



सत्यमेव जयते

Presented to the Legislature

05-03-75

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

FOR THE YEAR 1972-73

GOVERNMENT OF MEGHALAYA



REPORT OF THE COMPTROLLER

AND

INSPECTOR GENERAL OF INDIA

FOR THE YEAR 1923

GOVERNMENT OF INDIA

TABLE OF CONTENTS

	Reference to	
	Paragraphs	Pages
Prefatory Remarks		(iii)
CHAPTER I		
General	1—13	1—14
CHAPTER II		
Appropriation Audit and Control over expenditure.	14—19	15—23
CHAPTER III		
Civil Departments—		
Agriculture	20—24	24—38
Development	25—26	38
District Council Affairs	27	39—40
Information and Public Relations	28	40—43
Industries	29	43—46
Relief and Rehabilitation	30	46—47
CHAPTER IV		
Works expenditure	31—34	48—50
CHAPTER V		
Stores and Stock Accounts	35—38	51—54
CHAPTER VI		
Receipts	39—44	55—58
CHAPTER VII		
Government Commercial and Trading Activities	45—47	59—68
CHAPTER VIII		
Outstanding Audit Observations and Inspection Reports.	48—49	62—71

APPENDICES

APPENDIX I—Department-wise break-up of outstanding utilisation certificates.	75—77
APPENDIX II—Cases in which supplementary grants proved entirely unnecessary/inadequate.	78—79
APPENDIX III—Savings under grants	80—82
APPENDIX IV—Expenditure incurred without or on excess of detailed estimates.	83
APPENDIX V—Department-wise break-up of the outstanding audit observations.	84—85
APPENDIX VI—Department-wise break-up of outstanding inspection reports/paragraphs.	86—87
APPENDIX VII—Common types of irregularities noticed in local audit.	88—89

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 1972-73 together with other points arising from audit of the financial transactions of the Government of Meghalaya. It also includes certain points of interest arising from the Finance Accounts for the year 1972-73.

2. An audit Review on the expenditure incurred on the Crash Scheme for Rural Employment by the Government of Meghalaya has already been submitted in an Advance Report.

3. The cases mentioned in this Report are among those which came to notice in the course of test audit of the accounts during the year 1972-73 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 1972-73 have also been included, wherever considered necessary.

4. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the Departments/Bodies/Authorities concerned.

PRELIMINARY REMARKS

The Report has been prepared for submission to the Government under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1972-73 together with other points raised under Article 151. The financial transactions of the Government of Madhya Pradesh are also included under certain points of interest arising from the Finance Accounts for the year 1972-73.

2. An audit review of the expenditure incurred on the Civil Accounts for Rural Employment by the Government of Madhya Pradesh has been conducted and submitted in Advance Report No. 1.

3. The cases mentioned in this Report are those which relate to the audit of the accounts of the Government of Madhya Pradesh for the year 1972-73 as well as those which relate to the period from 1970-71 to 1972-73. In certain cases the period covered by the report extends to the period subsequent to 1972-73. However, matters relating to the period subsequent to 1972-73 have not been included, unless they are of a special nature.

4. The points brought out in this Report are not intended to serve as a basis for any general criticism or commendation on the financial administration by the Government of Madhya Pradesh.

CHAPTER I

GENERAL

1. *Financial review.*—The receipts and the expenditure of the Government for the year 1972-73 and the preceding two years as also the surplus/deficit during these years were as follows:—

	1970-71	1971-72	1972-73
	(In crores of rupees)		
(1) Revenue—			
Revenue Receipts	12.19	28.43	17.38
Revenue Expenditure	9.65	25.67	17.94
Revenue Surplus (+)/Deficit (—)	(+)2.54	(+)2.76	(—)0.56
(2) Debt—			
Public Debt (Other than floating debt) (net) increase (+)/decrease (—)	(+)0.91	(+)0.70	(+)3.42
Floating Debt (net) increase (+)/decrease (—)	(+)0.19	(+)1.13	(—)0.63
Debt—(net) increase (+)/ decrease (—)	(+)1.10	(+)1.83	(+)2.79
(3) Loans and Advances by State Government (net) increase (—)/ decrease (+)	(—)0.02	(—)0.43	(—)0.59
(4) Inter State Settlement—(net) receipt (+)/payment (—)	(—)0.98	...	(—)0.18
(5) Contingency Fund—(net) incre- ase (+)/decrease (—)	(+)0.50	(—)0.08	(—)0.30
(6) Public Account (net) increase (+)/decrease (—)	(+)0.99	(+)0.77	(—)0.83
(7) Capital expenditure outside the revenue account—(net) incre- ase (—)/decrease (+)	(—)4.15	(—)3.42	(—)3.11
(Net) surplus (+) deficit (—)	(—)0.02	(+)1.43	(—)2.78

2. *Budget and actuals.*—(a) *Revenue Receipt.*—The actuals of revenue receipts for 1972-73 and compared with the budget estimates during the year along with corresponding figures for the year 1970-71 and 1971-72 are shown below :—

Year	Budget	Actuals	Variation between columns (3) and (2)	
			Amount of Increase (+)/ Decrease (—)	Percentage
(1)	(2)	(3)	(4)	(5)
(In crores of rupees)				
1970-71	14.38	12.19	(—)2.19	15
1971-72	24.03	28.43	(+)4.40	18
1972-73	17.22	17.38	(+)0.16	1

(b) *Expenditure on revenue account.*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary grants is shown below :—

Year	Budget	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	
				Amount of shortfall	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1970-71	12.74	12.89	9.65	3.24	25
1971-72	42.31	61.25	25.67	35.58	58
1972-73	18.63	19.96	17.94	2.02	10

The year ended with revenue deficit of Rs.0.56 crores against a deficit of Rs.7.32 crores anticipated in the budget.

3. *Revenue receipts.*—The revenue receipts during 1972-73 (Rs.17.38 crores) were less by Rs.11.05 crores (39 per cent) than those of 1971-72 (Rs.28.43 crores) and more by Rs. 5.19 crores (43 per cent) than those of 1970-71 (Rs.12.19 crores). The decrease in revenue over 1971-72 was due to less grants from the Government of India consequent on the return of refugees to Bangladesh. The decrease was partly offset by increased receipts under certain heads as shown below:—

	1971-72	1972-73	Increase
(In crores of rupees)			
I. Revenue raised by the State Government—			
(a) Taxes, duties and other principal heads of revenue	0.24	1.23	0.99
(b) Other receipts	0.55	0.82	0.27
Total	0.79	2.05	1.26

The increase was due to more collection of taxes as well as more receipts from the Police, the Education, the Medical, the Agriculture Departments, etc. and more revenue from the forest produce.

	1971-72	1972-73	Increase (+) Decrease (-)
(In crores of rupees)			
II. Receipts from Government of India—			
(a) States' share of net proceeds of Union Taxes—			
(i) Taxes on Income other than Corporation Tax.	0.77	0.86	(+)0.09
(ii) Union Excise Duties.	1.04	1.23	(+)0.19
(iii) Estate duty	0.01	0.01	...
(b) Grants—			
(i) Under Article 275 of Constitution	3.10	3.41	(+)0.31
(ii) Other grants	22.72	9.82	(-)12.90
Total	27.64	15.33	(-)12.31

In 1972-73 receipts from Government of India formed 88 per cent of the total revenue receipts of the State ; the corresponding percentage during 1971-72 was 97.

4. *Taxation measures.*—The taxation measures introduced during the year and the actuals of the collection of revenue thereagainst (during 1972-73) as intimated by the Government are shown below:—

	Actual collection during 1972-73
	(In lakhs of rupees)
(i) The Indian Stamps (Meghalaya Amendment) Act, 1972.	1.44
(ii) The Meghalaya (Sales of Petroleum and Petroleum products including Motor Spirit and Lubricants) Taxation (Amendment) Act, 1972.	0.10
(iii) The Meghalaya Sales Tax (Amendment) Act, 1972.	0.03
(iv) The Meghalaya Finance (Sales Tax) (Amendment) Act, 1972.	0.13
(v) The Meghalaya Purchase Tax (Amendment) Act, 1972.	*
(vi) The Meghalaya Amusements and Betting Tax (Amendment) Act, 1972.	1.45
(vii) The Meghalaya Passengers and Goods Taxation (Amendment) Act, 1972.	0.28

Neither the receipts anticipated as a result of new taxation measures nor the actual receipts due to the Meghalaya Motor Vehicles Taxation Amendment (Act), 1972 intimated by the Government (October 1974).

5. *Expenditure on Revenue Account.*—The expenditure on revenue account during 1972-73 (Rs. 17,94.18 lakhs) was less by Rs. 7,73.30 lakhs (30 per cent) compared to that in 1971-72 (Rs. 25,67.18 lakhs). The decrease was the net result of increases and decreases under different heads. The net decrease is analysed below:—

	Expenditure		Increase (+)
	1971-72	1972-73	Decrease (—)
	(In lakhs of rupees)		
(a) Collection of taxes, duties and other principal revenue.	7.19	11.82	(+), 4.63
(b) Debt services	13.01	1,55.32	(+), 1,42.31

* Rupees eleven only.

The increase was mainly due to payment of more interest charges on loans owing to increase in debt.

	Expenditure		Increase (+) Decrease (-)
	1971-72	1972-73	
	(In lakhs of rupees)		
(c) Administrative Services	69.11	2,10.74	(+)1,41.63

The increase was mainly under (i) 'General Administration' (Rs.12.12 lakhs) and was due to more expenditure on Civil Secretariat and General Administration and (ii) 'Police' (Rs. 1,18.06 lakhs) due to further strengthening of the Meghalaya Police.

(d) Social and Developmental Services.	6,18.87	8,54.69	(+)2,35.82
--	---------	---------	------------

The increase was mainly under (i) 'Education' (Rs.76.75 lakhs) due to increased grants to non-Government Arts Colleges, Secondary Schools and Primary Schools and increased expenditure on Government Arts Colleges and Secondary Schools, (ii) 'Medical' (Rs. 24.15 lakhs) due to expansion of facilities in hospitals and dispensaries and expenditure on family planning programmes, (iii) 'Public Health' (Rs. 12.69 lakhs) due to increased expenditure on establishment, Pasteur Institute and works (iv) 'Agriculture' (Rs. 32.57 lakhs) due to increased expenditure on agricultural experiments and research, and (v) 'Community Development-Projects, National Extension Service and Local Development Works' (Rs.29.55 lakhs) due to increased expenditure on Project/Block headquarters and local development works.

(e) Public Works (including Roads) and Schemes of Miscellaneous Public Improvements.	3,43.95	3,57.54	+ 13.59
--	---------	---------	---------

The increase was mainly due to more expenditure on communication works.

(f) Miscellaneous	15.14.59	2,01.78	- 13,12.81
-------------------	----------	---------	------------

The decrease was mainly due to lesser expenditure on refugees consequent on their return to Bangladesh.

6. *Expenditure outside the Revenue Account.*—(a) The expenditure outside the Revenue Account includes, besides capital expenditure, amounts paid by the Government as loans and advances.

The capital expenditure during 1970-71 to 1972-73 as compared with (a) the budget estimates and (b) budget estimates plus supplementary grants is shown below (Loans and advances are dealt with in paragraph 7).

Year	Budget	Budget plus Supplementary	Actuals	Variation between columns (4) and (3)	
				Amount of decrease	Percentage of columns (5) to (3)
(1)	(2)	(3)	(4)	(5)	(6)
					(In crores of rupees)
1970-71	3.06	4.27	4.15	0.12	3
1971-72	5.60	5.67	3.42	2.25	40
1972-73	4.08	4.08	3.11	0.97	24

(b) An analysis of expenditure outside the revenue account during and to the end of 1972-73 is given below :—

	Expenditure during 1972-73	Progressive total upto 1972-73
	(In crores of rupees)	
I. *Capital expenditure on—		
(i) Industrial and Economic Development	0.42	0.93
(ii) Irrigation, Navigation, Embankment and Drainage Works (Non-commercial).	0.01	0.02
(iii) Public Works	2.52	8.81
(iv) Road and Water Transport	0.11	0.25
(v) Schemes of Government Trading	0.05	0.17
(vi) Appropriation to Contingency Fund	...	0.50
II. Net outgo under "Loans and Advances" by the State Government.	0.59	1.05
Total	3.70	11.73

* Further details of Capital expenditure are given in statement nos. 2 and 11 of Finance Accounts 1972-73.

(c) In 1972-73 the expenditure outside the revenue account was financed as shown below:—

Particulars	(In crores of rupees)
I. Net addition to—	
(i) Permanent Debt	1.10
(ii) Floating Debt	(—)0.62
(iii) Loans from the Central Government	2.31
(iv) Unfunded Debt	0.18
II. Contingency Fund	(—)0.30
III. Sinking Funds and Revenue Funds	0.06
IV. Net balance under Deposits, Advances, Remittances and Inter-State Settlement	(—)1.25
V. Add—Decrease in cash balance and investments	2.78
VI. Revenue Deficit	(—)0.56

7. Loans and advances by the State Government.—(a) The actuals of disbursements of loans and advances by the State Government for 1972-73 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary grants along with the corresponding figures of 1970-71 and 1971-72 are shown below

Year	Disbursements			Variation between columns (4) and (3) Amount of decrease	Percentage of column (5) to (3)
	Budget	Budget plus supplementary	Actuals		
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
1970-71	13.63	36.63	5.26	31.37	85
1971-72	61.47	61.47	48.10	13.37	22
1972-73	49.11	75.63	67.43	8.20	11

(b) The budget and actuals of recoveries of loans and advances for 1972-73 along with the corresponding figures for 1970-71 and 1971-72 are given below :—

Year	Budget	Actuals	Variation	
			Amounts of increase (+) decrease (-)	Percentage of column (4) to column (2)
(1)	(2)	(3)	(4)	(5)
	(In lakhs of rupees)			
1970-71	6.24	3.26	(-)2.98	48
1971-72	4.25	4.64	(+)0.39	9
1972-73	1.30	8.11	(+)6.81	524

(c) The total loans and advances given by Government and outstanding at the end of March 1972 and March 1973 are given below :—

	Amount outstanding on	
	the 31st March 1972	the 31st March 1973
	(In lakhs of rupees)	
(1) Advances to cultivators	0.96	3.62
(2) Loans to Municipalities	0.50	1.90
(3) Loans and Advances to Displaced persons.	0.03	0.02
(4) Loans to Autonomous District and Regional Councils (Meghalaya).	...	20.00
(5) Loans to Government Servants, etc.	(-)4.15(X)	(-)2.12(X)
(6) Loans to Co-operative Institutions and Banks.	1.44	11.34
(7) Miscellaneous Loans and Advances—		
(i) Rehabilitation Loans	0.27	0.95
(ii) Loans to Cottage and Small-Scale Industries.	1.71	2.38
(iii) Loans for Educational purposes	-0.12(X)	-0.02(X)
(iv) Loans under low income group housing scheme.	-0.80(X)	-2.06(X)
(v) Loans under Middle income group housing scheme.	1.25	1.22
(vi) Rehabilitation Loans to persons affected by natural calamities.	-0.11(X)	-0.18(X)
(vii) Industrial Loans	3.48	4.73
(viii) Loans to Electricity Board	41.00	63.00
Total	45.46	1,04.78

(X) The minus balance is mainly due to non-allocation of liability to Meghalaya State of the outstanding unrecovered loans and advances granted by composite State of Assam prior to the 2nd April 1970.

According to the information furnished by the Government, Rs.4.33 lakhs (principal: Rs.2.37 lakhs; interest: Rs.1.96 lakhs) pertaining to the years from 1955-56 to 1969-70 were overdue for recovery under 'Low Income Group Housing Schemes' as on the 31st March 1973. The reasons for non-recovery have not been intimated (August 1974).

The information about the arrears (as on the 31st March 1973) in recovery of principal and interest of other loans and advances (the detailed accounts of which are maintained by Departmental Officers) is awaited from the Government (August 1974).

(b) *Acceptance of balances of loans.*—The balances under loans and advances as below were communicated to the concerned Departmental Officers for verification and acceptance. In a large number of cases such acceptances of balances have not been received (August 1974); details are given below:—

	1970-71		1971-72		1972-73	
	Balance of loan outstanding on the 31st March 1971	Amount for which acceptances not received	Balance of loan outstanding on the 31st March 1972	Amount for which acceptances not received	Balance of loan outstanding on the 31st March 1973	Amount for which acceptances not received
	(1)	(2)	(3)	(4)	(5)	(6)
(1) Advances to cultivators	1.02	1.02	0.96	0.96	3.62	0.62
(2) Loans to Municipalities	..	..	0.50	0.50	1.90	1.90
(3) Loans to autonomous District and Regional Councils (Meghalaya)	..	..	..	..	20.00	19.00
(4) Loans to Co-operative Institutions and Banks	1.00	...	1.44	1.44	11.34	9.00
(5) Rehabilitation loans	(—)0.11(X)	...	0.27	0.27	0.95	0.95
(6) Industrial Loans and Loans to Cottage and Small-scale Industries	1.72	...	5.20	0.75	7.12	7.12
(7) Loans to State Electricity Board	23.00	23.00	41.00	41.00	63.00	63.00

(In lakhs of rupees)

(X) For minus balance see foot note at page 8 under sub-para (c).

8. *Debt position.*—(a) The total debt outstanding at the end of 1972-73 comprised of permanent debt, ways and means advances and overdrafts from the Reserve Bank of India, loans received from the Government of India, other loans and unfunded debt representing balance in the provident fund accounts of Government servants. The total debt outstanding at the end of 1972-73 along with the corresponding position at the end of the previous two years is shown below :—

	Balance on the 31st March		
	1971	1972	1973
	(In lakhs of rupees)		
Permanent Debt	...	...	1,10.50
Floating Debt	19.00	1,32.53	69.86
Loans from the Central Government.	91.02	12,21.90(A)	14,53.14
Other Loans	...	7.03(B)	6.98
Unfunded Debt	45.90	60.86(C)	79.28
Total	1,55.92	14,22.32	17,19.76

Further details of debt outstanding at the end of March 1973 have been given in statement no.15 of Finance Accounts 1972-73.

(b) The details of debt transactions during 1972-73 are given below :—

	Receipt during the year	Payment during the year	Net increase(+) / decrease(—) during the year
	(In lakhs of rupees)		
Permanent Debt	1,10.50	...	(+)1,10.50
Floating Debt	7,39.76	8,02.43	(—)62.67
Loans from the Central Government.	5,36.07	3,04.83	(+),2,31.24
Other loans	...	0.04	(—)0.04
Unfunded Debt	30.56	12.14	(+)18.42
Total	14,16.89	11,19.44	(+)2,97.45

(A) Differs from the balance shown in 1971-72 Report as it includes Rs. 10,60,79,909 transferred *pro forma* from Assam Section of Account.

(B) Due to *pro forma* transfer from Assam Section of Account.

(C) Differs from the balance shown in 1971-72 Report due to *pro forma* transfer of Rs. 13,286 from Assam Section of Account.

(c) *Other obligations.*—In addition to the above, non-interest bearing obligations such as deposits of autonomous district funds and regional funds, civil deposits and other earmarked funds (Rs. 89.62 lakhs) which are merged with general cash balance of Government, constitute the liability of Government.

9. *Interest on debt and other obligations.*—The net burden on revenue of interest charges on public debt and other obligations in 1972-73 compared with that in the preceding year was as follows:—

	1971-72	1972-73
	(In lakhs of rupees)	
(i) Interest paid by Government—on Public debt and unfunded debt.	13.01	1,50.72
Total — (i)	13.01	1,50.72
 (ii) <i>Deduct.</i> —		
(a) Interest received on loans and advances given by Government.	0.54	1.20
(b) Interest realised on investment of cash balance.	11.20	7.62
Total — (ii)	11.74	8.82
(iii) Net amount of interest charges	1.27	1,41.90
(iv) Percentage of gross interest [item (i)] to total revenue receipts.	0.46	8.67
(v) Percentage of net interest [item (iii)] to total revenue receipts.	0.04	8.10

10. *Cash balance and cash balance investment account.*—The cash balance of Government on 31st March 1973 was (—) Rs. 1,36.30 lakhs which comprised of cash in treasuries (Rs. 7.91 lakhs) and deposits with the Reserve Bank of India (—)(Rs. 1,44.21 lakhs). Besides, Rs. 0.12 lakh were with Departmental Officers as permanent advance.

11. *Ways and means advances and overdrafts from the Reserve Bank of India.*—Under an agreement with the Reserve Bank, the Government has to maintain with the Bank a minimum balance of Rs. 5 lakhs on all days. If the balance falls below the agreed minimum, Government can take ordinary ways and means advances from the Bank upto a maximum of Rs. 60 lakhs. In addition, special ways and means advances not exceeding Rs. 6 lakhs are made available against Government of India securities held by the State Government. Both the advances carry interest at one per cent below the Bank rate in force. If, even after the maximum advance is given, the cash balance is below the prescribed minimum, the Bank allows overdraft upto a period not exceeding seven continuous days and charges interest at the Bank rate on these overdrafts.

How far Government was able to maintain this minimum balance with the Bank in 1972-73 is shown below :—

Number of days in which the minimum balance was maintained without obtaining any advance.	296
Number of days on which the minimum balance was maintained by taking ordinary and special ways and means advances.	37
Number of days on which overdrafts had to be taken as the minimum balance could not be maintained even after taking ordinary and special ways and means advances to the full extent.	32

(a) *Ways and means advances.*—At the end of the previous year Rs. 0·21 crore were outstanding as ways and means advances. During the year Government obtained Rs. 1·55 crores as ordinary and special ways and means advances. Of this, Rs. 1·10 crores were repaid before the close of the year leaving a balance of Rs. 0·66 crore. Rupees 0·18 lakh were paid as interest on these advances.

(b) *Overdrafts.*—The overdraft outstanding at the end of the previous year was Rs. 1·11 crores. Even after availing of ordinary and special ways and means advances, the cash balance of the Government with the Bank fell below the prescribed minimum on thirty-two occasions. Rupees 5·85 crores were obtained as overdraft and Rs. 6·92 crores were repaid during the year leaving a balance of Rs. 0·04 crore. Rupees 0·72 lakh were paid to the Bank as interest on overdrafts during the year.

The interest paid to the Bank on the ways and means advances and overdrafts during the three years ending 1972-73 is given below :—

Year	Amount
	(In lakhs of rupees)
1970-71	nil
1971-72	0.98
1972-73	0.90

12. *Investment.*—In 1972-73 the Government invested Rs. 41.37 lakhs in Government Companies (Rs. 17.43 lakhs), Co-operative institutions (Rs. 18.55 lakhs) and other miscellaneous Government undertakings (Rs. 5.39 lakhs). The total investment of the Government upto the end of 1972-73 in the share capital of Government companies and Co-operative institutions was Rs. 86.32 lakhs as shown below :—

	No. of concerns	Amount invested (in lakhs of rupees)
(I) Government companies (Meghalaya Industrial Development Corporation, Assam Cements Limited and Assam and Meghalaya Mineral Development Corporation Limited).	3	47.56
(II) Co-operative Institutions	306	38.76
Total	309	86.32

No dividend/interest was received from these investments during the year.

Further details are available in statement no. 12 of Finance Accounts 1972-73.

13. *Utilisation certificates.*—During 1972-73 Government paid Rs. 1,98.65 lakhs as grants. The main beneficiaries were non-Government educational institutions (Rs. 1,59.98 lakhs) and Co-operative institutions (Rs. 11.20 lakhs).

The financial rules of Government require that certificates of proper utilisation of grants paid should be sent by the concerned departmental officers to the Accountant General within a reasonable time. On 1st October 1973, 407 certificates (Rs. 3,61.32 lakhs) pertaining to grants paid upto 1971-72 were awaited. Of these 131 certificates (Rs. 1,39.73 lakhs) relate to grants paid upto March 1970. Grants paid during 1970-71 and 1971-72, the number of certificates to be received and the number actually received upto 30th September 1973 are given below:—

Year in which grants were paid	Utilisation certificates					
	Due		Received		Awaited	
	No.	Amount (Rs. lakhs)	No.	Amount (Rs. lakhs)	No.	Amount (Rs. lakhs)
1970-71	180	1,49.93	41	39.21	139	1,10.72
1971-72	162	1,46.10	25	35.23	137	1,10.87

The department-wise and the year-wise details of the outstanding utilisation certificates on the 1st October 1973 are given in Appendix I.

The utilisation certificates for Rs. one lakh and above in respect of grants paid upto the 31st March 1972 are awaited from Khasi, Jowai and Garo Hills District Councils and Principal, Mendipathar College, Tura.

The utilisation certificates have not been received although considerable time has passed after the grants were paid. In the absence of these certificates it is not possible to state to what extent the recipients spent the grants for the purpose or purposes for which they were given and that no misappropriation, fraud, etc., took place.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER
EXPENDITURE

14. *Summary.*—The following table compares the expenditure during 1972-73 with the total of grants and appropriations for that year.

	Total grant/ appropriation	Actual expenditure	Excess+ Saving—	Per- centage of excess/ saving to total gra- nt/appro- priation.	
(In lakhs of rupees)					
Voted—					
Original	23,07.95	24,67.53	21,34.60	—3,32.93	13
Supplementary	1,59.58				
Charged—					
Original	5,44.78	5,44.83	12,81.37	+7,36.54	135
Supplementary	0.05				
Total	30,12.36	34,15.97	+4,03.61	13	

The overall excess of Rs.4,03.61 lakhs was the net result of excess of Rs.7,77.91 lakhs in fifteen grants (Rs.40.94 lakhs) and three appropriations (Rs.7,36.97 lakhs) partly offset by saving of Rs.3,74.30 lakhs in sixty-eight grants (Rs.3,73.88 lakhs) and four appropriations (Rs.0.42 lakh).

15. *Supplementary grants/appropriations.*—During 1972-73 supplementary provision of Rs.1,59.63 lakhs was obtained under twenty-three grants (Rs.1,59.58 lakhs) and one appropriation (Rs.0.05 lakh). It will be seen from Appendix II that:—

- (i) In five grants supplementary provision of Rs.8.09 lakhs proved entirely unnecessary as the actual expenditure did not even come up to the original provision.
- (ii) In another five grants supplementary provision (exceeding Rs.1 lakh in each case) proved excessive; in these cases, out of the total supplementary provision of Rs.99.81 lakhs, Rs.60.82 lakhs remained unutilised.
- (iii) In six grants supplementary provision of Rs.14.41 lakhs proved inadequate. In these cases, the actual expenditure exceeded the total grant including supplementary provision by Rs.2.64 lakhs.

16. *Excess over grants.*—(A) The excesses in the following thirteen grants are required to be regularised under Article 205 of the Constitution.

(In this table 'O' stands for original grant and 'S' for supplementary grant).

Serial No.	Number and name of the grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
1.	4—Taxes on Vehicles			
	O. 2,99,600	2,99,600	5,20,540	2,20,940

The excess, partly counterbalanced by saving occurred under "A—Charges for collection under motor vehicle Act" (Districts) provision: Rs.1.78 lakhs; expenditure: Rs.2.71 lakhs) and "C—Other charges" (Districts) (provision: nil; expenditure: Rs.1.90 lakhs. The reasons for excess have not been intimated (September 1974).

2. 6—Stamps

O.	12,400	12,400	13,244	844
----	--------	--------	--------	-----

3. 9—Parliament, State/
Union Territory
Legislature—C—
Election.

O.	3,94,260	4,50,590	4,89,554	38,964
S.	56,390			

The excess occurred mainly under "C—1—Other Election Charges (State)" (provision: Rs.1.18 lakhs; expenditure: Rs.1.72 lakhs) and was partly counterbalanced by saving under other groupheads. The reasons for the excess have not been intimated (September 1974).

4. 12—General Administration—III—Commissioner and District Administration.

O.	14,51,100	14,96,061	15,10,867	14,806
S.	44,961			

5. 16—Jails

O.	5,27,300	5,27,300	5,48,290	20,990
----	----------	----------	----------	--------

The excess occurred under "B—District Jails (Districts) (Normal)" (provision :Rs.4.56 lakhs ; expenditure :Rs.5.04 lakhs) and "C—charges for Police custody (Districts)" (provision : Rs.0.23 lakh ; expenditure : Rs.0.37 lakh) and was partly counterbalanced by saving under another group head. The reasons for excess have not been intimated (September 1974).

Serial No.	Number and name of the grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
6.	17—Police			
	O.	1,32,52,300	1,45,80,422	13,28,122

The excess occurred mainly under "B—District Executive Force—(a) District Police (Districts)" (provision : Rs.93.88 lakhs; expenditure :Rs.1,19.15 lakhs) and was attributed to payment of (i) interim relief to staff sanctioned in May 1972, (ii) pending bills of travelling allowances, petrol, oil, and lubricant and requisition charges of vehicles of the previous year pertaining to the General Election and (iii) liabilities pertaining to the period prior to the formation of the full-fledged State from the 21st January 1972.

7.	31—Rural Development				
	O.	7,41,400	12,41,400	12,45,482	4,082
	S.	5,00,000			

8.	33—Co-operation				
	O.	16,58,300	19,97,700	20,03,836	6,136
	S.	3,39,400			

9.	57—Public Works, Establishment and Tools and Plant				
	O.	66,71,000	66,71,000	88,58,452	21,87,452

The excess occurred mainly under (i) "Establishment—A—Direction—(a) Chief Engineer and Secretary (Normal) (State)" (provision : Rs.7.36 lakhs; expenditure : Rs.12.35 lakhs) (ii) Establishment—B—Charges on Construction—(a) Executive (Districts) (Normal)" (provision : Rs.25.40 lakhs; expenditure : Rs.36.54 lakhs) (iii) "E—Tools and plant—Districts"—(provision : Rs.2.45 lakhs; expenditure : Rs.5.75 lakhs), and (iv) "Development Schemes (Fourth Five Year Plan)—II—Other State Plan Schemes—B.5. Charges on construction—Districts" (provision : Rs.9.25 lakhs; expenditure : Rs.12.55 lakhs) and was partly counterbalanced by saving under other groupheads. The excess of Rs.0.60 lakh under the group head mentioned at (i) was attributed to additional expenditure on purchase of drawing materials for Circles and Divisions because of centralisation of such purchases; the reasons for balance excess as well as excess under other group heads have not been intimated (September 1974).

Serial No.	Number and name of the grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
10.	59—Pensions and other retirement benefits— Superannuation allowances and pensions			
	O.	19,500	53,165	33,665

The excess occurred mainly under "D—Gratuities—I—Ordinary gratuities and death-cum-retirement gratuity (State)" (provision : nil; expenditure : Rs.0.31 lakh); the reasons for excess have not been intimated (September 1974).

11.	65—Miscellaneous— III—Grants-in-aid, Contributions, etc			
	O.	15,000	2,16,000	1,000
	S.	2,00,000		
12.	66—Miscellaneous— IV—Expenditure on issue of free ration and rice concession			
	O.	4,10,000	9,08,848	1,98,848
	S.	3,00,000		
		7,10,000		

The excess occurred under 'B—Loss on supply of food-stuffs to Government servants and others at concessional prices' (provision: Rs.7.10 lakhs; expenditure: Rs.9.09 lakhs); the reasons for excess have not been intimated (September 1974).

Serial No.	Number and name of the grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
13.	75—Capital Outlay on Industrial and Economic Develop—ment—I—Investment in other Commercial and Industrial undertakings			
	O.	Rs. 22,30,000	22,30,123	22,30,123

(B) In addition to the above cases of excess over grants, the expenditure of Rs.16,626 under grant n. "47—Miscellaneous, Social and Developmental Organisation—V—Directorate of Housing" and Rs.21,461 under grant no. "71—Other Miscellaneous Compensation and Assignments" incurred without budget provisions is also required to be regularised under Article 205 of the Constitution.

17. *Excess over appropriations.*— (A) In the following two cases the actual expenditure exceeded the appropriation; these also require regularisation under Article 205 of the Constitution.

Serial No.	Name of appropriation	Total appropriation Rs.	Expenditure Rs.	Excess Rs.
1.	<i>Interest on Debt and other obligations.</i>			
	O.	1,24,73,200	1,50,71,768	25,98,568

The excess occurred mainly under "B—Interest on Inter-Governmental Debt.—Interest on loans taken from Central Government" (provision: Rs.1,18.68 lakhs; expenditure: Rs.1,44.76 lakhs) and was attributed to late receipt of sanction of loan from the Government of India for adjustment against principal and interest payment due to it (the Government of India).

2. *Repayment of Debt.*

O.	4,14,14,500	4,14,14,540	11,07,30,489	6,93,15,89
----	-------------	-------------	--------------	------------

The excess occurred under (i) "II—Floating Debt—ways and means advances from the Reserve Bank of India" (provision: Rs.50 lakhs; expenditure: Rs.1,10 lakhs), (ii) Loans from the Reserve Bank of India (Shortfall)" (provision: Rs.60 lakhs; expenditure: Rs.6,92.43 lakhs) and (iii) III. Loans from the Central Government—Loans (provision: Rs.2,94.50 lakhs; expenditure: Rs.3,04.83 lakhs). The excesses under (i) and (ii) were attributed to uncertain and unforeseen nature of expenditure, accurate estimation of which was not possible. The excess under (iii) above was attributed to late receipt of sanction of the Government of India for loan granted for adjustment of the principal and interest pertaining to previous loan. The excess under the above groupheads was partly counterbalanced by saving under another grouphead.

(B). In addition to these two cases of excess over appropriation, the expenditure of Rs.17,82,400 incurred without proper appropriation therefor under "Inter-State Settlement, Assam and Meghalaya" is also required to be regularised. The excess was attributed to revision of allocable share (adjusted in 1970-71) of Government, cash in treasuries and balances with the Reserve Bank of India prior to the 2nd April 1970 owing to settlement of discrepancies in Reserve Bank Deposit pertaining to period prior to the 2nd April 1970, during May 1972.

18. *Savings in grants*—(a) It would be seen from Appendix III that in 29 grants, savings (exceeding Rs. one lakh in each case) were more than 10 per cent of the total provision; in 25 of these cases, savings ranged between 20 and 100 per cent.

(b) The details of grants where savings were more than Rs.5 lakhs each and exceeded 10 per cent of the total provisions are given below:—

Serial No.	Grant	Total grant	Expenditure (In lakhs of rupees)	Saving	Percentage
1.	25—Education (Technical)	10.03	3.10	6.93	69

The saving was attributed mainly to (i) non-implementation of the scheme "Establishment of a Polytechnic at Shillong" (Rs.0.98 lakh) and (ii) non-approval of the schemes for "Setting up of hostels for Boys' and Girls' Polytechnic at Shillong" (Rs.30.00 lakhs) by the Government of India.

A saving of Rs.1 lakh occurred under the scheme "Assistance to students for Books-Grants for purchase of Text Books—Library of Polytechnic for lending to Hill Students and scholarships", the reasons for which have not been intimated (August 1974).

Serial No.	Grant	Total grant	Expenditure	Saving	Percentage
------------	-------	-------------	-------------	--------	------------

(In lakhs of rupees)

22.	7—Public Health—I— Public Health	57.34	34.89	22.45	39
-----	-------------------------------------	-------	-------	-------	----

The saving was attributed mainly to (i) non-taking over of "National Malaria Eradication Programme" from the Government of Assam (Rs.19.48 lakhs) and (ii) non-entertainment of staff for "Small-pox eradication programme" owing to late receipt of sanction (Rs.2.26 lakhs).

3.	28—Public Health-II— Public Health Engineering.	1.13.58	78.32	35.26	31
----	---	---------	-------	-------	----

A saving of Rs.7.95 lakhs was attributed to non-receipt of loan from the Life Insurance Corporation. The reasons for the net saving of Rs.25.62 lakhs under "Stock Suspense" and of Rs.4.33 lakhs under "Rural Water Supply Schemes" have not been intimated (August 1974). The savings were partly offset by excess under other group heads.

4.	35—Industries-II— Cottage Industries.	32.72	15.41	17.31	53
----	---	-------	-------	-------	----

The saving was attributed mainly to (i) non-entertainment of staff (Rs.1.45 lakhs), (ii) vacancies and non-purchase of a vehicle for Jowai District owing to non-issue of sanction therefor (Rs.0.77 lakh), (iii) less purchase of raw materials for the "Raw materials-cum-sales depot" (Rs.0.63 lakh), (iv) non-implementation or partial implementation of the schemes for "Lime making plant", "Fruit Preservation Centre", "Cane, bamboo and pine apple fibre production centre" and schemes under 'Multi-purpose Service workshop, Jowai', "Handicrafts Boards", "Educated unemployed persons", "Subsidy capital investment", "Transport subsidy" and "Rural Industries Projects" (Rs.10.40 lakhs), reasons for

non-implementation or partial implementation have not been intimated; (v) non-purchase of a vehicle for 'Lime making plant' (Rs.0.27 lakh) and (vi) non-construction of godown and kiln shed for lime making plant' (Rs.0.65 lakh). A saving of Rs. 1 lakh occurred under, "Grant-in-aid to Khadi Board", the reasons for which have not been intimated (August 1974).

Serial No.	Grant	Total grant	Expenditure	Saving	Percentage
(In lakh of rupees)					
5.	Miscellaneous Social and Developmental Organisation-IX-Tourist Organisation	7.75	2.31	5.44	70

A saving of Rs.1.40 lakhs was attributed to non-taking up of the scheme for beautification of Thadlaskein lake due to technical difficulties. For saving of Rs. 1.35 lakhs under "Preparation of Master Plan for the land to be taken over from the Assam State Electricity Board at Barapani, construction of a tourist lodge, provision of boating facilities, opening of a restaurant, etc.", Rs.1 lakh under "Conducted tours including body-building for the chassis" and Rs.0.88 lakh under "Improvement in Lady Hydari Park and Ward Lake", reasons have not been intimated (August 1974).

(1)	(2)	(3)	(4)	(5)	(6)
6.	60—Stationery and Printing	44.34	18.37	25.27	59

The saving was mainly attributed to (i) non-purchase of printing machinery (Rs.11.34 lakhs), (ii) non-entertainment of officers and staff (Rs.3.70 lakhs), (iii) non-purchase of raw materials (Rs.0.47 lakh) and (iv) non-purchase of printing ink (Rs.0.10 lakh).

61—Forests	92.26	80.36	12.00	13
------------	-------	-------	-------	----

The saving occurred mainly under "(B) Suspense" Rs.9.95 lakhs) reasons therefor have not been intimated (August 1974).

8, 67—Miscellaneous-V-Expenditure on Displaced persons	1,51.40	88.67	62.73	41
--	---------	-------	-------	----

The saving was mainly due to (i) non-payment of certain bills of suppliers (Rs.15.89 lakhs), (ii) non-payment of certain bills for construction of camps in Garo Hills and of certain compensation charges to local people (Rs.86.33 lakhs) and (iii) non-payment of requisition charges for vehicles (Rs.22.37 lakhs). The saving was partly counterbalanced by excesses under certain other group heads.

Serial No.	Grant	Total grant	Expenditure	Saving	Percentage
			(In lakhs of rupees)		
9. 78—	Capital Outlay on Public works outside the Revenue Account	2,87.41	2,52.41	35.00	12

The saving was attributed mainly to (i) dearth of materials (Rs.3.29 lakhs) and (ii) non-finalisation or late finalisation of schemes for buildings of (a) Stationery and Printing department (Rs.5.00 lakhs) (b) Jails and Convict Settlement department (Rs.0.60 lakh) (c) General Administration department (Rs.13.40 lakhs) (d) Medical department (Rs.6.22 lakhs) and (e) Family Planning department (Rs.2.00 lakhs)

10. 80—	Capital Outlay on schemes of Government Trading.	15.04	6.99	8.05	53
---------	--	-------	------	------	----

The reasons for the savings mainly under (i) "A-Grain Storage Schemes" (Rs.4.59 lakhs); (ii) "E-Consumer's Goods Scheme" (Rs.1.05 lakhs) and (iii) Development Schemes under Fourth Five Year Plan—"National Malaria Control Programme" (Rs.2.51 lakhs) have not been intimated (August 1974). The savings were partly offset by excesses under other group heads.

19. *Surrender of savings*—The rules require that unutilised amounts should be surrendered as soon as the possibility of saving is anticipated. However, out of Rs.2,82.82 lakhs surrendered during the year, Rs.2,81.77 lakhs were surrendered only in March 1973.

(b) In five cases (grant nos. 54, 56, 64, 70 and 91), where savings exceeded Rs.1 lakh in each case, no portion of the saving was surrendered. The total of such saving not surrendered was Rs.59.36 lakhs.

Important instances of defective control over expenditure under individual group heads within grants/appropriations have been mentioned in the Appropriation Accounts for 1972-73.

CHAPTER III

CIVIL DEPARTMENTS

Agriculture Department

20. *Transport subsidy on fertilizer distribution.*—A scheme for payment of transport subsidy to the distributors of fertilizers (including bonemeal) in the interior hill areas of the State was introduced by the Government with a view to making fertilizers available to the cultivators at uniform Government approved rates. While for the years 1970-71 and 1971-72 the Government had fixed a flat rate of Rs. 50 per tonne for payment of transport subsidy, for the year 1972-73 the actual cost incurred on transport was to be paid to the fertilizer distributors as subsidy. The salient features contained in the instructions issued by the Government (March 1971) regarding the checks to be exercised before paying the subsidy were as under :—

- (i) The particulars of the movement of the stocks from the premises of the manufacturers were to be intimated by the distributors to the District/Sub-divisional Agricultural Officers along with the railway receipt number in the case of movement by train and the truck numbers in the case of movement by trucks, etc. On receipt by them of the stocks from the manufacturers, the distributors were also to produce before the District/Sub-divisional Agricultural Officers storage certificates issued by the ware housing authorities.
- (ii) The subsidy bills to be submitted by the distributors to the District/Sub-divisional Agricultural Officers were to contain full details of the sales made to the retail agents and were to be supported by cash memos endorsed by the retail agents in token of their having received the supplies.
- (iii) The payment of the subsidy was to be made by the District/Sub-divisional Agricultural Officers only after the Extensions Officer, Subdivisional Officer/Deputy Commissioner had certified that the fertilizer had actually been distributed to the cultivators. (The exact procedure to be followed for such certification was, however, not prescribed by the Government or any other lower authority).

2. The quantities transported and the amount of transport subsidy paid to the distributors of fertilizers during the years 1970-71 to 1972-73 are reported to be as follows:—

(i) **Khasi Hills**

	Quantity (In tonnes)	Amount (In lakhs of rupees)
1970-71	5,174	2.59
1971-72	4,560	2.28
1972-73	1,027	0.35
Total	10,761	5.22

(ii) **Jaintia Hills**

	Quantity (In tonnes)	Amount (In lakhs of rupees)
1970-71	48	0.02
1971-72	956	0.55
1972-73	...	...
Total	1,004	0.57
GRAND TOTAL	11,765	5.79

The first payment of the subsidy for the fertilizer supplies made during 1970-71 was made in June 1971.

3. During review of the scheme by Audit, the following points came to notice:—

(i) The entire amount of transport subsidy of Rs.5.79 lakhs was paid to the distributors by the District Agricultural Officer, Shillong and the Sub-divisional Agricultural Officer, Jowai. The subsidy bills submitted by the distributors were not supported by cash memos and certificates of the Extension Officers/Sub-divisional Officers/Deputy Commissioners as prescribed in the orders issued by the Government in March 1971 nor were the other documents prescribed in these orders obtained.

(ii) Rupees 0.13 lakh were paid (June 1971) as transport subsidy by the District Agricultural Officer, Shillong to a distributor at Shillong although the fertilizers in question (263 tonnes) had been sold by that distributor to two other distributors at Shillong. The amount thus paid erroneously has not yet (March 1974) been recovered.

(iii) According to the instructions issued by the Government in March 1971, no subsidy was to be given for transfer of stocks made at Shillong, Jowai, Mawphlang and other storing godowns at different places. Rupees 3.06 lakhs were, however, paid (June 1971, October 1972 and April 1973) by the District Agricultural Officer, Shillong as transport subsidy to the distributors at Shillong at the full rate of Rs.50 per tonne although the fertilizers in question (6,107 tonnes) had been sold by them during 1970-71 and 1971-72 to various retail dealers/co-operative societies who took the delivery of the fertilizers at Shillong itself.

(iv) The prescribed rate for the payment of the transport subsidy during 1971-72 was Rs.50 per tonne. The Sub-divisional Agricultural Officer, Jowai, however, paid Rs.0.55 lakh as transport subsidy for sale of 956 tonnes bonemeal between April 1971 to June 1971 at rates varying between Rs. 45 to Rs. 70 per tonne. Deviation from the rate prescribed by the Government resulted in excess payment of Rs.0.07 lakh.

(v) Rupees 0.89 lakh, drawn on the 31st March 1973 by the District Agricultural Officer, Shillong, against a bill for transport subsidy presented by a distributor mentioning a proposed distribution of 1609.364 tonnes of fertilizers, are lying undisbursed (October 1974).

21. *Cost subsidy on bonemeal.*—Due to a rise in the price of bonemeal, (a non-chemical fertilizer), the Government decided in April 1972 to give cost subsidy to dealers at the rate of Rs.5 per 37 Kilogram bag subject to their selling to cultivators at Rs.22 per bag. The instructions issued (April 1972) by the Government prescribed, among others, the following checks to be exercised before payment of the cost subsidy was made:—

(i) The dealers were to declare their stocks to the District Agricultural Officer/Sub-divisional Agricultural Officer.

(ii) The District Agricultural Officer/Sub-divisional Agricultural Officer was to issue permits to the cultivators against which the dealers were to sell to them bonemeal at the prices fixed by the Government.

(iii) The bonemeal was to be sold to the cultivators under departmental supervision. The dealers' copies of the cash memos for the sale of bonemeal to the cultivators were to be countersigned by the District Agricultural Officer/Sub-divisional Agricultural Officer in token of his having satisfied himself about the bonemeal having actually been sold to the cultivators. The dealers were to submit the countersigned cash memos in support of their claims for the cost subsidy.

During 1972-73 Rs. 2.71 lakhs were paid as cost subsidy on bonemeal in the Khasi and Jaintia Hills District. Of this Rs. 1.02 lakhs (on 564 tonnes) were paid by the District Agricultural Officer, Shillong and Rs. 1.69 lakhs (on 1,254 tonnes) by the Sub-divisional Agricultural Officer, Jowai.

During test-audit of the expenditure incurred on payment of the cost subsidy, the following points came to notice:—

(a) The Department did not obtain declarations of stocks from any of the dealers to whom cost subsidy was paid.

(b) Rupees 0.16 lakh were paid (March to May 1973) by the District Agricultural Officer, Shillong, to the distributors as cost subsidy on 116.80 tonnes of bonemeal sold by the latter to the retail dealers. Since the cost subsidy was payable to the dealers only for the bonemeal sold to the cultivators at the price fixed by the Government, the distributors whose claims were not supported by cash memo of actual sale of bonemeal to cultivators duly countersigned by the District Agricultural Officer, were not entitled to the cost subsidy.

(c) Rupees 1.69 lakhs were paid (October 1972 to March 1973) by the Sub-divisional Agricultural Officer, Jowai as cost subsidy to the dealers for the sale of bonemeal to the Field Management Committees (registered bodies set up to assist the cultivators in their daily work). The claims in these cases were not supported by cash memos for sale to individual cultivators duly countersigned by the Sub-divisional Agricultural Officer, Jowai as prescribed in the instructions issued by the Government. These payments were thus made without the Department satisfying itself that the quantities sold to the Field Management Committees were actually passed on to the cultivators at the price fixed by the Government.

(b) Rupees 0.86 lakh were paid (31st March 1973) by the District Agricultural Officer, Shillong, as cost subsidy to a manufacturer-cum-dealer for the sale of bonemeal to retail dealers on the 24th, the 26th and the 27th March, 1973. The cost subsidy was erroneously paid at Rs.7.10 per 37 kilogram bag instead of at the prescribed rate of Rs. 5 per 37 kilogram bag. Excess payment on this account amounts to Rs.0.25 lakh. Further, since cost subsidy was payable only for actual sale of bonemeal to cultivators, the manufacturer whose claim was not supported by cash memo of actual sale of bonemeal to cultivators countersigned by the District Agricultural Officer, was not entitled to any cost subsidy.

(c) Rupees 1.54 lakhs were drawn by the District Agricultural Officer, Shillong on the 31st March, 1973 on the basis of an advance bill submitted on the 26th March, 1973 by a distributor for purposed sale of 21,622 bags (37 kilogram each) of bonemeal to the cultivators. The amount still (October 1974) remains undisbursed.

22. *Central Pool fertilizers.*—In July, October and November, 1972, the Government of India (Ministry of Agriculture) allotted 3,340 tonnes of ammonium sulphate (cost: Rs.16.50 lakhs) to the Meghalaya Government from the Central fertilizer pool. The State Government was to obtain the fertilizer from the Fertilizer Corporation of India, Namrup. According to the procedure laid down by the Government of India, the manufacturer was to despatch the allotted quantity to the sub-consignees appointed by the State Government and to obtain cost and freight payments from the Pay and Accounts Officers, Ministry of Food and Agriculture, New Delhi, and the Pay and Accounts Officer was to pass on the debit for the cost of fertilizer at the pool issue-price to the State Government. The State Government was to make suitable arrangements for the recovery of the cost of fertilizers at the pool issue-price of Rs.494 per tonne from the sub-consignees appointed by it for the sale of the fertilizers in the State. The Government of India had fixed the retail sale price for the pool fertilizer allotted to the State at Rs.549 per tonne.

Although, 2,188 tonnes of fertilizer were despatched between September and December 1972 by the manufacturer to the three sub-consignees appointed by the State Government, it

was noticed during local audit (August-September, 1973) that no instructions had been issued by the Government laying down procedure for ensuring that the fertilizers received by the sub-consignees were actually sold to the cultivators at the retail price (Rs.549 per tonne) fixed by the Government of India. The State Government stated (September, 1974) that on enquiry two of the sub-consignees had intimated that the pool fertilizers receive by them were sold to the cultivators through their authorised agents in the State. The reply from the third sub-consignee in this respect is still (September, 1974) to be received by the Government. The Government have, however, not intimated whether the fertilizers were sold to the cultivators at the retail price fixed by the Government of India and, if so, the manner in which the Government satisfied itself that it was actually so.

Further, the sub-consignees had been directed by the State Government to deposit the cost of the fertilizers (Rs.10.81 lakhs) allotted to them prior to taking delivery of the consignments. The amounts were, however, deposited by the sub-consignees only in November, 1973 (Rs. 4.07 lakhs), December 1973 (Rs. 2.83 lakhs) and May 1974 (Rs. 3.91 lakhs) though the fertilizers had been despatched by the manufacturer to them between September to December 1972. This resulted in undue financial benefit being extended to the sub-consignees.

23. *Potato Seed Production Farm Umdiengpoh.*—The Potato Seed Production Farm, Umdiengpoh in the Khasi Hills District covers an areas of 61 acres of land. The farm started functioning from November, 1968. The farm was to produce disease-free potato seeds of high-yielding varieties for distribution among the cultivators with the object of stepping up the crop-yield and increasing the production of potatoes in the State. It was also envisaged that the farm would not only pay its way, but would also fetch a regular income for the State. No targets for the area to be developed and brought under cultivation each year, the quantity and the quality of seeds to be procured, and planted, were, however, laid down by the Department nor was any estimation made of the seeds expected to be produced.

Rupees 4.64 lakhs (revenue expenditure Rs.2.45 lakhs ; capital expenditure of Rs.2.19 lakhs) were spent by the Department on the farm during the period from 1968-69 to 1972-73. The break-up of the capital expenditure is as under :—

(In lakhs of rupees)	
(i) Construction of office building, staff quarter, godown and labour sheds	1.32
(ii) Reclamation of land	0.42
(iii) Tools and implements	0.24
(iv) Polythene pipes	0.13
(v) Construction of water reservoir	0.04
(vi) Power sprayer	0.04
Total	<u>2.19</u>

The year-wise details of the revenue expenditure are as follows :—

	1968-69	1969-70	1970-71	1971-72	1972-73	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Wages paid for cultivation.	12,151	22,754	17,605	23,244	32,175	1,07,929
(ii) Purchase of seeds	4,250	4,046	7,610	9,420	13,592	38,918
(iii) Pay and allowances of staff.	279	7,540	8,879	10,333	11,581	38,612
(iv) Manures and fertilizers.	6,423	7,082	3,351	6,101	13,857	36,814
(v) Construction of temporary channels, foot-path, drainage, etc., inside the farm.	4,329	...	3,693	1,930	3,554	13,506
(vi) Office expenses	925	350	3,436	2,183	2,448	9,342
Total	<u>28,357</u>	<u>41,772</u>	<u>44,574</u>	<u>53,211</u>	<u>77,207</u>	<u>2,45,121</u>

The year-wise details of the area cultivated, seeds procured seeds distributed, etc., are as follows:—

	Area under cultivation	Seeds sown		Total production		Potatoes found suitable for use as seeds	
		Quantity	Value	Quantity	Value	Quantity	Value
	Acres	Kilograms	Rs.	Kilograms	Rs.	Kilograms	Rs.
1968-69	2	4,363	4,250	10,759	10,754	3,124	2,785.40
1969-70	7.5	3,954	4,046	7,200	8,091	3,885	5,827.50
1970-71	9.5	4,640	7,610	15,643	16,515	8,735	13,060.50
1971-72	12.25	6,380	9,420	16,636	20,682	11,610	17,331.00
1972-73	15.50	9,061	13,591	23,507	27,202	13,239	19,858.50
Total	46.75	23,398	38,917	73,745	83,244	40,593	58,862.90

	Potatoes found sub-standard		Potatoes distributed among the cultivators as seeds		Potatoes used for demonstration purposes		Potatoes issued to other Governments for use as seeds	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Kilograms	Rs.	Kilograms	Rs.	Kilograms	Rs.	Kilograms	Rs.
1968-69	7,635	7,968.75	65	32.50	67	33.50	2,800	2,660
1969-70	3,314	2,263.50	..	...	2,301	1,150.50	..	...
1970-71	6,909	3,454.25	5,018	2,509.00	1,335	667.50	...	...
1971-72	5,026	3,351.30	5,958	8,937.00	1,314	1,971.00	...	...
1972-73	7,906	4,743.60	4,387	6,580.50	2,863	4,294.50	...	...
Total	30,790	21,781.40	15,428	18,059.00	7,880	8,117.00	2,800	2,660

Against the revenue expenditure of Rs.2.45 lakhs the value of the produce of the farms during the period was Rs.0.83 lakh only. Thus even compared to the revenue expenditure incurred on the running of the farm during 1968-69 to 1972-73, the Department suffered a loss of Rs.1.62 lakhs.

3. From a total cumulative area of 46.75 acres cultivated during the period from 1968-69 to 1972-73, only 73,745 kilograms of potatoes valued at Rs.0.83 lakh were produced in the farm. This is against the standard minimum yield in relation to seeds planted of 2,18,664 kilograms of potatoes on the basis of the standard yields indicated in the Hand Book of Agriculture published by the I.C.A.R., New Delhi. No investigation was conducted by the Department to ascertain the reasons for disproportionately low produce from year to year.

Out of the 73,745 kilograms of potatoes produced only 40,593 kilograms valued at Rs.0.59 lakh were found suitable for being used as seeds. Of the remaining, 30,790 kilograms (41 per cent of the total production) were found to be of sub-standard quality and were sold for table purposes for Rs.0.22 lakh and 2,362 kilograms (estimated value Rs. 0.02 lakh) were in stock (October 1973).

Out of the 40,593 kilograms of seeds produced in the farm during the period, 14,186 kilograms of seeds were replanted in the farm itself and 15,428 kilograms were distributed among the cultivators. The Department has not assessed to what extent the distribution of these seeds has contributed towards stepping up the yield of potatoes in the State. The remaining 10,979 kilograms of seeds were disposed off as under:—

(i) Issued to other wings of the Department for demonstration purposes.	7,880 kilograms
(ii) Issued to other Governments	2,800 „
(iii) Spoiled due to rot	299 „

Though a total area of 61 acres of land was available with the farm, the maximum area brought under cultivation to end of 1972-73 was 15.50 acres only.

No evaluation of the working of the scheme was conducted at any stage. Nor were any investigations conducted to ascertain the reasons for the poor yield in the farm with a view to devising ways and means to improve the yield. In particular

no steps were taken to ascertain the minimum irrigation facilities necessary and to conduct soil testing for determining the requirements of fertilizers and manure.

According to the Government "the soil of the farm is still undergoing treatment and is yet to achieve its desired fertility which is a slow process".

24. *Seed farms.*—Seven seed farms established for producing quality seeds of high yielding varieties of potatoes, paddy, wheat, maize and ginger for sale to the cultivators are functioning in the districts of the Khasi Hills and Jaintia Hills.

The particulars of these farms, *e.g.*, the area available, the areas cultivated, the seeds produced, etc., are

given below :—

District	Name	Year of opening	Area in acres actually available for cultivation during each of the years 1970-71 to 1972-73
(1)	(2)	(3)	(4)
Khasi Hills	Lapalang Seed Farm	1960	50
	Riangda Seed Farm	1960	25
	Nongshyrngan Seed Farm	1960	25
Jaintia Hills	Thadlaskein Seed Farm	1959-60	25
	Madansafai Seed Farm	(not available)	31.86
	Rymphum Seed Farm	1952-53	20
	Mongkrie Seed Farm	(not available)	50

2,26.86

(excluding Nongshyrngan)

Area in acres cultivated			Seeds produced					
			1970-71		1971-72		1972-73	
(5)	(6)	(7)	Target	Actual	Target	Actual	Target	Actual
1970-71	1971-72	1972-73						
Nil	2.75	5.10	Not fixed	Nil	Not fixed	1,530	Not fixed	1,190
11.00	11.00	11.00	Not fixed	4,869	Not fixed	3,970	Not fixed	5,196
Area cultivated was not available			Not fixed	Nil	Not fixed	Nil	Not fixed	Nil
6.23	8.92	9.75	Not fixed	2,098	Not fixed	3,250	Not fixed	720
Nil	7.00	13.80	Not fixed	Nil	Not fixed	647	Not fixed	1,554
4.15	3.65	4.29	Not fixed	947	Not fixed	1,567	Not fixed	1,190
Area cultivated was not available			Not fixed	Nil	Not fixed	75	Not fixed	330
21.58	33.32	43.94		7,914		11,714		10,180

and Monghrie Farms)

Rupees 2.54 lakhs were spent on these farms between 1970-71 and 1972-73 as under:—

	1970-71	1971-72	1972-73
	(In lakhs of rupees)		
1. Lapalang Seed Farm	0.10	0.12	0.11
2. Riangdo Seed Farm	0.14	0.14	0.21
3. Nongshyrgan Seed Farm	0.07	0.13	0.11
4. Thadlaskein Seed Farm	0.12	0.14	0.16
5. Madan Safai Seed Farm	0.06	0.15	0.22
6. Rymphum Seed Farm	0.09	0.10	0.13
7. Mongkrie Seed Farm	0.01	0.06	0.17
Total	0.59	0.84	1.11

The expenditure was on the following:—

	(Rupees in lakhs)
Pay of staff	1.10
Wages to labourers	1.54
Cost of seeds	0.22
Cost of fertilizers and manures	0.14
Cost of pesticides and plant protection chemicals	0.03
Miscellaneous Expenditure	0.01
Total	2.54

Against the above expenditure of Rs.2.54 lakhs, the value of the produce of the farms during the three years was Rs.0.41 lakh only resulting in a loss of Rs.2.13 lakhs; (Lapalang: Rs.0.30 lakh; Riangdo: Rs.0.36 lakh; Nongshyrgan: Rs.0.30 lakh, Thadlaskein: Rs. 0.37 lakh; Madan Safai: Rs.0.32 lakh; Rymphum: Rs. 0.27 lakh; Mongkrie: Rs. 0.21 lakh) on the running of the farms.

Out of a total cumulative area of 6,80.58 acres of land available for cultivation during the period from 1970-71 to 1972-73 in five farms at Lapalang, Riangdo, Thadlaskein, Madan Safai and Rymphum seed farms, the cumulative area actually cultivated in the farms was 98.64 acres only. No records on the subject were available in respect of

Nongshyrngan and Mawkrie Farms. The reasons due to which the entire available area was not brought under cultivation for the production of seeds are awaited (August, 1974).

No targets were fixed for the seeds to be produced in these farms. During the three years ended the 31st March 1973, production of seeds (potatoes, paddy, wheat, maize and ginger) in 6 out of the 7 farms was 15,773 kilograms only against 11,056.5 kilograms of seeds planted as under:—

Name of the farm	Seed planted (in kgs)	Production (in kgs)
1. Lapalang Seed Farm	2,460	2,720
2. Nongshyrngan Seed Farm	140	...
3. Thadlaskein Seed Farm	3,290	6,068
4. Rymphum Seed Farm	2,099	3,704
5. Madan Safai Seed Farm	1,968.5	2,201
6. Manogkrie Seed Farm	1,099	1,080
	<u>11,056.5</u>	<u>15,773</u>

No record of seeds planted were maintained in Riango Seed Farm which produced 14,035 kilograms of seeds. The reasons for the poor production have not been investigated by the Department (August, 1974).

Only 3,710 kilograms of seeds out of 29,808 kilogram produced were distributed among the cultivators. Disposal utilisation of seeds during these three years was as under:—
(Seeds in Kgs.)

1. Issued to other authorities/Government	7,960
2. Replanted in the farms	3,546
3. Distributed among the cultivators	3,710
4. Sold to private parties for use as seeds or for table purposes or as animal feed.	12,295
5. Spoilage/shortage	977
6. In stock	610
7. Disposal not accounted for	710
Total	<u>29,808</u>

The poor performance of these seed farms was reported to the Government in March, 1974; their comments are awaited (October, 1974).

Development Department

25. *Unused Machinery.*—With a view to rendering assistance to a Primary Marketing Co-operative Society for the establishment of a saw mill at Nongkhlaw, the Block Development Officer, Mairang purchased, in March 1963, a sawing machine with accessories valued at Rs.0.46 lakh. The machine was, however, not issued to the Society and has remained unutilised.

The Department stated in September 1974 that the machine could not be taken to the site after it was received due to lack of proper communication facilities and by the time these were available the Society for which it had been acquired had ceased to function. The Department also stated (September 1974) that Government were considering how best to utilise the machine.

26. *Construction of suspension bridge at Mawparew.*—Administrative approval for Rs. 0.20 lakh for the construction of a suspension bridge at Mawprew in Khasi Hills district was accorded by the Deputy Development Commissioner (Hills) in January 1970. In November 1968, before the administrative approval for the work had been accorded, the Block Development Officer, Satisopher-Shella-Bhulaganj placed orders for the purchase of wire ropes worth Rs. 0.06 lakh. Payment for the wire-ropes was made in February and March 1970. The construction of the bridge was, however, delayed due to dispute amongst the villages in the area about the location of the bridge. The construction of the bridge was taken up only in January 1973. In the meantime the Block Development Officer drew Rs. 0.14 lakh in March 1971. Of this only Rs. 0.04 lakh were paid (August 1971) to a supplier of materials for the bridge and the balance Rs. 0.10 lakh remained with the Block Development Officer till March 1973. The work was completed in March 1973 and Rs.0.10 lakh were paid to the contractor for the work only in March and April 1973.

District Council Affairs Department

27. *Grants to District Councils*—During 1971-72 and 1972-73, the Government paid to the District Councils in Meghalaya grants totalling Rs. 2,26.67 lakhs (details given below) for the implementation of various schemes. The financial rules of the Government require that certificates of utilisation of the grants paid, should be sent by the concerned Departmental Officers to the Accountant General within a reasonable time. Utilisation certificates for Rs.59.83 lakhs pertaining to grants paid during 1971-72 and Rs. 87.31 lakhs paid during 1972-73 (detailed below) have not been furnished by the concerned Departmental Officers so far (August 1974).

District Councils	Year	Grants paid	Utilisation certificates not furnished
		(In lakhs of rupees)	
(1) Khasi Hills District Council	1971-72	42.11	33.09
	1972-73	42.52	19.14
(2) Jowai District Council	1971-72	25.21	16.04
	1972-73	23.19	19.27
(3) Garo Hills District Council	1971-72	41.08	10.70
	1972-73	52.56	48.90

Utilisation of grants paid to the Khasi Hills District Council.—Out of Rs.42.11 lakhs paid to the Khasi Hills District Council during 1971-72 which were for implementation of schemes relating to works, education, communication, forests and land reforms only Rs.10.35 lakhs were spent by it upto March 1972. Of the remaining amount, Rs.28.57 lakhs were spent during 1972-73, Rs.2.75 lakhs during 1973-74 and Rs.0.44 lakh remained unspent (August 1974). The unspent balance was out of a grant of Rs.2 lakhs which was for the construction of buildings (office buildings, rest-house and residential quarters) at Nongpoh and Nongstoin.

Out of Rs.42.52 lakhs paid to the Council during 1972-73, which were also for implementation of schemes relating to works, education, communications, forest and land reforms, only Rs.23.46 lakhs were spent during 1972-73. Of the remaining amount, Rs.17.16 lakhs were spent during 1973-74 and Rs.1.90 lakhs remained unspent (August 1974). The unspent balance was out of a grant of Rs.9 lakhs which was for the construction of roads, bridges, foot-paths, play-grounds and for the implementation of certain water supply schemes.

Grants paid to the Khasi Hills District Council for the scheme for the development of transport facilities.—During 1967-68 to 1969-70, the Government of the composite State of Assam sanctioned grants amounting to Rs.3.86 lakhs to the Khasi Hills District Council for developing transport facilities in order to facilitate marketing of their produce by the local people in the interior, particularly those living in the border areas. Out of this grant, the Council purchased six trucks for Rs.3.34 lakhs (two trucks each during the years 1968-69, 1970-71 and 1971-72) and one jeep for of Rs.0.22 lakh and constructed one garage at a cost of Rs.0.24 lakh.

The Council decided (May 1969) to run these trucks on “no profit no loss” basis and fixed the hire charges from time to time accordingly. During the period from July 1971 to June 1972, one of these trucks was hired out to six contractors for plying between Shillong and Gauhati and between Shillong and other places in the Kamrup District in Assam a purpose for which the trucks were not meant. The hire charges were recovered from these contractors at the concessional rate of Rs.0.95 per kilometre fixed on no-profit-no-loss basis as against the hire charges of the State Transport authorities prevailing during the period of Rs.2.50 per kilometre. Compared with this, the extent of short-recovery of hire-charges amounted to Rs.0.44 lakh.

The Council did not maintain (August 1974) records indicating the manner in which the other five vehicles were actually used during 1971-72 and 1972-73.

The jeep purchased out of the grant was placed at the disposal of an executive member of the Council for his use.

The matter was reported to Government in November 1972 ; their reply is awaited (August 1974).

28. Information and Public Relations Department

One of the main objectives of the Department is to give adequate publicity to the various development programmes of the Government with a view to securing purposeful collaboration of the people in implementation of the developmental activities of the State. During 1970-71 to 1972-73, the Department functioned under a Deputy Director of Information and Public Relations (grade Rs.350—1,000) with District Information and Public Relations Officers (grade Rs.250—750) at the District level.

2. The expenditure on pay and allowances of the officers/ staff and on various schemes undertaken during 1970-71 to 1972-73 was as follows:—

	1970-71	1971-72	1972-73	Total
(In lakhs of rupees)				
A. Pay and allowances of the Staff	1.12	1.52	1.95	4.59
B. Schemes—				
(i) Publication of bulletins at District level	0.09	0.10	0.11	0.30
(ii) Rental of teleprinters	0.06	0.33	0.34	0.73
(iii) Purchase of books	0.10	0.07	0.08	0.25
(iv) Publication of multi-coloured wall calendars.	...	0.38	0.36	0.74
(v) Advertisement in newspapers	0.05	0.21	0.31	0.57
(vi) Printing of folders and posters	0.01	0.08	0.07	0.16
(vii) Rural broadcasting system and radio forum	0.21	0.01	0.03	0.25
(viii) Exhibitions	(a)	—	0.01	0.01
(ix) Cultural shows	0.24	0.06	0.33	0.63
(x) Films	0.73	0.29	0.88	1.90
(xi) Public address equipments	0.10	0.04	0.45	0.59
(xii) Fixed loud speaker system	...	0.21	...	0.21
Total	2.71	3.30	4.92	10.93

3. *Publication of bulletins at the District level.*—Two journalists—one for the District Office at Tura and the other for the District Office at Shillong—were appointed in April 1969 and August 1969 respectively with a view to publishing a monthly bulletin in Garo language from Tura and another monthly bulletin in Khasi language from Shillong. The bulletins were to be distributed free of charge. The Department spent Rs.0.30 lakh during 1970-71 to 1972-73 on the pay and allowances of these two journalists and on paper printing and postage. Initially 1,500 copies of the bulletin in Garo language were to be printed; the number was raised to 2,500

copies from August 1972. The publication of the bulletin in Khasi language (2,500 copies fortnightly) was started only from May 1973 although the appointment of a journalist for the purpose had been made in August 1969.

4. *Publication of multi-coloured wall calendars.*—Rupees 0.74 lakh were spent by the Department on production of 5,000 copies of wall calendars during the years 1972 and 1973. For each of these years the calendars were got printed from a firm in Calcutta who had quoted the highest rates (Rs. 33,750 for the year 1972 and Rs. 32,300 for the year 1973), on grounds of superior quality of paper and printing, in preference to the lower rates (lowest rates quoted were Rs. 13,000 for the year 1972 and Rs. 8,800 for the year 1973) quoted by other firms. The notice inviting quotations was defective in as much as no specifications had been given about the quality of paper and printing.

5. *Exhibitions.*—During the Fourth Five Year Plan period, Rs. 0.36 lakh were proposed to be spent on this mode of publicity by organising one State level and three District level exhibition every year. The Department did not organise any exhibition during the years 1970-71 and 1971-72. During 1972-73, only one exhibition was organised which was held at a village in Jaintia Hills on the 27th March 1973. Rupees 1,000 were spent on this exhibition. The Department also participated in an Industrial Exhibition organised at Tura on the 5th February 1973 by the Industries Department and incurred an expenditure of Rs. 250 on the same.

6. *Cultural shows.*—Rupees 1.68 lakhs were provided during the Fourth Five Year Plan period to meet the expenditure on cultural shows. The Department proposed to organise one State level and three District level cultural shows every year. The expenditure incurred on such shows during the years 1970-71 and 1971-72 was Rs. 750 and Rs. 5,000 respectively. Apart from this, Rs. 23,000 and Rs. 24,900 were spent during the years 1970-71 and 1972-73 in connection with the Republic Day Celebrations held in Delhi. The detailed countersigned contingent bills with supporting vouchers for the above expenditure are yet (June 1974) to be submitted to Audit.

7. *Production of a short film.*—The work of producing a 16 mm. documentary film of 1,200 feet long and 30 minutes duration on inauguration of the Meghalaya State in January 1972 was entrusted by the Department to a firm in Calcutta,

The payment to be made to the firm for the production of the film was settled at Rs. 0.35 lakh after negotiation. Quotations were not invited from any other firm. Although the firm supplied (February 1973) the film only 910 feet long and of 22 minutes duration, the entire contracted amount of Rs. 0.35 lakh was paid (Rs. 0.12 lakh advance payment in January 1972 and the rest in February 1973).

8. *Fixed loud-speaker system.*—Fixed loud-speakers were installed at Shillong and Tura during 1962-63. During the Fourth Five Year Plan period, the Department proposed to spend Rs. 0.50 lakh for the maintenance of the existing fixed loud-speaker system at Shillong and Tura and also for the installation of a fixed loud-speaker system at Jowai. The fixed loud-speaker system in Shillong has remained out of order since January 1971. The fixed loud-speaker system at Tura is also not functioning (actual date from which it went out of order is not available). The Department also purchased equipment costing Rs. 0.21 lakh during 1971-72 for the fixed loud-speaker system but the equipment is yet (January 1974) to be used. The loud-speaker system at Jowai has not been installed so far (January 1974).

9. The results of this review were reported to Government in April 1974; their reply is awaited (August 1974).

Industries Department

29. *Ginger Dehydration Plant, Nayabunglow.*—Ginger is widely grown in areas of the State bordering Bangladesh and also in Bhoi Block of the Khasi Hills District. About 35 per cent of the ginger produced in the State used to be consumed in the State itself and the rest was exported to Gauhati and Calcutta. The ginger used to be of a fibrous species, not well suited for making ginger powder. The cultivators were not able to get a reasonable price for their produce because of its quality and the difficulties of transporting it to the markets.

To make the production of ginger more remunerative for the cultivators, a project report was prepared by the Director of Industries, Assam in consultation with the Small Industries Service Institute, Calcutta in February 1968. The Project report envisaged the following:—

(i) the establishment of a dehydration plant which would, to start with, consume 10 per cent of the ginger produced in the State;

(ii) training the cultivators in the methods of sun-drying the ginger ;

(iii) guiding the cultivators in cultivation of non-fibrous species of ginger.

The dehydration plant was proposed to be set up at Nayabunglow where some land and buildings of the Nayabunglow Production Centre were available. In addition to the land and the existing buildings available at Nayabunglow (approx. cost. Rs. 75,000) (which were to be notified for the purposes) a sun-drying shed, 4 washing tanks, a godown, an office building-cum-show-room and a manager's quarter were proposed to be constructed. The cost of the new buildings and modifications to the existing buildings was expected to be Rs. 35,000. An electric dryer, a disintegrator and miscellaneous equipment like weighing scales, wooden knives, etc., were to be procured at a cost of Rs.33,000. Rupees 60,000 were to be invested as working capital. The dehydration plant was expected to make a profit of Rs. 0.59 lakh per annum, *i.e.*, 29 per cent of the total investment, inclusive of the working capital, of Rs. 2.03 lakhs.

About 950 quintals of raw ginger were to be procured for the plant every season from the adjacent Bhoi area, dehydrated and ground into powder. Raw ginger was also to be procured from Shillong, which is about 30 kilometres from Nayabunglow. The plant would have a production capacity of 35 quintals of ginger powder per month and 420 quintals per annum.

A scheme based on a project report prepared by the Director of Industries was approved by the Assam Government in March 1968.

One drying oven (cost Rs.0.22 lakh) and a disintegrator (cost Rs.0.07 lakh) were purchased in March, 1968. Sun-drying shed, manager's quarter, washing tanks and godowns were constructed during 1968-69 and 1969-70 at a total cost of Rs.0.44 lakh. One chowkidar (from September, 1969), one peon (from October, 1970), one machine operator and one store-keeper (from June, 1971) were also appointed. The Manager, a chemical engineer, was, however, appointed only in February 1972.

The dehydration plant was commissioned in 1969-70, but was operated for only a few days. The disintegrator was not installed. No ginger powder was produced in the plant. Fourteen kilogram of dried ginger, 13 kilograms of dried turmeric and 7 kilogram of dried potato were produced during

1970-71, 1972-73 and 1973-74 (upto September, 1973) respectively out of the raw materials purchased for Rs.0.05 lakh during 1970-71 to 1973-74 (upto September, 1973). The Manager submitted a report to the Government in May 1972 suggesting that the scheme should be dropped and the staff transferred elsewhere as he did not consider commercial production of powder ginger in the plant a feasible proposition. The main points brought out by the Manager in his report were as under:—

(i) The moisture content of the local ginger was very high and as such drying time would be very high resulting in increase in the cost of dehydration.

(ii) The ginger oil and resin contents of local ginger were much below average and the end-product would be of inferior quality.

(iii) It would be essential to have a cold storage, a costly installation, for stocking the raw materials if the raw materials were to be properly preserved before processing.

(iv) In view of the above factors, the cost of production was likely to be very high and it might not be possible to sell the products.

The scheme was, however, continued during 1972-73 to 1973-74 with a view to carrying out experiments for the commercial exploitation of ginger and turmeric available in the area and to find out ways and means for making the scheme economically viable. After carrying out tests on ginger, turmeric and potato, the Manager submitted another report to Government in September, 1973 in which he reiterated his earlier findings that the scheme was not viable. The Manager mentioned in this report that the variety of ginger grown locally was highly fibrous and was unfit for dehydration. Thereafter the Government decided (September 1973) to close down the scheme and utilise the machinery procured for the scheme in some other industries. As for staff employed on the scheme, it was decided to transfer some of them to other schemes and retrench the rest. Information about actual utilisation of the buildings (including Manager's quarter which was completed in November, 1968 at a cost of Rs.0.13 lakh and which has been lying vacant since) and machinery is awaited (November 1973). Information about actual transfer/retrenchment of the staff is also awaited (November 1973).

The year-wise details of the capital and the revenue expenditure incurred on the scheme are as follows :—

	Capital expenditure		Revenue expenditure		
	Machinery	Building	Establishment	Other expenditures	
	(In lakhs of rupees)		(In lakhs of rupees)		
1967-68	0.22	...	1969-70	0.01	0.45
1968-69	0.06	0.35	1970-71	0.04	0.07
1969-70	...	0.09	1971-72	0.08	0.09
			1972-73	0.14	8.06
			1973-74	0.08	0.01
Total	0.28	0.44	(Upto September 1973).	0.35	0.68

Relief and Rehabilitation Department

30. *Non-utilisation of grants and loans.*—The Government paid to the District Council, Garo Hills (1964-65 to 1968-69) loans and grants totalling Rs.25.99 lakhs and Rs.16.73 lakhs respectively for the relief and rehabilitation scheme in that area in respect of migrants from what is now Bangladesh who came over in the year 1964 and after. Against this, the disbursements of loans and grants (August 1974) amounted to Rs.19.78 lakhs (excluding Rs.0.38 lakh refunded to the Government in May 1968) and Rs.10.67 lakhs respectively. The Council has not refunded (August 1974) the unutilised balance of Rs.11.89 lakhs (loan Rs.5.83 lakhs and grants Rs.6.06 lakhs) as required under the agreement entered into by the Government with the Council in February 1966.

Some of the irregularities disclosed during a test check (September 1971) of the accounts of the Council are as follows :—

(a) ledgers in respect of loans (Rs.20,15,168) disbursed (1965-66 to 1970-71) were not complete (August 1974) and did not show all the loans paid and the amounts on account of principal and interest which had fallen due for recovery;

(b) no amounts on account of either principal or the interest have so far (August 1974) been realised nor has any action been taken to realise the amounts overdue;

(c) against the loan of Rs.20,15,168 advanced to various loances, bonds have been obtained (August 1974) only for Rs.7,39,453. Most of these bonds do not specify the rate of interest for the loan and the number of instalments in which the loan is recoverable ;

(d) livestock/stock registers for the bullocks, the seeds and the implements purchased under the scheme were not maintained (August 1974) ;

(e) Rs.85,200 were paid (November 1969 and May 1970) to an organisation for the reclamation of 426 acres of land ; no estimate were prepared for the work nor were work orders issued ; measurements of the work done were not recorded.

CHAPTER IV

WORKS EXPENDITURE

Public Works Department

31. *Carriage of cement from Cherrapunji to various Public Works Divisions during 1971-72 and 1972-73.*

A. *Non-acceptance of lowset tender for carriage work during 1971-1972.*—For carriage of cement during 1971-72 from Cherrapunji to various Public Works Divisions in the Garo Hills District, the Executive Engineer Mawsynram Division, Shillong, invited tenders in April 1971. The approximate value of carriage to be done was indicated in tender notice as Rs.0.50 lakh. (The monetary limit up to which Executive Engineers are competent to accept tenders is Rs.0.50 lakh). The lowest tendered rate of Rs.0.05 per kilometre per quintal quoted by a registered contractor was rejected by the Executive Engineer on the ground that the rate was unworkable due to rise in cost of petrol, oil and lubricants. The Executive Engineer decided (July 1971) to distribute the work equally between two other contractors who had quoted a higher rate of Rs.0.07 per kilometre per quintal. No estimates of the reasonable cost per kilometre per quintal were put on record in support of the contention that the lower rate was unworkable. (For carriage during 1972-73, the lowest rate of Rs.0.06 per kilometre per quintal quoted by the same contractor whose rate was Rs.0.05 per kilometre per quintal for 1971-72, was considered workable and accepted). The work orders on the basis of tenders called for during 1971-72 for the carriage of cement (issued from February 1972 to May 1972) were, however, given to two contractors only one of whom had been originally selected for award of this work. The reasons for this deviation from the earlier decision were not recorded. One thousand one hundred and fifty tonnes of cement were carried by these contractors between the 4th March 1972 and 28th June 1972 for which payment of Rs.3.48 lakhs (Rs.2.11 lakhs for carriage of 700 tonnes by the contractor who was one of those initially selected and Rs.1.37 lakhs for carriage of 450 tonnes by the other contractor) was made at the rate of Rs.0.07 per kilometre per quintal. As the value of carriage done by the contractors far exceeded the powers of the Executive Engineer, the tenders ought to have been referred to the higher competent authorities for acceptance before making any payment, but this was not done. The rejection of the lowest quoted rate for the year 1971-72 resulted in an avoidable extra expenditure of Rs.0.99 lakh.

B. Extra Expenditure on carriage because of delay in the finalisation of carriage contracts for 1972-73.—Tenders for carriage of materials during 1972-73 were invited on the 17th April 1972 by the Executive Engineer, Mawsynram Division and work orders against accepted tender were issued only on the 8th June 1972. The rate accepted was 0.06 paise per kilometre per quintal. As a result of this delay in finalisation of the tender for the year 1972-73, the carriage from April 1972 to June 1972 (Rs.3.10 lakhs paid for carriage of 1,030 tonnes of cement) was got done at the higher rate accepted for the previous year (0.07 paise per kilometre per quintal). Had the tenders been invited sufficiently in time and finalised by March 1972, the avoidable expenditure of Rs.0.99 lakh mentioned above might have been reduced by Rs.0.44 lakh.

32. *Excess payment.*—For the consolidation of hard stone metal by machine-rollers, the schedule of rates of Tura South Division provided two different rates, viz., Rs.5.63 per cubic metre for work done during the rainy season (May to September) and Rs.8.38 per cubic metre for the work done during the dry season (October to April). In September 1971 tenders were invited for consolidation work on 'Nongram-Rongrangiri' road. The work was to be done between November 1971 to February 1972, i. e., dry season. The work was awarded to thirteen contractors at rates varying from Rs.8.37 to Rs.11.00 per cubic metre. Though six of these contractors actually executed 5,626 cubic metre of consolidation work during the rainy season (from May to September 1972), they were paid at the contracted higher rates meant for the execution of the work during the dry season. Under the terms of the contract the work should have been treated as an additional item and paid for at the rates given in the schedule of rates. This resulted in an excess payment of Rs.0.20 lakh (calculated on the schedule of rates for rainy season).

The Government intimated Audit in April 1974 that the Executive Engineer had been instructed to adjust in the final bill the excess payment for the work done during the rainy season but paid for at the rates for the dry season.

The report regarding the actual adjustment of the excess payment is, however, awaited (August 1974) from the Department.

33. *Excess payment.*—In January 1971, the Chief Engineer, Public Works Department placed an order with a firm for the supply of 250 tonnes of bitumen for Mawsynram Division, Shillong, at the rate of Rs.545 per tonne. Although the supply order did not specify that payment was to be made on “gross weight” basis, *i.e.* inclusive of the weight of the container, the Division made payment to the firm on that basis for 249.94 tonnes (gross weight) of bitumen supplied by the firm between December 1971 to February 1972. In May 1972 the Chief Engineer informed, the Executive Engineers of all the Divisions which were to receive supplies of bitumen that payment for bitumen supplied should be made on “net weight” basis. The weight of the empty containers being 30 tonnes, the extra payment already made (December 1971 and February 1972) by the Mawsynram Division because of payment for supply of bitumen on “gross weight” basis amounted to Rs.0.17 lakh (inclusive of Sales-tax amounting to Rs.0.01 lakh). During local audit in January, 1973, it was noticed that no action had been taken by the Division till then to effect recovery of the amount overpaid from the firm.

In July 1974 the Government intimated that action was being taken by the Executive Engineer for the recovery of the amount overpaid. Recovery of overpayment has, however, not so far (September 1974) been made.

34. *Expenditure incurred without or in excess of detailed estimates.*—Ordinarily no new work may be commenced nor any liability incurred thereon till its detailed estimate is sanctioned. A revised estimate is required to be prepared when the sanctioned estimate is likely to be exceeded by more than 5 per cent.

Rupees 56.91 lakhs were spent by the Public Works Department on one work upto the end of March 1973, the detailed estimate of which had not been sanctioned. On two other works (sanctioned estimates above Rs.1 lakh) expenditure was incurred in excess of 5 per cent of their sanctioned estimates upto the end of March 1973, the excess being Rs.1.68 lakhs.

Particulars of the individual works are mentioned in Appendix IV.

CHAPTER V

STORES AND STOCK ACCOUNTS

35. *Synopsis of important stores accounts.*—(a) A synopsis of stores accounts of the Public Works (Roads and Buildings and Public Health Engineering) Department for 1972-73 is given below:—

Serial No.	Department	Stores	Balance on 1st April 1972	Receipts during the year	Issues during the year	Balance on 31st March 1973
(In lakhs of rupees)						
1.	Public Works (Roads and Buildings)	Small stores, building materials, fuels, painters' stores.	83.18(a)	68.56	94.69	57.05
2.	Public Health Engineering	do	8.47	36.87	56.03	(-)10.69(b)

(b) The account of stamps (non-judicial and judicial) and entertainment tax stamps from 1970-71 onwards could not be included as monthly returns showing the receipts, the issues and the balances have not been received from the treasuries.

36. *Stock registers and stock verification.*—The registers of stock in Public Works Divisions are to be closed at the end of September each year and reviewed by the Divisional Officers to ensure that stock consists of serviceable and necessary articles and that the stores are correctly priced with reference to the prevailing market rates. The stock is also to be verified periodically by responsible officers.

(a) Differs from the amount given in the Report for the year 1971-72 due to *pro-forma* transfer of Rs.1.56 lakhs on the 1st April 1972 from Assam to Meghalaya consequent on transfer of Shillong Division to Meghalaya Public Works Department.

(b) The Government intimated (September 1974) that the *minus* balance was mainly due to:—

- (i) delay in adjustment of debits for materials received through the Director General of Supplies and Disposals;
- (ii) delay in the settlement of inter-divisional transactions for receipt of materials chargeable to "stock"; and
- (iii) delay in the adjustment of the value of stock materials, received back from the site of works.

In eight out of eleven Public Works Divisions and in one Public Health Engineering Division, the stock registers for the year ending September 1972 were not closed (July 1974)—two Public Works Divisions (Nongstoin and Jowai) had not closed the register for three to four years and Public Health Engineering Division, Shillong had not closed it for six years. The Public Works Department has stated that the stock accounts of Divisions could not be closed due to shortage of staff. The reasons why the stock accounts of the Public Health Engineering Division could not be closed have not been intimated by the Government (August 1974).

Stores held in the following Sub-divisions of the Public Works Divisions have not been verified (July 1974) for a long time as shown against each:—

Sl. No.	Divisions	Sub-divisions holding store	Month in which stock was verified last
1	Shillong Division	(i) Gauhati-Shillong Road Sub-division.	October 1970
		(ii) Dawki Sub-division	May 1971
2	Mawsynram Division	(i) Mawphlang-Balat Road Sub-division.	May 1972
		(ii) Mawsynram Sub-division	June 1972
		(iii) Balat-Balibazar Road Sub-division	October 1972
		(iv) Balat Sub-division	December 1972
3	Tura South Division	(i) Bagmara Sub-division	February 1972
		(ii) Tura East Sub-division	March 1972
		(iii) Simsangiri Sub-division	August 1972
4	Nongstoin Division	(i) Nongstoin Sub-division	February 1968
		(ii) Mairang Sub-division	August 1972
		(iii) Markasa Sub-division	October 1972
		(iv) Sonapahar Sub-division	December 1972

37. *Excessive stock.*—The rules require that the value of stores held in stock should not exceed the limit specified by

the Government. The value of stock held on 31st March 1973 exceeded the ceiling limit in the following divisions of the Public Works (Roads and Buildings) Department:—

Serial No.	Divisions	Sanctioned reserve limit	Balance on 31st March 1973	Excess over Reserve stock limit	Date on which limits were fixed
(1)		(2)	(3)	(4)	(5)
(In lakhs of rupees)					
1	Mawsynram Division	20.00	35.76	15.76	the 8th July 1969
2	Tura North Division	12.00	17.47	5.47	the 9th September 1965
Total		<u>32.00</u>	<u>53.23</u>	<u>21.23</u>	

38. *Tools and plant accounts.*—Public Works Divisions having tools and plant are required to maintain a register for keeping an account of receipts, issues and balances of tools and plant. The register is to be closed and balanced each year in September and stock is to be verified once a year by responsible officers.

This is to ensure—

- (i) that the tools and plant issued for use by subordinates or temporarily lent to contractors, local bodies, etc. are returned without undue delay and in good condition;
- (ii) that shortages, if any, are promptly investigated and adjusted in the accounts.

Eight out of eleven Public Works Divisions had not closed (July 1974) the register for the year ending September 1972; two Public Works Divisions (Mawsynram and Nongstoin) had not closed the register from September 1971.

The tools and plant held in the following Sub-divisions of the Public Works Divisions have not been verified (July 1974) for a long time as shown against each:—

Serial No.	Divisions	Sub-divisions holding tools and plant	Month in which tools and plant were verified last
1	Shillong Division	(i) Dawki Sub-division	November 1970
		(ii) Gauhati-Shillong Road Sub-division.	May 1971
2	Mawsynram Division.	(i) Mawphlang.Balat Road Sub-division.	May 1972
		(ii) Balat Sub-division	May 1972
		(iii) Mawsynram Sub-division	June 1972
		(iv) Balat-Baglibazar Road Sub-division	October 1972
3	Tura South Division.	(i) Bagmara Sub-division	February 1972
		(ii) Tura East Sub-division	March 1972
		(iii) Simsangiri Sub-division	August 1972
4	Nongstoin Division	(i) Nongstoin Sub-division	January 1968
		(ii) Mairang Sub-division	July 1970
		(iii) Markasa Sub-division	October 1972
		(iv) Sonapahar Sub-division	December 1972
5	Shillong South Division.	(i) Cherra Sub-division	October 1970
		(ii) Umsning-Jagi Road Sub-division	November 1970
		(iii) South Shillong Sub-division	April 1971
		(iv) Shillong South Sub-division	November 1972

CHAPTER VI

RECEIPTS

39. *Trend of revenue receipts.*—Receipts under the principal heads of revenue for the three years from 1970-71 to 1972-73 are given below :—

Major Head of Revenue	1970-71	1971-72	1972-73	Increase (+) Decrease (-) over previous year	
				1971-72	1972-73
(In lakhs of rupees)					
IX.—Land Revenue	0.26	1.45	1.13	(+)1.19	(-)0.32
X.—State Excise Duties	2.84	4.08	16.56	(+)1.24	(+)12.48
XI.—Taxes on Vehicles	1.77	4.39	20.04	(+)2.62	(+)15.65
XII.—Sales Tax	0.35	5.04	54.79	(+)4.69	(+)49.75
XIII.—Other Taxes and Duties—					
A.—Taxes on Luxuries including taxes on Entertainment, Amusements, Betting and Gambling.	0.94	3.17	13.02	(+)2.23	(+)9.85
B.—Electricity Duties	1.26	0.13	2.03	(+)1.13	(+)1.90
E.—Other Items	0.59	2.34	6.23	(+)1.75	(+)3.89
XIV.—Stamps (Non-judicial).	0.51	1.12	4.82	(+)0.61	(+)3.70
XV.—Registration Fees	0.18	0.27	0.35	(+)0.09	(+)0.08
LI.—Forest	9.58	17.52	25.26	(+)7.94	(+)7.74

Government stated (October 1974) that the increase in revenue receipts under different heads during 1971-72 and 1972-73 was mainly due to Municipal areas of Shillong which forms the main revenue earning zone, becoming part of Meghalaya with effect from 21st January 1972 when it became a full-fledged State.

40. Variation between the Budget estimates and actuals.—The figures of Budget estimates and actuals for the three years 1970-71 to 1972-73 in respect of the principal heads of revenue receipts are given below to show the variation and its magnitude in each case:—

Major head of account	Year	Budget estimates	Actuals	Variation (+)/(-)	Percentage of variation (+) or (-)
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
IX.—Land Revenue	1970-71	0.09	0.26	(+)0.17	(+)189
	1971-72	0.09	1.46	(+)1.36	(+)1,511
	1972-73	0.39	1.13	(+)0.74	(+)190
X.—State Excise Duties	1970-71	1.96	2.84	(+)0.88	(+)45
	1971-72	2.34	4.08	(+)1.74	+74
	1972-73	7.08	16.56	(+)9.48	(+)134
XI.—Taxes on Vehicles	1970-71	4.91	1.77	(-)3.14	(-)64
	1971-72	1.23	4.39	(+)3.16	(+)257
	1972-73	17.42	20.04	(+)2.62	(+)15
XII.—Sales Tax	1970-71	64.05	0.35	(-)63.70	(-)99
	1971-72	64.05	5.04	(-)59.01	(-)92
	1972-73	58.40	54.79	(-)3.61	(-)6
XIII.—Other Taxes and Duties—					
Taxes on Luxuries including taxes on entertainments, amusements, betting and gambling.	1970-71	0.90	0.94	(+)0.04	(+)4
	1971-72	0.90	3.17	(+)2.27	(+)252
	1972-73	11.25	13.02	(+)1.77	(+)16
Taxes and duties on electricity.	1970-71	0.12	1.26	(+)1.14	(+)950
	1971-72	0.12	0.13	(+)0.01	(+)8
	1972-73	2.00	2.03	(+)0.03	(+)2
Other Items	1970-71	3.66	0.59	(-)3.07	(+)84
	1971-72	3.66	2.34	(-)1.32	(+)36
	1972-73	4.00	6.23	(+)2.23	(+)56
XIV.—Stamps (Non-judicial)	1970-71	0.50	0.51	(+)0.01	(+)2
	1971-72	0.76	1.12	(+)0.36	(+)47
	1972-73	0.90	4.82	(+)3.92	(+)436
XV.—Registration Fees	1970-71	0.36	0.18	(-)0.18	(-)50
	1971-72	0.37	0.27	(-)0.10	(-)27
	1972-73	0.32	0.35	(+)0.03	(+)9
LI.—Forest	1970-71	13.72	9.58	(-)4.14	(-)30
	1971-72	10.50	17.52	(+)7.02	(+)67
	1972-73	13.05	25.26	(+)12.21	(+)94

Government stated (October 1974) that the variations between the Budget estimates and actuals during 1971-72 were mainly due to collections from Shillong Municipal area which became part of Meghalaya State after creation of the full-fledged State of Meghalaya with effect from 21st January 1972.

The variations during 1972-73 were due to the Budget estimates for the year being based on rough estimates as the actual collections for the previous years in respect of Shillong Municipal area were not available.

41. *Arrears in revenue.*—The total revenue collected during the three years from 1970-71 to 1972-73 in respect of certain principal heads of revenue receipts and the arrears of revenue pending collection as on 31st March 1973 along with the arrears which were more than 10 years old as reported by some of the departments concerned are shown below:—

Sl. No.	Heads	Total collection during 1970-71 to 1972-73	Amount pending collection as on 31st March 1973	Amount of arrears more than 10 years old
(In lakhs of rupees)				
1.	XII.—Sales Tax	60.18	27.07	3.27
2.	XII.—Other Taxes and Duties—Taxes on Goods and Passengers carried by Road or on Inland Water-ways	5.60	7.23	0.21
3.	XIII.—Other Taxes and Duties—Electricity Duties	3.42	1.64	Nil
4.	XIII.—Other Taxes and Duties—Taxes on Profession, Trade Callings and Employment	3.28	0.47	0.07
	Total	<u>72.48</u>	<u>36.41</u>	<u>3.55</u>

The department concerned has stated (September 1974) that bulk of the arrear taxes of Rs.36.41 lakhs are coming over from the composite State of Assam.

42. *Non-payment of gallonage fees.*—According to the rules, gallonage fees are to be assessed on the basis of actual sales of the preceding month and are to be paid by the 15th of the month to which the sales relate. In the event of failure to pay the fees in due time, the permit/licence is liable for cancellation/suspension. Nevertheless, it was noticed in audit (October 1973) that no action was taken for suspension of the license in respect of three licensees who did not pay the gallonage fees (Rs.0.13 lakh) relating to the period from September 1972 to August 1973. While accepting the objection, the department stated (December 1973) that the gallonage fees in arrear have since been realised.

43. *Non-levy of excise duty.*—According to Government instructions (July 1973) two-third of excise duty is leviable on foreign liquor (India made) with effect from 1st August, 1973 for all issues to the army including Assam Rifles and security forces posted in Meghalaya.

A consignment of 23 cases of foreign liquor originally issued to the Assam Rifles authorities from Meghalaya Bonded Warehouse in June 1973 duty free was returned (September 1973) and fresh supply in lieu thereof was made in September 1973 without payment of excise duty amounting to Rs.5,290 although no provision for duty free issue of liquor exists from August 1973.

In February 1974, the department stated that since the exchange made by the Bonded Warehouse was not regular, the same had been regularised by issuing fresh import permit on realisation of the necessary duty.

44. *Delay in deposit of tax.*—Under the Assam Passenger and Goods Taxation Act, 1962 tax collected by the owner, is to be deposited into the treasury within seven days of the close of the month during which the tax has been collected. It was, however, noticed that the Garo Hills District Council Transport Organisation, collected passenger and goods tax amounting to Rs.1.85 lakhs during the period from January 1970 to December 1973; but there was considerable delay in the deposit of the tax to Government as indicated below:—

Period of collection of Assam Passenger and goods tax and passage warrants	Amount collected	Month in which amounts were deposited to Government
January to June 1970	Rs.0.23 lakh	April 1973
July 1970 to March 1971	Rs.0.35 lakh	July 1973
April to December 1971	Rs.0.35 lakh	February 1974
January to December 1972	Rs.0.49 lakh	March 1974
January to December 1973	Rs.0.43 lakh	May 1974

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING
ACTIVITIES

SECTION 'A'

45. *General.*—This Chapter deals with the results of audit of:—

- (i) Statutory Corporations, and
- (ii) Government Companies.

SECTION 'B'

46. *Statutory Corporations.*—In terms of provisions contained in Part VII of the North-Eastern Areas (Reorganisation) Act, 1971 the Statutory Corporations existing in the State of Assam on 21st January 1972 (*i. e.* the 'appointed day' on which the new State of Meghalaya was formed), continued to function in those areas in which they were functioning before the appointed day. These were Assam State Warehousing Corporation, Assam State Financial Corporation, Assam and Meghalaya State Road Transport Corporation and Assam State Electricity Board.

SECTION 'C'

47. *Government Companies.*—On 31st March 1973, there were two Government Companies, *viz.*, Meghalaya Industrial Development Corporation Ltd. and Mawmluh-Cherra Cements Ltd. (formerly Assam Cements Ltd.)

(i) *Meghalaya Industrial Development Corporation Ltd.*—The Company was incorporated in April 1971 to promote, establish and help growth of industries in Meghalaya. The authorised capital of the Company is Rs.1 crore divided into one lakh equity shares of Rs.100 each. The paid-up capital of the company as on 31st March 1973, was Rs.26.52 lakhs which was wholly subscribed by the State Government.

Performance analysis.—(a) The Company undertook a scheme for manufacture of cinnamon oil and other perfumes based on processes developed by the National Research and Development Corporation of India, Jorhat. The licence for manufacture of cinnamon oil and other perfumes was obtained by the Company on 15th April 1972. Rupees 5,000 were paid as premium

(December 1971) to the National Research and Development Corporation of India for the licence to utilise the know-how for fourteen years with the stipulation that royalty at $2\frac{1}{2}$ per cent on the net *ex-factory* sale price of the products manufactured would be paid yearly to the Corporation. In May 1972, an offer from a firm outside the State was received to set up an essential oils and chemicals project (estimated cost: Rs.88.83 lakhs) for manufacturing cinnamon oil, ugenol, lamon grass oil, ginger oleo-resin and emotine hydrochloride. The Company accepted the offer (May 1962) and decided to abandon the earlier scheme. The company also accepted (September 1972) the feasibility report prepared by the firm. Progress made in implementation of the project has not been intimated (October 1974).

(b) The Company, in collaboration with Economic and Entrepreneurship Developments Foundation, set up a new company under the name and style of "Kamorrah Lime-stone Mining Company" for extraction and for supply of limestone to Bangladesh. The new company was registered in January 1973 with an authorised capital of Rs.10 lakhs divided into 10,000 shares of Rs.100 each. Of these, 50 per cent share were taken by the Company and 25 per cent by the collaborators, the remaining 25 per cent shares were for issue to financial institutions. A detailed project report was prepared in September 1972. The work of construction of buildings and roads, electrification etc., connected with the project was taken up in November 1972. The Company started supplying limestone to Bangladesh from 15th February 1973.

(c) The Company handled the paraffin wax quota of the Government of Meghalaya as their agent during 1971-72 and 1972-73 and earned a gross profit of Rs.0.31 lakh and Rs.0.06 lakh, respectively from this deal.

(d) Rupees 7 lakhs and 4 lakhs deposited (Rs.7 lakhs was deposited for 6 months and Rs.4 lakhs initially deposited for 91 days was re-deposited along with interest on 29th July 1971 for further 91 days) in April 1971 matured on 28th October 1971. The amount was, however, not drawn upto 28th December 1971 when the same was placed in current account. The amount was re-invested in term deposit on 24th April 1972. Loss of interest for not keeping this amount in term deposit during the period 28th October 1971 to 23rd April 1972, amounted to Rs.0.23 lakh approximately.

Interest on deposits has been the main source of income of the Company during 1972-73; Rs.0.69 lakh were earned as interest on deposits as against gross profit of Rs.0.06 lakh on trading operations.

(e) *Non-utilisation of amount received from Government.*— Rupees.2 lakhs received by the Company in March 1972 for implementation of the scheme for providing employment to educated persons during 1971-72 were deposited into a bank in term deposit account bearing 5 per cent interest.

The scheme envisaged purchase of machinery for selling on hire-purchase terms amongst the educated unemployed. The Management intimated Government in April 1974 that the amount could not be utilised because the list of persons to whom the assistance was to be given could not be finalised.

Financial results.—The financial results of the Company for the year ending 31st March 1973 are given below :—

(In lakhs of rupees)

Total capital invested	26.99
Profit	0.68
Total return on capital invested	0.68
Percentage of total return on capital invested	2.52
Capital employed	23.99
Total return on capital employed	0.68
Percentage of total return on capital employed	2.83

The audited accounts of the Company disclosed net profit of Rs.0.68 lakh and Rs.0.45 lakh for 1972-73 and 1971-72 respectively before provision for taxation.

(ii) *Mawmluh Cherra Cements Limited.*—(i) Assam Cements Limited was incorporated on 20th May 1955 with the object of setting up a cement plant at Mawmluh, Cherrapunji, for production and sale of cement in Assam. It became a Government Company on 1st January 1964. As per provision of North Eastern Areas Re-organisation Act, 1971, the control of the Assam Cements Limited was passed on to the Government of Meghalaya in January 1972 and the Company was renamed as Mawmluh-Cherra Cements Limited.

(ii) *Capital structure.*—The Company had an authorised capital of Rs.200 lakhs at the time of incorporation which was increased to Rs.400 lakhs on 30th March 1968 and to Rs.700 lakhs from 16th April 1969. The paid up capital as on 30th June 1972 was Rs.550.95 lakhs.

Calls-in-arrears as on 30th June 1972 stood at Rs.7.80 lakhs which were outstanding from twenty-four parties for more than eight years. The Management stated (October 1974) that the concerned share holders, who were mostly tribal people and resident of Cherrapunji region were being persuaded by personal contact to pay the arrears and that forfeiture of the shares would be considered if such persuasion failed.

(iii) *Borrowings.*—As on 30th June 1972, the Company had outstanding loans of Rs.55 lakhs and Rs.56 lakhs from Assam Government and the Industrial Finance Corporation, respectively. Interest overdue on the Government loan was Rs.21.87 lakhs. The Management attributed (December 1973) the non-payment of overdue interest on Government loan to financial stringency.

(iv) *Working results.*—The working results of the Company for the five years ending 30th June 1972 are given below :—

Year	Profit (+)/Loss (—)
	(In lakhs of rupees)
1967-68	(—) 50.09
1968-69	(—) 18.73
1969-70	(—) 0.75
1970-71	(—) 11.93
1971-72	(+) 0.17

The Company has been incurring loss continuously since 1966-67 and the accumulated loss as on 30th June 1972 was Rs.101.47 lakhs. The Management attributed (March 1972) the losses upto June 1970 to (i) under-utilisation of capacity, (ii) heavy incidence of interest on borrowed capital, (iii) un-economic size of the plant and (iv) fixation of lower retention price.

The accounts for the years ending June 1973 and June 1974 have not been received so far (August 1974).

(v) *Production performance.*—The plant was constructed with the capacity to manufacture 82,500 M.T. of cement per annum. The actual production during the six years ending 1971-72 is given below :—

Year	Production (In M. T.)
1966-67	23,265
1967-68	36,502
1968-69	73,344
1969-70	64,300
1970-71	57,700
1971-72	66,700

(Figures for 1971-72 are provisional).

The Company did not fix any yearly targets of production.

Lower production as compared with rated capacity was attributed (December, 1973) by the Management to :—

- (i) power failure and shut down,
- (ii) shortage of coal and gypsum,
- (iii) transport bottlenecks, and
- (iv) want of storage space.

(vi) *Idle machinery.*—The Company had acquired in May-June 1969 plant and machinery valued at Rs.57,642 which has not been installed so far (October 1974). The Management stated (November 1973) that these could not be installed because complete machines were not received in most of the cases.

The number of days for which the main items of plant and machinery remained idle during the period from 1967-68 to 1971-72 are tabulated below :—

	1967-68	1968-69	1969-70	1970-71	1971-72
	(Figures are in number of days)				
Limestone Crushing Mill	148	73	97	172	NA
Clay Wash Mill	142	32	96	142	NA
Raw Mill	187	32	96	141	118
Rotary Kiln	137	24	78	134	80
Cement Mill	126	55	93	78	73

(vii) *Pricing and Sales.*—Pricing and sale of cement are regulated under Cement Control Order, 1967 which came into force from 1st January 1968. The Government of India fixes the (a) selling price for destination rail head and (b) retention price and packing charges to be retained by each producer from time to time; differences between the selling price and the retention price is credited to Cement Controller of India for reimbursement of freight charges incurred by the producers. On 16th April 1969, the selling price was raised from Rs.125.53 per M. T. to Rs. 129.13 per M. T. The selling price was again raised to Rs. 131.13 per M. T. from 4th April 1970, to Rs.134.33 from 24th October 1970 and to Rs. 136.83 from 7th July 1971. The retention price for the Company was increased from Rs.96 Rs. 100 and Rs. 123.50 per M. T. from 16th April 1969 and 22nd November 1969 respectively.

(b) The Company claimed reimbursement towards freight charges for the first time in September 1968. The Cement Controller had been making *ad-hoc* payment against these claims from June 1969. The table given below indicates the position of the amount claimed and the *ad-hoc* payments received there against during the year 1967-68 to 1971-72 :—

Year	Claimed	Reimbursement
	(Rupees in lakhs)	
1967-68	2.54	...
1968-69	9.65	2.15
1969-70	17.03	20.14
1970-71	12.57	9.26
1971-72	10.04	7.86
Total	51.83	39.41

Final reimbursement was not made as the Company did not support its claims with certificates of Statutory Auditors under the reimbursement procedure.

The Management stated (October 1974) that the certificates for the period upto June 1971 from the Statutory Auditors were sent to the Cement Controller in January 1974 and acceptance of the claim from the Cement Controller was awaited.

(viii) *Stores and stocks.*—(a) The table below indicates the position of the stores holding and consumption for the last six years ending 1970-71.

Year	Closing stock	Consumption
	(In lakhs of rupees)	
1966-67	22.22	5.32
1967-68	25.11	16.74
1968-69	29.47	30.03
1969-70	36.38	28.85
1970-71	38.44	29.21
1971-72	42.23	36.88

The closing stock at the end of five out of six years was more than that year's consumption. The Company has not prescribed any maximum and minimum limits of stores holding. The Company has also not identified the surplus and obsolete stores so far (October 1974). A test check (March 1973) revealed that in respect of thirty items the value of stores lying unutilised (upto April 1972) for more than three years was Rs. 4.43 lakhs.

(b) Physical verification of raw-materials conducted in different years revealed the following shortages:—

1965-66 1966-67 1967-68 1968-69 1969-70 1970-71 1971-72

	(in M. T.)						
Limestone	29,000	6,061	1,757	...	...	...	...
Clay	...	1,925	1,031	165	25	59	...
Coal	..	1,925	323	174	54	54	51
Gypsum	..	526	...	...	...	...	16
Iron Ore	..	207	...	...	...	...	...
Clinker	...	246	...	...	...	...	...

Besides the shortages mentioned above, firebricks valued at Rs. 30,340 were found short during physical verification of stores conducted in August 1969.

The shortages have not been investigated. Shortages of lime-stone and clay during 1965-66 and 1966-67 were attributed (March 1972) by the Management to (i) over-estimation of lime-stone raising prior to October 1966 (ii) accounting of receipts on the basis of truck or dumper load instead of actual measurement, and (iii) washing away of clay in rains due to non-erection of retaining walls.

(c) According to the prescribed procedure, the depots receiving cement have to return one copy of the chalan received from the factory duly acknowledged and the factory has to link the actual receipt with the quantities despatched. This procedure was, however, not uniformly followed, with the result that 1771.40 M.T. of cement short received in 7 depots (value : Rs.3.35 lakhs) came to notice at the time of preparation of annual accounts for the years 1967-68 and 1968-69. The shortage has not yet been regularised (October 1974).

(d) Cement weighing 555.30 M.T. and valued at Rs.0.97 lakh was found damaged (upto June 1969) in Gauhati Shillong, Jorhat and Dibrugarh depots as per daily returns received from these depots. Out of this, 2743 bags (137.15 M.T. ; value : Rs.0.25 lakh) transported to the Factory in May 1970 for regrinding were lying in the same condition (October 1974). It was stated by the Management in September 1973 that cement bags generally got caked due to natural causes.

(e) In November 1968, orders were placed with Heavy Electricals (India) Limited, Bhopal, for electric meters without finalising requirement of the spare parts. The supplier, however, offered (August 1969) to supply the necessary spare parts at Rs.1.49 lakhs but no action was taken by the Company on this offer till September 1970 when, on enquiry for the same spare parts, the supplier quoted Rs.2.15 lakhs. This was accepted and purchases were made resulting in an extra expenditure of Rs.0.66 lakh.

(f) In May 1968, an order for supply of Lime-stone Crushing Plant at Rs.14.50 lakhs was placed on a firm of Orissa. According to the agreement, the total length of conveyor required for the plant was 220 metres only and any increase in length was to be paid at Rs.1,000 per metre. However, no provision was made in the agreement

for rebate in case of reduction in length. In April 1969 the Company claimed Rs.0.48 lakh for 47.8 metres length actually reduced from the contracted length but the suppliers allowed a rebate of Rs.0.05 lakh only. Due to defective provisions of the agreement of Rs.0.43 lakh due, on account of reduction in the length of conveyors, could not be realised.

(ix) *Sundry debtors*.—The position of sundry debtors for the five years ending 30th June 1972 is given below:—

Year	Volume of sales	Amount due from sundry debtors at the end of the year.	Debtors expressed as number of months sales
(In lakhs of rupees)			
1967-68	65.97	15.85	3
1968-69	140.41	44.81	4
1969-70	124.06	67.82	6
1970-71	126.60	77.75	7
1971-72	154.25	95.18	6

Of the sundry debtors outstanding at the end of 1971-72, Rs.1.48 lakhs were due from parties whose whereabouts were not known.

(x) *System of accounts and book-keeping*.—The following deficiencies were brought out by the Company Auditors in their special reports on the accounts of the Company for the years ended June 1970, June 1971 and June 1972.

- (i) Inventories of fixed assets were not maintained and hence verification of such assets was not possible,
- (ii) no costing records were maintained and preparation of Manufacturing Account was never attempted, and
- (iii) a Manual indicating in details the accounting procedure, financial powers, duties and responsibilities of officers, etc., was not prepared.

(xi) *Other topics of interest.*—(a) The Company paid Rs.0.35 lakh as surcharge at one per cent per month on the outstanding electricity bills for the period from February 1967 to December 1970 due to failure to pay bills in time. The Management stated (September 1973) that non-payment in time was due to paucity of funds.

(b) During 1968-69, 830.30 M. T. of cement valuing Rs.1.33 lakhs were sold by the Gauhati Depot to a firm of Narkatia who paid Rs1.00 lakh in cash and Rs.0.33 lakh by cheques. On presentation in August and October 1968, the cheques were dishonoured. The Company had reported the matter to the police in January 1971 and placed the Sales Officer under suspension. The amount is still to be recovered (October 1974). The Management stated (October 1974) that the matter was under police investigation.

(c) In terms of the agreement (May 1968) for supply of plants and machinery (total cost Rs.107.75 lakhs) for the expansion programme, the supplier was required to deliver all the items by November 1969 failing which 5 per cent penalty on the cost of items remaining undelivered was recoverable from him. On a representation made by the supplier in May 1969, on the ground of non-availability of railway wagons in the initial stages, the date of delivery was extended upto 24th November 1970. Although the price quoted in the agreement was firm, the Company agreed to bear extra cost on account of increase in raw material prices and wages in respect of all plant and machinery supplied after that date (Rs.0.30 lakh paid in respect of 37 invoices only). Though plant and machinery valued at Rs.54.65 lakhs only were delivered by the extended date, no penalty was levied for supplies after that date.

(d) *Internal Audit.*—An Internal Auditor was appointed by the Company from June 1973. The Management stated (October 1974) that as the Internal Auditor had been entrusted with the duties of compiling the arrear accounts, internal audit had not been taken up.

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

48. *Outstanding audit observations.*—Audit observations on the financial transactions of the Government are communicated to the Departmental Authorities from time to time. Half-yearly reports of such observations which remain outstanding for more than six months are also sent by Audit to the Government/Heads of Departments.

- (i) The number of such observations issued upto the end of March 1973 and outstanding at the end of September 1973 is given below—

Year of issue	Civil Departments		Commercial Departments/activities		Total	
	Number	Amount (In lakhs of rupees)	Number	Amount (In lakhs of rupees)	Number	Amount (In lakhs of rupees)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1970-71 and earlier years.	2,566	1,37.59	...	...	2,566	1,37.59
1971-72	2,329	9,68.63	6	2.77	2,335	9,71.40
1972-73	3,468	6,47.32	7	4.98	3,475	6,52.30
Total	8,363	17,53.54	13	7.75	8,376	17,61.29

- (ii) The following is a category-wise analysis of the audit observations which have remained outstanding as at the end of September 1973:—

Nature of observations	Civil Departments		Commercial Departments/activities	
	Number	Amount (In lakhs of rupees)	Number	Amount (In lakhs of rupees)
(1)	(2)	(3)	(4)	(5)
(a) Detailed bills for lumpsum draws not received.	781	9,21.06	2	5.12
(b) Payees' receipts not received	1,505	1,84.90	7	2.28
(c) Vouchers not received	4,364	1,32.98	...	...
(d) Sanctions not received for Contingent and Miscellaneous expenditure.	1,107	5,03.72	2	0.35
(e) Advances paid to Government servants not recovered.	321	1.95	...	...
(f) Sanctions for establishment not received.	188	2.99	2	(a)
(g) Overpayment or amounts disallowed in Audit not recovered.	13	0.01	...	...
(h) Other reasons	84	5.93	...	...
Total	8,363	17,53.54	13	7.75

(a) Rs. 498 only.

(Department-wise break-up of outstanding audit observations is given in Appendix V).—

The facility of drawing amounts as advances on abstract contingent bills by the disbursing officers is intended to expedite payments in certain cases, but they are to be followed by detailed contingent bills (containing all particulars of expenditure, with supporting sub-vouchers and payees' receipts, duly countersigned by the controlling authorities) which should be sent to the Audit Office not later than the 25th of the month following the month of drawing of the amounts. In the absence of the detailed contingent bills Audit cannot be sure of the exact expenditure incurred for different purposes nor can correctness of the expenditure be examined. In the absence of such bills there cannot be any audit scrutiny of the expenditure with reference to them and there is always the possibility of misappropriation, fraud etc. remaining undetected. In about 52 per cent of the cases involving a sum of Rs. 9,26.18 lakhs detailed contingent bills have not been received in the Audit Office. The Departments with outstanding detailed countersigned contingent bills amounting to more than Rs. 1 lakh are mentioned below :—

	Detailed countersigned contingent bills wanting	
	Items	Amount
	(In lakhs of rupees)	
(i) Relief and Rehabilitation	145	8,61.12
(ii) Community Development	220	25.75
(iii) Agriculture	233	18.86
(iv) Supply	2	5.12
(v) Animal Husbandry and Veterinary	56	3.17
(vi) Industries	39	3.02
(vii) Education	22	2.87
(viii) Revenue	7	2.12
(ix) Home	13	1.98

49. *Outstanding Inspection Reports.*—(a) Important financial irregularities and defects in the initial accounts noticed during local audit inspections are included in the inspection reports which are sent to the Departmental Officers for necessary action. Besides copies of inspection reports, half-yearly statements of outstanding

inspection reports are also forwarded to the Administrative Departments. Inspection reports (715) relating to period ending the 31st March 1973 containing 4,257 paragraphs issued upto end of March 1973 were awaiting settlement at the end of September 1973. Year-wise analysis is given below—

Year of issue	Number of outstanding inspection reports			Total	Number of outstanding paragraphs			Total
	Civil-De partments	Commercial Departments/ activities	Revenue receipts		Civil De- partments	Commercial Departments/ activities	Revenue receipts	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1970-71 and earlier years.	468	15	19	502	2,506	65	110	2,681
1971-72	82	2	2	86	695	6	10	711
1972-73	121	1	5	127	830	1	34	865
Total	671	18	26	715	4,031	72	154	4,257

(b) Department-wise break-up of outstanding reports and paragraphs is given in Appendix VI.

(c) The common types of irregularities noticed in local audit and inspections during 1972-73 are briefly mentioned in Appendix VII.

R C Suri

(R. C. Suri)

Shillong :
The

11 DEC 1974

Accountant General,
Assam, Meghalaya, Nagaland,
Arunachal Pradesh and
Mizoram.

Countersigned

13 DEC 1974

A Baksi

(A. Baksi)

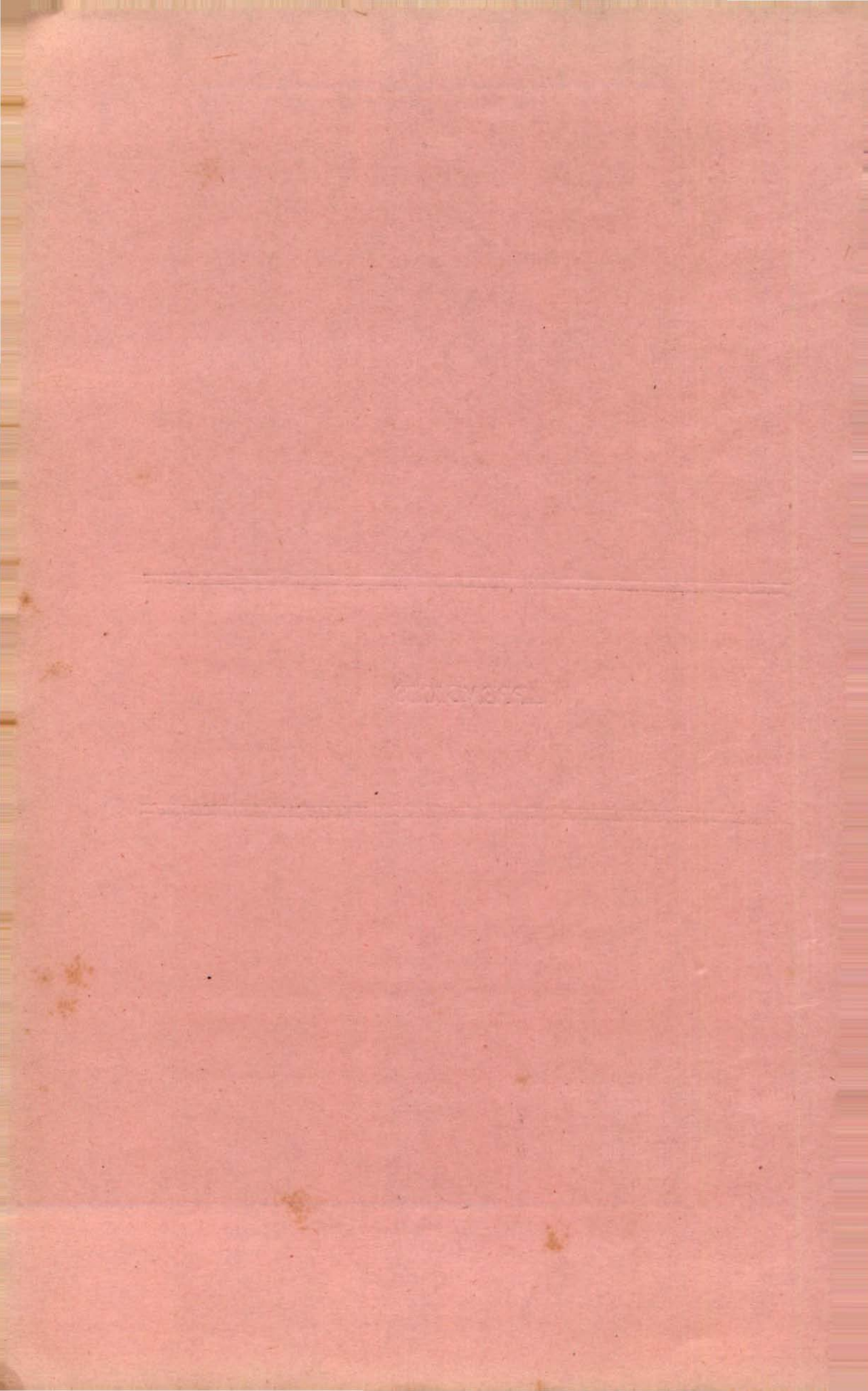
New Delhi :
The

Comptroller and Auditor General of India.

11 DE 1914

13 DE 1914

APPENDICES



APPENDIX I

(Reference : Paragraph 13, pages 13-14)

(Utilisation certificates outstanding as on the 1st October 1973)

Serial No.	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
			(In lakhs of rupees)	
(1)	(2)	(3)	(4)	
1.	Agriculture	1969-70	2	1.23
		Total	2	1.23
2.	Co-operation	1970-71	49	6.88
		1971-72	14	4.44
		Total	63	11.29
3.	Industries	1970-71	15	1.35
		1971-72	16	3.02
		Total	31	4.37
4.	Public Works	1970-71	5	1.38
		1971-72	3	3.64
		Total	8	5.02
5.	Education	1966-67	29	40.26
		1967-68	4	8.50
		1968-69	4	8.25
		1969-70	9	14.35
		1970-71	67	97.48
		1971-72	79	93.02
		Total	192	2,61.86
6.	Transport	1969-70	3	0.42
		Total	3	0.42

APPENDIX I—contd.

(Reference : Paragraph 13, pages 13-14)

(Utilisation certificates outstanding as on the 1st October 1973)

Serial No.	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
				(In lakhs of rupees)
7.	Social Welfare	1970-71	1	3.37
		Total	<u>1</u>	<u>3.37</u>
8.	Finance	1962-63	2	0.01
		1963-64	2	0.05
		1964-65	1	0.09
		1965-66	4	0.13
		1966-67	2	0.06
		1971-72	1	0.20
		Total	<u>12</u>	<u>0.54</u>
9.	General Administration	1971-72	1	0.03
		Total	<u>1</u>	<u>0.03</u>
10.	Planning and Development.	1965-66	2	0.03
		1966-67	1	0.07
		1968-69	2	2.15
		1969-70	4	2.65
		Total	<u>9</u>	<u>4.90</u>
11.	Rural Development	1971-72	19	3.73
		Total	<u>19</u>	<u>3.73</u>
12.	Medical	1970-71	2	0.29
		1971-72	2	0.74
		Total	<u>4</u>	<u>1.03</u>

APPENDIX I—concl'd.

(Reference: Paragraph 13, pages 13-14)

(Utilisation certificates outstanding as on the 1st October 1973)

Serial No.	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
(In lakhs of rupees)				
13.	District Council Affairs	1971-72	2	2.05
		Total	2	2.05
14.	Municipal Administration.	1968-69	1	0.21
		Total	1	0.21
15.	Finance (Tribal Areas and Welfare of Backward Classes Department of composite State of Assam) (*)	1961-62	6	0.24
		1965-66	4	3.55
		1966-67	3	5.22
		1967-68	8	6.46
		1968-69	12	9.92
		1969-70	26	35.88
		Total	59	61.27
		Grand Total	407	3,61.32

(*) The grants were sanctioned by the Tribal Areas and Welfare of Backward Classes Department of composite State of Assam. As no such department exists under Meghalaya Government, the items have been shown against the Finance Department.

APPENDIX II

(Reference: Paragraph 15, page 15)

*Cases in which supplementary grants proved entirely unnecessary
inadequate**I.—Cases in which supplementary grants proved entirely unnecessary*

Serial No.	Number and name of grant	Original grant Supplementary grant	Total grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
1.	2.—Land Revenue	2.19 0.06	2.25	0.83	1.42
2.	24.—Education (General)	2,64.90 5.64	2,70.54	2,52.06	18.48
3.	35.—Industries—II—Cottage Industries.	31.42 1.30	32.72	15.41	17.31
4.	46.—Miscellaneous, Social and Developmental Organisation—IV—Directorate of Advertising and Visual Publicity	7.11 0.02	7.13	5.41	1.72
5.	50.—Miscellaneous, Social and Developmental Organisation—VIII—Town and Country Planning Organisation	10.42 1.07	11.49	7.72	3.77

II.—Cases in which supplementary grants proved substantially excessive

1.	28.—Public Health—II—Public Health Engineering	63.58 50.00	1,13.58	78.33	35.25
2.	37.—Community Development Projects	1,20.25 12.74	1,32.99	1,23.27	9.72
3.	61.—Forests	62.36 30.00	92.36	80.36	12.00
4.	64.—Miscellaneous—II—Donations for Charitable purposes	1.49 4.43	5.92	3.70	2.22
5.	70.—Miscellaneous—VIII—Civil Defence	2.62 2.64	5.26	3.62	1.64

APPENDIX II—concl'd.

III.—Cases in which supplementary grants proved inadequate

Serial No.	Number and name of grant	Original grant <hr/> Supple- mentary grant	Total grant	Expendi- ture	Excess
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
1.	9—Parliament, State/Union Territory Legislature.	3·94 <hr/> 0·57	4·51	4·90	0·39
2.	12—General Administration— III—Commissioners and District Administration.	14·51 <hr/> 0·45	14·96	15·11	0·15
3.	31.—Rural Development	7·41 <hr/> 5·00	12·41	12·45	0·04
4.	33—Co-operation	16·58 <hr/> 3·40	19·98	20·04	0·06
5.	65—Miscellaneous—III—Grants- in-aid Contribution etc.	0·15 <hr/> 2·00	2·15	2·16	0·01
6.	66—Miscellaneous—IV—Expen- diture on issue of Free Ration and rice concession.	4·10 <hr/> 3·00	7·10	9·09	1·99

APPENDIX III

(Reference : Paragraph, 18 pages 20—23)

Savings under grants

Serial No.	Number and name of grant	Original grant Supplementary grant	Total grant	Expenditure	Saving	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(In lakhs of rupees)

I.—Cases where savings were 20 per cent or more of the total grant

1.	2.—Land Revenue	2.19 0.06	2.25	0.83	1.42	63
2.	8.—Parliament, State/Union Territory Legislature— State Legislature (Voted)	9.40 ...	9.40	7.11	2.29	24
3.	15.—Administration of Justice	4.26 ...	4.26	2.37	1.89	44
4.	25.—Education (Technical)	10.03 ...	10.03	3.10	6.93	69
5.	27.—Public Health—I—Public Health.	57.34 ...	57.34	34.89	22.45	39
6.	28.—Public Health—II—Public Health Engineering.	63.58 50.00	1,13.58	78.32	35.26	31
7.	28—A. Family Planniag	11.61 ...	11.61	7.43	4.18	36

APPENDIX III—contd.

Serial No.	Number and name of grant	Original grant Supplementary grant	Total grant	Expenditure	Saving	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In lakhs of rupees)						
8.	35—Industries—II—Cottage Industries.	31.42 <hr/> 1.30	32.72	15.41	17.31	53
9.	36—Industries—III—Major Industries.	3.86 <hr/> ...	3.36	1.96	1.90	49
10.	43—Miscellaneous, Social and Developmental Organisation—I—Directorate of Statistics.	5.90 <hr/> ...	5.90	4.09	1.81	30
11.	46—Miscellaneous, Social and Developmental Organisation—IV—Directorate of Advertising and Visual Publicity.	7.11 <hr/> 0.02	7.13	5.41	1.72	24
12.	50—Miscellaneous, Social and Developmental Organisation—VIII—Town and Country Planning Organisation.	10.42 <hr/> 1.07	11.49	7.72	3.77	33
13.	51—Miscellaneous, Social and Developmental Organisation—IX—Tourist Organisation.	7.75 <hr/> ...	7.75	2.31	5.44	70
14.	54—Miscellaneous, Social and Developmental Organisation—XII—Dairy Development.	15.82 <hr/> ...	15.82	12.29	3.53	22
15.	55—Irrigation, Navigation, Embankment and Drainage works etc.	5.00 <hr/> ...	5.00	0.64	4.36	87
16.	60—Stationery and Printing	44.64	44.64	18.37	26.27	59
17.	63—Miscellaneous, I—Expenditure on account of State Prisoners and Detenus.	1.93 <hr/> ...	1.93	0.33	1.60	83
18.	64—Miscellaneous, II—Donations for charitable purposes	1.49 <hr/> 4.43	5.92	3.71	2.21	37

APPENDIX III—concl'd.

Serial No.	Number and name of grant	Original grant Supple- mentary grant	Total grant	Expendi- ture	Saving	Perce- tage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In lakhs of rupees)						
19.	67—Miscellaneous, V—Expenditure on Displaced persons.	1,51·40	1,51·40	88·67	62·73	41
		...				
20.	70—Miscellaneous—VIII—Civil Defence	2·62	5·26	3·62	1·64	31
		2·64				
21.	77—Capital outlay on Industrial and Economic Development—III—Other Miscellaneous undertakings.	2·85	2·85	0·52	2·33	81
		...				
22.	80—Capital outlay on schemes of Government Trading.	15·04	15·04	6·99	8·05	53
		...				
23.	86—Loans and Advances by State Governments V—Loans to Co-operative Societies.	4·99	13·33	9·96	3·43	26
		8·40				
24.	90—Loans and Advances by State Governments—IX—Tea Garden Utilisation Loans, etc.	2·00	2·00	...	2·00	100
		...				
25.	91—Loans and Advances by the State Governments—X—Housing Loans.	3·00	3·00	0·41	2·59	86
		...				

II—Cases where the savings exceeded 10 per cent but were within 20 per cent of the grant

1.	34—Industries—I—Sericulture and Weaving.	19·85	19·85	16·61	3·24	16
		...				
2.	56—Public Works (excluding establishment and tools and plants, etc).	3,22·93	3,22·93	2,73·55	49·38	15
		...				
3.	61—Fore t	62·36	92·36	80·36	12·00	13
		30·00				
4.	78—Capital outlay on Public Works outside the Revenue Accounts.	2,87·41	2,87·41	2,52·41	35·00	12
		...				

APPENDIX IV

(Reference: Paragraph 34, page 50)

I. Expenditure incurred on works without sanctioned estimates

Serial No.	Division	Work	Expenditure to end of March 1973
(1)	(2)	(3)	(4)

(In lakhs of rupees)

Public Works Department

1. Tura South Division	Improvement of Dalu Baghmara road	56.91
------------------------	-----------------------------------	-------

II. Expenditure incurred on works in excess of 5 per cent of sanctioned estimates

Serial No.	Works	Sanctioned estimate	Expenditure to the end of March 1973	Excess over estimate	Percentage
(1)	(2)	(3)	(4)	(5)	(6)

(Mawsynram Division)

1.	Improvement to Balat Maheshkola of Road (construction) of bridges and culverts over river Jadukata)	3.39	4.65	1.26	37
----	---	------	------	------	----

(Shillong South Division)

2.	Construction of bridges of Ishamati Bhola-gunj Road	2.51	2.93	0.42	17
----	---	------	------	------	----

APPENDIX V

[(Reference: Paragraph 48, pages 69-70)]

*Department-wise break-up of outstanding audit observations
(Civil departments)*

Serial No.	Name of the Department	Number	Amount (In lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Agriculture	458	72.91
2.	Animal Husbandry and Veterinary	259	18.40
3.	Co-operation	201	12.05
4.	Community Development	466	49.27
5.	Education	430	47.06
6.	General Administration	244	11.01
7.	Industries	305	12.98
8.	Information and publicity	70	3.21
9.	Law	16	0.04
10.	Home	195	9.07
11.	Legislative Assembly (including Election).	72	1.50
12.	Medical	256	3.84
13.	Public Health	366	10.38
14.	Public Works	4,292	1,34.01
15.	Revenue	38	6.40
16.	Rural Development	5	0.01
17.	Relief and Rehabilitation	234	13,47.89
18.	Registration	2	(a)
19.	State Excise	67	0.48
20.	Statistics	3	0.02

(a) Rs. 281 only.

APPENDIX—V *concl.*

Serial No.	Name of the Department	Number (In lakhs of	Amount rupees)
(1)	(2)	(3)	(4)
21.	Stationery and Printing	29	1.35
22.	Tourism	207	5.37
23.	Scientific Department	19	0.50
24.	Civil Defence	13	0.49
25.	Labour	10	0.16
26.	Forest (Soil Conservation)	15	0.05
27.	Forest	71	4.92
28.	Finance (Taxation)	20	0.17
	Total	<u>8,363</u>	<u>17,53.54</u>

(Commercial Departments/activities)

29.	Transport	9	2.28
30.	Supply	4	5.47
	Total	<u>13</u>	<u>7.75</u>
	Grand Total	<u>8,376</u>	<u>17,61.29</u>

APPENDIX VI

(Reference: Paragraph 49 (b), page 71)

*Department-wise break-up of outstanding Inspection Reports
and paragraphs
(Civil Departments)*

Serial Number	Name of the Department	Reports	Paragraphs
(1)	(2)	(3)	(4)
1.	Agriculture	85	328
2.	Animal Husbandry and Veterinary	49	227
3.	Co-operation	7	22
4.	Community Development Projects	127	721
5.	Education	63	176
6.	General Administration	83	1,276
7.	Home	9	26
8.	Industries	53	195
9.	Labour and Employment	7	23
10.	Medical	54	209
11.	Planning and Development	5	11
12.	Public Works (Roads and Buildings).	102	674
13.	Public Works (Public Health Engineering).	7	57
14.	Rural Development	8	34
15.	Registration	2	3
16.	Relief and Rehabilitation	8	43
17.	Statistics	2	6
	Total	671	4,031

APPENDIX VI—concl.

Serial Number	Name of the Department	Reports	Paragraphs
(1)	(2)	(3)	(4)
<i>(Commercial Departments/Activities)</i>			
18.	Supply	15	65
19.	Transport	3	7
	Total	18	72
<i>(Revenue Receipts)</i>			
20.	Forest	24	143
21.	Finance (Taxation)	2	11
	Total	26	154
	GRAND TOTAL	715	4,257

APPENDIX VII

(Reference: Paragraph 49(c), page 71)

Common types of irregularities noticed in local Audit during 1972-73

Serial No.	Nature of irregularities	Number of offices in which irregularities were noticed
(1)	(2)	(3)
<i>I. Public Works offices (Total number inspected 13)</i>		
1.	Defective maintenance of stock registers, physical verification of stores not conducted and shortages in stores not regularised.	6
2.	Tenders, quotations not called for, reasons not recorded for accepting higher quotations and other irregularities in purchasing materials.	3
3.	Non-production to audit of important account records like measurement books, tender documents, etc.	1
4.	Splitting up of purchase orders/estimates to avoid sanction of higher authorities.	2
5.	Withdrawal of funds in advance/excess of requirements	1
6.	Stores held in excess of requirement and non-disposal of obsolete stores.	1
7.	Purchases made without proper sanctions or in excess of financial powers.	2

APPENDIX VII—concl'd.

II—Other offices (total number inspected 114)

Nature of Irregularities

Number of offices
in which irregu-
larities were
noticed

- | | |
|--|----|
| 1. Non-observance of rules relating to custody and handling of cash, posting and maintenance of cash books. | 13 |
| 2. Non-collection/delay in collection of security deposit from Government servants handling cash, stores, etc. | 3 |
| 3. Defective maintenance of stock registers, physical verification of stores not conducted and shortages in stores not regularised. | 3 |
| 4. Delay in collection of Government receipts and in remittances and utilisation of departmental receipts for departmental expenditure. | 2 |
| 5. Tenders, quotations not called for, reasons not recorded for accepting higher quotations and other irregularities in purchasing materials. | 5 |
| 6. Purchases made without proper sanctions or in excess of financial powers. | 7 |
| 7. Payment made to suppliers before receipt of stores. | 3 |
| 8. Withdrawal of funds in advance/excess of requirements. | 4 |
| 9. Non-receipt of certificates of acceptance of balances of local funds and personal deposit accounts, non-operation of personal deposit accounts (having large balances for many years), delay in closure of personal deposit accounts not in operation for long and arrears in reconciliation of balances with the treasury figures. | 3 |
| 10. Non-recovery/slow progress in recovery of loan | 2 |
| 11. Sanction to expenditure not accorded/sanction to the continuance of staff wanting. | 2 |

APPENDIX VII—contd.

II—Other offices (total number inspected 114)

Number of offices
in which irregu-
larities were
noticed

Name of irregularities

- | | |
|----|--|
| 13 | 1. Non-observance of rules relating to custody and handling of cash, posting and maintenance of cash books. |
| 3 | 2. Non-collection/delay in collection of security deposit from Government servants handling cash stores, etc. |
| 3 | 3. Defective maintenance of stock registers, physical verification of stores not conducted and short-cases in stores not regularised. |
| 2 | 4. Delay in collection of Government receipts and in remittances and utilisation of departmental expenditure receipts for departmental expenditure. |
| 3 | 5. Tenders quotations not called for, reasons not recorded for accepting higher quotations and other irregularities in purchasing materials. |
| 1 | 6. Purchases made without proper sanctions or in excess of financial powers. |
| 3 | 7. Payment made to suppliers before receipt of stores. |
| 4 | 8. Withdrawal of funds in advance/excess of requirements. |
| 3 | 9. Non-receipt of certificates of acceptance of balances of local funds and personal deposit accounts non-operation of personal deposit accounts (having large balances for many years), delay in closure of personal deposit accounts not in operation for long and errors in reconciliation of balances with the treasury figures. |
| 2 | 10. Non-recovery/slow progress in recovery of loan sanction to expenditure not recorded/sanction to the continuance of staff wanting. |