

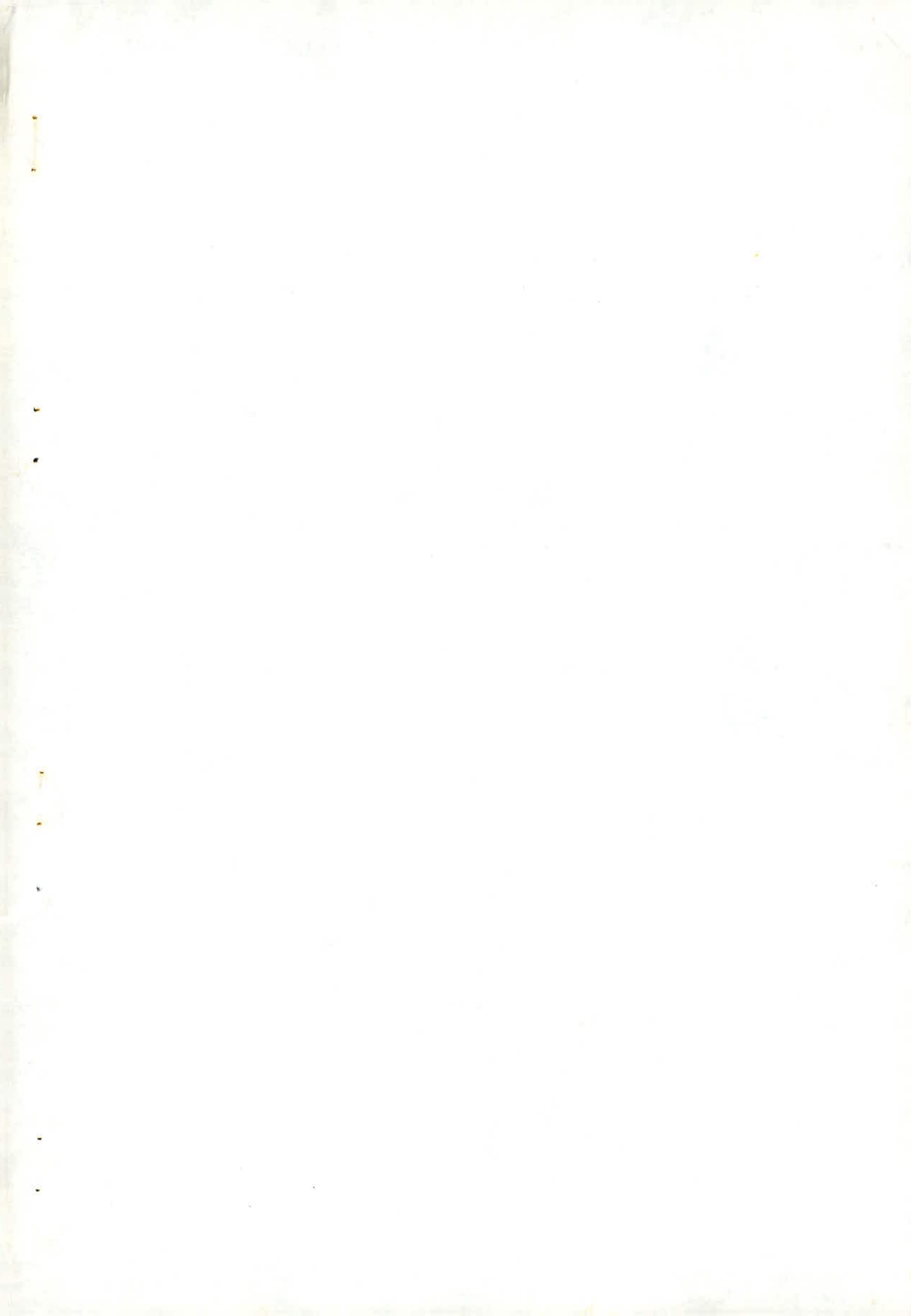


REPORT OF THE
Comptroller and Auditor General
of India

FOR THE YEARS
1982-93 TO 1991-92

CARO HILL, AUTONOMOUS DISTRICT COUNCIL
PURA (MEGHALAYA)







**REPORT OF THE
Comptroller and Auditor General
of India**

**FOR THE YEARS
1992-93 TO 1993-94**

**GARO HILLS AUTONOMOUS DISTRICT COUNCIL
TURA (MEGHALAYA)**

THE UNIVERSITY OF CHICAGO
LIBRARY

1964

of 1964

University of Chicago Press

CHICAGO, ILL.



TABLE OF CONTENTS

	Paragraph (s)	Page (s)
Prefatory remarks		(ii)
Overview		(iii)

SECTION I

Introduction	1.1	1
Rules for management of the District Fund	1.2	2
Maintenance of accounts	1.3	3

SECTION II

Revenue Receipts and Expenditure	2.1	4-8
Treasury Personal Ledger Account (PLA) reconciliation	2.2	9

SECTION III

Loss of forest revenue	3.1	10-11
Shortfall in realisation of land revenue/house tax	3.2	12
Unauthorised diversion of fund	3.3	13
Outstanding Inspection Reports	3.4	14-15

Prefatory Remarks

This Report has been prepared for submission to the Governor under paragraph 7 (4) of the Sixth Schedule to the Constitution of India. It relates mainly to points arising from the audit of the financial transactions of the Garo Hills District Council.

2. The cases mentioned in this Report are those which came to notice in course of test-check of the accounts of the council for the years 1992-93 to 1993-94.

3. This Report contains three sections, of which one deals with the constitution of the Garo Hills District Council, the rules for the management of the District Fund and maintenance of accounts by the District Council, and the remaining two sections deal with the Council's financial position and the points noticed in audit of financial transactions for the period from 1992-93 to 1993-94.

Overview

The important Audit findings are summarised in the succeeding paragraphs :

— There was loss of forest revenue of Rs. 6 lakhs (out of Rs. 12.15 lakhs) during 1991-94 due to non-payment of balance 4 instalments of Kist money by the mahaldar of a 'Jharu Mahal'.

(Paragraph 3.1 - a)

— Agreement for the 'Hides and Skin Mahal' settled with Mahaldars provides for the payment of Kist money in quarterly instalments besides nokma fee. The agreements further provide for its cancellation if the dues are not paid and for its resale at the risk and cost of the Mahaldar. In respect of the agreements for the years 1992-93 and 1993-94 the dues were not paid by Mahaldars nor were penal provisions invoked resulting in a loss of Rs. 1.10 lakhs (1992-93 - Rs. 0.70 lakh and 1993-94 - Rs. 0.40 lakh) to the Council.

(Paragraph 3.1. - b)

— Land revenue and house taxes aggregating Rs. 47.57 lakhs which were due for collection during 1992-93 (Rs. 19.65 lakhs) and 1993-94 (Rs. 27.92 lakhs) were outstanding for recovery as of September 1995.

(Paragraph 3.2)

— Contrary to the provisions of the sanction of Rs. 16 lakhs for construction works Rs. 2.40 lakhs had been diverted to meet other expenditure without the approval of Government.

(Paragraph 3.3)



SECTION I

1. 1 Introduction

The Garo Hills District Council was set up in June 1952 under the provisions of Article 244 (2) read with the Sixth Schedule of the Constitution of India.

The Sixth Schedule of the Constitution of India provides for administration of specified tribal areas. For that purpose, it provides for the constitution of a District Council for each autonomous district with powers to make laws on matters listed in paragraph 3 (1) of the Schedule mainly in respect of allotment, occupation, use, etc. of land; management of forests other than reserved forests; use of any canal or water-courses for agriculture; regulation of the practice of 'Jhum' or other forms of shifting cultivation; establishment of village or town committees or councils and their powers; village or town administration including Police, Public health and sanitation and inheritance of property. Under paragraph 6 (1) of the Schedule, the Councils have powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, fisheries, roads, road transport and water-ways in the respective autonomous districts. The Councils also have the powers to assess, levy and collect within the autonomous district, revenue in respect of land and buildings, taxes on professions, trades, callings and employments, animals, vehicles and boats, tolls on passengers and goods carried in ferries and for the maintenance of schools, dispensaries or roads as listed in paragraph 8 of the Schedule.

1.2 Rules for management of the District Fund

The Sixth Schedule provides for the constitution of a District Fund for each autonomous district to which shall be credited all moneys received by the Council in the course of administration of the district in accordance with the provisions of the Constitution. In exercise of the powers conferred under paragraph 7 (2) of the Schedule (as it stood originally) the affairs of the District Councils are being regulated under the respective District Council Fund Rules. In respect of this District Council, these are regulated under the Garo Hills District Fund Rules 1952, as approved by the Governor. In view of amendment of paragraph 7 (2) of the Schedule (made with effect from 2 April 1970) which provides that rules are to be framed by the Governors for the management of the District Fund, and for the procedure to be followed in respect of payment of money into the said Fund, the withdrawal of moneys therefrom, the custody of moneys therein and any other matter connected with or ancillary to these matters, the State Government of Meghalaya prepared in 1971 draft District Council Fund Rules, common to all the District Councils in the State, which are yet to be finalised by the State Government.

1.3 Maintenance of accounts

In pursuance of paragraph 7 (3) of the Sixth Schedule to the Constitution, the form in which the accounts of the District Council are to be maintained was prescribed by the Comptroller and Auditor General of India with the approval of the President in April 1977 and communicated to the Garo Hills District Council in June 1977. The Annual Accounts for the years 1992-93 and 1993-94 were submitted in May 1995, though they are required to be submitted by 30 June each year.

Results of the test-check of Annual Accounts of the Council for the years 1992-93 and 1993-94 are given in the succeeding paragraphs.

SECTION

2.1 Revenue Receipts

2.1.1 According to the Annual Accounts furnished by the years 1992-93 to 1993-94 with resultant revenue deficit were

Part - I		1992-93	1993-94
Receipts			
(a) Revenue Receipts		(Rupees in lakhs)	
(i) Taxes on Professions, trades, Callings and Employments		16.66	33.97
(ii) Land Revenue		26.80	37.98
(iii) Taxes on vehicles		12.18	13.20
(iv) Stationery and printing		8.03	0.08(c)
(v) Public health, sanitation and water supply		2.97	1.37
(vi) Other General economic services		7.38	...
(vii) Forest		31.81	122.46
(viii) Mines and Minerals		91.92	5.38(d)
(ix) Grants-in-aid from State Government		67.33	172.66
(x) Others		<u>1.84</u>	<u>0.75</u>
Total Revenue Receipts (a)		<u>266.92</u>	<u>387.85</u>
Revenue deficit		123.99	42.60

- (c) Under Stationery and printing the council's press generally undertakes printing work for the council and occasionally carries out the work of other departments and private bodies. During 1992-93 the press carried out the work for other departments and private bodies for which it was paid. Less receipts during 1993-94 was on account of non-execution of such work relating to private bodies and Departments.
- (d) The decrease in revenue during 1993-94 under Mines and Minerals was due to taking over the work of collection of royalty on coal by the State Government from the Council from August 1992 and release of only Rs. 5.38 lakhs as part payment against their share of royalty of Rs. 20.69 lakhs.

II

and Expenditure

Council, the receipts and expenditure of the Council for the as follows:-

District Fund		
Disbursements	1992-93	1993-94
Revenue Expenditure	(Rupees in lakhs)	
(i) District Council	16.01	16.86
(ii) Executive Members	3.19	2.19
(iii) Land Revenue	59.67	83.44
(iv) Secretariat General Services	55.68	93.77(a)
(v) Public works	48.01	72.10
(vi) Stationery and printing	7.33	1.23
(vii) Public health, sanitation and water supply	18.06	0.96(b)
(viii) Forest	69.17	68.66
(ix) Other General economic services	16.83	10.09
(x) Roads and Bridges	80.46	71.84
(xi) Road Transport Services	6.27	...(a)
(xii) Others	10.23	9.31
Total Revenue Expenditure	390.91	430.45

- (a) The variation between 1992-93 & 1993-94 was mainly due to wrong booking of expenditure of Rs. 6.27 lakhs being the salary of staff of Road Transport branch under the head of account Secretariat General Services instead of 'Road Transport Services' in the year 1993-94 and for the reason stated at (b) below.
- (b) In respect of Public Health Sanitation and Water Supply the expenditure during 1993-94 was Rs. 0.96 lakh against Rs. 18.06 lakhs in 1992-93. The huge expenditure in 1992-93 was due to booking of expenditure of Rs. 18.06 lakhs being the salary of staff of this branch under this head though the expenditure was required to be booked under Secretariat and General Services as there is no detail head 'Salary of staff under Public Health Sanitation and Water Supply.'

Receipts	1992-93	1993-94
	(Rupees in lakhs)	
(b) Capital
(c) Debt:		
(i) Loans received from Government
(ii) Loans received from other sources	<u>27.00</u>	<u>63.50</u>
Total of (c)	27.00	63.50
(d) Loans and advances:		
Recoveries of loans and advances	<u>2.23</u>	<u>65.04</u>
Total of part I	296.15	516.39
District Fund		

Part - II

Deposit Receipts	<u>3.39</u>	<u>6.24</u>
Total of part II	<u>3.39</u>	<u>6.24</u>
Total Receipts	299.54	522.63
(I+II)		
Opening balance	<u>115.36</u>	<u>27.99</u>
Grand Total	<u>414.90</u>	<u>550.62</u>

Disbursements	1992-93	1993-94
	(Rupees in lakhs)	
(i) Repayment of loans received from Government
(ii) Repayment of loans received from other sources	...	5.00
Total of (c)	...	5.00
Disbursement of loans and advances	0.50	74.49
Total of part I District Fund	391.41	509.94
Deposit Fund		
Deposit Payments	...	0.01
Total of part II	..	0.01
Total Disbursements (I+II)	391.41	509.95
Closing balance	27.99	40.67
Grand Total	419.40*	550.62

*Discrepancy of Rs. 4.50 lakhs between the grand total of receipts and disbursements during 1992-93 was due to exhibition of total revenue expenditure as Rs. 386.41 lakhs in the statement Nos 1 and 6 of Annual Accounts 1992-93 instead of Rs. 390.91 lakhs as worked out by Audit on the basis of head-wise expenditure shown in statement No 6. The discrepancy has not been reconciled so far (February 1996).

2.1.2 On scrutiny of the Annual Accounts for 1992-93 and 1993-94, the following irregularities were noticed :-

(a) Cash balance under 1st PLA (councils own fund) in the accounts of 1993-94 (statement No 1) was Rs. 2.96 lakhs, whereas cash balance as shown in the cash book was Rs. 6.93 lakhs resulting in understatement of Rs. 3.97 lakhs in the accounts of 1993-94. This was due to the fact that a self cheque drawn on 31 March 1994 (Rs. 3.97 lakhs) was not included in the cash balance under 1st PLA in the accounts.

(b) In statement No. 7 of Annual Accounts for 1992-93, amount under Security Deposit was shown as Rs. 0.29 lakh, whereas in statement No 1 (Part II - Deposit Fund) the amount was shown as NIL. The discrepancy of Rs. 0.29 lakh in the Annual Accounts for 1992-93 between statement 1 and 7 remained to be reconciled by the Council.

2.2 Treasury Personal Ledger Account (PLA) reconciliation

According to the Fund Rules of the Council, all moneys received on behalf of the Council and all expenditure incurred in relation to the affairs of the Council are required to be exhibited in the Personal Ledger Account (PLA) opened in the Tura Treasury. It was seen that closing bank balances under 2nd PLA as on 31 March 1993 and 1994 in the Annual accounts and the PLA (Pass book) did not agree as shown below:-

	1992-93	1993-94
	(Rupees in lakhs)	
Bank balance according to Annual Accounts	6.99	30.13
Bank balance according to Treasury (PLA)		
Pass book	5.48	28.62
Difference	1.51	1.51

The discrepancy of Rs.1.51 lakhs appearing in both 1992-93 and 1993-94 had not been reconciled as of September 1995.

SECTION III

3.1. Loss of forest revenue

(a) One Jharu Mahal of the Council was settled (December 1991) with a Mahaldar for Rs. 12.15 lakhs for a term of 3 years from April 1991 to March 1994 with the stipulation to pay the settled value in 8 quarterly instalments. The Mahaldar, however, delayed the payment of instalment and paid Rs. 6.15 lakhs in 4 instalments between November 1991 and March 1994. Thereafter, no instalment was paid by him. The Council in the meantime cancelled the settlement in November 1993. But the balance kist money amounting to Rs. 6 lakhs remained to be realised till the date of Audit (September 1995). Penal provisions, if any, provided in agreement and the amount actually realised by Mahaldar could not be verified in Audit as the records were not made available. Further records on resettlement of Mahal, if any, could not be produced to Audit as the same were stated to be untraceable by the Council (September 1995).

(b) (i) One Hides and Skin Mahal was settled (March 1992) with a Mahaldar for Rs. 1.20 lakhs for the period from April 1992 to March 1993. According to the agreement, the Mahaldar was to pay the amount in 3 equal instalments in March, June and September 1992 and in addition, Rs. 0.15 lakh as Nokma fee. The lessee paid Rs. 0.40 lakh (first instalment) in April 1992, and Rs. 0.25 lakh (part of second instalment) in April 1993. The balance amount of Rs. 0.70 lakh (Kist money Rs. 0.55 lakh and Nokma fee Rs. 0.15 lakh) was not paid by the Mahaldar as of September 1995.

According to agreement, the Council could cancel the settlement in case of failure on the part of Mahaldar to pay the dues and to resell the Mahal for the remaining period of the settlement at the risk and cost of the Mahaldar. But the settlement was not cancelled. Instead the Mahaldar was allowed to operate the Mahal for the full period of settlement. Thus, the Council sustained a loss of Rs. 0.70 lakh due to its failure to invoke the penal provision of the agreement.

(ii) Further, the Hides and Skin Mahal was settled (April 1993) with another mahaldar for Rs. 0.64 lakh for the period from May 1993 to April 1994. The Mahaldar was to pay the amount in 3 instalments in May 1993 (Rs. 0.22 lakh) and in August and November 1993 (Rs. 0.21 lakh each) and in addition, Rs. 0.08 lakh as Nokma fee. The lessee paid Rs. 0.22 lakh (first instalment) in April 1993, and Rs. 0.10 lakh (part of second instalment) in September 1993. The balance amount of Rs. 0.40 lakh (Kist money Rs. 0.32 lakh) and Nokma fee (Rs. 0.08 lakh) was not paid by the Mahaldar as of September 1995. In this case also, the settlement was not cancelled, instead the mahaldar was allowed to operate the mahal for the full period of settlement. Thus, the Council sustained a further loss of Rs. 0.40 lakh due to its failure to invoke the penal provision of the agreement.

3.2 Shortfall in realisation of land revenue/house tax

Scrutiny of Demand and Collection registers of land revenue and house tax revealed that an amount of Rs. 47.57 lakhs was outstanding till the date of Audit (September - 1995) as detailed below :-

Particulars	Period of demand	Amount assessed for realisation	Amount realised	Amount outstanding	Percentage of shortfall
		(Rupees	in	lakhs)	
1. Land revenue	1992-93	21.33	4.17	17.16	80
	1993-94	28.35	3.59	24.76	87
2. House tax	1992-93	3.52	1.03	2.49	71
	1993-94	<u>3.63</u>	<u>0.47</u>	<u>3.16</u>	87
Total :		<u>56.83</u>	<u>9.26</u>	<u>47.57</u>	

Reasons for the huge shortfall in collection of Council's revenues (over 70 percent) had neither been analysed nor stated. The revenue officer of the Council issued receipt books to the Mouzadars / Laskars from time to time for collection of revenue. The collecting Mouzadars/Laskars while depositing the collected revenue with the revenue officer did not deposit the used receipt books (Counter foils) nor were these insisted on by him. Despite non return of used receipt books, fresh books were issued by the revenue officer to the collecting Mouzadars / Laskars. Thus, this resulted in the revenue officer not being in a position to ascertain the correctness of the collections deposited by the Mouzadars/ Laskars, and providing wide scope for misappropriation of revenue by them.

3.3 Unauthorised diversion of fund

Government of Meghalaya, District Council Affairs department released Rs. 16 lakhs in February 1992 for construction of 4 buildings (Rs. 14.57 lakhs), improvement of a road (Rs. 0.87 lakh) and fencing of Executive members residential buildings (Rs. 0.56 lakh). The grants were to be utilised within one year of its sanction i.e. by 1992-93. The Council spent Rs. 13.60 lakhs during the period from November 1992 to January 1994 for the purposes for which grants were sanctioned. The unspent balance of Rs. 2.40 lakhs was diverted and spent for other works during the period from October 1993 to May 1995 (Rs. 0.60 lakh on repairs of 2 Inspection bungalows, Rs. 1.36 lakhs as construction of 2 approach roads, Rs. 0.44 lakh as purchase of electrical goods) not covered by sanction and charged to the works against which sanction was accorded. Utilisation certificate for full amount of Rs. 16 lakhs was submitted in May 1995 showing utilisation for the purposes for which sanction was given. Thus, the council has unauthorisedly diverted Rs. 2.40 lakhs out of the grants sanctioned by Government.

3.4 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in maintenance of accounts noticed during local audit and not settled on the spot, are communicated to the heads of the offices and to the next higher authorities through the local Audit Inspection Reports.

The position of outstanding paras relating to the Council is given below:-


Sl. No.	Period of Accounts	Years of issue of Inspection Reports	Number of outstanding paras
1	2	3	4
1.	June 1969 to June 1970	1970	20
2.	July 1970 to August 1971	1972	43
3.	September 1971 to December 1972	1973	1
4.	September 1971 to March 1974 (Review)	1974	12
5.	January 1973 to February 1974	1974	6
6.	March 1974 to March 1975	1975	9
7.	April 1975 to October 1976	1977	22
8.	November 1976 to October 1977	1979	27
9.	November 1977 to March 1980	1982	42
10.	April 1977 to March 1982 (Special Audit)	1983	15

1	2	3	4
11.	April 1980 to March 1982	1984	28
12.	April 1982 to March 1984	1985	19
13.	April 1984 to March 1986	1987	34
14.	April 1986 to March 1987	1990	18
15.	April 1987 to March 1988	1990	20
16.	April 1988 to March 1990	1993	7
17.	April 1990 to March 1992	1994	28

Place : Shillong

Date :

15 JAN 1997

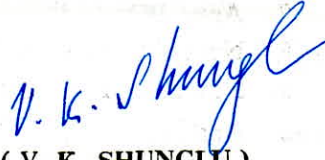

 (SMT. A. L. GANAPATHI)
 Principal Accountant General (Audit)
 Assam, Meghalaya, Arunachal
 Pradesh and Mizoram

Countersigned

Place : New Delhi

Date :

24 JAN 1997


 (V. K. SHUNGLU)
 Comptroller and Auditor General
 of India

1940
1941

of 1940
1941

1940

1940

