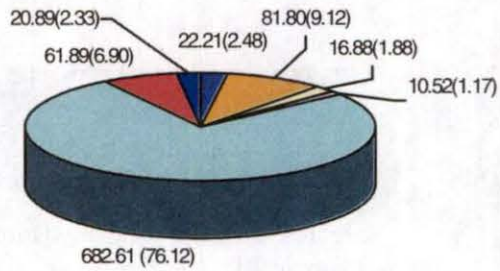
The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2006 and 31 March 2005 are indicated in the pie charts.

(a) The earlier provision of Section 69(2) of the Electricity (Supply) Act, 1948 was repealed by the Electricity Act, 2003.

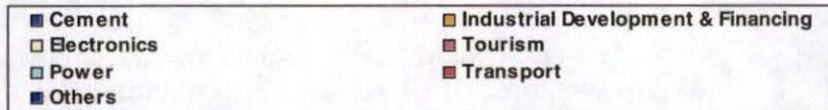
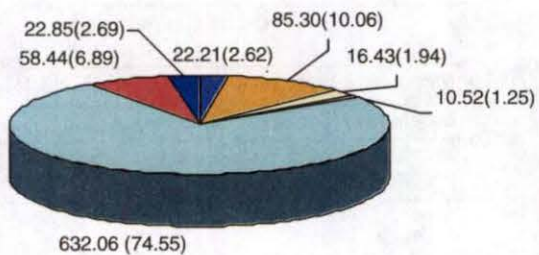
* State Government's investment was Rs.528.46 crore (Others: Rs.368.33 crore). Figure as per Finance Accounts 2005-06 is Rs.139.13 crore. The difference is under reconciliation.

** Long term Loans mentioned in paragraphs 7.1.2, 7.1.3, 7.1.4 and 7.1.5 are excluding interest accrued and due on such loans.

Investment as on 31 March 2006 (Rs.896.80 crore)
 (Figures in brackets indicate percentage of investment)



Investment as on 31 March 2005 (Rs.847.81 crore)
 (Figures in brackets indicate percentage of investment)



7.1.4 Working Government Companies

The total investment in working Government Companies at the end of March 2005 and March 2006 was as follows:

Table 7.2

(Rupees in crore)

| Year | Number of Companies | Equity | Share application money | Loans | Total |
|---------|---------------------|--------|-------------------------|-------|--------|
| 2004-05 | 10 | 113.06 | 4.17 | 37.63 | 154.86 |
| 2005-06 | 10 | 113.28 | 4.16 | 32.31 | 149.75 |

Decrease in the total investment was mainly due to reduction in outstanding loans in PSUs in the Industrial Development and Financing Sectors.

The summarised statement of Government investment in working Government Companies in the form of equity and loan are detailed in *Appendix XXXVIII*.

As on 31 March 2006, the total investment in working Government Companies comprised 78.42 per cent of equity capital and 21.58 per cent of loans as compared to 75.70 per cent and 24.30 per cent respectively as on 31 March 2005.

7.1.5 Working Statutory Corporations

The total investment in three Statutory Corporations at the end of March 2005 and March 2006 was as follows:

Table 7.3

(Rupees in crore)

| Name of Corporation | 2004-05 | | 2005-06 | |
|--|---------------------|--------------------|---------------------|---------------|
| | Capital | Loan | Capital | Loan |
| Meghalaya State Electricity Board (MeSEB) | 202.00 ^β | 430.06 | 202.00 ^β | 480.60 |
| Meghalaya Transport Corporation (MTC) | 41.42 ^f | 17.02 ^f | 61.90 ^f | - |
| Meghalaya State Warehousing Corporation (MSWC) | 2.45 | - | 2.55 [#] | - |
| Total | 245.87 | 447.08 | 266.45 | 480.60 |

The summarised statement of Government investment in working Statutory Corporations in the form of equity and loans is detailed in *Appendix XXXVIII*.

As on 31 March 2006, the total investment in working Statutory Corporations comprised 35.67 per cent of equity capital and 64.33 per cent of loans as compared to 35.48 per cent and 64.52 per cent respectively as on 31 March 2005.

^β State Government loan was converted into equity.

^f Figures for 2004-05 and 2005-06 in respect of MTC are provisional.

[#] Figures for 2005-06 in respect of MSWC are provisional.

7.1.6 Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loan into equity

The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government in respect of working Government Companies and working Statutory Corporations are given in *Appendices- XXXVIII and XL*.

The budgetary outgo in the form of equity capital and loans and grants/subsidies from the State Government to working Government Companies and working Statutory Corporations for the three years up to March 2006 is given below:

Table 7.4

(Rupees in crore)

| | 2003-04 | | | | 2004-05 | | | | 2005-06 | | | |
|--------------------|-----------|--------|--------------|--------|-----------|--------|--------------|--------|-----------|--------|--------------|--------|
| | Companies | | Corporations | | Companies | | Corporations | | Companies | | Corporations | |
| | No. | Amount | No. | Amount | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| 1. Equity | 2 | 9.15 | 1 | 2.00 | 2 | 3.10 | 2 | 2.80 | 1 | 0.21 | 2 | 20.57 |
| 2. Loans | - | - | 1 | 48.73 | - | - | 1 | 25.56 | - | - | 1 | 8.52 |
| 3. Grants | - | - | - | - | 2 | 0.58 | - | - | 2 | 0.68 | - | - |
| 4. Subsidy | 2 | 0.55 | 2* | 13.15 | - | - | 2* | 13.60 | 1 | 3.90 | 2* | 13.60 |
| Total outgo | 4@ | 9.70 | 2@ | 63.88 | 4@ | 3.68 | 2@ | 41.96 | 4@ | 4.79 | 3@ | 42.69 |

During 2005-06, no fresh guarantee has been given by the State Government against loan raised by the PSUs. At the end of the year, guarantees amounting to Rs.336.25 crore against two working Government Companies (Rs.3.26 crore) and one working Statutory Corporation (Rs.332.99 crore) were outstanding.

Against guarantees given by the State Government in earlier years to one Company viz., Meghalaya Mineral Development Corporation Limited amounting to Rs.2.33 crore for obtaining loan from other sources, the default in repayment by the Company at the end of 2005-06 amounted to Rs.2.26 crore. At the end of 2005-06, guarantee commission amounting to Rs.9.29 crore (including current year: Rs.0.83 crore) was due for payment by Meghalaya State Electricity Board to the State Government.

7.1.7 Finalisation of accounts by working PSUs

The accounts of the Government Companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of the Comptroller and Auditor General's

* Represents subsidy against Rural Electrification losses to Meghalaya State Electricity Board and grants to Meghalaya Transport Corporation for operation of buses on uneconomic routes.

@ Actual numbers of companies/corporations which received equity/loans/grants/subsidy from State Government during the year.

(Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of the financial year. Similarly, in the cases of Statutory Corporations, their accounts are to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Out of 13 working PSUs (10 working Government Companies and three Statutory Corporations) only one Statutory Corporation viz., Meghalaya State Electricity Board had finalised its accounts for the year 2005-06 within the stipulated period. During the period from October 2005 to September 2006, seven working Government Companies finalised eight accounts for the previous years. The remaining three Companies did not finalise any of the accounts during this period. During this period two Statutory Corporations viz., Meghalaya State Warehousing Corporation and Meghalaya Transport Corporation finalised accounts for the years 2004-05 and 1999-2000 respectively.

The accounts of 10 working Government Companies and two Statutory Corporations were in arrears for periods ranging from one to 15 years as on 30 September 2006 as detailed below:

Table 7.5

| Sl. No. | Number of Companies/Corporations | | Year from which accounts are in arrears | Number of years for which accounts are in arrears | Reference to Serial No. of Appendix XXXIX | |
|---------|----------------------------------|------------------------|---|---|---|------------------------|
| | Government Companies | Statutory Corporations | | | Government Companies | Statutory Corporations |
| 1. | 02 | 01 | 2005-06 | 01 | 1 & 10 | 3 |
| 2. | 02 | - | 2004-05 to 2005-06 | 02 | 4 & 9 | - |
| 3. | 01 | - | 2003-04 to 2005-06 | 03 | 5 | - |
| 4. | 01 | - | 2001-02 to 2005-06 | 05 | 3 | - |
| 5. | - | 01 | 2000-01 to 2005-06 | 06 | - | 2 |
| 6. | 02 | - | 1999-2000 to 2005-06 | 07 | 2 & 7 | - |
| 7. | 01 | - | 1998-99 to 2005-06 | 08 | 6 | - |
| 8. | 01 | - | 1991-92 to 2005-06 | 15 | 8 | - |

It is the responsibility of the administrative departments to oversee and ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though the concerned administrative departments of the Government were apprised quarterly by the Audit regarding arrears in finalisation of accounts, no remedial measures had been taken by the Government. As a result, the net worth of these PSUs could not be assessed in audit.

7.1.8 Financial position and working results of working PSUs

The summarised financial results of working PSUs (Government Companies and Statutory Corporations) as per their latest finalised accounts are given in Appendix XXXIX. Besides, statements showing the financial position and working results of individual Statutory Corporations for the latest three years for which accounts are finalised, are given in Appendices XLI & XLII respectively.

According to latest finalised accounts of 10 working Government Companies and three Statutory Corporations, eight Companies and two Corporations had incurred an aggregate loss of Rs.9.42 crore and Rs.61.71 crore respectively and the remaining two Companies and one Corporation earned profit of Rs.0.33 crore and Rs.0.05 crore respectively.

Working Government Companies

7.1.9 Profit earning working Companies and dividend

Six out of seven Government Companies which have finalised their accounts for previous years had not earned any profit. The State Government has not formulated any policy for payment of minimum dividend.

7.1.10 Loss incurring working Government Companies

Seven loss incurring working Government Companies (Sl. Nos. A-3, 4, 5, 6, 7, 9 and A-10 of *Appendix XXXIX*) had accumulated losses aggregating Rs.56.51 crore which had exceeded their aggregate paid-up capital of Rs.11.73 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to two of these Companies (Sl. No. A-3 of *Appendix XXXVIII* and Sl. No. A-10 of *Appendix XL*) in the form of contribution towards equity, grants, etc. According to available information, the total financial support so provided by the State Government by way of equity and grant during 2005-06 to these Companies amounted to Rs.38.50 lakh.

Working Statutory Corporations

7.1.11 Profit earning working Statutory Corporations and dividend

One Statutory Corporation (Serial No. B-3 of *Appendix XXXIX*) which finalised its accounts for the previous year earned a profit of Rs.5.38 lakh and had declared dividend of Rs.0.27 lakh during the year.

7.1.12 Loss incurring working Statutory Corporations

Two loss incurring Statutory Corporations (Sl. Nos. B-1 & 2 of *Appendix XXXIX*) had accumulated losses aggregating to Rs.356.91 crore which exceeded their paid up capital of Rs.247.89 crore. Despite poor performance and complete erosion of the paid up capital, the State Government continued to provide financial support to these Statutory Corporations by way of loan (Rs.8.52 crore), equity (Rs.3.00 crore) and subsidy/grant (Rs.13.60 crore).

7.1.13 Operational performance of working Statutory Corporations

The operational performance of the working Statutory Corporations is given in *Appendix XLIII*. Some of the important observations on the operational performance of the Statutory Corporations are given below:

Meghalaya State Electricity Board

- The *percentage* of transmission and distribution losses to total power available for sale increased from 25.97 *per cent* in 2004-05 to 36.76 *per cent* in 2005-06.

Meghalaya Transport Corporation

- Average kilometres covered per bus per day decreased from 135 Km in 1998-99 to 125 Km in 1999-2000.
- Loss per kilometre increases from Rs.10.38 in 1998-99 to Rs.28.06 in 1999-2000.

7.1.14 Return on capital employed

As per the latest annual accounts of PSUs, the capital employed[#] worked out to Rs.84.72 crore in 10 working Companies and negative total return¹ thereon was Rs.2.28 crore as compared to Rs.0.13 crore in the previous year. Similarly, the capital employed and total negative return thereon in case of working Statutory Corporations as per their latest finalised accounts worked out to Rs.623.83 crore and Rs.17.09 crore respectively against the total positive return of Rs.35.14 crore (5.81 *per cent*) in the previous year. The details of capital employed and total return on capital employed in case of working Government Companies and Statutory Corporations are given in *Appendix XXXIX*.

7.1.15 Status of placement of Separate Audit Reports of Statutory Corporations in Legislature

The following table indicates the status of placement in the Legislature by the Government of various Separate Audit Reports (SARs) on the accounts of Statutory Corporations issued by the CAG.

[#] Capital employed represents net fixed assets (including Capital work-in-progress) plus working capital except in case of Meghalaya Industrial Development Corporation where it represents a mean of aggregate of opening and closing balances of paid-up capital, free reserves and borrowings (including refinance).

¹ For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the profit and loss account.

Table 7.6

| Sl. No. | Name of Statutory Corporations | Year up to which SARs placed in the Legislature | Year for which SARs not placed in the Legislature | | Reasons for delay in placement in the Legislature |
|---------|---|---|---|---------------------------------|---|
| | | | Year of SAR | Date of issue to the Government | |
| 1. | Meghalaya State Electricity Board | 2003-04 | 2004-05 | 23 May 2006 | Under process of placement to Legislature |
| 2. | Meghalaya Transport Corporation | 1996-97 | 1999-2000 | 21 September 2006 | -Do- |
| 3. | Meghalaya State Warehousing Corporation | 2000-01 | 2004-05 | 4 October 2006 | -Do- |

7.1.16 Disinvestments, Privatisation and Restructuring^(a) of Public Sector Undertakings

During 2005-06 none of the Public Sector Undertakings (PSU) have disinvested their shares nor has any PSU been privatised, restructured, merged or closed.

7.1.17 Results of audit of accounts of PSUs by the Comptroller and Auditor General of India

During the period from October 2005 to September 2006, the accounts of four Government working Companies and three Statutory Corporations were selected for audit. The net impact of audit observations as a result of audit of accounts of these PSUs was as follows:

Table 7.7

| Details | Number of accounts | | Rupees in lakh | |
|--------------------------------------|----------------------|------------------------|----------------------|------------------------|
| | Government Companies | Statutory Corporations | Government Companies | Statutory Corporations |
| (i) Decrease in profit | - | 1 | - | 1635.44 |
| (ii) Increase in profit | - | - | - | - |
| (iii) Increase in loss | 2 | 1 | 22.10 | 46.53 |
| (iv) Decrease in loss | 1 | 1 | 2.03 | 2.96 |
| (v) Non-disclosure of material facts | 2 | 2 | 1383.23 | 59.00 |
| (vi) Errors of classification | 1 | 1 | 14.84 | 493.07 |

Some of the major errors and omissions noticed in the course of audit of annual accounts of some of the above Government Companies and Statutory Corporations are mentioned below:

^(a) Restructuring includes merger and closure of PSUs.

7.1.18 Errors and omissions noticed in the case of Government Companies

Meghalaya Government Construction Corporation Limited (2003-04)

- Understatement of loss by Rs.15.13 lakh due to booking of excess reimbursable claim over the actual expenditure.

Meghalaya Electronic Development Corporation (1998-99)

- Short provision of depreciation resulted in understatement of loss by Rs.6.92 lakh.

7.1.19 Errors and omissions noticed in the case of Statutory Corporations

Meghalaya State Electricity Board (2004-05)

- The net profit was overstated by Rs.16.27 crore due to (a) non-accountal of recoveries from theft/malpractice (Rs.0.12 crore), (b) excess deduction of rebates (Rs.0.14 crore), (c) non-adjustment of rebates (Rs.0.10 crore), (d) non-provision of income tax reimbursement claim (Rs.1.01 crore), (e) non-inclusion of interest on outstanding energy bills (Rs.1.65 crore), (f) non-accountal of power purchase bills (Rs.5.77 crore), (g) non-accountal of materials due to theft (Rs.0.18 crore) and (h) non-adjustment of outstanding amount of bills waived as per restructuring plan with ASEB (Rs.7.30 crore).

Meghalaya Transport Corporation (1999-2000)

- The net loss was understated by Rs.46.53 lakh due to (a) doubtful recovery of rent not written off (Rs.10.69 lakh), (b) doubtful advance not written off (Rs.5.59 lakh), (c) non-provision of damages (penalty) payable for default in deposit of EPF contribution (Rs.28.02 lakh), (d) non-provision of Audit fees (Rs.2.07 lakh) and (e) excess accountal of income from chartered service (Rs.0.16 lakh).
- The net loss was overstated by Rs.2.96 lakh due to short accountal of postal subsidy receivable.

Net impact of these comments was that the loss for the year was understated by Rs.43.57 lakh.

Meghalaya State Warehousing Corporation (2004-05)

- The net profit for the year was overstated by Rs.3.30 lakh due to (a) short provision of depreciation (Rs.2.91 lakh), and (b) over statement of interest income (Rs.0.39 lakh).

7.1.20 Audit assessment of the working results of Meghalaya State Electricity Board (MeSEB)

Based on the audit assessment of the working results of MeSEB for the three years up to 2004-05 and taking into consideration the major irregularities and omissions pointed out in the SARs on the annual accounts of the MeSEB and not taking into account the subsidy/subventions receivable from the State Government, the net surplus/deficit and the percentage of return on capital employed of the MeSEB would be as follows:

Table 7.8

(Rupees in crore)

| Sl. No. | Particulars | 2002-03 | 2003-04 | 2004-05 |
|---------|---|-----------|-----------|-----------|
| 1. | Net surplus (+)/deficit (-) as per books of accounts | (-) 24.56 | (-) 18.31 | 10.95 |
| 2. | Subsidy from the State Government | 10.80 | 10.35 | 10.80 |
| 3. | Net surplus (+)/deficit (-) before subsidy from the State Government (1-2) | (-) 35.36 | (-) 28.66 | 0.15 |
| 4. | Net increase/decrease in net surplus (+)/deficit (-) on account of audit comments on the annual accounts of the MeSEB | (-) 3.07 | (-) 14.61 | (-) 16.27 |
| 5. | Net surplus (+)/deficit (-) after taking into account the impact of audit comments but before subsidy from the State Government (3-4) | (-) 38.43 | (-) 43.27 | (-) 16.12 |
| 6. | Total return on capital employed | 13.28 | (-)13.08 | (-)37.07 |
| 7. | Percentage of total return on capital employed | 2.82 | | 6.15 |

7.1.21 Persistent irregularities and system deficiencies in financial matters of PSUs

The following persistent irregularities and system deficiencies in the financial matters of the two Statutory Corporations had been repeatedly pointed out during the course of audit of their accounts but no corrective action has been taken by these PSUs so far.

Table 7.9

| Meghalaya State Electricity Board | Meghalaya Transport Corporation |
|--|--|
| <ul style="list-style-type: none"> ◦ Age-wise analysis of receivables has not been made. ◦ Subsidy registers for purchases, advances, etc. remained un-reconciled with the financial records. ◦ Stores ledger remains incomplete and Priced Stores Ledger has not been properly maintained. ◦ Assets were not physically verified. | <ul style="list-style-type: none"> ◦ The details of opening balance, consumption and closing balances in respect of stores, tyres and tubes were not furnished. The manner in which the value of above stocks and consumption were assessed has not been furnished to Audit. ◦ The opening and closing balances of stationery and forms and tickets were not assessed and accounted for. ◦ Party-wise ledger for Sundry Creditors has not been maintained. ◦ Fixed assets and the land holding have not been physically verified by the Corporation. |

7.1.22 Internal audit / Internal control

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal audit/internal control systems in the Companies audited by them in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which need improvement.

- The Statutory Auditors in their reports qualified that in respect of four Companies (Sl. Nos. A-1, 6, 7 and 10 of *Appendix XXXIX*) no internal audit system exists or that internal audit is not commensurate with the size and nature of business of the Companies.
- The internal control procedure was inadequate especially with regard to purchase of raw materials in one Company (Sl. No.A-6 of *Appendix XXXIX*).

7.1.23 Response to inspection reports, draft paragraphs and reviews

Audit observations made during local audit and not settled on the spot are communicated to the heads of PSUs/Departments and concerned heads of departments of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through the respective heads of departments within a period of six weeks. Inspection reports issued up to March 2006 pertaining to 13 PSUs/Departments disclosed that 312 paragraphs relating to 84 inspection reports remained outstanding up to September 2006. Of these, 31 inspection reports containing 105 paragraphs had not been replied to for more than five years. Department-wise break-up of inspection reports and audit observations outstanding as on 30 September 2006 is given in *Appendix XLIV*.

Similarly, draft paragraphs and reviews on the working of the Government Companies and Statutory Corporations are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. Three draft paragraphs and one performance Audit report were forwarded to Power and Tourism departments during April to August 2006. Replies to all the draft paragraphs have not been received (November 2006).

It is recommended that (a) the Government should ensure that procedure exists for action against officials, who fail to send replies to inspection reports/draft paragraphs/reviews as per the prescribed time schedule, (b) action be taken to recover loss/outstanding advances/overpayment as per a time bound schedule, and (c) the system of responding to audit observations is revamped.

7.1.24 Position of discussions of Commercial Chapters of Audit Reports by the Committee on Public Undertakings (COPU)

The following table indicates the details regarding number of reviews and paragraphs discussed by COPU by the end of 30 September 2006:

Table 7.10

| Period of Audit Report | Total number of reviews and paragraphs appeared in Audit Report | | Number of reviews and paragraphs discussed | |
|------------------------|---|------------|--|------------|
| | Reviews | Paragraphs | Reviews | Paragraphs |
| 1984-85 | 3 | 3 | 2 | 2 |
| 1985-86 | 1 | 3 | 1 | -- |
| 1986-87 | 1 | 3 | -- | 1 |
| 1987-88 | 1 | 4 | -- | 1 |
| 1988-89 | 1 | 4 | 1 | 1 |
| 1989-90 | 1 | 4 | 1 | 1 |
| 1990-91 | 2 | 4 | -- | 2 |
| 1991-92 | 1 | 4 | -- | 1 |
| 1992-93 | 1 | 4 | -- | -- |
| 1993-94 | 1 | 4 | 1 | -- |
| 1994-95 | 2 | 4 | -- | -- |
| 1995-96 | 1 | 4 | -- | -- |
| 1996-97 | 1 | 4 | -- | -- |
| 1997-98 | 1 | 4 | -- | 1 |
| 1998-99 | 1 | 2 | -- | -- |
| 1999-00 | 2 | 7 | -- | 2 |
| 2000-01 | 2 | 4 | -- | -- |
| 2001-02 | 1 | 6 | 1 | 1 |
| 2002-03 | 1 | 4 | -- | 3 |
| 2003-04 | 1 | 5 | -- | -- |
| 2004-05 | 1 | 3 | 1 | -- |
| Total | 27 | 84 | 8 | 16 |

Between July 1985 and April 1997, COPU had presented 12 Reports (including three Action Taken Reports) to the State Legislature.

7.1.25 619-B Companies

There was one non-working Company under the purview of section 619-B of the Companies Act, 1956. The table given below indicates the details of paid-up capital and working results of the Company based on the latest available accounts.

Table 7.11

(Rupees in crore)

| Name of Company | Year of accounts | Paid up Capital | Investment by | | | Profit (+)/ Loss (-) | Accumulated Profit (+)/ Loss (-) |
|-----------------------------------|-------------------|-----------------|------------------|----------------------|--------|----------------------|----------------------------------|
| | | | State Government | Government Companies | Others | | |
| Meghalaya Phyto Chemicals Limited | 1984 [#] | 0.75 | ... | 0.54 | 0.21 | (-) 0.66 | (-) 2.20 |

[#] The Company is defunct and thus, in absence of management no accounts after 1984 (Calendar year) have been compiled.

SECTION 'A' : PERFORMANCE REVIEW

TOURISM DEPARTMENT

**MEGHALAYA TOURISM DEVELOPMENT
CORPORATION LIMITED**

**7.2 Performance review on the working of the Meghalaya
Tourism Development Corporation Limited**

Highlights

The Meghalaya Tourism Development Corporation Limited (Company) was incorporated in January 1977 as a wholly owned Government Company with a view to promote tourism in the State of Meghalaya but the Company failed to achieve its primary objective of providing/developing tourism in the State.

(Paragraph 7.2.1)

The Schemes undertaken by the Company did not contribute to the improvement/upgradation of the infrastructure. The Company did not formulate any Corporate Plan to achieve its stated objectives.

(Paragraph 7.2.6)

The funds received from the Government for development/augmentation of existing facilities and procurement of asset were not utilised.

(Paragraph 7.2.8)

Inordinate delay in completion of project (Hotel Crowborough) in Shillong resulted in avoidable blocking of funds amounting to Rs.7.66 crore.

(Paragraph 7.2.11)

Non formulation of credit policy by the Company resulted in accumulation of receivables of Rs.60.19 lakh.

(Paragraph 7.2.14)

Taxes such as luxury, sales and municipal taxes amounting to Rs.3.15 crore collected from the customers during 2001-02 to 2005-06 were not deposited in the Government Account but were utilised for working capital requirements.

(Paragraph 7.2.15)

The preparation of accounts of the Company was in arrears for 15 years (1991-92 to 2005-06). As a result actual financial health of the Company could not be ascertained and the possibility of misappropriation/fraud could not be ruled out. Internal audit in the Company was also not adequate and commensurate with the size and nature of its activities.

(Paragraph 7.2.22)

7.2.1 Introduction

The Meghalaya Tourism Development Corporation Limited (Company) was incorporated in January 1977 as a wholly owned Government Company with a view to promote tourism in the State of Meghalaya. The main objectives of the Company are to:

- develop and promote tourism in Meghalaya;
- take over, construct and manage hotels, lodges and catering units;
- establish and manage transport units;
- provide entertainment by way of cultural shows, films shows *etc.* and
- to provide shopping facilities to tourist and distribute tourist literature; and
- take over and manage wild life sanctuaries and re-creational sports.

The management of the Company is vested in a Board of Directors, consisting of 15 members including the Chairman, two Vice-chairman and Managing Director, who are nominated and appointed by the State Government. The Managing Director is the Chief Executive of the Company and is assisted by two Managers, Company Secretary (Part time) and Financial Adviser & Chief Accounts Officer. The field units like Hotels and Transport units are normally managed by Managers/Assistant Managers. The organisational chart of the Company is shown in *Appendix XLV*.

During the last five years ending 31 March 2006, the Board of Directors held only 16 meetings (two meetings held in 2005-06) as against 20 meetings (one meeting in each quarter) to be held during the period as per provisions of section 285 of the Companies Act, 1956.

The activities of the Company for the five years period ending 31 March 1989 were reviewed and commented upon in the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 1989 – Government of Meghalaya and was discussed by the Committee on Public Undertaking (COPU) between November 1989 and 21 September 1993 (four sittings). The recommendations of the COPU contained in its third report on the Company were placed in the State Legislature in April 1994. No action has been taken by the Government/Company on some of the recommendations of COPU as pointed out in Paras 7.2.6, 7.2.11, 7.2.14 and 7.2.20.

7.2.2 Scope of Audit

The present Performance review conducted during the period April 2006 to June 2006 covers the various activities of the Company for the period 2001-02 to 2005-06. Besides, examining the records maintained at the Head Office of the Company, audit also test checked the records of all the four hotels and the Transport Unit.

7.2.3 Audit Objectives

The audit objectives were to ascertain whether:

- schemes undertaken by the Company were completed within the time schedule economically, efficiently and effectively and the desired contribution and targets fixed for infrastructure upgradation were achieved;
- there was a well defined market strategy to create awareness among the prospective tourists highlighting the various attractions the State offers under well planned and co-ordinated packages;
- funds were utilised efficiently within the time frame and on the specified purpose;
- necessary facilities required for tourism development in the State were well conceived and provided; and
- the Company had managed its hotels, resorts, transport wing economically and effectively.

7.2.4 Audit Criteria

The audit criteria used for assessing the achievement of audit objectives were:

- State Tourism Policy 2001, guidelines/instructions issued by the State Government;
- Terms and conditions of agreement/contracts for taking over/ construction and management of hotels, lodges and catering units;
- Year-wise revenue targets of Hotels;
- Target for occupancy in Hotels, resorts and transport vehicles; and
- Policy of the Company for leasing out of its hotels;

7.2.5 Audit Methodology

The following mix of audit methodology was adopted for attaining the audit objectives:

- analysis of State Tourism Policy, guidelines/ instructions issued by the State Government;

- analysis/scrutiny of minutes/agenda papers of the meetings of the Board of Directors;
- scrutiny of agreements/contracts relating to taking over/ construction of hotels;
- examination of agreements and other correspondence relating to leasing out of hotels; and
- issue of audit observations and inter-action with the management.

Audit Findings

Audit findings arising from the performance review of the working of the Company were reported to the Management/Government in August 2006 and were also discussed in the meeting of the Audit Review Committee for State Public Sector Enterprises (ARCPSE) held on 5 September 2006. The meeting was attended by the Commissioner and Secretary, Department of Tourism, Government of Meghalaya who was also the Managing Director of the Company. The views expressed by the members have been taken into consideration while finalising the report.

The audit findings are discussed in the succeeding paragraphs.

7.2.6 Development and promotion of tourism-Non-upgradation of Infrastructure

The Company was incorporated with the primary objective of developing and promoting tourism in the State. For this purpose, the State Government formulated the “Meghalaya Tourism Policy (MTP) 2001” so as to attract more tourists from the country and abroad with a view to involve and benefit the local population.

As tourism is a multi-sector activity, the policy also proposed the establishment of a Committee known as “Tourism Advisory cum Co-ordination Committee (TACC)” for inter-departmental co-ordination. The MTP 2001, *inter alia*, stipulates that “The Directorate of Tourism preferably the MTDC will create and provide tourism related infrastructure and priorities as far as possible”.

The Managing Director of the Company is also the Director, Tourism Department, Government of Meghalaya and as such responsible for implementation of MTP 2001.

The Company did not prepare any Corporate Plan to achieve its stated objectives. No analysis of tourists, income-wise, area-wise, season-wise, food-wise was conducted by the Company. No benchmarks were fixed by the Company for achievement of its stated objectives. The COPU while examining the review report on the working of the Company recommended (April 1994) that the Company should conduct studies so as to attract tourists in the State. Despite these recommendations Audit analysis revealed that the

Company failed to conduct any studies and neither prepared any schemes/projects for future infrastructural development for attracting tourists and increasing the revenue of the Company.

Government in its reply (October 2006) stated that it had tried its level best to attract tourist by adopting all means. The reply is not acceptable as the details of steps taken by it to attract the tourist were not furnished to audit.

7.2.7 Improper implementation of Government schemes

During the period of Audit, nine Government schemes, for improvement and renovation, furnishing, repairing of existing hotels/resorts costing Rs.27.52 lakh, were taken up by the Company (*Appendix XLVI*). Audit scrutiny revealed that the schemes undertaken were of routine maintenance and upkeep of existing facilities and did not contribute to the improvement/upgradation of the infrastructure for attracting tourism. Thus, the Company not only failed to exploit the tourism potential of the State but also failed to augment the objective of developing and promoting tourism as envisaged in its Memorandum and MTP 2001.

7.2.8 Non-utilisation of funds

The Company received Rs.14.48 lakh for development/augmentation of existing facilities and procurement of assets, *etc.* at Orchid Lodge, Tura both from the Central Government as well as State Government as detailed below:

Table 7.11

| Year of receipt | Purpose for which funds received | From whom received | Amount (Rupees in lakh) |
|-----------------|---|--------------------|-------------------------|
| 2002-03 | Picnic spot at Peak Lodge, Shillong | State Government | 0.90 |
| 2003-04 | - do - | - do - | 0.78 |
| 2004-05 | Expansion of two additional cottage at Orchid Lodge, Tura | - do - | 3.00 |
| | Improvement works at Orchid Lodge, Tura | - do - | 1.16 |
| 2005-06 | Construction of cluster cottage at Orchid Lodge, Tura | - do - | 1.36 |
| | - do - | Central Government | 6.00 |
| | Purchase of Boats for Ward's lake and water sports | State Government | 1.28 |
| Total | | | 14.48 |

Scrutiny of records revealed that an amount of Rs.14.48 lakh received for the purpose remained unutilised till date (September 2006). The reasons for non-utilisation of these funds were neither on record nor stated. Subsequently, the Company leased out Orchid Lodge, Tura to a private party with effect from August 2005 by entering into an agreement. Till the date of Audit (September 2006), the Company neither surrendered the unutilised funds of Rs.14.48 lakh to the Government nor took steps to re-appropriate the funds for other

developmental activities and the staff posted at the lodge also could not be utilised gainfully. The details of the funds as to how these have been parked were not made available to Audit. The Government accepted the facts (October 2006) and stated that the works will be taken up.

7.2.9 Absence of Marketing strategy

For attracting more tourists the Company did not formulate any attractive sight seeing packages for different groups of customers, covering catering, transportation, tourist guides, *etc.* Audit observed that during the last five years ending 31 March 2006, despite having a Marketing Division, which is responsible for sales, Marketing and public relation no sales promotion brochures, or publicity through press, electronic media was undertaken. The Company had purchased (1992) a Resograph machine at a cost of Rs.5.30 lakh, but the same could not be utilised due to non-availability of skilled/trained manpower and it had to be disposed off (May 2002) at a loss of Rs.4.89 lakh. Government in its reply (October 2006) stated that it distributed tourist literature by utilising the above Resograph machine but as per Board minute of the Company the machine was not utilised and hence the reply is not acceptable as the supporting documents for utilisation of the machine were not endorsed to Audit.

The Company did not establish any Tourist Information Offices within or outside the State to provide tourist information and to promote tourism. Despite the fact that the State had a Meghalaya Tourism Policy 2001 the number of tourist who visited the State during 2001-06 was not available on record. As a result the Company could not exploit the tourism potential of the State which remained largely untapped and the occupancy ratio of Company owned hotel/lodges varied between 42.07 and 66.19 *per cent* (in peak season) during the period 2001-02 to 2005-06. Government in its reply (October 2006) stated that it had distributed tourist literature. The reply is not acceptable as the details are not endorsed to Audit.

7.2.10 Holding of Cultural shows, film shows, *etc.* and provision of shopping facilities to tourists

The objectives of the Company envisaged entertainment of tourists through cultural shows, film shows, *etc.* and also to provide shopping facilities to them. A scrutiny of records by Audit revealed that during the last five years ending 31 March 2006 the Company did not organise any cultural shows, film shows, *etc.* The Company organised only one 'Autumn Festival 2002' during October 2002 at Orchid Lake Resort, Umiam at a cost of Rs.7 lakh. The benefits, if any, which accrued from the festival, were not analysed or assessed by the Management.

The Company neither opened or promoted any shopping area for tourist nor took any advantage of coordinating with the Meghalaya Handloom and Handicraft Corporation Limited for display, sale and promotion of state handicrafts which is a great tourist interest.

The Government in its reply (October 2006) stated that it organises other cultural shows with the help of Directorate of Art and Culture. The reply is not acceptable as the benefit of holding these shows was not analysed by them.

7.2.11 Project remaining incomplete

The Company decided to construct a three star hotel (Crowborough Hotel) in October 1985 at an estimated cost of Rs.4.45 crore. The work order was issued in March 1987 to S.A.Builders, Chandigarh for the civil and plumbing work of the hotel for Rs.2.06 crore with stipulated date of completion by November 1988.

The work however, remained incomplete till June 1989 and the remaining work was allotted to Astra Construction Pvt. Ltd in February 1993 for Rs.2.65 crore for completion by May 1994. The work could not be completed and the contract was terminated in September 1996. Due to dispute between the parties the matter was referred to the Arbitrators (27 November 1989). After protracted litigation, the Umpire (who was appointed as a result of differences between the Arbitrators) gave (October 1999) the award in both the cases in favour of the contractors. The Company negotiated settlement in both the cases by paying Rs.1.31 crore (December 2000) to Astra Construction and Rs.1.94 crore (August 2004) to S.A.Builders. Up to December 2004, the total expenditure incurred on this project towards construction, out of court settlement *etc.* amounted to Rs.7.66 crore. In this connection, the COPU had recommended (April 1994) that the Committee be informed about the latest development of the Court case and the amount settled as compensation. However Company did not comply to COPU recommendation (October 2006).

In January 2005 the Government constituted an High Empowered Committee under the Deputy Chief Minister to recommend and report on utilisation of the Crowborough Building and status of construction. The Committee recommended that hotel should be completed only on the BOT (Built, Operate and Transfer) concept without involving any further Government money and the responsibility for completion of all aspects of the building would be that of the Company. It was also recommended that the Government may direct the Company to hire Infrastructure Leasing Financial Services Limited (ILFS) or any organisation of proven competence to advise them.

In February 2006 the Board of Directors decided that ILFS would prepare Feasibility Report and Detailed Project Report (DPR) by 15 April 2006 and the entire process of selection of the party with the approval of the Board should be completed by 31 May 2006. All expenses such as fees, *etc.* of the ILFS were to be recovered by ILFS from the party (BOT) appointed on mutually agreed terms. No reasons were recorded for not going for the second option *i.e.* to obtain the services of any other organisation of proven competence in the field.

The Market and Feasibility Study was placed before the Board in its meeting held in May 2006. During discussions in the Meeting it was, *inter alia*, observed that the study was only a feasibility report and not a Detailed Project Report. The consultant neither submitted the Detailed Project Report nor selected any party to start the work till June 2006. The incomplete work had not been taken up for execution leading to avoidable blocking up of funds amounting to Rs.7.66 crore without any returns.

The Government accepted the facts in October 2006.

Operational Performance of Hotels

Occupancy position

7.2.12 Room Occupancy

The room occupancy in the four hotels[▼] during the period from 2001-02 to 2005-06 is given in *Appendix XLVII*. The occupancy in terms of percentages during peak season and non-peak season in these hotels during the period varies as under:

Table 7.13

| Name of the Hotel | Peak season | | Non-peak season | |
|--------------------|-------------|-------|-----------------|-------|
| | From | To | From | To |
| Pinewood Hotel | 50.15 | 62.77 | 36.53 | 55.34 |
| Orchid Hotel | 42.45 | 66.19 | 33.19 | 44.77 |
| Orchid Lake Resort | 30.32 | 61.77 | 36.51 | 51.84 |
| Orchid Lodge Tura | 21.31 | 51.01 | 33.40 | 52.53 |

As per data published by Federation of Hotel and Restaurant Association of India, the all India average occupancy in hotels was 59.7 per cent. As against this, only in the peak seasons three hotels of the Company could achieve the all India average occupancy and none of the Hotel could achieve the same during non-peak season. It was observed during audit that the Company did not analyse the reasons for low occupancy and had not taken any remedial action for improving the occupancy so as to avoid recurring losses in the operation of its hotels/resorts. The Company also did not analyse whether its low occupancy was due to tourists preferring going to private hotels and lodges. Data regarding occupancy in private hotels, lodges was not available on record.

The Government accepted the facts in October 2006.

▼ Pinewood Hotel, Shillong, Orchid Hotel, Shillong, Orchid Lake Resort, Barapani and Orchid Lodge Tura (privatised since August 2005).

7.2.13 Working results

The working results of the four hotels during the period from 2001-02 to 2005-06 are given in the *Appendix XLVIII*. From the details in the *Appendix* it would be seen that the net operational income of Pinewood Hotel increased from Rs.15.22 lakh in the year 2001-02 to Rs.75.58 lakh in the year 2005-06. But performance of Orchid Lake Resort was low which varied from loss of Rs.4.87 lakh during the year 2001-02 to net operational income of Rs.9.98 lakh during the year 2005-06. The performance of Orchid Hotel was also very low which varied from loss of Rs.6.23 lakh during the year 2001-02 to net operational income of Rs.8.48 lakh during the year 2003-04, however, the same fell down to Rs.6.40 lakh in the year 2005-06. The performance of Orchid Lodge Tura was also very low which was running at a loss which varied from Rs.3.44 lakh during the year 2001-02 to Rs.3.64 lakh during the year 2005-06. This hotel was privatised in August 2005.

The total expenditure of head office also ranged between Rs.22.30 lakh and Rs.40.99 lakh during the period 2001-02 to 2005-06 whereas the income from lease rent and interest on fixed deposits ranged between Rs.2.62 lakh and Rs.12.80 lakh during the same period. The Government while accepting (October 2006) the above facts did not intimate the remedial action taken or proposed to be taken to minimise the recurring losses being suffered by the Company.

7.2.14 Outstanding dues

In spite of recommendations of the COPU (April 1994) that outstanding dues should be recovered by the Company at the earliest, it was observed from the details in *Appendix XLVIII*, that the position of Sundry Debtors of the Company has not shown any improvement. There was an increasing trend in the outstanding debtors and the same increased from Rs.27.09 lakh in 2001-02 to Rs.60.19 lakh in 2005-06. The main reason for huge accumulation of outstanding dues as analysed by audit was non-formulation of any credit policy by the Company. The Company did not make any age-wise analysis of the dues to ascertain the possibility of its recovery. Out of the total dues of Rs.60.19 lakh receivable, Rs.17.89 lakh were recoverable from the Central Government, Rs.39.98 lakh from the State Government and Rs.2.32 lakh from others (Private parties). The Company stated (September 2006) that action has been initiated for recovery of the dues. Government accepted the facts in October 2006.

7.2.15 Increasing tax liabilities

During the period under review the position of accumulated tax liabilities (both luxury and sales tax) of the hotels/units of the Company at the end of the year were as follows:

Table 7.14

(Rupees in lakh)

| A | Name of the Hotels | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|---|---------|---------|---------|---------|---------|
| B | Pinewood Hotel, Shillong | 90.88 | 108.12 | 128.18 | 150.92 | 181.24 |
| C | Orchid Hotel, Shillong (including Municipal Taxes) | 35.86 | 39.73 | 46.07 | 55.03 | 84.06 |
| D | Orchid Lake Resort, Barapani | 19.26 | 22.45 | 27.73 | 34.22 | 44.53 |
| E | Orchid Lodge, Tura | 2.36 | 2.80 | 3.45 | 4.26 | 4.80 |
| F | Total Tax liabilities (Sales tax, Luxury tax and Municipal tax) | 148.36 | 173.10 | 205.43 | 244.43 | 314.63 |

From the above details it would be seen that the accumulated tax liabilities of all the hotels had increased from Rs.1.48 crore to Rs.3.15 crore during the last five years ended 31 March 2006. Audit scrutiny revealed that the Company instead of crediting the amount to the concerned sales tax head of the Government utilised the funds for payment of salary and wages, remittances to Head Office, payment of CPF dues, *etc.* The utilisation of the Government revenue for payment of salary and wages of the Company was irregular and at the same time it attracts the avoidable interest liability at the rate of 24 per cent per annum. Government accepted the facts in October 2006.

Quality of Service

7.2.16 Inadequate essential facilities

The need to provide essential services is of paramount importance in the tourism industry. A review of such essential services and other amenities available in the hotels of the Company revealed the following inadequacies:

- Non display of important telephone numbers (like police stations, hospitals, *etc.*) at the reception counters.
- Non display of information at the reception counters of the availability of essential medical facilities.
- Non maintenance of records indicating the visits of public health authorities and their findings and recommendations in regard to maintenance of hygiene in the hotels.
- Absence of any system of periodic medical check up of the cooks and bearers and non-availability of test report of Food Inspector on the quality of food served.
- Absence of system of feedback from the customers regarding the quality of services given to the customers like Customer Satisfaction Response Sheet, Standard Service Norms, Postage Prepaid Feedback forms, *etc.*

The Government accepted the facts in October 2006.

Taking over, Leasing out of various units

7.2.17 Taking over of units

The Company took over the six tourist complexes, namely Orchid Lodge (Tura), Orchid view (Cherrapunjee), Orchid Drive Inn (Nongpoh) Cafeteria (Wards lake), Wayside Amenity (Anogre), Elephant falls (Shillong) from the Government of Meghalaya without analysing their viability and also without ascertaining the movable/immovable assets available and its valuation as on the date of its taking over.

Audit observed that in a meeting headed by the Tourism Minister, Government of Meghalaya, it was decided (25 September 2001) to privatise at least two non-functional tourism units under the control of the Company in line with the guidelines issued by the Government of India for the purpose and the model adopted by Kerela Tourism. These units were Restaurant-cum-rest houses in Cherrapunjee (Orchid view, Cherrapunjee) and Orchid Inn, Thadlaskein. Instead of complying to the above decision, the Company leased out these units. The Government accepted the facts in October 2006.

7.2.18 Leasing out of units

It was noticed in audit that the Company leased out the following five units during the period from October 2001 to August 2005. The lessee, however, occupied the leased property much later.

Table 7.15

(Figures in Rupees)

| Sl. No. | Name of the Units | Name of the Party | Date of agreement | Date of occupation of property by the lessee | Rate per month (Rupees) | Total Rent due | Rent received | Outstanding (as on 31 October 2006) |
|--------------|---------------------------|-------------------|-------------------|--|-------------------------------------|------------------|------------------|-------------------------------------|
| 1. | Tourist cafe, Wards lake | M.Lyngdoh | 1 October 2001 | 1.10.2001 | 5,000 | 3,05,000 | 2,65,000 | 40,000 |
| 2. | Orchid Inn, Thadlaskein | Hawaki Challam | 21 November 2003 | 1.12.2003 | 4,000 | 1,40,000 | 1,24,000 | 16,000 |
| 3. | Orchid Drive Inn, Nongpoh | Banri Dkhar | 28 November 2003 | 1.12.2003 | 8,250 | 2,88,750 | NIL | NIL |
| 4. | Orchid view, Cherrapunjee | D.Kharwanlang | 24 November 2003 | 12.3.2004 | 25,100 | 8,03,200 | 3,00,000 | 5,03,200 |
| 5. | Orchid Lodge, Tura | R.R.Sangma | 26 August 2005 | 1.12.2005 | 50,000 & 42,500 w.e.f. October 2006 | 6,92,500 | 3,50,000 | 3,42,500 |
| Total | | | | | | 22,29,450 | 10,39,000 | 9,01,700 |

From the above details it is evident that huge amount of Rs.9.02 lakh was outstanding as lease rent from the lessees. As per agreement, non-payment of lease rent in time (on or before the 7th of each month) would render the lessee liable to pay interest at the rate of 20 per cent per annum for the delay in

payment of the amount due. It was, however, noticed by Audit that the interest amounting to Rs.1.34 lakh has not been recovered from the lessees (October 2006). The Government accepted the facts in October 2006.

Tour operations and Water sports

7.2.19 Tour operations

The Company did not analyse or undertake any detailed survey to identify the important tourist spots or the number of tourists it would have to cater to. The Company, however, operated conducted tours for sight seeing trips within the State with a fleet of three deluxe coaches and one mini-coach and also by hiring private vehicles. During the period under review, the working results of the Transport Wing as compiled by audit are as follows:

Table 7.16

| (Rupees in lakh) | | | | | | |
|----------------------------|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Sl.No. | Income | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
| (i) | Sale of tickets | 9.03 | 12.11 | 17.44 | 13.76 | 16.83 |
| (ii) | Hiring charges | 0.02 | 0.20 | 0.26 | 0.16 | 1.00 |
| (iii) | Miscellaneous receipts | 0.39 | 0.15 | 0.04 | 0.03 | 0.05 |
| Total | | 9.44 | 12.46 | 17.74 | 13.95 | 17.88 |
| Expenditure | | | | | | |
| (i) | Salary and Allowances | 6.39 | 6.87 | 8.18 | 7.20 | 8.20 |
| (ii) | Vehicle running expenses | 2.40 | 4.99 | 8.32 | 7.21 | 10.33 |
| (iii) | Administrative expenses | 4.76 | 4.41 | 4.60 | 3.45 | 4.94 |
| Total | | 13.55 | 16.27 | 21.10 | 17.86 | 23.47 |
| Profit (+)/Loss (-) | | (-) 4.11 | (-) 3.81 | (-) 3.36 | (-) 3.91 | (-) 5.59 |

The Transport Unit of the Company has been incurring continuous losses varying between Rs.3.36 lakh to Rs.5.59 lakh during the five years ended 31 March 2006. The main reasons attributable for the losses as analysed in audit were:

- High operational expenses.
- Non-fixation of norms for staff bus-ratio, fleet utilisation, Kms running per bus per day, etc.
- Non-exercising management control over operations and taking corrective actions.

The Management, however, attributed (May 2006) the reasons for losses as seasonal operation and low capacity intake of tourist during lean season (August to March except October) and stated that during lean season the transport services are channelised to private taxi/sumo-operators. The reply is not acceptable because on many occasions inspite of low occupancy (varying

from 37 to 47 per cent), the Company continued to conduct its own tour services instead of channelising it to private taxis, sumos, etc.

It was further noticed in audit that the Management failed to restore one of the three deluxe coaches which met with an accident in October 2005 and went off road and remained un-operational (September 2006) as the Management did not take effective steps to repair the vehicle. Meanwhile the concerned staff remained idle. The Government accepted the facts in October 2006.

7.2.20 Water Sports

The Company has a Water Sports Complex at Umiam under the control of its Orchid Lake Resort (OLR). During the period under review, the working results of the water Sports unit as compiled by audit are as follows:

Table 7.17

(Rupees in lakh)

| Sl.No. | Income | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--------------------|--|-----------------|-----------------|-------------|-------------|-----------------|
| (i) | Revenue from Boating | 0.97 | 5.02 | 4.69 | 4.60 | 4.38 |
| (ii) | Revenue from Gate entry | 1.43 | 1.99 | 3.22 | 2.47 | 2.28 |
| (iii) | Miscellaneous earnings | 0.51 | 0.27 | 0.02 | 0.41 | 0.04 |
| | Total | 2.91 | 7.28 | 7.93 | 7.48 | 6.70 |
| Expenditure | | | | | | |
| (i) | Salary and other Allowances | 4.74 | 5.61 | 4.62 | 4.80 | 5.33 |
| (ii) | Boat running expenses (including general repair) | 0 | 0.74 | 0.87 | 1.01 | 1.07 |
| (iii) | Administrative expenses | 0.52 | 1.67 | 0.64 | 0.68 | 0.72 |
| | Total | 5.26 | 8.02 | 6.13 | 6.49 | 7.12 |
| | Surplus (+)/Deficit (-) | (-) 2.35 | (-) 0.74 | 1.80 | 0.99 | (-) 0.42 |

The Water Sports unit (OLR) of the Company incurred losses of Rs.2.35 lakh, Rs.0.74 lakh and Rs.0.42 lakh during the years 2001-02, 2002-03 and 2005-06 respectively and earned marginal profit of Rs.1.80 lakh and Rs.0.99 lakh during 2003-04 and 2004-05 respectively. The main reasons for the losses as analysed in audit were:

- High operational expenses.
- Non-fixation of norms for staff boat-ratio, non improvement of quality of the Water sports equipments.
- Lack of proper managerial control over increasing trend of cost of operations without taking corrective actions.

It is pertinent to add here that the COPU had recommended (April 1994) that the Company should provide other sport facilities like swimming pool, *etc.* so as to further increase the tourists inflow and development of tourism in the State. It was, however, noticed by audit that the Company had not formulated any major plan for development of sports activities in its hotels/ resorts except for a sum of Rs.31.12 lakh received from North Eastern Council (NEC) in 2004-05 for procurement of river bus, speed boats, *etc.* (*Appendix XXXVI*). A scrutiny of records by audit revealed that the Company received only eight Pedal boats and two 25 HP and one 40 HP Mariners. The details of utilisation of funds and the procurement of the boats were not furnished to Audit (October 2006). The Government accepted the facts in October 2006.

7.2.21 Internal Control /Internal Audit

Internal Control is a management tool for assisting it in achieving the objectives for which it has been set up, in an efficient, effective and economical manner. Following deficiencies were noticed by audit in the Internal Control mechanism being followed by the Company:

- The Company has not clearly defined the internal control mechanism to be followed in the Company even after 29 years of its existence.
- Accounting manual prescribing the accounting procedures to be followed, duties, powers and responsibilities of the accounts staff has not been complied.
- No internal audit manual prescribing the duties and powers of Internal audit and its scope and coverage has been prepared.
- The Internal Audit in the Company was being conducted by appointing a Chartered Accountant (CA) Firm from time to time; the same firm was engaged for compilation of its accounts up to 2000-01.
- The Internal audit report submitted by the CA firm contained comments on accounts only.

The Government accepted the facts in October 2006.

7.2.22 Compilation of Accounts

As on 31 March 2006 the Company had finalised its accounts up to 1990-91 and accounts from 1991-92 are in arrears. The Company only in August 2001 appointed a Chartered Accountant (CA) firm to compile its accounts and prepare its provisional Accounts up to 2000-01. Provisional accounts up to 2000-01 have been compiled by the CA firm, but these are still to be finalised by the Company and audited by the Statutory Auditors.

Further the Board of Directors in March 2005, emphasised the need to complete the compilation of provisional annual accounts from 2001-02 along with Internal Audit by appointing a CA firm, but the Company had not appointed any CA firm for this purpose till date (October 2006).

The Government accepted the facts in October 2006.

7.2.23 Budget

The Company did not prepare any Capital budget, only the usual income and expenditure budget was prepared from 2005-06. Review of the performances *i.e.* actuals *vis-à-vis* budgeted was not done. As such significant variations/causes for variations could not be analysed in depth to take corrective action.

The Government accepted the facts in October 2006.

7.2.24 Audit Committee

In accordance with the provisions of Section 292(A) of the Companies Act, 1956, every public Company having paid up capital of not less than Rs.5 crore is required to constitute a committee of Board known as Audit Committee. No such committee was constituted by the Company. The Company by not constituting the Audit Committee not only violated the provisions of the Companies Act but also failed to have an effective internal control tool.

The Government stated (October 2006) that the provisions of Section 292(A) will not be applicable as Meghalaya Tourism Development Corporation is a Private Company. The reply is not acceptable as the Company is an undertaking of the Government of Meghalaya and formulation of Audit Committee would ensure better Corporate Governance.

7.2.25 Acknowledgement

The audit acknowledges the cooperation and assistance extended by different level of Management at various stages of conducting the performance audit.

Conclusion

The Company failed to achieve its primary objective of promoting/developing tourism in the State. There was no sight seeing packages nor any promotional publicity. There was no provision for preparation of annual plan for upgradation and renovation of the hotels. Funds received for developing tourism infrastructure remained unutilised. The grants were mostly unutilised or under-utilised, hence projected facilities remained as proposals. Three Star hotel Project involving huge investment of the Company is still lying incomplete without any use for the last 11 years. Three hotels of the Company could meet the Industry norm of room occupancy during peak season only and in non-peak season none of the hotels could achieve the Industry norm. The Company has not defined internal control mechanism and also has not compiled internal audit manual and accounting manual even after 29 years of its existence.

Recommendations

- **The Company should prepare Annual Plan to expedite the upgradation and renovation work of its hotels/resorts to attract tourist and compete with private sector.**
- **The Company should closely monitor the implementation of infrastructural development facilities and expedite completion of incomplete projects.**
- **The Company should ensure attractive sight seeing packages to attract steady inflow of tourists and distribute tourist literature to focus on important tourist spots and availability of hotels/lodges of the Company in the State.**
- **In respect of all its projects the Company should display information as required under Right to Information Act.**
- **The Company should strengthen its internal control and internal audit to make it commensurate with the size and nature of the business of the Company.**
- **The Company should examine what functions it can outsource to attract more tourists, cut costs, increase profit.**

SECTION 'B' : PARAGRAPHS

POWER DEPARTMENT

MEGHALAYA STATE ELECTRICITY BOARD

7.3 Avoidable interest

Providing service connection to a consumer from its own funds in violation of the Terms and Conditions of supply of power resulted in avoidable interest liability of Rs.37.99 lakh.

As per clause 6.2 of the Terms and Conditions of Supply (T&C) of power to consumers, the entire cost of laying the service line is to be obtained in advance from the consumer before laying the service line. MeSEB prepared (August 2002) an estimate of Rs.5.47 crore for releasing a service connection to North Eastern Indira Gandhi Regional Institute of Health & Medical Science (NEIGRIHMS) for a connected load of 9.2 MVA. The amount was to be shared by the Health Department of Government of Meghalaya and the NEIGRIHMS in the ratio of 1:2.

Scrutiny of records (August 2005) by audit revealed that the State Government did not release its contribution though NEIGRIHMS paid its share of Rs.3.65 crore in May 2003. MeSEB, without receiving the share from the State Government started the work in January 2004 and completed the same in August 2005 after incurring an expenditure of Rs.5.38 crore. Due to non-receipt of share from the State Government, balance amount of Rs.1.73 crore was arranged by MeSEB from its internal sources despite losses being suffered by the Board and capital projects being funded with borrowed funds at an interest rate of 8.5 per cent per annum.

Thus, by taking up construction work without receiving the cost of laying the service line in contravention of the T&C of supply, MeSEB had to incur Rs.1.73 crore from its sources resulting in avoidable blocking of capital and interest liability of Rs.37.99[®] lakh thereon till July, 2006.

The matter was reported to the Board/Government in June 2006; their replies are awaited (November 2006).

[®] On Rs. 1.73 crore @ 8.5 per cent per annum for 31 months from January 2004 to July 2006.

7.4 Extending undue favour to a consumer

Non-adherence to the Terms and Conditions of supply of power resulted in non-recovery of initial load security deposit of Rs.18 lakh.

As per Clause 27.1.1 of the T&C of Supply, before releasing a service connection the consumer shall deposit a sum of money as initial security deposit to cover the estimated three months consumption charges as prescribed under the Schedule of Miscellaneous and General charges.

A test check (November 2005) of records by audit revealed that one Extra High Tension (EHT) service connection was released to Grey Stone Smelters (consumer) for supply of energy at four MVA load. The agreement between the MeSEB and the EHT consumer was executed on 11 August 2004 and the load security deposit amounting to Rs.12 lakh was deposited by the consumer on 26 August 2004 (Rs.3 lakh per MVA).

The load was subsequently increased to 8 MVA from 1 April 2005 and again to 10 MVA from 5 September 2005 without revising the agreement and realising the additional security corresponding to the additional load. A fresh agreement, however, was entered into with the above party on 30 September 2005 regularising the above enhancement of load retrospectively but the load security deposit for the additional load amounting to Rs.18 lakh (Rs.3 lakh X 6 MVA) was neither demanded nor paid by the consumer while entering into a fresh agreement.

Thus, non-payment of load security deposit by the consumer at the time of increase of load in violation of T&C of Supply resulted in extending undue favour of Rs.18 lakh to the EHT consumer by the Board, besides loss of interest of Rs.1.32 lakh up to March 2006 calculated at the MeSEB borrowing rate of 8.5 *per cent* per annum.

The matter was reported to the Board/Government in April 2006; their replies are awaited (November 2006).

7.5 Loss due to non-receipt of incurred expenditure

Non-adherence to terms and conditions of supply and faulty survey resulted in non-receipt of additional expenditure of Rs.32.74 lakh incurred on providing service line to consumers.

As per clause 6.2 of the T&C of Supply, MeSEB is to submit to the applicant an estimate of the cost of laying the service line, which shall be payable in advance in full before laying of the service line.

A test-check of records (November 2005) by audit of the Chief Engineer (Distribution) of MeSEB revealed that three Extra High Tension (EHT) consumers viz, Gray Stone Smelters (GSS); Trishul Hi-Tech Industries Limited (THTIL) and Meghalaya Sova Ispat & Alloys (pvt) Limited (MSIAL) were asked in April 2003 and January 2004 to deposit Rs.41.72 lakh; Rs.43.81 lakh and Rs.45.78 lakh respectively towards the estimated cost of construction of service lines. Accordingly, GSS deposited Rs.26.78 lakh (Rs.18 lakh in September 2003 and Rs.8.78 lakh in January 2004) and purchased and supplied to the Board tower materials worth Rs.6.94 lakh needed for execution of the service lines. THTIL and MSIAL deposited Rs.43.81 lakh and Rs.45.78 lakh on 26 April 2004 and 5 May 2004 respectively.

Further scrutiny revealed that due to unsuitability of tower location, the alignment as per the approved estimate had to be changed. MeSEB, without preparing the revised estimate and also without realising the additional amount required for increase in work, took up the construction and completed the work at a cost of Rs.49.76 lakh (GSS); Rs.52.34 lakh (THTIL) and Rs.53.95 lakh (MSIAL) respectively. The service lines were energised in July 2004 (GSS) and March 2005 (THTIL & MSIAL) but the revised estimate was submitted by the Chief Engineer (Distribution) to the MeSEB only in September (THTIL & MSIAL) and October 2005 (GSS). Consequently, MeSEB incurred an excess expenditure of Rs.32.74 lakh^e towards the cost of service line, without getting it reimbursed from the EHT consumers.

Thus, faulty survey before preparing the original estimates, combined with laying of service line without preparation of revised estimates and raising the demand for additional amount required for providing the service line resulted in loss of Rs.32.74 lakh to the Board.

^e Rs.8.53 lakh (Rs.52.34 lakh less Rs.43.81 lakh) plus Rs.8.17 lakh (Rs.53.95 lakh less Rs.45.78 lakh) plus Rs.16.04 lakh {Rs.49.76 lakh less (Rs.26.78 lakh + Rs.6.94 lakh)}.

The matter was reported to the Board and Government in April 2006; their replies are awaited (November 2006).



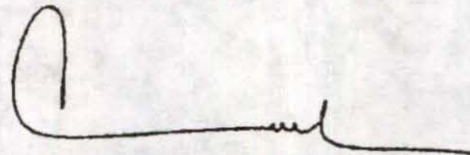
(Rajib Sharma)

Principal Accountant General (Audit)
Meghalaya, Arunachal Pradesh and Mizoram

Shillong

The 16 MAR 2007

Countersigned



(Vijayendra N. Kaul)

Comptroller and Auditor General of India

New Delhi

The 22 MAR 2007

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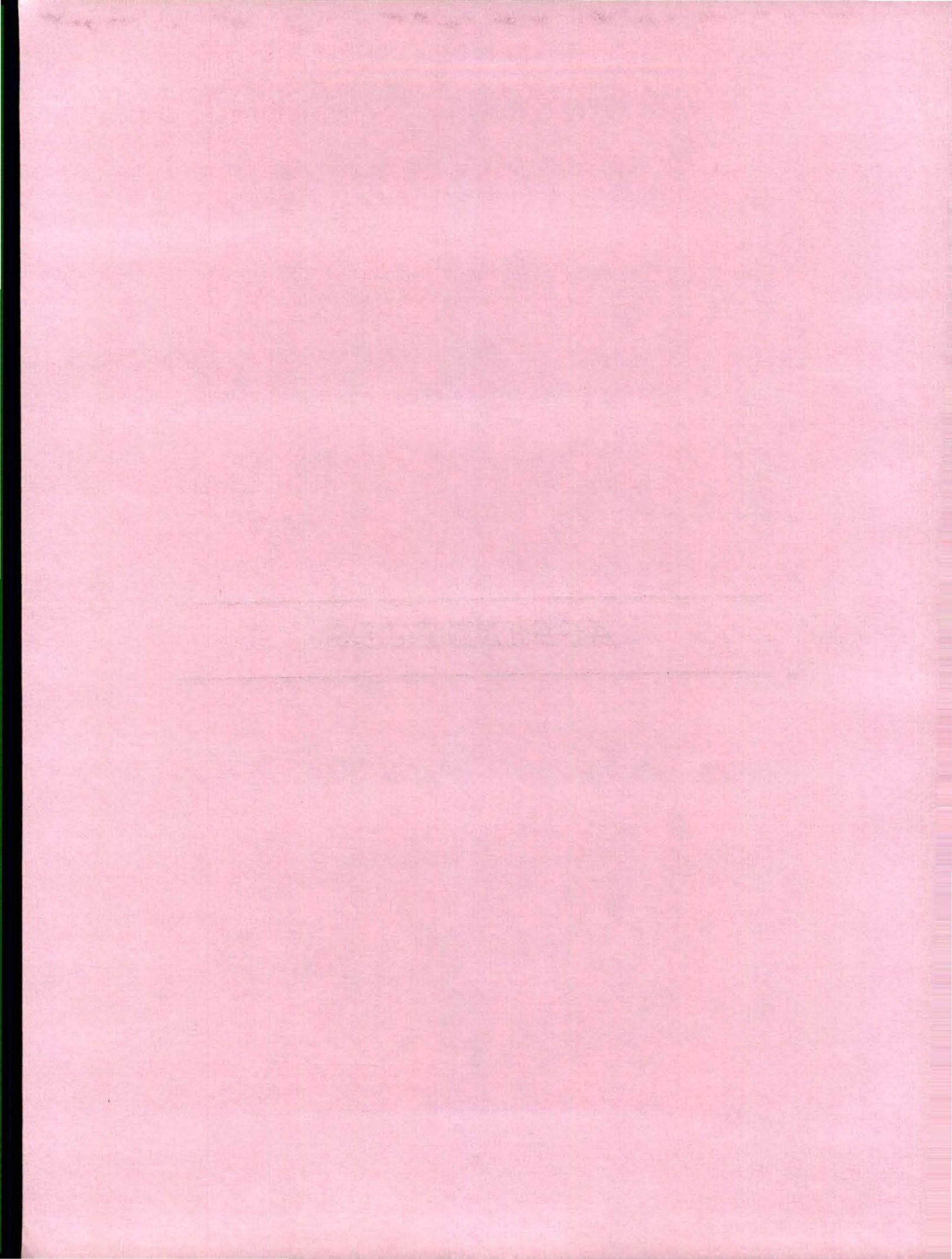
WORKSPACE SERVICES

WORKSPACE SERVICES

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WORKSPACE SERVICES

APPENDICES



APPENDIX I

Part A: Structure and Form of Government Accounts

(Reference: Paragraph 1.1; Page 1)

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

PART B

Lay out of Finance Accounts

(Reference: Paragraph 1.1; Page 1)

| Statement | Lay out |
|------------------|--|
| Statement No. 1 | Presents the summary of transactions of the State Government - receipts and expenditure, revenue and capital, public debt receipts and disbursements, etc. in the Consolidated Fund, Contingency Fund and Public Account of the State. |
| Statement No. 2 | Contains the summarised statement of capital outlay showing progressive expenditure to the end of 2005-06. |
| Statement No.3 | Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc. |
| Statement No. 4 | Indicates summary of the debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt. |
| Statement No. 5 | Gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc. |
| Statement No. 6 | Gives the summary of guarantees given by the Government for repayment of loans, etc. raised by the statutory corporations, local bodies and other institutions. |
| Statement No. 7 | Gives the summary of cash balances and investments made out of such balances. |
| Statement No. 8 | Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2006. |
| Statement No. 9 | Shows the revenue and expenditure under different heads for the year 2005-06 as a percentage of total revenue/expenditure. |
| Statement No. 10 | Indicates the distribution between the charged and voted expenditure incurred during the year. |
| Statement No. 11 | Indicates the detailed account of revenue receipts by minor heads. |
| Statement No. 12 | Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head-wise. |
| Statement No. 13 | Depicts the detailed capital expenditure incurred during and to the end of 2005-06. |
| Statement No. 14 | Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, etc. up to the end of 2005-06. |
| Statement No. 15 | Depicts the capital and other expenditure (other than revenue account) to the end of 2005-06 and the principal sources from which the funds were provided for that expenditure. |
| Statement No. 16 | Gives the detailed account of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account. |
| Statement No. 17 | Presents the detailed account of debt and other interest bearing obligations of the Government of Meghalaya. |
| Statement No. 18 | Provides the detailed account of loans and advances given by the Government of Meghalaya, the amount of loans repaid during the year, the balances as on 31 March 2006. |
| Statement No. 19 | Gives the details of earmarked balances of reserve funds. |

Part C: List of terms used in the Chapter I and basis for their calculation

(Reference: Paragraph 1.3; Page 3)

| Terms | Basis for calculation |
|---|---|
| Buoyancy of a parameter | Rate of Growth of the parameter/GSDP Growth |
| Buoyancy of a parameter (X) with respect to another parameter (Y) | Rate of Growth of the parameter (X)/Rate of Growth of the parameter (Y) |
| Rate of Growth (ROG) | $[(\text{Current year Amount}/\text{Previous year Amount})-1] * 100$ |
| Development Expenditure | Social Services + Economic Services |
| Weighted Interest Rate (Average interest paid by the State) | $\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$ |
| Interest spread | GSDP growth – Weighted Interest rates |
| Quantum Spread | Debt Stock * Interest Spread |
| Interest received as <i>per cent</i> to Loans Outstanding | $\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$ |
| Revenue Deficit | Revenue Receipt – Revenue Expenditure |
| Fiscal Deficit | Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts |
| Primary Deficit | Fiscal Deficit – Interest Payments |
| Balance from Current Revenue (BCR) | Revenue Receipts <i>minus</i> all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048 – Appropriation for Reduction or Avoidance of Debt |

APPENDIX II
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF MEGHALAYA AS ON 31
MARCH 2006
(Reference: Paragraph 1.3; Page 3)

(Rupees in crore)

| As on 31 March 2005 | Liabilities | | As on 31 March 2006 |
|------------------------------|--|-----------|------------------------|
| ... | External Debt | | ... |
| 1220.17^(a) | Internal Debt | | 1423.08 |
| 824.98 | Market loans bearing interest | 955.75 | |
| 0.02 | Market loans not bearing interest | 0.02 | |
| 1.72 | Loan from LIC | 1.44 | |
| 393.45 ^(b) | Loans from other Institutions | 465.87 | |
| ... | Ways and Means Advances | ... | |
| ... | Overdraft from Reserve Bank of India | ... | |
| 388.36 | Loans and Advances from Central Government | | 372.52 |
| 7.15 ^(b) | Pre 1984-85 Loans | 6.23 | |
| 17.52 ^(b) | Non-plan Loans | 16.18 | |
| 342.56 ^(b) | Loans for State Plan Schemes | 328.98 | |
| 0.26 | Loans for Central Plan Schemes | 0.24 | |
| 10.83 | Loans for Centrally Sponsored Plan Schemes | 11.57 | |
| 10.04 | Loans for Special Schemes | 9.32 | |
| 6.00 | Contingency Fund | | 6.00 |
| 302.34^(b) | Small Savings, Provident Funds, etc. | | 346.64 |
| 242.84 | Deposits | | 404.44 |
| 45.06 | Reserve Funds | | 53.67 |
| ... | Remittance Balances | | ... |
| 1043.39 | Surplus on Government Accounts | | 1115.85 |
| 1043.39 | (i) Revenue Surplus as on 31 March 2005 | 1043.39 | |
| ... | (ii) Revenue Surplus for the year 2005-06 | 72.46 | |
| 3248.16 | | | 3722.20 |
| | Assets | | |
| 2699.45 | Gross Capital Outlay on Fixed Assets | | 2958.78 |
| 170.42 | Investment in shares of Companies, Corporation, etc. | 177.31 | |
| 2529.03 | Other Capital Outlay | 2781.47 | |
| 487.77 | Loans and Advances | | 479.87 |
| 367.39 | Loans for power projects | 374.19 | |
| 22.98 | Other Development Loans | 23.58 | |
| 97.40 | Loans to Government Servants and miscellaneous loans | 82.10 | |
| 26.01 | Investment of Earmarked Funds | | 34.26 |
| 1.29 | Advances | | 1.29 |
| 69.71 | Suspense and Miscellaneous Balances | | 78.46 |
| 6.00 | Appropriation to Contingency Fund | | 6.00 |
| 1.07 | Remittances | | 5.20 |
| (-) 43.14 | Cash | | 158.34 |
| 8.38 | Cash in Treasuries | 9.37 | |
| (-) 220.29 | Deposits with Reserve Bank of India | (-) 26.62 | |
| 0.28 | Departmental Cash Balance | 1.06 | |
| ... | Permanent Advances | ... | |
| 168.49 | Cash Balance Investment | 174.53 | |
| 3248.16 | | | 3722.20 |

^(a) As per Finance Accounts for the year 2005-06, Rs.200.92 crore has been transferred from the Major head '8007-Investment in Special Central Government Securities' to the Major head '6003-Special Securities issued to National Small Savings Fund of the Central Government' to rectify the misclassification.

^(b) As per Finance Accounts for the year 2005-06, opening balance differs with the closing balance of 2004-05 due to proforma correction of misclassification.

APPENDIX III
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2005-06

(Reference: Paragraph 1.3; Page 3)

(Rupees in crore)

| 2004-05 | Receipts | 2005-06 | 2004-05 | Disbursements | | | | 2005-06 |
|-----------------------|--|---------|---------|--|----------|--------|---------|---------|
| Section - A : Revenue | | | | | | | | |
| | I. Revenue Receipts | | | I. Revenue Expenditure | Non-Plan | Plan | Total | |
| 207.73 | Tax Revenue ^(a) | 252.67 | 587.05 | General Services | 602.79 | 22.54 | 625.33 | 625.33 |
| 133.49 | Non-Tax Revenue | 146.01 | 557.76 | Social Services | 340.74 | 214.01 | 554.75 | 554.75 |
| 269.04 | State's Share of Union Taxes and Duties ^(b) | 350.57 | 308.32 | Education, Sports, Art and Culture | 195.03 | 116.04 | 311.07 | |
| 360.82 | Non-Plan Grants | 406.03 | 86.39 | Health and Family Welfare | 61.07 | 32.96 | 94.03 | |
| 460.43 | Grants for State Plan Schemes | 445.36 | 83.50 | Water Supply, Sanitation, Housing and Urban Development | 58.63 | 23.42 | 82.05 | |
| 90.78 | Grants for Central Plan and Centrally Sponsored Plan Schemes | 121.31 | 3.33 | Information and Broadcasting | 2.08 | 1.59 | 3.67 | |
| 23.84 | Grants for Special Plan Schemes | 24.99 | 18.04 | Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes | 0.96 | 2.45 | 3.41 | |
| | | | 5.94 | Labour and Labour Welfare | 4.54 | 1.53 | 6.07 | |
| | | | 49.69 | Social Welfare and Nutrition | 15.64 | 36.02 | 51.66 | |
| | | | 2.55 | Others | 2.79 | ... | 2.79 | |
| | | | 451.53 | Economic Services | 239.46 | 254.94 | 494.40 | 494.40 |
| | | | 139.62 | Agriculture and Allied Activities | 85.83 | 77.24 | 163.07 | |
| | | | 65.38 | Rural Development | 12.47 | 85.96 | 98.43 | |
| | | | 8.68 | Special Areas Programmes | ... | 4.05 | 4.05 | |
| | | | 10.82 | Irrigation and Flood Control | 8.08 | 4.57 | 12.65 | |
| | | | 88.85 | Energy | 10.80 | 57.17 | 67.97 | |
| | | | 53.86 | Industry and Minerals | 56.24 | 13.58 | 69.82 | |
| | | | 50.06 | Transport | 52.54 | ... | 52.54 | |
| | | | 0.12 | Science, Technology and Environment | 0.14 | ... | 0.14 | |
| | | | 34.14 | General Economic Services | 13.36 | 12.37 | 25.73 | |
| 1546.13 | Total | 1746.94 | 1596.34 | Total | 1182.99 | 491.49 | 1674.48 | 1674.48 |
| 50.21 | II. Revenue Deficit carried over to Section B | ... | ... | II. Revenue Surplus carried over to Section B | ... | ... | ... | 72.46 |
| 1596.34 | Total | 1746.94 | 1596.34 | Total | 1182.99 | 491.49 | 1674.48 | 1746.94 |

(a) Excluding share of net proceeds of taxes and duties assigned to State.

(b) Share of net proceeds assigned to State.

| 2004-05 | Receipts | 2005-06 | 2004-05 | Disbursements | | | 2005-06 |
|---------------------|--|-----------|---------|------------------------------------|----------|--------|---------|
| Section - B: Others | | | | | | | |
| | | | | | Non-Plan | Plan | Total |
| 11.73 | III. Opening Cash Balance including permanent advances and cash balance investment | (-) 43.14 | ... | III. Opening Overdraft from RBI | ... | ... | ... |
| ... | IV. Miscellaneous Capital Receipts | ... | 245.53 | IV. Capital Outlay | 1.61 | 257.72 | 259.33 |
| | | | 8.11 | General Services | 0.82 | 10.39 | 11.21 |
| | | | 109.17 | Social Services | 0.79 | 113.73 | 114.52 |
| | | | 1.83 | Education, Sports, Art and Culture | ... | 0.70 | 0.70 |
| | | | 14.51 | Health and Family Welfare | ... | 17.23 | 17.23 |
| | | | 72.74 | Water Supply and Sanitation | ... | 77.86 | 77.86 |
| | | | 17.65 | Housing and Urban Development | 0.79 | 9.94 | 10.73 |
| | | | 2.44 | Social Welfare and Nutrition | ... | 8.00 | 8.00 |
| | | | 128.25 | Economic Services | ... | 133.60 | 133.60 |
| | | | 10.27 | Agriculture and Allied Activities | ... | 4.61 | 4.61 |
| | | | 2.68 | Rural Development | ... | 0.43 | 0.43 |
| | | | 14.54 | Special Areas Programmes | ... | 26.14 | 26.14 |
| | | | 5.19 | Irrigation and Flood Control | ... | 7.58 | 7.58 |
| | | | 5.20 | Industry and Minerals | ... | 8.41 | 8.41 |
| | | | 90.13 | Transport | ... | 86.03 | 86.03 |
| | | | 0.19 | General Economic Services | ... | 0.40 | 0.40 |

| 2004-05 | Receipts | 2005-06 | 2004-05 | Disbursements | 2005-06 |
|---------|---|---------|------------|--|---------|
| 18.46 | V. Recoveries of Loans and Advances | 18.52 | 35.93 | V. Loans and Advances Disbursed | 10.63 |
| 0.48 | From Power Projects 0.14 | | 25.63 | For Power Projects 6.94 | |
| 17.73 | From Government Servants 18.24 | | 9.38 | To Government Servants 2.94 | |
| 0.25 | From Others 0.14 | | 0.92 | To Others 0.75 | |
| ... | VI. Revenue Surplus brought down | 72.46 | 50.21 | VI. Revenue Deficit brought down | ... |
| 297.44 | VII. Public Debt receipts | 250.46 | 191.97 | VII. Repayment of Public Debt | 63.37 |
| 185.31 | Internal debt other than Ways and Means Advances and Overdraft 247.23 | | 82.00 | Internal debt other than Ways and Means Advances and Overdraft 44.31 | |
| ... | Net transactions under Ways and Means Advances including Overdraft ... ^(e) | | ... | Net transactions under Ways and Means Advances including Overdraft ... | |
| 112.13 | Loans and Advances from Central Government 3.23 | | 109.97 | Repayment of Loans and Advances to Central Government 19.06 | |
| 980.01 | VIII. Public Account Receipts | 1107.80 | 827.14 | VIII. Public Account Disbursements | 914.43 |
| 129.85 | Small Savings and Provident Funds 88.50 | | 39.10 | Small Savings and Provident Fund 44.20 | |
| 17.97 | Reserve Funds 19.56 | | 11.56 | Reserve Funds ^(d) 19.20 | |
| 165.20 | Deposits and Advances 343.13 | | 147.40 | Deposits and Advances 181.53 | |
| 17.55 | Suspense and Miscellaneous ^(e) (-) 17.76 | | (-) 19.00 | Suspense and Miscellaneous ^(e) (-) 9.00 | |
| 649.44 | Remittances 674.37 | | 648.08 | Remittances 678.50 | |
| ... | IX. Closing Overdraft from Reserve Bank of India | ... | (-) 43.14 | IX. Cash Balance at end | 158.34 |
| | | | 8.38 | Cash in Treasuries 9.37 | |
| | | | (-) 220.29 | Deposits with Reserve Bank (-) 26.62 | |
| | | | 0.28 | Departmental Cash Balance 1.06 | |
| | | | 168.49 | Cash Balance Investment 174.53 | |
| 1307.64 | Total | 1406.10 | 1307.64 | Total | 1406.10 |

- (c) Represents receipts Rs.92.34 crore and disbursements Rs.92.34 crore.
(d) Includes disbursement on investment.
(e) Excluding 'Other Accounts'.

APPENDIX IV
SOURCES AND APPLICATION OF FUNDS
(Reference: Paragraph 1.3; Page 3)

(Rupees in crore)

| 2004-05 | SOURCES | 2005-06 |
|--------------------|--|---------|
| 1546.13 | 1. Revenue receipts | 1746.94 |
| 18.46 | 2. Recoveries of Loans and Advances | 18.52 |
| 105.47 | 3. Increase in Public Debt | 187.09 |
| 152.87 | 4. Net receipts from Public Account | 193.37 |
| 90.75 | - Increase in Small Savings and Provident Funds 44.30 | |
| 17.80 | - Deposits and Advances (Net effect) 161.60 | |
| 6.41 | - Reserve Fund (Net effect) 0.36 | |
| 36.55 | - Net effect of Suspense and Miscellaneous transactions (-) 8.76 | |
| 1.36 | - Net effect of Remittance transactions (-) 4.13 | |
| ... | 5. Net effect of Contingency Fund transactions | ... |
| 54.87 | 6. Decrease in closing cash balance | ... |
| 1877.80 | Total | 2145.92 |
| APPLICATION | | |
| 1596.34 | 1. Revenue expenditure | 1674.48 |
| 35.93 | 2. Lending for development and other purposes | 10.63 |
| 245.53 | 3. Capital expenditure | 259.33 |
| ... | 4. Net effect of Contingency Fund transactions | ... |
| ... | 5. Increase in closing cash balance | 201.48 |
| 1877.80 | Total | 2145.92 |

Explanatory Notes to Appendix II, III & IV

1. The abridged accounts in the above Appendices have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the surplus/deficit on Government account, as shown in Appendix II indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation in stock figure, etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payment made on behalf of the State and other pending settlement, etc.
4. There was a net difference of Rs.47.09 crore between the figures reflected in the accounts {(-) Rs.26.62 crore} and that intimated by the Reserve Bank of India {(-) Rs.73.71 crore} due to (i) misclassification by Bank/Treasury (Rs.45.07 crore) and (ii) non-receipt of details of adjustment made by RBI (Rs.2.02 crore).

APPENDIX V
DATA
 TIME SERIES ON STATE GOVERNMENT FINANCES

(Reference: Paragraph 1.3 Page 3)

(Rupees in crore)

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|--|-----------|----------|----------------|------------|------------|-------------|
| Part A - Receipts | | | | | | |
| 1. Revenue Receipts | 1,132 | 1,123 | 1,289 | 1,399 | 1,546 | 1,747 |
| (i) Tax Revenue | 119 (11) | 136 (12) | 145 (11) | 178 (13) | 208 (13) | 253 (15) |
| Taxes on Sales, Trade, etc. | 65 (55) | 81 (60) | 87 (60) | 110 (62) | 127 (62) | 173 (68) |
| State Excise | 41 (34) | 42 (31) | 45 (31) | 53 (30) | 63 (31) | 59 (23) |
| Taxes on Vehicles | 5 (4) | 5 (4) | 5 (4) | 6 (3) | 7 (3) | 9 (4) |
| Stamps and Registration fees | 3 (3) | 3 (2) | 3 (2) | 3 (2) | 5 (3) | 6 (3) |
| Land Revenue | 1 (1) | 1 (...) | 0.32 (...) | 0.49 (...) | 0.29 (...) | 0.33 (...) |
| Other Taxes | 4 (3) | 4 (3) | 4.68 (3) | 5.51 (3) | 1.71 (1) | 5.67 (2) |
| (ii) Non Tax Revenue | 87 (8) | 94 (8) | 93 (7) | 129 (9) | 133 (9) | 146 (8) |
| (iii) State's share of Union Taxes and Duties | 164 (14) | 165 (15) | 176 (14) | 225 (16) | 269 (17) | 350 (20) |
| (iv) Grants-in-aid from Government of India | 762 (67) | 728 (65) | 875 (68) | 867 (62) | 936 (61) | 998 (57) |
| 2. Miscellaneous Capital Receipts | ... | ... | ... | ... | ... | ... |
| 3. Total revenue and Non-debt capital receipts (1+2) | 1,132 | 1,123 | 1,289 | 1,399 | 1,546 | 1,747 |
| 4. Recoveries of Loans and Advances | 13 | 16 | 15 | 18 | 19 | 19 |
| 5. Public Debt Receipts | 141 | 156 | 295 | 319 | 297 | 250 |
| Internal Debt (excluding Ways and Means Advances and Overdrafts) | 110 (78) | 110 (71) | 157 (53) | 236 (74) | 185 (62) | 247 (99) |
| Net transactions under Ways and Means Advances and Overdraft | ... | ... | ... | ... | ... | ... |
| Loans and Advances from Government of India ^(a) | 31 (22) | 46 (29) | 138 (47) | 83 (26) | 112 (38) | 3 (1) |
| 6. Total receipts in the Consolidated Fund (3+4+5) | 1,286 | 1,295 | 1,599 | 1,736 | 1,862 | 2,016 |
| 7. Contingency Fund Receipts | ... | ... | ... | ... | ... | ... |
| 8. Public Accounts Receipts | 869 | 774 | 935 | 874 | 980 | 1,108 |
| 9. Total receipts of the State (6+7+8) | 2,155 | 2,069 | 2,534 | 2,610 | 2,842 | 3,124 |
| Part B - Expenditure/Disbursement | | | | | | |
| 10. Revenue Expenditure | 1,079 | 1,157 | 1,205 | 1,314 | 1,596 | 1,674 |
| Plan | 274 (25) | 273 (24) | 256 (21) | 310 (24) | 476 (30) | 491 (29) |
| Non-Plan | 805 (75) | 884 (76) | 949 (79) | 1,004 (76) | 1,120 (70) | 1,183 (71) |
| General Services (including Interest payments) | 401 (37) | 429 (37) | 484 (40) | 526 (40) | 587 (37) | 625 (37) |
| Social Services | 410 (38) | 436 (38) | 426 (35) | 479 (36) | 558 (35) | 555 (33) |
| Economic Services | 268 (25) | 292 (25) | 295 (25) | 309 (24) | 451 (28) | 494 (30) |
| 11. Capital Expenditure | 226 | 160 | 186 | 235 | 246 | 259 |
| Plan | 226 (100) | 158 (99) | 186 (100) | 235 (100) | 241 (98) | 258 (99.61) |
| Non-Plan | Nil | 2 (1) | ^(b) | ... | 5 (2) | 1 (0.39) |
| General Services | 8 (4) | 6 (4) | 7 (4) | 25 (11) | 8 (3) | 11 (4) |
| Social Services | 79 (35) | 65 (40) | 68 (36) | 84 (36) | 109 (44) | 114 (44) |
| Economic Services | 139 (61) | 89 (56) | 111 (60) | 126 (53) | 129 (53) | 134 (52) |

^(a) Includes Ways & Means Advances.

^(b) Rs.0.30 crore.

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|---------|---------------|----------------------|----------------------|------------------------------|--------------------------------|
| 12. Disbursement of Loans and Advances | 89 | 43 | 75 | 70 | 36 | 11 |
| 13. Total (10+11+12) | 1,394 | 1,360 | 1,466 | 1,619 | 1,878 | 1,944 |
| 14. Repayments of Public Debt | 30 | 35 | 123 | 151 | 192 | 63 |
| Internal Debt (excluding Ways and Means Advances and Overdrafts) | 11 (37) | 15 (43) | 16 (13) | 35 (23) | 82 (43) | 44 (70) |
| Net transactions under Ways and Means Advances and Overdraft | ... | ... | ... | ... | ... | ... |
| Loans and Advances from Government of India ^(a) | 19 (63) | 20 (57) | 107 (87) | 116 (77) | 110 (57) | 19 (30) |
| 15. Appropriation to Contingency Fund | ... | ... | ... | ... | ... | ... |
| 16. Total disbursement out of Consolidated Fund (13+14+15) | 1,424 | 1,395 | 1,589 | 1,770 | 2,070 | 2,007 |
| 17. Contingency Fund disbursements | ... | ... | ... | ... | ... | ... |
| 18. Public Account disbursements | 696 | 780 | 861 | 956 | 827 | 914 |
| 19. Total disbursement by the State (16+17+18) | 2,120 | 2,175 | 2,450 | 2,726 | 2,897 | 2,921 |
| Part C – Deficits | | | | | | |
| 20. Revenue Surplus (+) /Deficit (-) (1-10) | + 53 | - 34 | + 84 | + 85 | - 50 | + 73 |
| 21. Fiscal Deficit (3+4-13) | 249 | 221 | 162 | 202 | 313 | 178 |
| 22. Primary Deficit(-)/Surplus (+)(21-23) | - 135 | - 92 | - 11 | - 32 | - 136 | + 13 |
| Part D - Other data | | | | | | |
| 23. Interest Payments (included in revenue expenditure) | 114 | 129 | 151 | 170 | 177 | 191 |
| 24. Arrears of Revenue (Percentage of Tax and Non-tax Revenue Receipts) | NA | NA | NA | NA | 38.45 ^(b) (11) | 37.71 ^(b) (9.45) |
| 25. Financial Assistance to local bodies, etc. | 210 | 194 | 201 | 198 | 189 | 170 |
| 26. Ways and Means Advances/ Overdraft availed (days) | Nil | Nil | 244 (97) | 51 (44) | 2.57 (6) | 92.34 (8) |
| 27. Interest on WMA/Overdraft | Nil | Nil | 0.23 | 0.24 | 0.0015 | 0.08 |
| 28. Gross State Domestic Product (GSDP) ^(c) | 3,728 | 4,139 | 4,418 ^(d) | 4,816 ^(d) | 5,263 ^(d) | 5,737 ^(d) |
| 29. Outstanding Fiscal Liabilities (year end) | 1,395 | 1,535 | 1,827 | 1,952 | 2,173 | 2,566 |
| 30. Outstanding guarantees (year end) including interest | 215 | 157 | 137 | 300 | 338 | 404 |
| 31. Maximum amount guaranteed (year end) | 243.07 | 187.51 | 183.69 | 342.94 | 384.32 | 504.67 |
| 32. Number of incomplete projects | 190 | 144 | 117 | 147 | 216 | 172 |
| 33. Capital blocked in incomplete projects ^(h) | NA | 18.77 (36) | 0.16 (1) | 11.52 (24) | 35.80 (80) | 11.30 (24) |

Note: Figures in brackets represent percentages (rounded) to total of each sub-heading.

(a) Includes Ways and Means Advances.

(b) In respect of some principal heads only.

(c) GSDP figures (current prices) as furnished (October 2006) by the Directorate of Economics & Statistics, Government of Meghalaya.

(d) Provisional. (e) Quick estimates. (f) Advance estimates. (g) Projected estimates.

(h) Expenditure incurred up to the end of the year on incomplete works (in brackets) scheduled to be completed by end of the respective year.

APPENDIX VI

Statement showing year-wise and department-wise cases of misappropriation, losses, etc.

(Reference: Paragraph 1.6.7; Page 20)

I – Year-wise position

(Rupees in lakh)

| Year | Number of cases | Amount |
|---------------|-----------------|---------------|
| Up to 1990-91 | 35 | 7.59 |
| 1991-92 | 1 | 3.34 |
| 1992-93 | 1 | 0.92 |
| 1993-94 | 4 | 4.83 |
| 1994-95 | ... | ... |
| 1995-96 | 2 | 2.00 |
| 1996-97 | 2 | 21.49 |
| 1997-98 | 18 | 1.82 |
| 1998-99 | 16 | 102.96 |
| 1999-2000 | 3 | 4.35 |
| 2000-2002 | ... | ... |
| 2002-03 | 1 | 1.23 |
| 2003-04 | 2 | 1.28 |
| 2004-05 | 1 | 1.81 |
| Total | 86 | 153.62 |

II – Department-wise position

(Rupees in lakh)

| Sl. No. | Department | Cases in which departmental action had not been started | | Cases under departmental/Police investigation | | Cases in the Court of Law | | Cases awaiting orders for recovery/write off | | Total | |
|---------|---------------------------------|---|--------------|---|---------------|---------------------------|-------------|--|-------------|--------------|---------------|
| | | No. of cases | Amount | No. of cases | Amount | No. of cases | Amount | No. of cases | Amount | No. of cases | Amount |
| 1. | Education | ... | ... | 1 | 0.03 | ... | ... | ... | ... | 1 | 0.03 |
| 2. | Public Works | ... | ... | 5 | 3.19 | 1 | 1.78 | ... | ... | 6 | 4.97 |
| 3. | Health and Family Welfare | ... | ... | 3 | 5.47 | ... | ... | ... | ... | 3 | 5.47 |
| 4. | Home (Police) | ... | ... | 1 | 0.18 | ... | ... | 1 | 0.03 | 2 | 0.21 |
| 5. | Agriculture | 1 | 0.23 | 1 | 0.44 | ... | ... | ... | ... | 2 | 0.67 |
| 6. | Public Health Engineering | ... | ... | 55 | 6.41 | ... | ... | 1 | 0.58 | 56 | 6.99 |
| 7. | Animal Husbandry and Veterinary | ... | ... | 1 | 0.10 | 1 | 1.00 | 1 | 1.81 | 3 | 2.91 |
| 8. | Legislative Assembly | ... | ... | 1 | 3.34 | ... | ... | ... | ... | 1 | 3.34 |
| 9. | Finance | ... | ... | 2 | 87.15 | 1 | 0.92 | ... | ... | 3 | 88.07 |
| 10. | Forest | ... | ... | ... | ... | 1 | 2.14 | ... | ... | 1 | 2.14 |
| 11. | General Administration | ... | ... | ... | ... | 1 | 0.05 | ... | ... | 1 | 0.05 |
| 12. | Land Revenue | 1 | 1.00 | ... | ... | ... | ... | ... | ... | 1 | 1.00 |
| 13. | Mining and Geology | 2 | 17.64 | ... | ... | ... | ... | ... | ... | 2 | 17.64 |
| 14. | Soil Conservation | ... | ... | ... | ... | ... | ... | 1 | 0.11 | 1 | 0.11 |
| 15. | Printing and Stationery | ... | ... | 1 | 15.76 | ... | ... | ... | ... | 1 | 15.76 |
| 16. | Community and Rural Development | 1 | 3.03 | ... | ... | ... | ... | ... | ... | 1 | 3.03 |
| 17. | Sericulture and Weaving | 1 | 1.23 | ... | ... | ... | ... | ... | ... | 1 | 1.23 |
| | Total | 6 | 23.13 | 71 | 122.07 | 5 | 5.89 | 4 | 2.53 | 86 | 153.62 |

APPENDIX VII

Statement showing excess over provision relating to previous years requiring regularisation

(Reference: Paragraph 2.2; Page 32)

(Rupees in crore)

| Year | Number of Grant/Appropriation | Grant(s)/Appropriation(s) | Amount of excess |
|-----------|-------------------------------|--|------------------|
| 1971-72 | 4 | 64,79,80,88 | 0.08 |
| 1972-73 | 3/1 | 12,16,71/ Interest on Debt and other obligations | 0.26 |
| 1973-74 | 3 | 10,30,64 | 0.01 |
| 1974-75 | 4 | 13,15,29,54 | 0.05 |
| 1975-76 | 3/2 | 13,29,82/Governor; Public Works | 0.07 |
| 1976-77 | 4/1 | 29,32,54,62/Interest Payment | 0.10 |
| 1977-78 | 3/1 | 7,13,54/Governor | 0.07 |
| 1978-79 | 2 | 3,22 | 0.05 |
| 1979-80 | 2 | 13,22 | 0.03 |
| 1980-81 | 4/1 | 13,20,30,39/Governor | 0.09 |
| 1981-82 | 7/1 | 13,14,20,28,31,34,37/Governor | 0.37 |
| 1982-83 | 15/2 | 3,5,14,16,19,20,22,24,26,27,28,31,37,46,55/Governor, Administration of Justice | 8.66 |
| 1983-84 | 14/1 | 3,8,9,16,19,24,27,28,31,37,40,45,46,56/ Public Service Commission | 7.74 |
| 1984-85 | 13 | 9,10,18,20,22,24,25,27,30,43,58,59,64 | 8.89 |
| 1985-86 | 11/2 | 7,8,17,18,24,27,29,37,38,58,64/ Administration of Justice, Loans and Advances from Central Government | 5.88 |
| 1986-87 | 10 | 7,8,9,24,25,27,29,39,55,56 | 0.95 |
| 1987-88 | 12/1 | 1,11,13,16,20,24,28,36,38,48,54,57/ Public Service Commission | 3.06 |
| 1988-89 | 10/1 | 9,15,16,20,24,36,44,45,54,57/ Public Service Commission | 1.52 |
| 1989-90 | 12/2 | 8,11,16,22,24,29,36,41,44,45,48,54/ Police, Roads and Bridges | 6.37 |
| 1990-91 | 11 | 9,16,18,24,26,28,36,37,53,54,58 | 3.21 |
| 1991-92 | 14 | 5,7,8,9,16,18,24,26,30,33,36,54,57, 61 | 3.88 |
| 1992-93 | 13/2 | 5,7,8,9,13,16,20,24,26,33,49,54,57/ Internal Debt of State Government, Governor | 34.31 |
| 1993-94 | 9/3 | 6,8,20,24,26,27,40,53,56/ Internal Debt of State Government, Loans and Advances, Public Service Commission | 264.26 |
| 1994-95 | 4/3 | 20,24,53,60/Interest Payment, Public Service Commission, Internal Debt | 183.34 |
| 1995-96 | 7/3 | 1,14,24,27,47,53,56/Parliament/ State/Union Territory Legislature, Police, Water Supply and Sanitation | 12.71 |
| 1996-97 | 16/2 | 1,3,5,7,9,14,16,20,21,22,24,29,36, 41,53,56/ Governor, Administration of Justice | 9.83 |
| 1997-98 | 12/1 | 1,6,7,8,9,15,16,18,20,24,25,56/ Governor | 8.10 |
| 1998-99 | 5 | 1,2,6,11 and 24 | 22.82 |
| 1999-2000 | 3/1 | 9,16,18/Governor | 2.65 |
| 2000-01 | 4/3 | 1, 16, 40, 56/1, 2, 4 | 11.06 |
| 2001-02 | 3/2 | 1,18,35/1,2 | 1.76 |
| 2002-03 | 4/3 | 11, 26, 35, 56/1, Internal Debt of the State Government, Loans & Advances from Central Government | 22.10 |
| 2003-04 | 3/2 | 1, 20, 56/1 and Loans & Advances from Central Government | 30.18 |
| 2004-05 | 5/2 | 1, 7, 19, 24, 56/1, Loans and Advances from the Central Government | 36.74 |
| Total | | | 691.20 |

APPENDIX - VIII

Areas in which major savings occurred

(Reference: Paragraph 2.4.1; Page 33)

| Grant Number/ Major Head | Areas in which major savings occurred | Savings (Rupees in crore) |
|--|---|------------------------------|
| (1) | (2) | (3) |
| 11 - OTHER TAXES AND DUTIES ON COMMODITIES AND SERVICES, ETC. (REVENUE-VOTED) | | |
| 2801 | General - Assistance to Electricity Boards - Subsidy to Meghalaya State Electricity Board for Rural Electrification - General | 1.20 |
| | Grants to SE (EAP) - General | 30.22 |
| | General - Assistance to Electricity Boards - Subsidy to APDP - General | 10.25 |
| | Centrally Sponsored Schemes (CSS) - Solar - Photovoltaic - Domestic Home Lighting System - General | 6.30 |
| | CSS - Others - Other expenditure - Village Electrification (MNES Special Scheme) - General | 6.00 |
| 11-OTHER TAXES AND DUTIES ON COMMODITIES AND SERVICES, ETC. (CAPITAL-VOTED) | | |
| 6801 | Other Loans to Electricity Boards - Loans to State Electricity Board (For Externally Aided Project) - General | 6.14 |
| | Loans to State Electricity Board (Rural Electrification Programme) - General | 30.32 |
| | Accelerated Power Development Programme - General | 1.14 |
| 13 - SECRETARIAT GENERAL SERVICES, ETC. (REVENUE-VOTED) | | |
| 2052 | Secretariat - Nazarat (including expenditure of all Grade IV staff of the entire Secretariat) - General | 1.33 |
| | Finance (excluding Economic Affairs) Department - General | 1.95 |
| 19 - SECRETARIAT GENERAL SERVICES, PUBLIC WORKS, ETC. (REVENUE-VOTED) | | |
| 2059 | General - Direction and Administration - Divisional and Subordinate Offices (Roads) - Sixth Schedule (Part II) Areas | 9.91 |
| | Machinery and Equipment - R/C of T&P, etc. - Sixth Schedule (Part II) areas | 3.05 |
| 21 - MISCELLANEOUS GENERAL SERVICES, ETC. (REVENUE-VOTED) | | |
| 2202 | Elementary Education - Government Primary Schools - Expenditure on Primary Schools - General | 4.16 |
| | Assistance to non-Government Primary Schools - Expenditure on maintenance of Primary Schools under deficit system - General | 3.55 |
| | Expenditure on ME Schools under deficit system - Sixth Schedule (Part II) Areas | 1.27 |
| | Non-Lapsable Central Pool of Resources - General | 11.20 |
| | University and Higher Education - Government Colleges and Institutes - Government College - Sixth Schedule (Part II) Areas | 1.52 |
| | Assistance to Non-Government Colleges and Institutes - Expenditure on Colleges under deficit system - General | 2.55 |
| | Scholarships - Central post matric Scholarship - General | 1.44 |
| | CSS - Elementary Education - Assistance to Non-Government Primary Schools - Non-formal Education - General | 1.20 |
| | CSS - Sarva Shiksha Abhiyan - General | 17.45 |
| | CSS - Research and Training - Promotion of Service Laboratories of grants-in-aid - General | 2.50 |
| | CSS - Scholarships - Post matric Scholarship Scheduled Tribes - General | 10.02 |
| | CSS - Diet - General | 2.20 |
| | CSS - Strengthening of Teachers Training Institution - General | 3.31 |
| 2203 | Technical Education - Polytechnics - Establishment of SPIU under World Bank - General | 7.12 |

| (1) | (2) | (3) |
|--|---|-------|
| 2204 | Sports and Games – Construction of Outdoor and Indoor Stadium – General | 1.07 |
| 2205 | Public Libraries – Non-Lapsable Central Pool of Resources – Sixth Schedule (Part II) Areas | 33.60 |
| | Museum – Non-Lapsable Central Pool of Resources – Sixth Schedule (Part II) Areas | 4.60 |
| | Museum – Non-Lapsable Central Pool of Resources – General | 2.50 |
| 34 – WELFARE OF SCHEDULED CASTES/SCHEDULED TRIBES, ETC. (REVENUE-VOTED) | | |
| 2225 | Welfare of Scheduled Tribes – Other Expenditure – Financial assistance to District Councils for financing their own plan schemes – Sixth Schedule (part II) Areas | 2.61 |
| | Special Problems recommended by the Eleventh Finance Commission in Tribal Administration – Sixth Schedule (Part II) Areas | 5.12 |
| 2235 | CSS-Social Welfare – Child Welfare – Integrated Child development Service Scheme – Sixth Schedule (Part II) Areas | 16.71 |
| 2236 | Distribution of nutritious food and beverages – Special Nutrition Programmes – Supplementary Nutrition Programme for Integrated Child Development Service Scheme – Sixth Schedule (Part II) Areas | 8.50 |
| 40 – NORTH EASTERN AREAS, ETC. (REVENUE-VOTED) | | |
| 2552 | Crop Husbandry/Marketing and Quality Control – Commercial Crops – Expansion of Turmeric Cultivation in Meghalaya – General | 2.50 |
| | Expansion of Spices Cultivation in Meghalaya – General | 2.50 |
| | Horticulture and Vegetable Crops – Development/Rejuvenation of Citrus Fruit in Meghalaya – General | 2.00 |
| | Area Expansion of Horticulture and Floriculture in Meghalaya – General | 2.00 |
| | General – Investigation – Survey and Investigation – Sixth Schedule (Part II) Areas | 2.00 |
| | Other Expenditure – Transmission – Sixth Schedule (Part II) Areas | 2.50 |
| | Control of Siltation of Umiam Lake Meghalaya – Sixth Schedule (Part II) Areas | 2.00 |
| | 132 KV S/C Transmission Line from Agia (Assam) to Nangalibra Meghalaya – Sixth Schedule (Part II) Areas | 5.00 |
| 51 – HOUSING, CROP HUSBANDRY, ETC. (REVENUE-VOTED) | | |
| 2401 | Scheme of Small/Marginal Farmers and Agricultural Labour – Assistance to Small Farmers and Marginal Farmers – Sixth Schedule (Part II) Areas | 1.20 |
| 2501 | Integrated Wasteland Development Scheme – Sixth Schedule (Part II) Areas | 1.00 |
| 2505 | National Programmes – Jawahar Rozgar Yojana – Indira Awaas Yojana – Sixth Schedule (Part II) Areas | 1.34 |
| 2515 | Other Expenditure – Rastriya Sam Vikas Yojana – Sixth Schedule (Part II) Areas | 7.50 |
| 56 – ROADS AND BRIDGES, CAPITAL OUTLAY ON ROADS AND BRIDGES (CAPITAL-VOTED) | | |
| 5054 | State Highways – Other Expenditure – Development – Sixth Schedule (Part II) Areas | 3.96 |
| | District and Other Roads – Other Expenditure – Road Financed from NABARD Loan, etc. – Sixth Schedule (Part II) Areas | 4.34 |
| | Non-Lapsable Central Pool of Resources – Sixth Schedule (Part II) Areas | 15.00 |
| | Completion of Critical ongoing spill over Schemes – Construction of Rural Roads (one time ACA) – Sixth Schedule (Part II) Areas | 10.00 |
| | Central Sector Schemes – Strategic and Border Roads – Other Expenditure – Construction of Strategic Roads – Sixth Schedule (Part II) Areas | 1.50 |
| | Central Sector Schemes – District and Other Roads – Other Expenditure – Road Financed from Central Road Fund – Sixth Schedule (Part II) Areas | 8.00 |
| APPROPRIATION – INTEREST PAYMENT (REVENUE-CHARGED) | | |
| 2049 | Interest on Internal Debt – Interest on Market Loans – New Loan 2005-06 – General | 1.42 |
| | Interest on Loans and Advances from Central Government – Interest on Loans for State/Union Territory Plan Schemes – State Plan Loan (1995-96) – General | 1.30 |
| | Interest on Ways and Means Advances – Interests on Ways and Means Advances – General | 1.30 |

APPENDIX – IX

Statement showing unnecessary supplementary provision

(Reference: Paragraph 2.4.2(a); Page 34)

| Sl. No. | Number and name of Grant | Amount of supplementary provision | Amount of saving |
|---------|--|-----------------------------------|------------------|
| | | (In Rupees) | |
| (1) | (2) | (3) | (4) |
| 1. | 8 – State Excise Revenue – Voted | 1,33,000 | 16,38,951 |
| 2. | 11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, Non-Conventional Sources of Energy and Loans for Power Projects Revenue – Voted | 17,10,75,600 | 58,80,02,639 |
| 3. | 11 – Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, Non-Conventional Sources of Energy and Loans for Power Projects Capital - Voted | 38,08,000 | 37,59,95,000 |
| 4. | 13 – Secretariat General Services, Secretariat Social Services and Secretariat Economic Services Revenue – Voted | 4,05,70,000 | 12,32,36,298 |
| 5. | 19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, Capital Outlay on Education, Capital Outlay on Medical and Public Health, Capital Outlay on Housing Revenue – Voted | 3,89,96,172 | 14,75,45,931 |
| 6. | 21 – Miscellaneous General Services, General Education, Technical Education, Sports and Youth Services, Art and Culture, Other Scientific Research, Census Surveys and Statistics, Capital Outlay on Education, Loans for Education, Sports, Arts and Culture Revenue – Voted | 11,71,89,481 | 1,01,99,47,660 |
| 7. | 22 – Other Administrative Services, etc., Housing Revenue – Voted | 84,49,589 | 1,00,26,823 |
| 8. | 26 – Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, Capital Outlay on Family Welfare Revenue – Voted | 3,42,50,351 | 5,42,92,418 |
| 9. | 27 – Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, Capital Outlay on Housing Capital – Voted | 30,00,000 | 7,20,57,887 |
| 10. | 30 – Information and Publicity Revenue – Voted | 5,00,000 | 42,23,693 |
| 11. | 32 – Civil Supplies, Capital Outlay on Food Storage and Ware-housing Revenue – Voted | 63,19,745 | 66,22,851 |
| 12. | 41 – Census, Survey and Statistics Revenue – Voted | 25,03,000 | 1,44,78,170 |

| (1) | (2) | (3) | (4) |
|--------------|--|---------------------|----------------------|
| 13. | 43 – Housing, Crop Husbandry, Food Storage and Warehousing, Agricultural Research and Education, Other Agricultural Programme, Minor Irrigation, Capital Outlay on Housing, Capital Outlay on Crop Husbandry, Investments in Agricultural Financial Institutions, Capital Outlay on Minor Irrigation Revenue – Voted | 75,92,900 | 5,37,62,039 |
| 14. | 50 – Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Revenue – Voted | 6,75,88,562 | 19,06,88,907 |
| 15. | 53 – Village and Small Industries, Capital Outlay on Village and Small Scale Industries, Loans for Village and Small Industries Revenue – Voted | 8,75,918 | 64,79,937 |
| 16. | 57 – Tourism, Capital Outlay on Public Works, Capital Outlay on Other Communication Services, Capital Outlay on Tourism, Loans for Tourism Revenue – Voted | 4,20,000 | 1,04,11,727 |
| Total | | 50,32,72,318 | 267,94,10,931 |

APPENDIX – X

Statement showing excessive supplementary provision in cases where ultimate savings in each case exceeded Rs.10 lakh

(Reference: Paragraph 2.4.2(b); Page 34)

| Sl. No. | Number and name of Grant | Original provision | Expenditure | Additional requirement | Supplementary provision obtained | Net saving |
|-------------|---|--------------------|--------------|------------------------|----------------------------------|-------------|
| (In Rupees) | | | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1. | 4 – Administration of Justice Revenue – Voted | 3,29,19,000 | 3,29,63,514 | 44,514 | 30,46,725 | 30,02,211 |
| 2. | 5 – Elections Revenue – Voted | 4,90,00,000 | 6,33,06,621 | 1,43,06,621 | 2,17,68,700 | 74,62,079 |
| 3. | 6 – Land Revenue, Relief on account of Natural Calamities, etc. Revenue – Voted | 9,49,50,000 | 15,45,31,040 | 5,95,81,040 | 6,50,00,000 | 54,18,960 |
| 4. | 10 – Taxes on Vehicles, Other Administrative Services, etc. Revenue – Voted | 8,44,00,000 | 16,70,63,451 | 8,26,63,451 | 9,39,37,502 | 1,12,74,051 |
| 5. | 19 – Secretariat General Services, Public Works, Housing, Capital Outlay on Public Works, etc. Capital - Voted | 11,67,17,000 | 13,25,10,734 | 1,57,93,734 | 4,13,90,000 | 2,55,96,266 |
| 6. | 27 – Water Supply and Sanitation, Housing, etc. Revenue – Voted | 54,00,00,000 | 54,09,94,852 | 9,94,852 | 1,36,00,000 | 1,26,05,148 |
| 7. | 36 – Miscellaneous General Services, Social Security and Welfare Revenue – Voted | 1,37,43,000 | 1,63,89,609 | 26,46,609 | 38,90,000 | 12,43,391 |
| 8. | 45 – Housing, Soil and Water Conservation, Agricultural Research and Education Revenue – Voted | 29,94,00,000 | 30,88,88,971 | 94,88,971 | 4,19,59,000 | 3,24,70,029 |
| 9. | 46 – Special Programmes for Rural Development Revenue - Voted | 7,70,00,000 | 12,44,41,142 | 4,74,41,142 | 6,11,00,000 | 1,36,58,858 |

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| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|--|----------------------|----------------------|---------------------|---------------------|---------------------|
| 10. | 51 – Housing, Crop Husbandry, Special Programmes for Rural Development, etc. Revenue – Voted | 81,42,92,000 | 84,91,11,131 | 3,48,19,131 | 13,51,22,000 | 10,03,02,869 |
| 11. | 52 – Industries, Capital Outlay on Industries and Minerals, Loans for Other Industries and Minerals Revenue – Voted | 2,97,79,000 | 10,97,85,819 | 8,00,06,819 | 8,63,42,315 | 63,35,496 |
| 12. | 55 – Non-ferrous Mining and Metallurgical Industries, Capital Outlay on Housing, etc. Revenue – Voted | 19,72,00,000 | 36,20,99,821 | 16,48,99,821 | 16,95,00,000 | 46,00,179 |
| | Total | 234,94,00,000 | 286,20,86,705 | 51,26,86,705 | 73,66,56,242 | 22,39,69,537 |

APPENDIX - XI

Statement showing insufficient supplementary provision by more than
Rs.10 lakh each

(Reference: Paragraph 2.4.2(c); Page 34)

| Sl. No. | Name of Grant/Appropriation | Original provision | Expenditure | Additional requirement | Supplementary provision obtained | Uncovered excess expenditure |
|-------------|--|----------------------|----------------------|------------------------|----------------------------------|------------------------------|
| (In Rupees) | | | | | | |
| 1. | 1 - Parliament/State/ Union Territory Legislature, Stationery and Printing, Capital Outlay on Stationery and Printing | | | | | |
| | Revenue-Voted | 9,54,77,000 | 33,27,16,812 | 23,72,39,812 | 1,20,00,000 | 22,52,39,812 |
| 2. | 16 - Police, Other Administrative Services, etc., Housing, Capital Outlay on Police | | | | | |
| | Revenue - Voted | 127,63,20,000 | 130,01,80,610 | 2,38,60,610 | 1,67,79,650 | 70,80,960 |
| 3. | Appropriation - Internal Debt of the State Government | | | | | |
| | Capital-Charged | 86,68,78,000 | 136,65,15,181 | 49,96,37,181 | 49,28,54,181 | 67,83,000 |
| | Total | 223,86,75,000 | 299,94,12,603 | 76,07,37,603 | 52,16,33,831 | 23,91,03,772 |

APPENDIX – XII

Statement showing expenditure falling short by more than Rs.1 crore and also by more than 10 per cent of the total provision

(Reference: Paragraph 2.4.2(d); Page 34)

| Sl. No. | Number and name of Grant/Appropriation | Amount of saving (Rupees in crore) and its percentage to total provision (in brackets) | Amount surrendered and reason for saving |
|---------|---|--|--|
| (1) | (2) | (3) | (4) |
| 1. | 3 – Council of Ministers, Other Administrative Services, etc. Revenue – Voted | 1.69 (30) | Against the saving of Rs.1.69 crore, Rs.1.73 crore was surrendered in March 2006 stated to be mainly due to less expenditure on salaries, travelling expenses. Reasons for surrender of Rs.0.04 crore in excess of available saving had not been intimated (October 2006). |
| 2. | 4 – Administration of Justice Revenue - Charged | 1.12 (100) | Out of the available saving of Rs.1.12 crore, Rs.0.01 crore only was surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.1.11 crore as well as for the final saving had not been intimated (October 2006). |
| 3. | 11 – Other Taxes and Duties on Commodities and Services, etc. Revenue - Voted | 58.80 (46) | Against the saving of Rs.58.80 crore, Rs.58.81 crore was surrendered in March 2006 stated to be mainly due to imposition of economy measures, sanction of less amount by the Government and non-receipt of sanction from the Government. Reasons for surrender of Rs.0.01 crore in excess of available saving had not been intimated (October 2006). |
| 4. | 11 – Other Taxes and Duties on Commodities and Services, etc. Capital – Voted | 37.60 (84) | The entire saving was anticipated as surplus stated to be mainly due to non-receipt of sanction from the Government and sanction of less amount by the Government and surrendered in March 2006. |
| 5. | 13 – Secretariat General Services, Secretariat Social Services and Secretariat Economic Services Revenue - Voted | 12.32 (26) | Saving of Rs.10.64 crore was anticipated as surplus stated to be mainly due to less expenditure on salaries and surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.1.68 crore had not been intimated (October 2006). |
| 6. | 15 – Treasury and Accounts Administration Revenue – Voted | 2.02 (26) | Out of the available saving of Rs.2.02 crore, Rs.0.28 crore only was anticipated as surplus stated to be due to non-filling up of vacant posts and surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.1.74 crore as well as for the final saving had not been intimated (October 2006). |
| 7. | 18 – Stationery and Printing, Capital Outlay on Stationery and Printing, Capital Outlay on Housing Revenue – Voted | 2.05 (24) | Saving of Rs.1.23 crore was anticipated as surplus stated to be mainly due to less expenditure on traveling expenses and non-filling up of vacant posts and surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.0.82 crore had not been intimated (October 2006). |

| (1) | (2) | (3) | (4) |
|-----|--|----------------|--|
| 8. | 19 – Secretariat General Services, etc. Revenue-Voted | 14.75 (19) | Out of available saving of Rs.14.75 crore, Rs.2.29 crore only was anticipated as surplus stated to be mainly due to less requirement of funds under salaries, imposition of economy measures and non-receipt of sanction and surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.12.46 crore had not been intimated (October 2006). |
| 9. | 19 – Secretariat General Services, etc. Capital-Voted | 2.56 (16) | Saving of Rs.0.95 crore only was anticipated as surplus stated to be mainly due to non-finalisation of purchase of land for construction of building, late receipt of sanction and non-sanction of new schemes and surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.1.61 crore had not been intimated (October 2006). |
| 10. | 21 – Miscellaneous General Services, General Education, Technical Education, Sports and Youth Services, Art and Culture, etc. Revenue – Voted | 101.99 (25) | Saving of Rs.1.84 crore only was anticipated as surplus stated to be mainly due to non-requirement of funds and non-receipt of sanction and surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.100.15 crore had not been intimated (October 2006). |
| 11. | 22 – Other Administrative Services, etc., Housing Revenue - Voted | 1.00 (14) | Against the saving of Rs.1 crore, Rs. 1.14 crore was surrendered in March 2006 stated to be mainly due to imposition of economy measures and non-requirement of funds. Reasons for surrender of Rs.0.14 crore in excess of available saving had not been intimated (October 2006). |
| 12. | 28 – Housing, Capital Outlay on Housing, Loans for Housing Capital – Voted | 1.15 (62) | Against the saving of Rs.115.38 lakh, Rs. 115.55 lakh was surrendered in March 2006 stated to be due to non-receipt of sanction from the Government and non-sanction of proposal by the Planning Department. Reasons for surrender of Rs.0.17 lakh in excess of available saving had not been intimated (October 2006). |
| 13. | 29 – Urban Development, Capital Outlay on Housing, etc. Revenue – Voted | 4.18 (27) | Against the available saving of Rs.4.18 crore, Rs.4.20 crore was surrendered in March 2006 stated to be mainly due to non-filling up of vacant posts, non-sanction of the proposal, non-release of share by the Government of India and revision of Plan Outlay. Reasons for surrender of Rs.0.02 crore in excess of available saving had not been intimated (October 2006). |
| 14. | 29 – Urban Development, Capital Outlay on Housing, etc. Capital – Voted | 8.00 (50) | The entire saving was anticipated as surplus stated to be mainly due to less sanction of proposal and revision of plan outlay and surrendered in March 2006. |
| 15. | 31 – Labour and Employment Revenue – Voted | 3.78 (38) | Saving of Rs.3.01 crore was anticipated as surplus stated to be mainly due to non-implementation of the scheme, non-receipt of sanction, non-finalisation of scheme and non-filling up of vacant posts and surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.0.77 crore had not been intimated (October 2006). |

| (1) | (2) | (3) | (4) |
|-----|---|---------------|---|
| 16. | 34 - Welfare of Scheduled Castes/ Scheduled Tribes and Other Backward Classes, etc. Revenue - Voted | 36.81 (47) | Against the available saving of Rs.36.81 crore, Rs.36.96 crore was surrendered in March 2006 stated to be mainly due to less requirement of funds under the scheme, non-receipt/less receipt of sanction, etc. and surrendered in March 2006. Reasons for surrender of Rs.0.15 crore in excess of available saving had not been intimated (October 2006). |
| 17. | 38 - Secretariat Economic Services Revenue - Voted | 2.05 (33) | Saving of Rs.1.88 crore was anticipated as surplus stated to be mainly due to non-implementation of the project and non-entertainment of posts and surrendered in March 2006. Reasons for non surrendering the balance saving of Rs.0.17 crore had not been intimated (October 2006). |
| 18. | 39 - Co-operation, Capital Outlay on Co-operation, Capital Outlay on Other Agricultural Programmes, Loans for Co-operation Capital - Voted | 5.03 (54) | The entire saving was anticipated as surplus stated to be mainly due to non-receipt of sanction and non-requirement/less requirement of funds and surrendered in March 2006. |
| 19. | 40 - North Eastern Areas, etc. Revenue - Voted | 33.99 (89) | Savings of Rs.1.62 crore only was anticipated as surplus stated to be mainly due to non-receipt of sanction from the North Eastern Council and surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.32.37 crore had not been intimated (October 2006). |
| 20. | 40 - North Eastern Areas, etc. Capital - Voted | 3.46 (12) | As part of the saving was surrendered during the year, reasons for which as well as for the final saving had not intimated (October 2006). |
| 21. | 41 - Census, Survey and Statistics Revenue - Voted | 1.45 (27) | Saving of Rs.1.07 crore was anticipated as surplus stated to be mainly due to non-filling up of vacant posts and surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.0.38 crore had not been intimated (October 2006). |
| 22. | 44 - Medium Irrigation-II-Works under Embankment and Drainage Wing-P.W.D. - Medium Irrigation Project, Flood Control, etc. Capital - Voted | 1.01 (18) | Against the available saving of Rs.1.01 crore, Rs.1.08 crore was surrendered in March 2006 stated to be due to less requirement of funds under the scheme. Reasons for not surrendering the balance saving of Rs.0.07 crore in excess of available saving had not been intimated (October 2006). |
| 23. | 47 - Housing, Animal Husbandry, Agricultural Research and Education Revenue-Voted | 4.34 (14) | No part of the saving was surrendered during the year, reasons for which as well as for the final saving had not been intimated (October 2006). |
| 24. | 48 - Housing, Dairy Development, Agricultural Research and Education Revenue - Voted | 1.16 (19) | No part of the saving was surrendered during the year, reasons for which as well as for the final saving had not been intimated (October 2006). |
| 25. | 49 - Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, Capital Outlay on Fisheries Revenue- Voted | 1.03 (13) | Saving of Rs.0.99 crore was anticipated as surplus stated to be mainly due to non-release of funds by the Central Government and non-entertainment of posts and surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.0.04 crore had not been intimated (October 2006). |

| (1) | (2) | (3) | (4) |
|-----|--|---------------|--|
| 26. | 50 - Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Revenue - Voted | 19.07 (34) | No part of the saving was surrendered during the year, reasons for which as well as for the final saving had not been intimated (October 2006). |
| 27. | 51 - Housing, Crop Husbandry, Special Programmes for Rural Development, Rural Employment, Other Rural Development Programmes, etc. Revenue - Voted | 10.03 (11) | Saving of Rs.1.76 crore only was anticipated as surplus stated to be mainly due to non-sanction of the scheme by the Government and surrendered in March 2006. Reasons for not surrendering the balance saving of Rs.8.27 crore had not been intimated (October 2006). |
| 28. | 52 - Industries, Capital Outlay on Industries and Minerals, loans for other Industries and Minerals Capital - Voted | 4.10 (57) | The entire saving was anticipated as surplus stated to be due to non-receipt of sanction from the Government and surrendered in March 2006. |
| 29. | 56- Roads and Bridges, Capital Outlay on Roads and Bridges Capital - Voted | 25.31 (23) | No part of the saving was surrendered during the year, reasons for which as well as for the final saving had not been intimated (October 2006). |
| 30. | 57- Tourism, Capital Outlay on Public Works, Capital Outlay on other Communication Services, etc. Revenue - Voted | 1.04 (29) | No part of the saving was surrendered during the year, reasons for which as well as for the final saving had not been intimated (October 2006). |
| 31. | Appropriation - Loans and Advances from the Central Government Capital - Charged | 2.91 (13) | The entire saving was anticipated as surplus stated to be mainly due to Debt Swap Scheme and less receipt of loan and surrendered in March 2006. |

APPENDIX – XIII

Persistent savings in excess of Rs.10 lakh in each case and 20 per cent or more of the provision

(Reference: Paragraph 2.4.3; Page 34)

| Sl. No. | Grant or Appropriation | Amount of saving (Rupees in crore) and percentage to total provision (in brackets) | | |
|---------|---|--|---------------|---------------|
| | | 2003-04 | 2004-05 | 2005-06 |
| 1. | 4 – Administration of Justice Revenue – Charged | 0.99 (100) | 1.18 (100) | 1.12 (100) |
| 2. | 13 – Secretariat General Services, Secretariat Social Services, Secretariat Economic Services Revenue – Voted | 8.27 (24) | 11.24 (28) | 12.32 (26) |
| 3. | 15 – Treasury and Accounts Administration Revenue – Voted | 2.25 (28) | 2.28 (30) | 2.02 (26) |
| 4. | 23 – Other Administrative Services, etc. Revenue – Voted | 0.59 (58) | 0.60 (59) | 0.50 (53) |
| 5. | 28 – Housing, Capital Outlay on Housing, Loans for Housing Capital – Voted | 4.90 (96) | 3.29 (94) | 1.15 (62) |
| 6. | 29 – Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development Capital – Voted | 17.02 (97) | 4.57 (26) | 8.00 (50) |
| 7. | 31 – Labour and Employment Revenue – Voted | 4.52 (44) | 3.76 (39) | 3.78 (38) |
| 8. | 39 – Co-operation, Capital Outlay on Co-operation, Capital Outlay on Other Agricultural Programmes, Loans for Co-operation Capital – Voted | 6.40 (62) | 4.50 (50) | 5.03 (54) |
| 9. | 40 – North Eastern Areas (Special Areas Programme), Capital Outlay on North Eastern Areas Revenue – Voted | 30.14 (96) | 19.26 (69) | 33.99 (89) |
| 10. | 41 – Census, Survey and Statistics Revenue – Voted | 1.14 (25) | 1.19 (23) | 1.45 (27) |
| 11. | 42 – Housing, Other General Economic Services Revenue – Voted | 0.33 (24) | 0.31 (22) | 0.40 (26) |
| 12. | 43 – Housing, Crop Husbandry, Food Storage and Warehousing, Agricultural Research and Education, etc. Capital – Voted | 2.04 (36) | 1.45 (25) | 3.13 (47) |
| 13. | 50 – Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife Revenue – Voted | 7.75 (22) | 16.18 (33) | 19.07 (34) |

APPENDIX – XIV

Statement showing excess expenditure over Grant/Appropriation
(Reference: Paragraph 2.4.4; Page 34)

| Sl. No. | Number and name of Grant/Appropriation | Total Grant/ | Expenditure | Excess |
|---------------------------|---|----------------------|----------------------|---------------------|
| | | Appropriation | (In Rupees) | |
| I. Grants | | | | |
| 1. | 1 – Parliament/State/Union Territory Legislature, Stationery and Printing, Capital Outlay on Stationery and Printing Revenue – Voted | 10,74,77,000 | 33,27,16,812 | 22,52,39,812 |
| 2. | 16 – Police, Other Administrative Services, etc., Housing, Capital Outlay on Police Revenue – Voted | 129,30,99,650 | 130,01,80,610 | 70,80,960 |
| 3. | 24 – Pension and Other Retirement Benefits Revenue – Voted | 83,98,00,000 | 93,22,49,381 | 9,24,49,381 |
| 4. | 54 – Housing, Village and Small Industries, Capital Outlay on Housing, etc. Capital – Voted | 4,26,00,000 | 5,26,00,000 | 1,00,00,000 |
| 5. | 56 – Roads and Bridges, Capital Outlay on Roads and Bridges Revenue – Voted | 52,50,00,000 | 52,53,74,339 | 3,74,339 |
| Total | | 280,79,76,650 | 314,31,21,142 | 33,51,44,492 |
| II. Appropriations | | | | |
| 1. | 1 – Parliament/State/Union Territory Legislature, Stationery and Printing, Capital Outlay on Stationery and Printing Revenue – Charged | 32,23,000 | 78,61,368 | 46,38,368 |
| 2. | 36 – Miscellaneous General Services, Social Security and Welfare Revenue – Charged | 6,50,000 | 7,00,000 | 50,000 |
| 3. | Appropriation – Public service Commission Revenue – Charged | 1,16,00,000 | 1,19,21,326 | 3,21,326 |
| 4. | Appropriation – Internal Debt of the State Government Capital – Charged | 135,97,32,181 | 136,65,15,181 | 67,83,000 |
| Total | | 137,52,05,181 | 138,69,97,875 | 1,17,92,694 |
| Grand Total (I+II) | | 418,31,81,831 | 453,01,19,017 | 34,69,37,186 |

APPENDIX - XV

Excessive/unnecessary/injudicious re-appropriation of funds

(Reference: Paragraph 2.4.5; Page 34)

(Rupees in lakh)

| Sl. No. | Number and name of Grant/ Appropriation and Head of account | Provision Original plus Supplementory | Re-appropriation Addition (+)/ Reduction (-) | Total | Actual expenditure | Excess (+) Saving (-) |
|---------|--|---------------------------------------|--|---------|--------------------|-----------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1. | 1 - PARLIAMENT/STATE/UNION TERRITORY LEGISLATURE, STATIONERY AND PRINTING, ETC. 2011 - Parliament/State/Union Territory Legislatures 02 - State/Union Territory Legislatures 101 - Legislative Assembly (01) - Members of Legislature General | 228.01 | R(-) 9.38 | 218.63 | 257.41 | (+) 38.78 |
| 2. | 13 - SECRETARIAT GENERAL SERVICES, SECRETARIAT SOCIAL SERVICE ETC. 2052 - Secretariat-General Services 092 - Other Offices (15) - Expenditure on Chairman/Co-Chairman/Vice or Deputy Chairman of the State Level Boards/Commission Corporation/PSU and State Undertaking General | 136.67 | R(+) 124.06 S. 12.45 | 248.28 | 344.88 | (+) 96.60 |
| 3. | 15 - TREASURY AND ACCOUNTS ADMINISTRATION 2054 - Treasury and Accounts Administration 095 - Directorate of Accounts and Treasuries (01) - Establishment of Directorate of Accounts and Treasuries General | 68.10 | R(-) 11.72 | 56.38 | 34.18 | (-) 22.20 |
| 4. | 097 - Treasury Establishment (01) - District Treasuries Sixth Schedule (Part II) Areas | 368.42 | R(+) 11.72 | 380.14 | 305.80 | (-) 74.34 |
| 5. | 16 - POLICE, OTHER ADMINISTRATIVE SERVICES, ETC. 2055 - Police 104 - Special Police (06) - Raising of 4 th MLP Bn./2 nd IR Bn. General | 902.46 | R(-) 26.55 S. 16.25 | 859.66 | 927.26 | (+) 67.60 |
| 6. | 109 - District Police (01) - District Executive Police Sixth Schedule (Part II) Areas | 4584.24 | R(+) 213.26 S. 70.14 | 4727.36 | 4841.17 | (+) 113.81 |
| 7. | (02) - Village Defence Organisation Sixth Schedule (Part II) Areas | 58.47 | R(-) 2.69 S. 10.21 | 45.57 | 126.33 | (+) 80.76 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|---|---------|-------------------------|---------|---------|------------|
| 8. | 114 – Wireless and Computers (02) – Director of Technical Services/Computer Wing General | 43.81 | R(-) 4.81 S. 1.68 | 37.32 | 65.82 | (+) 28.50 |
| 9. | 003 – Education and Training (01) – Police Training School/College General | 137.21 | R(-) 25.32 S. 4.08 | 107.81 | 123.11 | (+) 15.30 |
| 10. | 101 – Criminal Investigation and Vigilance (02) – State Special Branch General | 451.83 | R(-) 53.83 S. 2.85 | 395.15 | 412.33 | (+) 17.18 |
| 11. | (05) – Raising of 3 rd MLP Battalion/IRB General | 994.18 | R(-) 25.33 S. 22.21 | 946.64 | 958.25 | (+) 11.61 |
| 12. | 114 – Wireless and Computers (01) – State Police Wireless Organisation General | 739.29 | R(-) 82.19 S. 15.51 | 641.59 | 718.61 | (+) 77.02 |
| 13. | 17 – JAILS 2056 – Jails 101 – Jails (01) – District Jail, Shillong Sixth Schedule (Part II) Areas | 126.83 | R(-) 4.64 | 122.19 | 104.37 | (-) 17.82 |
| 14. | 19 – SECRETARIAT GENERAL SERVICES, PUBLIC WORKS, ETC. 2052 – Secretariat-General Services 090 – Secretariat (01) – PWD Secretariat General | 205.95 | R(+) 1.10 | 207.05 | 184.21 | (-) 22.84 |
| 15. | 2059 – Public Works 80 – General 001 – Direction and Administration (01) – Chief Engineer and his general establishment (Roads) General | 191.52 | R(+) 23.59 | 215.11 | 171.99 | (-) 43.12 |
| 16. | (07) – Divisional and Subordinate Offices (Roads) Sixth Schedule (Part II) Areas | 4288.17 | R(+) 67.84 | 4356.01 | 3364.93 | (-) 991.08 |
| 17. | 105 – Public Works Workshops (01) – Mechanical Workshops General | 239.30 | R(-) 16.56 | 222.74 | 161.97 | (-) 60.77 |
| 18. | 4059 – Capital Outlay on Public Works 80 – General 051 – Construction (07) – Upgradation of standard of Administration recommended by the Eleventh Finance Commission/Twelfth Finance Commission Sixth Schedule (Part II) Areas | 175.00 | R(-) 100.75 | 74.25 | ... | (-) 74.25 |
| 19. | General | 85.00 | R(-) 50.35 | 34.65 | ... | (-) 34.65 |
| 20. | (01) – Functional non-residential buildings under General Services General | 588.40 | R(+) 150.00 S. 28.63 | 709.77 | 655.03 | (-) 54.74 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|--|---------|-------------|---------|--------|-------------|
| 21. | 21 – MISCELLANEOUS GENERAL SERVICES, ETC. 2202 – General Education 01 – Elementary Education 101 – Government Primary Schools (01) – Expenditure on Primary Schools General | 665.80 | R(-) 57.36 | 608.44 | 192.49 | (-) 415.95 |
| 22. | 102 – Assistance to Non-Government Primary Schools (01) – Expenditure on maintenance of Primary Schools under deficit system General | 732.30 | R(+) 57.36 | 789.66 | 434.29 | (-) 355.37 |
| 23. | 02 – Secondary Education 110 – Assistance to Non-Government Secondary Schools (01) – Expenditure on Secondary Schools under deficit system for boys Sixth Schedule (Part II) Areas | 1013.42 | R(+) 31.37 | 1044.79 | 947.48 | (-) 97.31 |
| 24. | (03) – Expenditure on non-deficit secondary schools for boys Sixth Schedule (Part II) Areas | 403.77 | R(-) 0.57 | 403.20 | 335.01 | (-) 68.19 |
| 25. | (04) – Expenditure on non-deficit secondary schools for girls Sixth Schedule (Part II) Areas | 591.87 | R(-) 27.72 | 564.15 | 501.98 | (-) 62.17 |
| 26. | 03 – University and Higher Education 107 – Scholarships (17) – General post matric scholarships General | 145.31 | R(-) 1.70 | 143.61 | ... | (-) 143.61 |
| 27. | Centrally Sponsored Schemes 2202 – General Education 01 – Elementary Education 102 – Assistance to Non-Government Primary Schools (05) – Sarva Shiksha Abhiyan General | 2000.00 | R(-) 255.11 | 1744.89 | ... | (-) 1744.89 |
| 28. | 02 – Secondary Education 109 – Government Secondary Schools (02) – Implementation of Programme of vocationalisation of Secondary Education General | 72.00 | R(-) 6.29 | 65.71 | 5.53 | (-) 60.18 |
| 29. | 03 – University and Higher Education 104 – Assistance to Non-Government Colleges and Institutes (01) – Promotion of Hindi General | 100.00 | R(-) 67.41 | 32.59 | ... | (-) 32.59 |
| 30. | 107 – Scholarships (01) – Post matric Scholarship Scheduled Tribes General | 1000.00 | R(+) 644.22 | 1644.22 | 642.72 | (-) 1001.50 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|--|---------|-------------------------|---------|---------|------------|
| 31. | 2202 – General Education 02 – Secondary Education 109 – Government Secondary Schools (01) – Secondary Schools for Boys Sixth Schedule (Part II) Areas | 808.34 | R(+) 1.93 | 810.27 | 856.29 | (+) 46.02 |
| 32. | 27 – WATER SUPPLY AND SANITATION, HOUSING, ETC. 4215 – Capital Outlay on Water Supply and Sanitation 01 – Water Supply 101 – Urban Water Supply (01) – Each Scheme (Khasi) Sixth Schedule (Part II) Areas | -957.00 | R(-) 580.00 | 377.00 | 453.62 | (+) 76.62 |
| 33. | (03) Each Scheme (Garo) Sixth Schedule (Part II) Areas | 833.00 | R(+) 50.00 S. 119.00 | 764.00 | 629.97 | (-) 134.03 |
| 34. | 4215 – Capital Outlay on Water supply and Sanitation 01 – Water Supply 102 – Rural Water Supply Schemes (01) – Each Scheme Sixth Schedule (Part II) Areas | 1920.00 | R(+) 470.00 | 2390.00 | 2439.98 | (+) 49.98 |
| 35. | Centrally Sponsored Schemes 4215 – Capital Outlay on Water Supply and Sanitation 01 – Water Supply 102 – Rural Water Supply Schemes (01) – Each Scheme Sixth Schedule (Part II) Areas | 2750.00 | R(+) 105.00 | 2855.00 | 2808.05 | (-) 46.95 |
| 36. | 34 – WELFARE OF SCHEDULED CASTES/SCHEDULED TRIBES, ETC. Centrally Sponsored Schemes 2235 – Social Security and Welfare 02 – Social Welfare 103 – Women's Welfare (09) – Implementation of Integrated Women's Empowerment Programme General | 16.00 | R(+) 2.35 | 18.35 | 31.35 | (+) 13.00 |
| 37. | 40 – NORTH EASTERN AREAS, ETC. 2552 – North Eastern Areas 03 - Animal Husbandry & Veterinary 277 – Education (03) – Strengthening of Vocational Training Centre, Kyrdemkulai General | 20.00 | R(-) 4.00 | 16.00 | 4.00 | (-) 12.00 |
| 38. | 10 – Forestry 102 – Social and Farm Forestry (10) – Development of Bamboo sector including Resource Mapping & Inventory of bamboo General | 25.00 | R(+) 24.20 | 49.20 | ... | (-) 49.20 |
| 39. | Sixth Schedule (Part II) Areas | 60.00 | R(-) 24.20 | 35.80 | 49.20 | (+) 13.40 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|---|--------|------------|--------|--------|------------|
| 40. | 43 – HOUSING, CROP HUSBANDRY, FOOD STORAGE AND WAREHOUSING, ETC. 2401 – Crop Husbandry 105 – Manures and Fertilizers (10) – Fertilizer Distribution Sixth Scheduled (Part II) Areas | 26.50 | R(-) 5.17 | 21.33 | 2.11 | (-) 19.22 |
| 41. | 113 – Agricultural Engineering (02) – Agricultural Engineering (Méchanical) General | 64.65 | R(-) 18.43 | 46.22 | 35.85 | (-) 10.37 |
| 42. | Centrally Sponsored Schemes 2401 – Crop Husbandry 105 – Manures and Fertilizers (03) – Setting up of Biological Central Laboratory for assistance to small and Marginal Farmers General | 11.80 | R(-) 11.70 | 0.10 | 115.00 | (+) 114.90 |
| 43. | 107 – Plant Protection (02) – Integrated Pests Management Programme General | 17.70 | R(-) 2.20 | 15.50 | 3.50 | (-) 12.00 |
| 44. | 108 – Commercial Crops (03) – Development of National Pulses General | 38.94 | R(-) 23.33 | 15.61 | ... | (-) 15.61 |
| 45. | Central Sector Schemes 2401 – Crop Husbandry 109 – Extension and Farmers' Training (09) – Use of Print Media in Technology Transfer General | 106.32 | R(-) 11.28 | 95.04 | ... | (-) 95.04 |
| 46. | 2401 – Crop Husbandry 001 – Direction and Administration (01) – Directorate of Agriculture General | 154.93 | R(+) 11.73 | 166.66 | 189.11 | (+) 22.45 |
| 47. | 108 – Commercial Crops (25) – Experimental Tea Plantation Sixth Schedule (Part II) Areas | 42.58 | R(+) 4.33 | 46.91 | 57.24 | (+) 10.33 |
| 48. | 45 – HOUSING, SOIL AND WATER CONSERVATION, AGRICULTURAL RESEARCH AND EDUCATION 2402 – Soil and Water Conservation 800 – Other Expenditure (09) – Integrated Wasteland Development Programme Sixth Schedule (Part II) Areas | 15.00 | R(+) 8.87 | 23.87 | 73.99 | (+) 50.12 |
| 49. | 47 – HOUSING, ANIMAL HUSBANDRY, AGRICULTURAL RESEARCH AND EDUCATION 2216 – Housing 01 – Government Residential Buildings 700 – Other Housing (02) – Construction Sixth Schedule (Part II) Areas | 26.95 | R(+) 0.50 | 27.45 | ... | (-) 27.45 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----|--|--------|------------|--------|--------|------------|
| 50. | 2403 – Animal Husbandry 105 – Piggery Development (07) – Piggery Production under SLPP Sixth Schedule (Part II) Areas | 44.50 | R(-) 0.05 | 44.45 | 33.80 | (-) 10.65 |
| 51. | 800 – Other Expenditure (04) – Construction and Maintenance of Departmental non-residential buildings Sixth Schedule (Part II) Areas | 80.98 | R(-) 0.50 | 80.48 | 61.63 | (-) 18.85 |
| 52. | 48 – HOUSING, DAIRY DEVELOPMENT, AGRICULTURAL RESEARCH AND EDUCATION 2404 – Dairy Development 102 – Dairy Development Projects (01) – Central Dairy Khasi/ Tura/Jowai Sixth Schedule (Part II) Areas | 87.28 | R(-) 3.04 | 84.24 | 66.63 | (-) 17.61 |
| 53. | Central Sector Schemes 2404 – Dairy Development 102 – Dairy Development Projects (06) – Chilling Centre Sixth Schedule (Part II) Areas | 3.56 | R(-) 0.25 | 3.31 | 14.15 | (+) 10.84 |
| 54. | 50 – FORESTRY AND WILDLIFE, AGRICULTURAL RESEARCH AND EDUCATION, ETC. 2406 – Forestry and Wildlife 01 – Forestry 001 – Direction and Administration (04) – Forest ranges and beat offices Sixth Schedule (Part II) Areas | 360.55 | R(-) 0.12 | 360.43 | 375.19 | (+) 14.76 |
| 55. | 101 – Forest Conservation, Development and Regeneration (05) – Forest Protection Schemes and works Sixth Schedule (Part II) Areas | 245.76 | R(-) 3.55 | 242.21 | 281.61 | (+) 39.40 |
| 56. | 57 – TOURISM, CAPITAL OUTLAY ON PUBLIC WORKS, ETC. 3452 – Tourism 80 – General 104 – Promotion and Publicity (05) – Other Tourist Information Centres General | 32.55 | R(+) 2.10 | 34.65 | 20.11 | (-) 14.54 |
| 57. | APPROPRIATION – INTEREST PAYMENT 2049 – Interest Payments 01 – Interest on Internal Debt 101 – Interest on Market Loans (42) – New Loan 2005-2006 General | 378.88 | R(+) 24.84 | 403.72 | 262.21 | (-) 141.51 |
| 58. | (34) – 5.85% Meghalaya State Development Loan 2015 General | 304.53 | R(+) 2.93 | 307.46 | 369.73 | (+) 62.27 |

R – Re-appropriation

S – Surrender

APPENDIX – XVI

Statement showing expenditure without provision (exceeding Rs.10 lakh)

(Reference: Paragraph 2.4.6; Page 34)

| Serial number | Number and name of grant/appropriation and Head of account | Actual expenditure (Rupees in lakh) |
|---------------|---|-------------------------------------|
| (1) | (2) | (3) |
| 1. | 21 – Miscellaneous General Services, General Education, etc., – 2202-General Education – 107 – Scholarships – (01) – Post Matric Scholarship Scheduled Tribes General | 1259.26 |
| 2. | 26 – Medical and Public Health, Family Welfare, etc., – CSS – 2210 – Medical and Public Health – 110 – Hospitals and Dispensaries – (06) – National Programme for Visual Impairment and Control of Blindness – Sixth Schedule (Part II) Areas | 40.00 |
| 3. | 36 – Miscellaneous General Service, Social Security and Welfare – 2235 – Social Security and Welfare – 60-Other Social Security and Welfare Programmes – 104 – Deposit Linked Insurance Scheme Government Provident Fund – (01) Government Provident Fund General | 28.55 |
| 4. | 43 – Housing, Crop Husbandry, etc., 2401 – Crop Husbandry – 115 – Scheme of Small/Marginal Farmers and Agricultural Labour – (04) Assistance to Small Farmers and Marginal Farmers Sixth Schedule (Part II) Areas | 120.00 |
| 5. | 43 – Housing, Crop Husbandry, etc., 2401 – Crop Husbandry – CSS – 113 – Agricultural Engineering – (01) Scheme for Promotion of Agricultural Mechanism General | 322.32 |
| 6. | 43 – Housing, Crop Husbandry, etc., 2401 – Crop Husbandry – CSS – 108 – Commercial Crops – (12) Tea Nurseries under Tea Board Financial Scheme General | 16.00 |
| 7. | 50 – Forestry and Wildlife, Agricultural Research and Education etc., – 4406 – Capital Outlay on Forestry and Wildlife – 01 – Forestry – 070 – Communication and Buildings – (03) Building of PCCF's Office Sixth Schedule (Part II) Areas | 59.69 |
| 8. | 51 – Housing, Crop Husbandry, etc., – 2505 – Rural Employment – 01 – National Programmes – 701 – Jawahar Rozgar Yojana – (05) – Indira Awaas Yojana (IAY) Sixth Schedule (Part II) Areas | 133.54 |
| 9. | Appropriation – Internal Debt of the State Government – 6003 – Internal Debt of the State Government – 111 – Special Securities issued to National Small Savings Fund of the Central Government General | 71.25 |
| Total | | 2050.61 |

APPENDIX – XVII
Non-Surrender of Savings
(Reference: Paragraph 2.4.7; Page 35)

(Rupees in crore)

| Sl. No. | Number and name of the Grant/Appropriation | Total Grant/Appropriation | Saving | Unsurrendered saving |
|--|--|---------------------------|--------|----------------------|
| (1) | (2) | (3) | (4) | (5) |
| I. Cases of Unsurrendered Savings of Rs.1 crore and above | | | | |
| 1. | 4 – Administration of Justice Revenue – Charged | 1.12 | 1.12 | 1.11 |
| 2. | 13 – Secretariat General Services, etc. Revenue – Voted | 47.19 | 12.32 | 1.68 |
| 3. | 15 – Treasury and Accounts Administration Revenue – Voted | 7.81 | 2.02 | 1.74 |
| 4. | 19 – Secretariat General Services, Public Works, etc. Revenue – Voted | 75.99 | 14.75 | 12.46 |
| 5. | 19 – Secretariat General Services, Public Works, etc. Capital – Voted | 15.81 | 2.56 | 1.61 |
| 6. | 21 – Miscellaneous General Services, General Education, Technical Education, etc. Revenue – Voted | 413.36 | 101.99 | 100.15 |
| 7. | 26 – Medical and Public Health, Family Welfare, etc. Revenue – Voted | 99.45 | 5.43 | 4.55 |
| 8. | 26 – Medical and Public Health, Family Welfare, etc. Capital – Voted | 17.38 | 1.55 | 1.55 |
| 9. | 27 – Water Supply and Sanitation, Housing, etc. Revenue – Voted | 55.36 | 1.26 | 1.26 |
| 10. | 27 – Water Supply and Sanitation, Housing, etc. Capital – Voted | 85.47 | 7.21 | 1.71 |
| 11. | 40 – North Eastern Areas, etc. Revenue – Voted | 38.04 | 33.99 | 32.37 |
| 12. | 40 – North Eastern Areas, etc. Capital – Voted | 29.60 | 3.46 | 3.46 |
| 13. | 43 – Housing, Crop Husbandry, etc. Revenue – Voted | 69.55 | 5.38 | 5.38 |
| 14. | 43 – Housing, Crop Husbandry, etc. Capital – Voted | 6.61 | 3.13 | 3.13 |
| 15. | 45 – Housing, Soil and Water Conservation, Agricultural Research and Education Revenue – Voted | 34.14 | 3.25 | 1.08 |
| 16. | 46 – Special Programmes for Rural Development Revenue – Voted | 13.81 | 1.37 | 1.07 |
| 17. | 47 – Housing, Animal Husbandry, Agricultural Research and Education, etc. Revenue – Voted | 30.28 | 4.34 | 4.34 |

| (1) | (2) | (3) | (4) | (5) |
|---|---|-----------------|---------------|---------------|
| 18. | 48 – Housing, Dairy Development, Agricultural Research and Education Revenue – Voted | 6.17 | 1.16 | 1.16 |
| 19. | 50 – Forestry and Wildlife, Agricultural Research and Education, <i>etc.</i> Revenue – Voted | 56.33 | 19.07 | 19.07 |
| 20. | 56 – Roads and Bridges, Capital Outlay on Roads and Bridges Capital – Voted | 108.12 | 25.31 | 25.31 |
| 21. | 57 –Tourism, Capital Outlay on Public Works, <i>etc.</i> Revenue – Voted | 3.60 | 1.04 | 1.04 |
| Total (I) | | 1,215.19 | 251.71 | 225.23 |
| II. Cases of Unsurrendered Savings of less than Rs.1 crore | | | | |
| 1. | 1–Parliament/State/Union Territory Legislature, Stationery and Printing, Capital Outlay on Stationery and Printing Capital – Voted | 0.15 | 0.04 | 0.04 |
| 2. | 2 – Governor Revenue – Voted | 0.005 | 0.001 | 0.001 |
| 3. | 5 – Elections Revenue – Voted | 7.08 | 0.75 | 0.19 |
| 4. | 6 – Land Revenue, Relief on account of Natural Calamities, <i>etc.</i> Revenue – Voted | 15.99 | 0.54 | 0.52 |
| 5. | 7 – Stamps and Registration Revenue – Voted | 0.74 | 0.17 | 0.03 |
| 6. | 8 – State Excise Revenue – Voted | 3.69 | 0.16 | 0.16 |
| 7. | 10 – Taxes on Vehicles, Other Administrative Services, <i>etc.</i> Capital – Voted | 3.50 | 0.28 | 0.28 |
| 8. | 16 – Police, Other Administrative Services, <i>etc.</i> Revenue – Charged | 0.10 | 0.0065 | 0.006 |
| 9. | 17 – Jails Revenue – Voted | 4.05 | 0.83 | 0.59 |
| 10. | 18 – Stationery and Printing, Capital Outlay on Stationery and Printing, Capital Outlay on Housing Revenue – Voted | 8.43 | 2.05 | 0.82 |
| 11. | 23 – Other Administrative Services, <i>etc.</i> Revenue – Voted | 0.93 | 0.50 | 0.03 |
| 12. | 31 – Labour and Employment Revenue – Voted | 9.84 | 3.78 | 0.77 |
| 13. | 37 – Other Social Services Revenue – Voted | 0.005 | 0.005 | 0.005 |
| 14. | 38 – Secretariat Economic Services Revenue – Voted | 6.25 | 2.05 | 0.17 |
| 15. | 41 – Census, Survey and Statistics Revenue – Voted | 5.46 | 1.45 | 0.38 |

| (1) | (2) | (3) | (4) | (5) |
|-----|---|-----------------|-----------------|----------------|
| 16. | 42 – Housing, Other General Economic Services Revenue – Voted | 1.55 | 0.40 | 0.40 |
| 17. | 49 – Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, Capital Outlay on Fisheries Revenue – Voted | 8.14 | 1.03 | 0.04 |
| 18. | 50 – Forestry and Wildlife, Agricultural Research and Education, <i>etc.</i> Revenue – Charged | 0.03 | 0.03 | 0.03 |
| 19. | 50 – Forestry and Wildlife, Agricultural Research and Education, <i>etc.</i> Capital – Voted | 1.23 | 0.63 | 0.63 |
| 20. | 55 – Non-ferrous Mining and Metallurgical Industries, Capital Outlay on Housing, <i>etc.</i> Revenue – Voted | 36.67 | 0.46 | 0.03 |
| 21. | 57 – Tourism, Capital Outlay on Public Works, <i>etc.</i> Capital – Voted | 0.48 | 0.08 | 0.08 |
| 22. | 60 – Loans to Government Servants, <i>etc.</i> Capital – Voted | 3.90 | 0.96 | 0.02 |
| | Total (II) | 118.22 | 16.2025 | 5.222 |
| | Grand Total (I + II) | 1,333.41 | 267.9125 | 230.452 |

Number of Grants/Appropriations: 35

Number of cases: 43

APPENDIX – XVIII

Rush of expenditure during the year 2005-06

(Reference: Paragraph 2.4.10; Page 35)

| Head of accounts/ Grant number | Total provision (Original plus Supplementary) | Expenditure | | | | Total expenditure | Percentage of expenditure during 4 th quarter to total expenditure | Expendi- ture during March (Rupees) | Percentage of expenditure during March | |
|-----------------------------------|---|-------------------------|-------------------------|-------------------------|-------------------------|----------------------|---|--|--|----------------------|
| | | 1 st quarter | 2 nd quarter | 3 rd quarter | 4 th quarter | | | | Total provision | Total expenditure |
| | | (In Rupees) | | | | | | | | |
| 2202/21 | 3,29,07,20,000 | 54,64,71,571 | 56,19,14,505 | 72,97,76,147 | 94,07,72,428 | 2,77,89,34,651 | 34 | 57,36,87,462 | 17 | 21 |
| 2215/27 | 55,19,00,000 | 10,11,61,659 | 12,48,88,957 | 17,98,68,782 | 12,88,96,517 | 53,48,15,915 | 24 | 10,08,84,512 | 18 | 19 |
| 2210/26 | 89,18,02,351 | 15,23,21,144 | 18,94,14,832 | 27,58,04,528 | 23,59,00,603 | 85,34,41,107 | 28 | 13,08,26,838 | 15 | 15 |
| 2235/33, 34, 35, 36, 47 | 34,83,50,000 | 2,50,93,882 | 3,16,46,773 | 5,57,25,103 | 4,55,13,563 | 15,79,79,321 | 29 | 2,98,60,760 | 9 | 19 |
| 2401/43 | 51,86,05,380 | 4,39,78,036 | 4,96,62,882 | 7,95,14,534 | 30,56,82,919 | 47,88,38,371 | 64 | 28,11,40,195 | 54 | 59 |
| 2403/47 | 28,86,39,528 | 4,20,84,272 | 4,35,86,382 | 6,97,87,601 | 9,06,90,239 | 24,61,48,494 | 37 | 6,78,54,803 | 24 | 28 |
| 2515/51 | 73,29,64,000 | 2,90,08,125 | 3,24,94,193 | 4,77,03,509 | 54,73,32,959 | 65,65,38,786 | 83 | 44,26,27,040 | 60 | 67 |
| 2851/53, 54 | 23,43,96,918 | 3,06,96,246 | 3,23,28,783 | 5,29,05,517 | 11,04,34,763 | 22,63,65,309 | 49 | 8,63,63,043 | 37 | 38 |
| 2055/16 | 1,17,71,17,630 | 23,64,80,646 | 25,85,35,171 | 38,08,69,750 | 31,85,28,529 | 1,19,44,14,096 | 27 | 18,44,44,657 | 16 | 15 |
| 2211/26 | 10,27,29,000 | 1,92,99,823 | 1,93,73,640 | 2,70,21,646 | 2,11,02,717 | 8,67,97,826 | 24 | 1,13,15,632 | 11 | 13 |

APPENDIX – XIX

Details of outstanding Abstract Contingent Bills drawn between November 1992 and March 2006 and remaining outstanding till June 2006

(Reference: Paragraph 2.5; Page 35)

| Sl. No. | Name of the Drawing and Disbursing Officer/Controlling Officers from whom Detailed Countersigned Contingent Bill are awaited | Month and year of drawal | Number of Abstract Contingent Bill | Amount (in rupees) |
|---------|--|--|------------------------------------|--|
| (1) | (2) | (3) | (4) | (5) |
| 1. | Director of Information & Public Relation, Shillong | November 1992 December 1992 November 1994 | 1 1 1 | 1,49,750 63,600 6,28,000 |
| 2. | Superintendent of Police, Jaintia Hills, Jowai | September 1997 | 1 | 4,400 |
| 3. | Secretary, Meghalaya Public Service Commission, Shillong | August 1999 April 2000 | 1 2 | 14,400 9,930 |
| 4. | Executive Engineer, Urban Affairs, Shillong | March 2000 | 1 | 7,00,000 |
| 5. | Deputy Superintendent of Police, West Khasi Hills, Nongstoin | June 2001 | 1 | 65,129 |
| 6. | Deputy Director of Agriculture (Agronomy), Shillong | March 2004 | 2 | 75,250 |
| 7. | Under Secretary, Secretariat Administration (A/C) | March 2005 August 2005 November 2005 March 2006 | 17 1 1 7 | 1,21,63,500 30,000 30,000 32,39,178 |
| 8. | Deputy Commissioner (Election), West Garo Hills, Tura | April 2004 February 2006 | 1 1 | 23,00,000 1,12,19,600 |
| 9. | Joint Director of Agriculture, Research & Training, Shillong | March 2005 | 1 | 36,000 |
| 10. | Deputy Commissioner (Election), East Garo Hills, Williamnagar | January 2006 | 1 | 30,18,100 |
| 11. | Additional Deputy Commissioner (Election), Resubelpara Civil Sub-Division, East Garo Hills | February 2006 | 1 | 24,00,000 |
| 12. | Under Secretary and Assistant Chief Electoral Officer, Shillong | February 2006 | 1 | 19,85,000 |
| 13. | Deputy Commissioner (Election), Jaintia Hills District, Jowai | March 2006 | 1 | 7,50,000 |
| 14. | Deputy Commissioner (Election), Ri-Bhoi, Nongpoh | March 2006 | 1 | 6,00,000 |
| 15. | Additional Deputy Commissioner (Election), East Khasi Hills, Shillong (N) Treasury | March 2006 | 1 | 25,00,000 |
| 16. | Sub-Divisional Officer (E), Nongstoin | March 2006 | 1 | 4,00,000 |
| 17. | Additional Deputy Commissioner (Election), West Khasi Hills, Nongstoin | March 2006 | 1 | 5,00,000 |
| 18. | Additional Deputy Commissioner (Election), Mairang | March 2006 | 1 | 2,50,000 |
| 19. | Sub-Divisional Officer (E), Jowai | March 2006 | 1 | 4,00,000 |
| 20. | Deputy Commissioner, Supply, South Garo Hills, Baghmara | January 2006 | 1 | 85,857 |

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| (1) | (2) | (3) | (4) | (5) |
|-------|---|------------|-----|-------------|
| 21. | District Training Officer, Farmers' Training Centre, Shillong | March 2006 | 1 | 47,900 |
| 22. | Principal, Basic Agricultural Training Centre, Upper Shillong | March 2006 | 1 | 1,00,000 |
| 23. | District Agricultural Officer, East Garo Hills, Williamnagar | March 2006 | 1 | 48,750 |
| 24. | District Agricultural Officer, Ri-Bhoi District, Nongpoh | March 2006 | 1 | 60,415 |
| 25. | Deputy Commissioner, West Garo Hills, Tura | March 2006 | 1 | 15,00,000 |
| 26. | General Manager, DIC, Baghmara, South Garo Hills | March 2006 | 2 | 96,700 |
| 27. | Director of Mineral Resources, Meghalaya, Shillong | March 2006 | 1 | 15,000 |
| Total | | | 59 | 4,54,86,459 |

APPENDIX XX

Receipt and Expenditure of six farms during 2001-02 to 2005-06

(Reference : Paragraph 3.1.8.4; Page 42)

(Rupees in lakh)

| Particulars | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | Total |
|---|---------------|---------------|---------------|---------------|---------------|---------------------|
| 1. Regional Poultry Breeding Farm, Kyrdemkulai | | | | | | |
| Revenue receipt | 5.06 | 5.99 | 10.95 | 11.29 | 12.52 | 45.81 |
| Expenditure | 50.56 | 46.86 | 53.07 | 52.31 | 55.78 | 258.58 |
| Excess of expenditure over receipt | 45.50 | 40.87 | 42.12 | 41.02 | 43.26 | 212.77 |
| 2. Central Hatchery cum Poultry Farm, Bhoi | | | | | | |
| Revenue receipt | 9.85 | 9.80 | 8.59 | 6.64 | 8.56 | 43.44 |
| Expenditure | 42.07 | 40.82 | 39.40 | 42.76 | 44.27 | 209.32 |
| Excess of expenditure over receipt | 32.22 | 31.02 | 30.81 | 36.12 | 35.71 | 165.88 |
| 3. District Poultry Farm, Rongkhon, Tura | | | | | | |
| Revenue receipt | 5.66 | 2.46 | 2.79 | 2.87 | 2.84 | 16.62 |
| Expenditure | 17.85 | 18.09 | 18.49 | 19.59 | 20.80 | 94.82 |
| Excess of expenditure over receipt | 12.19 | 15.63 | 15.70 | 16.72 | 17.96 | 78.20 |
| 4. Poultry Farm, Jowai | | | | | | |
| Revenue receipt | 5.12 | 5.95 | 5.07 | 4.60 | 4.41 | 25.15 |
| Expenditure | 16.28 | 16.13 | 15.45 | 16.45 | 19.19 | 83.50 |
| Excess of expenditure over receipt | 11.16 | 10.18 | 10.38 | 11.85 | 14.78 | 58.35 |
| 5. Poultry Farm, Mawryngkneng | | | | | | |
| Revenue receipt | 1.36 | 0.96 | 2.00 | 2.12 | 2.20 | 8.64 |
| Expenditure | 8.09 | 9.13 | 8.84 | 8.23 | 8.50 | 42.79 |
| Excess of expenditure over receipt | 6.73 | 8.17 | 6.84 | 6.11 | 6.30 | 34.15 |
| 6. Duck Farm, Asanangre, Tura | | | | | | |
| Revenue receipt | 0.33 | 0.10 | 0.02 | - | 0.25 | 0.70 ^(a) |
| Expenditure | 5.86 | 6.27 | 6.54 | 5.98 | 6.39 | 31.04 |
| Excess of expenditure over receipt | 5.53 | 6.17 | 6.52 | 5.98 | 6.14 | 30.34 |
| Total of excess expenditure over receipt | 113.33 | 112.04 | 112.37 | 117.80 | 124.15 | 579.69 |
| Total: | | | | | | |
| Revenue receipt | 27.38 | 25.26 | 29.42 | 27.52 | 30.78 | 140.36 |
| Expenditure | 140.71 | 137.30 | 141.79 | 145.32 | 154.93 | 720.05 |

Source: Information furnished by the Director, AH&V.

^(a) Converted to broiler farm.

APPENDIX XXI

Details showing the shortfall in achievement of targets

(Reference: Paragraph 3.1.9.1; Page 42)

(Targets & Achievements in number and shortfall in per cent)

| Year | Rearing of Layers | | | Rearing of Broiler Chick | | | Production of Chicks | | | Production of Eggs | | |
|--|-------------------|--------------|------------|--------------------------|--------------|------------|----------------------|--------------|------------|---------------------------|--------------|------------|
| | Targets | Achievements | Short-fall | Targets | Achievements | Short-fall | Targets | Achievements | Short-fall | Targets | Achievements | Short-fall |
| Regional Poultry Breeding Farm, Kyrdemkulai | | | | | | | | | | | | |
| 2001-02 | 1,500 | 609 | 59 | NA | NA | ... | 60,000 | 18,400 | 69 | 3,60,000 | 1,21,900 | 66 |
| 2002-03 | 1,500 | 753 | 50 | NA | NA | ... | 60,000 | 16,000 | 73 | 3,60,000 | 1,50,700 | 58 |
| 2003-04 | 1,500 | 1,190 | 21 | NA | NA | ... | 60,000 | 17,300 | 71 | 3,60,000 | 2,60,620 | 28 |
| 2004-05 | 1,500 | 1,266 | 16 | NA | NA | ... | 60,000 | 24,190 | 60 | 3,60,000 | 2,44,900 | 32 |
| 2005-06 | 1,500 | 1,555 | ... | NA | NA | ... | 60,000 | 39,910 | 33 | 3,60,000 | 2,96,580 | 18 |
| Central Hatchery Cum Poultry Farm, Bhoi | | | | | | | | | | | | |
| 2001-02 | 1,300 | 1,231 | 5 | 3,500 | 3,696 | ... | NA | 18,185 | ... | 3,12,000 | 1,75,600 | 44 |
| 2002-03 | 1,300 | 1,103 | 15 | 3,500 | 3,879 | ... | NA | 34,749 | ... | 3,12,000 | 2,64,100 | 15 |
| 2003-04 | 1,300 | 1,742 | ... | 3,500 | 3,676 | ... | NA | 42,717 | ... | 3,12,000 | 3,83,880 | ... |
| 2004-05 | 1,300 | 662 | 49 | 3,500 | 3,700 | ... | NA | 21,279 | ... | 3,12,000 | 1,05,925 | 66 |
| 2005-06 | 1,300 | 1,065 | 18 | 3,500 | 3,550 | ... | NA | 72,625 | ... | 3,12,000 | 1,96,966 | 37 |
| District Poultry Farm, Rongkhon, Tura | | | | | | | | | | | | |
| 2001-02 | 400 | 326 | 18 | 2,300 | 4,547 | ... | (a) | | | 96,000 | 74,050 | 23 |
| 2002-03 | 350 | 368 | ... | 1,300 | 1,000 | 23 | | | | 65,000 | 66,500 | ... |
| 2003-04 | 350 | 341 | 3 | 1,300 | 925 | 29 | | | | 65,000 | 60,000 | 8 |
| 2004-05 | 350 | 307 | 12 | 1,300 | 1,685 | ... | | | | 65,000 | 53,080 | 18 |
| 2005-06 | 350 | 143 | 59 | 1,300 | 1,433 | ... | NA | 422 | ... | 65,000 | 17,309 | ... |
| Poultry Farm, Jowai | | | | | | | | | | | | |
| 2001-02 | 400 | 454 | ... | NA | 3,520 | ... | (b) | | | 96,000 | 88,500 | 8 |
| 2002-03 | 400 | 755 | ... | 3,120 | 3,614 | ... | | | | 96,000 | 1,10,000 | ... |
| 2003-04 | 400 | 449 | ... | 3,120 | 1,800 | 42 | | | | 96,000 | 89,920 | 6 |
| 2004-05 | 400 | 368 | 8 | 3,120 | 3,770 | ... | | | | 96,000 | 84,810 | 12 |
| 2005-06 | 400 | 390 | 2 | 3,120 | 2,500 | 20 | | | | 96,000 | 84,807 | 12 |
| Poultry Farm, Mawryngkneng | | | | | | | | | | | | |
| 2001-02 | 400 | 407 | ... | NA | 2,370 | ... | (a) | | | 96,000 | 48,265 | 50 |
| 2002-03 | 350 | 741 | ... | 1,300 | 585 | 55 | | | | 84,000 | 47,100 | 44 |
| 2003-04 | 350 | 487 | ... | 600 | 280 | 53 | | | | 84,000 | 60,080 | 28 |
| 2004-05 | 350 | 216 | 38 | 600 | 815 | ... | | | | 84,000 | 54,080 | 36 |
| 2005-06 | 350 | 342 | 2 | 600 | 600 | ... | | | | 84,000 | 60,168 | 28 |
| Duck Farm, Asananggre | | | | | | | | | | | | |
| 2001-02 | 800 | 129 | 84 | NA | NA | ... | (a) | | | 40,000 | 4,253 | 89 |
| 2002-03 | 200 | 126 | 37 | NA | NA | ... | | | | 40,000 | 828 | 98 |
| 2003-04 | 200 | 8 | 96 | NA | NA | ... | | | | 40,000 | 332 | 99 |
| 2004-05 | NA | NA | ... | NA | NA | ... | | | | NA | NA | ... |
| 2005-06 | NA | NA | ... | 730 | NA | ... | | | | Converted to broiler farm | | |

Source: Information furnished by the Director, AH&V.

- (a) According to the Director, parent stock was not reared during 2001-2005.
- (b) According to the Director, there was no provision for rearing of poultry parent stocks.

APPENDIX XXII

Production of eggs during 2001-2006

(Reference: Paragraph 3.1.9.2; Page 43)

| Particulars | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|---|----------|----------|----------|----------|---------------------------|
| 1. Regional Poultry Breeding Farm, Kyrdemkulai | | | | | |
| Layers reared (in number) | 609 | 753 | 1,190 | 1,266 | 1,555 |
| Eggs produced (in number) | 1,21,900 | 1,50,700 | 2,60,620 | 2,44,900 | 2,96,580 |
| Egg production per bird (in number) | 200 | 200 | 219 | 193 | 191 |
| Eggs sold (in number) | 93,241 | 1,03,726 | 2,48,741 | 2,24,737 | 2,12,634 |
| Eggs sold (<i>per cent</i>) | 76.49 | 68.83 | 95.44 | 91.77 | 71.70 |
| 2. Central Hatchery Cum Poultry Farm, Bhoi | | | | | |
| Layers reared (in number) | 1,231 | 1,103 | 1,742 | 662 | 1,065 |
| Eggs produced (in number) | 1,75,600 | 2,64,100 | 3,83,880 | 1,05,925 | 1,96,966 |
| Egg production per bird (in number) | 143 | 239 | 220 | 160 | 185 |
| Eggs sold (in number) | 1,70,229 | 2,62,558 | 1,83,329 | 1,04,238 | 1,89,145 |
| Eggs sold (<i>per cent</i>) | 96.94 | 99.42 | 47.76 | 98.41 | 96.03 |
| 3. District Poultry Farm, Rongkhon | | | | | |
| Layers reared (in number) | 326 | 368 | 341 | 307 | 143 |
| Eggs produced (in number) | 74,050 | 66,500 | 60,000 | 53,080 | 17,309 |
| Egg production per bird (in number) | 227 | 181 | 176 | 173 | 121 |
| Eggs sold (in number) | 69,385 | 62,209 | 56,704 | 52,432 | 16,990 |
| Eggs sold (<i>per cent</i>) | 93.70 | 93.55 | 94.51 | 98.78 | 98.16 |
| 4. Poultry Farm, Jowai | | | | | |
| Layers reared (in number) | 454 | 755 | 449 | 368 | 390 |
| Eggs produced (in number) | 88,500 | 1,10,000 | 89,920 | 84,810 | 84,807 |
| Egg production per bird (in number) | 195 | 146 | 200 | 230 | 217 |
| Eggs sold (in number) | 88,340 | 87,370 | 87,977 | 84,373 | 86,928 |
| Eggs sold (<i>per cent</i>) | 99.82 | 79.43 | 97.84 | 99.48 | 102.50 |
| 5. Poultry Farm, Mawryngkneng | | | | | |
| Layers reared (in number) | 407 | 741 | 487 | 216 | 342 |
| Eggs produced (in number) | 48,265 | 47,100 | 60,080 | 54,080 | 60,168 |
| Egg production per bird (in number) | 119 | 64 | 123 | 250 | 176 |
| Eggs sold (in number) | 45,732 | 40,259 | 57,252 | 53,484 | 58,935 |
| Eggs sold (<i>per cent</i>) | 94.75 | 85.48 | 95.29 | 98.90 | 97.95 |
| 6. Duck Farm, Asananggre | | | | | |
| Layers reared (in number) | 129 | 126 | 8 | NA | Converted to broiler farm |
| Eggs produced (in number) | 4,253 | 828 | 332 | NA | |
| Egg production per bird (in number) | 33 | 7 | 41 | NA | |
| Eggs sold (in number) | 4,206 | 808 | 322 | NA | |
| Eggs sold (<i>per cent</i>) | 98.89 | 97.58 | 96.99 | NA | |

Source:

Information furnished by the Director, AH&V.

APPENDIX XXIII

Details showing the extra expenditure incurred on procurement of poultry items

(Reference: Paragraph 3.1.10.3; Page 49)

| Sl. No. | Items procured | Approval of Government | | Actual procurement | | Difference in procurement | | Extra expenditure (Rupees in lakh) |
|----------------------------|-----------------------------------|------------------------|-----------------|--------------------|-------------------|---------------------------|-----------------|------------------------------------|
| | | Quantity | Rate (Rupees) | Quantity | Rate (Rupees) | Quantity | Rate (Rupees) | |
| Layer | | | | | | | | |
| 1. | Parent stock male | 500 nos. | 90 each | 300 nos. | 180 each | 200 nos. | 90 each | 0.27 |
| 2. | Parent stock female | 3,500 nos. | | 2,000 nos. | | 1,500 nos. | | 1.80 |
| 3. | Chick feed | 120 quintals | 885 per quintal | 81.54 quintals | 1,300 per quintal | 38.46 quintals | 415 per quintal | 0.34 |
| 4. | Grower feed | 342 quintals | 775 per quintal | 203.85 quintals | 1,300 per quintal | 138.15 quintals | 525 per quintal | 1.07 |
| Broiler | | | | | | | | |
| 5. | Parent stock male | 500 nos. | 90 each | 435 nos. | 113 each | 65 nos. | 23 each | 0.10 |
| 6. | Parent stock female | 3,500 nos. | | 2,750 nos. | | 750 nos. | 23 each | 0.63 |
| 7. | Chick feed | 192 quintals | 927 per quintal | 136.15 quintals | 1,300 per quintal | 55.85 quintals | 373 per quintal | 0.51 |
| 8. | Grower feed | 411 quintals | 927 per quintal | 292.21 quintals | 1,300 per quintal | 118.79 quintals | 373 per quintal | 1.09 |
| Store and equipment | | | | | | | | |
| 9. | Cages for male parent (layer) | 500 nos. | 130 each | 200 nos. | 258 each | 300 nos. | 128 each | 0.26 |
| 10. | Cages for female parent (layer) | 3,500 nos. | 90 each | 1,096 nos. | | 2,404 nos. | 168 each | 1.84 |
| 11. | Cages for parent broiler (male) | 500 nos. | 130 each | 200 nos. | 258 each | 300 nos. | 128 each | 0.26 |
| 12. | Cages for parent broiler (female) | 3,500 nos. | 90 each | 1,272 nos. | | 2,228 nos. | 168 each | 2.14 |
| 13. | Water trough for chicks | 300 nos. | 60 each | 234 nos. | 70 each | 66 nos. | 10 each | 0.02 |
| 14. | Water trough for growers | 300 nos. | 90 each | 259 nos. | 95 each | 41 nos. | 5 each | 0.01 |
| 15. | Electric brooders | 40 nos. | 1,000 each | 24 nos. | 1,500 each | 16 nos. | 500 each | 0.12 |
| Total | | | | | | | | 10.46 |

Source: Government's sanction of November 2004 and bills/vouchers.

APPENDIX XXIV

Year-wise position of expenditure under different interventions of the SSA

(Reference: Paragraphs 3.2.12.1 & 3.2.12.11; Pages 59 & 65)

(Rupees in lakh)

| Sl. No. | Interventions | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | Total |
|---------|--|--------------|---------------|---------------|-----------------|-----------------|-----------------|
| 1. | Teachers' salary | 26.16 | 289.47 | 104.26 | 543.92 | 803.00 | 1766.81 |
| 2. | Teachers' grant | Nil | Nil | 80.27 | 74.27 | 132.00 | 286.54 |
| 3. | School grant | Nil | Nil | 116.58 | 122.67 | 219.00 | 458.25 |
| 4. | Management cost | Nil | Nil | 58.20 | 135.21 | 99.00 | 292.41 |
| 5. | Text books | Nil | Nil | Nil | 54.77 | 117.00 | 171.77 |
| 6. | TLE/TLM | Nil | Nil | 108.58 | 117.86 | 105.00 | 331.44 |
| 7. | BRC | Nil | Nil | 15.80 | 97.20 | 63.00 | 176.00 |
| 8. | EGS/AIE | Nil | Nil | 0.71 | 124.72 | Nil | 125.43 |
| 9. | Out of school children | Nil | Nil | Nil | Nil | 231.00 | 231.00 |
| 10. | Ad-hoc grants | Nil | Nil | 39.00 | 74.04 | Nil | 113.04 |
| 11. | CRC | Nil | Nil | 5.50 | 34.40 | 42.00 | 81.90 |
| 12. | Teachers' Training | Nil | Nil | 23.63 | 32.58 | 36.00 | 92.21 |
| 13. | Innovation | Nil | Nil | Nil | 7.32 | 2.00 | 9.32 |
| 14. | Awareness Programme, Training of Community Leaders, etc. | Nil | Nil | 16.84 | 7.16 | 7.00 | 31.00 |
| 15. | BMC | Nil | Nil | Nil | 42.82 | Nil | 42.82 |
| 16. | Civil works | Nil | Nil | 0.40 | 26.26 | 154.00 | 180.66 |
| 17. | Research & evaluation | Nil | Nil | Nil | 12.16 | 22.00 | 34.16 |
| 18. | IED | Nil | Nil | Nil | 24.62 | 26.00 | 50.62 |
| 19. | Orientation | Nil | Nil | Nil | 18.23 | Nil | 18.23 |
| 20. | CPE | Nil | Nil | Nil | 17.57 | Nil | 17.57 |
| 21. | Pre-project activities, Community & capacity building | Nil | 98.02 | 8.55 | 0.09 | Nil | 106.66 |
| 22. | Others | Nil | Nil | 31.31 | 24.94 | 23.00 | 79.25 |
| | Total | 26.16 | 387.49 | 609.63 | 1,592.81 | 2,081.00 | 4,697.09 |

Source: Receipts & Payments Accounts - 2001-02, Consolidated district-wise position-2002-03, Consolidated Receipts and Payments Accounts-2003-04 & 2004-05 and information furnished by the Joint SPD, SMA (2005-06).

APPENDIX XXV

Requirement, allocation and lifting of foodgrains during 2000-01 to 2005-06

(Reference: Paragraph 3.3.10.9; Page 78)

(In tonne)

| Year | Requirement of foodgrains | | | | Allocation by the Government of India | | | | Quantity of foodgrains lifted and issued to the beneficiaries | | | |
|--------------|---------------------------|-----------------|-----------------|-----------------|---------------------------------------|-----------------|------------------------------------|--------------------|---|-----------------|-----------------|-----------------|
| | AAY | BPL | APL | Total | AAY | BPL | APL | Total | AAY | BPL | APL | Total |
| 2000-01 | ... | 34,354 | 1,14,360 | 1,48,714 | ... | 34,354 | 1,14,360 57,042 (Additional) | 1,48,714 57,042 | ... | 34,354 | 1,14,360 | 1,48,714 |
| 2001-02 | 3,515 | 3,515 | 1,14,360 | 1,21,390 | 3,515 | 44,240 | 1,14,630 | 1,62,385 | 3,515 | 44,240 | 1,14,360 | 1,62,115 |
| 2002-03 | 11,808 | 65,052 | 1,14,360 | 1,91,220 | 11,808 | 65,052 | 37,248 | 1,14,108 | 11,808 | 65,052 | 37,248 | 1,14,108 |
| 2003-04 | 11,808 | 65,052 | 1,14,360 | 1,91,220 | 11,808 | 65,052 | 37,248 | 1,14,108 | 11,808 | 65,052 | 37,248 | 1,14,108 |
| 2004-05 | 16,218 | 60,642 | 1,14,360 | 1,91,220 | 16,218 | 60,642 | 37,248 | 1,14,108 | 16,218 | 60,642 | 37,248 | 1,14,108 |
| 2005-06 | 22,759 | 54,446 | 35,616 | 1,12,821 | 22,759 | 54,446 | 35,616 | 1,12,821 | 22,759 | 54,446 | 13,366 | 90,571 |
| Total | 66,108 | 2,83,061 | 6,07,416 | 9,56,585 | 66,108 | 3,23,786 | 4,33,392 | 8,23,286 | 66,108 | 3,23,786 | 3,53,830 | 7,43,724 |

Source: Information furnished by the Director.

APPENDIX XXVI

Short distribution of foodgrains to the beneficiaries

(Reference: Paragraph 3.3.10.11; Page 79)

| Sl. No. | Year | Period | Beneficiaries provided with Ration Cards (In number) | Scale of issue of rice per beneficiary per month (Kg) | Total requirement and allotment by GOI of rice during the year (In tonne) | Total quantity lifted and distributed (In tonne) | Short quantity lifted and distributed (In tonne) | Short supply to each beneficiary per month ^(a) (Kg) |
|-------------------------------------|---------|-----------------------------|---|--|--|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| East Khasi Hills District | | | | | | | | |
| Shillong Sadar Sub- Division | | | | | | | | |
| BPL families under TPDS | | | | | | | | |
| 1. | 2001-02 | April to June 2001 | 53,535 | 20 | 14,230.475 | 12,398.792 | 1,831.683 | 3.00 |
| 2. | | July to October 2001 | 53,535 | 25 | | | | |
| 3. | | November 2001 to March 2002 | 45,319 | 25 | | | | |
| 4. | 2002-03 | April 2002 to March 2003 | 45,319 | 35 | 19,033.98 | 17,542.085 | 1,491.895 | 2.743 |
| 5. | 2003-04 | April 2003 to March 2004 | 45,319 | 35 | 19,033.98 | 18,742.085 | 291.895 | 0.537 |
| BPL families under AAY | | | | | | | | |
| 6. | 2001-02 | November 2001 to March 2002 | 8,216 | 25 | 1,027.00 | 822.18 | 204.82 | 2.077 |
| 7. | 2002-03 | April 2002 to March 2003 | 8,216 | 35 | 3,450.72 | 3,280.544 | 170.176 | 1.726 |
| 8. | 2003-04 | April 2003 to March 2004 | 8,216 | 35 | 3,450.72 | 3,194.022 | 256.698 | 2.604 |
| 9. | 2004-05 | April 2004 to May 2004 | 8,216 | 35 | 4,854.92 | 4,743.33 | 111.59 | 0.91 |
| 10. | | June 2004 to March 2005 | 12,228 | 35 | | | | |
| | | | | | 65,081.795 | 60,723.038 | 4,358.757 | |
| Sohra Sub-Division | | | | | | | | |
| BPL families under TPDS | | | | | | | | |
| 11. | 2001-02 | April to June 2001 | 5,328 | 20 | 1,416.23 | 1,288.18 | 128.05 | 2.11 |
| 12. | | July to October 2001 | 5,328 | 25 | | | | |
| 13. | | November 2001 to March 2002 | 4,510 | 25 | | | | |
| BPL families under AAY | | | | | | | | |
| 14. | 2004-05 | April 2004 to May 2004 | 818 | 35 | 486.36 | 472.248 | 14.112 | 1.15 |
| 15. | | June 2004 to March 2005 | 1,226 | 35 | | | | |
| | | | | | 1,902.59 | 1,760.428 | 142.162 | |

(a) Taking into account the average number of beneficiaries during the respective year wherever necessary, e.g., 1,831.683 tonnes x 1,000 ÷ 12 ÷ 50,796 (53,535 + 53,535 + 45,319 ÷ 3 = 50,796).

Audit Report for the year ended 31 March 2006

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---------------------------------|---------|-----------------------------|-------|-----|-------------------|-------------------|------------------|-------|
| Ri-Bhoi District | | | | | | | | |
| Nongpoh | | | | | | | | |
| BPL families under TPDS | | | | | | | | |
| 16. | 2001-02 | April to June 2001 | 7,829 | 20 | 2,080.89 | 1,831.595 | 249.295 | 2.80 |
| 17. | | July to October 2001 | 7,829 | 25 | | | | |
| 18. | | November 2001 to March 2002 | 6,626 | 25 | | | | |
| BPL families under AAY | | | | | | | | |
| 19. | 2004-05 | April to May 2004 | 1,203 | 35 | 714.56 | 672.952 | 41.608 | 2.31 |
| 20. | | June 2004 to March 2005 | 1,801 | 35 | | | | |
| | | | | | 2,795.45 | 2,504.547 | 290.903 | |
| Jaintia Hills District | | | | | | | | |
| Jowai Sadar Sub-Division | | | | | | | | |
| BPL families under TPDS | | | | | | | | |
| 21. | 2001-02 | April to June 2001 | 7,727 | 20 | 2,053.82 | 1,567.995 | 485.825 | 5.52 |
| 22. | | July to October 2001 | 7,727 | 25 | | | | |
| 23. | | November 2001 to March 2002 | 6,540 | 25 | | | | |
| 24. | 2002-03 | April 2002 to March 2003 | 6,540 | 35 | 2,746.80 | 2,590.395 | 156.405 | 2.00 |
| BPL families under AAY | | | | | | | | |
| 25. | 2001-02 | November 2001 to March 2002 | 1,187 | 25 | 148.375 | NIL | 148.375 | 25.00 |
| 26. | 2004-05 | April to May 2004 | 1,187 | 35 | 705.39 | 664.020 | 41.37 | 2.325 |
| 27. | | June 2004 to March 2005 | 1,778 | 35 | | | | |
| | | | | | 5,654.385 | 4,822.41 | 831.975 | |
| Amlarem Sub Division | | | | | | | | |
| BPL families under TPDS | | | | | | | | |
| 28. | 2001-02 | April to June 2001 | 3,349 | 20 | 890.09 | 773.339 | 116.751 | 3.063 |
| 29. | | July to October 2001 | 3,349 | 25 | | | | |
| 30. | | November 2001 to March 2002 | 2,834 | 25 | | | | |
| BPL families under AAY | | | | | | | | |
| 31. | 2001-02 | November 2001 to March 2002 | 515 | 25 | 64.375 | 51.536 | 12.839 | 2.077 |
| 32. | 2004-05 | April 2004 to May 2004 | 515 | 35 | 306.25 | 297.363 | 8.887 | 1.15 |
| 33. | | June 2004 to March 2005 | 772 | 35 | | | | |
| | | | | | 1,260.715 | 1,122.238 | 138.477 | |
| Khliehriat Sub Division | | | | | | | | |
| BPL families under TPDS | | | | | | | | |
| 34. | 2001-02 | April to June 2001 | 6,120 | 20 | 1,626.70 | 1,455.82 | 170.88 | 2.45 |
| 35. | | July to October 2001 | 6,120 | 25 | | | | |
| 36. | | November 2001 to March 2002 | 5,180 | 25 | | | | |
| BPL families under AAY | | | | | | | | |
| 37. | 2001-02 | November 2001 to March 2002 | 940 | 25 | 117.50 | 94.07 | 23.43 | 4.98 |
| | | | | | 1,744.20 | 1,549.89 | 194.31 | |
| Grand Total | | | | | 78,439.135 | 72,482.551 | 5,956.584 | |

Source: Information furnished by the Joint Director of Supply, Shillong Sadar Sub-Division, SDOs (Supply), Sohra, Amlarem, Khliehriat Sub-Divisions, Deputy Directors (Supply), Ri-Bhoi, Jaintia Hills, Additional Director, FCS&CA.

APPENDIX XXVII

Statement showing execution of works at different locations of the road

(Reference: Paragraph 3.4.12.4; Page 94)

| Chainage No. | Date of | | Carpetting area executed (sqm) | Value of work done (Rupees) | Voucher No./Date |
|--|--------------|------------|--------------------------------|-----------------------------|------------------|
| | Commencement | Completion | | | |
| Nongpoh – Umden – Sonapur Road (0-10 km) | | | | | |
| 0-250 | 26.11.02 | 18.12.03 | 983.75 | 1,39,613 | 386/25.9.03 |
| 250-500 | 7.2.03 | 10.2.03 | 983.75 | 60,006 | 397/23.12.03 |
| 500-1000 | 20.2.03 | 28.2.03 | 1,967.83 | 1,20,041 | 57N/19.12.03 |
| 1000-2000 | 8.9.04 | 22.9.04 | 3,935.00 | 2,47,124 | 97/4.8.05 |
| 2000-2200 | 22.12.02 | | 787.25 | 1,62,355 | 58N/19.12.03 |
| 2200-2800 | 8.9.04 | 18.9.04 | 2,360.50 | 1,48,239 | 472/23.12.05 |
| 3000-3200 | 10.7.03 | 15.7.03 | 787.05 | 48,007 | 87/17.12.03 |
| 3200-4000 | 10.9.04 | 22.9.04 | 3,145.50 | 1,97,701 | 473/23.12.05 |
| 4000-4200 | 10.10.03 | 29.11.03 | 787.50 | 1,36,330 | 160/19.12.03 |
| 4400-5000 | 9.9.04 | 20.9.04 | 2,361.00 | 1,48,276 | 95/4.8.05 |
| 5000-5200 | 6.10.03 | 10.12.03 | 787.50 | 2,23,096 | 42N/19.12.03 |
| 5400-5600 | 15.2.03 | 18.2.03 | 787.50 | 48,039 | 77/20.8.03 |
| 5400-5600 | 14.3.03 | 18.3.03 | 787.50 | 48,033 | 289/24.9.03 |
| 6000-6200 | 5.12.02 | 5.2.03 | 787.00 | 1,25,190 | 45N/20.8.03 |
| 7000-7200 | 22.11.02 | 18.2.03 | 787.50 | 1,43,785 | 265/20.12.03 |
| 7200-7800 | 7.10.04 | 18.10.04 | 2,358.75 | 1,48,134 | 96/4.8.05 |
| 7800-8000 | 10.7.03 | 15.7.03 | 787.50 | 48,032 | 91/17.12.03 |
| 8000-8200 | 2.12.02 | 11.2.03 | 786.75 | 1,44,685 | 112/17.12.03 |
| 8400-8600 | 12.2.03 | 15.2.03 | 787.50 | 48,032 | 250/23.9.03 |
| 8800-9000 | 25.2.03 | 28.2.03 | 786.00 | 47,942 | 90/20.8.03 |
| 9600-10000 | 4.12.02 | 8.2.03 | 1,575.00 | 1,97,870 | 111/17.12.03 |
| 5800-6000 6200-6600 6800-7000 8600-8800 | 17.9.04 | 6.10.04 | 3,937.50 | 2,40,189 | 497/23.12.05 |
| Passing Place 2 nd to 4 th km | 25.11.02 | 30.12.03 | 840.54 | 2,18,791 | 405/25.9.03 |
| Total | | | 33,895.67 | 30,89,510 | |

| Chainage No. | Date of | | Carpeting area executed over WBM (for passing place) (sqm) | Carpeting area executed over black topped surface (sqm) | Value of work done (Rupees) | Voucher No./Date |
|---|--------------|------------|--|---|-----------------------------|------------------|
| | Commencement | Completion | | | | |
| Nongpoh – Umden – Sonapur Road (11-18.37 km) | | | | | | |
| 11000-11500 | 10.11.03 | 10.12.03 | 180.00 | 1973.12 | 2,13,981 | 238/20.12.03 |
| 11500-11750 | 11.2.02 | 27.11.03 | 89.75 | 980.00 | 1,07,389 | 282/20.12.03 |
| 11750-12000 | 11.2.03 | 27.11.03 | 88.00 | 982.50 | 1,07,460 | 191/19.12.03 |
| 13000-13750 | 8.12.04 | 20.12.04 | 179.50 | 2,952.75 | 2,99,989 | 542/31.3.06 |
| 13750-14000 | 28.3.03 | 10.6.03 | 60.00 | 965.00 | 97,850 | 500/29.9.03 |
| 14000-14500 | 3.4.03 | 12.6.03 | 120.00 | 1,950.00 | 1,97,674 | 516/30.9.03 |
| 14500-15000 | 15.4.03 | 28.8.03 | 120.00 | 1,962.50 | 1,98,220 | 499/29.3.03 |
| 15000-16000 | 27.3.03 | 26.2.04 | 291.50 | 3,921.75 | 3,99,370 | 81/27.5.04 |
| 16000-16500 | 2.1.04 | 9.3.04 | 149.00 | 1,965.00 | 2,05,823 | 433/31.3.04 |
| 16500-16750 | 2.2.04 | 26.2.04 | 75.00 | 982.50 | 1,03,961 | 366/30.3.04 |
| 16750-17000 | 13.2.02 | 15.3.03 | 72.50 | 983.25 | 1,03,831 | 90/17.12.03 |
| 17000-17500 | 10.2.02 | 17.3.03 | 180.00 | 1,966.50 | 2,19,652 | 89/17.12.03 |
| 17500-18000 | 12.12.02 | 17.3.03 | 179.50 | 1,968.50 | 2,19,770 | 88/17.12.03 |
| Total | | | 1784.75 | 23,553.37 | 24,74,970 | |

Source: Payment Vouchers and Measurement Books.

APPENDIX XXVIII

Statement showing duplication of items of work

(Reference: Paragraph 3.4.12.5; Page 95)

| Chainage No. | Date of | | | Completion | Carpeting area executed over WBM for passing place (sqm) | Carpeting area executed over black topped surface (sqm) | Value of work done (Rupees) |
|----------------------------|--------------------------------|--------------|------------------|------------|--|---|-----------------------------|
| | Completion on earlier occasion | Commencement | Time gap (month) | | | | |
| 12th Km. | | | | | | | |
| 11000-11500 | 10-12-03 | 28.1.04 | 1 | 20.3.04 | 149.70 | 1,966.50 | 2,06,893 |
| 11500-11750 | 27-11-03 | 3.2.04 | 3 | 26.2.04 | 76.00 | 982.50 | 1,02,645 |
| 11750-12000 | 27-11-03 | 29.12.03 | 1 | 10.3.04 | 92.50 | 983.75 | 1,02,788 |
| 17th Km. | | | | | | | |
| 17000-17500 | 17-03-03 | 23.12.03 | 9 | 17.3.04 | 75.40 | 1,965.00 | 1,85,214 |
| 17500-18000 | 17-03-03 | 10.2.04 | 11 | 18.3.04 | 74.20 | 1,965.00 | 1,85,318 |
| | Total | | | | 467.80 | 7,862.75 | 7,82,858 |

Source: *Payment Vouchers and Measurement Books.*

APPENDIX XXIX

Particulars of collection and utilisation of granular material and stone aggregates and extra expenditure

(Reference: Paragraph 3.4.14.1; Page 98)

I. Collection and utilisation of granular material and stone aggregates

| Location Km | Collection and supply of granular materials | Extra carriage for granular materials beyond 200 m lead | | Collection and supply of stone aggregate (cum) | Consolidation of granular materials (cum) | Consolidation of stone aggregate (cum) | Reference | |
|--------------|---|---|------------------|--|---|--|-----------------|-------------------|
| | | Rate (Average) per cum | Amount (Rupees) | | | | MB No./Page No. | Voucher No./ date |
| 17-20 | 954.83 | 359.15 | 3,42,927 | 3,858.97 | 378.01 | 3,075.47 | 89/44-65, 87 | 400/ 29-3-06 |
| 21-24 | 2,459.61 | 384.35 | 9,45,351 | 2,495.75 | 2091.30 | Nil | 89/ 66-86 | 399/ 29-3-06 |
| 25-28 | 1,711.75 | 409.55 | 7,01,047 | 3,658.34 | 411.73 | 1,743.26 | 106/ 34-56 | 413/ 29-3-06 |
| 29-32 | 1,443.76 | 434.90 | 6,27,891 | 2,944.93 | 114.89 | 2,816.96 | 97/ 82-110 | 254/ 27-3-06 |
| 33-35 | 780.42 | 456.80 | 3,56,496 | 1,364.28 | 153.10 | 1,189.97 | 98/ 102-130 | 401/ 29-3-06 |
| Total | 7,350.37 | | 29,73,712 | 14,322.27 | 3,149.03 | 8,825.66 | | |

Source: Measurement Books and Payment Vouchers.

II. Extra expenditure on collection and utilisation of granular material and stone aggregates

| Item | Quantity (cum) | Rate per cum (Rupees) | Amount paid (Rupees) |
|---|----------------|-----------------------|----------------------|
| Collection and supply of granular material | 7,350.37 | 399.00 | 29,32,798 |
| Collection and supply of stone aggregates - Excess quantity | 1,494.10 | 293.00 | 4,37,771 |
| Extra carriage beyond 200 m lead | | | |
| (a) Granular materials | 7,350.37 | ... | 29,73,712 |
| (b) Stone aggregates | 1,494.10 | 408.95 (Average) | 6,11,012 |
| Consolidation of granular materials | 3,149.03 | 58.00 | 1,82,644 |
| Total | | | 71,37,937 |

APPENDIX XXX

Statement showing the execution of carpeting area

(Reference: Paragraph 3.4.17.2; Page 101)

| Location | 20 mm thick premix carpeting | | | Voucher No./Date |
|---------------------------------------|------------------------------|--|---|------------------|
| | Total surface area (sqm) | New/widened pavement surface area (sqm) | Existing pavement surface area (sqm) Col 2 – Col 3 | |
| (1) | (2) | (3) | (4) | (5) |
| 1 st to 4 th km | 23,404.34 | 15,396.23 {3,556.53 cum / (0.175 x 1.32)} | 8,008.11 | 394/29.3.06 |
| 5 th to 8 th km | 24,645.00 | 15,300.30 {3,534.37 cum / (0.175 x 1.32)} | 9,344.70 | 451/29.3.06 |
| Total | 48,049.34 | 30,696.53 | 17,352.81 | |

Source: Estimates, Payment Vouchers and Measurement Books.

APPENDIX XXXI

Targets and achievements of project activities under Watershed Development Project

(Reference: Paragraphs 3.5.1, 3.5.12.2, 3.5.12.3 & 3.5.13.1; Pages 106, 112, 113 & 114)

| Sl No. | Name of the projects | Target for land treatment | | Project cost (Rupees in lakh) | Achievement as of March 2006 | | |
|-------------------------|----------------------|---------------------------|---------------------|----------------------------------|------------------------------|------------|--|
| | | Arable | Non-arable | | Physical | | Financial ^(a) (Rupees in lakh) |
| | | | | | Arable | Non-arable | |
| (1) | (2) | (3) (In hectare) | (4) (In hectare) | (5) | (6) (In hectare) | (7) | (8) |
| East Khasi Hills | | | | | | | |
| 1. | Umlew | 459 | 416 | 63.38 | 446 | 274 | 50.87 |
| 2. | Umpling | 459 | 416 | 63.54 | 485 | 278 | 51.94 |
| 3. | Wah Tamdong | 490 | 385 | 63.03 | 463 | 298 | 51.17 |
| 4. | 12-Shnong | 320 | 638 | 72.79 | 340 | 662 | 56.25 |
| | | 1,728 | 1,855 | 262.74 | 1,706 ^(b) | 1,512 | 210.23 |
| West Khasi Hills | | | | | | | |
| 5. | Umkhynraw | 216 | 170 | 28.35 | 185 | 166 | 22.85 |
| 6. | Um-Mari | 389 | 394 | 55.40 | 426 | 372 | 45.23 |
| 7. | Umsaw-Pungsier | 508 | 358 | 63.24 | 526 | 428 | 52.79 |
| | | 1,113 | 922 | 146.99 | 1,137 | 966 | 120.87 |
| Ri-Bhoi | | | | | | | |
| 8. | Upper umtung | 840 | 490 | 93.40 | 798 | 543 | 68.55 |
| 9. | Middle umtung | 840 | 490 | 93.35 | 799 | 548 | 68.23 |
| 10. | Upper umrit | 829 | 501 | 94.60 | 774 | 544 | 67.64 |
| 11. | Upper umling | 817 | 513 | 93.80 | 839 | 514 | 69.45 |
| 12. | Upper umbyrngaid | 829 | 501 | 94.55 | 774 | 504 | 86.55 |
| 13. | Umtyngkong | 825 | 505 | 94.40 | 778 | 529 | 68.36 |
| 14. | Umshyrkew | 825 | 505 | 93.65 | 962 | 559 | 75.88 |
| 15. | Lambra | 825 | 505 | 93.65 | 793 | 522 | 67.30 |
| | | 6,630 | 4,010 | 751.4 | 6,517 | 4,263 | 571.96 |
| Jaintia Hills | | | | | | | |
| 16. | Wah Danglun | 219 | 146 | 30.29 | 211 | 146 | 24.03 |
| 17. | Umsning | 204 | 170 | 29.05 | 183 | 170 | 22.51 |
| 18. | Umladoh | 203 | 178 | 28.55 | 190 | 181 | 25.94 |
| 19. | Mynso-Palang | 210 | 180 | 31.89 | 220 | 177 | 22.75 |
| | | 836 | 674 | 119.78 | 804 | 674 | 95.23 |
| East Garo Hills | | | | | | | |
| 20. | Upper Chibok | 178 | 235 | 30.50 | 159 | 222 | 24.17 |
| 21. | Upper Chil | 174 | 235 | 30.64 | 146 | 151 | 23.97 |
| 22. | Thapa | 176 | 235 | 30.90 | 151 | 189 | 24.25 |
| 23. | Nengsit | 174 | 235 | 30.64 | 156 | 229 | 23.98 |
| 24. | Romphi | 174 | 235 | 30.85 | 152 | 162 | 24.17 |
| 25. | Giting | 175 | 235 | 31.04 | 148 | 192 | 24.35 |
| 26. | Rongre | 174 | 235 | 30.90 | 151 | 219 | 24.29 |
| 27. | Ganing | 174 | 235 | 31.04 | 138 | 192 | 24.33 |
| | | 1,399 | 1,880 | 246.51 | 1,201 | 1,556 | 193.51 |

(a) Including drainage line treatment.

(b) Excluding crop demonstration.

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|-------------------------|--------------|--------|--------|--------|--------|--------|----------|
| West Garo Hills | | | | | | | |
| 28. | Sora | 476 | 394 | 63.84 | 411 | 364 | 50.90 |
| 29. | Rome | 512 | 367 | 63.29 | 519 | 296 | 51.08 |
| 30. | Drong | 485 | 386 | 63.79 | 361 | 319 | 49.36 |
| 31. | Achi | 484 | 387 | 64.19 | 381 | 277 | 50.23 |
| 32. | Ditti | 348 | 255 | 43.44 | 303 | 198 | 35.72 |
| 33. | Rongridap | 407 | 274 | 50.51 | 335 | 246 | 41.72 |
| 34. | Rongtap | 496 | 382 | 64.84 | 461 | 323 | 47.34 |
| | | 3,208 | 2,445 | 413.90 | 2,771 | 2,023 | 326.35 |
| South Garo Hills | | | | | | | |
| 35. | Adap-Chiring | 214 | 180 | 30.00 | 235 | 115 | 24.02 |
| 36. | Rongme | 215 | 185 | 30.19 | 251 | 89 | 24.01 |
| 37. | Rompa-Bisik | 215 | 185 | 30.25 | 240 | 116 | 24.05 |
| 38. | Rongmai | 215 | 185 | 30.24 | 242 | 88 | 24.38 |
| | | 859 | 735 | 120.68 | 968 | 408 | 96.46 |
| | Total | 15,773 | 12,521 | 2,062 | 15,104 | 11,402 | 1,614.61 |

Source: Desk review on WDPSCA and information furnished by the Director.

APPENDIX XXXII

Item-wise details of work executed by the contractor during January to December 2002.

(Reference: Paragraph 4.1; Page 122)

| Sl. No. | Item of works | Quantity executed | Rate | Amount | Reference to Measurement Book (MB) | | |
|--------------|---|-------------------|----------|------------------|------------------------------------|----------|--|
| | | | (Rupees) | | MB No. | Page No. | Date of measurement |
| 1. | Earth work in excavation in foundation trenches, etc. | 827.54 cum | 20 | 16,551 | 1178 | 2 to 58 | Between 24 January 2002 and 20 December 2002 |
| 2. | Providing 100 mm thick soling, etc. | 294.15 sqm | 51 | 15,002 | 1178 | 2 to 58 | -Do- |
| 3. | Providing and laying cement concrete in proportion 1:3:6, etc. | 34.505 cum | 1,627 | 56,140 | 1178 | 2 to 58 | Between 10 January 2002 and 20 December 2002 |
| 4. | Providing tor steel reinforcement in RCC works including cutting, bending, etc. | 223.5337 quintals | 2,400 | 5,36,481 | 1178 | 2 to 60 | Between 24 January 2002 and 20 December 2002 |
| 5. | Providing and laying cement concrete in proportion 1:2:4 corresponding to M-150 | 220.59 cum | 2,018 | 4,45,151 | 1178 | 4 to 58 | -Do- |
| 6. | Providing shuttering and centering, etc. | 386.56 sqm | 95 | 36,723 | 1178 | 4 to 60 | -Do- |
| 7. | Providing coursed random rubble stone masonry in foundation and plinth, etc. | 3.64 cum | 906 | 3,298 | 1178 | 28 | 19 August 2002 |
| 8. | Sand filling in plinth in 150 mm layers, etc. | 3.96 cum | 246 | 974 | 1178 | 30 | 19 August 2002 |
| 9. | Providing first class brick work in required thickness, etc. | 93.30 sqm | 204 | 19,033 | 1178 | 38 | 29 November 2002 |
| 10. | Providing steel casement windows, etc. | 101.70 sqm | 620 | 63,054 | 1178 | 40 | 29 November 2002 |
| 11. | Providing and fixing MS ornamental grills, etc. | 101.70 sqm | 733 | 74,546 | 1178 | 40 | 29 November 2002 |
| 12. | Providing 12 mm thick cement plaster, etc. | 433.29 sqm | 59 | 25,564 | 1178 | 40 | 29 November 2002 |
| 13. | Providing and fixing in position collapsible gate, etc. | 8.40 sqm | 1,673 | 14,053 | 1178 | 42 | 29 November 2002 |
| Total | | | | 13,06,570 | | | |

Source: Measurement Books and Payment Vouchers.

APPENDIX XXXIII

Details of unserviceable steel materials as of March 2006

(Reference: Paragraph 4.4; Page 126)

| Sl. No. | Work/stock where the materials were lying unutilised | Material | Quantity lying unutilised (In quintal) | Year of procurement | Rate | Value | Status of the work |
|---------|---|----------|---|---------------------|--------------------|-----------|----------------------------|
| | | | | | Rupees per quintal | Rupees | |
| 1. | Construction of SATC at Laitlyngkot | MS Rod | 87.60 | December 1992 | 1,200 | 1,05,120 | Completed in February 1993 |
| 2. | Construction of office complex behind Myntdu building (i) Director of Economics and Statistics, (ii) Director of Supply | Torsteel | 1406.27 | 1994-95 | 1,675 | 23,55,502 | Subjudice |
| 3. | Development of integrated infrastructure/office complex at Nongpoh, Ri-Bhoi District | Torsteel | 1280.05 | 1994-95 | 1,675 | 21,44,084 | Subjudice |
| 4. | Construction of Circuit House at Mawkyrwat | Torsteel | 263.34 | February 1995 | 1,675 | 4,41,095 | Completed in August 2004 |
| 5. | Construction of two storied RCC Building for PWD fourth grade quarters at Kench's Trace, Shillong | MS Rod | 127.30 | December 1992 | 1,200 | 1,52,760 | Completed in May 2002 |
| 6. | Construction of Yojana Bhavan attached to main Secretariat Building | Torsteel | 452.74 | 1994 | 1,675 | 7,58,339 | About to complete |
| | | MS Rod | 277.18 | 1994 | 1,200 | 3,32,616 | |
| 7. | Construction of proposed State level cultural complex at brookside compound | Torsteel | 136.78 | 1995 | 1,675 | 2,29,107 | Completed in July 2004 |
| Total | | | | | | 65,18,623 | |

Source: Survey report of steel materials prepared by the Sub-divisional Officer, Building Sub-Division No. I, Shillong and information furnished by the Executive Engineer, Shillong Building Division.

APPENDIX -XXXIV

(Reference : Paragraph 4.10; Pages 132 & 133)

A-Year-wise position of outstanding Inspection Reports and Paragraphs

| Year | Number of outstanding Inspection Reports | | | | Number of outstanding paragraphs | | | |
|---------------|--|-----------------------|------------|----------------|----------------------------------|-----------------------|------------|----------------|
| | Forest & Environ-ment | Food & Civil Supplies | Industries | Social Welfare | Forest & Environ-ment | Food & Civil Supplies | Industries | Social Welfare |
| Up to 1991-92 | ... | 4 | 6 | 6 | ... | 13 | 9 | 6 |
| 1992-93 | ... | 1 | 4 | 1 | ... | 3 | 13 | 1 |
| 1993-94 | 3 | ... | ... | 2 | 4 | ... | ... | 3 |
| 1994-95 | ... | 2 | 6 | 1 | ... | 8 | 26 | 1 |
| 1995-96 | 1 | 2 | ... | 2 | 1 | 2 | ... | 6 |
| 1996-97 | 1 | 1 | 5 | 1 | 1 | 3 | 21 | 1 |
| 1997-98 | 2 | ... | 2 | 2 | 2 | ... | 13 | 5 |
| 1998-99 | 4 | 2 | 1 | 2 | 6 | 5 | 2 | 2 |
| 1999-00 | 3 | ... | 1 | ... | 3 | ... | 2 | ... |
| 2000-01 | 3 | 2 | 2 | ... | 8 | 5 | 8 | ... |
| 2001-02 | 2 | ... | ... | 2 | 4 | ... | ... | 6 |
| 2002-03 | 6 | 1 | 2 | 2 | 15 | 1 | 13 | 6 |
| 2003-04 | 8 | ... | 1 | 2 | 21 | ... | 4 | 3 |
| 2004-05 | 14 | 2 | 2 | ... | 37 | 7 | 11 | ... |
| 2005-06 | 6 | ... | 1 | 1 | 11 | ... | 7 | 14 |
| Total | 53 | 17 | 33 | 24 | 113 | 47 | 129 | 54 |

B – Department-wise position of paragraphs remaining unsettled for more than 10 years and for non-receipt of initial replies

| Sl. No. | Name of Department | Paragraphs remaining unsettled for more than 10 years | | Paragraph remaining unsettled for non-receipt of initial replies | | | |
|---------|-----------------------|---|----------------------|--|--------------|--------------------------------|----------------------|
| | | Number of IR | Number of paragraphs | Number of offices | Number of IR | Period of issue of IR | Number of paragraphs |
| 1. | Forest & Environment | 4 | 5 | ... | ... | ... | ... |
| 2. | Food & Civil Supplies | 7 | 24 | ... | ... | ... | ... |
| 3. | Industries | 16 | 48 | 4 | 5 | July 2002 to November 2005 | 31 |
| 4. | Social Welfare | 10 | 11 | 1 | 3 | October 2001 to September 2005 | 23 |
| Total | | 37 | 88 | 5 | 8 | | 54 |

APPENDIX XXXV

Details of explanatory notes on paragraphs of Audit Reports pending as of November 2006

(Reference: Paragraph 4.11; Page 134)

| Sl. No. | Year of Audit Report | Audit Report placed before the State Legislature | Paragraph number for which <i>suo motu</i> explanatory notes are awaited | Department |
|---------|----------------------|--|--|---|
| (1) | (2) | (3) | (4) | (5) |
| 1. | 1986-87 | 27 November 1990 | 3.2 | Animal Husbandry and Veterinary (AH&V) |
| | | | 3.11 | Industries |
| | | | 3.14 | Town and Country Planning (T&CP) |
| | | | 4.4 | Public Health Engineering (PHE) |
| | | | 4.5 | Agriculture |
| | | | 5.1 | Agriculture, PHE and Public Works (PW) |
| | | | 5.2 | PW and PHE |
| | | | 5.5 & 5.6 | PHE |
| Total | | | 10 | |
| 2. | 1987-88 | 17 March 1992 | 3.3 | AH&V |
| | | | 3.4 | Community Development |
| | | | 3.6 | Fisheries |
| | | | 3.7 | General Administration (GA) |
| | | | 3.14 | Industries |
| | | | 3.15 | General (18 departments) |
| | | | 3.16 | Power |
| | | | 3.20 | T&CP |
| | | | 3.21 | Tourism |
| | | | 5.1 | PW & PHE |
| Total | | | 12 | |
| 3. | 1988-89 | 29 December 1992 | 3.7 | AH&V |
| | | | 3.18 | Home (Police) |
| | | | 3.19 to 3.23 | Industries |
| | | | 3.24 | Law |
| | | | 3.27 | Agriculture, Education, Medical, Police and PHE |
| | | | 4.6 | PW |
| Total | | | 15 | |
| 4. | 1989-90 | 30 April 1993 | 3.10 | Labour and Employment |
| | | | 3.15 | Industries, GA, Forest and Transport |
| | | | 4.3, 4.4 & 4.5 | PHE |
| | | | 5.1, 5.2 & 5.3 | Agriculture, PHE & PW |
| | | | 5.7 | PHE |
| Total | | | 10 | |
| 5. | 1990-91 | 8 October 1993 | 3.1 | AH&V |
| | | | 3.8 | Health and Family Welfare (H&FW) |
| | | | 3.9 to 3.14 | Industries |
| | | | 3.15 | Labour |
| | | | 3.18 | AH&V |
| Total | | | 11 | |

| (1) | (2) | (3) | (4) | (5) |
|--------------|---------|-------------------|-----------------|---|
| 6. | 1991-92 | 24 April 1994 | 3.3 | AH&V |
| | | | 3.9 | Labour and Employment |
| Total | | | 2 | |
| 7. | 1992-93 | 16 September 1994 | 3.1 | AH&V |
| | | | 3.2 | Community and Rural Development (C&RD) |
| | | | 3.3 | Education |
| | | | 3.4 | Fisheries |
| | | | 3.8 to 3.11 | Industries |
| | | | 3.13 | General (12 departments) |
| | | | 4.1 & 4.2 | PW |
| | | | 4.4 | PHE |
| | | | 5.1 & 5.2 | PW |
| Total | | | 16 | |
| 8. | 1993-94 | 8 September 1995 | 3.1 & 3.2 | Education |
| | | | 3.3 | General Administration |
| | | | 3.4 to 3.6 | H&FW |
| | | | 3.7 | Home |
| | | | 3.8 | General (14 departments) |
| Total | | | 9 | |
| 9. | 1994-95 | 20 September 1996 | 3.2 | Art and Culture |
| | | | 3.3 | C&RD |
| | | | 3.4 | Education |
| | | | 3.6 & 3.7 | H&FW |
| | | | 3.8 & 3.9 | Home |
| | | | 3.10 | Industries |
| | | | 3.12 | Labour |
| | | | 3.15 | Agriculture, Industries and Home (Police) |
| Total | | | 13 | |
| 10. | 1995-96 | 7 April 1997 | 3.1 | Agriculture |
| | | | 3.9, 3.10 & 7.3 | Education |
| | | | 3.13 & 3.14 | H&FW |
| | | | 3.15 | Sports and Youth Affairs |
| | | | 3.16 | C&RD, Fisheries and Tourism |
| | | | 3.17 | General (13 departments) |
| Total | | | 11 | |

| (1) | (2) | (3) | (4) | (5) |
|--------------|--------------------------|-----------------|-------------------|--|
| 11. | 1996-97 | 12 June 1998 | 3.1 | AH&V |
| | | | 3.3 | C&RD |
| | | | 3.4 & 3.5 | Education |
| | | | 3.6 & 3.7 | Excise, Registration & Taxation |
| | | | 3.8 & 3.9 | Fisheries |
| | | | 3.10 | Forest and Environment |
| | | | 3.11 & 3.12 | Housing |
| | | | 3.14 | H&FW |
| | | | 3.15 & 3.16 | Industries |
| | | | 3.21 | Forest & Environment |
| | | | 3.23 | Animal Husbandry, Medical (Health), Forest and Education |
| | | | 3.24 | General (13 departments) |
| | | | 4.5 to 4.12 & 5.1 | PW |
| 4.13 | PHE | | | |
| 7.3 | Finance | | | |
| Total | | | 28 | |
| 12. | 1997-98 | 9 April 1999 | 3.1 | AH&V |
| | | | 3.2 | Education |
| | | | 3.5, 3.6 & 3.7 | H&FW |
| | | | 3.10 & 3.11 | Industries |
| | | | 3.15 | Tourism |
| | | | 3.16 | Industries and Urban Affairs |
| Total | | | 10 | |
| 13. | 1998-99 | 12 April 2000 | 3.1 | Agriculture |
| | | | 3.2 & 3.8 | C&RD |
| | | | 3.4 | Excise, Registration, Taxation & Stamps |
| | | | 3.5 | Finance, Fisheries, H & FW and PW |
| | | | 3.10 | Home (Police) |
| | | | 3.11 | Housing |
| | | | 3.12 | Agriculture, H&FW and Home (Police) |
| | | | 3.13 | General (15 departments) |
| Total | | | 14 | |
| 14. | 1999-2000 | 7 December 2001 | 3.1 | Education, Finance, Home (Jail & Police) and PW |
| | | | 3.2, 3.3 & 4.1 | H&FW |
| | | | 3.4, 4.6 & 5.1 | PHE |
| | | | 3.7 | AH & V |
| | | | 3.8 & 3.9 | C&RD |
| | | | 3.10 | Education |
| | | | 3.11 | H&FW and PHE |
| | | | 3.12 | Labour |
| | | | 3.15 | C&RD, Housing & PW |
| 3.16 | General (17 departments) | | | |
| Total | | | 19 | |

| (1) | (2) | (3) | (4) | (5) |
|--------------------|---------|-----------------|------------------|--|
| 15. | 2000-01 | 1 April 2002 | 3.1 | Education |
| | | | 3.2 & 4.4 | H&FW |
| | | | 3.3 & 4.2 | PHE |
| | | | 3.4, 4.1 & 4.3 | Agriculture |
| | | | 3.6 | Finance |
| | | | 3.7 | Housing |
| | | | 3.8 & 3.9 | Industries |
| | | | 3.11 | Tourism |
| | | | 3.12 | AH&V, Education, H&FW and PHE |
| | | | 4.5 to 4.7 & 5.1 | PW |
| Total | | | 18 | |
| 16. | 2001-02 | 20 June 2003 | 3.1 & 3.4 | C&RD and Housing |
| | | | 3.2 | Agriculture |
| | | | 3.3 | AH&V |
| | | | 3.5 | Education |
| | | | 3.6 | Forest & Environment |
| | | | 3.7 | H&FW |
| | | | 3.9 | Forest & Environment and Industries |
| | | | 4.1, 4.3 & 4.4 | PW |
| | | | 5.1 | PHE |
| Total | | | 12 | |
| 17. | 2002-03 | 11 June 2004 | 3.1 | Social Welfare |
| | | | 3.2 & 3.3 | H&FW |
| | | | 3.4 | Home (Police) |
| | | | 3.5 | Housing |
| | | | 3.6 | Urban Affairs, GA, Home(Police) & Agriculture |
| | | | 3.7 | General (17 departments) |
| | | | 4.2 & 4.5 | PW |
| | | | 8.1 | Finance |
| Total | | | 10 | |
| 18. | 2003-04 | 14 October 2005 | 4.1 | Agriculture |
| | | | 4.2 | Fisheries |
| | | | 4.3 | Forest & Environment |
| | | | 4.6 | C&RD |
| | | | 4.7 | Election |
| | | | 4.8 | C&RD, Tourism, Information & Public Relations and PW |
| Total | | | 6 | |
| 19. | 2004-05 | 27 March 2006 | 3.2 | C&RD, Finance and PW |
| | | | 4.1 | Agriculture |
| | | | 4.8 & 4.10 | PW |
| | | | 4.11 | H&FW, AH&V, Education and PHE |
| Total | | | 5 | |
| Grand Total | | | 231 | |

APPENDIX XXXVI

Status of outstanding Action Taken Notes (ATN) on the recommendations of the Public Accounts Committee (PAC)

(Reference: Paragraph 4.11; Page 134)

| Year of Audit Report | Particulars of paragraphs on which recommendations were made by the PAC but ATNs are awaited | | Number of PAC Report in which recommendations were made | Departments involved (Paragraph number of Audit Report) |
|----------------------|--|-----------------|--|--|
| | Paragraph number | Total Paragraph | | |
| 1984-85 | 3.3, 3.6, 3.8 & 3.9 | 4 | 19 th , 22 nd and 27 th | Agriculture (3.3), Home (Police) (3.6) and Border Areas Development (3.8 & 3.9) |
| 1985-86 | 4.1, 4.2, 4.3, 5.4 & 5.5 | 5 | 24 th | Public Works (4.1 to 4.3, 5.4 & 5.5) |
| 1986-87 | 3.12, 3.3 to 3.6, 3.9, 4.1, 4.2 & 5.4 | 9 | 20 th , 24 th and 27 th 29 th | Health & Family Welfare (3.3 to 3.6 & 4.1), Home (Police) (3.9) and Public Works (4.2 & 5.4) Information & Public Relations (3.12) |
| 1987-88 | 3.10 & 4.2 | 2 | 20 th & 24 th | Health & Family Welfare (3.10) and Public Works (4.2) |
| 1988-89 | 3.9 & 3.17 | 2 | 25 th & 27 th | Community & Rural Development (C&RD) (3.9) and Home (Police) (3.17) |
| 1989-90 | 3.5, 3.6, 3.7, 4.1, 5.4 & 7.4 | 6 | 20 th , 24 th & 25 th | Health & Family Welfare (3.5 to 3.7), Public Works (4.1 & 5.4) and C&RD (7.4) |
| 1990-91 | 3.3, 3.4, 3.6, 5.1 & 5.2 | 5 | -Do- | C&RD (3.3 & 3.4), Forest & Environment (3.6) and Public Works (5.1 & 5.2) |
| 1991-92 | 3.6 | 1 | 27 th | Home (Police) (3.6) |
| 1993-94 | 4.1 | 1 | 21 st | Public Works (4.1) |
| 1994-95 | 3.5, 4.3 & 7.2 | 3 | 24 th , 28 th & 29 th | Food & Civil Supplies (3.5), Public Works (4.3) and Urban Affairs (7.2) |
| 1995-96 | 3.2 | 1 | 31 st | C&RD (3.2) |
| 1996-97 | 3.17, 3.22, 4.1 & 4.14 | 4 | 33 rd 29 th | Secretariat Administration/Legislative Assembly/Home (Police) (3.22), Agriculture (4.1) and Agriculture/Public Health Engineering/Public Works (4.14) Information & Public Relations (3.17) |
| 1997-98 | 3.12, 3.13, 4.2, 4.3, 4.4, 5.1 & 7.5 | 7 | 33 rd 29 th | Revenue (3.13), Public Works (4.2), Public Health Engineering (4.3, 4.4 & 5.1) and Urban Affairs (7.5) Information & Public Relations (3.12) |
| Total | | 50 | 12 | |

APPENDIX XXXVII

Statement showing the number of outstanding Inspection Reports and Paragraphs with money value issued up to December 2005 and their position as on 30 June 2006

(Reference: Paragraph 6.1.8; Page 153)

(Rupees in lakh)

| Year | Sales Tax | | | Motor Vehicles Tax | | | Forest | | | Others | | |
|-----------|-------------|--------------|-------------|--------------------|--------------|-------------|-------------|--------------|-------------|-------------|--------------|-------------|
| | No. of I/Rs | No. of Paras | Money value | No. of I/Rs | No. of Paras | Money value | No. of I/Rs | No. of Paras | Money value | No. of I/Rs | No. of Paras | Money value |
| 1990-1995 | 02 | 05 | 11.38 | 00 | 00 | 0.00 | 06 | 21 | 138.38 | 14 | 18 | 32.87 |
| 1995-96 | 00 | 00 | 0.00 | 00 | 00 | 0.00 | 03 | 09 | 47.77 | 00 | 00 | 0.00 |
| 1996-97 | 02 | 06 | 2.79 | 01 | 01 | 0.64 | 00 | 00 | 0.00 | 04 | 11 | 77.99 |
| 1997-98 | 02 | 02 | 83.42 | 00 | 00 | 0.00 | 03 | 03 | 124.92 | 06 | 18 | 157.58 |
| 1998-99 | 02 | 05 | 0.42 | 01 | 01 | 4.73 | 04 | 08 | 21.66 | 08 | 24 | 54.62 |
| 1999-2000 | 03 | 10 | 52.46 | 04 | 09 | 40.99 | 03 | 11 | 139.16 | 04 | 15 | 142.63 |
| 2000-01 | 02 | 03 | 105.46 | 00 | 00 | 0.00 | 05 | 10 | 213.38 | 08 | 24 | 409.14 |
| 2001-02 | 04 | 20 | 137.83 | 03 | 04 | 15.36 | 02 | 04 | 16.54 | 02 | 06 | 277.53 |
| 2002-03 | 04 | 26 | 832.88 | 03 | 08 | 11.08 | 04 | 18 | 270.73 | 11 | 68 | 3474.76 |
| 2003-04 | 08 | 47 | 3407.07 | 05 | 22 | 448.46 | 03 | 13 | 318.09 | 11 | 154 | 46840.35 |
| 2004-05 | 04 | 23 | 947.49 | 04 | 20 | 110.99 | 12 | 51 | 23326.73 | 15 | 155 | 18841.52 |
| 2005-06 | 07 | 48 | 5074.22 | 04 | 23 | 33943.21 | 02 | 09 | 222.21 | 15 | 43 | 737.91 |
| Total | 40 | 195 | 10655.42 | 25 | 88 | 34575.46 | 47 | 157 | 24839.57 | 98 | 536 | 71046.90 |

APPENDIX XXXVIII

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2006 in respect of Government Companies and Statutory Corporations

(Reference: Paragraphs 7.1.4, 7.1.5, 7.1.6 & 7.1.10; Pages 202, 203 & 205)

(Figures in Columns 3(a) to 4(f) are Rupees in lakh)

| Sl. No. | Sector and Name of the Company/Corporation | Paid-up capital as at the end of 2005-06* | | | | | Equity/Loans received out of Budget during 2005-06 | | Other loans received during the year | Loans outstanding at the close of 2005-06** | | | Debt equity ratio for 2005-06 (figure in brackets indicates for previous year) 4(f)/3(e) |
|---|---|---|--------------------|-----------------|--------------|----------------------|--|----------|--------------------------------------|---|---------------|---------------|--|
| | | State Government | Central Government | Holding Company | Others | Total | Equity | Loans | | Government | Others | Total | |
| 1 | 2 | 3(a) | 3(b) | 3(c) | 3(d) | 3(e) | 4(a) | 4(b) | 4(c) | 4(d) | 4(e) | 4(f) | 5 |
| A. WORKING GOVERNMENT COMPANIES | | | | | | | | | | | | | |
| Sector : CEMENT | | | | | | | | | | | | | |
| 1. | Mawmluh - Cherra Cements Limited | # 2210.85 | - | - | 10.00 | # 2220.85 | - | - | - | - | - | - | 0:1 (0:1) |
| | Total of the Sector | 2210.85 | - | - | 10.00 | 2220.85 | - | - | - | - | - | - | 0:1 (0:1) |
| Sector: INDUSTRIAL DEVELOPMENT AND FINANCING | | | | | | | | | | | | | |
| 2. | Meghalaya Industrial Development Corporation Limited | 7463.41 | - | - | - | 7463.41 [@] | - | - | - | - | 716.41 | 716.41 | 0.10:1 (0.14:1) |
| | Total of the Sector | 7463.41 | - | - | - | 7463.41 | - | - | - | - | 716.41 | 716.41 | 0.10:1 (0.14:1) |
| Sector : HANDLOOM AND HANDICRAFTS | | | | | | | | | | | | | |
| 3. | Meghalaya Handloom and Handicrafts Development Corporation Limited (Subsidiary) | 187.99 | 10.00 | 4.93 | 0.07 | 202.99 [@] | 21.00 | - | 18.00 | - | - | - | 0:1 (0:1) |
| | Total of the Sector | 187.99 | 10.00 | 4.93 | 0.07 | 202.99 | 21.00 | - | 18.00 | - | - | - | 0:1 (0:1) |

| 1 | 2 | 3(a) | 3(b) | 3(c) | 3(d) | 3(e) | 4(a) | 4(b) | 4(c) | 4(d) | 4(e) | 4(f) | 5 |
|----------------------------------|---|----------|-------|--------|-------|---------------------|-------|------|--------|---------------------|---------|---------------------|----------------------|
| Sector : WATCH ASSEMBLING | | | | | | | | | | | | | |
| 4. | Meghalaya Watches Limited(Subsidiary) | - | - | 35.98 | - | 35.98 | - | - | 7.76 | - | - | - | 0:1 (10.95:1) |
| Total of the Sector | | - | - | 35.98 | - | 35.98 | - | - | 7.76 | - | - | - | 0:1 (10.95:1) |
| Sector : BAMBOO PRODUCTS | | | | | | | | | | | | | |
| 5. | Meghalaya Bamboo Chips Limited (Subsidiary) | - | - | 47.75 | 0.25 | 48.00 | - | - | 47.10 | - | 696.98 | 696.98 | 14.52:1 (13.54:1) |
| Total of the Sector | | - | - | 47.75 | 0.25 | 48.00 | - | - | 47.10 | - | 696.98 | 696.98 | 14.52:1 (13.54:1) |
| Sector : ELECTRONICS | | | | | | | | | | | | | |
| 6. | Meghalaya Electronics Development Corporation Limited(Subsidiary) | - | - | 471.70 | - | 471.70 | - | - | 52.56 | - | 1216.65 | 1216.65 | 2.58:1 (2.48:1) |
| Total of the Sector | | - | - | 471.70 | - | 471.70 | - | - | 52.56 | - | 1216.65 | 1216.65 | 2.58:1 (2.48:1) |
| Sector : FOREST | | | | | | | | | | | | | |
| 7. | Forest Development Corporation of Meghalaya Limited | 177.18 | 20.00 | - | - | 197.18 | - | - | - | - | - | - | 0:1 (0:1) |
| Total of the Sector | | 177.18 | 20.00 | - | - | 197.18 | - | - | - | - | - | - | 0:1 (0:1) |
| Sector : TOURISM | | | | | | | | | | | | | |
| 8. | Meghalaya Tourism Development Corporation Limited | 796.46 | - | - | - | 796.46 [@] | - | - | - | 254.88 ^s | 0.75 | 255.63 ^s | 0.32:1 (0.32:1) |
| Total of the Sector | | 796.46 | - | - | - | 796.46 | - | - | - | 254.88 ^s | 0.75 | 255.63 ^s | 0.32:1 (0.32:1) |
| Sector : CONSTRUCTION | | | | | | | | | | | | | |
| 9. | Meghalaya Government Construction Corporation Limited | 75.00 | - | - | - | 75.00 | - | - | 30.00 | - | 120.00 | 120.00 | 1.6:1 (0:1) |
| Total of the Sector | | 75.00 | - | - | - | 75.00 | - | - | 30.00 | - | 120.00 | 120.00 | 1.6:1 (0:1) |
| Sector : MINING | | | | | | | | | | | | | |
| 10. | Meghalaya Mineral Development Corporation Limited | 232.20 | - | - | - | 232.20 | - | - | - | - | 225.68 | 225.68 | 0.97:1 (0.97:1) |
| Total of the Sector | | 232.20 | - | - | - | 232.20 | - | - | - | - | 225.68 | 225.68 | 0.97:1 (0.97:1) |
| Total (A) | | 11143.09 | 30.00 | 560.36 | 10.32 | 11743.77 | 21.00 | - | 155.42 | 254.88 | 2976.47 | 3231.35 | 0.28:1 (0.32:1) |

| 1 | 2 | 3(a) | 3(b) | 3(c) | 3(d) | 3(e) | 4(a) | 4(b) | 4(c) | 4(d) | 4(e) | 4(f) | 5 |
|--|---|-----------------|---------------|---------------|--------------|-----------------|----------------|---------------|----------------|-----------------|-----------------|-----------------|----------------------------|
| B. WORKING STATUTORY CORPORATIONS | | | | | | | | | | | | | |
| Sector : POWER | | | | | | | | | | | | | |
| 1. | Meghalaya State Electricity Board | 20200.00 | - | - | - | 20200.00 | - | 851.79 | 6288.76 | 15607.88 | 32452.57*** | 48060.45 | 2.38:1 (2.13:1) |
| | Total of the Sector | 20200.00 | - | - | - | 20200.00 | - | 851.79 | 6288.76 | 15607.88 | 32452.57 | 48060.45 | 2.38:1 (2.13:1) |
| Sector : TRANSPORT | | | | | | | | | | | | | |
| 2. | Meghalaya Transport Corporation | 5508.26 | 680.64 | - | - | 6188.90 | 2047.26 | - | - | - | - | - | 0:1 (0.41:1) |
| | Total of the Sector | 5508.26 | 680.64 | - | - | 6188.90 | 2047.26 | - | - | - | - | - | 0:1 (0.41:1) |
| Sector : WAREHOUSING | | | | | | | | | | | | | |
| 3. | Meghalaya State Warehousing Corporation | 132.56 | 122.56 | - | - | 255.12 | 10.00 | - | - | - | - | - | 0:1 (0:1) |
| | Total of the Sector | 132.56 | 122.56 | - | - | 255.12 | 10.00 | - | - | - | - | - | 0:1 (0:1) |
| | Total (B) | 25840.82 | 803.20 | - | - | 26644.02 | 2057.26 | 851.79 | 6288.76 | 15607.88 | 32452.57 | 48060.45 | 1.80:1 (1.82:1) |
| | Grand Total (A+B) | 36983.91 | 833.20 | 560.36 | 10.32 | 38387.79 | 2078.26 | 851.79 | 6444.18 | 15862.76 | 35429.04 | 51291.80 | 1.34:1 (1.33:1) |

Note:

- # Includes redeemable preference shares of Rs.238 lakh.
 \$ Represents cost of assets of pinewood hotels transferred to the Company by Government and treated as loan (Rs.84.88 lakh by Government of Meghalaya and Rs.0.75 lakh by Government of Assam).
 * All figures are provisional as given by the Companies/Corporations.
 ** Loans outstanding at the close of 2005-06 represents long term loans only.
 *** Includes bonds, debentures, inter-corporate deposits.
 @ Includes share application money Rs.415.88 lakh (Sl. No. A-2: Rs.300 lakh, A-3: Rs. 31 lakh and Sl. No. A-8: Rs.84.88 lakh)

APPENDIX - XXXIX

Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised

(Reference: Paragraphs 7.1.7, 7.1.8, 7.1.10, 7.1.11, 7.1.12, 7.1.14 & 7.1.22; Pages 204, 205, 206 & 210)

(Figures in columns 7 to 12 are Rupees in lakh)

| Sl. No. | Sector and name of the Company/ Corporation | Name of Department | Date of incorporation | Period of accounts | Year in which accounts finalised | Net Profit (+)/ Loss (-) | Net impact of Audit comments | Paid-up capital | Accumulated Profit (+)/ Loss (-) | Capital employed* | Total return on capital employed | Percentage of return on capital employed | Arrears of accounts in terms of years | Turn-over | Man-power (No. of Employees) |
|---|--|--------------------|-----------------------|--------------------|----------------------------------|--------------------------|---|-----------------|----------------------------------|-------------------|----------------------------------|--|---------------------------------------|-----------|------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| A. WORKING GOVERNMENT COMPANIES | | | | | | | | | | | | | | | |
| Sector: CEMENT | | | | | | | | | | | | | | | |
| 1. | Mawmluh-Cherra Cements Limited | Industries | 20 May 1995 | 2004-05 | 2006-07 | (+) 31.63 | - | 2220.85 | (+) 1118.24 | 3385.44 | (+) 32.69 | 0.97 | 1 | 3062.76 | 703 |
| | Total of the Sector | | | | | (+) 31.63 | | 2220.85 | (+) 1118.24 | 3385.44 | (+) 32.69 | 0.97 | 1 | 3062.76 | 703 |
| Sector: INDUSTRIAL DEVELOPMENT AND FINANCING | | | | | | | | | | | | | | | |
| 2. | Meghalaya Industrial Development Corporation Limited | Industries | 06 April 1971 | 1998-99 | 2003-04 | (+) 1.22 | Understatement of net profit by Rs.4.08 lakh. Accumulated profit of Rs.33.26 lakh would turn into accumulated loss amounting to Rs.450.92 lakh. | 3240.41 | (+) 33.26 | 4257.26 | (+) 145.05 | 3.41 | 7 | 301.51 | 102 |
| | Total of the Sector | | | | | (+) 1.22 | | 3240.41 | (+) 33.26 | 4257.26 | (+) 145.05 | 3.41 | 7 | 301.51 | 102 |
| Sector: HANDLOOM AND HANDICRAFTS | | | | | | | | | | | | | | | |
| 3. | Meghalaya Handloom and Handicrafts Development Corporation Limited | Industries | 10 January 1979 | 2000-01 | 2006-07 | (-) 14.54 | - | 137.49 | (-) 147.38 | 11.05 | (-) 14.54 | - | 5 | 8.19 | 13 |
| | Total of the Sector | | | | | (-) 14.54 | | 137.49 | (-) 147.38 | 11.05 | (-) 14.54 | - | 5 | 8.19 | 13 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
|---------------------------------|---|--------------|-------------------|---------|---------|------------|--|--------|-------------|------------|------------|------|------|--------|------|
| Sector: WATCH ASSEMBLING | | | | | | | | | | | | | | | |
| 4. | Meghalaya Watches Limited | Industries | 07 August 1979 | 2003-04 | 2004-05 | (-) 101.29 | - | 35.98 | (-) 861.83 | 27.82 | (-) 35.98 | - | 2 | 0.71 | 86 |
| | Total of the Sector | | | | | (-) 101.29 | - | 35.98 | (-) 861.83 | 27.82 | (-) 35.98 | - | 2 | 0.71 | 86 |
| Sector: BAMBOO PRODUCTS | | | | | | | | | | | | | | | |
| 5. | Meghalaya Bamboo Chips Limited | Industries | 14 September 1979 | 2002-03 | 2005-06 | (-) 123.06 | - | 48.00 | (-) 904.79 | 61.97 | (-) 49.41 | - | 3 | 10.92 | 93 |
| | Total of the Sector | | | | | (-) 123.06 | - | 48.00 | (-) 904.79 | 61.97 | (-) 49.41 | - | 3 | 10.92 | 93 |
| Sector: ELECTRONICS | | | | | | | | | | | | | | | |
| 6. | Meghalaya Electronics Development Corporation Limited | Industries | 25 March 1986 | 1997-98 | 2005-06 | (-) 344.98 | - | 471.70 | (-) 2136.73 | 380.07 | (-) 69.47 | - | 8 | 1.49 | 61 |
| | Total of the Sector | | | | | (-) 344.98 | - | 471.70 | (-) 2136.73 | 380.07 | (-) 69.47 | - | 8 | 1.49 | 61 |
| Sector: FOREST | | | | | | | | | | | | | | | |
| 7. | Forest Development Corporation of Meghalaya Limited | Forest | 30 January 1975 | 1998-99 | 2006-07 | (-) 44.14 | - | 172.19 | (-) 173.66 | 49.36 | (-) 44.14 | - | 7 | 2.50 | 193 |
| | Total of the Sector | | | | | (-) 44.14 | - | 172.19 | (-) 173.66 | 49.36 | (-) 44.14 | - | 7 | 2.50 | 193 |
| Sector: TOURISM | | | | | | | | | | | | | | | |
| 8. | Meghalaya Tourism Development Corporation Limited | Tourism | 25 January 1977 | 1990-91 | 2004-05 | (-) 33.06 | - | 282.98 | (-) 158.74 | 536.95 | (-) 14.07 | - | 15 | 139.78 | 148 |
| | Total of the Sector | | | | | (-) 33.06 | - | 282.98 | (-) 158.74 | 536.95 | (-) 14.07 | - | 15 | 139.78 | 148 |
| Sector: CONSTRUCTION | | | | | | | | | | | | | | | |
| 9. | Meghalaya Government Construction Corporation Limited | Public Works | 26 March 1979 | 2003-04 | 2006-07 | (-) 162.98 | Understatement of loss by Rs.15.13 lakh due to booking of excess in reimbursable claim.. | 75.00 | (-) 876.61 | (-) 543.38 | (-) 162.98 | - | 2 | 814.76 | 42 |
| | Total of the Sector | | | | | (-) 162.98 | - | 75.00 | (-) 876.61 | (-) 543.38 | (-) 162.98 | - | 2 | 814.76 | 42 |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
|--|---|---------------------|-----------------|-----------|---------|-------------|--|----------|--------------|------------|-------------|------|------|----------|------|
| Sector : MINING | | | | | | | | | | | | | | | |
| 10. | Meghalaya Mineral Development Corporation Limited | Mining & Geology | 31 March 1981 | 2004-05 | 2006-07 | (-) 117.69 | Booking of prior period expenses in the Profit & Loss A/c for the year resulted in overstatement of loss by Rs.2.03 lakh | 232.30 | (-) 550.11 | 305.93 | (-) 14.84 | - | 1 | - | 26 |
| Total of the Sector | | | | | | (-) 117.69 | -- | 232.30 | (-) 550.11 | 305.93 | (-) 14.84 | - | 1 | - | 26 |
| Total 'A' | | | | | | (-) 908.89 | | 6916.90 | (-) 4658.35 | 8472.47 | (-) 227.69 | | | | |
| B. WORKING STATUTORY CORPORATIONS | | | | | | | | | | | | | | | |
| Sector : POWER | | | | | | | | | | | | | | | |
| 1. | Meghalaya State Electricity Board | Power & Electricity | 21 January 1975 | 2005-06 | 2006-07 | (-) 5707.15 | - | 20200.00 | (-) 30981.32 | 62284.00 | (-) 1250.00 | - | - | 25430.05 | 3705 |
| Total of the Sector | | | | | | (-) 5707.15 | | 20200.00 | (-) 30981.32 | 62284.00 | (-) 1250.00 | - | | 25430.05 | 3705 |
| Sector : TRANSPORT | | | | | | | | | | | | | | | |
| 2. | Meghalaya Transport Corporation | Transport | 01 October 1976 | 1999-2000 | 2006-07 | (-) 464.56 | Net loss has been understated by Rs.43.57 lakh. | 4588.90 | (-) 4709.40 | (-) 129.46 | (-) 464.58 | - | 6 | 272.78 | 881 |
| Total of the Sector | | | | | | (-) 464.56 | | 4588.90 | (-) 4709.40 | (-) 129.46 | (-) 464.58 | - | 6 | 272.78 | 881 |
| Sector: WAREHOUSING | | | | | | | | | | | | | | | |
| 3. | Meghalaya State Warehousing | Co-operation | March 1973 | 2004-05 | 2006-07 | (+) 5.38 | Net Profit overstated by Rs.2.91 lakh. | 245.12 | (+) 14.63 | 228.00 | (+) 5.38 | 2.19 | 1 | 18.37 | 14 |
| Total of the Sector | | | | | | (+) 5.38 | | 245.12 | (+) 14.63 | 228.00 | (+) 5.38 | 2.19 | 1 | 18.37 | 14 |
| Total 'B' | | | | | | (-) 6166.33 | | 25034.02 | (-) 35676.09 | 62382.54 | (-) 1709.20 | | | | |
| Grand Total (A+B) | | | | | | (-) 7075.22 | | 31950.92 | 40334.44 | 70855.01 | (-) 1936.89 | | | | |

* Capital employed represents Net Fixed Assets (including capital works in progress) plus working capital except in case of Meghalaya Industrial Development Corporation Limited, where the capital employed is worked out as a mean of aggregate of opening and closing balances of paid-up-capital, free reserves and borrowings (including refinance).

APPENDIX XL

Statement showing subsidy/grants received, guarantees received and guarantees outstanding at the end of March 2006

(Reference: Paragraphs 7.1.6 & 7.1.10; Pages 203 & 205)

(Figures in Columns 3(a) to 4(e) are Rupees in lakh)

| Sl. No. | Name of the Public Sector Undertaking | Subsidy/grant received during the year 2005-06 ^a | | | | Guarantees received during the year and outstanding at the end of the year** | | | | |
|---------------------------------|--|---|------------------|--------|-------|--|--------------------------|---|--|-------|
| | | Central Government | State Government | Others | Total | Cash credit from banks | Loans from other sources | Letters of credit opened by banks in respect of imports | Payment obligation under agreement with foreign consultants or contractors | Total |
| 1 | 2 | 3(a) | 3(b) | 3(c) | 3(d) | 4(a) | 4(b) | 4(c) | 4(d) | 4(e) |
| A – GOVERNMENT COMPANIES | | | | | | | | | | |
| 1. | Mawmluh-Cherra Cements Limited | - | - | - | - | - | - | - | - | - |
| 2. | Meghalaya Industrial Development Corporation Limited | - | - | - | - | - | - | - | - | - |
| 3. | Meghalaya Handloom and Handicrafts Development Corporation Limited(Subsidiary) | - | - | - | - | - | - | - | - | - |
| 4. | Meghalaya Watches Limited(Subsidiary) | - | - | - | - | - | - | - | - | - |
| 5. | Meghalaya Bamboo Chips Limited (Subsidiary) | - | - | - | - | - | - | - | - | - |
| 6. | Meghalaya Electronics Development Corporation Limited(Subsidiary) | - | - | - | - | - | - | - | - | - |

| 1 | 2 | 3(a) | 3(b) | 3(c) | 3(d) | 4(a) | 4(b) | 4(c) | 4(d) | 4(e) |
|-----------------------------------|---|------|----------------|------|----------------|------|-------------------|------|-----------------|-------------------|
| 7. | Forest Development Corporation of Meghalaya Limited | - | - | - | - | - | - | - | - | - |
| 8. | Meghalaya Tourism Development Corporation Limited | - | 50.00(G) | - | 50.00 (G) | - | - | - | - | - |
| 9. | Meghalaya Government Construction Corporation Limited | - | 389.92(S) | - | 389.92(S) | - | - | - | (100.00) | (100.00) |
| 10. | Meghalaya Mineral Development Corporation Limited | - | 17.50(G) | - | 17.50(G) | - | (225.68) | - | - | (225.68) |
| | Total – A | | 457.42 | | 457.42 | | (225.68) | | (100.00) | (325.68) |
| B – STATUTORY CORPORATIONS | | | | | | | | | | |
| 1. | Meghalaya State Electricity Board | - | 1080.00 (S) | - | 1080.00 (S) | - | (33299.00) | - | - | (33299.00) |
| 2. | Meghalaya Transport Corporation | - | 280.00 (S) | - | 280.00 (S) | - | - | - | - | - |
| 3. | Meghalaya State Warehousing Corporation | - | - | - | - | - | - | - | - | - |
| | Total – B | | 1360.00 | | 1360.00 | | (33299.00) | | | (33299.00) |
| | GRAND TOTAL (A+B) | | 1817.42 | | 1817.42 | | (33524.68) | | (100.00) | (33624.68) |

@ Subsidy includes subsidy receivable at the end of the year which is shown in brackets.

** Figures in bracket indicate guarantees (principal) outstanding at the end of the year.

(S) Subsidy and (G) Grants.

APPENDIX XLI

Statement showing financial position of working Statutory Corporations
(Reference: Paragraph 7.1.8; Page 204)

(Rupees in crore)

| Sl. No. | Particulars | 2003-04 | 2004-05 | 2005-06 |
|-----------|---|----------------|----------------|------------------|
| (1) | (2) | (3) | (4) | (5) |
| 1. | Meghalaya State Electricity Board | | | |
| | A. Liabilities | | | |
| | (a) Loans from Government | 115.63 | 354.37 | 358.08 |
| | (b) Other long-term loans (including bonds) | 548.12 | 582.48 | 643.70 |
| | (c) Reserves and Surplus | 0.78 | 0.78 | 0.78 |
| | (d) Current liabilities and Provisions | 377.14 | 254.02 | 328.10 |
| | Total - A | 1041.67 | 1191.65 | 1330.66 |
| | B. Assets | | | |
| | (a) Gross fixed assets | 484.61 | 486.99 | 496.17 |
| | Less: Depreciation | 208.60 | 209.65 | 222.36 |
| | Net fixed assets | 276.01 | 277.34 | 273.81 |
| | (b) Capital works-in-progress | 70.07 | 141.05 | 282.26 |
| | (c) Deferred Cost | 11.70 | 14.52 | 17.14 |
| | (d) Current assets | 368.25 | 438.27 | 394.87 |
| | (e) Investments | 44.91 | 51.84 | 52.71 |
| | (f) Intangible assets | - | - | 0.06 |
| | (g) Accumulated losses | 270.73 | 268.63 | 309.81 |
| | Total - B | 1041.67 | 1191.65 | 1330.66 |
| | C. Capital employed^(c) | 337.19 | 602.64 | 622.84 |
| 2. | Meghalaya Transport Corporation | 1997-98 | 1998-99 | 1999-2000 |
| | A. Liabilities | | | |
| | (a) Capital (including Capital loan and equity capital) | 41.82 | 42.47 | 45.19 |
| | (b) Reserves and Surplus | 0.11 | 0.11 | 0.11 |
| | (c) Borrowings: | | | |
| | Government | - | - | - |
| | Others | - | - | - |
| | (d) Funds (excluding depreciation fund) | - | - | - |
| | (e) Trade dues and other current liabilities (including provisions) | 6.82 | 8.21 | 10.66 |
| | Total - A | 48.75 | 50.79 | 55.96 |
| | B. Assets | | | |
| | (a) Gross Block | 13.43 | 13.45 | 11.97 |
| | Less: Depreciation | 9.25 | 10.18 | 8.83 |
| | Net fixed assets | 4.18 | 3.27 | 3.14 |
| | (b) Capital works-in-progress (including cost of Chassis) | - | - | - |
| | (c) Investments | 0.15 | 0.19 | 0.20 |
| | (d) Current assets, loans and advances | 3.61 | 4.64 | 6.23 |
| | (e) Deferred cost | - | - | - |
| | (f) Accumulated losses | 40.81 | 42.69 | 47.09 |
| | Total - B | 48.75 | 50.79 | 56.66 |
| | C. Capital employed^(c) | 0.97 | (-)0.30 | (-)1.29 |

^(c) Capital employed represents net fixed assets (including capital works-in-progress) plus working capital. While working out capital employed, the element of deferred cost and investment are excluded from current assets.

| (1) | (2) | (3) | (4) | (5) |
|-----------|--|----------------|----------------|----------------|
| 3. | Meghalaya State Warehousing Corporation | 2002-03 | 2003-04 | 2004-05 |
| | A. Liabilities | | | |
| | (a) Paid-up Capital | 2.33 | 2.34 | 2.45 |
| | (b) Reserves and Surplus | 0.30 | 0.34 | 0.28 |
| | (c) Borrowings : | | | |
| | Government | - | - | - |
| | Others | - | - | - |
| | (d) Trade dues and other current liabilities (including provision) | 0.02 | 0.02 | 0.02 |
| | Total - A | 2.65 | 2.70 | 2.75 |
| | B. Assets | | | |
| | (a) Gross Block | 1.49 | 1.52 | 1.54 |
| | Less : Depreciation | 0.33 | 0.36 | 0.39 |
| | Net fixed assets | 1.16 | 1.16 | 1.15 |
| | (b) Capital works-in-progress | - | - | - |
| | (c) Investments | 0.15 | 0.17 | 0.05 |
| | (d) Current assets, loans and advances | 1.34 | 1.37 | 1.15 |
| | (e) Accumulated losses | -- | -- | - |
| | Total-B | 2.65 | 2.70 | 2.35 |
| | C - Capital employed[@] | 2.48 | 2.51 | 2.28 |

[@] Capital employed represents the net fixed assets (including capital works-in-progress) plus working capital.

APPENDIX XLII

Statement showing working results of Statutory Corporations
(Reference : Paragraph 7.1.8; Page 204)

(Rupees in crore)

1. Meghalaya State Electricity Board

| Sl. No. | Particulars | 2003-04 | 2004-05 | 2005-06 |
|---------|--|---------------|---------------|---------------|
| (1) | (2) | (3) | (4) | (5) |
| 1. | (a) Revenue receipts | 158.65 | 225.47 | 254.30 |
| | (b) Subsidy/Sub-vention from Government | 10.35 | 10.80 | 10.80 |
| | (c) Other income | 38.55 | 22.85 | 49.86 |
| | Total | 207.55 | 259.12 | 314.96 |
| 2. | Revenue expenditure (net of expenses capitalised including write off of intangible assets but excluding depreciation and interest) | 175.09 | 209.66 | 330.63 |
| 3. | Gross surplus(+)/ deficit(-) for the year (1-2) | 32.46 | 49.46 | (-)15.67 |
| 4. | Adjustments relating to previous years | 92.42 | (-)8.85 | 15.89 |
| 5. | Final gross surplus (+)/deficit (-) for the year (3+4) | 124.88 | 40.61 | 0.22 |
| 6. | Appropriations: | | | |
| | (a) Depreciation (less capitalised) | 20.58 | 12.39 | 12.72 |
| | (b) Interest on Government loans | 19.40 | 13.72 | 15.98 |
| | (c) Interest on other loans, bonds, advance, etc. and finance charges | 20.50 | 20.18 | 26.12 |
| | (d) Total interest on loans and finance charges (b+c) | 39.90 | 33.90 | 42.10 |
| | (e) Less : interest capitalised | 9.71 | 7.79 | 13.41 |
| | (f) Net interest charged to revenue (d-e) | 30.19 | 26.11 | 28.81 |
| | (g) Total appropriation (a+f) | 50.77 | 38.50 | 41.41 |
| 7. | Surplus(+)/ deficit(-) before accounting for subsidy from State Government {5-6(g)-1(b)} | (+) 63.76 | (-)8.69 | (-)51.99 |
| 8. | Net surplus (+)/ deficit(-){5-6(g)} | (+) 74.11 | (+)2.11 | (-)41.19 |
| 9. | Total return on capital employed [@] | 104.30 | 37.07 | (-)12.50 |
| 10. | Percentage of return on capital employed | 30.93 | 6.15 | Nil |

2. Meghalaya Transport Corporation

| Sl. No. | Particulars | 1997-98 | 1998-99 | 1999-2000 |
|---------|---|----------|----------|-----------|
| 1. | Operating : | | | |
| | (a) Revenue | 6.13 | 7.22 | 5.27 |
| | (b) Expenditure | 10.79 | 9.38 | 10.39 |
| | (c) Surplus(+)/deficit(-) | (-) 4.66 | (-) 2.16 | (-) 5.12 |
| 2. | Non-operating: | | | |
| | (a) Revenue | 0.32 | 0.20 | 0.47 |
| | (b) Expenditure | - | - | - |
| | (c) Surplus(+)/deficit(-) | (+) 0.32 | (+) 0.20 | (+) 0.47 |
| | Total | | | |
| | (a) Revenue | 6.45 | 7.42 | 5.74 |
| | (b) Expenditure | 10.79 | 9.38 | 10.39 |
| | (c) Surplus(+)/deficit(-) | (-) 4.34 | (-) 1.96 | (-) 4.65 |
| 3. | Interest on capital and loans | Nil | Nil | Nil |
| 4. | Total return on capital employed [@] | (-) 4.34 | (-) 1.96 | (-) 4.65 |

[@] Total return on Capital employed represents the net surplus/deficit plus total interest charged to Profit and Loss Account (less interest capitalised).

3. Meghalaya State Warehousing Corporation

| Sl. No. | Particulars | 2002-03 | 2003-04 | 2004-05 |
|---------|---|-------------|-------------|-------------|
| 1. | Income : | | | |
| | (a) Warehousing charges | 0.17 | 0.15 | 0.18 |
| | (b) Other income | 0.08 | 0.07 | 0.08 |
| | Total - 1 | 0.25 | 0.22 | 0.26 |
| 2. | Expenses : | | | |
| | (a) Establishment charges | 0.17 | 0.16 | 0.17 |
| | (b) Other Expenses | 0.03 | 0.03 | 0.04 |
| | Total - 2 | 0.20 | 0.19 | 0.21 |
| 3. | Profit (+)/ Loss(-) before tax | (+) 0.05 | (+) 0.03 | (+) 0.05 |
| 4. | Other appropriations | (-) 0.01 | (-) 0.01 | (-) 0.03 |
| 5. | Amount available for dividend | 0.04 | 0.02 | 0.02 |
| 6. | Dividend for the year | 0.01 | 0.007 | 0.003 |
| 7. | Total return on capital employed [@] | 0.05 | 0.03 | 0.05 |
| 8. | Percentage of return on capital employed | 2.02 | 1.20 | 2.19 |

[@] Total return on Capital employed represents net surplus/deficit plus total interest charged to Profit and Loss Account.

APPENDIX XLIII

Statement showing operational performance of Statutory Corporations

(Reference: Paragraph 7.1.13; Page 206)

1. Meghalaya State Electricity Board

| Sl. No. | Particulars | 2003-04 | 2004-05 | 2005-06 (Provisional) |
|---------|---|----------------|----------------|--------------------------|
| (1) | (2) | (3) | (4) | (5) |
| 1. | Installed Capacity: | (M W) | | |
| | (a) Thermal | - | - | - |
| | (b) Hydro | 185.20 | 185.20 | 185.20 |
| | (c) Gas | - | - | - |
| | (d) Others | - | - | - |
| | Total | 185.20 | 185.20 | 185.20 |
| 2. | Normal maximum demand (inside the State) | (M K W H) | | |
| | | 182.00 | 260.00 | 280.00 |
| 3. | Power Generated : | | | |
| | (a) Thermal | - | - | - |
| | (b) Hydro | 526.97 | 637.65 | 516.72 |
| | (c) Gas | - | - | - |
| | (d) Others | - | - | - |
| | Total | 526.97 | 637.65 | 516.72 |
| | Less : Auxiliary Consumption (brackets indicates percentage of Power Generated): | | | |
| | (a) Thermal | - | - | - |
| | (b) Hydro | 2.17 | 2.30 | 2.28 |
| | (c) Gas | (0.41) | (0.36) | (0.44) |
| | (d) Others | - | - | - |
| | Total | 2.17 (0.41) | 2.30 (0.36) | 2.28 (0.44) |
| 4. | Net Power Generated | 524.80 | 635.35 | 514.44 |
| 5. | Power purchased from Central Grid | 503.46 | 691.39 | 794.64 |
| 6. | Free Power from Central Sectors | 51.85 | 66.57 | 77.02 |
| 7. | Total Power available for Sale (4+5+6) | 1080.11 | 1393.31 | 1386.10 |
| 8. | Power Sold (MU): | | | |
| | (a) Within the State | 797.02 | 852.82 | 723.50 |
| | (b) Outside the State | 7.90 | 178.61 | 166.87 |
| | Total | 804.92 | 1031.43 | 890.37 |
| 9. | Transmission and distribution losses | 275.19 | 361.88 | 495.73 |
| 10. | Load factor (percentage) | 41.13 | 39.08 | 31.85 |
| 11. | Percentage of transmission and distribution losses to total power available for sale | 25.48 | 25.97 | 36.76 |
| 12. | Number of villages/towns electrified | 3301 | 3775 | 4217 |
| 13. | Number of Pump sets/wells energised | 25 | 28 | 28 |
| 14. | Number of Sub-stations: | | | |
| | (a) 11 KV | NA | NA | NA |
| | (b) 33 KV | NA | NA | NA |
| | (c) 132 KV | NA | NA | NA |
| | Total | NA | NA | NA |
| 15. | Transmission/distribution lines (in Kms.): | | | |
| | (a) Extra High Tension (EHT) | NA | NA | NA |
| | (b) High Tension (HT) | NA | NA | NA |
| | (c) Low Tension (LT) | NA | NA | NA |
| | Total | NA | NA | NA |

| (1) | (2) | (3) | (4) | (5) |
|-----|---|---------------------------|----------------------------|---------------------------|
| 16. | Connected load (in MW) | 393.49 | 355.60 | 541.31 |
| 17. | Number of consumers | 182850 | 170594 | 203378 |
| 18. | Number of employees | 3666 | 3870 | 3642 |
| 19. | Consumer/employees ratio | 49.88:1 | 44.08:1 | 55.84:1 |
| 20. | Total expenditure on staff during the year (Rupees in crore) | 63.30 | 59.15 | 75.08 |
| 21. | Percentage of expenditure on staff to total revenue expenditure | 28.03 | 48.89 | 21.08 |
| 22. | Unit sold (brackets indicate percentage share to total units sold): | (M K W H) | | |
| | (a) Agriculture | 0.47 (0.06) | 0.93 (0.09) | 0.32 (0.03) |
| | (b) Industrial | 455.90 (56.64) | 490.82 (47.58) | 396.28 (44.51) |
| | (c) Commercial | 31.21 (3.88) | 35.48 (3.43) | 35.56 (3.99) |
| | (d) Domestic | 159.00 (19.75) | 171.58 (16.64) | 162.08 (18.20) |
| | (e) Interstate | 7.90 (0.98) | 178.61 (17.32) | 166.87 (18.74) |
| | (f) Others | 150.42 (18.69) | 154.01 (14.94) | 129.26 (14.53) |
| | Total | 804.90 (100.00) | 1031.43 (100.00) | 890.37 (100.00) |
| | | (Paise per KWH) | | |
| | (a) Revenue (excluding subsidy from Government) | 245 | 241 | 342 |
| | (b) Expenditure | 166 | 222 | 358 |
| | (c) Profit (+)/Loss (-) | (-) 79 | (+) 19 | (-) 16 |

2. Meghalaya Transport Corporation

| Sl. No. | Particulars | 1997-98 | 1998-99 | 1999-2000 |
|---------|---|---------|---------|-----------|
| (1) | (2) | (3) | (4) | (5) |
| 1. | Average number of vehicles held | 191 | 191 | 152 |
| 2. | Average number of vehicles on road | 78 | 78 | 54 |
| 3. | Percentage of utilisation of vehicles | 41 | 41 | 36 |
| 4. | Number of employees | 881 | 880 | 766 |
| 5. | Employee vehicle ratio | 4.61:1 | 4.61:1 | 5.04:1 |
| 6. | Number of routes operated at the end of the year | 7 | 7 | 32 |
| 7. | Route Kilometres | 7592 | 7592 | 7592 |
| 8. | Kilometres operated (in lakh): | | | |
| | (a) Gross | 43.88 | 38.53 | 25.11 |
| | (b) Effective | 43.34 | 38.04 | 24.82 |
| | (c) Dead | 0.54 | 0.49 | 0.29 |
| 9. | Percentage of dead Kilometres to gross Kilometres | 1.23 | 1.27 | 1.15 |
| 10. | Average Kilometres covered per bus per day | 163 | 135 | 125 |

* Revenue expenditure includes depreciation but excludes interest on long term loan.

| (1) | (2) | (3) | (4) | (5) |
|-----|--|------------|------------|------------|
| 11. | Average operating revenue per Kilometre (paise) | 971 | 1047 | 1108 |
| 12. | Average expenditure per Kilometre (paise) | 2088 | 2085 | 3914 |
| 13. | Profit (+)/Loss (-) per Kilometre (paise) | (-) 1117 | (-) 1038 | (-)2806 |
| 14. | Number of operating depots | 6 | 7 | 7 |
| 15. | Average number of break-down per lakh Kilometres | 0.08 | 0.08 | 0.12 |
| 16. | Average number of accidents per lakh Kilometres | 0.21 | 0.27 | 0.29 |
| 17. | Passenger Kilometre operated (in crore) | 12.49 | 10.14 | 6.94 |
| 18. | Occupancy ratio | 67 | 63 | 65 |
| 19. | Kilometres obtained per litre of A – Diesel Oil B – Engine Oil | 3.25 NA | 3.20 NA | 3.11 NA |

3. Meghalaya State Warehousing Corporation

| Sl. No. | Particulars | 2002-03 | 2003-04 | 2004-05 |
|---------|--|--------------|--------------|--------------|
| (1) | (2) | (3) | (4) | (5) |
| 1. | Number of Stations covered | 5 | 5 | 5 |
| 2. | Storage capacity created up to the end of the year (tonne in lakh) | | | |
| | (a) Owned | 0.113 | 0.113 | 0.113 |
| | (b) Hired | - | - | - |
| | Total | 0.113 | 0.113 | 0.113 |
| 3. | Average capacity utilised during the year (tonnes in lakh) | 0.129 | 0.119 | 0.125 |
| 4. | Percentage of utilisation | 95.183 | 88.459 | 92.529 |
| 5. | Average revenue per tonne per year (Rupees) | 25.00 | 12.50 | 14.64 |
| 6. | Average expenses per tonne per year (Rupees) | 30.00 | 16.11 | 16.66 |
| 7. | Profit (+)/Loss (-) per tonne (Rupees) | (-) 5.00 | (-) 3.61 | (-) 2.02 |

APPENDIX XLIV

Statement showing the department-wise outstanding Inspection Reports

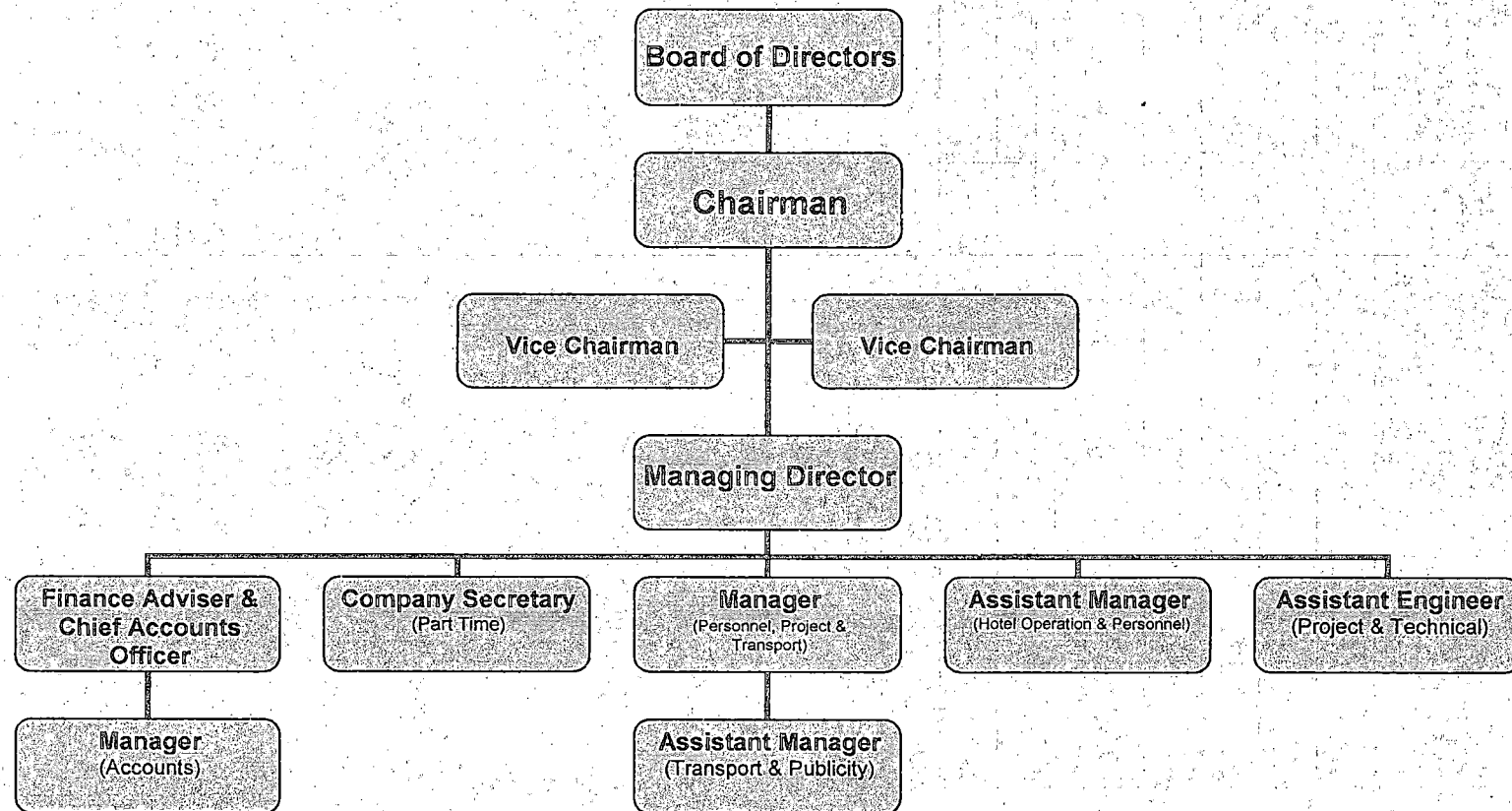
(Reference: Paragraph 7.1.23; Page 210)

| Sl. No. | Name of Department | Number of Government Companies/ Statutory Corporations | Number of outstanding Inspection Reports | Number of outstanding paragraphs | Years from which paragraphs outstanding |
|---------|--------------------|--|--|----------------------------------|---|
| 1. | Industries | 06 | 30 | 114 | 1993-94 |
| 2. | Forest | 01 | 03 | 12 | 1994-95 |
| 3. | Tourism | 01 | 04 | 24 | 1993-94 |
| 4. | Public Works | 01 | 05 | 23 | 1991-92 |
| 5. | Mining and Geology | 01 | 04 | 09 | 1995-96 |
| 6. | Power | 01 | 28 | 104 | 1996-97 |
| 7. | Transport | 01 | 08 | 24 | 1996-97 |
| 8. | Co-operation | 01 | 02 | 02 | 1998-99 |
| Total | | 13 | 84 | 312 | |

APPENDIX XLV

Organisational Chart of Head Office of Meghalaya Tourism Development Corporation Ltd.

(Reference: Paragraph 7.2.1; Page 213)



APPENDIX - XLVI

Statement of funds received from State/Central Government and amount utilised during the period from 2001-02 to 2004-05

(Reference: Paragraph 7.2.7; Page 216)

(Rupees in lakh)

| Year | Name of the scheme/purpose | Funds received from | Amount received | Amount utilised |
|---------|--|---------------------|-----------------|-----------------|
| 2001-02 | Furnishing of Orchid Lake Resort, Umiam | State Government | 2.36 | 2.36 |
| | Repairing of Restaurant at Cherrapunjee (Mawblang) | - Do - | 4.58 | 4.56 |
| | Purchase of Boats for Nagarpura Lake | - Do - | 1.86 | 1.86 |
| 2002-03 | Purchase of Boats & Rowing boats for Water Sports Complex, Umiam | - Do - | 2.10 | 2.17 |
| | Repair of out-board motors at Water Sports Complex | - Do - | 3.52 | 3.56 |
| | Improvement & Renovation of Orchid Lodge, Tura | - Do - | 4.09 | 4.09 |
| | Tourist festival at Orchid Lake Resort | - Do - | 7.00 | 6.85 |
| 2004-05 | Improvement & Renovation of Orchid Lodge, Tura | - Do - | 0.45 | 0.45 |
| | Purchase of Boats for Ward's Lake, Shillong | - Do - | 2.00 | 1.62 |
| Total | | | 27.96 | 27.52 |

APPENDIX – XLVII

Statement showing room occupancy position of four hotels under Meghalaya Tourism Development Corporation Ltd. during the period from 2001-02 to 2005-06

(Reference: Paragraph 7.2.12; Page 219)

| Particulars | 2001-02 | | 2002-03 | | 2003-04 | | 2004-05 | | 2005-06 | |
|------------------------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|
| | Peak Season | Non peak Season | Peak Season | Non peak Season | Peak Season | Non peak Season | Peak Season | Non peak Season | Peak Season | Non peak Season |
| Room days available | | | | | | | | | | |
| Pinewood Hotel, Shillong | 7015 | 7096 | 7320 | 6586 | 6950 | 7320 | 7273 | 7008 | 7295 | 7280 |
| Orchid Hotel, Shillong | 4575 | 4550 | 4255 | 4310 | 4697 | 4819 | 5063 | 5156 | 5307 | 5278 |
| Orchid Lake Resort, Barapani | 2714 | 2517 | 2989 | 3030 | 3234 | 3356 | 3660 | 3640 | 3840 | 3640 |
| Orchid Lodge, Tura | 1281 | 1274 | 1281 | 1120 | 1337 | 1464 | 1464 | 1456 | 1464 | 488 |
| Room days sold | | | | | | | | | | |
| Pinewood Hotel, Shillong | 3518 | 2592 | 3867 | 2815 | 4201 | 3633 | 4565 | 3878 | 4373 | 3478 |
| Orchid Hotel, Shillong | 1942 | 1510 | 2595 | 1561 | 3109 | 2027 | 2903 | 2010 | 3292 | 2363 |
| Orchid Lake Resort, Barapani | 823 | 919 | 1477 | 1176 | 1482 | 1260 | 1810 | 1823 | 2372 | 1887 |
| Orchid Lodge, Tura | 273 | 427 | 529 | 472 | 682 | 769 | 684 | 669 | 494 | 163 |
| Room percentage | | | | | | | | | | |
| Pinewood Hotel, Shillong | 50.15 | 36.53 | 52.83 | 42.74 | 60.45 | 49.63 | 62.77 | 55.34 | 59.95 | 47.77 |
| Orchid Hotel, Shillong | 42.45 | 33.19 | 60.99 | 36.22 | 66.19 | 42.06 | 57.34 | 38.98 | 62.03 | 44.77 |
| Orchid Lake Resort, Barapani | 30.32 | 36.51 | 49.41 | 38.81 | 45.83 | 37.54 | 49.45 | 50.08 | 61.77 | 51.84 |
| Orchid Lodge, Tura | 21.31 | 33.52 | 41.30 | 42.14 | 51.01 | 52.53 | 46.72 | 45.95 | 33.74 | 33.40 |

Appendix - XLVIII

Statement showing the working results of all hotels including head office
(Reference: Paragraphs 7.2.13 & 7.2.14; Page 220)

(Rupees in lakh)

| Sl.No. | Particulars | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| I | Pinewood Hotel, Shillong | | | | | |
| (a) | Operational Income | 172.62 | 198.46 | 237.68 | 285.89 | 307.41 |
| (b) | Servicing, administration, selling and other expenses (Hotels) | 157.40 | 178.36 | 193.58 | 247.42 | 231.83 |
| (c) | Net Operational income (a - b) | 15.22 | 20.10 | 44.10 | 38.47 | 75.58 |
| (d) | Outstanding dues | 25.29 | 63.57 | 23.07 | 28.71 | 49.65 |
| II | Orchid Hotel, Shillong | | | | | |
| (e) | Operational Income | 26.56 | 29.60 | 58.20 | 70.23 | 82.32 |
| (f) | Servicing, administration, selling and other expenses (Hotels) | 32.79 | 34.22 | 49.72 | 63.18 | 75.92 |
| (g) | Net Operational income (e - f) | (-) 6.23 | (-) 4.62 | 8.48 | 7.05 | 6.40 |
| (h) | Outstanding dues | 1.80 | 1.02 | 1.85 | 5.52 | 6.60 |
| III | Orchid Lake Resort, Barapani | | | | | |
| (i) | Operational Income | 40.50 | 61.83 | 68.38 | 83.04 | 90.68 |
| (j) | Servicing, administration, selling and other expenses (Hotels) | 45.37 | 58.13 | 62.00 | 74.90 | 80.70 |
| (k) | Net Operational income (i - j) | (-) 4.87 | 3.70 | 6.38 | 8.14 | 9.98 |
| (l) | Outstanding dues | No data available | 2.93 | 5.06 | 2.96 | 3.94 |
| IV | Orchid Lodge, Tura | | | | | |
| (m) | Operational Income | 4.38 | 5.06 | 7.44 | 8.38 | 4.28 |
| (n) | Servicing, administration, selling and other expenses (Hotels) | 7.82 | 11.21 | 11.80 | 13.31 | 7.92 |
| (o) | Net Operational income (m - n) | (-) 3.44 | (-) 6.15 | (-) 4.36 | (-) 4.93 | (-) 3.64 |
| (p) | Outstanding dues | No data available | No data available | No data available | No data available | No data available |
| V | Head Office Expenditure | | | | | |
| (q) | Salary and wages | 21.30 | 21.16 | 20.05 | 22.86 | 25.54 |
| (r) | Other expenses | 1.00 | 10.88 | 14.99 | 18.13 | 14.15 |
| (s) | Total expenses | 22.30 | 32.04 | 35.04 | 40.99 | 39.69 |
| (t) | Income from lease rent & interest on fixed deposit | 2.62 | 3.20 | 3.10 | 5.33 | 12.80 |
| (u) | Net Head Office expenses | 19.68 | 28.84 | 31.91 | 35.66 | 26.89 |
| (v) | Operational income of four Hotels | 244.05 | 294.96 | 371.69 | 447.54 | 466.50 |
| (w) | Servicing, administration, selling and other expenses (Hotels) | 243.38 | 281.93 | 317.10 | 398.81 | 375.00 |
| (x) | Net Operational Income (Hotels) | 0.67 | 13.03 | 54.59 | 48.73 | 91.50 |
| (y) | Sundry Debtors | 27.09 | 67.52 | 29.98 | 37.19 | 60.19 |

