

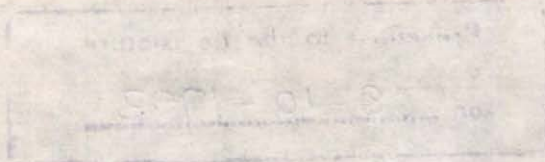
Presented to the Legislature

on 08-10-1993

**REPORT OF THE COMPTROLLER AND AUDITOR  
GENERAL OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 1991**

**GOVERNMENT OF MEGHALAYA**



THE GOVERNMENT OF INDIA  
MINISTRY OF DEFENSE

FOR THE YEAR ENDING 31 MARCH 1991



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## PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1990-91 together with other points arising from audit of financial transactions of the Government of Meghalaya. It also includes certain points of interest arising from the Finance Accounts for the year 1990-91.

2. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1990-91 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 1990-91 have also been included, wherever considered necessary.





## OVERVIEW

This Report contains two chapters about the financial position of the Government of Meghalaya for 1990-91 and about the Government's overall control over expenditure. The remaining six chapters include Audit reviews on developmental/welfare programmes and other activities, apart from the paragraphs containing comments on various irregularities. The more important Audit findings are summarised in the succeeding paragraphs.

1. General

Accounts of the State Government

The Budget estimates for the year 1990-91 envisaged a revenue surplus of Rs.38.29 crores, which was scaled down to Rs.30.85 crores in the Revised Estimates. The actual revenue surplus of Rs.42.20 crores was, however, higher than the estimates, but was less than the amount of Rs.48.05 crores for 1989-90 and also less than the amount of Rs.77.46 crores for 1988-89. The liabilities of the State Government increased from Rs.207.95 crores at the end of March 1990 to Rs.237.58 crores at the end of March 1991, while the assets of the State Government increased from Rs.665.16 crores to Rs.736.99 crores during the same period.

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All abbreviations used in this Report are listed in Appendix-xii (Page 210-211 ).



**Revenue Receipts:** The revenue receipts of the State Government increased to Rs.352.97 crores in 1990-91 from Rs.214.92 crores in 1986-87 i.e. an increase of 64 per cent. While the non-tax revenue raised by the State Government increased from Rs.14.11 crores in 1986-87 to Rs.18.71 crores in 1990-91, the State's own tax revenue grew from Rs.17.74 crores to Rs.36.01 crores during the same period.

The aggregate of the amount received by the State on account of share of net proceeds of Income Tax, State's share of Union Excise Duties and Grants-in-aid increased from Rs.183.07 crores to Rs.298.25 crores between 1986-87 and 1990-91 - an increase of 63 per cent. The percentage of revenue raised by the State to total revenue receipts declined to 16 in 1990-91 from 17 in 1989-90.

**Revenue Expenditure:** The Plan revenue expenditure during 1990-91 was Rs.86.20 crores against the budget provision of Rs.102.61 crores (including supplementary) disclosing a shortfall of Rs.16.41 crores. The non-plan revenue expenditure during 1990-91 (Rs.224.57 crores) was also less than the budget provision of Rs.253.98 crores (including supplementary). The plan revenue expenditure increased by Rs. 17.04 crores during 1990-91 compared to 1989-90, while non-plan revenue expenditure increased by Rs.32.59 crores during the same period.

**Public Debt:** The public debt increased by Rs.83.25 crores from Rs.99.22 crores in 1986-87 to Rs.182.47 crores in 1990-91. During this period the other liabilities increased from Rs.13.48 crores to Rs.25.30 crores. The total outflow on account of repayment of Central Government loans and interest thereon increased by 133 per cent between 1986-87 and 1990-91. The outflow of



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Rs.18.96 crores during 1990-91 on account of repayment of Central Government loans and payment of interest thereon worked out to 68 per cent of the amount of loans received from the Central Government during the year.

Government paid interest totalling Rs.17.90 crores on debt and other obligations during 1990-91. However, the interest received on all accounts was Rs.6.28 crores only leaving a net interest burden of Rs.11.62 crores.

During the year, an amount of Rs.3.71 lakhs was received as dividend/interest on investments totalling Rs.7.70 crores as on 31 March 1991 made in various co-operatives in the State. No dividend was received from the investments totalling Rs.52.83 crores as on 31 March 1991 made in statutory corporations and Government companies in the state.

(paragraphs 1.1 to 1.7)

## 2. Appropriation Audit and Control over expenditure

Against the total budget provision of Rs.500.92 crores (including supplementary) the actual expenditure was Rs.405.65 crores. There was an overall saving of Rs.98.48 crores in 77 cases of grants/appropriations (Revenue: Rs.48.34 crores, Capital: Rs.50.14 crores) while there was an overall excess of Rs.3.21 crores in 11 cases of grants (Revenue: Rs.2.52 crores; Capital: Rs.0.69 crore) requiring regularisation under Article 205 of the Constitution of India. Besides, the excess expenditure of Rs.46.87 crores pertaining to the years 1970-71 to 1989-90 is yet to be regularised.



The supplementary provision of Rs.28.17 crores obtained during 1990-91 constituted 6 per cent of the original budget provision. In 19 cases the supplementary provision aggregating Rs.9.48 crores obtained during the year proved wholly unnecessary.

In 15 grants and 2 appropriations the expenditure during the year in each case fell short by more than Rs.1 crore and also by more than 10 per cent of the total provision.

(paragraph 2.2)

### 3. Dairy Development Schemes in Meghalaya

With a view to providing incentives to dairy farmers and also to provide facilities for procurement, processing and distribution of wholesome milk and milk products so that consumers receive quality products at reasonable prices various schemes of dairy development were implemented in the State.

- Against the budget provision of Rs.486.38 lakhs under non-plan and Rs.157.20 lakhs under plan during 1985-91, the expenditure was Rs.432.01 lakhs and Rs.150.62 lakhs respectively.

- Targets for procurement of milk were not fixed upto 1989-90. Achievements in production of milk products had little relevance to targets fixed.

- An analysis of receipts and working expenses for the period from 1985-91 in respect of dairy schemes in Shillong, Tura, Jowai and Nongstoin revealed that the revenue earned from the schemes was Rs.165.88 lakhs against the expenditure of Rs.419.94 lakhs.

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- The plants were operated much below their rated capacity.

- Rupees 5.00 lakhs due on sale of milk on credit remained unrealised.

(paragraph 3.1)

#### 4. Technology Mission on Immunisation

The Mission aims at reducing neonatal tetanus mortality rate to less than 1 per 1000 live births and poliomyelitis incidence rate to less than 0.33 per 1000 children in the age group of 0-4 years.

- Against the assistance of Rs.20.65 lakhs received from Government of India during 1986-91, the actual expenditure was Rs.23.39 lakhs.

- Performance reported by the health centres in regard to number of infants immunized was not verified through field survey.

- Potency of vaccines was not tested regularly.

- Supply of vaccines by Government of India was far in excess of the State's requirement and vaccines valued at Rs.3.52 lakhs which became time-expired had to be destroyed.

- No sentinel centres were identified for the purpose of surveillance.

(paragraph 3.8)

#### 5. Pendency of appeals at various levels and its impact on revenue collection



A review to assess the procedural efficiency of the Taxation Department in relation to the disposal of appeal and revision cases revealed the following :

- The Appellate/Revision authorities admitted 88 cases of appeal/remission after expiry of the prescribed period and 165 cases without payment of the assessed taxes of Rs.43.59 lakhs by the appellants.

- Date and place of hearing were not fixed by the Appellate/Revision authorities in 111 cases involving tax of Rs.38.32 lakhs over different periods which extended to over 10 years in some cases.

- There were abnormal delays in issuing certified copies of assessment orders by the assessing authorities to the appellants for filing appeal petitions.

(paragraph 6.5)

### Revenue Receipts

119 inspection reports containing 435 audit paragraphs involving revenue effect of Rs.5.11 crores were pending settlement as on 30th June 1991.

(paragraph 6.4)

Erroneous allowance of exemption on account of cost of labour in excess of the permissible limit resulted in tax amounting to Rs.2.61 lakhs (including surcharge) being levied short. The dealer was also liable to pay interest of Rs.2.97 lakhs.

(paragraph 6.6)

Irregular exemption allowed on sale of rum to the police personnel resulted in non-realisation of tax amounting Rs.4.99 lakhs.

(paragraph 6.7)

Concealment of turnover by a dealer resulted in under assessment of tax amounting to Rs.3.25 lakhs (including surcharge), apart from the interest and penalty leviable.

(paragraph 6.10)

Non-registration of a dealer resulted in evasion of tax amounting to Rs.0.54 lakh (including surcharge).

(paragraph 6.13)

Recovery of royalty on lime stone at pre-revised rate resulted in short realisation of royalty amounting to Rs.5.83 lakhs.

(paragraph 6.15)

6. **Meghalaya Mineral Development Corporation Limited**

Meghalaya Mineral Development Corporation Limited was incorporated in March 1981 as a wholly owned Government Company with the main objects of searching, acquiring and developing the mineral resources of the State.

(paragraph 8.7.1)

The Company remained inoperative since inception till July 1989 due to non-availability of mining lease from Government of India and the entire expenditure of Rs.9.23 lakhs incurred by the Company towards establishment charges from March 1981 to March 1989 proved unproductive.

(paragraph 8.7.8.1)



Out of the grants-in-aid of Rs.18 lakhs sanctioned by the State Government during 1985-86 to 1989-90 towards administration of coal mining industry and exploitation of Borsora limestone deposit, Rs.7.42 lakhs were diverted towards establishment expenses while Rs.10.58 lakhs remained unutilised till November 1991.

(paragraph 8.7.10.1)

7. **Review on repair and maintenance of Machineries and equipment of Meghalaya State Electricity Board**

Repairs and maintenance of power stations, transformers, energy meters, vehicles, etc. of the Meghalaya State Electricity Board are done mainly in the Central Workshop, Mechanical Workshop, three subdivisions under Meter Relay and Testing Division of the Board. Due to non-fixing of targets, job orientation, etc. the performance of these workshops was never analysed and evaluated by the Board.

(paragraphs 8.8.1, 8.8.5.2 and 8.8.5.3)

The performance of power house disclosed during the five years up to 1989-90 that the outages planned (16 per cent) and forced (23.6 per cent) constituted 39.6 per cent of the available generation hours (5.25 lakhs hours) of four power stations.

(paragraph 8.8.5.1)

Due to frequent breakdown of 'Runner' of Unit I Generator of Umiam Stage III power station, the unit had to be closed down for 600 days between February 1980 and May 1989 resulting in an estimated generation loss of 142.24 million units with consequential revenue loss of Rs.17.11 crores.

(paragraph 8.8.5.1(ii))



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The Board did not initiate action to dispose of unserviceable spares, stores worth Rs.27.08 lakhs accumulated in the Central (Rs.3.36 lakhs) and Mechanical workshops (Rs.23.72 lakhs) till the end of 1989-90. Out of 480 transformers awaiting repair in the transformer repair and testing workshop, 216 transformers valued at Rs.1.55 lakhs were assessed as irreparable.

(paragraphs 8.8.5.2(I)&(II)  
and 8.8.5.3(I))

Assets worth Rs.342.97 lakhs relating to Meter Factory, Shillong (Rs.42.97 lakhs) and Thermal Power Station, Nangalbibra (Rs.300 lakhs) which were closed during the years 1970 and 1981, respectively, were still lying idle (March 1990).

(paragraph 8.8.6.(a)&(b))

## 8. Other points of Interest

### (a) State Commercial Undertakings

The State had 10 Government companies (including four subsidiaries), one company under the purview of Section 619(B) of the Companies Act, 1956 and three Statutory corporations as on 31st March 1991.

(paragraphs 8.2.1,  
8.2.5 and 8.3.1)

The aggregate paid-up capital of the Government companies was Rs.41.14 crores of which Rs.35.31 crores were invested by the State Government, Rs.0.20 crore by the Central Government and Rs.5.63 crores by others. The State Government loans to the extent of Rs.8.45 crores were outstanding as on 31st March 1991. The State Government had



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also guaranteed repayment of loans raised by three companies and payment of interest thereon; the amounts guaranteed and outstanding thereagainst as on 31st March 1991 were Rs.13.86 crores and Rs.11.27 crores, respectively.

(paragraphs 8.2.2 and 8.2.3)

None of the companies had finalised their accounts for the year 1990-91; the accounts of all the 10 companies were in arrears for periods ranging from two to ten years. Out of the four companies which had finalised their accounts for earlier years since the previous Report, two companies incurred losses aggregating Rs.0.04 crore, one company earned profit of Rs.0.15 crore and one company had not started commercial operation. According to the latest available accounts, the accumulated losses of Rs.12.69 crores incurred by two companies had exceeded their paid-up capital of Rs.8.77 crores.

(paragraphs 8.2.3 and 8.2.4)

Government's participation in the share capital of two statutory corporations viz., Meghalaya Transport Corporation and Meghalaya State Warehousing Corporation as on 31st March 1991 were Rs.19.04 crores and Rs.0.60 crore respectively while its investment in Meghalaya State Electricity Board (MSEB) by way of loan was Rs.78.84 crores. Government guaranteed repayment of loans raised by MSEB and loans with interest outstanding thereagainst aggregated Rs.2.48 crores as on 31st March 1991.

The accounts of MSEB for 1987-88 disclosed a deficit of Rs.9.87 crores (provisional). The Meghalaya State Warehousing Corporation sustained a loss of Rs.0.06 crore during 1989-90 while the Meghalaya Transport



Corporation incurred a loss of Rs.2.15 crores during 1985-86, the latest years for which accounts were finalised.

(paragraph 8.4, 8.5 and 8.6)

Meghalaya Industrial Development Corporation Limited had not taken legal action for realisation of outstanding dues of Rs.10.95 lakhs from a loanee who had transferred the property hypothecated against the loan amount to a third party.

Injudicious disbursement of loans during March and June 1981 to two individual transport entrepreneurs had resulted in accumulation of outstanding dues Rs.11.31 lakhs (November 1991). The Company did not execute decrees obtained from the Court in May 1985 and August 1991 respectively till November 1991.

(paragraph 8.9.1.1 & 8.9.1.2)

Meghalaya State Electricity Board did not take action to dispose of machinery and equipment and stores materials worth Rs.15.06 lakhs which had been lying condemned/surplus/unserviceable since 1979-80.

(paragraph 8.9.2.1)

The Board had incurred an unfruitful expenditure of Rs.3.39 lakhs on scholarship, grants, etc. in respect of 22 stipendaries who had either left the Board's service before the stipulated period or discontinued study in the middle of the courses.

(paragraph 8.9.2.2)



(b) Civil Departments

Premature drawal of funds for construction of quarters by the Project Director DRDA and Block Development Officer, Dadenggiri resulted in blocking of Government money amounting to Rs.6.88 lakhs for long periods.

(paragraph 3.3)

Rupees 6 lakhs (loan : Rs.4.50 lakhs; subsidy: Rs.1.50 lakhs) received from Government of India in March 1989 was advanced to Meghalaya State Co-operative Marketing and Consumers' Federation Limited in March 1990 for construction of 2 godowns. The work of construction was yet to be started (December 1991) although the State Government had already incurred a liability of Rs.0.66 lakh towards interest on the loan.

(paragraph 3.5)

Purchase of equipments and instruments valued at Rs.4.65 lakhs between March 1980 and March 1990 by the Principal, Industrial Institute, Shillong without assessing the actual requirement resulted in idle investment as the equipment and instruments were not put to use.

(paragraph 3.10)

Sale proceeds of finished products of Naya Bungalow Saw Mill aggregating Rs.2.21 lakhs for the period from 1982-83 to 1989-90 remained unrealised from several Government Departments and private parties.

(paragraph 3.12)

Establishment of Common Facility Service Workshop in the Industrial Estate, Shillong during 1985-86 without assessing the needs of the local entrepreneurs resulted in idle investment of Rs.2.02 lakhs and



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infructuous expenditure of Rs.13.38 lakhs on pay and allowances of the staff of the Workshop since 1986-87.

(paragraph 3.13)

For implementation of the package scheme of incentives to entrepreneurs the Director of Industries disbursed Rs.40.51 lakhs to the Meghalaya Industrial Development Corporation in March 1983 but the amount was lying unutilised with the Corporation as the scheme was not finalised. The amount had not been refunded as of October 1990.

(paragraph 3.14)

Due to non-allotment of work to the Meghalaya Civil Task Force by any Department since March 1988, the entire personnel remained idle resulting in infructuous expenditure of Rs.50.45 lakhs on their salaries till March 1992.

(paragraph 3.15)

The Rymbai Hydram Project constructed in February 1986 at a cost of Rs.1.13 lakhs by Jaintia Hills Irrigation Division for the purpose of irrigating a command area of 16 hectares of land was proposed (June 1991) for abandonment as irrigation could not be provided due to excavation of coal in and around the project area. The expenditure incurred thus proved unfruitful.

(paragraph 4.1)

The following points were noticed in connection with purchase of cement from outside the State by the Public Works Department :

- (i) Avoidable extra expenditure of Rs.5.08 lakhs was incurred due to unjustified rejection of the lowest tender.



- (ii) In violation of the instructions of the Purchase Board, advance payment of Rs.315.61 lakhs towards cost of 17407 tonnes of cement including carriage charge was made to the supplier.
- (iii) 628.25 tonnes of cement valued at Rs.11.32 lakhs for which advance payment had been made over two years ago had not been delivered by the supplier (March 1991).
- (iv) While sufficient quantity of cement was available with Mawmluh-Cherra Cement Limited, purchases were made from outside the State at higher rates resulting in avoidable extra expenditure of Rs.34.35 lakhs.
- (v) Payment of carriage charges at rates higher than those approved resulted in extra expenditure of Rs.2.58 lakhs.

Audit of the accounts relating to Greater Shillong Water Supply Scheme revealed the following :

- (i) The scheme was partially commissioned on trial basis in May 1986 when defects in the pumps of the second stage pumping system were noticed. The firm did not replace the defective pumps and the contract was rescinded in September 1987. The firm filed a suit against the Department in the Court of Law. The Department, however, signed a Memorandum of Understanding (MOU) with the firm to settle the dispute outside the Court. In terms of the MOU the Department paid Rs.30 lakhs



between January and July 1989 as advance for modification of six pumps and released all pending bills of the firm. The firm was to effect necessary modifications in the pumps, but did not take up the modification work. Bank Guarantee of Rs.30 lakhs could also not be invoked by the Department as the firm obtained a stay order from the Court of Law.

- (ii) Cost of materials valued at Rs.3.52 lakhs was yet to be recovered from the firm.
- (iii) Liquidated damage of Rs.1.25 lakhs according to the provision of the contract was not recovered from the firm.
- (iv) Avoidable extra expenditure of Rs.5.43 lakhs was incurred by the Department on erection and commissioning of surge suppressor device.

(paragraph 4.5)

Injudicious procurement of bitumen by the Shillong Central Division in excess of requirement and its improper storage resulted in loss of Rs.11.74 lakhs.

(paragraph 5.1)

## CHAPTER I

### ACCOUNTS OF THE STATE GOVERNMENT

#### 1.1 Summarised financial position

The financial position of the Government of Meghalaya as on 31 March 1991 emerging from the Appropriation Accounts and the Finance Accounts for the year 1990-91, the Abstract of Receipts and Disbursements, and the details of Sources and Application of Funds for the year are given in the following statements :



STATEMENT

SUMMARISED FINANCIAL POSITION OF THE GOVERN-

Amount as on 31 March 1990	Liabilities	Amount as on 31 March 1991
36.00	<b>Internal Debt of the State Government</b>	36.45
	Market loan bearing interest	26.66
	Loan from LIC	4.92
	Loan from other sources	4.87
125.11	<b>Loans and Advances from Central Government</b>	146.02
	Pre 1984-85 Loans	1.62
	Non-plan Loans	67.75
	Loans for State Plan Scheme	69.43
	Loans for Centrally Sponsored Plan Schemes	3.25
	Loans for NEC Schemes	3.76
	Loans for Central Plan Schemes	0.21
6.00	<b>Contingency Fund</b>	6.00
21.52	<b>Small Savings, Provident Funds, etc.</b>	25.30
15.88	<b>Deposits</b>	19.84
3.44	<b>Sinking Funds and Reserve Funds</b>	3.97
457.21	<b>Revenue Surplus</b>	499.41
	Net Revenue surplus at the end of 31 March 1990	457.21
	Revenue surplus for the year ending 31 March, 1991	42.20
665.16		736.99

I

## MENT OF MEGHALAYA AS ON 31 MARCH 1991

(Rupees in crores)

Amount as on 31 March 1990	Assets	Amount as on 31 March 1991
483.11	<b>Gross Capital Outlay on Fixed Assets</b>	558.06
	Investment in shares of Companies/Corporations etc.	60.52
	Other Capital Outlay	497.54
82.73	<b>Loans and Advances</b>	91.19
	Loans for Energy	59.20
	Other Development Loans	20.60
	Loans to Government Servants	11.39
0.32	<b>Other Advances</b>	0.31
26.18	<b>Suspense and Miscellaneous</b>	19.60
30.72	<b>Remittance Balances</b>	23.35
6.00	<b>Appropriation to Contingency Fund</b>	6.00
35.77	<b>Closing Cash Balance</b>	38.15
	Departmental cash balance including permanent advance	0.04
	Cash Balance investment	81.37
	Deposits with Reserve Bank of India	(-)43.26
0.33	<b>Investments of Earmarked Funds</b>	0.33
665.16		736.99



STATEMENT

Abstract of Receipts and Disburse-

Section-A

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R e c e i p t s

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I. Revenue Receipts

352.97

i) Tax Revenue	36.01
ii) Non-tax Revenue	18.71
iii) State's share of net proceeds of Taxes and Income other than Corporation Tax	7.84
iv) State's share of Union Excise Duties	74.52
v) Non-plan Grants	62.92
vi) Grants for State Plan Schemes	124.56
vii) Grants for Central Plan Schemes	6.71
viii) Grants for Centrally Sponsored Schemes	12.94
ix) Grants for Special Plan Schemes	8.76

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352.97

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## -II

ments for the year 1990-91

## -Revenue

(Rupees in crores)

<u>Disbursements</u>				
<b>I. Revenue Expenditure</b>			<b>310.77</b>	
Sector	<u>Non-plan</u>	<u>Plan</u>	<u>Total Plan &amp; Non-plan</u>	
i) General Services	85.02	2.08	87.10	
ii) Education, Sports, Arts and Culture	44.68	15.88	60.56	
iii) Health & Family Welfare	14.75	6.01	20.76	
iv) Water Supply, Sanitation, Housing and Urban Development	14.19	7.80	21.99	
v) Information & Publicity	0.47	0.86	1.33	
vi) Welfare of SC/ST and other Backward classes	0.29	3.00	3.29	
vii) Social Welfare and Nutrition	2.91	1.64	4.55	
viii) Labour and Labour Welfare	1.11	0.20	1.31	
ix) Others	0.48	-	0.48	
x) Agriculture and Allied Activities	24.68	25.90	50.58	
xi) Rural Development	3.35	15.87	19.22	
xii) Special Areas Programme	-	1.22	1.22	
xiii) Irrigation and Flood Control	1.88	2.37	4.25	
xiv) Energy	5.41	0.45	5.86	
xv) Industry and Minerals	5.01	2.18	7.19	
xvi) Transport	17.08	0.12	17.20	
xvii) Science, Technology and Environment	0.05	-	0.05	
xviii) General Economic Services	3.21	0.62	3.83	
<b>II. Revenue Surplus</b>	<b>224.57</b>	<b>86.20</b>	<b>310.77</b>	<b>42.20</b>
			<b>352.97</b>	



## Section-B

R e c e i p t s		
II.	Opening Cash Balance	35.77
III.	Miscellaneous Capital Receipts	...
IV.	Recoveries of Loans and Advances	3.70
	i) From Government Servants	1.88
	ii) From Others	1.82
V.	Revenue Surplus brought down	42.20
VI.	Public Debt Receipts	29.12
	i) Internal Debt	1.26
	ii) Loans and Advances from Central Government	27.86
VII.	Public Accounts Receipts	200.65
	i) Small Savings and Provident Funds	6.60
	ii) Reserve Funds	0.53
	iii) Deposits and Advances	35.85
	iv) Suspense	6.67
	v) Remittances	151.00
		311.44

## -Others

(Rupees in crores)

<u>D i s b u r s e m e n t s</u>			
III. Capital Expenditure			74.95
	<u>Non-plan</u>	<u>Plan</u>	<u>Total</u>
i) General Services	...	6.31	6.31
ii) Social Services	...	23.52	23.52
iii) Agriculture and Allied Services	...	1.33	1.33
iv) Rural Development	...	0.11	0.11
v) Special Areas Programme	0.03	7.95	7.98
vi) Irrigation and Flood Control	...	1.89	1.89
vii) Industry and Minerals	...	6.30	6.30
viii) Transport	...	26.08	26.08
ix) General Economic Services	...	1.43	1.43
IV. Loans and Advances Disbursed			12.16
i) To Government Servants	3.83		
ii) To Others	8.33		
V. Repayment of Public Debt			7.76
i) Internal Debt	0.81		
ii) Repayment of Loans and Advances to the Central Government	6.95		
VI. Public Accounts Disbursements			178.42
i) Small Savings and Provident Funds	2.82		
ii) Reserve Funds	...		
iii) Deposits and Advances	31.88		
iv) Suspense	0.09		
v) Remittances	143.63		
VII. Closing Cash Balance			38.15
i) Departmental cash balance including permanent advance		0.04	
ii) Cash balance investment		81.37	
iii) Deposits with Reserve Bank of India		(-)43.26	
			<u>311.44</u>



## STATEMENT - III

## Sources and application of funds for 1990-91

S1. No.	Sources	S1. No.	Application
(Rupees in crores)			
1.	Revenue Receipts	1.	Revenue Expenditure
	352.97		310.77
2.	Recoveries of loans and Advances	2.	Lending for development and other purposes
	3.70		12.16
3.	Increase in Public Debt	3.	Capital Expenditure
	21.36		74.95
4.	Net receipt from Public Account	4.	Increase in closing cash balance
	22.23		2.38
	Increase in Small Savings, Provident Funds, etc.		
	3.78		
	Increase in Deposits and Advances		
	3.97		
	Increase in Reserve Funds		
	0.53		
	Effect of Remi- ttance Balances		
	7.37		
	Effect of Suspense Balances		
	6.58		
	<u>400.26</u>		<u>400.26</u>

### Explanatory notes

1. The summarised financial statements are based on the statements of Finance Accounts and Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.

2. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.

3. Although a part of revenue expenditure (grants) and the loans are used for capital formation by the recipients, its classification in the accounts of the State Government remains unaffected by end use.

Based on the foregoing statements and other supporting data, the following paragraphs present an analysis of the management of the finances of the State Government during 1990-91.

#### 1.2 Assets and Liabilities of the State

The assets comprising capital investments and loans and advances and the total liabilities of the State Government during the last five years were as follows :-

<u>At the end of</u>	<u>Assets</u>	<u>Liabilities</u>
	(Rupees in crores)	
1986-87	398.31*	133.10*
1987-88	479.98*	148.11*
1988-89	580.49*	171.33*
1989-90	665.16	207.95
1990-91	736.99	237.58



While the assets have grown by 85 per cent during the five years, the liabilities have grown by 79 per cent.

### 1.3 Overall deficit

The overall deficit of Rs.24.95 crores for 1990-91 projected at the budget stage was reduced to Rs.12.50 crores at the revised estimate stage against which the actual deficit was Rs.15.28 crores. The variation in the estimates and actuals was mainly due to increase in disbursement under Public Account and shortfall in receipts under Public Debt which was partly offset by overall shortfall in Revenue and Capital expenditure.

### 1.4 Revenue surplus

The revenue surplus as envisaged in the Budget Estimates and the Revised Estimates and the actuals during 1986-87 to 1990-91 are given below :-

Year	Budget Estimates	Revised Estimates	Actuals
	(Rupees in crores)		
1986-87	53.83	54.43	59.64
1987-88	67.84	56.99	66.66
1988-89	68.50	56.09	77.46
1989-90	35.54	30.58	48.05
1990-91	38.29	30.85	42.20

\*Differs from the position reflected in earlier Audit Reports due to the non-inclusion of the figures of Deposits with Reserve Bank under Cash Balance.

The revenue surplus which peaked to Rs.77.46 crores in 1988-89 and sharply declined to Rs.48.05 crores in 1989-90 further declined to Rs.42.20 crores in 1990-91.

### 1.5 Revenue Receipts

The revenue receipts during the five years ended 1990-91 are given below:-

Year	Budget Estimates	Revised Estimates	Amount	Actual Percentage growth over the previous year
(Rupees in crores)				
1986-87	217.74	221.33	214.92	18
1987-88	253.01	258.59	256.45	19
1988-89	298.84	304.60	302.01	18
1989-90	312.65	318.09	309.19	2
1990-91	372.31	368.89	352.97	14

The position of revenue raised by the State Government and of the State's share of taxes and grants received from the Government of India was as follows:-

	1986-87	1987-88	1988-89	1989-90	1990-91
(Rupees in crores)					
I. Revenue raised by the State Government					
(a) Tax Revenue	17.74	19.61	27.68	31.20	36.01
(b) Non-Tax Revenue	14.11	17.26	20.91	20.00	8.71
Total - I	31.85	36.87	48.59	51.20	54.72
II. State's share of net proceeds of Taxes on Income other than Corporation Tax	3.97	4.74	5.03	7.17	7.84



	1986-87	1987-88	1988-89	1989-90	1990-91
	(Rupees in crores)				
III. Receipts from Government of India:					
1) State's share of Union Excise Duties	51.29	60.55	77.44	58.00	74.52
ii) Grants-in-aid	127.81	154.29	170.95	192.82	215.89
Total II & III	183.07	219.58	253.42	257.99	298.25
IV. Total receipts of the State Government (Revenue Account)	214.92	256.45	302.01	309.19	352.97
V. Percentage of revenue raised to total receipts	15	14	16	17	16

The revenue receipts of the State Government increased by 64 per cent from Rs.214.92 crores in 1986-87 to Rs.352.97 crores in 1990-91. The revenue from State's own resources increased by 72 per cent during these years. Tax revenue raised by the State Government increased by 103 per cent from Rs.17.74 crores in 1986-87 to Rs.36.01 crores in 1990-91. Collections from non-tax revenue increased from Rs.14.11 crores in 1986-87 to Rs.18.71 crores in 1990-91. Further analysis of the State's revenue receipts is given in Chapter VI of this Report.

#### 1.6 State's share of Union Taxes/Duties and Grants-in-aid received from the Central Government

The aggregate of the State's share of Union Taxes/Duties and Grants-in-aid from the Central Government during the year 1990-91 was Rs.298.25 crores representing 84 per cent

and 96 per cent of the total revenue receipts and revenue expenditure of the State Government respectively. The year-wise details for the period from 1986-87 to 1990-91 are given below:

Year	State's share of Union Taxes/Duties	Grants-in-aid	Total	Percentage of total	
				Revenue Receipts	Revenue Expendi- ture
(Rupees in crores)					
1986-87	55.26	127.81	183.07	85	118
1987-88	65.29	154.29	219.58	86	116
1988-89	82.47	170.95	253.42	84	113
1989-90	65.17	192.82	257.99	83	99
1990-91	82.36	215.89	298.25	84	96

#### 1.7 Arrears of revenue

The position of arrears of revenue as against total revenue raised by the State Government during the period 1986-87 to 1990-91 is given below:-

Year	Revenue raised	Arrear of Revenue	Percentage of arrears to revenue receipts	Percentage of growth of revenue over pre- vious year	Percentage of increase or decrease over pre- vious year
(Rupees in crores)					
1986-87	31.85	7.21	23	21	41
1987-88	36.87	8.09	22	16	12
1988-89	48.59	8.78	18	32	9
1989-90	51.20	5.75	11	5	(-)35
1990-91	54.72	N.A.	N.A.	7	-



### 1.8 Revenue expenditure

The Revenue expenditure (Plan) during 1990-91 was Rs.86.20 crores against the budget provision of Rs.102.61 crores (including supplementary) disclosing a shortfall of Rs.16.41 crores in expenditure. Similarly the non-plan revenue expenditure during the year was Rs.224.57 crores (Rs.191.98 crores during the previous year) against the budget provision of Rs.253.98 crores (including supplementary) disclosing a shortfall of Rs.29.41 crores in expenditure. The main reasons for shortfall in expenditure wherever furnished by Government are given in Chapter II of this Report. Further details are available in the Appropriation Accounts of the State Government for 1990-91.

### 1.9 Growth of revenue expenditure

The growth of revenue expenditure (both Plan and Non-plan) during the five years ending 1990-91 was as follows:-

<u>Year</u>	<u>Plan</u>	<u>Non-plan</u>	<u>Total</u>
	(Rupees in crores)		
1986-87	39.08	116.20	155.28
1987-88	51.88	137.91	189.79
1988-89	61.30	163.25	224.55
1989-90	69.16	191.98	261.14
1990-91	86.20	224.57	310.77

The total revenue expenditure increased from Rs.155.28 crores in 1986-87 to Rs.310.77 crores in 1990-91 i.e. by nearly 100 per cent. The expenditure under plan

increased by Rs.47.12 crores (121 per cent) and non-plan increased by Rs.108.37 crores (93 per cent) during the same period.

### 1.10 Non-plan revenue expenditure

The following table shows the details of Non-plan revenue expenditure, other than interest payments, where there has been significant increase over five years:

	1986-87	1990-91	Percentage of increase
	(Rupees in crores)		
Council of Ministers	0.49	0.96	96
Sales Tax	0.38	0.80	111
Taxes on Vehicles	0.74	2.91	293
District Administration	1.14	2.12	86
Treasury and Accounts			
Administration	0.50	1.08	116
Police	14.91	26.08	75
Jails	0.44	0.79	80
Stationery and Printing	1.24	2.43	96
Pensions	2.01	6.40	218
Secretariat General Services	2.97	5.33	79
Education, Sports, Art and Culture	19.82	44.67	125
Medical and Public Health and			
Water Supply, Sanitation, Housing			
and Urban Development	11.10	28.58	157
Other Administrative Services	3.11	6.60	112
Animal Husbandry	1.88	4.02	114
Dairy Development	0.52	1.00	92
Fisheries	0.42	0.80	90

### 1.11 Capital expenditure

The capital expenditure during 1990-91 was Rs.74.95 crores against the budget provision of Rs.91.83 crores



(including supplementary) disclosing a shortfall in expenditure of Rs.16.88 crores.

The main reasons for shortfall in expenditure, wherever furnished by Government, are given in Chapter II of this Report. Further details are available in the Appropriation Accounts of the State Government for 1990-91.

### 1.12 Financial assistance to local bodies and others

The quantum of assistance provided to different bodies during the period of five years ending 1990-91 is given below :-

<u>Name of body</u>		<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
		(Rupees in crores)				
I.	Educational Institutions	16.46	18.80	22.15	40.28	36.18
II.	Co-operative Societies	0.72	1.14	1.11	1.02	1.37
III.	District Councils	0.76	0.61	0.54	1.02	1.84
IV.	Municipalities	0.64	0.92	1.03	1.29	1.87
V.	Other Institutions	1.19	0.75	0.91	1.42	2.30
Total :		19.77	22.22	25.74	45.03	43.56
VI.	Percentage growth over previous year	13	12	16	75	(-) 3
VII.	Revenue Receipts (Tax and Non Tax)	31.85	36.87	48.59	51.20	54.72
VIII.	Percentage of assistance to Revenue Receipts	62	60	53	88	80
IX.	Revenue Expenditure	155.28	189.79	224.55	261.14	310.77
X.	Percentage of Assistance to Revenue Expenditure	13	12	11	17	14

The total assistance at the end of 1990-91 has risen by 120 per cent over the assistance extended at the end of 1986-87. The assistance ranged between 53 to 88 per cent of the Revenue Receipts (tax and non-tax) during the period.

### 1.13 Investment and returns

In 1990-91 the Government invested Rs.8.21 crores in the share capital of Statutory Corporation (Rs.1.64 crores), Government companies (Rs.5.68 crores) and Co-operative Banks and Societies (Rs.0.89 crore ).

The total investment of Government in the share capital of different undertakings and the dividend/interest received during the five years period (1986-91) were as follows:-

Year	Total invest- ments at the end of the year	Dividend/ interest received during the year	Percentage of dividend/ interest received to total investment
	(Rupees in lakhs)		
1986-87	3790.43	0.06	0.002
1987-88	4021.38	2.03	0.05
1988-89	5010.50	0.16	0.003
1989-90	5231.02	0.13	0.002
1990-91	6052.44	3.71	0.06

The entire amount of Rs.3.71 lakhs for 1990-91 was on account of dividend/interest received from investment in Co-operatives (Rs.769.70 lakhs). No dividend was received from the investment (Rs.5282.74 lakhs) in Government companies and Statutory Corporations.



### 1.14 Public Debt and other liabilities

Under Article 293(1) of the Constitution of India, a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by the Act of the Legislature of the State. No law has been passed by the Meghalaya Legislature laying down such a limit.

Public Debt of the State consists of internal debt and loans and advances from the Central Government. Internal debt comprises long term loans raised in the open market and loans received from financial institutions, etc. This also includes ways and means advances from the Reserve Bank of India and other bonds issued by the State Government. Loans and advances from the Central Government represent loans received from the Government of India for execution of various plan/non-plan schemes. Besides, the Government had other liabilities on account of funds raised through small savings, provident funds etc.

The details of such liabilities of the State Government during the five years ending March 1991 are given below :-

At the end of	Internal Debt	Loans and Advances from Central Government	Total Public Debt	Other Liabilities	Total Liabilities
(Rupees in crores)					
1986-87	32.20	67.02	99.22	13.48	112.70
1987-88	32.86	78.11	110.97	15.79	126.76
1988-89	33.31	96.28	129.59	18.58	148.17
1989-90	36.00	125.11	161.11	21.52	182.63
1990-91	36.45	146.02	182.47	25.30	207.77

It would be seen that the total liabilities of the Government had increased from Rs.112.70 crores in 1986-87 to Rs.207.77 crores in 1990-91 i.e. an increase of 84 per cent over a period of five years.

### 1.15 Debt Service

The following table shows the outgo of funds on account of interest payments (gross) during the five years ending 1990-91.

Year	Interest paid	Opening balance of			Total obligation	Percentage of interest	
		Internal Debt	Loans and advances from Central Government etc.	Small Savings provision funds etc.		to total	to revenue expenditure
(Rupees in crores)							
1986-87	7.86	29.70	58.02	11.49	99.21	8	5
1987-88	9.60	32.20	67.02	13.48	112.70	9	5
1988-89	11.19	32.86	78.11	15.79	126.76	9	5
1989-90	13.68	33.31	96.28	18.58	148.17	9	5
1990-91	17.90	36.00	125.11	21.52	182.63	10	6

It will be seen that the outflow of funds for payment of interest during the period has been increasing steadily and was between 5 and 6 per cent of the revenue expenditure.

Interest received during the year was Rs.6.28 crores, while the interest paid on debt and other obligations was Rs.17.90 crores. The net interest burden during the year was, thus Rs.11.62 crores (3 per cent of the total revenue receipts and 32 per cent of the tax revenue of the State).



The repayment of Government of India loans and payment of interest thereon by the State Government during the last five years was as follows:

Year	Repayment			Loans received during the year	Percentage of repayment to loan received
	Principal	Interest	Total		
(Rupees in crores)					
1986-87	3.92	4.20	8.12	12.92	63
1987-88	4.69	5.17	9.86	15.78	62
1988-89	4.61	6.43	11.04	22.79	48
1989-90	6.18	8.34	14.52	35.02	41
1990-91	6.95	12.01	18.96	27.86	68

The total outflow on account of repayment of Central Government loans and interest thereon increased by 133 per cent between 1986-87 and 1990-91. During 1990-91, 68 per cent of the fresh loans received were consumed by the repayment of outstanding loans and payment of interest thereon.

#### 1.16 Loans and advances by the State Government

The State Government has been advancing loans to Government companies, corporations, local bodies, co-operatives, non-Government institutions, etc. for developmental and other activities. The position of such loans for the five years 1986-87 to 1990-91 is given below:

	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(Rupees in Crores)				
Opening balance	17.63	29.46	42.98	69.00	82.73
Amount advanced during the year	16.88	15.41	27.39	17.11	12.16
Amount repaid during the year	5.05	1.89	1.37	3.38	3.70
Closing balance	29.46	42.98	69.00	82.73	91.19
Net addition	11.83	13.52	26.02	13.73	8.46
Interest received and credited to revenue	3.20	0.48	3.56	4.30	2.39

In respect of loans for Housing, Social Security and Welfare, Other Social and Community Services, Co-operation, Special and Backward Areas, Agriculture, Industrial Research and Development, Power Projects, etc., the detailed accounts of which are maintained by the departmental officers, the Controlling Officers are required to furnish to the Accountant General (A&E) a statement showing details of arrears in recovery of loan instalments and interest every year. The information about arrears in recovery of principal and interest on loan instalments as on 31 March 1991 had, however, not been received from the Controlling Officers.

In respect of loans and advances to Municipalities and other bodies etc. detailed accounts of which are maintained by the Accountant General (A&E), recovery of Rs.0.08 crore (principal : Rs.0.04 crore, interest: Rs.0.04 crore) was outstanding at the end of March 1991.



### 1.17 Guarantees given by the Government

The position of contingent liabilities for guarantee given by the State Government for repayment of loans and payment of interest thereon by the Statutory Corporations, local bodies and other institutions was as follows:

As on 31 March	Maximum amount guaranteed	Amount outstanding
(Rupees in crores)		
1987	49.71	11.31
1988	49.71	11.31
1989	135.64	102.82
1990	135.64	102.82
1991	16.81	14.39

The largest amount guaranteed by the State Government was for the Mawmluh Cherra Cement Ltd. (Rs.6.65 crores). Of the amount guaranteed Rs.6.16 crores remained outstanding as on 31 March 1991.

Under Article 293 of the Constitution the State Government is empowered to give guarantee on the security of the Consolidated Fund of the State within such limit, if any, as may from time to time be fixed by the State Legislature by law. No law laying down the limits has so far been enacted by the State Legislature.

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## CHAPTER - II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### 2.1 General

The summarised position of actual expenditure during 1990-91 against approved grants/appropriations\* is given below:

	Original grant/ appro- priation	Supple- mentary	Total	Actual expendi- ture	Variations Excess (+) Saving (-)
(Rupees in crores)					
I. Revenue					
Voted	314.55	21.59	336.14	291.99	(-) 44.15
Charged	20.36	0.09	20.45	18.78	(-) 1.67
II. Capital					
Voted	88.60	3.23	91.83	74.95	(-) 16.88
III. Public Debt					
Charged	33.97	...	33.97	7.77	(-) 26.20
IV. Loans and Advances					
Voted	15.27	3.26	18.53	12.16	(-) 6.37
Grand Total:	472.75	28.17	500.92	405.65	(-) 95.27

\* In a demand, the grants are voted and appropriations are charged.



## 2.2 Results of Appropriation Audit

The overall saving was the net result of saving in 77 grants/appropriations and excess in 11 grants are shown below:

	Savings		Excess		Net savings(-)/ Excess (+)	
	Revenue Capital	Revenue Capital	Revenue Capital	Revenue Capital	Revenue Capital	Revenue Capital
(Rupees in crores)						
Voted	46.67	23.94	2.52	0.69	-44.15	-23.25
	(In 51 grants)	(In 22 grants)	(In 7 grants)	(In 4 grants)		
Charged appropriations	1.67	26.20	-	-	- 1.67	-26.20
	(In 2 appro- priations)	(In 2 appro- priations)				

The supplementary grants/appropriations of Rs.28.17 crores obtained during 1990-91 constituted 6 per cent of the original grants/appropriations.

### 2.2.1 Excess over grants/appropriations

In the revenue section, there was total excess of Rs.2,51,61,988 in 7 grants. The excess in the Capital Section amounted to Rs.68,96,398 in 4 grants.

These eleven cases of excess are detailed in Appendix I and require regularisation under Article 205 of the Constitution of India.

#### 2.2.2 Unnecessary/excessive/inadequate supplementary provisions

Supplementary provision of Rs.9.48 crores obtained in nineteen cases during the year proved wholly unnecessary, as the actual expenditure was even less than, or equal to the original provisions and the savings (totalling Rs.26.84 crores) in these cases exceeded the supplementary provision (Appendix II). In seven other cases, the supplementary provision of Rs.13.34 crores proved excessive as the additional fund required was only Rs.8.65 crores; the savings in each of these cases exceeded Rs.5 lakhs (Appendix III). In four cases, the supplementary provision of Rs.3.98 crores proved deficient by more than Rs.5 lakhs each, leaving an aggregate uncovered excess of Rs.2.80 crores (Appendix IV).

#### 2.2.3 Unutilised provision

In the following grants/appropriations, the expenditure in each case fell short by more than Rs.1 crore and also by more than 10 per cent of the total provision.



Sl. Number and name of No. grant/appropriation	Amount of saving (Rupees in crores and its per- centage in bracket)	Main reasons for savings
---	---	--------------------------

1	2	3	4
---	---	---	---

## (A) Grants (Voted)

- |   |              |   |
|---|--------------|---|
| 1. 11-Other Taxes and Duties on Commodities and Services etc. (Capital) | 4.86<br>(43) | Not intimated<br>(June 1992).   |
| 2. 13-Secretariat General Services-I-Civil Departments, etc. (Revenue)  | 1.54<br>(20) | Saving of Rs.1.16 crores was due mainly to less expenditure than anticipated, less expenditure in respect of staff, lower requirement of funds under medical reimbursement and LTC, adoption of economy measures and non entertainment of posts/staff. Reasons for the remaining saving have not been intimated (June 1992) |
| 3. 19-Secretariat General Services-II Public Works etc. (Revenue)       | 7.09<br>(44) | Saving of Rs.2.24 crores was due mainly to less requirement of funds than originally estimated. Reasons for the remaining savings have not been intimated (June 1992).  |
| 4. 26-Medical, Public Health, Family Welfare etc. (Revenue)             | 4.36<br>(17) | Saving of Rs.2.13 crores was stated to be due to surrender of funds in terms of directives of the Ninth Finance Commission, less requirement of funds for LTC, non-purchase of  |

Sl. Number and name of No. grant/appropriation	Amount of saving (Rupees in crores and its per- centage in bracket)	Main reasons for savings
		generator and installation of Intercom, non-purchase of vehicle, non issue of sanctions for new posts, vacant posts, and less contributions and non-finalisation of enhanced rates of scholarships/stipends under Medical Education, Training and Research. Reasons for the remaining amount of saving of Rs.2.23 crores have not been intimated (June 1992).
5. 27-Water Supply and Sanitation etc. (Revenue)	3.52 (24)	Saving of Rs.0.57 crore was stated to be due to curtailment of expenditure as a result of a cut imposed by Finance Department and non-filling up of vacant posts. Reasons for the remaining amount have not been intimated (June 1992).
6. 27-Water Supply and sanitation, etc. (Capital)	5.76 (30)	Anticipated saving of Rs.5.02 crores was stated to be due mainly to non-release of funds by the Government of India and transfer of funds for repair and maintenance under Minimum Needs Programme and Rural Water Supply scheme under the revenue major head.

Sl. Number and name of No. grant/appropriation	Amount of saving (Rupees in crores and its per- centage in bracket)	Main reasons for savings
7. 28-Housing, etc. (Revenue)	1.10 (38)	Mainly due to less requirement of funds than anticipated, non-finalisation of schemes and vacant posts.
8. 35-Welfare of Scheduled Castes, Scheduled Tribes, and Other Backward Classes, etc. (Revenue)	2.05 (24)	Saving of Rs.0.02 crore was reportedly due to adoption of economy measures and less requirement of funds. Reasons for the remaining amount of saving have not been intimated (June 1992).
9. 40-Co-operation, etc. (Capital)	3.66 (76)	Against the available savings of Rs.3.66 crores an amount of Rs.0.79 crore only was surrendered. Savings of Rs.0.61 crore were stated to be mainly due to non approval of a proposal under a scheme for providing margin money to co-operatives etc., non-receipt of proposals for contribution to co-operative societies, non-finalisation of Project report for ICDP in West Garo Hills, non approval of a proposal for modernisation of ginning mills and oil unit etc. The reasons for the remaining amount of saving have not been furnished (June 1992).



Sl. Number and name of No. grant/appropriation	Amount of saving (Rupees in crores and its per- centage in bracket).	Main reasons for savings
10. 44-Crop Husbandry Agricultural Research and Education, etc. (Capital)	1.86 (53)	Against the available savings of Rs.1.86 crores an amount of Rs.0.10 crore only was surrendered. Reasons for the savings have not been intimated (June 1992).
11. 45-Medium Irriga- tion etc. (Capital)	1.19 (14)	Saving of Rs.1.12 crores was stated to be due to non-finalisation/non-sanction of schemes and channelling of funds to the District Council for Community Development and Rural Works Programmes.
12. 48-Animal Husbandry etc. (Revenue)	1.12 (14)	Saving of Rs.0.61 crore was stated to be due to non-purchase of vehicles, economy measures adopted by the Government and less sanction by the Government for various programmes.
13. 51-Forestry and Wild Life, etc. (Revenue)	7.77 (33)	Saving of Rs.7.02 crores was stated to be due to non creation of posts as a measure of economy, non-entertainment of staff, less requirement of funds, discontinuance/non-sanction of schemes by the Government of India, no decision by Government on payment of grants-in-aid, non-payment of compensation to District Councils, drastic cuts by the Go-

Sl. Number and name of No. grant/appropriation	Amount of saving (Rupees in crores and its per- centage in bracket)	Main reasons for savings
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14. 55-Village and  
Small Industries,  
etc. (Capital)

1.09  
(38)

Government of India on the quantity of sleepers to be supplied to Railways, shortfall in amount payable as District Councils share on royalties collected, non-entertainment of staff, payment of less compensation for depredation by wild animals and non-release of funds for works.

Saving of Rs.0.37 crore was stated to be due to vacant posts, lower expenditure than anticipated non-regularisation of staff, non-creation of post /non appointment of Officers as a measure of economy, and non-implementation of schemes.

15. 57-Roads and  
Bridges, etc.  
(Capital)

4.66  
(17)

Saving of Rs.3.82 crores was stated to be due to non execution of works and Government decision to channelise funds through Community and Rural Development Department and District Councils.

S1. Number and name of No. grant/appropriation	Amount of saving (Rupees in crores and its per- centage in bracket)	Main reasons for savings
---	---	--------------------------

## (B) Appropriations

16. Internal Debt of the State Government	20.23 (96)	Saving of Rs.2.28 crores was stated to be due mainly to non-drawal of ways and means advances from the Reserve Bank of India.
17. Loans and Advances from Central Government	5.96 (46)	Saving of Rs.5.65 crores was stated to be due mainly to non-availing of ways and means advances from the Government of India.

## 2.2.4 Persistent savings

During the three years from 1988-89 to 1990-91 persistent savings of 10 per cent and above were noticed in the following grants/appropriations:-

S1. Grants or appropriation No.	Percentage of savings to total provision		
	1988-89	1989-90	1990-91
1. 19-Secretariat General Services-II Public Works Department-Secretariat Public Works, etc. Revenue (Voted)	20	47	44



Sl. No.	Grants or appropriation	Percentage of savings to total provision		
		1988-89	1989-90	1990-91
2.	23-Other Administrative Services-V-Training-Vigilance etc. Revenue (Voted)	31	39	54
3.	27-Water Supply and Sanitation, etc. Revenue (Voted)	16	32	24
4.	27-Water Supply and Sanitation etc. Capital (Voted)	23	17	30
5.	31-Information and Publicity Revenue (Voted)	14	22	26
6.	32-Labour and Employment etc. Revenue (Voted)	20	17	33
7.	33-Civil Supplies, Food Storage and Warehousing etc. Capital (Voted)	74	12	100
8.	39-Secretariat Economic Services-II Planning Board and attached Offices Revenue (Voted)	36	38	56
9.	53-Industries etc. Revenue (Voted)	15	20	26
10.	55-Village and Small Industries-II Small Industries, etc. Revenue (Voted)	53	27	38
11.	59-Aid Materials and Equipments Revenue (Voted)	100	100	100
12.	Appropriation-Internal Debt of the State Government Capital (Charged)	98	91	96
13.	Appropriation-Loans and Advances from the Central Government Capital (Charged)	69	57	46

### 2.2.5 Persistent excesses

In the following two grants persistent excesses were noticed in all the three years from 1988-89 to 1990-91:-

Sl. No.	Number and name of grant	Amount of excess (Rupees in crores) and its percentage to the total provision (in brackets)		
		1988-89	1989-90	1990-91
1.	24-Pension and Other Retirement Benefits Revenue (Voted)	0.30 (10)	0.97 (28)	1.14 (22)
2.	36-Social Security and Welfare, etc. Revenue (Voted)	0.07 (142)	0.06 (125)	0.04 (85)

### 2.2.6 Inadequate/unnecessary reappropriation

Reappropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Scrutiny of reappropriation orders issued during 1990-91 revealed non-observance of this requirement in a number of cases. Details of significant cases where reappropriation of sums proved inadequate or unnecessary are given in Appendix-V.

### 2.2.7 Non receipt of explanation for savings/excesses

After the close of each financial year, the Accountant General (A&E) sends the

detailed appropriation accounts showing the final grants/appropriations, the actual expenditure and resultant variations to controlling officers requiring them to explain the significant variations. For the year 1990-91, such explanation from Controlling Officers for savings/excesses were either not received (June 1992) or, where received, were incomplete in respect of 504 sub heads of accounts (90 per cent of the total subheads (562) of accounts).

#### 2.2.8 Non-reconciliation of expenditure

To enable the Departmental Officers to exercise proper control over expenditure and also to detect/prevent cases of fraudulent drawal of funds, the rules require that Departmental Officers should get their expenditure figures agreed with those recorded in the books of the Accountant General (A&E) every month. Forty eight out of 149 Controlling Officers did not reconcile the figures in respect of twenty seven heads of accounts involving Rs.58.18 crores before the final closing of the accounts of the year 1990-91.

#### 2.2.9 Excess expenditure of previous years not got regularised by the Legislature

Under Article 205 of the Constitution, expenditure in excess of grants/charged appropriations authorised by the Legislature is to be regularised in the manner prescribed by the Constitution. Excess expenditure aggregating Rs.46,87,44,534 covering 146 cases of grants and 20 cases of appropriations pointed out in the Reports of the Comptroller and Auditor General of India for the years 1970-71 to 1989-90 are still pending for regularisation (June 1992). The yearwise break up is given below:-



Year	Number of cases		Amount of excess	
	Voted	Charged (appropriation)	Voted (Rs.)	Charged appropriation (Rs.)
1970-71	1	3	4,59,256	1,14,97,855
1971-72	4	-	8,18,666	---
1972-73	3	1	35,919	25,98,568
1973-74	3	-	1,22,394	---
1974-75	4	-	4,98,342	---
1975-76	4	2	12,76,978	1,02,483
1976-77	5	1	4,00,948	6,15,271
1977-78	4	1	5,74,328	79,413
1978-79	2	1	4,97,892	2,160
1979-80	2	-	3,01,415	---
1980-81	4	1	7,70,932	1,02,425
1981-82	8	1	1,69,98,823	2,54,346
1982-83	15	2	8,62,28,727	3,97,456
1983-84	16	1	7,74,07,239	18,054
1984-85	14	-	8,88,78,033	---
1985-86	12	2	5,58,15,356	30,01,432
1986-87	10	-	95,18,982	---
1987-88	12	1	3,05,76,525	31,169
1988-89	10	1	1,51,48,259	1,048
1989-90	13	2	6,29,90,501	7,23,339
Total:	146	20	44,93,19,515	1,94,25,019

### 2.2.10 Shortfall in recoveries

The demands for grants presented to the Legislature are for gross expenditure and exclude all receipts and recoveries which are adjusted in the accounts in reduction of

expenditure. The anticipated receipts and recoveries are shown separately in the budget estimates. During 1990-91 such anticipated receipts and recoveries and the actuals were as under:-

Sl.	Number and name of grant	Estimated recovery	Actuals	Amount of shortfall(-) /excess(+) as compared to estimates
		(Rupees in lakhs)		
1.	6-Land Revenue, etc. (Revenue) Voted	50.00	...	(-)50.00
2.	59-Aid materials and equipments (Revenue) Voted	40.05	...	(-)40.05
3.	33-Civil Supplies, etc. (Capital) Voted	0.83	...	(-) 0.83

## CHAPTER - III

### CIVIL DEPARTMENT

#### Animal Husbandry and Veterinary Department

#### 3.1 Dairy Development Schemes in Meghalaya

##### 3.1.1 Introduction

With a view to providing incentives to dairy farmers and also to provide facilities for procurement, processing and distribution of wholesome milk and milk products so that consumers receive quality products at reasonable prices, the following schemes were being implemented in the State from the dates shown against each:

- (i) Town milk supply scheme, July 1966  
Shillong
- (ii) Rural Dairy Extension Centre, 1967  
Jowai
- (iii) Creamery and Ghee Making 1973-74  
Centre, Tura
- (iv) Milk Chilling Plant, Nongstoin 1977
- (v) Town milk supply scheme, 1977-78  
Tura

The abbreviations used in this review are listed in the Glossary in Appendix xii (Page 210-211)



- (vi) - Central Dairy at Mawiong, December 1987
- (vii) Milk Chilling Plant, May 1988 Gangdubi

### 3.1.2 Organisational set up

The Director of Animal Husbandry and Veterinary, is in overall charge of the implementation of the schemes at the State level. He is assisted by the Dairy Development Officer. Individual schemes are under the direct control, supervision and responsibility of Assistant Dairy Development Officers (ADDOS). Milk Chilling Plants are under the supervisory charge of Managers.

### 3.1.3 Audit coverage

Records of the Director of Animal Husbandry and Veterinary, Meghalaya, the Assistant Dairy Development Officers, Shillong and Jowai and the Plant Managers, Gangdubi and Nongstoin for the period from 1985-86 to 1990-91 were test-checked in audit during April and June 1991.

### 3.1.4 Highlights

- Against the budget provision of Rs.486.38 lakhs under Non-plan and Rs.157.20 lakhs under Plan during 1985-86 to 1990-91 the actual expenditure was Rs.432.01 lakhs and Rs.150.62 lakhs respectively.

(paragraph 3.1.5)

- Targets for procurement of milk were not fixed upto 1989-90. Achievements in production of milk products had little relevance to the targets fixed.

(paragraph 3.1.6)

- An analysis of receipts and working expenses for the period from 1985-86 to 1990-91 in respect of Shillong, Tura, Jowai and Nongstoin schemes revealed that against the expenditure of Rs.419.94 lakhs revenue receipts aggregated to Rs.165.88 lakhs.

(paragraphs 3.1.7(1),/3.1.7(2),/  
3.1.7(3) and 3.1.7(4))

- The plants were operated much below their rated capacity.

(paragraph 3.1.7(2)(c))

- Rupees 5.00 lakhs due on sale of milk on credit remained unrealised.

(paragraph 3.1.7(d))

- The results achieved by the dairy schemes have not been evaluated so far.

(paragraph 3.1.8)

### 3.1.5 Finance

The budget provision and the expenditure under the schemes during 1985-86 to 1990-91 were as follows:

Year	Budget Provision		Expenditure		Excess(+) Saving(-)	
	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan
(Rupees in lakhs)						
1985-86	55.63	21.00	50.85	18.30	(-) 4.76	(-) 2.70
1986-87	60.57	19.30	52.86	19.34	(-) 7.71	(+) 0.04
1987-88	66.76	22.00	63.61	21.92	(-) 3.15	(-) 0.08
1988-89	78.30	24.95	74.29	25.17	(-) 4.01	(+) 0.22
1989-90	96.31	29.95	85.78	29.36	(-) 10.53	(-) 0.59
1990-91	128.81	40.00	104.62	36.53	(-) 24.19	(-) 3.47
Total:	486.38	157.20	432.01	150.62	(-) 54.37	(-) 6.58

The shortfall in expenditure was due to non-filling/delay in filling up of the posts of Rural Dairy Extension Officer (1), Assistant Dairy Development Officer (2), Milk tester (3), Plant Manager (5-of which 2 were filled up in August 1986 and April 1988), Dairy Extension Officer (1-filled up in May 1988) and Electrician (1). The Department stated (November 1991) that the vacant posts could not be filled up due to non-availability of technical hands.

### 3.1.6 Physical performance

The year-wise physical targets and the achievements thereagainst in respect of procurement of milk and production of milk products under the schemes from 1985-86 to 1990-91 were as follows:-



Year	Procurement of milk			Milk products		
	Target	Achievements	Shortfall (-) Excess(+)	Target	Achievements	Shortfall(-) Excess(+)
	(In thousand litres)			(In kilograms)		
1985-86	N.F.	621.52	-	8,100	4,286.50	(-) 3,813.50
1986-87	N.F.	744.03	+	9,000	12,434.25	(+) 3,434.25
1987-88	N.F.	687.79	-	22,496	6,400.30	(-) 16,095.70
1988-89	N.F.	965.06	-	26,100	5,008.06	(-) 21,091.94
1989-90	N.F.	1,047.68	-	8,750	9,040.75	(+) 290.75
1990-91	711.03	1,050.62	(+) 339.59	7,624	5,030.90	(-) 2,593.10
Total:	N.A.	5,116.69		82,070	42,200.76	(-) 39,869.24

N.B.: N.F.= Not fixed

N.A.= Not available.

The shortfall in production of milk products was attributed (November 1991) by the Directorate to unrealistic fixation of targets.

### 3.1.7. Implementation

#### 3.1.7(I) Town Milk Supply Scheme and Central Dairy, Shillong.

In order to supply milk to the customers in Shillong, the Town Milk Supply Scheme with a chilling plant at Umsning started functioning from July 1966.

The scheme for Central Dairy, Shillong, was formulated in 1968-69 to run the Town Milk Supply Scheme, Shillong for supplying wholesome pasteurised milk to the consumers. The chilling plant, Umsning was strengthened to meet the needs of the Central

Dairy, Shillong. The Central Dairy was commissioned in May 1987 with a pasteurisation plant (capacity of 10,000 litres of milk per day) but actual supply of pasteurised milk by the Dairy started in December 1987. Capital expenditure incurred on the scheme upto 1990-91 was Rs.115.07 lakhs. With the commencement of operations of the Central Dairy in December 1987 the Chilling Plant at Umsning was closed down and its staff was transferred to the Central Dairy, Shillong. Records, however, did not show the manner of utilisation (after closure) of plant and machineries valued at Rs.5.65 lakhs that had been installed at the Chilling Plant, Umsning during 1973 to 1978.

An analysis of the receipts and the working expenses of the Shillong Town Milk Supply Scheme based on the available records for the period from 1985-86 to 1990-91 indicated that total revenue earned from the scheme was Rs.123.41 lakhs against expenditure of Rs.217.50 lakhs. Details are as under:

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	Grand Total
	(Rupees in lakhs)						
<b>A- Receipts</b>							
(i) Sale of Milk	11.07	11.21	9.39	25.12	28.01	37.06	121.86
(ii) Sale of Milk products	0.11	0.02	0.02	0.30	0.43	0.22	1.10
(iii) Miscellaneous	0.05	-	-	0.26	0.06	0.08	0.45
<b>Total Receipts</b>	<b>11.23</b>	<b>11.23</b>	<b>9.41</b>	<b>25.68</b>	<b>28.50</b>	<b>37.36</b>	<b>123.41</b>

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	Grand Total
(Rupees in lakhs)							
B- Working expenses							
(i) Purchase of milk	10.40	10.99	13.19	23.00	30.60	33.80	121.98
(ii) Establishment charges	7.98	7.87	10.19	13.62	13.71	13.29	66.66
(iii) Operational cost	8.86	4.86	3.66	3.57	4.26	3.65	28.86
Total Expenditure	27.24	23.72	27.04	40.19	48.57	50.74	217.50
Deficit	16.01	12.49	17.63	14.51	20.07	13.38	94.09
Percentage of establishment charges to total expenditure	29	33	38	34	28	26	

The State Government (December 1990) observed that the Town Milk Supply Scheme being semi-commercial should be self sufficient and that receipts should cover the expenditure. The Government also advised the Director of Animal Husbandry and Veterinary to go into details of the working of the scheme and to take remedial measures to eliminate the losses. Action, if any, taken in this regard was not stated.

(a) Procurement of milk : Against the annual installed capacity of 36.50 lakhs litres of milk, the dairy handled only 6.34, 6.79 and 7.44 lakh litres of milk during 1988-89, 1989-90 and 1990-91 respectively. Under utilisation of the plant ranged between 80 and 83 per cent during these years.



Government stated (October 1991) that the under-utilisation of the plant was due to less production of milk as well as the farmers not being well organised.

(b) Loss due to curdling and handling: Test check of records revealed that 0.42 lakh litres of milk valued at Rs.1.41 lakhs was lost due to curdling and handling during 1985-86 to 1989-90 over and above the maximum permissible limits fixed (September 1991) for curdling (1.5 per cent) and handling (3.7 per cent) losses as detailed in Appendix-VI.

No reasons were given by the Department for the loss in excess of the permissible limits.

(c) Low/non utilisation of plant and machinery : Machinery worth Rs.4.79 lakhs purchased between 1979-80 and 1988-89 for the Central Dairy, Shillong, remained unutilised or under-utilised (October 1991).

Utilisation of the cream separators ranged between 0.45 and 1.27 per cent only, while the percentage of utilisation of ghee boiler ranged between 0.18 and 0.44. The cheese vat procured in 1985-86 (cost Rs.0.54 lakh) was not utilised at all. Government stated (October 1991) that non-utilisation/under utilisation of the machines was due to less production of milk by the milk producers.

(d) Credit sale : Rupees 8.39 lakhs being the price of milk sold on credit to Government Departments and private parties during 1980-81 to 1990-91 remained unrealised as of April 1991 as detailed below:

Year	Amount outstanding against		(Rupees in lakhs)
	(i) Government Departments	(ii) Private Parties	Total
1980-81	0.43	0.03	0.46
1981-82	0.09	0.06	0.15
1982-83	0.06	0.06	0.12
1983-84	0.67	0.03	0.70
1984-85	0.90	-	0.90
1985-86	0.87	-	0.87
1986-87	1.25	0.05	1.30
1987-88	2.24	0.02	2.26
1988-89	0.08	-	0.08
1989-90	0.61	-	0.61
1990-91	0.78	0.16	0.94
Total:	7.98	0.41	8.39

The credit sales had been resorted to without any authorisation from the Government. Government stated (October 1991) that credit sales of milk to the institutions and hospitals etc. were unavoidable as they were regular customers and steps were being taken to realise the outstanding payments from the defaulters.

The Directorate stated (June 1992) that out of the un-realised amount, an amount of Rs.3.39 lakhs was realised during 1991-92 from Government Departments.

### 3.1.7(2) Creamery and Ghee Making Centre, Tura and Town Milk Supply Scheme, Tura

The Creamery and Ghee Making Centre was set up in 1973-74 at Tura with the object

of producing cream, butter and ghee for sale to the public after collection of milk from the milk producers of the nearby areas. Another scheme, viz., Town Milk Supply Scheme, Tura was started in 1977-78 for supplying milk to consumers in Tura town.

A pasteurisation plant having a capacity to handle 1000 litres of milk daily was set up in 1990 and supply of pasteurised milk started in the same year.

Collection of milk is done at the plant itself at Ganol as well from the nearby areas. Out of the total milk collected, some quantity is pasteurised and transported to Tura and distributed. The remaining quantity of milk is used for making cream, butter and ghee. Purchase of cream from dairy farmers was also made during 1990-91.

(a) Working results : The expenditure incurred on the schemes during 1985-86 to 1990-91 was Rs.121.89 lakhs whereas the total sale proceeds realised were Rs.28.75 lakhs resulting in an excess of expenditure over receipts of Rs.93.14 lakhs. The expenditure on establishment alone during this period was Rs.41.80 lakhs which exceeded the total sale proceeds by Rs.13.05 lakhs.

(b) Loss due to curdling and handling: Test check of records revealed that 0.49 lakh litres of milk valued at Rs.1.51 lakhs was lost due to curdling and handling during 1985-86 to 1990-91 over and above the maximum permissible limits fixed (September 1991) for curdling (1.5 per cent) and handling (3.7 per cent) losses as detailed in Appendix-VII.



No reasons were given by the Department for the loss in excess of the permissible limits. Action taken to stop recurrence of such losses was not on record.

(c) Shortfall in production of cream, butter and ghee : According to norms of production laid down by the Department in September 1981, 18 litres of milk should yield one kg. of cream, 100 kg. of cream should yield 68 kg. of butter and 100 kg. of butter should yield 72 kg. of ghee (butter oil).

Test check of records revealed considerable shortfall in production with reference to these norms during the period 1985-90. Twenty-seven litres of milk produced 1 kg. of cream, 100 kg of cream yielded 60 kg of butter while 100 kg of butter produced 58 kg of ghee on an average. The value of the shortfall with reference to the norms in the production of the three commodities was Rs.4.95 lakhs.

Government stated (October 1991) that adequate steps were being taken to reduce the shortfall in production of cream, butter and ghee.

### 3.1.7(3) Rural Dairy Extension Centre, Jowai

A Rural Dairy Extension Centre was established at Jowai in 1967. with the object of educating and training the local people in the animal husbandry and dairy trade to enable them to earn additional income. Under the scheme, milk is procured from the cattle breeders of the nearby areas and chilled for sale in Jowai town. Extra milk is utilised for obtaining cream, butter and ghee.

The two chilling plants installed in 1967 and 1984 at Jowai and Latyrke respectively have an installed capacity of 2000 litres each daily. A pasteurisation plant with a capacity to handle 1000 litres of milk daily was set up in March 1989.

During 1985-86 to 1990-91, Rs.65.19 lakhs were spent on running this scheme against the receipts of Rs.12.22 lakhs only. The utilisation of the installed capacity ranged between 4 and 5 per cent. Government stated (October 1991) that the under-utilisation of the plant was due to less production of milk by the milk producers.

### 3.1.7(4) Milk Chilling Plant, Nongstoin

A milk chilling plant at Nongstoin, with a capacity to handle 2000 litres of milk daily was established in 1977 with the object of supplying milk to consumers in Nongstoin town after collection from producers of nearby areas. Extra milk was to be sent to the Central Dairy at Shillong. This was intended to be an incentive to cattle breeders.

The receipts and revenue expenditure for 1985-86 to 1990-91 were Rs.1.50 lakhs and Rs.15.36 lakhs respectively resulting in a deficit of Rs.13.86 lakhs. The reasons for the deficit have not been analysed by the Department (June 1991). The utilisation of the plant ranged between 0.03 and 2.02 per cent of the installed capacity.

### 3.1.7(5) Milk Chilling Plant, Gangdubi

A milk chilling plant at Gangdubi in the district of East Garo Hills, with a capacity to handle 3,000 litres of milk per day was commissioned in May 1988 with the object of supplying wholesome milk to consumers after collection of milk from the milk producers of nearby areas. This was intended to be an incentive to the cattle breeders of the areas. The receipts and revenue expenditure for 1988-89 to 1990-91 were Rs.2.80 lakhs and Rs.17.90 lakhs respectively. Percentage of utilisation of the plant ranged between 2 and 6 during the period.

Under-utilisation of the plant was attributed by Government (October 1991) to non-availability of vehicles for collection of milk from the interior areas.

### 3.1.8 Monitoring and Evaluation

There is no separate Monitoring and Evaluation cell in the Directorate. However, there is one statistical cell headed by a Research Officer which monitors the implementation of dairy schemes and sends quarterly progress reports to the Planning and Programme Implementation Departments.

The results achieved by the dairy schemes have not been evaluated so far (October 1991).

### Agriculture Department

#### 3.2 Drawal of money to avoid lapse of budget grant

The District Agriculture Officer, Tura drew Rs.8.36 lakhs in March 1990 under



the scheme of package credit-cum-subsidy for payment of subsidy to 140 cultivators in West Garo Hills District for raising horticultural crops. According to the scheme, subsidy at the rate of 20 per cent of the total unit cost was payable to the beneficiaries after they received payment of credit component of 80 per cent of the total unit cost from the Meghalaya Co-operative Apex Bank. As loan was not paid to the cultivators by the bank, the amount of subsidy drawn and paid to the bank was also not disbursed (February 1991). The amount, was also not remitted to Government. Drawal of subsidy in advance of requirement without ensuring payment of credit component to the cultivators by the Bank was made to avoid lapse of budget grant.

Government stated (November 1991) that the disbursement of subsidy component separately did not arise since the subsidy component and the credit component were integral parts of the unit cost. Government's reply was, however, silent about the drawal of subsidy without ascertaining the availability of credit component from the Bank.

## **Community and Rural Development Department**

### **3.3 Blocking of funds**

The Block Development Officer, Chokpot received Rs.1.22 lakhs in May 1987 from the Project Director, District Rural Development Agency, Tura for construction of two residential quarters for Gram Sevaks under Integrated Rural Development Programme. The quarters were not constructed and the money was deposited with the Meghalaya Co-operative Apex Bank Limited, Tura in June 1988 after one year.

In March 1989 the Block Development Officer, Dadenggiri drew Rs.6.79 lakhs for construction of residential quarters for 6 Gram Sevaks, out of which Rs.1.13 lakhs were utilised till September 1989 for construction of one quarter and the balance of Rs.5.66 lakhs was retained in hand in cash (June 1991). The Block Development Officer stated (June 1991) that Government sanctions were received shortly before the close of the financial year and in order to avoid lapse of funds, the entire amount was drawn during the financial year. He also stated that acceptance of tenders for three staff quarters was conveyed by Government (January 1991), but is awaited for the remaining two quarters (June 1991).

The premature drawal of money in the above cases resulted in unnecessary blocking of Government funds amounting to Rs.6.88 lakhs.

The matter was referred to Government in June 1991; reply has not been received (July 1992).

### 3.4 Retention of heavy cash balance

Test-check of the cash book of the Block Development Officer, Betasing Development Block, West Garo Hills (December 1990) disclosed undisbursed cash balance of Rs.2.36 lakhs as on 1st September, 1990.

The accumulation of such a huge cash balance was due to retention of undisbursed balances of various schemes from 1983-84 to 1989-90 and non-crediting of sale proceeds relating to 1987-88 to 1988-89 into



the treasury. No action was taken to refund/ deposit the above amounts into Government account (December 1990).

The matter was referred to Government in April 1991; reply has not been received (July 1992).

## **Food and Civil Supplies Department**

### **3.5 Undue financial aid**

The Government of Meghalaya submitted two estimates amounting to Rs.6.50 lakhs each to the Government of India in December 1988 for Central assistance for construction of two godowns of 200 tonnes capacity each one in the East Khasi Hills District and the other in the West Garo Hills District for storage of essential commodities and other items under the Public Distribution System. Government of India released Rs.4.50 lakhs as loan and Rs.1.50 lakhs as subsidy for the purpose in March 1989. The loan, repayable annually in 5 years from March 1990, carried interest at the rate of 9.75 per cent and in case of default, penal interest at the rate of 12.5 per cent per annum. The State Government decided to construct one godown at Pynursla in East Khasi Hills District and asked the managing Director, Meghalaya State Co-operative Marketing and Consumer's Federation Limited (MECOFED) in April 1989, to prepare detailed estimates for construction of godown. The entire amount of Rs.6.00 lakhs was also paid in March 1990 as advance to MECOFED without entering into any agreement and without acquiring the site for the proposed godown. In July 1990 one set of pre-fabricated tubular steel structures worth Rs.1.48 lakhs had been purchased. But the land for construction of the godown had



not been acquired so far (August 1991). Meanwhile, the State Government incurred a liability of Rs.0.66 lakh towards payment of interest on the first instalment of the loan upto September 1990 while MECOFED had been deriving undue benefit from the funds placed at its disposal. The installed benefit from construction of godown was also not realised.

The matter was referred to Government (June 1991); reply has not been received (July 1992).

### Forest and Environment Department

#### 3.6 Delay in survey of forest resources

In September 1988, Government sanctioned Rs.1.50 lakhs for survey of forest resources in Reserve Forests in Khasi Hills (150 sq. km) and Jaintia Hills (150 sq. km) and Rs.0.20 lakh for purchase of equipment needed. It was seen in audit (October 1990) that survey was carried out in 68.30 sq. km. in Khasi Hills and 85 sq. km. in Jaintia Hills Reserve Forests during 1988-89 and expenditure of Rs.1.50 lakhs was incurred. Non-completion of the work during 1988-89 was attributed by the Department to shortage of trained foresters and paucity of funds. The expenditure on survey per sq. km. worked out to Rs.978, against Rs.500 per sq. km. as per Government sanction.

Due to non-allotment of further funds, there was no further progress in the survey work and the objective of the survey remains unfulfilled.

The matter was referred to Government (May 1991); reply has not been received (July 1992).

### 3.7 Diversion of funds

Out of the Central assistance received for meeting expenditure on flood silt during 1988, Government sanctioned Rs.2.30 lakhs in March 1989 as subsidy to small and marginal farmers for removal of sand and silt from their lands. The Director of Soil Conservation drew the amount and paid (March 1989) it to five Soil Conservation Divisions (Shillong : Rupees 1 lakh, Nongstoin : Rs.0.40 lakh, Williamnagar : Rs.0.50 lakh, Jowai : Rs.0.40 lakh and Project Formulation Cell at Shillong : Rs.0.20 lakh). The Divisions spent the amount on other departmental works like construction of cement concrete dams, retaining walls, etc. instead of assisting the farmers in removal of silt and sand. The Director of Soil Conservation stated (September 1990) that the money was utilised to repair departmental assets damaged by floods and landslides, and that this was approved by Government in March 1989. It was, however, noticed during audit (October 1989) that the Government had not approved utilisation of the amount on the works actually executed but had only accorded sanction to expenditure for removal of sand that covered land belonging to small and marginal farmers.

The matter was referred to Government in May 1991; reply has not been received (July 1992).

## HEALTH AND FAMILY WELFARE DEPARTMENT

## 3.8 Technology Mission on Immunisation

## 3.8.1 Introduction

Government of India (GOI) launched an Expanded Programme of Immunisation (EPI) in 1978 to reduce incidence of mortality and morbidity of infants and children due to vaccine preventable diseases like Diphtheria, Whooping Cough, Tetanus, Poliomyelitis, Tuberculosis and Measles. Under this programme immunization service was to be provided to all eligible children and pregnant women till 1990. In 1985-86 the Universal Immunisation Programme (UIP) was launched for universal coverage of immunisation of infants and pregnant women as well as for improvement of the quality of services already being implemented under EPI. It was declared a Technology Mission to provide a sense of urgency and commitment to achieve the objectives by 1990.

The Programme aims at reducing :

(A) neonatal tetanus mortality rate to less than 1 per 1,000 live births, and

(B) poliomyelitis incidence rate to less than 0.33 per 1,000 children in the age group of 0 - 4 years.

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The abbreviations used in this review are listed in the Glossary in Appendix XII (Page 210-211).



It is a Centrally sponsored scheme implemented in Meghalaya from 1986-87.

### 3.8.2 Organisational set up

The Director of Health Services, Maternity, Child Health and Family Welfare (MCH & FW) is in overall control of the programme.

The officers co-ordinating the programme at the field level are the District Medical and Health Officers (DM & HO) who are assisted by District Immunisation Officers (DIO), who function through the Primary Health Centres (PHC).

### 3.8.3 Audit coverage

The programme was being implemented in East Khasi Hills district from 1986-87, West Garo Hills district from 1987-88 and in East Garo Hills, West Khasi Hills and Jaintia Hills districts from 1988-89.

The records relating to the implementation of the programme from 1986-87 to 1990-91 were test checked in the office of Director of Health Services (MCH & FW) Shillong, and in the offices of DM & HO of Jaintia Hills, East Khasi Hills and West Garo Hills during April-June 1991.

### 3.8.4 Highlights

Against the Central assistance of Rs.20.65 lakhs during the period from 1986-87 to 1990-91 the actual expenditure was Rs.23.39 lakhs.

(paragraph 3.8.5)

- Performance reported by the health centres in regard to number of infants immunized was not verified through field survey.

(paragraph 3.8.7(d))

- Potency of vaccines was not tested regularly.

(paragraph 3.8.8(e))

- The supply of vaccines by GOI was far in excess of the State's requirement and vaccines valued at Rs.3.52 lakhs which became time-expired had to be destroyed.

(paragraph 3.8.9)

- No sentinel centres were identified for the purpose of surveillance.

(paragraph 3.8.11)

- Formation of various committees was prescribed for the purpose of monitoring. The committees were, however, not formed.

(paragraph 3.8.13)

### 3.8.5 Financial performance

Funds allocated and released by the GOI and expenditure incurred thereagainst on the programme by the State during 1986-87 to 1990-91 were as under:-

(Rupees in lakhs.)				
Year	Amount allocated by GOI	Amount released by GOI	Amount spent by the State Government	Excess (+) Saving (-)
1986-87	1.77	0.96	0.55	(-) 0.41
1987-88	3.11	1.65	1.33	(-) 0.32
1988-89	11.94	1.97	3.31	(+) 1.34
1989-90	12.00	6.50	6.66	(+) 0.16
1990-91	12.00	9.57	11.54	(+) 1.97
Total :	40.82	20.65	23.39	(+) 2.74

The funds were to be released by the GOI on the basis of quarterly statements of expenditure submitted by the State Government. Expenditure statements were not submitted regularly.

### 3.8.6 Physical performance

The programme provides for preparation of various Plans of Action at PHC, District and State levels. No plan of action at any level was prepared. It was, however, stated by the DHS that the items of action plan were discussed with the DM & HO's and DIO's.

### 3.8.7 Provision of services

(a) Immunization target for the State is set by the GOI on the basis of population. The State fixed the targets for all the districts which, in turn, fixed the targets for the PHCs under their jurisdiction. No target was fixed for the voluntary agencies though they were given vaccines on demand. The year-wise and vaccine-wise targets and



achievements of each district during 1986-87 - 1990-91 are shown in Appendix VIII.

(b) For the rural areas, the Seventh Five-Year Plan provided for establishment of a PHC in the tribal, hilly or backward areas for a population of 20,000 and a subsidiary centre for a population of 3,000. The Department stated that all areas could not be covered due to non establishment of sub-centres and the districts with poor performance were identified and intensive immunization drive initiated in them. But action taken in this regard was not on record.

(c) Each of the PHC is under the charge of a Medical Officer (MO) who is responsible to see that the immunization programme at each stage is conducted properly. It was seen in June 1991 that there were no Medical Officers in as many as 5 PHCs in West Garo Hills. Among these, one PHC was without Medical Officer for more than 2 years and 4 PHCs were without Medical Officer for more than one year.

(d) Vaccine Coverage Evaluation Survey was to be conducted to ascertain the number of infants vaccinated and to verify the performance reported by health centres. The coverage survey in the State was done only once in 2 districts viz. East Khasi Hills and Jaintia Hills and the report also did not include information about the extent of coverage provided by the health centres.

(e) To accelerate the process of covering all the infants and pregnant women (PW) special sessions are occasionally required to be organised, in both the urban and rural areas. Though the Department stated that the

special sessions were held, records about holding of the sessions and the performance achieved were not maintained.

### 3.8.8 Provision of infrastructure : Cold chain

(a) The cold chain is the system of transporting and storing vaccine at recommended temperature from the manufacturing stage to the point of use. The equipments that keep the vaccine cold are together called the cold chain equipments.

The cold chain equipments supplied to the State so far are as follows:

Item of Cold Chain equipments	Number to be allotted	Number allotted	Number Supplied	Excess
Walk in cooler (WIC)	1	1	1	-
Ice lined refrigerator (ILR)	50	55	55	5
Deep freezer	30	36	36	6
Vaccine Courier	285	285	285	-
Voltage Stabilizer	60	62	62	2

The requirements of the equipments are determined by the GOI and supply is made directly to the districts. The position of excess/short allocation/supply with reference to the requirements was thus not available at the State level.

(b) It was observed that one ILR and two Deep freezers were not installed even after one year of their receipt from the GOI. One set of refrigerator repairing kit was also lying idle.

(c) Though the post of Cold Chain Officer (CCO) was sanctioned by the GOI in 1986-87, the post was filled up only in 1989-90 with an unqualified person and no training was imparted to him.

(d) No record about the availability of dial thermometers to match the number of the refrigerators, ILR etc. was available at the State level. At the district level also, no information about recording of temperature was available. It was, however, stated by the DIO in May 1991 that the temperature was noted twice daily and this aspect was looked into during his visits to the PHCs.

(e) The vaccines receivable by the State are consigned to Guwahati and carried by air. There is no cold chain arrangement at the airport. It was stated that except on one occasion there was no case of delayed flight. In one case of delayed flight, the vaccines were not received and the consignment was returned. There is no arrangement to test the potency from the sample of each consignment in the State. In order to ensure that the potency of vaccines is protected through storage in proper cold chain system, samples of oral polio vaccine (OPV) are to be tested regularly every month. Out of 63 stores available in the State, samples from only 5 stores were tested. The practice was to conduct a test only when any doubt about potency arose.



### 3.8.9 Supply of vaccines

The table below shows that the supply of vaccines by the GOI was far in excess of the quantity allotted by it and required by the State. This resulted in over stocking of vaccines.

Year	Vaccine	Opening balance	Vaccine allotted by the Govern- ment of India	Vaccine received by the State Govern- ment	Consumption By the Distt/PHC/ SC	Wastage	Closing balance
(in number of doses)							
1989-90	TT	1,31,000	2,79,500	3,41,500	58,659	70,081	3,43,760
	DPT	1,46,450	3,59,000	3,69,000	1,24,647	71,273	3,19,530
	Polio	56,860	2,44,000	2,83,000	1,24,159	15,601	2,00,100
	BCG	37,080	50,000	50,000	34,427	52,653	-
	Measles	59,480	8,100	23,000	11,783	2,867	67,830
1990-91	TT	3,43,760	1,80,000	30,000	(A) 1,20,941	1,11,619	1,41,200
	DPT	3,19,530	1,50,000	60,000	(A) 2,28,490	1,24,500	26,540
	Polio	2,00,100	1,50,000	86,000	1,30,307	96,473	59,320
	BCG	-	1,10,000	85,000	37,148	24,372	23,480
	Measles	67,830	20,000	20,000	(A) 21,981	45,739	20,110
Total:					6,15,178 doses		

(A) Includes transfer to Assam

50,000 doses

1,00,000 doses

6,000 doses

The disproportionately large quantity of vaccines allotted and supplied by the GOI led to retention of vaccines at the State's stores even after the expiry date was over. During 1989-91 vaccines (T.T. - 1,81,700 doses, DPT - 1,95,773 doses, Polio - 1,12,074 doses, BCG - 77,025 doses, Measles -

48,606 doses) valued at Rs.3.52 lakhs had to be destroyed.

#### 3.8.10 Staff

Though 7 posts in 1986-87, 5 posts in 1987-88 and 15 posts in 1988-89 including the post of DIO were sanctioned by the GOI, only one post of Technical Assistant and 13 other posts were filled up by the State Government during 1986-87 and 1988-89 respectively. Non-filling up of the posts sanctioned by the GOI adversely affected the UIP Scheme. The reasons for not filling up the posts were not stated.

#### 3.8.11 Surveillance

The programme envisaged that a Sentinel Surveillance System be developed to obtain reliable and extensive disease information. For this purpose, hospitals, health centres, laboratories or rehabilitation centres which attend to a relatively large number of cases were to be considered as sentinel centres and declared as such. The National Institute of Communicable Diseases (NICD) was to select the sentinel centres and the State Government was to identify centres other than those selected by the NICD. Neither had the NICD selected any centre nor was any such centre identified by the State Government.

#### 3.8.12 Information Education and Communication (IEC)

The major thrust of the programme is in the area of communication and, through

communication, on social mobilisation. This is where the IEC strategy is indispensable. To achieve this 28 media cells having 30 trained persons on roll were functioning in the State. But no audio visual aids like 16 mm projector, 'two-in-one' etc. required to be provided were allotted to the media cells. Hoardings, folders etc. received from UNICEF for educating people were stated to have been distributed to PHCs/SCs through DM & HO, for display and distribution to the public. There was, however, no record to show that these hoardings were ultimately displayed at public places and that the folders were actually distributed to the public.

### 3.8.13 Monitoring and supervision

For overseeing its implementation and co-ordination, the programme envisages establishment of committees at various levels as below:

(a) Field level: A committee under the Chairmanship of the Collector.

(b) District level: The Ministry directed the States in August 1989 to consider setting up of the district level review committee having largest representation of womens organisations, municipal authorities, voluntary organisations and functionaries connected with ICDS programme and to review the immunization activities.

(c) For the maintenance of Cold Chain equipments

No committee was established according to the guidelines of the scheme.



However, the problem in maintenance of Cold Chain equipments was occasionally discussed with the UNICEF representative.

Regular monitoring of the programme was required to be done by the officials at the State, District and PHC levels. Supervisory visits to the field were required to be performed by the State EPI Officer, District and PHC level Officers. The DHS stated in May 1991 that no norms, periodicity and schedules were prescribed by the State Government for such visits by the Officers. The visits were stated to have been performed regularly but no records were maintained to note the area and the frequency of visits by any of the officers. No inspection note was also on record.

#### Immunisation in urban areas

The GOI in November 1987 intimated the State Government that a Co-ordination Committee had been set-up at the Central level to oversee the implementation of the programme in urban areas. The State Government also was asked to form a Co-ordination Committee similar to the one at the Central level. No such committee was formed by the State Government (November 1991).

According to the guidelines, Health Technical Committee, Social Action Committee, Demand Creation and Public Information Committee and Census Enumeration Evaluation Monitoring Committee were to be set up for implementation of UIP in urban areas, but no committee except a monitoring committee was set up.

### 3.8.14 Evaluation

Pursuant to the recommendations of the All India Conference of State Demographers held in May 1986 in Delhi, it was decided by the Government of India, that field evaluation of maternity and child health (MCH), including immunization performance, would be done by the evaluation team of the Government of India.

Following the above decision, the first evaluation of the MCH, performance of the post partum centre, Tura and Assnangri PHC (both in West Garo Hills) was done by Regional Director, Regional Office for Health and Family Welfare, Shillong, on June 1986. Eight such evaluation studies were made.

The study conducted by the team in Nongstoin PHC during June 1986 and November 1986 revealed that in 14 per cent cases of BCG and 25 to 28 per cent cases of Polio and DPT the beneficiaries were neither available at the addresses where immunisation was carried out nor were they residing in the locality. In Assnangri PHC discrepancy in 41 per cent of DT and 17 per cent of Polio cases administered by the Health Workers was noticed. In the same PHC non administration in 20 per cent cases of BCG was noticed in the study conducted in August 1988.

The matter was referred to Government in November, 1991; reply has not been received (July 1992).

## INDUSTRIES DEPARTMENT

## 3.9 Idle outlay on construction of sheds

To encourage small private entrepreneurs to establish industrial units industrial sheds to be hired out at nominal rent, seven sheds were constructed by the Engineering Wing of the Directorate at a cost of Rs.6.03 lakhs between 1981-82 and 1989-90 in West Garo Hills District as detailed below:

Place	Year of construction	Number of sheds
Shyamnagar	1981-82	3
Dakopgiri	1981-82	2
Tura	1987-88	1
Tura	1989-90	1

None of these sheds had been allotted to the entrepreneurs till November 1990. The General Manager, District Industries Centre, Tura stated (December 1990) that the sheds constructed at Shyamnagar (3) and Tura (2) remained unutilised due to lack of response from the local entrepreneurs. Two sheds at Dakopgiri were being utilised for a Craft Training Centre since December 1990.

The scheme for construction of Industrial sheds, envisaged the construction of sheds only after assessment of all aspects like availability of raw materials, assessment of needs of entrepreneurs etc. Absence of demand for the sheds indicated that these



vital aspects were not examined before undertaking the construction of the sheds which resulted in idle outlay of Rs.6.03 lakhs.

Government stated (December 1991) that 3 sheds at Shyamnagar were being utilised since 1990 for running training centres under the All India Handicraft Board (AIHB) schemes and 2 sheds each at Tura and Dakopgiri for running trades under the North Eastern Handloom and Handicrafts Developments Corporation and AIHB schemes. But the fact remains that the sheds were not utilised for the purpose for which they were constructed.

### 3.10 Injudicious purchase of equipment and instruments

The Principal, Industrial Training Institute, Shillong purchased equipment and instruments valued at Rs.4.65 lakhs between March 1980 and March 1990 without assessing the actual requirement. All the equipment and instruments were lying unused (February 1991). The entire expenditure incurred on purchase of these equipment and instruments thus resulted in an injudicious and idle investment.

The matter was referred to Government in June 1991; reply has not been received (July 1992).

### 3.11 Drawal of money in advance of requirement

Government sanctioned Rs.1.34 lakhs during 1989-90 for implementation of a special programme through the North Eastern Industrial Technical Consultancy Organisation

(NEITCO) for training of entrepreneurs in different trades so as to enable them to set up their own units. The programme was not implemented, the reasons for which were neither on record nor stated to Audit. The General Manager, District Industries Centre, Nongstoin, however, drew the amount of Rs.1.34 lakhs in September 1989 and March 1990 and paid Rs.0.11 lakh only to NEITCO for preliminary expenses. The balance amount of Rs.1.23 lakhs was retained as cash in hand (December 1990).

(b) Similarly, during 1982-83 to 1989-90 the General Manager, District Industries Centre, Shillong and the Director of Industries drew Rs.2.37 lakhs and Rs.1.41 lakhs respectively (1982-83 : Rs.0.39 lakh, 1986-87 : Rs.0.02 lakh, 1987-88 : Rs.0.03 lakh and 1988-89 : Rs.3.34 lakhs) for imparting training to entrepreneurs under different trades, supply of furniture and paper to different training centres, payment under package incentive scheme etc. The schemes were not implemented. The entire amount was retained in hand (Rs.1.98 lakhs in cash and Rs.1.80 lakhs in Bank drafts) (January 1991). Drawal of money in advance of requirement and its retention for long periods was irregular.

The matter was referred to Government in June 1991; reply has not been received (July 1992).

### 3.12 Non-realisation of sale proceeds

Test-check of the accounts of the General Manager, District Industries Centre, Shillong; in January 1991 revealed that sale proceeds of finished products of Naya Bunglow

Saw Mill aggregating Rs.2.21 lakhs for the period from 1982-83 to 1989-90 remained unrealised from several Government Departments (Rs.1.99 lakhs) and private parties (Rs.0.22 lakh). The Centre had made supplies on credit even to those Departments which had not cleared their dues for earlier supplies. No effective steps were taken to realise the outstanding amounts (January 1991).

The matter was referred to Government in June 1991; reply has not been received (July 1992).

### 3.13 Unfruitful expenditure

A common Facility Service Workshop was established in the industrial estate at Shillong during 1985-86 for providing facilities of use of modern machinery and equipment to the local artisans and entrepreneurs at nominal rates. Machines valued at Rs.1.01 lakhs procured during 1981-82, were installed in the workshop during 1986-87. Raw materials were also procured for the workshop during 1987-88 to 1989-90 at a cost of Rs.1.01 lakhs. It was seen in audit in January 1991 that these machines/raw materials had been lying unused since their installation/procurement as no artisan/entrepreneur sought any service from the workshop. The Department did not take any steps to motivate the artisans/entrepreneurs for utilisation of the workshop. Establishment of the workshop without assessing the need thus resulted in idle investment. Besides, the services of the staff (totalling 11) of the workshop employed since 1986-87 remained unutilised due to non-functioning of the workshop. Rupees 13.38 lakhs were spent on their pay and allowances till February 1991.



Thus the purpose for which the workshop was established remained unrealised. The expenditure of Rs.2.02 lakhs on machinery and raw material resulted in idle investment and the expenditure of Rs.13.38 lakhs on staff salaries proved infructuous. The General Manager, District Industries Centre, Shillong stated in January 1991 that all efforts were being made for utilisation of the workshop. Further developments are awaited (December 1991).

The matter was referred to Government in June 1991; reply has not been received (July 1992).

### 3.14      Blocking of funds

Government sanctioned Rs.40.51 lakhs in March 1983 for implementation of the package scheme of incentives to encourage entrepreneurs to set up industrial units in the State. However, the State Industrial Policy in which the package of incentives to entrepreneurs was detailed was formulated only in May 1988 for an initial period of 2 years and subsequently extended upto May 1992. Nevertheless, the Director of Industries paid the amount of Rs.40.51 lakhs in March 1983 to Meghalaya Industrial Development Corporation (MIDC), a Government Company for implementing the scheme. He also drew a further amount of Rs.63.75 lakhs (March 1989 - Rs.4 lakhs and March 1990 - Rs.59.75 lakhs) and disbursed the amount to 57 approved industrial units through the MIDC even though Rs.40.51 lakhs paid earlier were lying with the MIDC un-utilised. The amount of Rs.40.51 lakhs had not been refunded as of October 1990.

Government stated (January 1990) that the amount remained unspent as the details of the scheme were not finalised till date. No reasons for the failure to obtain refund of the amount were stated.

### LABOUR DEPARTMENT

#### 3.15      Infertuous expenditure on wages

The Civil Task Force (CTF) created in 1974 under the "Meghalaya Civil Task Force Act 1974" has three platoons comprising 145 persons. The MCTF functions as a Government agency for execution of works allotted to it by other Government Departments. Since March 1988 no work has been allotted to the MCTF by any Department and the personnel have remained idle. Rupees 50.45 lakhs spent on salaries of the idle personnel for the period from April 1988 to date (March 1992) thus was infertuous.

Government stated (September 1991) that the Public Works Department could not allot the works to the task force as the Force had neither job experience nor capability to mobilise men and materials. The Soil Conservation Department also could not allot the work to the Force as the schemes were primarily people oriented where the works were undertaken by the beneficiaries themselves. Government, however, stated that action was being taken to wind up the Force immediately.

## REVENUE DEPARTMENT

### 3.16 Injudicious purchase of a Micro Computer

The Additional Director of Survey, Meghalaya purchased a micro computer in September 1987 for Rs.1.50 lakhs and a stabiliser in February 1988 for Rs.0.10 lakh for preparation of documents and records for submission to the Inter-State Boundary Committee.

The computer could not be made operational for want of technical personnel. There was nothing on record to indicate the action taken to provide the requisite technical personnel.

Government stated, in November 1991, that action was being taken for training of staff to operate the computer and that the work of preparation and supply of documents to the committee was done manually as well as with a photostat machine. Thus the expenditure of Rs.1.60 lakhs incurred five years back has remained unfruitful due to improper planning.

## SERICULTURE AND WEAVING DEPARTMENT

### 3.17 Idle outlay due to unco-ordinated purchase

The District Sericultural Officer, West Garo Hills, Tura purchased machines valued at Rs.0.75 lakh (one Wilson boiler Rs.0.50 lakh, one twisting machine Rs.0.25 lakh) from a Guwahati based firm for a ree-



ling unit in March 1989. Installation charges for the twisting machine amounting to Rs.0.05 lakh were also paid to the firm in March 1989. The machines could not, however, be installed as the proposal for construction of building for the reeling unit sent to Government in September 1989 had not been approved and as a result the machines were lying idle (March 1990).

The purchase of the machines before constructing the building for their installation resulted in an idle outlay of Rs.0.80 lakh.

The matter was referred to Government in June 1991; reply has not been received (July 1992).

**INFORMATION AND PUBLIC RELATIONS/FOOD AND  
CIVIL SUPPLIES/SOIL CONSERVATION/ANIMAL  
HUSBANDRY AND VETERINARY DEPARTMENTS**

**3.18 Outstanding Inspection Reports**

Audit observations on financial irregularities and defects in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the Heads of the Offices and to the next higher Departmental authorities through Inspection Reports. The more important irregularities are reported to the Heads of the Departments and Government for remedial action.

A review of the Inspection Reports relating to 4 Departments viz. Information

and Public Relations, Food and Civil Supplies, Soil Conservation, Animal Husbandry and Veterinary revealed that 369 paragraphs in 127 Inspection Reports issued from 1979-80 upto March 1990 remained outstanding at the end of June 1991. Department-wise break-up of outstanding Inspection Reports and paragraphs is given below:

Sl. Department No.	Number of outstanding		Amount (Rupees in Lakhs)
	Inspection Reports	Paras	
1. Information and Public Relations	14	31	51.60
2. Food and Civil Supplies	12	16	9.28
3. Soil Conservation	24	62	121.50
4. Animal Husbandry and Veterinary	77	260	386.82
	127	369	569.20

The outstanding paragraphs pertained mainly to the following categories of audit comments in the Inspection Reports:

Nature of objection	Information and Public Relations	Food and Civil supplies	Soil conservation	Animal Husbandry and Veterinary
1) Non-observance of rules relating to custody and handling of cash, posting and maintenance of cash book and Muster Rolls	-	-	-	8

Nature of objection	Information and Public Relations	Food and Civil supp- lies	Soil conser- vation	Animal Husbandry and Vete- rinary
ii) securities from per- sons holding cash and stores not obtained	-	-	1	-
iii) Non-maintenance of proper store account and non-conducting of phy- sical verification of stores	-	-	3	11
iv) Defective maintenance and/or non-maintenance of log books of depart- mental vehicles, etc.	-	-	-	6
v) Local purchase of sta- tionery in excess of authorised limits and expenditure incurred without sanction	3	-	1	2
vi) Delay in recovery or non-recovery of depart- mental receipts, advances and other recoverable charges	2	7	8	53
vii) Payment of grants in excess of requirement	5	-	1	1
viii) Sanction to write off loans etc., not received	-	-	2	37



Nature of objection	Information and Public Relations	Food and Civil supp- lies	Soil conser- vation	Animal Husbandry and Vete- rinary
ix) Overpayment or inad- missible payments noti- ced in Audit not recovered	4	3	9	23
x) Utilisation certifi- ficates in respect of grants-in-aid not furnished	-	1	-	-
xi) Payees receipt not received	-	-	-	4
xii) D.C.C. bills wanting	1	-	-	-
xiii) Non receipt of sanction	7	1	3	28
xiv) Drawal of funds in advance of requirement	-	-	-	14
xv) Loss due to curdling/ handling of milk	-	-	-	4
xvi) Shortfall in yield of milk	-	-	-	10
xvii) Blocking of funds	-	-	-	19
xviii) Issue of feed in excess of norm	-	-	-	10
xix) Other Reasons	<u>9</u>	<u>4</u>	<u>34</u>	<u>30</u>
Total :	31	16	62	260

During 1990-91, Audit Committee meetings pertaining to the Soil Conservation Department were held thrice (July and November 1990 and February 1991) and 167 paragraphs were discussed of which 101 paragraphs were settled. No such meeting was, however, arranged during the year by the Information and Public Relations, Food and Civil Supplies and Animal Husbandry and Veterinary Departments.

The matter was referred to Government in August 1991; reply has not been received (July 1992).

### GENERAL

#### 3.19 Misappropriations, losses, etc.

Thirty eight cases of misappropriations, losses, etc., involving Government money and reported to Audit by the Department till the end of March 1991 were pending as of June 1991. Year-wise analysis of the outstanding cases is given below:-

Year upto	Number of cases	Amount in lakhs of rupees
1980-81	13	2.14
1981-82	1	1.98
1986-87	1	0.07
1987-88	7	0.57
1988-89	1	0.04
1989-90	1	0.02
1990-91	<u>14</u>	<u>1.35</u>
Total :	38	6.17

Three cases (one each relating to the Finance, General Administration and Home Departments involving Rs.0.08 lakh were pending for investigation (or) in court in law (or) for write off; Department-wise analysis of the remaining 35 cases in which Departmental/Police action had started are indicated below:

Department	Number of cases	Amount (Rupees in lakhs)
Education	1	0.03
Printing and Stationery	1	0.03
Public Works	5	3.19
Medical	2	0.26
Home	1	0.18
Forest	1	0.13
Agriculture	1	0.44
Weights and Measures	1	N.A.
Election	1	0.22
Public Health	19	1.50
Engineering		
Animal Husbandry and	1	0.10
Veterinary		
Fishery	<u>1</u>	<u>0.01</u>
Total :	35	6.09



## CHAPTER IV

### WORKS EXPENDITURE

#### AGRICULTURE DEPARTMENT

##### 4.1 Wasteful expenditure

Government sanctioned (February 1983) construction works costing Rs.0.96 lakh for irrigating a command area of 16 hectares of land under the Rymbai Hydram Project in Jaintia Hills (Irrigation) Division. The estimates were revised (June 1987) to Rs.1.72 lakhs and the revised estimates were sanctioned by the Government in April 1989. The works were taken up in February 1984 and completed in February 1986 at a cost of Rs.1.13 lakhs. But no irrigation has been provided to the area due to excavation of coal in and around the project site causing damage to stilling tank, intake weir, etc.

Test-check (August 1990) of records revealed that the coal extraction was started in the year 1984-85, and that extensive coal mining operations near the Hydram installation and intake point had impeded the progress of work. Evidently coal mining operation was in existence at the execution stage of the work itself and was not a new phenomenon. Going ahead with the work under these circumstances was not prudent and resulted in wasteful expenditure. In June 1990 the Divisional Officer reported to the Superintending Engineer that there was no way left to revive the Project and suggested that it be abandoned to avoid further complications. The Executive Engineer also stated in his report that serviceable materials like the hydram and pipes etc. valued at Rs.0.50 lakh only could be salvaged.

Government stated (August 1991) inter alia that the official report about the coal extraction in and around the project area came only sometimes during 1986-87 by which time the project had already been completed. The reply is not tenable as the coal extraction in and around the area was started from 1984-85 as reported by the Division to the Superintending Engineer (Irrigation) in September 1987.

#### 4.2 Non-realisation of dues from a contractor

In January 1981, the Executive Engineer, West Garo Hills Irrigation Division, Tura prepared an estimate amounting to Rs.21.89 lakhs for the Gomai Jhora Minor Irrigation Project on the basis of the 1980-81 Schedule of Rates (SOR). Pending sanction of the estimates, tenders were invited by the Executive Engineer in October 1983 for construction of Head Work. The work was allotted to a contractor in June 1984 at his tendered cost of Rs.16.12 lakhs, which was at par with the estimate. The work was to be completed within one year. However, the work was kept in abeyance by the Division till the receipt of administrative approval. Government accorded (March 1986) administrative approval of Rs.39.67 lakhs for the entire project by revising the estimate based on SOR for 1983-84.

On being asked by the Division in April 1986 to start the work, the contractor represented in August 1986 for enhancement of rate on the basis of the SOR for 1983-84. The work was, however, started by him in February 1987. The representation of the contractor for enhancement of rates was not acceded to.

and he stopped the work after executing work of the value of Rs.7.89 lakhs till April 1988. An amount of Rs.5.04 lakhs (secured advance : Rs.2.10 lakhs, cost of departmental materials issued : Rs.2.71 lakhs, forest royalty : Rs.0.19 lakh, hire charge : Rs.0.04 lakh) was recoverable from him. Against the recoverable amount of Rs.5.04 lakhs, Rs.2.27 lakhs including security deposit of Rs.0.32 lakh was payable to him. There was, thus, an amount of Rs.2.77 lakhs realisable from the contractor. The Division neither initiated any action to realise the dues from the contractor nor took any steps to complete the remaining work which was lying incomplete rendering the entire investment idle.

The matter was referred to Government in June 1990; reply has not been received (July 1992).

## **PUBLIC WORKS DEPARTMENT**

### **4.3 Extra expenditure in purchase of cement**

Cement is purchased by the Chief Engineer PWD, Roads and Building (R&B) Wing of the Meghalaya Public Works Department generally from the Mawmluh-cherra Cement Factory Limited (MCCL), a wholly owned undertaking of Government of Meghalaya. In case of urgent need and when MCCL is not in a position to supply cement, the Chief Engineer approaches Government to accord approval for the purchase of cement from outside the State on open tender basis. In October 1988, Government accorded approval to the proposal of the Chief Engineer to enter into an agreement with a manufacturer B of Madhya Pradesh



for supply of 10,000 tonnes of ordinary portland cement at a cost of Rs.181.31 lakhs.

Scrutiny of the records of purchase in audit in January - March 1991 revealed the following:

- (a) **Injudicious rejection of lowest tender :** The Chief Engineer invited tenders in September 1988 for supply of 10,000 tonnes ordinary portland cement conforming to I.S.I. specifications. The supply of cement was to be completed within 45 days from the date of issue of the supply order and payment was to be made on receipt of materials in full and in good condition. Out of 8 quotations received the rate quoted by Firm A of Utter Pradesh Cement Limited was the lowest and that the Firm B of Madhya Pradesh, was the next higher offer. The terms and conditions of these two firms are indicated below:

Offer of Firm A of  
Utter Pradesh

1. Total price at New Guwahati Railway Station Rs.1,440.80 per tonne
2. Carriage charges from New Guwahati Railway Station to various destinations of Meghalaya including loading and unloading as per carriage rate approved by the Department

Offer of Firm B of  
Madhya Pradesh

1. Total price at New Guwahati Railway Station Rs.1,470/- per tonne
2. Carriage charges from New Guwahati Railway Station to various destinations of Meghalaya including loading as per rate approved by the Department plus Rs.50/- per tonne towards handling charges

Offer of Firm A of  
Utter Pradesh

3. Mode of payment :  
100 per cent advance payment against the production of R/R or at the time of lifting the cement from Guwahati.
4. Test Certificate enclosed with the quotation

Offer of Firm B of  
Madhya Pradesh

3. Mode of payment :  
100 per cent advance payment but terms and conditions are negotiable; ready to furnish bank guarantee.
4. Test Certificate enclosed with the quotation

Although the rate offered by Firm A of Utter Pradesh was the lowest and the terms were favourable in comparison with those of Firm 'B' of Madhya Pradesh, the Purchase Board in December 1988 rejected the offer of Firm A on the ground that the rate quoted by it was not for ordinary portland cement as specified in the N.I.T. and that the test certificate was not enclosed with the quotation. The offer of Firm B excluding handling charges of Rs.50 per tonne was accepted and agreement was drawn (December 1988) accordingly. Scrutiny of the records, however, revealed that Firm A had quoted its rate for ordinary portland cement and that the test certificate was also enclosed. Additionally, Firm A had stated in its quotation that any certificate required by the Department would also be produced at the time of delivery. Thus the grounds on which the Department rejected the offer were not tenable. The unjustified rejection of the lowest rate resulted in avoidable extra expenditure of Rs.5.08 lakhs at Rs.29.20 per tonne on purchase of 17,407 tonnes of cement.

(b) Irregular advance payment : While forwarding the minutes of the meeting (December 1988) of the Purchase Board Government specifically instructed that the supplier should be directed to deliver the required quantity of cement to the concerned Divisions and the cost of cement along with carriage cost would be paid by the Executive Engineers on receipt of material in good condition. Contrary to the above instruction the Chief Engineer (R&B) in 7 supply orders issued between December 1988 and January 1990 instructed the Executive Engineers to pay the cost of cement including carriage charge in advance to the firm. Accordingly a total amount of Rs.315.61 lakhs (cost of cement : Rs.255.89 lakhs, carriage : Rs.59.72 lakhs) was paid by the Divisions in advance for 17,407 tonnes of cement ordered.

(c) Short supply of cement : Out of the 17,407 tonnes of cement ordered between December 1988 and January 1990, for which advance payment was made, 628.25 tonnes valued at Rs.11.32 lakhs was yet to be delivered (March 1991). The agreements provided that the firm was to deliver the cement on or before the stipulated date, failing which it was liable to pay or allow one per cent on the total amount of the contract value for everyday of delay not exceeding ten days as liquidated damages. The agreements also provided that the bank guarantee of Rs.181.31 lakhs given by the supplier will be forfeited by the Government if the firm failed to deliver the cement within the stipulated date. Neither were the liquidated damages claimed nor was the bank guarantee forfeited, reasons for which were not on record. Meanwhile the amount of Rs.11.32 lakhs paid in advance was held by the supplier for more



than two years and the validity period of the bank guarantee had also expired on 31st March 1990.

(d) **Unnecessary purchase of cement from outside the State :** The supplies of cement aggregating 16,778.75 tonnes were received between February 1989 and September 1990 at a monthly average of 838.94 tonnes. During December 1988 to March 1990, the average monthly production of MCCL was 7697.63 tonnes. In the minutes of the meeting held in the chamber of the Additional Chief Secretary in October 1989 it was recorded that the production in MCCL was such that all the silos were full due to non-lifting of cement by Government Departments and MCCL had been forced to reduce its production.

Besides, the Executive Engineer, Mawkyrwat, P.W. Division reported in April 1989 that huge quantity was surplus with the Division. All these tended to show that purchase of cement from outside the State was not necessary as the requirement could have been met by the MCCL. The purchase of cement from outside the state resulted in avoidable extra expenditure of Rs.34.35 lakhs, the price of MCCL cement being Rs.1,165.25 per tonne against the cost of purchase at Rs.1,470 per tonne FOR New Guwahati.

(e) **Extra expenditure due to higher carriage charges :** According to the agreement the rate of carriage payable beyond Guwahati would be the approved carriage rate of the respective circles as on 8 December 1988 from New Guwahati to all places of delivery.

Five Divisions paid for carriage charges at the rate of Rs.3 per km/tonne against the approved rates of Rs.2.10 to Rs.2.80 fixed by the respective Superintending Engineers as under:

Name of Divisions	Approved rate	Rate at which paid
	(Rupees per km., tonne)	
1. Shillong North	2.10	3.00
2. Mairang P.W.	2.80	3.00
3. Nongstoin P.W.	2.60	3.00
4. Mawsynram P.W.	2.50	3.00
5. Mawkyrwat P.W.	2.50	3.00

The payment of carriage charges at higher rates resulted in extra expenditure of Rs.2.58 lakhs for carriage of 3500 tonnes of cement supplied between February 1989 and September 1990 for which advance payment (including carriage charges was made between December 1988 and November 1989. The reasons for payment at higher rate were not stated.

The matter was referred to Government in June 1991; reply has not been received (July 1992).

#### 4.4 Idle outlay

In March 1981, the Shillong North Division procured a Bridge Unit Guard (BUG) of 100 ft. span at a cost of Rs.1.32 lakhs from the Shillong Central Division for construction of Bhoilymbong Kyrдем Diengpasoh road. The bridge unit was brought to the site in August 1983 but could not be utilised in



the work as it was incomplete. The details of the wanting parts were not available with the Division (June 1991). Meanwhile the Division completed the work after procuring (March 1985) another BUG of the same size at a cost of Rs.1.30 lakhs from Shillong South Division, Shillong. The BUG, procured from Shillong Central Division at a cost of Rs.1.32 lakhs, had been lying idle even after lapse of 10 years.

The matter was referred to Government in August 1991; reply has not been received (July 1992).

#### 4.5 Greater Shillong Water Supply Scheme - Irregularities leading to extra payments

Mention was made in paragraphs 4.7 and 4.3 of the Reports of the Comptroller and Auditor General of India for the years 1979-80 and 1984-85 respectively about certain financial irregularities in the implementation of the Greater Shillong Water Supply Scheme.

Construction of intake structures, pump houses, laying of raw water pumping main supply, installation and commissioning of pumping sets including all appurtenant works complete for GSWSS was awarded in September 1979 to a firm for Rs.269.25 lakhs on a lump sum basis which was later revised to Rs.393.70 lakhs (December 1984). Six more items like erection and commissioning of surge suppressor equipments, supply of spares etc. costing Rs.21.37 lakhs were also added in the contract agreement. The work was to be completed within the period of 24 months from the date of award of the work, but was not



completed even after a lapse of 9 years (January 1991). The scheme was, however, partially commissioned on trial basis in May 1986 when defects in the second stage pumping system were noticed.

According to the report (January 1991) of the Divisional Officer, the defects were attributed to the inability of the second stage pumps to deliver water wherever system frequency of power supply dipped below normal (50 cycles per second). The Chief Electrical Adviser (CEA) of Meghalaya State Electricity Board (MeSEB) opined in this connection that the second stage pumps supplied by the firm at a cost of Rs.31.60 lakhs were not in accordance with the specifications and that the pumps needed total replacement. Since the firm did not replace the pumps, the Department rescinded the contract in September 1987 against which the firm filed a suit in the Court of Law. The Department, however, signed a Memorandum of Understanding (MOU) with the firm on 31 May 1988 to settle the dispute out of court. According to the MOU the Department would pay Rs.30 lakhs for modification of 6 pumps and release all pending bills of the firm and the firm on its part was to effect necessary modifications in the pumps, maintain the same for one year and make good any damages arising out of the modifications. Although the Department paid Rs.30 lakhs to the firm in three instalments in January, March and July 1989 and released all pending bills and payments including security deposits of Rs.2.68 lakhs, the firm did not take up the modification work. In November 1989, the Department decided to invoke the firm's Bank guarantee of Rs.30 lakhs obtained (June 1989) from the Union Bank of India, Shillong which, however, could

not be invoked by the Department as the firm obtained a stay order from the Court of Law where the case was still pending (January 1991). The balance work of the project was, however, executed departmentally.

Test check (January 1991) of the records of the Greater Shillong Water Supply Division No.11 (which was implementing the scheme) also revealed the following:

(i) Non-adjustment of cost of materials : Till June 1988 materials worth Rs.52.11 lakhs were issued to the firm against which Rs.48.59 lakhs was recovered and the balance amount of Rs.3.52 lakhs was yet to be recovered from the firm.

(ii) Non-recovery of liquidated damage : The contract inter alia provided that in the event of failure of the firm to complete the work within the stipulated and/or extended period, it was liable to pay liquidated damages at 0.25 per cent of the value of the work remaining incomplete per week's delay upto a maximum of 5 per cent. The firm did not complete the work within the extended period (upto 20 April 1986). The Department, however, did not charge liquidated damages amounting to Rs.1.25 lakhs (5 per cent of Rs.24.89 lakhs), reasons for which were not on record.

(iii) Avoidable extra expenditure including excess payment on surge suppressor device : According to the technical report which formed part of the agreement 'Reflex Valves' were required to be inserted in the Pumping Main near each expansion joint to eliminate water hammer due to sudden stoppage of pumping machinery during power failure. However, the Department decided to fit surge suppressor equipment as



an extra precautionary measure to arrest any negative surge pressure likely to develop in the system during power failure. Accordingly, this item was included in the contract agreement (October 1979) as an optional item with a cost of Rs.9.30 lakhs over and above insertion of reflex valves technically considered as obligatory and sufficient.

Subsequently, the contract agreement for surge suppressor equipments was cancelled on the ground that the items could be taken up separately at a later stage in consultation with the consultancy firm. The Department, however, again awarded the work of supply, erection and commissioning of the surge suppressor to the same firm at a cost of Rs.14.73 lakhs against the cost of Rs.9.30 lakhs stipulated in the original agreement (1979) and made the payment in June 1988. This resulted in avoidable extra expenditure of Rs.5.43 lakhs.

The matter was referred to Government in August 1991; reply has not been received (July 1992).

#### 4.6      **Avoidable expenditure on surcharge due to delay in payment of bills**

According to Electricity Tariff of the Meghalaya State Electricity Board (MSEB), electricity bills are payable within 15 days from the date of billing, failing which a delayed payment charge at 2 per cent on the amount of the bills is levied for delays of 30 days or part thereof.



Between October 1989 and October 1990, Electrical (PHE) Division, Shillong paid a total amount of Rs.48.01 lakhs to MSEB for electricity supplied for the period from February 1989 to July 1990. This included an amount of Rs.1.86 lakhs as delayed payment charge for non-payment of bills by the due dates.

Government stated (June 1991) that the MSEB had suddenly revised the tariff and the Department had to move for supplementary demand and hence there was delay in making payment. The reply is not tenable since the amount which was necessitated due to revision of tariff could have been obtained by taking advance from the Contingency Fund.

## CHAPTER V

### STORES AND STOCK

#### PUBLIC WORKS DEPARTMENT

##### 5.1 Injudicious procurement of bitumen/ loss due to prolonged storage

Shillong Central Division had been procuring huge quantities of bitumen each year much in excess of annual requirements. The year-wise procurement, utilisation and balances held during the period from March 1982 to March 1991 are indicated below:

Year	Quantity procured	Quantity issued/ utilised	Excess quan- tity procu- red during each year
	(In tonnes)		
1982-83	4,365.749	3,931.334	434.415
1983-84	8,556.501	7,858.328	698.173
1984-85	6,253.421	5,766.158	487.263
1985-86	7,128.593	6,542.869	585.724
1986-87	6,295.042	5,811.294	483.748
1987-88	3,487.329	3,034.495	452.834
1988-89	7,739.821	6,372.976	1,366.845
1989-90	8,511.163	5,833.294	2,677.869
1990-91	4,401.096	2,824.699	1,576.397

During the above period the average annual consumption of bitumen was 5331 tonnes against the average procurement of 6304 tonnes. The total accumulated balance at the



end of March 1991 was 12272 tonnes (including opening balance of 3508 tonnes as of 1982-83) valued at Rs.573.56 lakhs. The reasons for excess procurement every year, which resulted in accumulation of a huge stock was not explained to Audit (July 1991).

The bitumen was stored in an open space in the Guwahati store-yard. As a result, 392 tonnes of bitumen valued at Rs.11.74 lakhs (procurement rate Rs.2994 per tonne of the year 1974-75) had leaked during 1983-84. The Division neither initiated any action to investigate the cause of the leakage nor reported it to the higher authorities (July 1991).

The matter was referred to Government in October 1990; reply has not been received (July 1992).

## 5.2 Non-return of materials issued to private parties on loan

Issue of Government stores to private parties on loan is not permissible. Scrutiny (September 1990) of Divisional records revealed that the Executive Engineer, PWD (Roads), Shillong Central Division issued 12.33 tonnes of galvanised corrugated iron sheets valued at Rs.1.78 lakhs to 15 private persons on loan between September 1984 and October 1988. These materials were not returned by the loanees. The Divisional Officer reported the matter to the Chief Engineer in March 1990 but no further action had been taken as of February 1991.

The matter was referred to Government in May 1991; reply has not been received (June 1992).



## CHAPTER VI

### REVENUE RECEIPTS

#### A - GENERAL

##### 6.1 Trend of revenue receipts

Total receipts of the Meghalaya Government for the year 1990-91 were Rs.352.97 crores against the anticipated receipts of Rs.368.89 crores. Total receipts during the year registered an increase of 14 per cent over those of the 1989-90. Out of the total receipts, Rs.54.72 crores represented revenue raised by the State, of which tax revenue accounted for Rs.36.01 crores and the balance of Rs.18.71 crores was from non-tax revenue. Receipts from Government of India amounted to Rs.298.25 crores (Rs.215.89 crores on account of grants-in-aid and Rs.82.36 crores on account of State's share of divisible Union Taxes).

##### 6.2 Tax revenue raised by the State

Receipts from tax revenue constituted 66 per cent of the State's own revenue receipts during the year 1990-91. Details of tax revenue for the year 1990-91 and for the preceding two years are given below:-

Head of revenue	1988-89	1989-90	1990-91	Increase (+) Decrease (-) in 1990-91 with refer- ence to 1989-90
(Rupees in lakhs)				
1. Sales Tax	1754.34	1502.39	1745.81	(+) 243.42
2. State Excise	593.92	1087.38	1256.84	(+) 169.46
3. Taxes on Vehicles	140.14	161.02	211.13	(+) 50.11
4. Other taxes and Duties on Commodi- ties and Services	114.94	154.18	184.32	(+) 30.14
5. Taxes on Goods and Passengers	58.83	84.97	90.70	(+) 5.73
6. Stamps and Registra- tion fees	54.66	59.51	70.18	(+) 10.67
7. Other taxes on Income and Expenditure	40.28	49.35	34.38	(-) 14.97
8. Land Revenue	9.77	21.03	4.43	(-) 16.60
9. Taxes and Duties on Electricity	1.12	0.75	3.65	(+) 2.90
	2768.00	3120.58	3601.44	(+) 480.86

Sales Tax, State Excise and Taxes on Vehicles continued to be the principal sources of revenue of the State during the year 1990-91 and receipts therefrom constituted 59 per cent of the total revenue collection for the year.

### 6.3 Non-tax revenue of the State

Interest, Forestry and Wild life, Miscellaneous General Services and Public Works were the principal sources of non-tax revenue of the State. Receipts from non-tax

revenue constituted 34 per cent of the revenue raised by the State during 1990-91. Details of non-tax revenue under the principal heads for the year 1990-91, alongwith those of the preceding two years are given below:

Head of Revenue	1988-89	1989-90	1990-91	Increase (+) Decrease (-) in 1990-91 with reference to 1989-90
	(Rupees in lakhs)			
1. Interest	458.65	724.58	628.15	(-) 96.43
2. Others	352.44	458.19	567.71	(+) 109.52
3. Forestry and Wild Life	652.80	242.86	204.25	(-) 38.61
4. Other Administrative Services	66.57	199.96	22.00	(-) 177.96
5. Public Works	89.90	118.24	130.75	(+) 12.51
6. Police	62.13	80.47	72.50	(-) 7.97
7. Miscellaneous General Services	323.25	70.58	125.56	(+) 54.98
8. Crop Husbandry	36.68	47.15	62.89	(+) 15.74
9. Other Agricultural Programme	24.30	29.45	29.49	(+) 0.04
10. Animal Husbandry	23.73	28.54	27.95	(-) 0.59
Total :	2090.45	2000.02	1871.25	(-) 128.77

Increase under 'Miscellaneous General Services' was due to more collection under State lotteries. Higher collection under 'Crop Husbandry' was due to increase in sale of manures, fertilisers and horticulture and vegetable crops and under 'Public Works' due to more recovery of percentage charges. Shortfall under 'Forestry and Wild Life' was due to decrease in sale of timber and other forest produce.



#### 6.4 Outstanding Inspection Reports

Audit observations on incorrect assessments, under-assessments, non-levy and short levy of taxes, duties, fees and other revenue receipts etc., and defects in initial accounts noticed during local audit and not settled on the spot, are communicated to the departmental authorities, heads of departments and also to the Government, where necessary, through inspection reports with the request for furnishing replies thereto within a month of their receipt. In addition, statements showing details of objections issued upto December each year and remaining outstanding are sent to departments and Government every year in July for expediting their settlement.

(a) The number of Inspection Reports and audit objections issued upto December 1990 which were pending settlement by the department as on 30th June 1991 alongside corresponding figures for the earlier two years are given below:

Year	Number of outstanding		Amount (In lakhs of rupees)
	<u>Inspection Report</u>	<u>Audit Objection</u>	
1988	84	276	271.75
1989	107	370	382.84
1990	119	435	510.94

(i) Revenue head-wise analysis of outstanding inspection reports, number of audit objections and money value involved as at the end of June 1991 is given below:

Revenue Head	Number of Inspection Reports	Outstanding audit obje- ctions	Money value (In lakhs of rupees)
1. Forest	40	174	220.28
2. Sales Tax	15	91	85.97
3. Taxes on Vehicles	29	100	73.44
4. State Excise	16	32	106.37
5. Stamps and Regi- stration	10	28	1.84
6. Amusement and Betting Tax	3	4	16.62
7. Meghalaya Passenger and Goods Tax	1	1	1.11
8. Electricity Duty	3	3	4.88
9. Professional Tax	2	2	0.43
Total :	119	435	510.94

(ii) Year wise analysis of outstanding inspection reports, number of audit objections and the money value involved as at the end of June 1991 is given below:

Year	Number of Inspection Report	Outstanding audit obje- ctions	Money value (In lakhs of rupees)
1981-82	17	79	13.99
1982-83	3	13	15.35
1983-84	3	18	15.34
1984-85	9	16	19.27
1985-86	7	19	44.21
1986-87	23	59	75.76
1987-88	17	53	73.66
1988-89	5	19	14.17
1989-90	23	94	111.09
1990-91	12	65	128.10
Total :	119	435	510.94



(b) Out of 119 inspection reports (issued upto December 1990) which were pending settlement as on 30th June 1991, even first replies had not been received so far in respect of 10 inspection reports containing 37 audit objections as per details given below:

Revenue Head	Number of Inspection Reports	Outstanding audit objections	Money value (In lakhs of rupees)
1. Taxes on Vehicles	7	28	17.58
2. State Excise	3	9	2.29

The matter was reported to Government (August 1991); their reply had not been received (December 1991).

## TAXATION DEPARTMENT

### 6.5 Review on pendency of appeals at various levels and its impact on revenue collection

#### 6.5.1 Introduction

In Meghalaya, Sales Tax is the principal source of tax revenue which is assessment related and has appellate authority. The receipts under this head include receipts under the Meghalaya Sales Tax Act, Meghalaya Finance (Sales Tax) Act, Meghalaya (Sales of Petroleum and Petroleum products including Motor spirit and lubricants) Taxation Act and Central Sales Tax Act 1956.



The other assessment related taxes which have appellate authorities are Taxes on purchases, Passenger and Goods Tax, Professional Tax and Entertainment and Betting Tax.

As per the provisions of various Taxation Acts and Rules, any dealer objecting to an assessment or penalty may appeal or file a revision petition to the prescribed authority within thirty days (in case of appeal) or within ninety days (in case of revision) from the date of such order, provided that no appeal or revision shall be entertained unless the authority is satisfied that the amount of tax assessed or penalty levied, if not otherwise directed, has been paid. It has also been provided that the authority may admit such appeal or revision petition after expiry of the prescribed period, if such authority is satisfied that for reasons beyond the control of the appellant it could not be filed in time. The dealer may also appeal to the Board of Revenue of the State within sixty days from the date of order passed in appeal or in revision if he is aggrieved by such an order.

#### 6.5.2 Organisational set up

The taxation Laws of Meghalaya are administered by the Commissioner of Taxes who is assisted by the Assistant Commissioner of Taxes, Superintendent of Taxes and Inspector of Taxes. The Assistant Commissioner of Taxes, who also functions as the Assistant Commissioner of Taxes (Appeals), is responsible for entertainment of appeals and disposal thereof whereas the revisionary powers rest only with the Commissioner of Taxes.

### 6.5.3 Scope of Audit

The review was conducted with a view to assess the procedural efficiency of the organisation in relation to disposal of appeal cases. For this purpose, the working of the Commissioner of Taxes (Revision), Assistant Commissioner of Taxes (Appeals) and one unit office (covering 7 circles out of 9) at Shillong was reviewed during April and May 1991.

Total number of cases of appeals with the offices mentioned above as on 31st March, 1990 and the number of cases checked in audit, are indicated in the table below:

Name of Appellate Authority	Total number of cases	Total number of cases checked in audit
1. Assistant Commissioner of Taxes (Appeals), Shillong	128	90
2. Commissioner of Taxes (Revision), Shillong	115	94
3. Superintendent of Taxes, Shillong	48	38

### 6.5.4 Trend of revenue collection

Total receipts under Taxation heads during the period from 1987-88 to 1989-90 are as under:



Heads of Revenue	1987-88 (Figures as per Finance Accounts)	1988-89 (Figures as per Finance Accounts)	1989-90 (Figures as per Finance Accounts)
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(In lakhs of rupees)

1. Sales Tax	1084.62	1754.34	1502.39
2. Entertainment and Betting Tax	117.24	114.94	154.18
3. Taxes on Goods and Passengers	52.72	58.83	84.97
4. Taxes on Profession, Trade, Calling and Employment	41.88	40.28	49.35
5. Taxes and Duties on Electricity	18.52	1.12	0.75
Total :	1314.98	1969.51	1791.64

## 6.5.4(a) Arrears of revenue

Revenue in arrears during the years from 1987-88 to 1989-90 as on 31st March each year as furnished by the Department are as under:

Head of Revenue	1987-88	1988-89	1989-90
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(In lakhs of rupees)

1. Sales Tax	247.40	153.52	279.50
2. Taxes and Duties on Electricity	17.26	64.31	75.95
3. Taxes on Goods and Passengers	6.38	6.53	30.92
4. Entertainment and Betting Tax	1.71	3.15	24.33
	272.75	227.51	410.70



(b) Year-wise arrears of revenue remaining uncollected on account of appeals compared with total arrears and also with the total receipts from 1987-88 to 1989-90 are as under:

Year	Total arrears upto the end of the year	Receipts during the year	Revenue involved		Percentage of Col.4 to 3	Percentage of Col.5 to 2
			Pertaining to the year concerned	Cumulative to the year involved in appeals at the end of the year		
1	2	3	4	5	6	7
(In lakhs of rupees)						
1987-88	272.76	1314.98	7.92	34.99	0.60	12.82
1988-89	227.52	1969.47	16.54	43.67	0.83	19.19
1989-90	410.70	1791.64	20.42	48.51	1.13	11.81

#### 6.5.5(a) Pendency of appeals

Year-wise details of appeals pending with various appellate authorities and courts along with revenue involved in appeals as on 31st March 1990 are under:

Name of appellate authority/court	Year	Number of cases	Amount of tax involved (in lakhs of rupees)	Name of Tax
<hr/>				
(i) Assistant Commissioner of Taxes (Appeals) Meghalaya, Shillong	Prior to 1987	39	5.24	Sales Tax
	1987-88	6	0.40	
	1988-89	21	0.82	
	1989-90	19	1.64	
		85	8.10	
	Prior to 1987	-	-	Other Taxes (Purchase Tax)
	1987-88	-	-	
	1988-89	-	-	
	1989-90	2	0.31	
		2	0.31	
<hr/>				
(ii) Commissioner of Taxes (Revision), Meghalaya, Shillong	Prior to 1987	47	21.08	Sales Tax
	1987-88	-	-	
	1988-89	17	7.86	
	1989-90	-	-	
		64	28.94	
	Prior to 1987	-	-	Other Taxes (Purchase Tax)
	1987-88	14	6.24	
	1988-89	-	-	
	1989-90	-	-	
		14	6.24	
<hr/>				
(iii) High Court, Guwahati	Prior to 1987	11	0.75	Other Taxes (Purchase Tax)
	1987-88	3	1.28	
	1988-89	-	-	
	1989-90	6	2.88	
		20	4.91	



(b) Year-wise particulars of receipts, disposal and balance of appeal cases pending with the various appellate authorities are given in table below:-

Name of appellate authority	Name of Tax	Year	No. of cases for disposal at the beginning of the year	Addi- tion dur- ing the year	Total	Dispo- sal dur- ing the year	No. of pending cases at the end of the year	Percen- tage of Col.7 to 6
1	2	3	4	5	6	7	8	9
1. Assistant Commissioner of Taxes (Appeals), Meghalaya, Shillong	Sales Tax	Prior to 1987	-	-	-	-	45	-
		1987-88	45	16	61	-	61	-
		1988-89	61	42	103	13	90	12.62
		1989-90	90	19	109	24	85	22.01
	Other Taxes (Purchase Tax)	Prior to 1987	-	-	-	-	-	-
		1987-88	-	-	-	-	-	-
		1988-89	-	4	4	-	4	-
		1989-90	4	2	6	4	2	66.67
2. Commissioner of Taxes (Revision) Meghalaya, Shillong	Sales Tax	Prior to 1987	-	-	-	-	48	-
		1987-88	48	2	50	1	49	2.00
		1988-89	49	19	68	2	66	2.94
		1989-90	66	2	68	4	64	5.88
	Other Taxes (Purchase Tax)	Prior to 1987	-	-	-	-	-	-
		1987-88	-	14	14	-	14	-
		1988-89	14	-	14	-	14	-
		1989-90	14	-	14	-	14	-



1	2	3	4	5	6	7	8	9
3. High Court, Guwahati	Other Taxes (Pur- chase Tax)	Prior to 1987 1987-88 1988-89 1989-90	- 12 15 14	- 3 - 6	- 15 15 20	- - 1 -	12 15 14 20	- - 6.66

(c) Year-wise details of disposal of appeals in respect of Assistant Commissioner of Taxes (Appeals) and Commissioner of Taxes (Revision) are given below:-

Year	Appeals set aside	Cases remanded to asse- ssing officer	Disposal on the basis of written submission by the assessee	By decision on appeals	Total (Money value in lakhs of rupees)
1	2	3	4	5	6
	No. Money value	No. Money value	No. Money value	No. Money value	No. Money value
1987-88	- -	- -	- -	1 -	1 -
1988-89	- -	- -	- -	15 7.86	15 7.86
1989-90	2 11.08	- -	- -	30 4.50	32 15.58

#### 6.5.6 Highlights

The review brings out the following deficiencies/irregularities found while appeal and revision cases are being dealt with:

(i) The Appellate/Revision Authorities admitted appeal/revision cases after expiry of the prescribed period without observing the codal formalities. Further, 165 cases were admitted without assessed taxes of Rs.43.59 lakhs having been paid.

(paragraph 6.5.7(1))

(ii) In 111 cases involving tax of Rs.38.32 lakhs, date and place of hearing were not fixed by the Appellate/Revision Authorities for different periods which was more than 10 years in some cases.

(paragraph 6.5.7(2)(a)&(b))

(iii) There were deficiencies in monitoring the progress of disposal of appeal cases. There was no time limit prescribed for disposal of appeal cases.

(paragraph 6.5.7(3))

(iv) There were defects in the maintenance of Register of Appeals by the department.

(paragraph 6.5.7(4))

(v) There were abnormal delays in issuing certified copies of assessment orders by the assessing authorities to the appellants for filing appeal petitions.

(paragraph 6.5.7(5))



### 6.5.7(1) Irregular admittance of appeal cases

As per the provisions of various Taxation Acts, any dealer objecting to an assessment or penalty order passed, may appeal or file a revision petition to the prescribed authority within thirty days (in case of appeal) or within ninety days (in case of revisions) from the date of such order, provided that such appeal or revision may be admitted even after the expiry of the prescribed period, if the prescribed authority is satisfied that for reasons beyond the control of the appellant it could not be filed within time, provided further that no appeal or revision shall be entertained unless the authority is satisfied that the amount of tax assessed or penalty levied has been paid.

It was noticed in audit (April-May 1991) that 88 cases involving tax amount of Rs.34.92 lakhs, which were pending disposal by the respective appellate authorities, as on March 1991, were admitted though the delay in filing these cases beyond the statutory time limit ranged between 21 days and 2154 days in case of revision petitions and between 8 days and 334 days in case of appeals (52 cases involving tax of Rs.32.50 lakhs by the Commissioner of Taxes (Revision) and 36 cases involving tax of Rs.2.42 lakhs by Assistant Commissioner of Taxes (Appeals) respectively). The reasons, as to why these time-barred appeal/revision petitions were allowed to be filed beyond the time limit fixed were not on record.

It was also noticed in audit that in 165 cases involving tax of Rs.43.59 lakhs



as on 31st March 1991 were admitted by the Assistant Commissioner of Taxes (Appeals) (87 cases involving tax of Rs.8.41 lakhs) and Commissioner of Taxes (Revision) (78 cases involving tax of Rs.35.18 lakhs) without the assessed tax having been paid by the petitioners as required under the Rules.

**6.5.7(2) Locking up of taxes due to non-fixation of date and place of hearing**

As per the provisions of various taxation Acts and Rules, the appellate authority shall fix a day and place for hearing of the appeals/revisions and may from time to time adjourn the hearing and make such further enquiry as may be deemed necessary for expeditious disposal of the appeal cases.

(a) It was noticed in audit (April-May 1991) that 58 cases (filed between September 1980 and September 1989) involving tax of Rs.4.99 lakhs were pending as on April 1991 with the Assistant Commissioner of Taxes (Appeals) as he did not fix a day or place of hearing for periods ranging from 1 year 6 months to 10 years 6 months.

53 cases (filed between December 1983 and August 1986) involving tax of Rs.33.33 lakhs were pending as on April 1991 with the Commissioner of Taxes (Revision) as he did not fix a day or place of hearing for periods ranging from 2 years 8 months to 7 years 4 months.

(b) 10 cases (filed on January 1982) involving tax of Rs.0.66 lakh were pending as on April 1991 with the Assistant Commissioner

of Taxes (Appeals) for which date of first hearing was fixed, but no action was taken nor was any subsequent date of hearing fixed. There was thus no progress in these cases for 9 years 3 months.

3 cases filed in September 1980 involving tax of Rs.0.01 lakh were pending as on April 1991 with the Commissioner of Taxes (Revision) for which date of first hearing was fixed, but no action was taken. No subsequent date of hearing was fixed, resulting in no action on the part of the department for 10 years 7 months.

(c) 6 cases (filed in September 1980) involving tax of Rs.0.12 lakh were pending as on April 1991 with the Assistant Commissioner of Taxes (Appeals) for which first hearing was taken, but no action was taken for subsequent hearings for periods upto 10 years 7 months.

18 cases (filed between November 1980 and November 1984) involving tax of Rs.0.69 lakh were pending as on April 1991 with the Commissioner of Taxes (Revision) for which first hearing was taken, but no action was taken for subsequent hearings for periods ranging from 6 years 5 months to 10 years 5 months.

#### 6.5.7(3) System Deficiency

There was no time limit prescribed by the Department/Government for speedy disposal of appeals cases. The Department had not created any legal cell and there was no



system of monitoring the cases through monthly reports/progress reports. No records were maintained with regard to cases sent on appeal and their return from the assessing authorities. As per procedure followed, the appeal petition was submitted direct to the appellate authority without the knowledge of the assessing officer. The assessing officer was also not aware as to when an appeal case was admitted, and whether the case was decided or pending. There was thus lack of co-ordination between the unit officer and the appellate authority which resulted in delay in irregularity in dealing with the appeal cases. Further, the admittance of case of revision by the Commissioner of Taxes was done as a matter of routine and no check as required under the Rules was carried out before admittance.

(a) In one case, a dealer registered under Meghalaya Finance (Sales Tax) Act and Central Sales Tax Act, filed a petition in December 1983 before the Commissioner of Taxes (Revision), Meghalaya, against the assessment orders for the periods ending 31st March 1972 to 31st March 1982. His petition was awaiting disposal as on the date of Audit (May 1991). The scrutiny of case records of the concerned assessing authority, however, revealed that the assessing officer had closed the case on 15th October 1986 on realisation of the balance amount of tax assessed.

(b) In another case a dealer registered under Meghalaya Sales Tax Act filed an appeal on 1st June 1989 before the Assistant Commissioner of Taxes (Appeals) against the assessment order passed by the Superintendent of Taxes, Shillong, for the period from 1st



April 1986 to 31st March 1988. His appeal was awaiting disposal as on the date of audit (May 1991). The scrutiny of case records, however, revealed that the assessing authority had closed the case on 14th December 1990 on realisation of the demanded tax for the above period.

**6.5.7(4) Maintenance of appeal registers and defects therein**

There was no prescribed form under the Acts and Rules for maintenance of Registers/Records. The department, however, maintained the Registers for the assistant Commissioner of Taxes (Appeals) and Commissioner of Taxes (Revision) in the following form:-

- (i) Name of appellant
- (ii) Case number
- (iii) Date of filing of the appeal
- (iv) Amount involved
- (v) Date of admission of appeal
- (vi) Appeal fees
- (vii) Date of disposal
- (viii) Remarks

No appeal or court case register was maintained by the Superintendent of Taxes, Shillong (involving seven circles).

A check of the registers maintained by the Assistant Commissioner of Taxes (Appeals) and Commissioner of Taxes (Revision) revealed the following defects:-



(i) In 268 appeal cases and 149 revision cases, dates of admission were not recorded.

(ii) In 166 appeal cases and 115 revision cases the amounts involved were not recorded.

(iii) In 47 appeal cases and 89 revision cases, the fees paid were not recorded.

(iv) The registers were never submitted to any officer of the Assistant Commissioner of Taxes (Appeals) or Commissioner of Taxes (Revision) showing the position of pending cases and their disposal from time to time.

(v) It was noticed in audit (April-May 1991) that a dealer registered under Meghalaya Finance (Sales Tax) Act and Meghalaya Sales Tax Act filed (8th December 1988) an appeal for revision against an assessment of tax of Rs.65,830/- but the case was wrongly entered in the appeal register of Assistant Commissioner of Taxes (Appeals) and remained unattended to till the date of audit (April-May 1991). The department stated (April 1991) that the case record would be sent to the Commissioner of Taxes (Revision) shortly. Thus, due to non-submission and incorrect maintenance of registers, the case was pending for more than two years without any action thereon.

#### 6.5.7(5) Time taken for issue of certified copy of the assessment order

Any dealer objecting to an order of assessment or penalty may, within thirty/ninety days from the date of service of such order, appeal to the Assistant Commissioner



of Taxes (Appeals) and Commissioner of Taxes (Revision) against such assessment. In computing the period of limitation prescribed for an appeal, the day on which the order was made and the time taken for obtaining a certified copy should be excluded. The memorandum of appeal in the prescribed form shall be accompanied by certified copy of the order against which appeal was filed.

The department did not prescribe any time limit for issue of certified copy of assessment order to the dealer. It was noticed in audit (April-May 1991) that the time taken for obtaining a certified copy of the assessment order by the dealers from the Office of the Superintendent of Taxes ranged between 41 and 803 days in respect of 58 cases involving of tax of Rs.6.50 lakhs which went under appeal.

The above points were reported to the Department and to Government (July 1991) followed by reminder issued (September 1991); their reply had not been received (December 1991).

#### 6.6 Short levy due to irregular exemption

According to the Assam Sales Tax Act, 1947 and Rules framed thereunder as adopted by the Government of Meghalaya, a dealer is allowed exemption from payment of tax on such amount as represents the cost of labour used in carrying out a contract, provided the dealer produces, to the satisfaction of the assessing authority, evidence showing the cost of materials and cost of



labour separately; otherwise the cost of labour shall be determined at thirty per cent of the gross turnover. The Act also provides that if the dealer fails to pay the full amount of tax payable by him by the due date, he is liable to pay interest at prescribed rates.

In Shillong, a registered dealer, engaged in the trade of printing works did not submit any returns for the period from 31st March 1981 to 31st March 1989. The assessing authority, as per the provisions of the Act, assessed (October 1989) the dealer summarily on best judgement basis.

During the course of audit of the Office of the Superintendent of Taxes, Shillong (July to October 1990) it was observed that out of the gross turnover of Rs.69.37 lakhs, an amount of Rs.63.64 lakhs was exempted on account of labour charges as against Rs.20.81 lakhs allowable (being thirty per cent of the gross turnover). Thus exemption to the extent of Rs.42.83 lakhs was erroneously allowed in excess of the permissible limit of thirty per cent, which resulted in short levy of tax amounting to Rs.2.61 lakhs (including surcharge). The dealer was also liable to pay interest amounting to Rs.2.97 lakhs (calculated upto June 1990) for non-payment of tax by the due date.

The matter was reported to the Department and to Government (March 1991) followed by a reminder (May 1991); their replies had not been received (December 1991).

#### 6.7 Non-realisation of tax due to grant of irregular exemption

As per Schedule to the Meghalaya Finance (Sales Tax) Act, Indian made foreign liquor including whisky, brandy, gin, rum, wine, champagne, cider, perry, ale and other fermented potable liquors are taxable at 40 paise per rupee. However, rum when sold to Defence personnel through the Defence Service canteens is exempt from payment of tax.

In Jowai, it was noticed in audit (February-March 1991) that a wine dealer was allowed exemption on sale of rum amounting to Rs.12.48 lakhs made by him to the District Superintendents of Police, Jowai and Shillong during the period from 30th September 1987 to 31st March 1989. Since the exemption of sales tax was permissible for sale of rum only to Defence personnel through Defence Service Canteens, the exemption allowed for sale to the District Superintendents of Police was irregular. This resulted in non-realisation of tax amounting to Rs.4.99 lakhs.

The matter was reported to the Department and to the Government (June 1991), their reply had not been received (December 1991).

#### 6.8 Short levy of interest

Under the Meghalaya Finance (Sales Tax) Act and Rules made thereunder if a dealer fails to pay the full amount of tax payable by him by the due date, he is liable to pay interest at the prescribed rate (varying from 6 to 24 per cent) on the amount by which the tax paid falls short of the tax



payable by him for the entire duration of default. No interest is, however, leviable if 90 per cent of the assessed tax has been paid by the due date.

In Jowai a dealer paid tax amounting to Rs.5 lakhs, (February 1989) and Rs.3.50 lakhs (August 1989) on his return turnover of Rs.30.99 lakhs and Rs.19.48 lakhs for the periods ending September 1988 and March 1989 respectively. The assessing authority, however, on verification of the dealer's books of accounts, assessed him (April 1990) to tax of Rs.14.93 lakhs and Rs.9.31 lakhs for the above periods. Thus, the dealer was liable to pay interest on non-payment and belated payment of tax which amounted to Rs.1.91 lakhs and Rs.0.43 lakh respectively. Scrutiny of records, however, revealed that interest amounting to Rs.82,126 and Rs.27,525 respectively only was levied. This resulted in short levy of interest amounting to Rs.1.24 lakhs. As the dealer did not pay the remaining amount of tax up to the date of audit (February-March 1991) the total interest leviable was Rs.3.46 lakhs (calculated up to February 1991).

The matter was reported to the Department and to Government (June 1991), their reply had not been received (December 1991).

#### 6.9 Excess allowance of credit

Under the Meghalaya Finance (Sales Tax) Act, every registered dealer is required to deposit the amount of tax payable by him into the Government treasury and furnish to the assessing authority a copy of the receipted treasury challan.



In Shillong, a dealer, in order to prove that his tax liability of Rs.13.52 lakhs for the assessment period ending March 1989 had been paid by him, furnished for Rs.12.52 lakhs, 14 receipted copies of treasury challans of different dates falling between 26th December 1988 and 15th March 1990; and for the balance amount of rupees one lakh, a bank certificate issued (17th March 1990) by the State Bank of India, Shillong against deposit made by him on 26th December 1988. Though the Bank did not indicate the treasury challan number against which the certificate was issued, the assessing authority accepted it and closed (22nd March 1990) the proceedings.

However, on verification of the treasury accounts at Shillong, Audit noticed (July-October 1990) that on 26th December 1988, only one amount of Rs.1 lakh was deposited by the dealer in the Bank and no other deposit was made by him on that date. Therefore, with the acceptance of the Bank certificate, a total credit of Rs.13.52 lakhs was allowed by the assessing authority in favour of the dealer though the actual deposit was only Rs.12.52 lakhs. Thus the excess allowance of credit of Rs.1 lakh resulted in loss of revenue of Rs.1.00 lakh.

On being pointed out in audit the Department stated (November 1991) that the dealer has since deposited (September 1991) Rs.1 lakh. The dealer is, however, liable to pay interest amounting to Rs.47,800 for delay in payment of tax (Rs.1.00 lakh).

The matter was reported to Government (March 1991) followed by a reminder (May 1991); their reply had not been received (December 1991).



## 6.10 Under assessment of tax

Under the provisions of Meghalaya Finance (Sales Tax) Act every registered dealer is required to furnish within the prescribed date, his return along with the treasury receipt as token of payment. The Commissioner of Taxes after satisfying himself about the correctness or otherwise of the return shall assess the tax liability. In case of any doubt, the Commissioner may ask for the production of additional evidence in support of the returns submitted. In case of evasion of liability to pay tax, the Act further provides for imposition of penalty, in addition to the tax payable, of a sum not exceeding one and half times the amount of the tax and interest at the prescribed rates.

In Shillong, an assessee dealing in machinery and pesticides, was assessed (22nd June 1990) at the rate of 7 per cent, to tax amounting to Rs.0.49 lakh on a gross turnover of Rs.7.05 lakhs for the period 31st March 1987 to 31st March 1988. The assessment was made after verification of the books of accounts produced by the dealer in support of his return relating to his turnover.

During the course of scrutiny (July -October 1990) of assessment records in audit, it was observed on a cross check with relevant vouchers in central audit that the dealer had also supplied C.S. Pipes valued at Rs.49,24,568 to three Irrigation divisions of the Government of Meghalaya during this period and received payment including tax, but he neither included these sales in his returns nor deposited the tax thereon received by him. Thus, failure of the department to detect concealment of turnover even

though the assessment was completed after verifying the books of accounts produced by the dealer, resulted in under-assessment of tax amounting to Rs.3.25 lakhs (including surcharge). Besides, penalty upto Rs.4.83 lakhs for concealment of turnover and interest (calculated upto 30th September 1990) of Rs.1.79 lakhs for non-payment of tax on the due date was also leviable (September 1990).

On this being pointed out in audit (October 1990) the Government stated (September 1991) that the assessment had been rectified as pointed out by audit and fresh demand notice served upon the dealer. Report on recovery has not been received (April 1992).

#### 6.11 Under assessment of tax

The Central Sales Tax Act, 1956 and the rules made thereunder provide for levy of tax on inter-State sales of goods at the concessional rate of 4 per cent provided the sales are supported by prescribed declaration in Form 'C' in the case of sales to registered dealers; otherwise such sales are taxable at the rate of 10 per cent or at the rate at which sales or purchases of such goods are taxable inside the State, whichever is higher.

In Jowai, a dealer in Indian Made Foreign liquor and Beer (taxable at 50 per cent) was assessed (2nd April 1990) to tax at Rs.34,600 (at the rate of 4 per cent) on his returned turnover of inter-State sales during the period ending 31st September 1988. It was, however, noticed in audit (February-March 1991) that sales amounting to Rs.85,190



were not supported by prescribed declaration in Form 'C' and the omission to charge the sales not covered by 'C' Forms at the standard rate resulted in under-assessment of tax amounting to Rs.37,679.

The matter was reported to the Department and to Government (June 1991); their replies had not been received (December 1991).

#### 6.12 Evasion of Tax

Under the Meghalaya Finance (Sales Tax) Act, a registered dealer is required to furnish within due date a prescribed return indicating the turnover on which tax is payable along with treasury challan in token of payment of tax. In case of failure to submit correct return, the dealer becomes liable to pay interest at the prescribed rate on the amount by which the tax paid falls short of the tax payable by him for the entire duration of default. He is also liable to pay penalty not exceeding one and half times the tax for concealment of actual turnover.

In Tura, a registered dealer who imported gur (taxable at 7 per cent) from Assam was assessed to a tax of Rs.4,784 (including surcharge) on the basis of his returned turnover for the period from 1st April 1987 to 31st September 1989.

Cross verification (July-August 1990) of the movement register of the Bajengduba Sales Tax Check Gate, however, revealed that the dealer had imported 11156 tins of gur into Tura during the period from May 1987 to June 1989 for which full particulars of

invoices were not entered in the movement register of check gate. Thus, value of the quantity of gur actually imported by the dealer could not be worked out. On this being pointed out (March 1991) to the department and the Government, the department verified the books of account with invoices produced by the dealer and stated (May 1991) that total value of gur actually imported by the dealer during the said period was Rs.5.37 lakhs and accordingly the assessment was rectified and the demand notice issued. However, report on recovery of tax has not been received (July 1991). Thus due to concealment of turnover, the dealer evaded tax and surcharge amounting to Rs.30,704 (Rs.35,488 - Rs.4,784).

The dealer was also liable to pay interest amounting Rs.12,087 (calculated upto April 1991) besides payment of penalty amounting to Rs.46,056.

The matter was reported to the department (March 1991) and to Government (August 1991); their reply had not been received (December 1991).

### 6.13 Non-registration of dealers

No dealer liable to pay tax under the provisions of the Meghalaya Finance (Sales Tax) Act, shall carry on business in taxable goods unless he has been registered and possesses a certificate of registration. The Act also provides that the Commissioner of Taxes may register a dealer who fails to apply for registration within a specified time. The Act also provides that if the Commissioner, in course of any proceeding under the Act, is satisfied that a dealer has

evaded in any way the liability to pay tax, 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 half times that amount.

A test check of the records of the Superintendent of Taxes, Tura, revealed that a trial case was opened (November 1989) against a dealer who was reported (November 1989) by the Inspector of Taxes, to have imported 3230 bags of cement worth Rs.3.55 lakhs taxable at 12 per cent, from Guwahati, Assam to Tura on different dates falling between December 1988 and November 1989 without registering himself as a dealer. A notice was issued (November 1989) asking the dealer to get himself registered failing which he would be compulsorily registered and the assessment would be completed summarily imposing 100 per cent penalty on the assessed tax. Neither the dealer registered himself nor did the department register the dealer compulsorily as per the provisions of this Act as on the date of audit (August 1990).

It was further noticed on a cross check of the records of the check post (Bajengdoba) that the dealer actually imported 4530 bags of cement valued at Rs.4.97 lakhs and not 3230 bags as reported by the Inspector of Taxes. Thus, due to non-registration, there had been an evasion of tax amounting to Rs.53,825 (including surcharge) and the dealer is also liable to pay penalty amounting to Rs.79,938.

The matter was reported to Department and the Government (March 1991). The Department stated (May and July 1991) that



the dealer had since been registered (February 1991) compulsorily and assessment completed (March 1991) summarily. A demand notice was issued (April 1991) for tax and surcharge amounting to Rs.53,825 along with interest and penalty of Rs.8,823 and Rs.3,200 respectively. The dealer paid (July 1991) Rs.3,090 as tax and surcharge, Rs.915 and Rs.200 as interest and penalty. Reply from the Government has not been received (December 1991).

#### 6.14 Non-registration of dealers

Under the Meghalaya Sales Tax and Meghalaya Finance (Sales Tax) Act no dealer shall, while being liable to pay tax under the provisions of this Act, carry on business as a dealer, unless he has been registered and possesses a certificate of registration. Registration enables the department to ensure that persons liable to pay tax are actually assessed and the amounts due are recovered from them. Thus it is necessary that intensive surveys are carried out by the departmental enforcement branch to find the persons who are liable to be registered. As per the instructions issued (November 1986) by the Government of Meghalaya, all Administrative Departments and Heads of Department, before acceptance of tender, should insist on the suppliers to produce tax clearance certificate, original certificate of registration besides furnishing the name of the supplier and particulars of goods supplied. These instructions, however, were not followed by the departments receiving supplies.

During the course of check of the records of the Divisional Forest Officer,

Social Forestry Division, Jowai, Divisional Forest Officer, Shillong, District Agriculture Officer, West Garo Hills, Tura with the records of the Superintendent of Taxes, Shillong it was noticed (July-October 1990) in audit that 5 dealers of Shillong supplied goods amounting to Rs.4.23 lakhs taxable at 7 per cent, to the above mentioned departments during the period from 1st October 1987 to 30th September 1989. As these dealers were not registered, no tax could be assessed in these cases. Thus due to non-observance of the instructions of Government as also failure on the part of the departmental enforcement branch to register those dealers under the taxation Act, the Government sustained loss of revenue amounting to Rs.27,956 (including surcharge).

On this being pointed out the Government stated (October 1991) that one of the five dealers had since been registered and assessed but the whereabouts of remaining dealers could not yet be traced.

#### FOREST AND ENVIRONMENT DEPARTMENT

##### 6.15 Short realisation of royalty on limestone

With effect from 5th May 1987, the rate of royalty on limestone, as revised by the Government of India was, @ Rs.10.00 per M.T. This was an increase over the earlier prevailing rate of Rs.4.50 per M.T. since July 1981.

In Shillong it was noticed (February-March 1991) in audit that for the period

from January to December 1990, the Range Officer, Southern Range, realised Rs.4.77 lakhs as royalty for 1,05,962 M.T. of limestone @ Rs.4.50 per M.T. instead of at Rs.10 per M.T. This resulted in short realisation of royalty amounting to Rs.5.83 lakhs.

The short realisation of royalty was reported to Government in June 1991. Their reply had not been received (December 1991).



## CHAPTER VII

### FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

#### 7.1 Grants

Grants paid out of Government funds during the year 1990-91 constituted about 14 per cent of the total revenue expenditure. The broad details of the grants are indicated below with corresponding figures of the previous year:-

	<u>1989-90</u>	<u>1990-91</u>
	(Rupees in lakhs)	
Educational institutions	40,27.78	36,17.61
Co-operative Societies	1,01.95	1,37.28
District Councils	1,01.66	1,83.95
Municipalities	1,28.52	1,86.64
Other institutions	1,41.75	2,30.26

### CO-OPERATION DEPARTMENT

#### 7.2 Financial assistance to co-operative societies including investments

##### 7.2.1 Financial assistance

Government has been providing financial assistance to co-operative societies in the shape of share capital, loans, grants

and subsidies. Government investment in share capital at the close of each of the four years ended 31 March 1991 was as under:-

<u>Year ended 31 March</u>	<u>Number of institutions</u>	<u>Total investment (Rupees in lakhs)</u>
1988	1438	533.58
1989	1438	612.26
1990	1438	680.28
1991	1438	769.70

Dividend/interest received and credited to accounts during 1990-91 was Rs.3.71 lakhs.

7.2.2(a) The amounts of loans/grants/subsidies paid to co-operative societies during the four years ended 31 March 1991 were as follows:-

<u>Year ended 31 March</u>	<u>Opening balance</u>	<u>Disbursed during the year</u>	<u>Loans</u>		<u>Grants/subsi- dies paid during the year</u>
			<u>Repaid during the year</u>	<u>Closing balance</u>	
			<u>(Rupees in lakhs)</u>		
1988	25.63	25.37	6.81	44.19	149.58
1989	44.19	37.48	3.08	78.59	119.09
1990	78.59	23.21	5.21	96.59	100.80
1991	96.59	12.59	5.75	103.43	167.63

(b) The amounts of loans and interest overdue for repayment to Government at the close of each of the financial year ending 31 March 1991 were as follows:-

Year ended 31 March	Number of institutions	Overdue amount	
		Principal	Interest
		(Rupees in lakhs)	
1988	316	30.68	37.67
1989	331	36.26	44.23
1990	344	45.08	51.26
1991	363	53.20	62.68



## CHAPTER VIII

### GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

#### 8.1.1 General

8.1.1 This chapter deals with the results of audit of :

- Government companies and
- Statutory corporations.

8.1.2 Paragraph 8.2 gives a general view of the Government companies, paragraph 8.3 deals with general aspects relating to the Statutory corporations and paragraphs 8.4 to 8.6 give details of each Statutory corporation including their financial and operational performance.

#### 8.2 Government companies - General view

8.2.1 There were 10 Government companies (including four subsidiaries) in the State as on 31st March 1991.

8.2.2 Appendix IX gives the particulars of paid-up capital, outstanding loans, amount of guarantees, working results etc., in respect of all these Government companies. The position is summarised below:-

(a) As on 31st March 1991 the aggregate paid-up capital of the 10 companies (including advances towards share capital), stood

at 41.14 crores against the aggregate paid-up capital of Rs.34.52 crores as on 31st March 1990. Details of the shareholding in these companies is as under:-

Particulars	Number of companies	Amount invested by			Total investment
		State Government	Central Government	Others	
(Rupees in crores)					
1. Companies wholly owned by the State Government	5	33.41	-	0.11	33.52
2. Companies jointly owned with the Central Government	1	1.42	0.20	-	1.62
3. Subsidiaries	4	0.48	-	5.52	6.00
		*35.31	0.20	5.63	41.14

(b) The balance of long-term loans outstanding in respect of companies as on 31st March 1991 was Rs.28.64 crores (State Government : Rs.8.45 crores and others : Rs.20.19 crores), as against 36.10 crores as on 31st March 1990 (State Government : Rs.8.05 crores and others : Rs.28.05 crores).

(c) The State Government had guaranteed the repayment of loans and payment of interest thereon raised by three companies (including one subsidiary). The amounts gua-

\*The figure as per Finance Accounts is Rs.32.52 crores, the difference of Rs.2.79 crores is under reconciliation.

ranted and outstanding thereagainst as on 31st March 1991 were Rs.13.86 crores and Rs.11.27 crores, respectively.

8.2.3 A synoptic statement showing the financial results of all the 10 companies based on the latest available accounts is given in Appendix X.

None of the companies had finalised its accounts for the year 1990-91. Only 4 companies (including 2 subsidiaries) had finalised their accounts for some earlier years since the previous Report.

The position of arrears of accounts of ten companies (including four subsidiaries) is summarised below:

Extent of arrears	Number of years involved	Number of companies involved	Investment as on 31st March 1991				Refere- nce to serial number in Appendix IX	
			State Government	Holding companies	Capital	Loan		
1	2	3	4	5	6	7	8	9
(Rupees in crores)								
1. 1981-82 to 1990-91	10	2	1	16.63	0.70	0.05	0.05	2, 4 & 5
2. 1983-84 to 1990-91	8	-	1	-	-	0.49	0.90	8
3. 1984-85 to 1990-91	7	1	-	0.28	-	-	-	6



	1	2	3	4	5	6	7	8	9
4. 1986-87 to 1990-91	5	1	-	16.74	7.75	-	-	-	1
5. 1988-89 to 1990-91	3	-	1	-	-	0.36	0.18	-	7
6. 1989-90 to 1990-91	2	2	1	1.66	-	4.62	-	-	3, 9 & 10
				35.31	8.45	5.52	1.13		

In the absence of finalisation of accounts of these companies, the extent of the productivity of the investment of Rs.35.31 crores by the State Government in these companies could not conclusively be vouchsafed.

The position of arrears in finalisation of accounts was last brought to the notice of the Government in March 1991 at the level of Chief Secretary.

8.2.4 Out of the 4 companies, which have finalised their accounts for earlier years, 2 companies (with an aggregate paid-up capital of Rs.13.32 lakhs) incurred losses aggregating Rs.3.65 lakhs (Serial number 4 and 7 of Appendix IX), 1 company viz., Meghalaya Government Construction Corporation Limited earned a profit of Rs.15 lakhs whereas Meghalaya Electronics Development Corporation Limited had not started commercial operation.

The particulars of the 2 companies, the accumulated losses of which exceeded their paid-up capital, based on the latest available accounts, are given below:-

Name of the company	Year of accounts	Paid-up capital	Accumulated loss	Percentage of accumulated loss to paid-up capital
(Rupees in lakhs)				
1. Mawmluh Cherra Cements Limited	1985-86	866.94	1231.68	142.07
2. Meghalaya Watches Limited	1987	10.00	37.01	370.10
		876.94	1268.69	

8.2.5 In addition, there was one company, viz., Meghalaya Phyto Chemicals Limited falling under Section 619B of the Companies Act, 1956. The company was incorporated in January 1984 and its first accounts for the period from 1st January 1984 to 31st December 1984 have been finalised. The details of its paid-up capital, Government's share thereof, working results etc., as per latest available accounts are as detailed below:-

Sl. No.	Name of Company	Accounts for the year ending	Paid-up capital	Invested by		Accumulated loss
				State Govt.	Others	
(Rupees in lakhs)						
1.	Meghalaya Phytochemicals limited	31st December 1984	74.99	-	74.99	66.18 219.51

8.2.6 Some of the important points made by the Statutory Auditors and as a result of audit by the Comptroller and Auditor General of India in respect of the accounts of the companies audited during the year are mentioned below :-

(i) The Companies Act, 1956 empowers the Comptroller and Auditor General of India to issue directives to the auditors of Government companies in regard to the performance of their functions. In pursuance of the directives so issued, special report of the company auditors in respect of one Company, viz., Meghalaya Phytochemicals Limited for the year ended 31st December 1984 was received during the year. Important points noticed in the report are summarised below:-

- (a) Absence of internal audit manual
- (b) Non-maintenance of up-to-date plant /property register
- (c) Absence of confirmations of outstanding debts
- (d) Non-fixation of minimum and maximum limits of stores, spares, etc.

(ii) Section 619(4) of the Companies Act, 1956 empowers the Comptroller and Auditor General of India to comment upon or supplement the report of the company auditors. Under this provision, review of the annual accounts of the Government companies is conducted in selected cases. During October 1990 to July 1991 two accounts were selected for review.



### 8.3 Statutory corporations

#### General aspects:

8.3.1 As on 31st March 1991, there were three Statutory corporations in the State, viz., Meghalaya State Electricity Board, Meghalaya Transport Corporation and Meghalaya State Warehousing Corporation.

8.3.2 The Meghalaya State Electricity Board was constituted on 21st January 1975 under Section 5(i) of the Electricity (Supply) Act, 1948 and Meghalaya Transport Corporation was constituted on 1st October 1976 under the Road Transport Corporations Act, 1950. Under the respective Acts, the audit of these corporations vests solely with the Comptroller and Auditor General of India. Separate Audit Reports, mainly incorporating comments on the annual accounts of each year, are issued separately to these organisations and to the State Government.

The accounts of the Meghalaya State Electricity Board for the years 1986-87 had been audited and Separate Audit Report was issued in April 1991 to the Government/Board and the same is yet to be presented to the State Legislature (November 1991). The accounts for the years 1987-88 and onwards were in arrears (July 1991).

The separate Audit Reports on the accounts of Meghalaya Transport Corporation for the years 1981-82 and 1982-83 were issued to Government on 5th August 1991, which are yet to be presented to the State Legislature (November 1991), whereas the separate Audit

Reports for the years 1983-84 and 1984-85 have been finalised and were issued to Government on 27th August 1991 and 8th October 1991, respectively which have also not been presented to the state legislature (November 1991). The accounts of the corporation for 1985-86 have been audited and Separate Audit Report is under finalisation. The accounts of the Corporation since 1986-87 are in arrears.

8.3.3 The Meghalaya State Warehousing Corporation was constituted in March 1973 under Section 18(1) of the Warehousing Corporation Act, 1962.

Under the aforesaid Act, the accounts are audited by the Chartered Accountants appointed by the State Government in consultation with the Comptroller & Auditor General of India, who may also undertake audit of the Corporation separately. Audit Report on the accounts of the Corporation for the year 1988-89 has been finalised and issued to the Corporation on 28th February 1990 which was presented to the Legislature in June 1990. The accounts of the corporation for the year 1989-90 had been audited and Separate Audit Report was issued to the Corporation on 8th October 1991 which is yet to be presented to the State Legislature (November 1991).

8.3.4 The financial results of these three Statutory corporations for the latest year for which accounts have been finalised are summarised in Appendix XI.

#### 8.4 Meghalaya State Electricity Board

8.4.1 The capital requirement of the Board are provided in the form of loans from Government, public, banks and other financial institutions.

The aggregate of long-term loans (including loans from Government) obtained by the Board and outstanding as on 31st March 1991 was Rs.255.16 crores and represented an increase of Rs.31.53 crores (14.10 per cent) on the long-term loans of Rs.223.63 crores outstanding at the end of the previous year. Details of loans obtained from the State Government and other sources and outstanding at the close of each of the four years up to 1990-91 are as detailed below:

Source	Amount outstanding on 31st March				Percentage of increase in 1991 from that in 1990
	1988	1989	1990	1991	
	( Provisional )				
	( Rupees in crores )				
1. State Government	52.00	63.40	73.47	78.84	7.31
2. Other sources	110.10	129.82	150.16	176.32	17.42
Total :	162.10	193.22	223.63	255.16	14.10

Government had guaranteed the repayment of loans raised by the Board and also payment of interest thereon. The amounts guaranteed and outstanding with interest as on 31st March 1991 were Rs.1.46 crores and Rs.2.48 crores respectively.

8.4.2 The financial position of the Board at the end of each of the five years upto 1987-88 (Provisional for 1987-88) is summarised below:



1. Liabilities	1983-84	1984-85	1985-86	1986-87	1987-88
				(Provisional)	
	(Rupees in crores)				
(a) Loan from Government	31.91	32.37	33.38	42.73	53.85
(b) Other long term loans (including bonds)	61.83	70.53	82.61	94.79	108.74
(c) Subventions and grants from Government	-	-	0.84	1.19	-
(d) Reserves and Surplus	2.84	3.24	3.01	3.72	-
(e) Surplus (+)/Deficit (-)	-	-	(-)28.41	(-)34.84	(-) 9.87
(f) Current Liabilities	24.46	27.20	48.98	52.71	25.19
Total : 1	121.04	133.34	140.41	160.30	177.91
2. Assets					
(a) Gross fixed assets	65.29	66.67	72.26	73.73	78.91
(b) Less-Depreciation	16.00	17.42	19.32	20.99	23.00
(c) Net Fixed Assets	49.29	49.25	52.74	52.74	55.91
(d) Capital Works-in-progress	29.25	41.71	58.67	71.22	91.22
(e) Current Assets	40.37	40.02	28.80	36.34	27.64
(f) Intangible assets	2.13	2.36	-	-	3.14
Total : 2	121.04	133.34	140.41	160.30	177.91
3. Capital employed(*)	65.20	62.07	32.76	36.37	58.36
4. Capital invested(**)	94.45	101.37	116.10	137.63	159.46

(\*) Capital employed represents net fixed assets (excluding capital work-in-progress) plus working capital.

(\*\*) Capital invested represents long-term loans plus free reserves less intangible assets.

8.4.3 The table below summarises the working results of the Board for the five years upto 1987-88 (Provisional for 1987-88).

	1983-84	1984-85	1985-86	1986-87	1987-88
	( Rupees in crores )				
1. Revenue receipts	15.41	14.96	15.02	15.84	17.62
2. Revenue expenditure	9.85	9.55	6.71	7.65	12.59
3. (a) Gross surplus for the year (1-2).	5.56	5.41	8.31	8.19	5.03
(b) Adjustment relating to previous year	-	-	0.02	(-) 2.02	
(c) Surplus(+)/Deficit (-)	(+) 5.56	(+) 5.41	(+) 8.29	(+) 6.17	(+) 5.03
4. Appropriations :					
(a) Depreciation	-	-	1.91	1.67	2.01
(b) Interest on Government loans	1.26	-	0.24	2.65	3.42
(c) Interest on other loans and bonds	4.30	5.41	6.71	8.28	9.47
(d) Total interest on loans	5.56	5.41	6.95	10.93	12.89
5. Net Surplus(+)/deficit(-)	-	-	(-) 0.57	(-) 6.43	(-) 9.87
6. Total return on :					
- Capital employed	(+) 5.56	(+) 5.41	(+) 8.29	(+) 6.17	(+) 5.03
- Capital invested	(+) 5.56	(+) 5.41	(+) 8.29	(+) 6.17	(+) 5.03
7. Percentage of return on :					
- Capital employed	8.5	8.7	27.2	16.96	8.62
- Capital invested	5.9	5.3	7.1	4.48	3.15

8.4.4 Physical performance of the Board during the five years up to 1987-88 is summarised below:-

Particulars	1983-84	1984-85	1985-86	1986-87	1987-88
	(M.W.)				
1. Installed capacity at the close of the year					
(a) Thermal	5.000	5.000	5.000	5.000	5.000
(b) Hydel	126.710	126.710	126.710	126.710	126.710
(c) Others	1.954	1.954	1.954	2.050	2.050
Total-I	133.664	133.664	133.664	133.760	133.760
2. Maximum demand during the year	123.75	121.40	123.40	128.60	121.18
3. Power generated	(- M K W H -)				
(a) Thermal	NIL (*)	NIL (*)	NIL (*)	NIL (*)	NIL (*)
(b) Hydel	414.679	389.273	355.447	301.467	462.068
(c) Others	-	-	-	-	-
Total power generated	414.679	389.273	355.447	301.467	462.068
Less Auxiliary consumption	2.058	1.767	1.854	1.600	2.066
Net Power Generated	412.621	387.506	353.593	299.867	460.002
4. Power Purchased	NIL	NIL	21.259	NIL	NIL
5. Total Power available for sale	412.621	387.506	374.852	299.867	460.002
6. Power sold	381.683	359.509	344.145	268.819	421.412
7. Power supplied free of cost (to staff)	NIL	NIL	NIL	NIL	NIL
8. Transmission and distribution losses	30.938	27.997	30.707	31.048	38.586
	(Percentage)				
9. Load factor	38.00	36.00	32.88	26.76	43.52
10. Transmission and distribution losses compared to total power available for sale	7.5	7.2	8.19	10.35	8.39
	(K W H)				
11. Number of units generated per KW of installed capacity	31,02.00	31,02.00	26,53.35	22,53.79	34,54.45



	1983-84	1984-85	1985-86	1986-87	1987-88
	( Number )				
12. Number of villages/ towns electrified	1138	1262	1321	1441	1666
13. Number of pump sets/ wells energised	53	53	56	65	7
14. Number of Sub- stations	46	47	101	114	220
15. Transmission/ distribution lines	( Circuit Kilometres )				
(a) High/Medium voltage	42,06.917	43,33.417	50,36.317	52,94.357	58,61.050
(b) Low voltage	16,52.76	16,92.40	18,32.09	19,34.49	21,74.49
	( MW )				
16. Connected load	1,21.124	1,21.124	1,27.200	1,37.539	1,40.970
	( Number )				
17. Number of consumers	40,149	45,268	53,483	58,393	63,063
18. Number of employees	4,550	4,550	3,841	4,000	4,150
	( Rupees in lakhs )				
19. Total expenditure on staff	5,00.70	5,44.60	8,77.22	10,88.41	8,55.82
	( Percentage )				
20. Percentage of expenditure on staff to total revenue expenditure	50.86	57.07	40.35	70.00	64.00
21. Break-up sale of energy according to categories of consumers	( M K W H )				
(a) Agriculture	0.027	0.037	0.055	1.137	1.207
(b) Industrial	39.583	38.071	41.874	47.204	48.420
(c) Commercial	16.766	18.067	21.474	22.414	22.950
(d) Domestic	19.076	20.257	22.548	24.206	25.450
(e) Others	306.231	283.077	258.194	173.858	323.385
Total :	381.683	359.509	344.145	268.819	421.412
	( P a i s e )				
22. (a) Revenue per KWH	39.58	41.22	43.25	46.33	34.03

	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>
(b) Expenditure per KWH (including total depreciation for the year but excluding interest on loan)	25.79	26.56	41.55	57.25	29.88
(c) Profit per KWH	13.89	14.66	1.70 (-)	10.92	4.15

## 8.5 Meghalaya Transport Corporation

8.5.1 The Meghalaya Transport Corporation was established in October 1976 under the Road Transport Corporations Act, 1950. The capital contribution received by the Corporation as on 31st March 1991 was Rs.24.02 crores (State Government : Rs.19.04 crores and Central Government : Rs.4.98 crores). The Corporation had finalised its accounts only upto 1985-86 (July 1991).

8.5.2 The table below summarises the financial position of the Corporation at the end of each of the three years up to 1985-86:

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\* There was no generation at Thermal Power Station, Nangalbibra of 5 M.W. capacity as this has been permanently kept shut down since 1979-80

1. Liabilities	1983-84	1984-85	1985-86
	( Rupees in lakhs )		
(a) Capital Contribution	988.41	1297.96	1526.51
(b) Suspense	-	-	-
(c) Deposits	0.40	0.79	0.32
(d) Current liabilities including provisions	87.29	61.82	86.63
Total :	1076.10	1270.57	1613.46
2. Assets			
(a) Gross block	453.80	336.29	642.35
(b) Less: Depreciation	135.36	-	213.20
(c) Net fixed assets	318.44	336.29	429.15
(d) Current assets, loans and advances	169.41	182.39	232.22
(e) Accumulated losses	588.25	751.89	952.09
Total :	1076.10	1270.57	1613.46
3. Capital employed (*)	400.56	456.86	574.74
4. Capital invested (**)	988.41	1207.96	1526.51

8.5.3 The following table summarises the working results of the Corporation for the three years up to 1985-86:

Note : (\*) Capital employed represents net fixed assets plus working capital.

(\*\*) Capital invested represents the capital contribution plus long-term loans plus free reserves.



<u>Particulars</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>
1. (a) Operating			
Revenue	178.98	184.01	196.60
Expenditure	292.65	282.65	337.96
Deficit	119.67	98.64	141.36
(b) Non-operating			
Revenue	4.07	3.23	3.01
Expenditure	45.45	61.06	76.24
Deficit	41.38	57.83	73.23
(c) Total (a+b)			
Revenue	189.05	187.24	199.61
Expenditure	338.10	343.71	414.20
Loss	155.05	156.47	214.59
2. Total interest charged to profit and loss account	45.45	61.06	75.25
3. Interest on capital and loans	45.45	61.07	75.25

#### 8.5.4 Operational performance

The Statistical data required to be maintained by Corporation under Rule 45 of the Meghalaya Transport Corporation Rules, 1976 was not maintained/compiled.

#### 8.6 Meghalaya State Warehousing Corporation

8.6.1 The paid-up capital of the Corporation as on 31st March 1991 was Rs.104.12 lakhs (State Government : Rs.59.56 lakhs and Central Warehousing Corporation : Rs.44.56 lakhs) as against Rs.81.62 lakhs as on 31st

March 1990 (State Government : Rs.44.56 lakhs  
and Central Warehousing Corporation  
Rs.37.06 lakhs).

8.6.2 The table given below summarises the financial position of the Corporation at the end of each of the three years up to 1989-90:

Particulars	1987-88	1988-89	1989-90
( Rupees in lakhs )			
1. Liabilities			
(a) Paid-up capital	79.12	92.12	81.62
(b) Reserve and surplus	31.10	27.71	28.78
(c) Borrowings	-	-	25.00
(d) Trade dues and other current liabilities and provisions	2.88	6.08	3.58
Total :	113.10	125.91	138.98
2. Assets			
(a) Gross block	29.92	83.18	93.22
(b) Less : Depreciation	5.12	7.71	10.81
(c) Net fixed assets	24.80	75.47	82.41
(d) Capital works-in-progress	39.03	20.13	24.58
(e) Investment	2.78	3.14	3.65
(f) Current assets, loans and advances	46.49	27.17	28.34
Total :	113.10	125.91	138.98
3. Capital employed (*)	68.41	96.56	107.16
4. Capital invested (**)	83.00	92.12	106.62

(\*) Capital employed represents net fixed assets plus working capital

(\*\*) Capital invested represents paid-up capital plus free reserves.

8.6.3 The following table summarises the working results of the Corporation for the three years up to 1989-90:

<u>Particulars</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>
( Rupees in lakhs )			
1. Income			
(a) Warehousing charges	1.24	2.94	3.87
(b) Other income	<u>3.90</u>	<u>2.06</u>	<u>0.18</u>
Total :	5.14	5.00	4.05
2. Expenses			
(a) Establishment charges	3.81	3.79	4.79
(b) Other expenses	<u>1.79</u>	<u>3.37</u>	<u>5.33</u>
Total :	5.60	7.16	10.12
3. Profit(+)/Loss(-) before tax	(-) 0.46	(-) 2.16	(-) 6.07
4. Other appropriations	0.17	0.34	1.46

8.6.4 Physical performance of the Corporation during the three years up to 1989-90 is summarised below:

<u>Particulars</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>
1. Number of stations covered	2	4	4
2. Storage capacity created upto the end of the year (tonnes in lakhs)			
(a) Owned	0.058	0.083	0.083
(b) Hired	-	-	-



<u>Particulars</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>
3. Average capacity utilised during the year (tonnes in lakhs)	0.040	0.059	0.068
4. Percentage of utilisation	69.70	71.32	82.76
5. (a) Average revenue per tonne (Rupees)	88.55	60.00	48.91
(b) Average expenses per tonne (Rupees)	96.55	60.00	121.92
(c) Profit(+)/Loss(-) per tonne (Rupees)	(-) 8.00	-	(-) 73.01

## 8.7 Review on Meghalaya Mineral Development Corporation Limited

### 8.7.1 Introduction

The Meghalaya Mineral Development Corporation Limited was incorporated in March 1981 as a wholly owned Government Company with a view to search, acquire and develop the mineral resources of the State.

### 8.7.2 Objectives

The main and incidental objects envisaged in the Memorandum of Association of the Company were:

to search and acquire mining or other rights in the land containing minerals and precious stones, raise, sell and dispose minerals, ores and precious stones, treat and make marketable ores converted into metals, if found expedient and also to establish and run factories for the said purpose,

to acquire ores or mineral produce by purchase or otherwise and to make these marketable,

to establish, promote, subsidise or otherwise assist any company or companies, syndicates or other concerns or firms of individuals or group of individuals for the purpose of prospecting/mining of minerals by leasing or sub-leasing mining rights that were vested in or acquired by the Company,

to carry on trade in minerals or mineral products by securing bulk contracts for sale or export,

to establish agencies or branches in India or elsewhere for carrying on any purpose for which the Company was formed, and

to promote, improve, establish and develop mineral based industries.

### 8.7.3 Organisational set-up

The management of the Company is vested in a Board of Directors consisting of nine members. As on 31st March 1991 there were three officials and four non-official members including the Chairman and the part-time Managing Director. The Managing Director is the Chief Executive of the Company who is assisted by a General Manager and one Deputy Manager, Finance.

#### 8.7.4 Scope of Audit

The activities of the Company were reviewed in Audit conducted during April-May 1991 and points noticed are set out in the succeeding paragraphs.

#### 8.7.5 Highlights

Meghalaya Mineral Development Corporation Limited was incorporated in March 1981 as a wholly owned Government Company with the main objects of searching, acquiring and developing the mineral resources of the State.

The Company remained inoperative since inception till July 1989 due to non-availability of mining lease from Government of India and the entire expenditure of Rs.9.23 lakhs incurred by the Company towards establishment from March 1981 to March 1989 proved unproductive.

Out of the grants-in-aid of Rs.18 lakhs sanctioned by the State Government during 1985-86 to 1989-90 towards administration of coal mining industry and exploitation of Borsora Limestone deposit, Rs.7.42 lakhs were diverted towards establishment expenses while Rs.10.58 lakhs had remained unutilised (November 1991).



### 8.7.6 Capital Structure

The authorised share capital as on 31st March 1991 was Rs.50 lakhs divided into 5000 equity shares of Rs.1000 each, against which the paid-up capital was Rs.26 lakhs (March 1991) including share capital advance of Rs.2 lakhs wholly contributed by the State Government.

### 8.7.7 Financial position and Working results

#### 8.7.7.1 Financial position

Audited accounts were available only up to 1987-88. Based on the provisional accounts up to 1990-91 the financial position at the end of the three years up to 1990-91 is indicated in the following table:

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(Rupees in lakhs )		
<b>A. Liabilities</b>			
(a) Paid-up capital	24.00	24.00	26.00
(b) Reserves and surplus	2.71	19.30	31.48
(c) Current liability and provision	0.05	107.38	228.98
<b>Total - A</b>	<u>26.76</u>	<u>150.68</u>	<u>286.46</u>
<b>B. Assets</b>			
(a) Gross Block	2.21	6.75	21.39
(b) Less depreciation	1.30	1.75	3.73
(c) Net fixed assets	0.91	5.00	17.66
(d) Current assets, loans and advances	25.70	145.55	268.68
(e) Preliminary expenses	<u>0.15</u>	<u>0.13</u>	<u>0.12</u>
<b>Total - B</b>	<u>26.76</u>	<u>150.68</u>	<u>286.46</u>

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	(Rupees in lakhs)		
(i) Capital employed(*)	26.56	43.17	57.36
(ii) Net worth (**)	26.56	43.17	57.36

### 8.7.7.2 Working results

Based on provisional accounts, the working results of the Company for the three years up to 1990-91, are as detailed below:

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
	( Rupees in lakhs )		
<b>I. Income</b>			
(a) Sales		344.77	421.98
(b) Interest on fixed deposits	1.94	2.45	3.05
(c) Miscellaneous receipts	0.12	0.02	0.36
Total - I	2.06	347.24	425.39
<b>II. Expenditure</b>			
(a) Purchases		310.58	379.83
(b) Salaries and Wages	1.95	3.60	6.81
(c) Depreciation	0.21	0.45	1.98
(d) Miscellaneous expenses	1.24	4.82	8.99
Total - II	3.40	319.45	397.61
(e) Profit(+)/Loss(-) before tax and provisions	-	27.79	27.78
(f) Provision for tax	-	15.48	12.00
(g) Profit(+)/Loss(-) after tax	-	12.31	15.78
<hr/>			
(*) Capital employed represents net fixed assets plus working capital.			
(**) Net worth represents paid-up capital plus reserves and surplus minus intangible assets.			

### 8.7.8 Activities

#### 8.7.8.1 Operational activity

The Company in pursuance of one of its objectives to become the main lessee of all the coal mining areas in the State under the provisions of the Coal Mines Nationalisation Act, 1973 as amended in 1976, which were hitherto under operation by the local tribal miner, had moved the Government of India through the State Government since 1983 to obtain the mining lease. This arrangement, however, did not materialise in view of Government of India's decision (July 1987) that coal mining by the tribal operator as per their customary and traditional mining rights would not be disturbed. The Company had remained inoperative since inception till July 1989 awaiting Government decision to grant mining lease of coal mining areas. However, on repeated persuasion by the State Government, the Government of India had accorded special permission in July 1989 in favour of the Company to export coal to Bangladesh till July 1991 which was subsequently (May 1991) extended to March 1993.

The entire expenditure of Rs.9.23 lakhs incurred by the Company towards establishment charges from March 1981 to March 1989 proved unproductive.

#### 8.7.8.2 Sales activity

The company after receipt of permission from the Government of India enrolled export associates from amongst the local tribal people having coal mines in the State. The Company had finalised contracts with the



intending buyers of Bangladesh and on receipt of letters of credit issued movement orders in favour of local tribal associates for arranging export of coal through the recognised custom routes to the buyers in Bangladesh. The documents were negotiated through Banks and the Company charged 10 per cent commission towards service charges on floor price and rest of the benefits were passed on to the local associates.

During the two years of operation the Company arranged export of 77,505 tonnes of coal to Bangladesh. The details of export, sale value, profit as per provisional accounts are as under:

Year	Quantity exported (In lakh tonnes)	Sale value		Gross profit (Rupees in lakhs)
		(Rupees in lakhs)	(Rupees in lakhs)	
1989-90	0.36	344.77	20.44	27.79
1990-91	0.42	422.02	23.14	27.78
Total :	0.78	766.79	43.58	55.57

Besides the above sales activity, the company had no other activity in pursuit of its objectives for which the company was incorporated.

#### 8.7.9 Accounts Manual

The Company had not prepared accounting manual laying down procedure of accounting and responsibilities of various categories of officers of the Company (July 1991).

### 8.7.10 Other topics of interest

#### 8.7.10.1 Non-utilisation of grants-in-aid

The State Government sanctioned grants-in-aid amounting to Rs.18 lakhs during 1985-86 to 1989-90 towards administration of coal mining industry (Rs.15 lakhs) and exploitation of Borsora Limestone deposit (Rs.3 lakhs). Out of this, the Company spent Rs.7.42 lakhs towards salary and other establishment expenses and balance Rs.10.58 lakhs had remained unutilised (November 1991).

It was observed in Audit that Rs.7.42 lakhs was utilised by the Company for the purpose other than that for which grants-in-aid was sanctioned. Besides, it was also seen that no mining lease had been granted to the Company by the Government of India and approval for supply of limestone from the Borsora area was not accorded by the State Government. The justification of continued retention of the huge amount of grants-in-aid was not explained by the Management.

The above matter were reported to the Management/Government in August 1991; their replies had not been received (November 1991).

### 8.8 Review on Repair and maintenance of machineries and equipment of Meghalaya State Electricity Board

#### 8.8.1 Introduction

The Meghalaya State Electricity Board (MSEB) owns four Hydro Electric power stations consisting of 12 generating units

with a total installed capacity of 125.2 M.W. besides one Hydel project of 60 K.W. under construction and one defunct Thermal power station of 5 M.W. capacity. Ten generating units were commissioned between 1957 and 1970 under the Assam State Electricity Board while the remaining two units were commissioned in 1979 after the formation of MSEB. Each of the four power stations is under the charge of an Assistant Executive Engineer working under the respective Executive Engineers of Generation Divisions I and II.

Normal and routine repairs and maintenance of machineries of power stations are carried out by the technical staff and engineers of the respective Generation Divisions. The workshops available to the Board are Central Workshop and Mechanical workshop attached to Generation Division I and II, respectively. Besides, repairs and maintenance of power line communication system, panel board, control panel, transformers, energy meters, etc. are done by the Meter Relay and Testing Division (MRT Division) through its three Sub-divisions.

#### 8.8.2 Scope of Audit

The repairs and maintenance of machinery and equipment of the Board are done mainly by the Generation Division I, II and M. R. T. Division. The records of these divisions were test checked in audit during October to December 1990 covering the period from 1985-86 to 1989-90 and points noticed are discussed in the succeeding paragraphs.



### 8.8.3 Highlights

Repair and maintenance of power stations, transformers, energy meters, vehicles, etc. of the Board are done mainly in the Central workshop, Mechanical workshop, three sub-divisions under Meter Relay and Testing division of the Board. Due to non-fixing of targets, job orientation etc., the performance of these workshops was never analysed and evaluated by the Board.

- The performance of power House disclosed that during the five years up to 1989-90 the outages planned (16 per cent) and forced (23.6 per cent) constituted 39.6 per cent of the available generation hours (5.25 lakhs hours) of four power stations.

- Due to frequent breakdown of 'Runner' of Unit 1 Generator of Umiam Stage III Power Station, the unit had to be closed down for 600 days between February 1980 and May 1989 resulting in an estimated generation loss of 142.24 million units with consequential revenue loss of Rs.7.11 crores.

- The inventory holdings of Stage III Power Station ranged between Rs.12.03 lakhs and Rs.33 lakhs during the five years ending 1989-90. No reserve stock limit of inventories was fixed by the Board.

- The Board did not initiate action to dispose of unserviceable spares, stores, worth Rs.27.08 lakhs accumulated in the Central (Rs.3.36 lakhs) and Mechanical Workshops (Rs.23.72 lakhs) till the end of 1989-90. Out of 480 transformers awaiting repairs in the transformer repair and testing workshop, 216 transformers valued at Rs.1.55 lakhs were assessed as irreparable.

Assets worth Rs.342.97 lakhs relating to Meter Factory, Shillong (Rs.42.97 lakhs) and Thermal Power Station, Nongalbibra (Rs.300 lakhs) which were closed during 1970 and 1981 respectively, were still lying idle.

#### 8.8.4 Expenditure on repairs and maintenance

The Board had compiled its accounts only upto the year 1986-87 (December 1990). The expenditure on repairs and maintenance of the three divisions under review for the five years ending 1989-90 as compiled by the respective divisions are tabulated below:

	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>
	( Rupees in lakhs )				
A. Repairs and Maintenance					
(i) Generation Division I	6.04	4.43	4.90	9.46	7.30
(ii) Generation Division II (excluding Mechanical workshop)	19.90	14.38	22.39	18.27	25.51
(iii) M.R.T. Division	0.57	0.12	1.80	1.72	4.72
B. Establishment					
(i) Generation Division I	26.34	28.86	30.94	33.18	36.31
(ii) Generation Division II (excluding Mechanical workshops)	24.00	24.10	31.47	35.49	35.86
(iii) M.R.T. Division	16.66	18.06	17.10	17.63	21.44

The expenditure on repairs and maintenance were mostly on purchase of stores, spares, and consumables. In the absence of segregation of staff deployed on operation and maintenance and yardstick laying down limits of expenditure on normal repair and maintenance, the justification for incurring huge expenditure during the five years ended 1989-90 could not be evaluated in audit.

#### 8.8.5 Performance

##### 8.8.5.1 Power House

An analysis of outages/shutdown of generating units in four power stations during the five years ending 1989-90 revealed the following:

Year	Available hours for generation (in lakh)	Outage (Shutdown) Planned	(Shutdown) Forced	Total
		(in lakhs of hours)		
1985-86	1.05	0.37	0.05	0.42
1986-87	1.05	0.05	0.51	0.56
1987-88	1.05	0.15	0.29	0.44
1988-89	1.05	0.07	0.39	0.46
1989-90	1.05	0.20	—	0.20
Total	5.25	0.84	1.24	2.08

Percentage of actual outages to available hours

16

23.6

39.6



In the absence of norms fixed for periodical maintenance of generating units, the justification for planned outage of 0.84 lakh hours reckoning 16 per cent of available generation hours during the period from 1985-86 to 1989-90 could not be verified in audit. Similarly, forced outages of 1.24 lakhs hours during the aforesaid period representing 23.6 per cent of available generation hours and 60 per cent of total outages reflected upon the operation and maintenance of the generating units.

The following observations are made:-

(i) The Board invited Toshiba Corporation, Japan, the manufacturer and supplier of six generating units commissioned during 1965 and 1970 at Umiam Stage I and II, for an on the spot inspection of the units during February 1989 to assess the condition of the machine and suggest remedial measures. The Board procured during January 1990 spares worth Rs.4.09 lakhs (basic price) from Mitsui and Company of Japan on the advice of the manufacturer. The consignment was handled by the handling agents - M. Elias Private Limited, Calcutta to whom an advance of Rs.13.66 lakhs was paid by the Board in November 1989 towards customs duty, commission, Airport terminal and other miscellaneous charges. The agent had not submitted final accounts of expenditure. In the contract agreement executed (February 1989) between the Board and the agency house no provision was, however, made to obtain security deposit/bank guarantee. The reasons for such omission were not available on record. Further development was awaited (November 1991).



(ii) The Runner of Unit-I Generator at Umiyam Stage III Power Station which was supplied by BHEL and commissioned during 1984 had been giving frequent trouble. The spare Runner purchased in 1985 at a cost of Rs.44.79 lakhs for Stage IV power station which is under construction, was substituted for the damaged one and commissioned in 1986 by the engineers of BHEL. But the problem persisted. Due to frequent breakdown of the Runner, two generating units of Stage IV Power House had to be allowed outages for 600 days up to May 1989. The repair works had to be carried out by BHEL engineers 34 times at a total expenditure of Rs.14 lakhs between February 1980 and May 1989. The outages for 600 days had also resulted in an estimated generation loss of 142.24 million units with consequential revenue loss of Rs.711 lakhs.

(iii) The inventory holdings of spare parts for Stage III power station as per physical verification reports ranged between Rs.12.2 lakhs and Rs.33 lakhs during the five years under review. The division had not maintained stores ledger and maintained only site accounts in the absence of which correctness of the inventories could not be verified in audit. Further, no reserve stock limit for inventories had been fixed and consequently justification for holding huge inventory could not also be verified in audit.

#### 8.8.5.2 Workshops

##### (i) Central Workshop

The workshop was established during construction of power station at Sumer about 25 years ago. Though the workshop is equipped



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ch  
ng 19th sophisticated machinery viz., lathe,  
e spall, cutter, grinder, welder, etc. and  
ost ned by 10 members of staff, the outturn of  
tationk was very negligible during the five  
titutors under review. The workshop neither  
in Pantains job cards nor keeps proper records  
e pr work done, materials consumed, etc. No  
own stem of evaluating the cost of work done,  
ge lbe consumed on each work was introduced. An  
or blunt of Rs.14.84 lakhs was spent towards  
had laries of staff during the five years  
mes ing 1989-90. The efficiency and usefulness  
etw the workshop could not be evaluated due to  
es in-maintenance of proper records.

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s will  
khs. d scrap materials in the workshop amounted  
Rs.3.36 lakhs at the end of 1989-90. The  
are mpany has not initiated any action to  
ysic pose of the same till the date of audit.

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### Mechanical workshop

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ed i the formation of MSEB with a multipurpose  
mentation viz, repairs of heavy machinery,  
uentipment and vehicles. But during the last  
couple years up to March 1990 the activities of  
e workshop were confined only to repair of  
icles of the adjoining divisions in and  
ound Sumer, the place of its location.

The physical and financial perfor-  
mance of the workshop during the last five  
ars ending 1989-90 are given below:

uring  
about  
ipped



Year	No. of jobs attended (vehicles only)	Expenditure	
		Repairs	Establishment
		(in lakhs of rupees)	
1985-86	417	4.59	12.41
1986-87	303	1.44	13.19
1987-88	203	0.63	13.29
1988-89	243	0.87	12.94
1989-90	397	0.71	13.13

The declining trend in the activities of the workshop with huge expenditure on establishment was not analysed by the Board. The Managing Committee while considering feasibility of setting up a mini-automobile workshop at Shillong observed in September 1989 that staff of the workshop were under-utilised. However, no action to streamline the performance of the workshop was initiated till the date of audit.

Whenever services were rendered to other Divisions, advice of transfer debits (ATD) were raised for acceptance/adjustment. The workshop raised ATD amounting to Rs.5.64 lakhs for services rendered to other Divisions during the last five years. Acceptance/adjustment of ATDs was awaited (November 1990).

The Board had declared spares worth Rs.16.27 lakhs and tools and plant worth Rs.2.50 lakhs as unserviceable. Fifty vehicles procured between 1961 and 1986 the realisable value of which was assessed at Rs.4.95 lakhs had also been lying idle in the workshop. No action had been initiated for disposal of the above obsolete spares, tools and plant and vehicles (November 1991).

### 8.8.5.3 Meter Relay and Testing Division

#### (i) Transformer repair and testing Workshop

A separate subdivision to run the workshop at Sumer under M.R.T. Division was created in August 1986 with a view to undertake repairs of transformers of various divisions. The workshop is manned by one Asstt. Executive Engineer, one fitter and 10 other non-technical supporting staff.

The physical and financial performance of the workshop during the five years ending 1989-90 is tabulated below:

Year	No. of transformers repaired	Expenditure on		Damaged transformer awaiting repair at the end of the year
		Repairs	Establishment	
(Rupees in lakhs)				
1985-86	75	N.A.	N.A.	359
1986-87	36	N.A.	0.99	390
1987-88	58	0.04	2.31	384
1988-89	143	0.25	2.30	406
1989-90	126	0.58	2.38	480

The Board had neither analysed the reasons for huge backlog of repair works nor fixed any target of repairs. The workshop had not maintained job cards/history sheets of transformers repaired.

Out of 480 transformers awaiting repairs till the end of 1989-90, 22 transformers beyond 2.5 MVA capacity were not inspected to assess the probability of repairing, 242 were found to be repairable



while 216 transformers valued at approx. Rs.1.55 lakhs were found to be irreparable. However, no action was taken to assess the feasibility of repair elsewhere or their disposal.

#### (ii) . Meter Relay and Testing

The Meter Relay and Testing Sub-division with a laboratory at Barapani under the M.R.T. Division manned by an Assistant Executive Engineer with 22 supporting staff was set up with the object of undertaking repair and maintenance of panel boards, Control panel boards, relays, power transformers, current transformers at the power generating units and substations and also repair and testing of energy meters.

The jobs undertaken by the sub-division during the five years ending 1989-90 could not be evaluated in Audit as no yard-stick/target of work to be performed by the subdivisions was fixed by the Board nor the subdivisions had maintained consolidated record of jobs undertaken during the period under review. The expenditure on establishment amounted to Rs.12.55 lakhs during the five years ending 1989-90.

#### 8.8.6 Other topics of interest

##### (a) Non-disposal of idle machineries of Meter Factory

The Meter Factory at Shillong was set up during 1962-63 with a view to manufacture single and poly phase A.C. energy



meters in collaboration with G.E.C. Limited of Calcutta. It was closed down in phases between the years 1967 and 1970 as the cost of production of meters was exorbitantly high. The revival of the factory was considered time and again but no final decision was taken. The Meghalaya Electricity Consultative Council advised in August 1989 for a definite decision of the Board to dispose of the unutilised machineries of the factory. But the Board did not take any decision to dispose of the machinery worth Rs.42.97 lakhs which is lying idle for the last 20 years.

The Board had incurred Rs.7.84 lakhs towards salaries etc. of staff engaged on maintenance besides a sum of Rs.0.23 lakh on the maintenance of the idle machineries during the five years ending 1989-90 which proved to be infructuous.

(b) **Idle machineries of Nangalbibra Thermal Power Station**

The Thermal Power Station consisting of two generating units of 2.5 M.W. each was set up in early seventies at Nangalbibra in East Garo Hills district at an approximate cost of Rs.300 lakhs. The station ran intermittently till 1981 and thereafter its functioning was stopped finally due to high cost of generation.

The Board had not taken any decision during all these years for disposal of the idle assets worth Rs.300 lakhs though the matter was raised in September 1988 by the Chairman, Committee on Public Undertakings and the Meghalaya State Electricity Consultative Council.

The Board also could not make available the recurring expenditure incurred on maintenance and up-keep of the Power Station since its closure. However, based on emoluments drawn in January 1986, the idle expenditure incurred worked out to Rs.7.75 lakhs during the five years ending March 1990.

The above matters were reported to the Board/Government in July 1991; replies had not been received (November 1991).

## 8.9 Miscellaneous topics of interest

### 8.9.1 Meghalaya Industrial Development Corporation Limited

#### 8.9.1.1 Irregular transfer of hypothecated property by the loanee

On a scrutiny of records of the Company it was noticed in audit in August 1990 that a term loan of Rs.8.75 lakhs was disbursed to Kay Jay Brick Works (firm A) for modernisation of its brick manufacturing unit at Umroi between July 1980 and March 1983 against mortgage of factory building, plant and machinery etc. valued at Rs.9.05 lakhs. The loan was to be repaid in five annual instalments commencing from March 1983 together with interest at the rate of 12.5 per cent per annum. It was also enjoined that penal interest at the rate of 3 per cent would be levied on the overdue instalments of principal and interest. An amount of Rs.2.42 lakhs sanctioned in December 1982 as capital investment subsidy was adjusted in May 1983 towards repayment of first instalment of loan and a portion of interest. Subsequent to that no repayment of principal and interest was made by the loanee till the date of audit.

In the meantime firm "A" transferred all assets and liabilities to Shillong Bricks and Construction (Private) Limited (firm B). The loan liability stood at Rs.10.95 lakhs as on 31st October 1989 towards principal (Rs.6.45 lakhs), interest (Rs.3.99 lakhs) and penal interest (Rs.0.51 lakh). Firm "B", however, proposed (September 1989) to take over liability to the tune of Rs.8.29 lakhs only being the outstanding loan balance as on 31st March 1987 and to liquidate the same at the monthly instalment of Rs.0.25 lakh. It was noticed that only one instalment of Rs.0.25 lakh was paid by the firm "A" in January 1990 and thereafter no repayment was made till the date of audit.

The Company in their reply (November 1990) was, however, hopeful of realising the outstanding amount by pursuing the matter with both the parties. The Company had neither taken any legal action against firm "A" for realisation of the outstanding dues of Rs.10.95 lakhs nor had verified the physical transfer of assets and liabilities by firm "A" to firm "B".

The matter was reported to the Government in September 1990 reply had not been received (November 1991).

#### 8.9.1.2 Injudicious disbursement of loan

The Company sanctioned and disbursed loans amounting to Rs.1.93 lakhs and Rs.2.28 lakhs to two individual transport operators (Loanees "A" and "B") in March and June 1981 respectively, for purchase of 'Ford' Truck Chassis. The loans were repayable in 40 equal monthly instalments together with 15 per cent interest per annum commencing



from two months after the disbursement of loan failing which penal interest at the rate of 3 per cent per annum on the defaulted amounts was leviable. The loanees (A and B) repaid Rs.0.89 lakh and Rs.0.44 lakh, respectively, till July 1982 and thereafter no repayment was made by them. The Company issued pleader's notice in November 1983 against the loanee 'A' and obtained decree for Rs.2.60 lakhs in May 1985 from the Court. A legal notice was also served against the loanee 'B' in December 1988 which was not responded by the loanee till the date of audit.

In the meantime both the loanees approached the Company between March and April 1985 for a fresh loan of Rs.2.45 lakhs each for purchase of 'Tata' Trucks which were sanctioned in May 1985 on the same terms and conditions subject to remittance of disposal value of the 'Ford' Trucks to the Corporation. Against the fresh loan, the loanee 'A' paid Rs.0.13 lakh in two instalments till September 1985 while the loanee 'B' repaid Rs.0.88 lakh till September 1986 and thereafter no repayments towards outstanding balances of first and second loans were made by the loanees.

Injudicious sanction of second loan after the default in repayment of first loan had resulted in accumulation of outstanding from the loanees to the tune of Rs.11.31 lakhs towards principal (Rs.7.48 lakhs), and interest (Rs.3.83 lakhs).

The Management stated (November 1991) that in respect of loanee 'B' the decree was obtained in August 1991 whereas in respect of loanee 'A' the decree was obtained

in May 1985 from the Court. Further development as to the execution of the decree was awaited (November 1991).

The matter was reported to the Government in May 1990; reply had not been received (November 1991).

### 8.9.2 Meghalaya State Electricity Board

#### 8.9.2.1 Idle machinery and equipment

On a test check of the records of the Executive Engineer, Garo Hills Electrical Division (West), Tura it was seen in audit (May 1990) that machinery and equipment mainly various types of diesel generating sets, motors, etc. worth Rs.14.06 lakhs had been lying idle since 1979-80. The dates of procurement of the above items were not available on record. The machinery and equipment were declared condemned (Rs.12.30 lakhs) and surplus (Rs.1.76 lakhs) only in March 1990 as reported by the Executive Engineer (Electrical) to the higher authorities of the Board. However, no steps were taken to dispose of the idle machinery resulting in unnecessary locking up of funds.

Further, store materials valued at Rs.1 lakh had been lying unserviceable in the sub divisional store of the division since 1980. The survey report prepared by the Sub division in May 1989 revealed that the store materials became unserviceable due to lack of proper upkeep. But, reasons therefor could not be made available to Audit.

The unserviceable materials were not disposed of by public auction after

obtaining sanction of the Board till the date of audit for reasons not on record.

The matter was reported to the Board/Government in June 1990; the Government in reply stated (October 1991) that necessary steps to dispose of the machinery and equipment were being taken.

#### 8.9.2.2 Unfruitful expenditure on stipends

The State Electricity Board decided in February 1981 to sponsor candidates for undergoing study in various disciplines of engineering in different institutions in the country with a view to overcome acute shortage of technical staff, specially from amongst the tribals to man various posts under the Board. Candidates sponsored for degree engineering courses are to be given a monthly stipend of Rs.400 during the currency of the course besides to and fro journey expenses, book grants, etc. The selected candidates were to execute a bond to the effect that they would serve the Board for a minimum period of three years after passing the relevant examination. In the event of discontinuance of study or being dismissed from or leaving the service of the Board within the prescribed minimum period, the amount of scholarship/grants etc. was to be refunded alongwith interest at the borrowing rate of the Board.

It was noticed in audit in February 1991 that out of 30 stipendaries sponsored by the Board during August 1981 to August 1988 in two terms for four years degree course in various disciplines, only eight engineers continued in the service of the Board till the date of audit. The status of remaining 22 stipendaries is given below:



Status	Expenditure on		Number of sti- penda- ries	Remarks
	Stipend	Book grant		
(Rupees in lakhs)				
(i) Left Board's service before the prescribed minimum period of three years	1.98	0.08	11	Amounts of scholarships, grants etc. not refunded to and fro Journey expenses not available.
(ii) Not appointed in Board's service	0.60	0.03	3	Non-availability of vacancy
(iii) Did not report after completion of course	0.19	N.A.	1	Reasons not on record
(iv) Study discontinued	0.49	0.02	5	-do-
(v) Resigned on refund of scholarship	-	-	1	-do-
(vi) Details in respect of one stipendary not available	-	-	1	-do-
	<u>3.26</u>	<u>0.13</u>	<u>22</u>	

Thus, the expenditure of Rs.3.39 lakhs on scholarship, grants, over and above, journey expenses proved to be unfruitful. Recovery of scholarship, grants, journey expenses etc. was also not effected in respect of those who had either left Board's service before the stipulated period or discontinued study in the middle of the courses for reasons not on record.

The matter was reported to the Board/Government in May 1991; The Government in its reply stated (October 1991) that the steps were being taken to realise the outstanding amount of scholarships, grants, etc. from the defaulting stipendaries.

### 8.9.2.3 Irrecoverable advance payment

The Chief Engineer (Electrical) placed two orders in September 1988 and April 1989 with a firm of New Delhi for supply of towers and structures worth Rs.11.69 lakhs and Rs.14.64 lakhs FOR destination respectively. The materials were to be supplied by the 31st October 1988 and 31st July 1989 respectively, to the Executive Engineer, Transmission and Transformation Division, Barapani. The terms of payment enjoined advance payment of 25 per cent and 20 per cent against furnishing bank guarantee and an indemnity bond of equal amounts against the respective orders. The balance payments were to be made against despatch documents through the State Bank of India after adjusting the advance on pro-rata basis. The 100 per cent payments were, however, subject to the execution of 5 per cent bank guarantee with the consignee to be released only after receipt of materials in good condition and completion of tendered quantity.

It was seen in audit that advances amounting to Rs.2.92 lakhs (25 per cent) and Rs.2.90 lakhs (20 per cent) were paid to the firm on 12th and 18th April 1989, respectively, while the bank guarantee of Rs.0.50 lakh furnished by the firm was valid up to 3rd December 1987 only, the acceptance of a bank guarantee for less amount with the validity having already expired lacked justification.



The firm could not supply the materials within the stipulated date against the first order necessitating the extension of delivery period till the end of December 1988 and subsequently to June 1989. However, materials worth Rs.2.33 lakhs received against the first purchase order were paid for in April 1989 in adjustment of the appropriate advance of Rs.0.39 lakh. Subsequently, the firm delivered materials worth Rs.3.55 lakhs in May 1989 and thereafter, did not supply any material against either of the orders. Consequently, the Board cancelled both the purchase orders in May 1990.

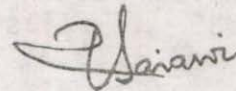
Thus, the Board could adjust only Rs.3.94 lakhs against the advance of Rs.5.82 lakhs and the balance amount of Rs.1.88 lakhs is still recoverable.

It was observed in audit that payment of second advance of Rs.2.90 lakhs on an indemnity bond and non-execution of 5 per cent bank guarantee for the 100 per cent payment in terms of supply orders proved to be injudicious.

Further, the workability of the materials worth Rs.5.87 lakhs lying idle had not been tested by the Board so far (October 1991) though the guarantee period had expired in November 1990. Again, tower materials numbering 95 items received short as intimated by the division to the Chief Engineer in October 1989 had not been evaluated to assess the loss (October 1991).



The Government in their reply (October 1991) stated that the Board had already been directed to recover the balance amount from the firm.

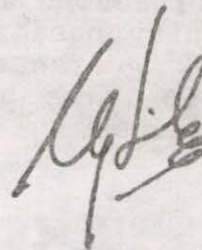


(ROCHILA SAIAMI)  
Accountant General (Audit),  
Assam, Meghalaya, Arunachal  
Pradesh and Mizoram.

Shillong,  
The

0 2 AUG 1993

Countersigned



(C.G. SOMIAH)  
Comptroller and Auditor General  
of India.

New Delhi,  
The

2 5 AUG 1993

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APPENDICES

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## APPENDIX

(Reference : Paragraph

Statement showing the excess over grants/

<u>Sl. No.</u>	<u>Number and name of grant</u>
	<b>Voted Grants</b>
	<b>REVENUE SECTION:</b>
1.	9- Sales Tax and -1-Other Taxes and Duties on Commodities and Services
2.	16-Police -Other Administrative Services-Fire Protection and Control-Housing-Government-Residential Buildings- Capital outlay on Public Works (Police) and Capital outlay on Housing (Police)
3.	18-Stationery and Printing -Capital Outlay on Stationery and Printing and Capital Outlay on Housing-01-Government Residential Buildings
4.	24-Pension and Other Retirement Benefits
5.	36-Social Security and Welfare-60-Other Social Security and Welfare Programmes and Loans for Social Security and Welfare -60-Other Social Security and Welfare Programmes
6.	37-Social Security and Welfare-E-60-Other Social Security and Welfare Programmes
7.	54-Village and Small Industries-1-Handloom and Sericulture and Housing-01-Government Residential Buildings- Capital Outlay on Village and Small Industries -1-Handloom and Sericulture-Loans for Village and Small Industries-1-Handloom and Sericulture
	<b>Total (REVENUE SECTION) :</b>



- I

2.2 and 2.2.1; page 24-25)

## Appropriation Requiring Regularisation

<u>Total Grant</u>	<u>Expenditure</u>	<u>Excess</u>
(Rs.)	(Rs.)	(Rs.)
79,14,525	79,92,932	78,407
27,66,21,964	28,42,55,262	76,33,298
2,28,84,074	2,57,71,692	28,87,618
5,26,00,000	6,40,40,672	1,14,40,672
4,18,000	7,74,610	3,56,610
9,53,000	16,58,784	7,05,784
<u>2,91,27,000</u>	<u>3,11,86,599</u>	<u>20,59,599</u>
<u>39,05,18,563</u>	<u>41,56,80,551</u>	<u>2,51,61,988</u>

<u>Sl. No.</u>	<u>Number and name of grant</u>
----------------	---------------------------------

<b>CAPITAL SECTION:</b>	
-------------------------	--

- |     |  |
|-----|--|
| 8.  | 26-Medical and Public Health-Family Welfare-Capital Outlay on Medical and Public Health and Capital outlay on Family Welfare   |
| 9.  | 28-Housing -I-A-General and B-Housing Schemes -Capital Outlay on Housing (General) and Loans for Housing   |
| 10. | 53-Industries-Capital Outlay on Industries and Minerals and Capital Outlay on Engineering Industries-Capital Outlay on Consumer Industries and Loans for other Industries and Minerals |
| 11. | 58-Tourism-Capital Outlay on other Communication Services and Capital outlay on Public Works (Tourism)   |

<b>Total (CAPITAL SECTION)</b>	
--------------------------------	--

<b>TOTAL (REVENUE AND CAPITAL SECTION)</b>	<b>::</b>
--	-----------

<u>Total Grant</u>	<u>Expenditure</u>	<u>Excess</u>
(Rs.)	(Rs.)	(Rs.)
2,60,00,000	2,61,15,537	1,15,537
62,03,000	62,15,861	12,861
4,98,00,000	5,58,00,000	60,00,000
<u>1,35,00,000</u>	<u>1,42,68,000</u>	<u>7,68,000</u>
<u>9,55,03,000</u>	<u>10,23,99,398</u>	<u>68,96,398</u>
48,60,21,553	51,80,79,949	3,20,58,386



## APPENDIX - II

(Reference : Paragraph  
Unnecessary Supplementary

Sl. No.      Number and name of grant/appropriation

- 
1.      1-Parliament/State/Union Territory Legislature  
Revenue Voted
  2.      10-Taxes on Vehicles, Other Administrative Services-  
Purchase and Maintenance of Transport, Roads Transport  
and Capital Outlay on Roads Transport  
Revenue Voted
  3.      11-Other Taxes and Duties on Commodities and  
Services-11-Inspectorate and Electricity, Power, Special  
Programme for Rural Development (IREP), Non-Conventional  
Sources of Energy (NRSE) and Loans for Power Projects  
Revenue Voted
  4.      -do-  
Capital Voted
  5.      13-Secretariat General Services-1-Civil Departments,  
Secretariat-Social Services-1-Civil Departments and  
Secretariat Economic Services-1-Civil Departments  
Revenue Voted
  6.      14-District Administration  
Revenue Voted
  7.      19-Secretariat General Services-II-Public Works  
Department-Secretariat Public Works, General Education,  
Housing-Government Residential Buildings (PHD), Outlay  
on Public Works, Capital outlay on Education, Sports,  
Art and Culture, Capital outlay on Medical and Public  
Health, Capital Outlay on Housing, Capital outlay on  
Animal Husbandry and Capital outlay on Dairy Development  
Revenue (Charged)

2.2.2; page 25)  
grants/appropriations

Amount of supplementary  
grant/appropriation

(Rs.)

12,71,000

7,85,328

15,15,728

96,07,800

33,68,000

27,332

43,848

Amount of savings

(Rs.)

27,68,965

30,10,789

17,86,454

4,86,00,000

1,54,23,059

20,07,081

43,848

**Sl. No.      Number and name of grant/appropriation**

---

8.      21-Miscellaneous General Services-Pensions and Awards in consideration of distinguished services, General Education, Technical Education, Sports and Youth Services, Art and Culture Nutrition, Scientific Research, Census, Survey and Statistics, Capital Outlay on Education, Sports, Art and Culture and loans for Education, Sports, Art and Culture  
Revenue (Voted)
9.      23-Other Administrative Services-V-Training, Vigilance, Administration of Citizenship Act, etc.  
Revenue (Voted)
10.     26-Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health and Capital outlay on Family Welfare  
Revenue (Voted)
11.     27-Water Supply and Sanitation, Housing-01-Government Residential Buildings, Capital outlay on Water Supply and Sanitation, Capital outlay on Housing (PHE) and Loans for Sanitation and Water Supply  
Revenue (Voted)
12.     32-Labour and Employment-01-A-Labour, Labour and Employment-01-Labour-Inspectorate of Factories and Steam Boilers and Labour and Employment -02-Employment and -03-Training  
Revenue (Voted)
13.     40-Co-operation, Capital outlay on Co-operation, Capital outlay on other Agricultural Programmes and Loans for Co-operation  
Capital (Voted)



Amount of supplementary  
grant/appropriation

(Rs.)

Amount of savings

(Rs.)

1,27,90,000

3,99,56,597

12,29,917

14,98,945

1,04,85,000

4,36,20,199

1,68,00,000

3,51,99,241

3,40,000

63,39,958

2,99,60,100

3,65,89,034

Sl. No.	Number and name of grant/appropriation
---------	--

- |     |  |
|-----|--|
| 14. | 41-North Eastern Areas (Special Areas Programmes)<br>Capital outlay on North Eastern Areas<br>Revenue (Voted)  |
| 15. | -do-<br><br>Capital (Voted)  |
| 16. | 42-Census, Survey and Statistics<br>Revenue (Voted)  |
| 17. | 46-Soil and Water Conservation and Housing-01-Government<br>Residential Buildings and Agricultural Research and<br>Education<br>Revenue (Voted)  |
| 18. | 48-Animal Husbandry and Housing-01-Government Residential<br>Buildings, Agricultural Research and Education, Capital<br>outlay on Public Works and Loans for Animal Husbandry<br>Revenue (Voted) |
| 19. | 50-Fisheries and Housing -01-Government Residential<br>Buildings Agricultural Research and Education,<br>Capital outlay on Housing and Capital outlay on Fisheries<br>Revenue (Voted)            |

Amount of supplementary  
grant/appropriation

(Rs.)

Amount of savings

(Rs.)

11,88,000

25,12,850

3,15,000

15,69,037

4,63,750

5,69,337

28,00,000

1,32,53,377

10,00,000

1,12,37,405

8,00,000

24,43,604

9,47,90,803

26,84,29,780



## APPENDIX

(Reference : Paragraph

## Excessive supplementary grants where ultimate

Grant Number and Name of grant	Original Provision (Rs.)
3-Council of Ministers	
Revenue (Voted)	87,00,000
17-Jails and Capital outlay on Public Works (Jails)	
Revenue (Voted)	82,80,000
30-Urban Development, Capital outlay on Housing and Capital outlay on Urban Development	
Revenue (Voted)	4,05,69,000
35-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward classes, Social Security and Welfare, Nutrition (Social Welfare), Capital outlay on Public Works (Social Welfare)	
Revenue (Voted)	6,57,63,000
52-Other Rural Development Programme, Nutrition, Rural Employment, Capital Outlay on Housing and Loans for other Rural Development Programme	
Revenue (Voted)	9,44,37,000
56-Non-ferrous Mining and Metallurgical Industries, Capital Outlay on Housing, Capital Outlay on non-ferrous Minings and Metallurgical Industries and non-Ferrous Metals	
Revenue (Voted)	1,11,20,000
61-Loans to Government Servants, etc.	
Revenue (Voted)	3,50,00,000
	<u>26,38,69,000</u>

## - III

2.2.3, page 25)

savings in each case exceeded Rs.5 lakhs

Supplementary grant (Rs.)	Total (Rs.)	Actual expenditure (Rs.)	Amount of savings (Rs.)
28,33,989	1,15,33,989	95,73,439	19,60,550
4,19,580	86,99,580	78,66,863	8,32,717
73,46,000	4,79,15,000	4,68,53,466	10,61,534
2,12,30,000	8,70,01,000	6,64,82,909	2,05,18,091
8,81,23,000	18,25,60,000	16,67,92,236	1,57,67,764
47,78,249	1,58,98,249	1,44,89,714	14,08,535
86,53,750	4,36,53,750	3,83,01,744	53,52,006
13,33,92,568	39,72,61,568	35,03,60,371	4,69,01,197

## APPENDIX

(Reference : Paragraph

Cases where supplementary provision was

Grant Number and Name of grant	Original Provision
	(Rs.)
16-Police-Other Administrative Services-Fire Protection and Control-Housing-Government Residential Buildings-Capital outlay on Public Works (Police) and Capital outlay on Housing (Police)	
Revenue (Voted)	25,01,57,000
10-Stationery and Printing, Capital outlay on Stationery and Printing and Capital outlay on Housing-01-Government Residential Buildings	
Revenue (Voted)	2,21,00,000
24-Pension and Other Retirement Benefits	
Revenue (Voted)	5,00,00,000
53-Industries, Capital outlay on Industries and Minerals, Capital outlay on Engineering Industries, Capital outlay on Consumer Industries and Loans for other Industries and Minerals	
Capital (Voted)	3,98,00,000
	36,20,57,000



## - IV

2.2.2, page 25)

insufficient by more than Rs.5 lakhs

Supplementary grant (Rs.)	Total (Rs.)	Actual expenditure (Rs.)	Amount of excess (Rs.)
2,64,64,964	27,66,21,964	28,42,55,262	76,33,298
7,84,074	2,28,84,074	2,57,71,692	28,87,618
26,00,000	5,26,00,000	6,40,40,672	1,14,40,672
<u>1,00,00,000</u>	<u>4,98,00,000</u>	<u>5,58,00,000</u>	<u>60,00,000</u>
3,98,49,038	40,19,06,038	42,98,67,626	2,79,61,588

## APPENDIX

(Reference : Paragraph  
Inadequate/unnecessary

Sl. No. Number and name of grant and Head of Account

1	2
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**Inadequate Reappropriation****Revenue (Voted)**

1. Grant No.21-Miscellaneous-General Services, General Education etc., 2202-General Education-01-Elementary Education-103-Assistance to local bodies for Primary education-Expenditure on Schools maintained by District Councils, Khasi, Garo, Jaintia Hills-General
2. Grant No.21-Miscellaneous General Services, General Education, etc., 2202-General Education-01-Elementary Education-100-Other expenditure(c) Special Scheme for Science Education-General
3. Grant No.21-Miscellaneous General Services, General Education, etc., 2202-General Education-03-University and other Higher Education-104-Assistance to non-Government Colleges and Institutions-Sixth Schedule (Part-II) Areas

**Capital (Voted)**

4. Grant No.58-Tourism, etc.,-5452-Capital Outlay on Tourism-01-Tourist Infrastructure-102-Tourist Accommodation (b) Development of Water Sports at Umiam Lake-General

**Unnecessary reappropriation****Revenue (Voted)**

1. Grant No.35-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes, etc., Centrally Sponsored Schemes-2335-Social Welfare-Integrated Child Development Services Scheme-Sixth Schedule (Part-II) Areas

- V

2.2.6; page 33)

## reappropriation of funds

Provision (Original plus Supp- lementary	Reappro- priation	Total Grant	Actual Expenditure	Excess (+) Savings (-)
3	4	5	6	7

(Rupees in lakhs)

200.00	28.22	228.22	239.58	(+) 11.36
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...	14.75	14.75	25.00	(+) 10.25
-----	-------	-------	-------	-----------

40.66	17.00	57.66	97.66	(+) 40.00
-------	-------	-------	-------	-----------

26.00	17.09	43.09	53.09	(+) 10.00
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147.47	6.60	154.07	47.05	(-) 107.02
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## APPENDIX

(Reference : Paragraph

Loss due to curdling and handling during  
Town Milk Supply Schemes,

Year	Milk Collected	Loss of milk due to	
		Curdling	Handling
1985-86	3,51,677	17,025	13,232
1986-87	3,66,316	15,952	13,872
1987-88	3,82,073	10,826	14,289
1988-89	6,33,633	20,547	19,686
1989-90	6,78,782	13,456	17,081
1990-91	7,44,065	2,510	12,402

- VI -

3.1.7(1)(b); page 44)

1985-86 to 1990-91 in respect of  
Shillong

Maximum permissible loss due to		Loss in excess of maximum permissible limit due to		Value of milk lost in excess of permissible limit (Rs.)
Curdling	Handling	Curdling	Handling	
5,275	13,012	11,750	220	35,408.46
5,495	13,554	10,457	318	32,325.00
5,731	14,136	5,095	153	15,744.00
9,504	(within permissible limits)	11,043	-	44,172.00
10,182	-do-	3,274	-	13,096.00
(within permissible limits)	-do-	-	-	-
		<u>41,619</u>	<u>691</u>	<u>1,40,745.46</u>

**APPENDIX**

(Reference : Paragraph

Loss due to curdling and handling during  
Town Milk Supply Schemes,

Year	Milk collected	Loss of milk due to	
		Curdling	Handling
1985-86	2,03,860	8,130	1,774
1986-87	2,99,583	13,479	4,054
1987-88	2,54,002	7,260	2,565
1988-89	2,07,421	23,385	9,006
1989-90	2,74,833	5,355	5,920
1990-91	2,18,391	10,188	9,577



## - VII

3.1.7(2)(b); page 46)

1985-86 to 1990-91 in respect of  
Tura

Maximum permissible loss due to		Loss in excess of maximum permissible limit, due to		Value of milk lost in excess of permissible limit (Rs.)
Curdling	Handling	Curdling	Handling	
3,058	(within Permissible limit)	5,072	-	10,854
4,494	-do-	8,985	-	26,955
3,810	-do-	3,450	-	10,350
3,111	7,675	20,274	1,331	64,815
4,123	(within permissible limit)	1,232	-	4,435
3,276	8,080	<u>6,912</u>	<u>1,497</u>	<u>33,636</u>
		45,925	2,828	1,51,045

## APPENDIX - VIII

(Reference : Paragraph

Year-wise and vaccine-wise  
of each district

Year	T.T.(P.W)			D.P.T.		
	Target	Achievement	Percentage	Target	Achievement	Percentage
<b>East Khasi Hills</b>						
1986-87	22000	4145	19	17000	3033	18
1987-88	17300	7943	46	8000	6333	79
1988-89	12000	12604	105	9000	8652	96
1989-90	15800	17723	112	13100	18660	142
1990-91	12000	14334	119	9000	10375	115
<b>West Garo Hills</b>						
1987-88	9000	6306	70	8000	6159	77
1988-89	14000	7430	53	11000	7083	64
1989-90	16100	5321	33	12300	6562	53
1990-91	13000	11069	85	10000	11195	112
<b>East Garo Hills</b>						
1988-89	6000	6106	102	5000	4435	89
1989-90	6300	2288	36	4800	3025	63
1990-91	4500	3881	86	4000	3203	80
<b>West Khasi Hills</b>						
1988-89	5000	4138	83	4000	4271	107
1989-90	7800	2294	29	6000	1400	23
1990-91	5000	3401	68	4000	3174	79
<b>Jaintia Hills</b>						
1988-89	6000	6252	104	5000	3730	75
1989-90	7400	3215	43	5600	3369	60
1990-91	4500	4526	101	4000	3998	100

3.8.7(a); page 58-59)

targets and achievements  
during 1986-87 to 1990-91

Polio			B.C.G.			Measles		
Target	Achievement	Percentage	Target	Achievement	Percentage	Target	Achievement	Percentage
(in numbers)								
5600	2725	49	17000	-	-	17000	30	-
8000	6040	76	8000	-	-	13800	974	7
9000	9290	103	5000	-	-	9000	4132	46
13100	17933	137	14600	4702	32	13100	6343	48
9000	10145	113	4000	4534	113	9000	7287	81
8000	5550	69	8000	-	-	6000	1096	18
11000	6794	62	10000	-	-	11000	2596	24
12300	6287	51	8800	5565	63	12300	3890	32
10000	11796	118	10000	7757	78	10000	4696	47
5000	4913	98	4000	-	-	5000	1109	22
4800	3712	77	3800	2594	68	4800	861	18
4000	3468	87	4000	2417	60	4000	1509	38
4000	4216	105	3000	-	-	4000	-	-
6000	1573	26	5000	1714	34	6000	-	-
4000	3070	76	4000	2527	63	4000	437	11
5000	3616	72	4000	-	-	5000	24	-
5600	3336	60	4600	4827	105	5600	254	5
4000	4814	120	4000	4568	114	4000	1511	38



## APPENDIX

## Statement showing particulars of working results etc.

(Referred to in paragraph

Sl. No.	Name of the Company	Paid-up Capital as at the end of Current year				Loans outstanding at the close of the Current year 1990-91
		State Govt.	Central Govt.	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4
(Rupees in lakhs)						
1.	Mawmluh Cherra Cement Limited	1647.18	-	10.67	1684.85	1390.95
2.	Meghalaya Industrial Development Corporation Limited	1416.72	-	-	1416.72	691.29
3.	Forest Development Corporation of Meghalaya Limited	142.19	20.00	-	162.19	-
4.	Meghalaya Tourism Development Corporation Limited (A)	198.10	-	-	198.10	181.33
5.	Meghalaya Handloom and Handicrafts Development Corporation Limited (Subsidiary of Meghalaya Industrial Development Corporation Limited)	47.99	-	5.00	52.99	5.00

## IX

paid-up capital, outstanding loans,  
of Government Companies

8.2.2; page 131)

Amount of gua- up to 1990-91	Amount of guarantee outstand- ing at the close of the Cur- rent year	Position at the end of the year for which accounts were finalised			REMARKS	
		Year for which accounts were fi- nalised	Paid-up Capital at the end of the year	Accumulated Profit(+)/ Loss(-)	Any ex- cess of accumula- ted loss over paid- up Capital	
5(a)	5(b)	6(a)	6(b)	6(c)	6(d)	7
(Rupees in lakhs)						
665.00	615.03	1985-86	866.94 (B)	(-) 1231.68	364.74	
-	-	1980-81	351.17	(+) 1.89	-	
-	-	1988-89	137.19	(-) 20.98	-	
295.00	85.00	1980-81	3.32	(-) 2.28	-	
-	-	1980-81	10.99 (C)	(-) 6.40	-	

1	2	3(a)	3(b)	3(c)	3(d)	4
(Rupees in lakhs)						
6.	Meghalaya Government Construction Corporation Limited	28.14	-	-	28.14	-
7.	Meghalaya Watches Limited (Subsidiary of Meghalaya Industrial Development Corporation Limited)	-	-	35.98	35.98	18.46
8.	Meghalaya Bamboo Chips (Subsidiary of Meghalaya Industrial Development Corporation Limited)	-	-	48.72	48.72	90.00
9.	Meghalaya Mineral Development Corporation Limited	24.00	-	-	24.00	-
10.	Meghalaya Electronics Development Corporation Limited (Subsidiary of Meghalaya Industrial Development Corporation Limited)	-	-	461.96	461.96	487.42
		3531.32	20.00	562.33	4113.65	2864.45

(A) Includes advance against Share Capital - Rs.198.09 lakhs;

(B) Includes advance against Share Capital - Rs. 51.17 lakhs;

(C) Includes advance against Share Capital - Rs. 3.00 lakhs;



5(a)	5(b)	6(a)	6(b)	6(c)	6(d)	7
(Rupees in lakhs)						
-	-	1993-84	28.14	(+) 13.61	-	
-	-	1987	10.00	(-) 37.01	27.01	
-	-	1982-83	10.00	(-) 5.33	-	
-	-	1988-89	24.00	-	-	Commercial operation not started.
426.00	426.00	1988-89	242.00	-	-	Commercial operation not started.
1386.00	1127.03					

## APPENDIX

Summarised financial results of  
for which accounts were

(Referred to in paragraph

S1. No.	Name of the Company	Name of the De- part- ment	Date of incor- pora- tion	Period of ac- count	Year in which fina- lised	Total capi- tal inve- sted at the end of the year of ac- count	Profit (+)/ loss(-)
1	2	3	4	5	6	7	8
1.	Mawmluh-Cherra Cements Limited	Indu- stries	20th May 1955	1985-86	1990-91	1634.00	(-)187.67
2.	Meghalaya Indust- rial Development Corporation Limited	Indu- stries	6th April 1971	1980-81	1987-88	413.00	(-) 1.90
3.	Forest Development Corporation of Meghalaya Limited	Forest	30th January 1975	1988-89	1989-90	140.08	1.48
4.	Meghalaya Tourism Development Corpo- ration Limited	Tourism	25th January 1977	1980-81	1990-91	3.32	(-) 0.98
5.	Meghalaya Handloom and Handicrafts Development Corpo- ration Limited (Subsidiary of Meghalaya Indust- rial Development Corporation Limited)	Indust- ries	10th January 1979	1980-81	1989-90	15.99	(-) 4.18

- X

Government Companies for the year  
finalised upto 31st March 1991

8.2.3; page 133)

Total inte- rest char- ged to profit & loss	Inte- rest on long term loans	Total return on ca- pital inves- ted (8+10)	Capital empl- oyed	Total return on ca- pital empl- oyed (8+9)	Perce- ntage of to- tal re- turn on ca- pital inves- ted	Perce- ntage of to- tal re- turn on ca- pital emplo- yed	REMARKS
9	10	11	12	13	14	15	16
(Rupees in lakhs)							
145.66	145.66	(-)42.01	226.65	(-)42.01	-	-	
2.23	2.20	0.30	376.43	0.33	0.07	0.09	
0.15	-	1.48	59.24	1.63	1.06	2.75	
-	-	-	1.04	-	-	-	
0.01	-	-	0.51	-	-	-	



1	2	3	4	5	6	7	8
6.	Meghalaya Govern- ment Construction Corporation Limited	Works and Housing	26th March 1979	1983-84 1990-91	41.75 (+)	15	
7.	Meghalaya Watches Limited (Subsidiary of Meghalaya Indus- trial Development Corporation)	Indus- tries	7th August 1979	1987 1991-92	48.44 (-)	2	
8.	Meghalaya Bamboo Chips Limited (Subsidiary of Meghalaya Industrial Development Corpo- ration Limited)	Indus- tries	14th September 1979	1982-83 1989-90	19.38 (-)	5	
9.	Meghalaya Mineral Development Corpo- ration Limited	Mines and Mine- rals	31st March 1981	1988-89 1990-91	24.90		
10.	Meghalaya Electro- nics Development Corporation Limited (Subsidiary of Meghalaya Indust- rial Development Corporation Limited)	Indus- tries	25th March 1986	1988-89 1991-92	710.00		

NOTE : 1. Capital invested represents paid-up capital plus long term loans.  
 2. Capital employed in respect of Meghalaya Industrial Development and closing balance of (i) paid-up capital (ii) Borrowings include Capital employed represents net fixed assets excluding capital

9	10	11	12	13	14	15	16
(Rupees in lakhs)							
-	-	15.00	41.55	15.00	-	-	
2.31	2.31	-	11.33	-	-	-	
0.91	0.91	(-) 4.42	11.73	(-) 4.42	-	-	
-	-	-	23.85	-	-	-	Commercial operation not started
-	-	-	475.00	-	-	-	Commercial operation not started

plus free reserves.

Corporation Limited represents the mean of the aggregates of opening  
ding refinance and (iii) reserves. In respect of other Companies  
works-in-progress plus working capital.

## APPENDIX

Summarised financial results of  
(Referred to in

S1. No.	Name of the Corporation	Name of Depart- ment	Year of inco- rpo- ration	Period of account	Total capital invested	Profit (+)/ Loss(-)
1	2	3	4	5	6	7
1.	Meghalaya State Electricity Board	Power (Electri- city Mines and Mine- rals)	1975	1986-87	13,763.08	(-)3484.20
2.	Meghalaya Trans- port Corporation	Transport	1976	1985-86	1,526.51	(-) 214.59.
3.	Meghalaya State Warehousing Corporation	Corpora- tion	1973	1989-90	106.62	(-) 6.07

NOTE : 1. Capital invested represents the capital contribution plus Corporation

2. Capital employed represents net fixed assets (excluding

3. Capital invested represents long-term loans plus free Board and paid-up Capital plus long-term loans for



## XI

the Statutory Corporation  
(paragraph 8.3.4; page 138).

Total interest charged to Pro- fit & Loss account	Interest on Long term Loan	Total re- turn on capital invested (7+9)	Capital employed	Total return on capital employed (7+8)	Perce- ntage of to- tal re- turn on capital inve- sted	Perce- ntage of to- tal re- turn on capital empl- oyed	REMARKS
8	9	10	11	12	13	14	15
1093.14	1093.14	(-) 2391.06	3636.98	(-) 91.06	-	-	
75.25	75.25	(-) 139.34	574.74	(-) 139.34	-	-	
0.54	0.54	(-) 5.53	99.51	(-) 5.53	-	-	

long-term loans plus free reserves, for Meghalaya Transport

works-in-progress) plus working capital.

reserves less intangible assets for Meghalaya State Electricity  
Meghalaya Warehousing Corporation.

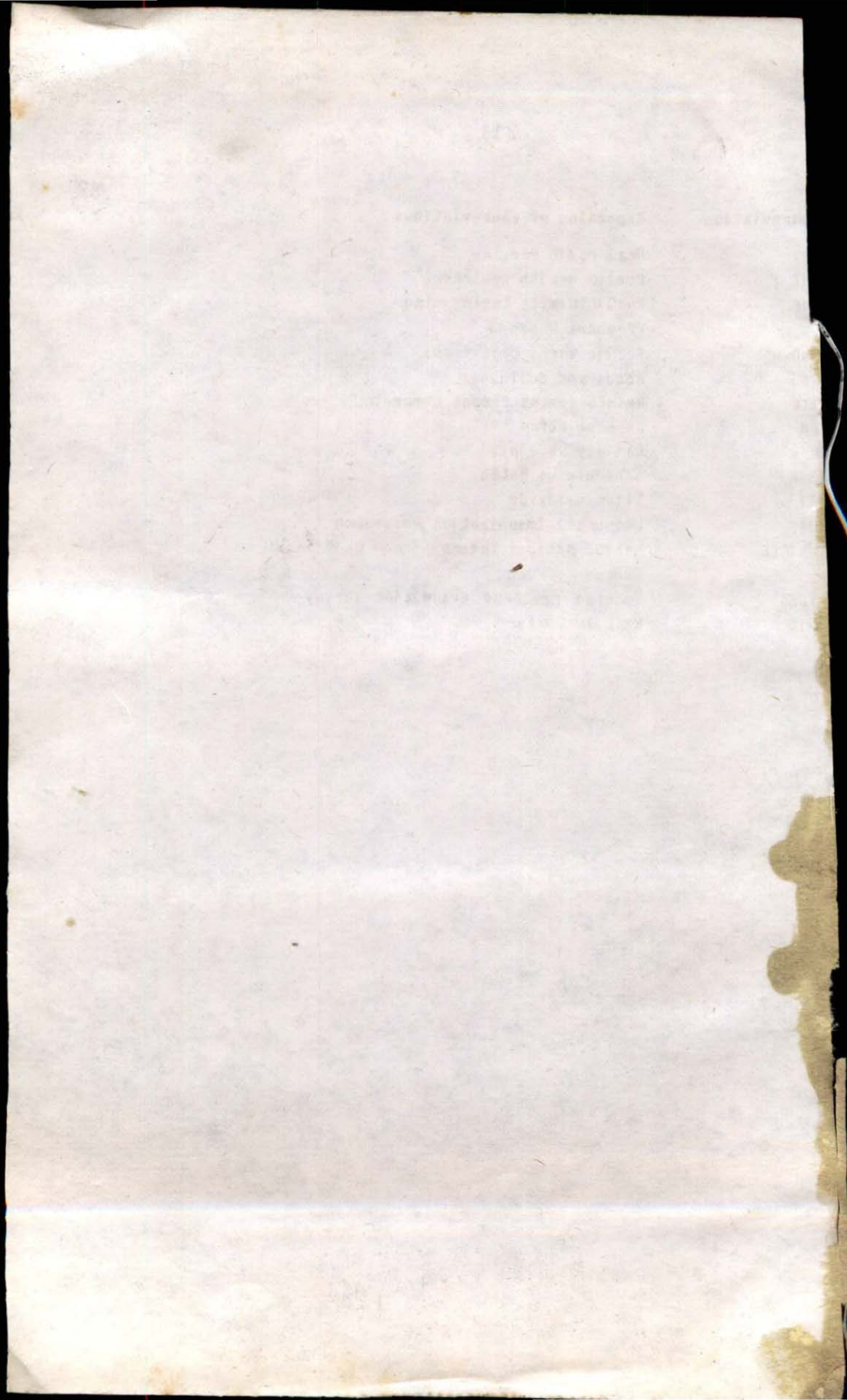
## APPENDIX - XII

## GLOSSARY OF ABBREVIATIONS

Abbreviations	Expansion of abbreviations
ADDOS	Assistant Dairy Development Officers
AIHB	All India Handicrafts Board
BCG	Bacillus of Calmettee and Guerin
BG	Broad Gauge
BUG	Bridge Unit Guard
CCO	Cold Chain Officer
CEA	Chief Electrical Adviser
CTF	Civil Task Force
DHS	Director of Health Services
DIO	District Immunisation Officer
DM & HO	District Medical and Health Officer
DPT	Diphtheria Pertusis Tetanus
EPI	Expanded Programme of Immunization
GOI	Government of India
GI	Galvanised Iron
ICDS	Integrated Child Development Scheme
IEC	Information Education and Communication
ILR	Ice line refrigerator
ISI	Indian Standards Institution
MCCL	Mawmluh Cherra Cement Limited
MCH	Maternity and Child Health
MCH & FW	Maternity, Child Health and Family Welfare
MCTF	Meghalaya Civil Task Force
MECOFED	Meghalaya State Cooperative Marketing and Consumers' Federation Limited
MSEB	Meghalaya State Electricity Board
MG	Metre Gauge
MIDC	Meghalaya Industrial Development Corporation
MO	Medical Officer
MOU	Memorandum of Understanding
NF	Not fixed
N.F. Railway	North-East Frontier Railway
NICD	National Institute of Communicable Diseases
NIT	Notice Inviting Tender
NEITCO	North Eastern Industrial Technical Consultancy Organisation

Abbreviation	Expansion of abbreviations
OPV	Oral Polio Vaccine
PHC	Public Health Centres
PH	Public Health Engineering
PW	Pregnant Woman
PWD	Public Works Department
R&B	Roads and Buildings
RCC	Reinforcement Cement Concrete
RM	Running Metre
R/R	Railway Receipts
SOR	Schedule of Rates
TT	Titanus Toxide
UIP	Universal Immunization Programme
UNICEF	United Nations International Childrens' Emergency Fund
VCES	Vaccine Coverage Evaluation Survey
WIC	Walk in Cooler





***Errata to the Report of the Comptroller and Auditor General of India for  
the year ended 31st. March 1991 - Government of Meghalaya.***

Page No.	Line	For	Read
(xxv)	After 21st from top		(Paragraph 4.3
(xix)	2nd from bottom	Rs. 17.11	Rs. 7.11 crores
(xx)	10th & 11th from top	paragraphs 8.8.5.2 (I) & (II) & 8.8.5.3 (I)	paragraphs 8.8.5.2 (i) & (ii) and 8.8.5.3 (i)
5	3rd from bottom	servoces	services
11	6th from bottom	8.71	18.71
29	15th from top	(14)	(64)
39	8th from bottom	3.1.7 (d)	3.1.7 (I) (d)
40	5th from top	(-) 4.76	(-) 4.78
40	2nd from bottom	schemes	schemes
66	11th. from top	evluation	evaluation
78	Table column	year upto	year
78	Table column	1980-81	upto 1980-81
79	4th from top	court in	court of
86	10th from bottom	Rs. 1,165.25	Rs. 1,265.25
89	19th from top	Depatment	Department
112	14th from top	in	and
113	13th from top	assistant	Assistant
118	7th from top	return	returned
120	14th. from top	panalty	penalty
121	3rd from bottom	31th	30th
138	12th & 13th from top	Warehousing corporation Act, 1962	Warehousing Corporations Act, 1962
155	16th & 17th from bottom	Quantiry exported	Quantity exported
156	11th from bottom	matter	matters
159	3rd from top	Nongalbibra	Nangalbibra
169	11th from bottom	September 1990 reply	September 1990; reply
172	13th from top	countrywith	country with

