Report of the Comptroller and Auditor General of India

For the year ended 31 March 2000

Government of Meghalaya

TABLE OF CONTENTS

APPENDICES

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2000.

3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Public Health Engineering Departments, audit of Stores and Stock, Revenue Receipts, audit of Autonomous Bodies and departmentally run commercial undertakings.

4. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 1999-2000 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 1999-2000 have also been included wherever necessary.

OVERVIEW

OVERVIEW

This Report includes two chapters on the Finance and Appropriation Accounts of the Government of Meghalaya for the year 1999-2000 and six other chapters, comprising 10 reviews and 52 paragraphs, based on the audit of certain selected programmes and activities of the financial transactions of the Government. A synopsis of the important findings contained in this Report is presented in this overview.

1. Accounts of the State Government

The Public Debt and other liabilities of the State increased by 119 **per cent** from Rs.513.39 crore in 1995-96 to Rs.1124.46 crore in 1999-2000. However, very little of the borrowings were available for investment after meeting the repayment obligation. Of Rs.360.74 crore received during 1999-2000, only Rs.129.62 crore was available for investment after repayment of obligation. Outstanding debt increased year after year and with such increase the investment would be reduced further. During 1999-2000, while the liabilities of the State Government grew by 25 **per cent,** its assets grew by only 14 **per cent** with reference to previous year.

The growth rate of revenue receipts declined from 29 **per cent** in 1995-96 to 13 **per cent** in 1999-2000. Of the total revenue receipts of Rs.944 crore, Rs.757 crore constituting 80 **per cent** came from State's share of Union taxes and duties and Central grants.

Revenue expenditure (Rs.927.79 crore) during the year accounted for 85 **per cent** of the total Revenue and Capital expenditure of the State Government and increased by 14 **per cent** during 1999-2000. The share of Non-Plan expenditure to Revenue expenditure during 1999-2000 was 77 **per cent** against 23 **per cent** under Plan side.

Though there was no revenue deficit (excess of revenue expenditure over revenue receipt) during 1999-2000, the account of the State had a fiscal deficit of Rs.209 crore which was covered by public debt and partly by the surplus from the Public Account.

Although the capital expenditure showed rising trend, the share of capital expenditure to total expenditure has dropped from 19 **per cent** in 1995-96 to 15 **per cent** in 1999-2000.

The payment of interest on borrowings of the Government increased by 92 **per cent** from Rs.50 crore in 1995-96 to Rs.96 crore in 1999-2000.

Government fetched insignificant return (0.0003 to 0.61 **per cent**) out of the investment made in companies/corporations, etc. raising high cost borrowing.

(Paragraphs 1.1 to 1.10)

Indicators of the Financial performance of the State Government

The balance from current revenue (BCR) has been negative for 3 years out of 5 years indicating that State had to depend only on borrowings for meeting its plan expenditure.

The ratio of capital outlay to capital receipts has come down from 2.81 in 1995-96 to 1.21 in 1999-2000 indicating that capital investments are being made from revenue surplus as well except in the year 1998-99.

The ratio of Debt to Gross State Domestic Product had been increasing from 0.25 in 1995-96 to 0.33 in 1999-2000 signifying reduction in Government's ability to meet its debt obligations.

(Paragraph 1.11)

2. Appropriation audit and control over expenditure

During 1999-2000, expenditure of Rs.1195.40 crore was incurred against the total grant and appropriation of Rs.1531.92 crore resulting in a saving of Rs.336.52 crore (22 **per cent**). The overall saving was the result of savings of Rs.339.17 crore in 59 grants and appropriations offset by excess of Rs.2.65 crore in 4 cases of grants and appropriations. The above excess of Rs.2.65 crore requires regularisation by the Legislature under Article 205 of the Constitution.

In 22 cases, supplementary provision of Rs.36.59 crore proved unnecessary in view of the final savings of Rs.101.80 crore. On the other hand, in 1 case supplementary provision of Rs.0.05 crore proved insufficient by more than Rs.10 lakh leaving an aggregate uncovered excess expenditure of Rs.2.49 crore.

In 32 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 **per cent** of the provision.

In 26 cases, expenditure of Rs.13.68 crore was incurred without any original or supplementary provision.

Rupees 5.34 crore drawn in advance of requirement in violation of the State Treasury Rules was lying unutilised in Civil Deposit and chest in the form of Demand Drafts and with Municipal Boards.

(Paragraph 2.3)

3. Audit Reviews on Developmental/Welfare Programmes, etc.

(i) Special Grants/Recommendations of Tenth Finance Commission

The Tenth Finance Commission awarded grants to the State for upgradation of standard of administration, promotion of girls education and to tackle special problems of State viz. construction of building for extension of State Secretariat within 1996-2000 besides recommending operation of Calamity Relief Fund up to 1999-2000 for meeting relief expenditure in the wake of natural calamities. Implementation of approved plan in the State was very tardy frustrating achievement of the objective for which grants were given.

Out of Rs.15.64 crore released by the State Government to implementing departments during 1996-2000 for activities under the Commission's award, Rs.8.80 crore remained unutilised.

Upgradation of standard of jails and computerisation of treasuries was very minimal as renovation of jail buildings had not been carried out and computer had not been installed in 4 out of 5 treasuries despite availability of fund.

Out of Rs.7.44 crore meant for activity linked with promotion of girls' education, Rs.4.89 crore was lying in civil deposit/co-operative bank. Rupees 2.55 crore was placed with Deputy Inspector of Schools/Public Health Engineering Division for construction of additional classrooms, providing drinking water/toilet facilities, etc., but there was no information about the utilisation of funds for the purposes for which funds were given.

The entire grant for Rs.5 crore, excepting an unwarranted expenditure of Rs.0.02 crore, given to tackle special problem for the buildings remained unutilised.

Contrary to the provision of the Calamity Relief Fund (CRF) scheme to invest the unspent balance in securities prescribed by the Government of India, Rs.15.57 crore of the CRF was invested in term deposit of the bank with delay ranging between 2 and 11 months and at a lower rate resulting in loss of interest of Rs.1.67 crore.

(Paragraph 3.1)

(ii) National Family Welfare Programme

The **cent per cent** Centrally Sponsored Family Welfare Programme was implemented in the State since 1952* aiming to stabilise population level and at the same time to improve maternal and child care but annual growth rate in the State remained at a high level since negligible couple could be motivated for adopting methods of contraceptives for family planning besides deficiency in providing maternal and child health care.

Expenditure of Rs.24.06 crore was incurred under the programme during 1995-96 to 1999-2000 as against the budget provision of Rs.47.04 crore. An amount of Rs.1.45 crore re-imburseable from the Government of India was pending at the end of March 2000.

Against the target for establishment of 483 Sub-centres (SC), 125 Primary Health Centres (PHC) and 32 Community Health Centres (CHC) by March 2000 to provide family welfare services to rural area, 412 SCs, 80 PHCs and 16 CHCs had been constructed up to March 2000. Apart from short establishment of 71 SCs, 45 PHCs and 16 CHCs, there was delay of 4 to 5 years to make 26 SCs functional and 1 CHC, 5 PHC and 16 SCs constructed during 1995-97, could not be made functional till March 2000. Consequently, the availability of rural family welfare services was reduced.

The number of eligible couples in the State during 1996-97 to 1999-2000 ranged between 1.99 lakh and 2.95 lakh of which hardly 1.59 to 2.21 **per cent** adopted family planning methods.

Immunisation programme in the State for child survival and safe motherhood had not achieved targeted results. The shortfall was over 50 **per cent** in respect of TT and measles during 1996-97 to 1999-2000 and in respect of DPT and polio it was 44 and 45 **per cent** respectively. Vaccines valued at Rs.2.56 lakh had become time barred due to prolonged storage denying vaccination to 0.21 lakh population.

An amount of Rs.1.05 crore released to SCOVA for minor/major works in PHCs/CHCs remained locked up in Banks for want of approval of estimates of the works.

* Erstwhile Assam State.

The State achieved birth rate of 29 per thousand population, death rate of 9 per thousand population and infant mortality rate of 52 per thousand live birth and annual natural growth rate 1.95 **per cent** at the end of the year 1999 against the goals of 21, 9, 60 and 1.2 respectively to be achieved by the year 2000 AD. As per a survey, awareness about the methods of contraception among females was poor.

(Paragraph 3.2)

(iii) Implementation of Prevention of Food Adulteration Act and Rules in Meghalaya

Implementation of Prevention of Food Adulteration Act and Rules in the State to ensure availability of unadulterated food and drinks to consumers, protecting foodstuffs from fraudulent trade practices and providing guidance/norms to manufacturers/dealers of food articles had not received priority inasmuch as there was inordinate delay in issue of notification making licensing mandatory for all dealers of food articles. No records in respect of total number of food establishments existing in the State was maintained for bringing them under the purview of licensing. Infrastructure facilities such as Laboratory facilities and food inspectors available for testing of foodstuff samples were inadequate. As a result the Department failed to collect sufficient number of food samples for testing.

The Department failed to utilise cash grant of Rs.25.09 lakh provided by Government of India during 1994-99 for augmentation of laboratory facilities.

Survey was never carried out to ascertain the total number of foodstuff establishments in the State and how many of these had been issued licenses. Consequently, possibility of manufacturers/dealers of food articles continuing their activities without required licenses cannot be ruled out.

Deficiency in collection of food samples for laboratory test ranged between 52 and 75 **per cent** in respect of State as a whole during 1995-2000.

1.73 to 7.69 **per cent** of collected food samples were detected as adulterated. Further, conviction in 5 cases of adulteration out of 33 cases decided by the Court of Law during 1995-2000 indicated that either the findings of laboratory were not correct or there were loopholes in processing the cases, which required redressal.

(Paragraph 3.3)

(iv) Implementation of Acts and Rules relating to Water Pollution in Meghalaya

Meghalaya State Pollution Control Board was set up in 1983 for prevention, control or abatement of pollution of streams and wells in the State and to secure execution thereof by enforcing provision of Meghalaya Water (Prevention and Control of Pollution) Rules, 1996 framed under the Act of Parliament on the subject. Board had not prepared its annual accounts from 1988-89 onwards for getting the same audited. There was gradual degradation of water quality. There were cases of unauthorised expenditure and diversion of cess.

Against 20 meetings of the Board to be held during 1994-95 to 1998-99 only 7 meetings were held resulting in shortfall of 65 **per cent** in holding the meeting.

As per provision of Water Act, 1974, annual report of the Board giving details of its activities required to be prepared was not prepared for any of the 5 years from 1994-95 to 1998-99.

Analysis of water quality results of 7 water bodies in the State carried out during 1994-95 to 1998-99 showed gradual degradation of water quality due to discharge of untreated domestic waste water from urban areas into those water bodies.

Only one out of seventeen industries so far identified by the Board as polluting industries had installed ETP for treatment of industrial effluents within the time fixed by the Board. Plant for treatment of trade effluent/domestic sewage was not set up in any urban area.

Specific action plan for prevention of water pollution caused by coal mining activities in Jaintia Hills District was not formulated by the State Government.

Water cess of Rs.3.04 lakh was utilised on purchase of vehicles, etc. instead of prevention of water pollution activities.

Instead of filling up of 39 sanctioned vacant posts (including 10 posts of scientific and technical staff), the Board entertained 5 different categories of staff not covered by sanctioned posts and incurred an unauthorised expenditure of Rs.15.26 lakh towards their pay and allowances for the period from April 1994 to March 1999.

(Paragraph 3.4)

(v) Members of Parliament Local Area Development Scheme

The Scheme was launched in December 1993 with a view to enable the Members of Parliament recommend works of capital nature to be undertaken in their constituencies to be executed by the district authorities. The progress of works under the scheme was tardy, besides, there were no records in support of the existence of the assets created out of the scheme fund.

Out of the available fund of Rs.11.04 crore during 1997-2000 under the scheme, Rs.4.21 crore remained unutilised as of March 2000.

Utilisation certificates for Rs.0.99 crore were not furnished by the implementing agencies.

Though the works under the scheme were to be completed within one or two working seasons, 39 works of Rs.57.33 lakh sanctioned during 1997-98 were either not taken up (4 works: Rs.8 lakh) or in progress (35 works: Rs.49.33 lakh).

Expenditure of Rs.45.51 lakh incurred on 3 works under Tura constituency proved non-productive as all these works were left incomplete by the executing agency.

Asset registers were not maintained and the undertaking from the beneficiaries were not obtained for future maintenance of the assets created on completion of works valued at Rs.3.48 crore during 1997-2000.

Expenditure of Rs.1.22 crore was incurred during 1997-98 to 1999-2000 on works/items not permissible under the scheme.

(Paragraph 3.5)

(vi) Urban Employment Generation Programme

Various urban employment generation programmes had been implemented in the State since October 1989 with the objective to alleviate urban poverty mainly through self employment by setting up enterprises with institutional credit and subsidy provided by Government of India/State besides generation of wage employment through construction of socially and economically useful public assets. The programmes were implemented perfunctorily inasmuch as half of the funds available during 1995-96 to 1999-2000 could not be utilised and there was no follow up action on the part of the implementing authority about the impact of investment on self employment ventures.

Against Rs.7.99 crore available under Urban Poverty Alleviation (UPA) Programmes during 1995-96 to 1999-2000, Rs.4.45 crore remained unutilised with implementing authority/executing agencies at the end of March 2000 affecting generation of urban employment adversely.

At the instance of the State Government, Urban Poverty Alleviation Programme fund amounting to Rs.1 crore was retained in Government Account for a period between 2 and 18 months and there was absence of transparency in accounting of Rs.25 lakh.

Despite availability of funds with the implementing/executing agencies, there was huge shortfall in generation of employment to the extent of 48 to 77 **per cent** in respect of self-employment under NRY, SJSRY and PMRY and 100 **per cent** in wage employment under PMIUPEP.

Two district towns of Nongstoin and Nongpoh were not covered by the Programmes up to March 2000 due to non-constitution of Municipal Boards depriving of the benefit of the Programme to the urban poor of those two towns .

There was no appraisal of the investment totalling Rs.67.31 lakh towards payment of subsidy (Rs.55.86 lakh) and imparting training to youth (Rs.11.45 lakh) to set up self employment ventures under NRY and SJSRY by the implementing authority viz. Meghalaya Urban Development Authority.

During 1995-96 to 1999-2000, of Rs.2.20 crore available for generation of wage employment, Rs.1.34 crore remained unutilised as of March 2000 resulting less generation of 1.34 lakh mandays.

During 1995-96 to 1999-2000, banks financed loan of Rs.9.99 crore under Prime Minister Rojgar Yojana to 1577 beneficiaries to set up self employment ventures on the recommendation of the implementing authority viz. Director of Industries (DI), who had not carried out any survey as of March 2000 about the status of establishment of enterprises by the beneficiaries.

Although the loan-cum-subsidy Scheme of Housing and Shelter Upgradation (SHASU) had not gained popularity in the State because of low ceiling cost and high rate of interest as opposed to availability of loan under State scheme with low rate of interest, funds under SHASU continued to be made available resulting in locking up of fund of Rs.24.40 lakh for 3 to 4 years.

(Paragraph 3.6)

(vii) Recovery of dues treated as arrears of land revenue

The departments of Government are primarily responsible for recovery of dues pertaining to their respective departments. If the Government dues cannot be recovered by any means available with the department, such arrears are certified for recovery as arrears of land revenue. The officer of the Finance (Taxation) Department is authorised for effecting recovery as arrears of land revenue in respect of arrears of Government dues referred by the Taxation Department and the Collector of the District concerned is authorised to recover such dues as arrears of land revenue in respect of cases referred by all other Government departments other than the Taxation Department. A review of the cases processed by the Officer of the Taxation Department revealed the following:-

In the Finance (Taxation) Department, the percentage of recovery of dues during the last five years ending 31 March 2000 was 0.61 which was very much negligible, while in respect of two Collectorates it was 19.03 only.

Out of the total arrears of Rs.7.20 crore in 151 cases relating to the Finance Taxation Department, 79 cases involving Rs.3.94 lakh were missing and in 6 other cases, dues amounting to Rs.5.39 crore could not be recovered as the certificate debtors were not traceable.

In seven cases, dues amounting to Rs. 2.17 crore could not be recovered due to non-filing of certificates on receipt of requisitions.

In the case of a certificate debtor, for recovery of dues amounting to Rs. 1.12 crore, the recovery was fixed at the rate of Rs. 1000 per month, on unrealistic basis, spreading over a period of 932 years.

(Paragraph 6.6)

(viii) Assessment and collection of luxury tax

The assessment and collection of luxury tax is governed by the Meghalaya Tax on Luxuries (Hotels and Lodging Houses) Act, 1991. A review on administration of the State Taxation Act and Rules framed thereunder revealed the following:-

Turnover of Rs.3.17 crore escaped assessment with tax effect of Rs.30.39 lakh due to non-registration of hoteliers.

Incorrect exemption of taxable turnover of Rs.2.79 crore from levy of tax resulted in short-levy of tax of Rs.30.20 lakh.

Concealment of turnover of Rs. 1.22 crore by 7 registered hoteliers resulted in short-levy of tax of Rs.10.08 lakh.

There was leakage of revenue by way of interest, penalty etc. due to lacuna in the Taxation Act/Rules.

(Paragraph 6.7)

(ix) Review on tariff, billing and collection of revenue

The Meghalaya State Electricity Board (MeSEB), which is primarily responsible for development, generation and distribution of electric power in most economic and efficient manner. A review on appraisal of fixation of tariff including other charges further revealed the following:-

As against the statutory provision of earning profit, the Board incurred loss every year and the accumulated loss as on 31 March 2000 was Rs.248.34 crore.

Earning per unit of power sold fell short by 25 paise to 46 paise than the cost led to loss of Rs.102.32 crore.

Belated implementation of tariff resulted in revenue loss of Rs.24.17 crore.

Indirect subsidy amounting to Rs.147.77 crore has been extended to consumers due to fixation of tariff below cost.

Security deposit from consumers fell short by Rs.9.88 crore and consequently loss of interest of Rs.5.31 crore has been sustained.

Unmetered supply of power to employees had resulted in loss of revenue of Rs.2.46 crore.

57.11 MU of energy valuing Rs.7.86 crore has been pilfered by 7 alloy industries.

Deficiencies in billing resulted in loss of revenue of Rs.1.55 crore.

Total arrears of revenue stood at Rs.153.27 crore and total dues recoverable from ASEB amounted to Rs.131.71 crore at the end of 1999-2000, Rs.9.31 crore from Government Departments and Rs.2.16 crore from untraceable and permanently disconnected consumers.

(Paragraph 8.2)

(x) Review on operational performance

The Meghalaya Transport Corporation was established for providing transport services within the State and to operate inter-State services in an economic and efficient manner. A review on the performance and efficiency in operation including material management, inventory control and performance of the workshop of the Corporation revealed the following:-

Capital contribution of Rs.12.19 crore could not be availed from Central Government due to loss and capital fund of Rs.8.57 crore had been irregularly diverted to revenue expenditure.

The Corporation sustained loss every year varying from Rs.2.29 crore to Rs.3.56 crore and contributed value of operation fell far short of employees cost varying from Rs.0.21 crore to Rs.2.17 crore.

Salaries and wages on idle crews amounted to Rs.3.64 crore and expenditure of Rs.0.48 crore was incurred for excess consumption of fuel.

Cancellation of scheduled trips resulted in loss of revenue of Rs.7.30 crore.

Prolonged detention of vehicles for repair at Central Workshop and unattended vehicles for repair docked at Regional Workshop had led to loss of revenue of Rs.8.45 crore and Rs.3.30 crore respectively.

(Paragraph 8.3)

3. Other points of interest

(A) Civil

(i) Locking up of fund

An amount of Rs.46.54 lakh withdrawn in March 1996, out of the Central assistance of Rs.58.60 lakh, for installation of a Liquid Nitrogen Plant was lying in the office chest of the Director of Animal Husbandry and Veterinary for 5 years affecting ways and means position of the State.

(Paragraph 3.7)

The records of Director of Mineral Resources revealed that one electronic weigh bridge purchased in October 1997 at the cost of Rs.9.30 lakh for installation in transit route for fullest collection of revenue on coal, was lying idle since it could not be used for non-acquisition of land though money (Rs.0.64 lakh) for land compensation was placed with Acquisition Officer. Further amount of Rs.10.77 lakh withdrawn for installation of second weigh bridge in Dawki had not been utilised at all resulting locking up of fund totalling Rs.20.71 lakh for more than 3 years besides frustrating the objectives.

(Paragraph 3.13)

The Director, Urban Affairs withdrew fund for acquisition of land for New Township without realistic assessment of requirement/availability of land. Consequently, Rs.2.62 crore was lying unutilised outside Government account with the Meghalaya Urban Development Authority for more than 3 years.

(Paragraph 3.14)

(ii) Extra/avoidable/infructuous/unproductive expenditure

Joint Director of Health Services, Civil Hospital, Shillong and Executive Engineer, Mawphlang had incurred extra expenditure of Rs.37.15 lakh as delayed payment charge, a penalty for not paying the monthly energy bills within the due date for payment.

(Paragraph 3.11)

Despite pointing out in the Audit Report for the year 1990-91, Meghalaya Civil Task Force of 145 personnel was continued to be maintained without any work load. Consequently, expenditure of Rs.1.38 crore incurred on their salary from April 1992 to December 1999 proved infructuous.

(Paragraph 3.12)

The Director of Health Services, without ensuring availability of clear site for construction of Nurses Hostel-cum-Training Centre at Shillong, issued work orders necessitating payment of compensation for cost escalation, etc. to the contractor for the delay in handing over the site and as a result the work was completed at an extra expenditure of Rs.34.18 lakh.

(Paragraph 4.1)

Expenditure of Rs.36.55 lakh incurred by Public Health Engineering Department on 7 water supply schemes proved unproductive as these schemes remained non-functional due to frequent stealing of laid pipe lines.

(Paragraph 4.6)

(iii) Misappropriation/loss, etc.

Failure on the part of the Inspector of Schools, East Khasi Hills to observe basic financial rules regarding custody of Government money facilitated misappropriation of Rs.10 lakh (approximately) by the Cashier of his office as per the assessment of the department.

(Paragraph 3.10)

Against delivery of 399.878 tonnes of steel materials by the Central Store Division, the executing division, viz., Shillong Building Division, accounted for 314.52 tonnes resulting loss to the Government of Rs.7.93 lakh being the value of 85.358 tonnes of steel materials.

(Paragraph 4.4)

(iv) Doubtful expenditure

Expenditure of Rs.7.19 lakh incurred by the Block Development Officer, Dadenggiri on construction material without sanctioned estimate, supply order and any evidence of receipt and utilisation of these materials was suspect.

(Paragraph 3.9)

(B) Revenue

(i) Short/non-levy of excise duty, forest royalty and fine

Owing to non-inclusion of import pass fee in the cost price of IMFL, there was short-realisation of excise duty of Rs.1.24 crore.

(Paragraph 6.8)

Non-application of revised rates of royalty on 35006.34 cum. of sand and 36888.15 cum. of stone led to short-realisation of royalty of Rs.11.65 lakh.

(Paragraph 6.12)

Failure on the part of the District Transport Officer, Jowai, to levy and collect fine for carrying excess load of coal in respect of 823 goods carriage trucks led to non-levy/non-realisation of fine of Rs.1.24 crore.

(Paragraph 6.26)

(ii) Loss of revenue

Inaction on the part of the department to detect unauthorised business activities in the State carried out by unregistered dealers and subsequent registration and assessment of a dealer after a lapse of more than four years led to a loss of revenue of Rs.2.36 crore.

(Paragraph 6.15)

206757 Metric Tonnes of coal despatched outside the State by the coal dealers of Meghalaya escaped assessment resulting in loss of revenue of Rs.89.59 lakh.

(Paragraph 6.19)

(iii) Evasion of tax

Three registered dealers concealed their taxable turnover of Rs.6.35 crore and thereby evaded payment of tax of Rs.1.42 crore.

(Paragraph 6.17)

Non-initiation of any action for completion of assessment led to evasion of tax of Rs.1.03 crore by two dealers.

(Paragraph 6.18)

(C) Commercial

(i) Loss

The Meghalaya Industrial Development Corporation Limited extended 'one time settlement package' to the entrepreneurs to liquidate the dues waiving penal interest and 50 **per cent** of normal interest on loans and that too nearly at the end of the repayment schedule, though initially their financial conditions were considered to be sound. This resulted in loss of interest of Rs.69.94 lakh to the Company.

(Paragraph 8.4)

'Floating Sports Deck' established in Umium lake by the Meghalaya Tourism Development Corporation Ltd. at the cost of Rs.32.73 lakh to earn revenue by attracting tourists was damaged and ultimately sunk due to improper anchoring and no claim was lodged with the underwriter nor made efforts for its salvage resulting in loss of Rs.32.73 lakh to the Company.

(Paragraph 8.6)

(ii) Locking up of fund

To render transport services to tourist and thereby to earn revenue, the Meghalaya Tourism Development Corporation Ltd. purchased two chassis in January 1995 at the cost of Rs.8.23 lakh but these were yet to be fabricated into buses even after payment of Rs.2.56 lakh to the builders due to deficiencies in administrative action resulting in locking up of fund of Rs.10.79 lakh besides non-earning of intended revenue.

(Paragraph 8.5)

Two units of the Meghalaya State Electricity Board drew fund from the Board's principal account without proper assessment of requirement resulting in locking up of fund of Rs.26.17 lakh in the divisional drawing account where no interest was accrued for the period ranging between 20 months and more than 5 years consequently loss of interest of Rs.8.75 lakh.

(Paragraph 8.9)

(iii) Irregular expenditure

The Meghalaya Transport Corporation passed 128 bills of spare parts for Rs.284.47 lakh against the admissible amount of Rs.273.34 lakh resulting in excess payment of Rs.11.13 lakh to the supplier, besides non-deduction of Meghalaya Finance Tax amounting to Rs.18.86 lakh from the aforesaid bills which the Corporation was to deduct and deposit into account as per the existing directives.

(Paragraph 8.10)

(iv) Avoidable/extra expenditure

The Meghalaya State Electricity Board without obtaining clearance of site from the Forest Department awarded work for construction of 132 KV double circuit diversion line of Sonapur resulting payment of compensation for price escalation of Rs.18.22 lakh to the contractor for the period October 1990 to April 1995 during which the contractor did not execute any work due to non-availability of right of way to forest land.

(Paragraph 8.7)

CHAPTER I : AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This Chapter discusses the financial position of the State Government, based on the analysis of the information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on the analysis of indicators of financial performance of the Government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this Chapter are described in the Appendix I-A.

1.2 Financial position of the State

In the Government accounting system comprehensive accounting of the fixed assets like land and buildings, etc., owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. The table below gives an abstract of such liabilities and the assets as on 31 March 2000, compared with the corresponding position on 31 March 1999:-

(Rupees in crore)

As on 31 March 1999	Liabilities		As on 31 March 2000
...	**External Debt**		...
280.89	**Internal Debt**		**380.07**
238.76	Market loans bearing interest	308.73	
...	Market loans not bearing interest	...	
3.49	Loan from LIC	3.18	
38.64	Loans from other Institutions	68.16	
...	Ways and Means Advances	...	
...	Overdraft from Reserve Bank of India	...	
315.12	**Loans and Advances from Central Government**		**349.83**
15.90	Pre 1984-85 Loans	14.88	
113.48	Non-plan Loans	121.91	
171.25	Loans for State Plan Schemes	198.28	
0.30	Loans for Central Plan Schemes	0.32	
8.41	Loans for Centrally Sponsored Plan Schemes	8.77	
5.78	Loans from NEC	5.67	
6.00	**Contingency Fund**		**6.00**
117.99	**Small Savings, Provident Funds, etc.**		**146.61**
186.58	**Deposits**		**234.30**
11.35	**Reserve Funds**		**13.97**
11.95	**Remittance Balances**		**33.77**
889.09	**Surplus on Government Accounts**		**904.95**
871.85	(i) Revenue Surplus of the previous year	889.09	
17.24	(ii) Revenue Surplus of the current year	15.86	
1818.97			**2069.50**
	Assets		
1481.51	**Gross Capital Outlay on Fixed Assets**		**1646.68**
92.86	Investment in shares of Companies, Corporation etc.	98.36	
1388.65	Other Capital Outlay	1548.32	
195.77	**Loans and Advances**		**255.51**
146.26	Loans for power projects	159.26	
18.08	Other Development Loans	19.30	
31.43	Loans to Government Servants and miscellaneous loans	76.95	
0.32	**Investment of Earmarked Funds**		**0.32**
0.82	**Advances**		**1.48**
30.07	**Suspense and Miscellaneous Balances**		**44.68**
6.00	**Appropriation to Contingency Fund**		**6.00**
104.48	**Cash**		**114.83**
...	Cash in Treasuries and Local Remittances	...	
(-) 36.13	Deposits with Reserve Bank of India	1.58	
(-) 0.03	Departmental Cash Balance	0.11	
...	Permanent Advances	...	
140.64	Cash Balance Investment	113.14	
1818.97			**2069.50**

While the liabilities in this statement consist mainly of internal borrowings, loans and advances from the Government of India and receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from the above table that while the liabilities grew by 25 **per cent**, the assets grew by only 14 **per cent** during 1999-2000, mainly as a result of a very high growth in the loans from other institutions (76 **per cent**) and remittance balance (183 **per cent**). This showed deterioration in the financial condition of the Government.

1.3 Sources and applications of fund

1.3.1 The position of sources and applications of funds during the current and the preceding year is given in the table below :-

(Rupees in crore)

1998-99	SOURCES	1999-2000
832.68	1. Revenue receipts	943.65
5.74	2. Recoveries of Loans and Advances	8.89
127.37	3. Increase in Public debt other than overdraft	133.89
92.94	4. Net receipts from Public Account	85.51
	23.08 -Increase in Small Savings 28.63	
	55.98 -Increase in Deposits and Advances 47.06	
	(-)1.84 -Reserve Fund (Net effect) 2.62	
	(-)0.72 -Net effect of Suspense and Miscellaneous transactions (-) 14.61	
	16.44 -Net effect of Remittance transactions 21.81	
...	5. Net effect of Contingency Fund transactions	...
...	6. Decrease in closing cash balance	...
1058.73	**Total**	**1171.94**
	APPLICATIONS	
815.44	1. Revenue expenditure	927.79
25.77	2. Lending for development and other purposes	68.63
144.50	3. Capital expenditure	165.17
...	4. Net effect of Contingency Fund transactions	...
73.02	5. Increase in closing cash balance	10.35
1058.73	**Total**	**1171.94**

The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and the lending for developmental purposes. It would be seen that the revenue receipts constitute the most significant source of fund for the State Government. While their relative share went up marginally from 78.64 *per cent* in 1998-99 to 80.52 *per cent* in 1999-2000, the receipts from public debt went down from 12.03 *per cent* to 11.42 *per cent*. The net receipts from the Public Account also declined as their share went down from 8.78 *per cent* in 1998-99 to 7.30 *per cent* in 1999-2000. This was mainly due to less increase in deposits and advances and increase in negative figure under suspense and miscellaneous transactions.

1.3.2 The funds were mainly applied for revenue expenditure, whose share went up from 77.02 *per cent* in 1998-99 to 79.17 *per cent* in 1999-2000, but marginally lower than the share of revenue receipts (80.52 *per cent*) in the total receipts of the State Government. This led to revenue surplus. The percentages of capital expenditure and lending for development purposes went up from 13.65 to 14.09 *per cent* and 2.43 to 5.86 *per cent* respectively.

1.4 Financial operation of the State Government

1.4.1 Exhibit I gives the details of the receipts and disbursements made by the State Government. The Revenue expenditure (Rs.928 crore) during the year fell short of the revenue receipts (Rs.944 crore) resulting in a revenue surplus of Rs.16 crore. The Revenue receipts comprised tax revenue (Rs.103 crore), non-tax revenue (Rs.84 crore), State's share of Union Taxes and duties (Rs.342 crore) and grants-in-aid from the Central Government (Rs.415 crore). The main sources of tax revenue were sales tax (52 *per cent*), state excise (39 *per cent*) and taxes on vehicles (4 *per cent*). Non-tax revenue came mainly from Non-ferrous Mining and Metallurgical Industries (59 *per cent*), General services (13 *per cent*) and Interest Receipts (11 *per cent*).

1.4.2 Against receipts of Rs.9 crore from recoveries of loans and advances and Rs.168 crore from public debt, the expenditure was Rs.165 crore on capital outlay, Rs.69 crore on disbursement of loans and advances and Rs.34 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.659 crore, against which the disbursement of Rs.574 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase in the cash balance from Rs.104 crore at the beginning of the year to Rs.115 crore at the end of the year.

1.4.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit I and the time series data for the five years' period from 1995-96 to 1999-2000 presented below:-

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Part A. Receipts					
1 Revenue Receipts	684	731	697	833	944
(i) Tax Revenue	66	77	73	88	103
Taxes on Agricultural Income	Nil	Nil	Nil	Nil	Nil
Taxes on Sales, Trade, etc.	29	31	37	46	54
State Excise	26	31	28	33	40
Taxes on Vehicles	3	3	3	3	4
Stamps and Registration fees	1	1	2	2	3
Land Revenue	0.70	0.15	0.12	0.33	0.17
Other Taxes	6.30	10.85	2.88	3.67	1.83
(ii) Non Tax Revenue	67	48	30	52	84
(iii) State's share of Union Taxes and Duties	160	218	287	301	342
(iv) Grants in aid from GOI	391	388	307	392	415
2. Misc. Capital Receipts	...	...	...	...	...
3. Total revenue and Non-debt capital receipts (1+2)	684	731	697	833	944
4. Recoveries of Loans and Advances	4	5	5	6	9
5. Public Debt Receipts	59	67	77	149	168
Internal Debt (excluding Ways and Means Advances and Overdrafts)	38	38	38	100	117
Net transactions under Ways and Means Advances and Overdraft	...	...	...	...	...
Loans and Advances from Government of India[(a)]	21	29	39	49	51
6. Total receipts in the Consolidated Fund (3+4+5)	747	803	779	988	1121
7. Contingency Fund Receipts	[(b)]	...	...	...	...
8. Public Accounts Receipts	404	458	490	598	659
9. Total receipts of the State (6+7+8)	1151	1261	1269	1586	1780
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	580	617	685	816	928
Plan	154	165	163	186	209
Non-Plan	426	452	522	630	719
General Services (including Interest payments)	186	204	236	281	338
Social Services	212	227	254	300	356
Economic Services	182	186	195	235	234
Grants-in-aid and Contributions	...	...	...	...	...

(a) Includes Ways and Means Advances from GOI

(b) Rs.15,000/- only

	1995-96	1996-97	1997-98	1998-99	1999-2000
11. Capital Expenditure	**134**	**125**	**126**	**144**	**165**
Plan	132	125	125	144	165
Non-Plan	2	0.28	0.47	Nil	Nil
General Services	8	6	5	6	9
Social Services	35	46	42	50	54
Economic Services	91	73	79	88	102
12. Disbursement of Loans and Advances	**26**	**17**	**17**	**26**	**69**
13. Total (10+11+12)	**740**	**759**	**828**	**986**	**1162**
14. Repayments of Public Debt	**38**	**27**	**22**	**21**	**34**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	**29**	**16**	**10**	**8**	**18**
Net transactions under Ways and Means Advances and Overdraft	...	...	...	...	...
Loans and Advances from Government of India[a]	**9**	**11**	**12**	**13**	**16**
15. Appropriation to Contingency Fund	...	...	...	...	...
16. Total disbursement out of Consolidated Fund (13+14+15)	**778**	**786**	**850**	**1007**	**1196**
17. Contingency Fund disbursements	...	...	...	...	...
18. Public Account disbursements	**368**	**404**	**410**	**505**	**574**
19. Total disbursement by the State (16+17+18)	**1146**	**1190**	**1260**	**1512**	**1770**
Part C. Deficits					
20. Revenue Surplus(1-10)	**104**	**114**	**12**	**17**	**16**
21. Fiscal Deficit (3+4-13)	**52**	**23**	**126**	**147**	**209**
22. Primary Deficit (21-23)	**2**	**(-) 33**	**66**	**78**	**113**
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	50	56	60	69	96
24. Arrears of Revenue (Percentage of Tax and Non-tax Revenue Receipts)	NA	NA	NA	NA	NA
25. Financial Assistance to local bodies, etc.	54	69	95	89	142
26. Ways and Means Advances/ Overdraft availed (days)	18 (28)	28 (14)	Nil	15 (2)	Nil
27. Interest on WMA/Overdraft	0.09	0.06	Nil	0.76	Nil
28. Gross State Domestic Product (GSDP)	2059.10	2318.78	2623.75	2991.07[b]	3379.91[b]
29. Outstanding Debt (year end)	374	414	469	596	730
30. Outstanding guarantees (year end)	146	NA	NA	NA	NA
31. Maximum amount guaranteed (year end)	199	NA	NA	NA	NA
32. Number of incomplete projects	NA	70	53	64	312
33. Capital blocked in incomplete projects	NA	11.96	18.91	6.45	NA

(a) Includes Ways and Means Advances from GOI

(b) Since GSDP for 1998-99 and 1999-2000 had not been furnished by Government, it has been adopted by increasing GSDP for 1997-98 and 1998-99 by 14 and 13 **per cent** respectively, the average rate of growth of GSDP during the preceding three years.

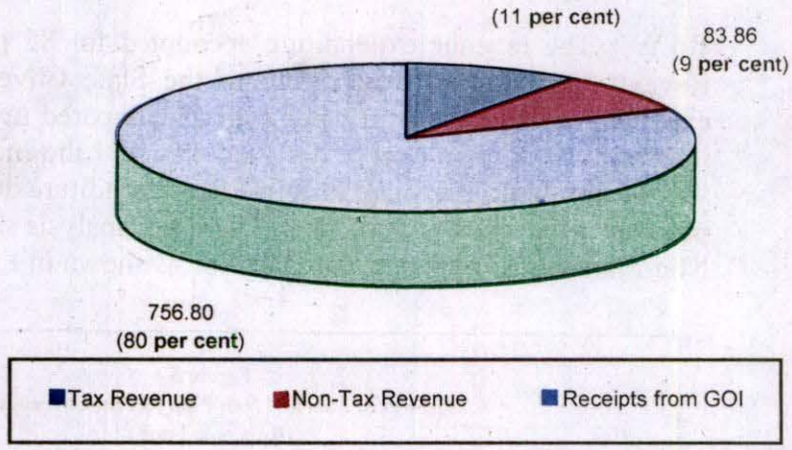
NA: Not available.

1.5 Revenue receipts

1.5.1 The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure 1. The growth rate of revenue receipts declined from 29 **per cent** in 1995-96 to 13 **per cent** in 1999-2000.

Figure 1

Revenue Receipts 1999-2000
(Rupees in crore)



1.5.2 Tax revenue

The table in Paragraph 1.4.3 shows Tax revenue constituted 11 **per cent** (average) of revenue receipts during 1996-97 to 1999-2000. The marginal increase by 1 **per cent** in State Excise, Stamps and Registration fees and Taxes on vehicle was neutralised by marginal decrease under other taxes.

1.5.3 Non-tax revenue

The non-tax revenue constituted 9 **per cent** of the revenue receipts of the Government and their share in the revenue receipts declined from 10 **per cent** in 1995-96. Non-Tax Revenue Receipt increased from Rs.52 crore in the year 1998-99 to Rs.84 crore in 1999-2000. The increase was 62 **per cent** which was mainly due to increase of Rs.27.36 crore (from Rs.22.39 crore in 1998-99 to Rs.49.75 crore in 1999-2000) under Non-ferrous Mining and Metallurgical Industries which was partly set off against decrease of 52 **per cent** from Rs.2.27 crore in 1998-99 to Rs.1.10 crore in 1999-2000 under Miscellaneous General Services.

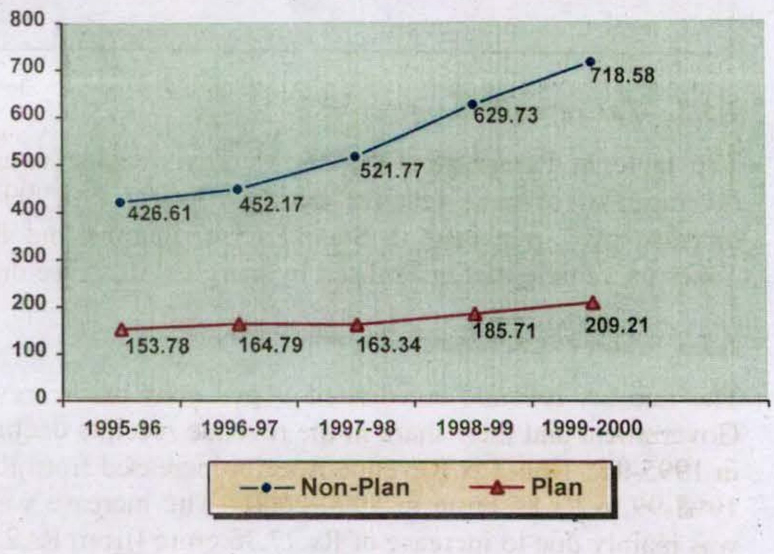
1.5.4 State's share of Union taxes and duties and grants-in-aid from the Central Government

The State's share of Union Taxes (Excise Duties and Taxes on Income other than Corporation taxes) and Grant-in-aid from Government of India increased by 14 **per cent** and 6 **per cent** respectively as compared to the previous year. The relative share of State's share of Union Taxes to Revenue Receipts increased from 23 **per cent** in 1995-96 to 36 **per cent** in 1999-2000 while the grant-in-aid from GOI decreased from 57 **per cent** in 1995-96 to 44 **per cent** in 1999-2000.

1.6 Revenue expenditure

1.6.1 The revenue expenditure accounted for 85 **per cent** of the total of Revenue and Capital expenditure of the State Government. The Revenue expenditure increased by 14 **per cent** as compared to the previous year. The increase was 13 **per cent** under Plan side and the increase in Non-Plan side was 14 **per cent**. The share in Non-Plan expenditure during 1999-2000 was 77 **per cent** of revenue expenditure. The trend analysis showed the growth under Non-Plan being faster than the Plan side as shown in Figure 2.

Figure 2
Growth of Plan and Non-Plan Revenue expenditure
(Rupees in crore)



1.6.2 Sector wise analysis shows that while the expenditure on General Services increased by 82 **per cent**, from Rs.186 crore in 1995-96 to Rs.338 crore in 1999-2000, increases in expenditure on Social Services and Economic

Services for the corresponding period were 68 and 29 **per cent** respectively. As a proportion of total expenditure, the share of General Services increased from 32 **per cent** in 1995-96 to 37 **per cent** in 1999-2000, whereas under Social Services it was between 37 and 38 **per cent** and that of Economic Services it decreased from 31 to 25 **per cent**.

1.6.3 Interest payments

Interest payments increased steadily by 92 **per cent** from Rs.50 crore in 1995-96 to Rs.96 crore in 1999-2000. This is further discussed in the section on financial indicators.

1.6.4 Financial assistance to local bodies and other institutions

The quantum of assistance in the form of grant provided to different local bodies, etc. during the period of five years ending 1999-2000 was as follows:

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Universities and Educational Institutions	43.98	61.85	72.23	80.73	106.42
Municipalities	2.21	2.25	1.82	1.25	1.40
Co-operative Societies	1.39	0.88	4.14	0.96	1.93
District Councils	3.19	2.92	4.72	5.30	5.26
Other institutions	3.61	0.90	12.54	0.87	26.99
Total	**54.38**	**68.80**	**95.45**	**89.11**	**142.00**
Percentage of growth over previous year	(-)29	26	39	(-) 7	59
Assistance as a percentage of revenue expenditure	9	11	14	11	15

Compared to 1998-99, the assistance to the local bodies and others increased during 1999-2000. The financial assistance to Universities and Educational Institutions went up from Rs.43.98 crore in 1995-96 to Rs.106.42 crore in 1999-2000.

1.6.5 Loans and Advances by the State Government

The Government gives loans and advances to Government companies, corporations, local bodies, autonomous bodies, co-operatives, non-Government institutions, etc. for developmental and non-developmental activities. The position for the last five years given below shows that compared to 1995-96, the increase in amount advanced (166 **per cent**) far surpassed the improvement in repayment (94 **per cent**), as a result of which the closing balance during 1999-2000 increased by 68 **per cent**.

Out of loans advanced to municipalities and other bodies, the detailed accounts of which were kept by the Accountant General (Accounts and Entitlements), Meghalaya, etc., recovery of Rs.11.28 lakh (Principal: Rs.4.45 lakh; Interest: Rs.6.83 lakh) was in arrears as on 31 March 2000. Information about the recovery of arrears has not been received from the departmental authorities in respect of the detailed accounts that are maintained by them.

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Opening balance	130.50*	151.76	163.52	175.74	195.77
Amount advanced during the year	25.84	17.07	17.25	25.77	68.63
Amount repaid during the year	4.58	5.30	5.04	5.74	8.89
Closing balance	151.76	163.53	175.73	195.77	255.51
Net addition	21.26	11.77	12.21	20.03	59.74
Interest received	0.26	1.38	0.34	0.36	0.42

1.7 Capital expenditure

1.7.1 Capital expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government, i.e., Public Sector Undertakings (PSUs), Corporations, etc. and loans and advances. The share of capital expenditure to total expenditure (Revenue and Capital) has dropped from 19 **per cent** in 1995-96 to 15 **per cent** in 1999-2000. The table in Paragraph 1.4.3 shows that most of the capital expenditure was mainly under Economic and Social Services and on the Plan side being 62 and 33 **per cent** of Capital expenditure.

1.8 Quality of expenditure

1.8.1 Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and Non-plan and revenue and capital. While the Plan and Capital expenditure are usually associated with asset creation, the Non-plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition, therefore, in general, the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

1.8.2 Wastage in public expenditure, diversions of funds and funds blocked in incomplete projects would also impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public

* Difference of Rs.0.01 crore was due to rounding.

Account, after booking them as expenditure, can also to be considered as a negative factor in judging the quality of expenditure. As the expenditure was not actually incurred in the concerned year it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General services, to the detriment of Economic and Social Services.

1.8.3 The following table lists out the trend in these indicators:

	1995-96	1996-97	1997-98	1998-99	1999-2000
1. Plan expenditure as a percentage of:					
- Revenue expenditure	27	27	24	23	23
- Capital expenditure	98	100	100	100	100
2. Capital expenditure (**per cent** of Capital and Revenue expenditure)	19	17	16	15	15
3. Expenditure on General Services (**per cent**)					
- Revenue	32	33	34	34	37
- Capital	6	5	4	4	5

It would be seen that while the share of Plan expenditure on the revenue side has been declining since 1997-98, it remained constant on the capital side. The expenditure on General Services, at the same time, had marginally increased in respect of revenue and capital as compared to the previous year and under revenue side had marginal variations around 4 to 6 **per cent**.

1.9 Financial Management

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this report deal extensively with these issues especially as they relate to the expenditure management in the Government, based on the findings of the test audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government, are discussed in this section.

1.9.1 Investment and returns

Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under:

(Rupees in crore)

Sector	Number of concerns	Amount invested*	
		As on 31.3.2000	During 1999-2000
(1) Statutory Corporations	2**	20.87	...
(2) Government Companies	8	61.67	3.18
(3) Co-operative Institutions	1438	15.82	2.32
Total	**1448**	**98.36**	**5.50**

The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

(Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (per cent)
1995-96	87.01	0.03	0.03	14
1996-97	88.92	0.0003	0.0003	13 to 13.85
1997-98	89.90	0.03	0.03	13.05
1998-99	92.86	0.03	0.03	12.15 to 12.5
1999-2000	98.36	0.60	0.61	11.85 and 12.25

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies, etc. fetched insignificant returns.

1.9.2 Ways and means advances and overdraft

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.10 lakh. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking ways and means advances (WMA)/overdraft(OD) from the Bank. In addition, special ways and means advances are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government, and hence reflects poorly on the financial management by Government.

During 1999-2000, the State Government maintained the minimum balance throughout the year without obtaining WMA/OD.

1.9.3 Deficit

1.9.3.1 Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important indicator of the prudence of financial management in the Government. Further, the ways of

* Figures in Chapter VIII are provisional.

** Excludes Meghalaya State Electricity Board.

financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit, viz., Revenue Deficit, Fiscal Deficit and Primary Deficit.

1.9.3.2 The Revenue Deficit is the excess of revenue expenditure over revenue receipts. The Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received). Primary Deficit is fiscal deficit less interest payments. The following exhibit gives a break-up of the deficit in Government account during 1999-2000 and how these were financed:

OVERALL FINANCIAL TRANSACTIONS OF GOVERNMENT

(Rupees in crore)

CONSOLIDATED FUND (CF)				
Receipt	**Amount**		**Disbursement**	**Amount**
Revenue	944	**Revenue surplus:16**	Revenue	928
Miscellaneous capital receipts	Nil		Capital	165
Recovery of loans and advances	9		Loans and advances disbursement	69
Sub Total	**953**	**Gross fiscal deficit: 209**	**Sub Total**	**1162**
Public debt receipts	168		Public debt repayment	34
Total	**1121**	**A: Deficit in CF: 75**		**1196**
PUBLIC ACCOUNT				
Small savings, Provident Fund, etc.	46		Small savings, Provident Fund, etc.	17
Deposits and advances	166		Deposits and advances	119
Reserve funds	6		Reserve funds	3
Suspense and miscellaneous	(-) 1		Suspense and miscellaneous	14
Remittances	442		Remittances	421
				574
		B: i) Deficit in CF financed by Public Account: 75 ii) Increase in cash balance: 10		**85**
Total Public Account	**659**			**659**

The table shows that though there was no revenue deficit in Government accounts, it had a fiscal deficit of Rs.209 crore as of 31 March 2000. The deficit was financed by net proceeds of the public debt (Rs.134 crore) and partly by the surplus from Public Account. The table in Paragraph 1.4.3 shows that the fiscal deficit has shown an increasing trend since 1997-98.

1.9.4 Application of the borrowed funds (Fiscal Deficit)

The fiscal deficit (FD) represents total net borrowings of the Government. These borrowings are applied for meeting the Revenue Deficit (RD), for making the Capital Expenditure (CE) and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of the Government of Meghalaya for the last five years.

Ratio	1995-96	1996-97	1997-98	1998-99	1999-2000
RS/FD	(-)1.99	(-)4.91	(-)0.10	(-)0.12	(-) 0.08
CE/FD	2.58	5.40	1.00	0.98	0.79
Net loans/FD	0.41	0.51	0.10	0.14	0.29
Total	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**

(RS – Revenue Surplus)

As there was continued revenue surplus, revenue expenditure had not been met from borrowed funds and part of borrowed funds were utilised for capital formation.

1.9.5 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, Government companies and co-operative institutions etc., and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. Particulars of guarantees given by Government during 1996-97 to 1999-2000 and outstanding as of March 2000 had not been furnished by the State Government (September 2000).

1.10 Public debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During the five years' period, the total liabilities of the Government had grown by 119 **per cent**. This was on account of 172 **per cent** growth in internal debt, 49 **per cent** growth in loans and advances from Government of India and 184 **per cent** growth in other liabilities. During 1999-2000, Government borrowed Rs.79.15 crore in the open market at the interest rate varying from 11.85 to 12.25 **per cent**.

(Rupees in crore)

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities[a]	Total liabilities	Ratio of debt to GSDP
1995-96	139.50	234.74	374.24	139.15	513.39	0.25
1996-97	161.47	252.49	413.96	171.05	585.01	0.25
1997-98	188.93	279.70	468.63	238.15	706.78	0.27
1998-99	280.89	315.12	596.01	315.59	911.60	0.30
1999-2000	380.07	349.83	729.90	394.56	1124.46	0.33

1.10.2 The amount of funds raised through Public debt, the amount of repayment and net funds available are given in the following table:

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Internal Debt[b]					
-Receipt	56.14	65.90	37.74	115.72	116.94
-Repayment [c]	65.69	64.91	33.20	50.24	62.32
-Net funds available (**per cent**)	(-) 9.55	0.99 (1.5)	4.54 (12)	65.48 (57)	54.62 (47)
Loans and advances from GOI					
-Receipt during the year	20.87	28.52	39.42	48.87	50.76
-Repayment	34.48	38.16	43.02	47.27	54.72
-Net funds available (**per cent**)	(-) 13.61	(-) 9.64	(-) 3.60	1.60 (3)	(-) 3.96
Other liabilities[d]					
-Receipt during the year	85.30	115.54	136.14	178.53	193.04
-Repayment	64.68	83.24	69.05	101.09	114.08
-Net funds available (**per cent**)	20.62 (24)	32.30 (28)	67.09 (49)	77.44 (43)	78.96 (41)

(a) Other liabilities include small savings, provident funds, reserve funds, deposits and other non-interest bearing obligations.

(b) Includes ways and means advances.

(c) Principal plus interest.

(d) Small savings, provident funds, reserve funds and deposits.

It would be seen that during the five years' period ending March 2000 (except 1998-99) the entire loans and advances from GOI were consumed in repayment of obligations. Considering that the outstanding debt has been increasing year after year the net availability of funds through public borrowings is going to reduce further.

1.11 Indicators of the financial performance

1.11.1 A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing. Finally, Government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity principally through Five Year Plans which translate to Annual development plans and are provided for in the State Budget. Broadly, it can be stated that Non-Plan expenditure represents Government maintaining the existing level of activity[a], while Plan expenditure entails expansion of activity. Both these activities require resource mobilization increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows:

(i) Sustainability

Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden.

(ii) Flexibility

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

(iii) Vulnerability

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

[a] There are exceptions to this, notably transfer of Plan to the Non-Plan at the end of Plan period.

(iv) Transparency

The issue of transparencies concerns the issue of financial information provided by the Government. This consists of Annual Financial Statement (Budget) and the Accounts. As regards the budget the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards accounts, timeliness in submission, for which milestones exist and completeness of accounts would be the principal criteria.

1.11.2 Information available in Finance Accounts can be used to flash out Sustainability, Flexibility and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in the Appendix I-B. Exhibit II indicates the behaviour of these indices/ratios over the period from 1995-96 to 1999-2000. The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the following paragraphs.

1.11.3 The behaviour of the indices/ratios is discussed below:

(i) Balance from current revenues (BCR)

BCR is defined as revenue receipts minus Plan assistance grants minus Non-Plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting Plan expenditure. The table shows that the State Government had positive BCRs in 1995-96 and 1996-97 out of the five years and in remaining 3 years the BCR was negative suggesting that Government had to depend only on borrowings for meeting its Plan expenditure.

(ii) Interest ratio[a]

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In case of Meghalaya the ratio has moved in the narrow range of 0.07 in 1996-97 to 0.09 in 1999-2000.

(iii) Capital outlay/capital receipts

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term inasmuch as it indicates that a part of the capital receipt was being diverted to unproductive revenue expenditure. On the contrary, a ratio of

[a] Net interest payment ÷ (Revenue receipts – Interest receipts).

more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Meghalaya, the ratio has come down from 2.81 in 1995-96 to 1.21 in 1999-2000. The ratio was less than one only in the year 1998-99 indicating that capital investments are being made from revenue surplus as well, except in the year 1998-99.

(iv) Tax receipts vs Gross State Domestic Product (GSDP)

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as Central taxes paid by people living in the State. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility. Time series analysis shows that in case of Meghalaya the ratio ranged between 0.11 and 0.14 during five years ending March 2000. On the other hand, the ratio of state tax receipts compared to GSDP has been constant at 0.03 during the five years' period. This ratio suggests that the State Government had the option to raise more resources through taxation to generate more revenue surplus for capital formation.

(v) Return on Investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table presents the return on Government's investments in the statutory corporations, Government companies, joint stock companies and co-operative institutions. It shows that the ROI in case of Government of Meghalaya has been negligible during 1995-96 to 1998-99 (0.0003). During 1999-2000, though the ratio of ROI increased to 0.0061 as compared to the previous year, it did not suggest sustainability as the same constituted only 0.61 **per cent** of the total investment as of March 2000.

(vi) Capital repayments vs Capital borrowings

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In case of Meghalaya Government this ratio has been in the range of 0.15 to 0.64 during five years' period ending 1999-2000. Compared to 1998-99, the ratio increased during 1999-2000 indicating decrease in the availability of capital for investment.

(vii) Debt vs Gross State Domestic Product (GSDP)

The GSDP is the total internal resource base of the State Government, which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore, increasing risk for the lender. In the case of Meghalaya, this ratio has moved from 0.25 in 1995-96 to 0.33 in 1999-2000 showing reduction in the ability of Government to meet debt obligations.

(viii) Revenue deficit/Fiscal deficit

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus, the higher the ratio the worse off the State because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State. In case of Meghalaya, there was no revenue deficit throughout the five years' period ending March 2000.

(ix) Primary deficit vs Fiscal deficit

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of the ratio the less the availability of funds for capital investment. In the case of Meghalaya, there was no primary deficit during 1996-97. The ratio of primary deficit to fiscal deficit increased from 0.53 in 1998-99 to 0.54 in 1999-2000 showing more application of funds for capital than previous year.

(x) Guarantees vs Revenue receipts

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should therefore be compared with the ability of the Government to pay, viz., its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In case of Meghalaya, the position could not be ascertained as the State Government had not furnished details for all the years except 1995-96 as already indicated in paragraph 1.9.5.

(xi) Assets vs Liabilities

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. This ratio has all along been more than 1 and has moved in the range between 1.78 and 2.45. The ratio has been showing a decreasing trend since 1997-98.

(xii) Budget

The details of submission of budget and its approval are as under:-

Preparation	Month of submission	Month of approval
Vote on account	March 1999	March 1999
Budget	March 1999	June 1999
Supplementary I	December 1999	December 1999
Supplementary II	March 2000	March 2000

Chapter II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. It indicates defective budgeting and inadequate control over expenditure, as evidenced by persistent resumption (surrenders) of significant amounts every year vis-a-vis the final modified grant. Significant savings between the final modified grant and actual expenditure were also persistent.

(xiii) Accounts

There were considerable delays in furnishing the accounts to the Accountant General (A&E) during 1999-2000 hampering the finalisation of accounts. The delays were more than 15 days in respect of 827 accounts from Public Works Divisions (538 accounts), Forest Divisions (171 accounts) and Soil Conservation (118 accounts) affecting the schedule of finalisation of the accounts for the year 1999-2000.

1.11.4. Conclusion

Though the State had revenue surplus for the five years' period ending 31 March 2000, the financial position of the State Government was characterised by Negative BCR during three years' period ending March 2000 indicating that the State does not have any surplus for meeting Plan expenditure from its revenue after excluding the Plan Central assistance received and meeting the Non-Plan expenditure. The increase in the ratio of Debt to GSDP indicated reduction in the ability of Government to meet debt obligations. This has adverse implications for sustainability.

EXHIBIT – I

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 1999-2000

(Rupees in crore)

1998-99	Receipts	1999-2000	1998-99	Disbursements			1999-2000
	Section A: Revenue						
	I. Revenue Receipts			**I. Revenue Expenditure**	**Non-Plan**	**Plan**	
88.36	Tax Revenue	102.99	**280.34**	**General Services**	**328.98**	**8.46**	**337.44**
51.46	Non-Tax Revenue	83.86	**299.95**	**Social Services**	**246.49**	**109.55**	**356.04**
				Education, Sports, Art and Culture	156.24	50.82	
300.55	State's Share of Union Taxes and Duties	341.76		Health and Family Welfare	37.35	26.33	
				Water Supply, Sanitation, Housing and Urban Development	39.49	17.09	
28.47	Non-Plan Grants	23.19		Information and Broadcasting	1.50	1.10	
				Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0.63	4.50	
				Labour and Labour Welfare	3.64	0.59	
305.72	Grants for State Plan Schemes	342.66		Social Welfare and Nutrition	5.83	9.12	
52.98	Grants for Central Plan and Centrally Sponsored Plan Schemes	44.26		Others	1.81	...	
5.14	Grants for Special Plan Schemes	4.93	**235.15**	**Economic Services**	**143.11**	**91.20**	**234.31**
				Agriculture and Allied Activities	59.21	38.85	
				Rural Development	9.01	32.03	
				Special Areas Programmes		0.45	
				Irrigation and Flood Control	5.64	2.03	
				Energy	9.30	0.56	
				Industries and Minerals	18.51	12.54	
				Transport	31.87	...	
				Science, Technology and Environment	0.14	...	
				General Economic Services	9.43	4.74	
			...	Grants in aid and contributions	...	...	...
			815.44	**Total**	**718.58**	**209.21**	**927.79**
...	**II. Revenue Deficit carried over to Section B**	...	17.24	**II. Revenue Surplus carried over to Section B**	...	...	15.86
832.68	**Total**	**943.65**	**832.68**	**Total**			**943.65**
	Section B						
31.46	**III. Opening Cash Balance including permanent advances and cash balance investment**	**104.48**		**III. Opening Overdraft from RBI**	...	...	...
...	**IV. Miscellaneous Capital Receipts**	...	**144.50**	**IV. Capital Outlay**	...	**165.17**	**165.17**
			5.98	**General Services**	...	**9.46**	**9.46**
			50.13	**Social Services**	...	**53.76**	**53.76**
			2.53	Education, Sports, Art and Culture	...	1.86	
			10.44	Health and Family Welfare	...	11.43	
			35.50	Water Supply and Sanitation	...	38.74	
			1.66	Housing and Urban Development	...	1.73	
			...	Information and Broadcasting	...	...	
			...	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	...	...	
			...	Social Welfare and Nutrition	...	...	
			...	Others	...	...	
			88.39	**Economic Services**	...	**101.95**	**101.95**
			1.24	Agriculture and Allied Activities	...	2.47	
			0.31	Rural Development	...	0.27	
			8.15	Special Areas Programmes	...	6.19	
			9.19	Irrigation and Flood Control	...	8.55	
			...	Energy	...	...	
			2.45	Industries and Minerals	...	3.98	
			66.87	Transport	...	80.21	
			0.18	General Economic Services	...	0.28	

1998-99	Receipts	1999-2000	1998-99	Disbursements	1999-2000
5.74	**V. Recoveries of Loans and Advances**	**8.89**	**25.77**	**V. Loans and Advances Disbursed**	**68.63**
	From Power Projects ...		18.00	For Power Projects 13.00	
5.53	From Government Servants 8.70		7.68	To Government Servants 54.21	
0.21	From Others 0.19		0.09	To Others 1.42	
17.24	**VI. Revenue Surplus brought down**	**15.86**	**...**	**VI. Revenue Deficit brought down**	**...**
149.17	**VII. Public Debt receipts**	**167.70**	**21.80**	**VII. Repayment of Public Debt**	**33.81**
100.30	Internal debt other than Ways and Means Advances and Overdraft 116.94		8.33	Internal debt other than Ways and Means Advances and Overdraft 17.76	
...[a]	Net transactions under Ways and Means Advances including Overdraft ...		...[a]	Net transactions under Ways and Means Advances including Overdraft ...	
48.87	Loans and Advances from Central Government 50.76		13.47	Repayment of Loans and Advances to Central Government 16.05	
...	**VIII. Appropriation from the Consolidated Fund**	...	...	**VIII. Appropriation to Contingency Fund**	...
...	**IX Amount transferred to Contingency Fund**	...	...	**IX Expenditure from Contingency Fund**	...
597.54	**X. Public Account Receipts**	**659.29**	**504.60**	**X. Public Account Disbursements**	**573.78**
39.67	Small Savings and Provident Fund 46.05		16.59	Small Savings and Provident Fund 17.42	
12.03	Reserve Funds 5.71		13.87	Reserve Funds 3.09	
149.45	Deposits and Advances 166.06		93.47	Deposits and Advances 119.00	
4.29	Suspense and Miscellaneous (-) 1.03		5.01	Suspense and Miscellaneous 13.58	
392.10	Remittances 442.50		375.66	Remittances 420.69	
...	**XI. Closing Overdraft from Reserve Bank of India**	...	**104.48**	**XI. Cash Balance at end**	**114.83**
			...	Cash in Treasuries and Local Remittances...	
			(-) 36.13	Deposits with Reserve Bank 1.58	
			(-) 0.03	Departmental Cash Balance including permanent advances 0.11	
			140.64	Cash Balance Investment 113.14	
801.15	**Total**	**956.22**	**801.15**	**Total**	**956.22**

Explanatory Notes

1. The abridged accounts in the foregoing statement have to be read with comments and explanations in the Finance Accounts.

2. Government accounts being mainly on cash basis, the surplus on Government account, as shown in Paragraph 1.2 indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation in stock figure etc., do not figure in the accounts.

3. Suspense and Miscellaneous balances include cheques issued but not paid, payment made on behalf of the State and other pending settlement etc.

4. There was a difference of Rs.77.70 crore (net credit) between the figure reflected in the accounts (Rs.1.58 crore) and that intimated by the RBI under "Deposit with Reserve Bank" {(-)Rs.76.12 crore}due to (i) misclassification by Bank/Treasuries of adjustments made by RBI (Rs.69.30 crore) and (ii) non-receipt of details of adjustment made by RBI (Rs.8.40 crore).

[a] Represents receipts: Rs.15.42 crore and disbursements: Rs.15.42 crore.

EXHIBIT – II

FINANCIAL INDICATORS FOR GOVERNMENT OF MEGHALAYA

	1995-96	1996-97	1997-98	1998-99	1999-2000
(1)	(2)	(3)	(4)	(5)	(6)
Sustainability					
BCR (Rupees in crore)	13.89	18.05	(-) 79.52	(-) 160.89	(-) 166.78
Primary Deficit (PD) (Rs.in crore)	1.50	(-)32.50	65.55	77.85	113.35
Interest Ratio	0.07	0.07	0.08	0.08	0.09
Capital outlay/Capital receipts	2.81	1.90	1.43	0.95	1.21
Total tax receipts/GSDP	0.11	0.13	0.14	0.13	0.13
State Tax Receipts/GSDP	0.03	0.03	0.03	0.03	0.03
Return on Investment ratio	0.0003	-	0.0003	0.0003	0.0061
Flexibility					
BCR (Rupees in crore)	13.89	18.05	(-)79.52	(-)160.89	(-) 166.78
Capital repayments/Capital borrowings	0.64	0.40	0.29	0.15	0.20
State Tax receipts/GSDP	0.03	0.03	0.03	0.03	0.03
Debt/GSDP	0.25	0.25	0.27	0.30	0.33
Vulnerability					
Revenue Deficit (RD) (Rs.in crore)	Nil	Nil	Nil	Nil	Nil
Fiscal Deficit (FD) (Rs. in crore)	51.91	23.12	126.45	147.29	209.05
Primary Deficit (PD) (Rs. In crore)	1.50	(-)32.50	65.55	77.85	113.35
PD/FD	0.03	(-) 1.41	0.52	0.53	0.54
RD/FD	Nil	Nil	Nil	Nil	Nil
Outstanding Guarantees/Revenue receipts	0.21	NA	NA	NA	NA
Assets/Liabilities	2.44	2.45	2.22	1.96	1.78

Note: 1. The interest payment in 1996-97 were more than the fiscal deficit, hence the negative figure for primary deficit.

2. Fiscal deficit has been calculated as : Revenue expenditure + Capital expenditure + Net loans and advances – Revenue receipts – Capital receipts.

3. In the ratio Capital outlay vs. Capital receipts, the denominator has been taken as Internal loans + Loans and Advances from Government of India + Net receipts from small savings, PF etc. + Repayments received from loans advanced by the State Government – Loans advanced by State Government.

4. Since GSDP for 1998-99 and 1999-2000 had not been furnished by Government, it has been adopted by increasing GSDP for 1997-98 and 1998-99 by 14 and 13 **per cent**, the average rate of growth of GSDP during the preceding three years.

5. 'NA' – Not available.

CHAPTER II : APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Appropriation Accounts at a glance – 1999-2000

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

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

Total provision and actual expenditure

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	1472.21		
Supplementary	59.71		
Total Gross provision	**1531.92**	**Total Gross expenditure**	**1195.40**
Deduct – Estimated recoveries in reduction of expenditure	...	Deduct – Actual recoveries in reduction of expenditure	...
Total Net Provision	**1531.92**	**Total Net Expenditure**	**1195.40**

Voted and Charged provision and expenditure

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	999.48	130.48	826.64	101.15
Capital[(a)]	325.67	76.29	233.80	33.81
Total: Gross	**1325.15**	**206.77**	**1060.44**	**134.96**
Deduct – Recoveries in reduction of expenditure	...	...	...	...
Total : Net	**1325.15**	**206.77**	**1060.44**	**134.96**

2.1 Appropriation and Control Over Expenditure

Introduction

In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an

[(a)] Included Loans and Advances and Public Debt.

Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains the authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Article 204 and 205 of the Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-a-vis those authorised by the Appropriation Act.

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

2.2 Summary of Appropriation Accounts

2.2.1 The summarised position of actual expenditure, excess and savings during 1999-2000 against the grants/appropriations was as follows :-

(Rupees in crore)

	Nature of expenditure	Original grant/ appropri-ation	Supplemen-tary grant/ appropria-tion	Total	Actual expen-diture	Saving (-) Excess (+)
Voted	I. Revenue	947.88	51.60	999.48	826.64	(-) 172.84
	II. Capital	265.19	5.48	270.67	179.59	(-) 91.08
	III. Loans and Advances	55.00	...	55.00	54.21	(-) 0.79
Total Voted		**1268.07**	**57.08**	**1325.15**	**1060.44**	**(-) 264.71**
Charged	IV.Revenue	127.85	2.63	130.48	101.15	(-) 29.33
	V. Capital	...	...	...	...	...
	VI.Public Debt	76.29	...	76.29	33.81	(-) 42.48
Total Charged		**204.14**	**2.63**	**206.77**	**134.96**	**(-) 71.81**
Appropriation to Contingency Fund (if any)		...	...	...	...	...
Grand Total		**1472.21**	**59.71**	**1531.92**	**1195.40**	**(-) 336.52**

2.2.2 *Excess over provision relating to previous years requiring regularisation*

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.586.71 crore for the years 1971-72 to 1998-99 was yet to be regularised.

(Rupees in crore)

Year	Number of grants/appropriation	Grant(s)/Appropriation(s)	Amount of excess
1971-72	4	64,79,80,88	0.08
1972-73	3/1	12,16,71/ Interest on Debt and other obligations	0.26
1973-74	3	10,30,64	0.01
1974-75	4	13,15,29,54	0.05
1975-76	3/2	13,29,82/Governor, Public Works	0.07
1976-77	4/1	29,32,54,62/Interest Payment	0.10
1977-78	3/1	7,13,54/Governor	0.07
1978-79	2	3,22	0.05
1979-80	2	13,22	0.03
1980-81	4/1	13,20,30,39/Governor	0.09
1981-82	7/1	13,14,20,28,31,34,37/Governor	0.37
1982-83	15/2	3,5,14,16,19,20,22,24,26,27,28,31, 37,46,55/Governor, Administration of Justice	8.66
1983-84	14/1	3,8,9,16,19,24,27,28,31,37,40,45,46, 56/Public Service Commission	7.74
1984-85	13	9,10,18,20,22,24,25,27,30,43,58,59, 64	8.89
1985-86	11/2	7,8,17,18,24,27,29,37,38,58,64/ Administration of Justice, Loans and Advances from Central Government	5.88
1986-87	10	7,8,9,24,25,27,29,39,55,56	0.95
1987-88	12/1	1,11,13,16,20,24,28,36,38,48,54,57/ Public Service Commission	3.06
1988-89	10/1	9,15,16,20,24,36,44,45,54,57/ Public Service Commission	1.52
1989-90	12/2	8,11,16,22,24,29,36,41,44,45,48,54/ Police, Roads and Bridges	6.37
1990-91	11	9,16,18,24,26,28,36,37,53,54,58	3.21
1991-92	14	5,7,8,9,16,18,24,26,30,33,36,54,57, 61	3.88

Year	Number of grants/appropriation	Grant(s)/Appropriation(s)	Amount of excess
1992-93	13/2	5,7,8,9,13,16,20,24,26,33,49,54,57/ Internal Debt of State Government, Governor	34.31
1993-94	9/3	6,8,20,24,26,27,40,53,56/ Internal Debt of State Government, Loans and Advances, Public Service Commission	264.26
1994-95	4/3	20,24,53,60/Interest Payment, Public Service Commission, Internal Debt	183.34
1995-96	7/3	1,14,24,27,47,53,56/Parliament/ State/Union Territory Legislature, Police, Water Supply and Sanitation	12.71
1996-97	16/2	1,3,5,7,9,14,16,20,21,22,24,29,36, 41,53,56/Governor, Administration of Justice	9.83
1997-98	12/1	1,6,7,8,9,15,16,18,20,24,25,56/ Governor	8.10
1998-99	5	1,2,6,11 and 24	22.82
			586.71

2.3 Results of Appropriation Audit

2.3.1 The overall saving of Rs.336.52 crore was the result of saving of Rs.339.17 crore in 59 grants and appropriations offset by excess of Rs.2.65 crore in 3 cases of grants and one case of appropriation.

2.3.2 Supplementary provision made during the year constituted 4.06 **per cent** of the original provision as against 2.85 **per cent** in the previous year.

2.3.3 Unnecessary/Excessive/Insufficient Supplementary Provision

(a) Supplementary provision of Rs.36.59 crore made in 22 cases during the year proved unnecessary in view of aggregate saving of Rs.101.80 crore as detailed in Appendix II.

(b) In 7 cases against additional requirement of Rs.10.65 crore, supplementary grants of Rs.18.86 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.8.22 crore. Details of these cases are given in Appendix III.

(c) In 1 case, supplementary provision of Rs.0.05 crore proved insufficient by more than Rs.10 lakh leaving an uncovered excess expenditure of Rs.2.49 crore as per details given in Appendix IV.

(d) In 32 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 **per cent** of the total provision as indicated in Appendix V.

2.3.4 Persistent savings

In 18 cases there were persistent savings in excess of Rs.10 lakh in each case and 20 **per cent** or more of the provision. Details are given in Appendix VI.

2.3.5 Excess requiring regularisation

The excess of Rs.2.65 crore under 4 grants/appropriations requires regularisation under Article 205 of the Constitution. Details of these are given in Appendix VII.

2.3.6 Excessive/unnecessary/injudicious re-appropriation of funds

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

2.3.7 Expenditure without provision

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that, taking into account the expenditure exceeding Rs.10 lakh, expenditure of Rs.13.68 crore was incurred in 26 cases as detailed in Appendix IX without the provision having been made in original estimates/supplementary demands and no re-appropriation orders were issued.

2.3.8 Anticipated savings not surrendered

According to rules framed by Government the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 1999-2000 there were 48 grants/appropriations in which large savings had not been surrendered by the departments. The amount involved was Rs.163.01 crore. Details given in Appendix X. In 18 cases, the amount of available savings of Rs.1 crore and above in each case not surrendered aggregated Rs.153.55 crore.

2.3.9 Non-receipt of explanations for savings/excesses

For the year 1999-2000, explanations for final savings/excesses were not received in respect of all the 106 heads of Accounts.

2.3.10 Unreconciled expenditure

Financial Rules required that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. In respect of 47 Heads of Accounts (48 Controlling Officers) involving Rs.321.92 crore pertaining to 1999-2000 remained un-reconciled.

2.3.11 Drawal of funds in advance of requirement

Meghalaya Treasury Rules prohibit drawal of money from Treasury unless required for immediate disbursements.

Test check of accounts of five[(a)] departments covering six[(b)] offices revealed that Rs.5.34 crore drawn on various dates between March 1996 and October 1999 were lying unutilised (October 2000) in Civil Deposits (Rs.2.75 crore), in chest (Rs.0.03 crore), in the form of Demand Drafts (Rs.0.67 crore) and with Municipal Boards (Rs.1.89 crore).

2.3.12 Rush of expenditure

The financial rules require that Government expenditure be evenly phased out throughout the year as far as practicable. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. The percentage of expenditure during the 4th quarter, month of March to the total expenditure varied between 27 and 66 and 18 and 62 respectively in respect of 4 illustrative heads of accounts as indicated in Appendix XI.

(a) (i) Food and Civil Supplies (Rs.0.02 crore), (ii) Urban Affairs (Rs.4.43 crore), (iii) Police (Rs.0.34 crore), (iv) Agriculture (Rs.0.21 crore) and (v) Forest.(Rs.0.34 crore).

(b) Directors of Food and Civil Supplies and Urban Affairs, Inspector General of Police (SB/INFIL), Director General and Inspector General of Police, District Agricultural Officer and Divisional Forest Officer, Shillong.

CHAPTER III : CIVIL DEPARTMENTS

SECTION 'A' : REVIEWS

EDUCATION, FINANCE, HOME (JAIL AND POLICE), PUBLIC WORKS AND REVENUE DEPARTMENTS

3.1 Special Grants/Recommendations of Tenth Finance Commission

Highlights

The Tenth Finance Commission awarded grants to the State for upgradation of standard of administration, promotion of girls education and to tackle special problems of State viz. construction of building for extension of State Secretariat within 1996-2000 besides recommending operation of Calamity Relief Fund up to 1999-2000 for meeting relief expenditure in the wake of natural calamities. Implementation of approved plan in the State was very tardy frustrating achievement of the objective for which grants were given.

Against the Finance Commission award, the Inter-Ministerial Empowered Committee had approved action plans for Rs.15.63 crore for upgradation of standard of administration, for promotion of girls education and tackling special problems during 1996-2000. But Government of India (GOI) released Rs.14.08 crore during the same period.

Out of Rs.15.64 crore released by the State Government during 1996-2000 for implementation of activities under Finance Commission award, Rs.8.80 crore remained unutilised as of 31 March 2000 which was not refunded to Government of India as per the conditions of the award and had been lying in civil deposit, co-operative bank and cash chest.

(Paragraph 3.1.4)

The physical achievement on activities to be undertaken for upgradation of standard of administration was very minimal in Jail sector and computerisation of Treasury, inasmuch as renovation of Jail buildings had not been carried out and computers had not been installed in 4 out of 5 treasuries despite availability of fund.

(Paragraph 3.1.5)

Out of the withdrawal of Rs.7.44 crore for activities linked with the promotion of girls education, Rs.4.89 crore had been lying in civil deposit/co-operative bank and there was no centralised information about the utilisation of remaining Rs.2.55 crore placed with Deputy Inspector of Schools/Public Health Engineering Division for construction of additional classrooms in schools, drinking water/toilet facilities, etc.

(Paragraph 3.1.6)

Barring an unwarranted expenditure of Rs.0.02 crore the entire grant of Rs.5 crore given to tackle special problem remained unutilised.

(Paragraph 3.1.7)

Contrary to the provision of the Calamity Relief Fund (CRF) scheme to invest the unspent balance in securities prescribed by the Government of India, Rs.15.67 crore of the CRF was invested in term deposit of the bank with delay ranging between 2 and 11 months resulting in loss of interest of Rs.1.67 crore.

(Paragraph 3.1.8.1)

Failure on the part of the Department in providing relief material in time resulted in extra expenditure of Rs.6.14 lakh.

(Paragraph 3.1.8.2)

3.1.1 Introduction

The Tenth Finance Commission constituted in June 1992 inter alia recommended grants to State for (i) Upgradation and Implementation of (A) District Administration (Police, Fire Services, Jails, Record Room and Treasuries and Accounts and (B) Primary Education (ii) for tackling special problems and for Calamity Relief .

The grants were for the following activities:

(i) *District Administration*

(a) Building for Police Station/Outposts, housing facilities and for training of Police personnel.

(b) To strengthen and upgrade fire fighting services.

(c) Improvement in existing accommodation and medical facilities in Jails.

(d) Upkeep and maintenance of land records.

(e) Computerisation of District Treasuries.

(f) Promotion of girls education in Upper Primary Schools (including toilet facilities), provision of drinking water facilities and additional classroom to Primary Schools.

(ii) ***Special Problem***

(a) Extension of Permanent Secretariat Building.

(b) Providing relief to persons affected by calamity.

3.1.2 Organisational set up

At the State level the State Level Empowered Committee (SLEC) headed by the Chief Secretary to Government of Meghalaya as Chairman was incharge for implementation of the Schemes. The SLEC was assisted by the Director General of Police, the Inspector General of Prisons, the Director of Land Records, the Director of Accounts and Treasuries, the Director of Elementary and Mass Education and the Chief Engineer (Building) of PWD. In respect of calamity relief work SLEC was assisted by Commissioner and Secretary. Deputy Commissioner in the district level and Commissioner and Secretary of Revenue Department act as a nodal department.

3.1.3 Audit coverage

Utilisation of the grants received during 1996-97 to 1999-2000 from the 10th Finance Commission was reviewed by Audit during January – March 2000 by test check of records of the Finance Department, Home (Police) Department, Home Department (Jails), Public Works Department, Revenue Department, Director General of Police, Inspector General of Prison, Director of Elementary and Mass Education and 4 Deputy Inspector of Schools (Tura, Nongpoh, Shillong and Mairang), Director of Land Records and Survey, Director of Accounts and Treasuries and one Treasury officer (Shillong), Chief Engineer (Building), Executive Engineer (Building). Records of the Director of Housing and two Deputy Commissioners (East Khasi Hills, West Garo Hills) and Revenue Departments were test checked in audit during the said period so far as implementation of the CRF.

The points noticed are given in the succeeding paragraphs.

3.1.4 Financial outlay and expenditure

Against the amount recommended by the Finance Commission, Government of India (GOI) was to release the grants during 1995-96 to 1999-2000 on the basis of plans of action both in physical and financial terms formulated by the SLEC and duly approved by the Inter Ministerial Empowered Committee (IMEC) at the Centre.

The amount recommended by the Tenth Finance Commission (TFC), approved by IMEC, released by GOI and the State Government and the expenditure incurred by the implementing agencies in respect of various activities are given in Appendix XII.

Against Rs.15.64 crore recommended by the Commission for upgradation of standard of administration (Rs.3.20 crore), girls education (Rs.7.44 crore) and special problem grants (Rs.5 crore), Rs.14.08 crore was released by GOI despite the fact that IMEC had approved action plan for Rs.15.63 crore. Although the State Government had released Rs.15.64 crore to the implementing agencies, reasons for releasing less money to the State by the GOI to the tune of Rs.1.55 crore were not on record.

Unspent amount of grants to the tune of Rs.8.80 crore was not refunded to GOI.

According to records of the implementing agencies, the entire amounts released was shown as expenditure. Audit scrutiny revealed that against the reported (March 2000 to GOI) expenditure of Rs.15.64 crore only a sum of Rs.6.84 crore was spent and the balance amount of Rs.8.80 crore was drawn during the period 1997-98 to 1999-2000 but was not spent by March 2000. The details are as under:-

Particulars	Amount withdrawn and period of withdrawal	Amount spent out of the withdrawal	Unspent amount
	(Rupees in lakh)		
Upgradation of Fire Service	21.80 (March 2000)	NIL	21.80 (Civil deposit)
Repair/reconstruction of Jails	5.78 (March 2000)	NIL	5.78 (Cash in chest)
Medical facilities to Jail	4.30 (March 2000)	NIL	4.30 (-do-)
Computerisation of Treasuries	10.00 (March 1999, March 2000)	NIL	10.00 (Civil deposit)
Girls education, drinking water to upper primary schools	551.40 (1997-98 to 1999-2000)	62.10 (1998-99)	415.50 (Civil deposit) 73.80 (Co-operative Bank)
Extension of building under special problem grant	500 (1998-99 to 1999-2000)	151.59 (1998-99 to 1999-2000)	348.41 (Civil deposit)
	1093.28	**213.69**	**879.59**

The unspent balance of Rs.8.80 crore which constituted 55 **per cent** of the total shown to have been spent (Rs.15.64 crore), was lying in the Public Account of the State/co-operative bank/cash chest of the implementing officer in spite of the requirement to refund it to GOI. The huge unspent balance indicated that the State Government had not prepared itself to spend the money but resorted to withdrawal of money in advance of requirement to prevent refund of grants awarded by the Commission to the GOI. This resulted in deferment of many of the benefits like upgradation of fire services, repair/re-construction of jails, medical facilities for jail prisoners, computerisation of treasuries, girls education, drinking water to upper primary schools and extension of buildings.

Scrutiny in Audit also revealed that apart from Rs.8.80 crore which was still lying unutilised, there was delay ranging from 3 to 12 months in the release of the fund totalling Rs.3.46 crore to the implementing agencies because the amount was kept in civil deposit after withdrawal.

Purpose	Amount (Rupees in lakh)	Month of withdrawal and crediting to civil deposit	Month of release to implementing agencies (delay)
Additional classroom for promotion of girls education	56.50	March 1998	January 1999 (9)
-do-	43.50	March 1999	February 2000 (10)
Drinking Water to primary schools	62.10	March 1998	April 1999 (12)
-do-	73.80	March 1999 Withdrawn from civil deposit in January 2000 and credited in Co-operative Bank Account	...
Drinking Water to upper primary schools	6.00	March 1998	January 1999 (9)
-do-	49.50	March 1999	February 2000 (10)
Toilet facilities	4.00	March 1998	January 1999 (10)
-do-	33.00	March 1999	January 2000 (10)
Computerisation of treasuries	17.50	March 1999	July 1999 (3)
	345.90		

The funds were kept in civil deposit and withdrawn therefrom at the instance of the State Finance Department indicating that the special grants were utilised to tide over the ways and means position of the State Finance. Such holding up of the funds had delayed the implementation of the programme for which grants were given.

3.1.5 District Administration

(a) Police

The Tenth Finance Commission recommended buildings for Police Station/Outposts and also recommended housing facilities to a minimum of 20 **per cent** of the staff. Besides, grants were given for training facilities.

The target and achievement in respect of Police station/outpost building and construction of quarters, training were as under:

	Target	Achievement	Shortfall (percentage)
Outpost/Police Station (PS)	1 PS and Extension of 1 PS	1 PS + Extension of 1 PS	NIL
Training	Not specified	Procured only training aides and equipment	NA

The expenditure under training were towards procurement of equipments and aid materials for State Police Training Schools and State Police Radio Organisation Training Schools. No targets for number of personnel to be trained nor the number actually trained with the help of the equipment purchased out of the grants had been stated. Thus, the achievement of the objective of training could not be assessed in audit.

(b) Fire services

To strengthen and upgrade fire fighting services, development of adequate and suitable modern equipment, effective fire communication system, rescue equipment, adequate water availability, training of manpower, etc. were to be provided.

Target and achievement of activities during 1996-97 to 1999-2000 were as under:-

	Target	Achievement	Shortfall (percentage)
(i) Construction of functional building	Not specified	4 fire sub-stations	--
(ii) Construction of Water reservoir	-do-	7 static tanks	--
(iii) Number of chassis procured	-do-	5	--
(iv) Fabrication work (chassis to be fitted with fire fighting equipment)	5	1	80
(v) Training of personnel	Not specified	Procured equipment for effective fire cell communication and for training of manpower	--

(i) Under Fire Service sector there was no mention about the activities to be undertaken excepting providing grants in phases. The DGP withdrew the entire fund of Rs.199.92 lakh released by the State Government for procurement of fire fighting equipment for training of manpower, fire call communication, procurement of chassis for conversion into tender etc. and construction of fire sub-stations. Though the entire amount was shown as spent an amount of Rs.21.80 lakh was retained in Deposit account.

Failure on the part of the Department to convert Tata chassis into fire tender and utilise diving suit resulted in locking up of Rs.51 lakh.

Scrutiny of records revealed that the Department had not initiated action to convert 4 Tata chassis procured in March 1999 at a cost of Rs.25.40 lakh to fire tender although Rs.21.80 lakh was drawn in March 2000 for fabrication but kept in Civil Deposit. One diving suit was procured in May 1998 at the cost of Rs.4.08 lakh but was lying in the store since procurement as no firemen had been trained to make use thereof. Non-utilisation of diving suit/non fabrication of chassis into fire tenders resulted in locking up of fund of Rs.51.28 lakh. Reasons for non-fabrication even after one year since procurement of chassis had not been stated.

(c) Jails

With a view to improving facilities in Jails, the Commission recommended improvement of existing accommodation in jails and medical care.

The target and achievement during 1996-97 to 1999-2000 in respect of renovation work, sanitation work and supply of medicines to jails were as under:-

	Target	Achievement	Shortfall (percentage)
(i) Number of renovation works	2 Jails[a]	...	100
(ii) Number of sanitation and drainage works	Not specified	Construction of latrines, bath-room and sleeping platform in 4 jails	--
(iii) Number of jails where medicines were to be procured and supplied	Not specified	Purchased medicine and equipment for 3 jails	--

Against the approved outlay of Rs.22 lakh under the Jail sector, the amount actually released was Rs.21.98 lakh of which Rs.13.98 lakh was meant for repair/renovation of 2 jails and Rs.8 lakh was for rendering medical facilities. Of the sum of Rs.13.98 lakh meant for renovation of jails, Rs.3.48 lakh was

[a] Against the State's proposal for 3 Jails at Tura, Jowai and Williamnagar, GOI had approved 2 Jails without specifying the location.

spent by the Inspector General of Prisons (IGP) during 1997-98 on construction of latrines, bathrooms, sleeping platforms in 4 jails, even though the approved action plan of SLEC envisaged such construction in only 3 jails. Out of the remaining amount of Rs.10.50 lakh, Rs.4.72 lakh was released to Meghalaya Government Construction Corporation (MGCC) in March 1999 for repair and renovation. The balance amount of Rs.5.78 lakh withdrawn in March 2000 and kept in the cash chest has not been released to MGCC till the date of audit. The physical progress achieved by the MGCC on the renovation of the 3 jails for which funds were released in March 1999 were not available with the records of the IGP. Of the sum of Rs.8 lakh intended for medical facilities, medical equipment worth Rs.3.70 lakh was procured during 1997-98 and the balance amount of Rs.4.30 lakh was withdrawn in March 2000 and kept in the cash chest pending obtaining of approval of the competent authority on the recommendations of the Purchase Board for the procurement of mobile X-ray machines. No details of the utilisation of the medical equipment procured in 1997-98 were on record. Thus, despite availability of funds the desired improvement of Jails could not be made as repairs/renovation of Jails and provision of medical facilities to the Jails remained largely incomplete/partial and a total amount of Rs.10.08 lakh was lying idle/unutilised.

Government stated (November 2000) that Rs.5.78 lakh was paid to the MGCC in April 2000 for repair/renovation of jails at Tura and Williamnagar, utilisation/completion certificates of which were awaited and that order had been placed for mobile X-ray machine after approval (July 2000) by the Minister (Jails). The fact remains that the objectives are to be fulfilled.

(d) Record Rooms

For upkeep of records, the Commission recommended construction/renovation of record rooms and procurement and supply of modern equipment. The target and achievement for the period from 1996-97 to 1999-2000 were as under:-

	Target	Achievement	Shortfall
Supply of modern equipment	Installation of computers	6 computers with related hardware and software	NIL[(a)]

The Land Records Department had procured 6 computers with related hard ware and software at a cost of Rs.17. 95 lakh during 1997-98 and 1998-99. The Director of Land Records and Survey stated (March 2000) that to have a proper documentation/computerisation of entire land holdings in the State

[(a)] In the absence of physical target the shortfall in achievement has been measured in terms of financial achievement as shown in Appendix-XII.

there should have been proper cadastral survey[(b)] which the Department could not carry out due to resistance from private land holders in different places. As a result there was limited utilisation of computer, viz. computerisation of information of land acquired by the Government only. The objective of proper documentation of entire land holdings of the State remained to be achieved.

(e) Treasuries and Accounts

With a view to improving management control of both the State level and district level administration and also for speedy and accurate generation of accounts for the purpose of better planning, budgeting and monitoring, the Commission had recommended computerisation of Treasuries. The target and achievement during 1996-97 to 1999-2000 were as under:-

	Target	Achievement	Shortfall (percentage)
Computerisation of Treasuries	5	1	80

The job for computerisation of Treasury was assigned to National Informatics Centre (NIC), Shillong but out of Rs.50 lakh withdrawn by the Director of Accounts/Treasury (DAT) during 1998-2000, only Rs.40 lakh was paid (March 1998: Rs.22.50 lakh; July 1999: Rs.17.50 lakh) to the NIC (keeping Rs.10 lakh in Civil Deposit) which computerised only one Treasury (Shillong) against targeted 5 Treasuries. The DAT stated (March 2000) that accommodation for necessary computerisation of Treasuries was not available and the Shillong Treasury where the computer had been installed was doing its own accounting with the help of two officers of DAT so far trained.

Physical performance of the activities to be undertaken being only partial, the upgradation of the standard of administration was yet to be achieved to the extent desired. Thus, without ensuring requisite accommodation for computerisation withdrawal of fund and subsequent payment to NIC indicated lack of planning which resulted in locking up of fund of Rs.30 lakh (taking Rs.10 lakh for computerisation for each treasury) with NIC besides Rs.10 lakh remained in Civil Deposit.

3.1.6 Education

The Finance Commission provided assistance to the states which had low female literacy rates. The Commission assessed an assistance of Rs.20 lakh per district where literacy rate was less than 20 **per cent** and Rs.10 lakh per district where the literacy rate was between 20 and 40 **per cent**. Commission

[(b)] Survey of land for assessment of land revenue.

also recommended grants to Upper Primary schools (80 **per cent** of schools) and all Primary Schools for provision of drinking water facilities. Besides, Upper Primary Schools were to be provided toilet facilities for girls.

The target set and achievements made in respect of the components under this during 1996-97 to 1999-2000 are detailed below:-

	Target	Achievement	Shortfall
(a) Additional classrooms	200	Not available in the records of the DEME	...
(b) Drinking Water facilities-			...
(i) Primary School	370		...
(ii) Upper Primary School	3676		...
(c) Sanitation facilities	370		...

Grants were given to provide additional classrooms to primary schools in the district having low female literacy, drinking water/ toilet facilities to upper primary schools and drinking water to primary schools. Of Rs.7.44 crore withdrawn (March 1998, March 1999, January 2000 and March 2000) by the Director of Elementary and Mass Education (DEME) for construction of 200 additional classrooms to equivalent number of schools, providing drinking water to 3676 primary schools and drinking water/toilet facilities to 370 upper primary schools, Rs.1.93 crore was disbursed to 15 DIs for providing drinking water/toilet facilities (Rs.0.93 crore for 370 upper primary schools) and construction of additional classrooms (Rs.1 crore to 200 schools) and Rs.62.10 lakh to 13 Public Health Engineering Division, for providing drinking water to 414 primary schools. The remaining amount of Rs.4.89 crore was kept either in civil deposit (Rs.415.50 lakh) or in Co-operative Bank (Rs.73.80 lakh) and was lying there till the date of audit. There was no centralised information about the utilisation of fund by DIS and the PHE Division to indicate the achievement in terms of physical performance. Besides, it was noticed that allocation of funds district wise on the basis of literacy rates as recommended by the Commission was not attempted.

Test check of records of the 4 DIs (Shillong, Tura, Nongpoh, Mairang) revealed that Rs.6 lakh placed with DI, Nongpoh in February 2000 for 12 additional classrooms had not been released to the managing committee of the schools. DI, Tura had released only Rs.2.25 lakh to 9 schools after nearly 1 year since receipt of the fund of Rs.6 lakh to be provided to 12 schools and the DI, Shillong released Rs.2 lakh to 4 schools after delay ranging between 2 and 7 months. Besides, leaving the receipt of utilistion certificate for Rs.9 lakh (Rs.7 lakh from 14 schools for construction of classrooms under DI, Nongpoh; and Rs.2 lakh from 2 schools under DI, Shillong for providing drinking water/toilet facilities) none of the DI of schools test-checked had received utilisation certificates from the schools concerned in respect of funds totalling Rs.61 lakh placed with them for additional classrooms, drinking/toilet facilities.

Report of achievement furnished to GOI by the State Government did not reflect the correct position as it included the position contrary to the ground realities.

Similarly, the PHE Department had not intimated Education Department about the utilisation of Rs.62.10 lakh placed with them for installation of ring well/hand pumps/pipe line water to 414 schools at the rate of Rs.0.15 lakh per school. The DEME had not pursued with the PHE division seeking status of drinking water facilities to the schools for which funds had been provided. Additional fund of Rs.4.89 crore withdrawn for providing drinking water to another 3262 primary schools had neither been utilised by the Department nor through the PHE as the entire amount was lying in civil deposit. Although no headway was made in terms of physical achievement, the State Finance Department in its Report of March 2000 sent to GOI intimated that **cent per cent** success had been achieved so far as drinking water/toilets facilities to the targetted upper primary schools are concerned and 906 primary schools had been provided with drinking water. The report of the State Government was therefore not factual. With little or no progress in physical performance of the activities to extend minimum facilities to the schools, girls education in the State had not gathered momentum and remained to be augmented although the entire amount of Rs.7.44 crore was shown to have been spent. Thus, the department had not assessed the actual achievement of the objective of providing these facilities to schools.

3.1.7 Special Problem Grants

The approved action plan envisaged construction of Meghalaya Yojana Bhavan, administrative building in a new site and office building complex behind *Myntda* Building at Rs.5 crore against which special problem grant of Rs.4.50 crore was released by the GOI up to 1999-2000. Out of Rs.5 crore released by the State Government, the Chief Engineer made advance payment (March 1999) of Rs.1.50 crore to Meghalaya Government Construction Corportion Ltd. (MGCC) for construction of administrative office building, spent Rs.0.02 crore (August 1999) departmentally for dismantling the old Transport building not covered by the approved estimate and kept Rs.3.48 crore in civil deposit till the date of audit. The amount of advance paid to the MGCC also remained unutilised as the construction work had not commenced till the date of audit (April 2000) due to non-finalisation of tender etc. The action plan was approved by IMEC as early as February 1998 and 1st instalment of Rs.1.25 crore was released by the GOI in March 1998. Although the State had reported (March 2000) to the GOI 100 **per cent** financial achievement, there was no physical progress in terms of actual work. Thus, the objective of the programme was yet to be achieved though the entire amount of Rs.5 crore was shown to have been utilised.

Government stated (September 2000) that the delay in commencement of construction was due to time taken for dismantling work of the existing building and procedural aspects in finalising tenders.

3.1.8 *Calamity Relief Fund*

3.1.8.1 Loss due to improper and delayed investment of Calamity Relief Fund (CRF)

Delay in investment of unspent balance of CRF and also investment at lower rate of interest led to loss of Rs.1.67 crore.

According to the procedure prescribed (July 1995) by GOI, Ministry of Finance, the accretion to CRF is required to be invested in GOI security (10 **per cent**), auctioned Treasury Bills (25 **per cent**), State Government securities (10 **per cent**), Public Sector Banks (30 **per cent**), State Co-operative Bank (15 **per cent**) and Public Sector Bonds (10 **per cent**). It was, however, noticed that during 1998-99 and 1999-2000, the Department had invested unspent balance of Rs.15.67 crore under CRF in Public Sector Banks (Rs.12.28 crore) and State Co-operative Bank (Rs.3.39 crore) instead of following the pattern of investment. The Department stated (December 1999 and July 2000) that since the department was not aware of the prescribed pattern of investment, the amount was invested in the term deposit of Public Sector Banks and Co-operative Banks only. However, there was delay ranging from 2 to 11 months in investing the unspent balance in term deposit resulting in loss of interest of Rs.1.59 crore. The details are given in Appendix XIII-A.

The loss of interest had further increased by Rs.8.08 lakh owing to investment of Rs.9.40 crore in March 1999 in different Banks at interest rates lower than that allowed by Canara Bank (12.25 **per cent**) during the same month, the details of which are given in Appendix XIII-B.

The Revenue Department stated (July 2000) that delay was unavoidable as the matter required examination and concurrence of Finance Department and invested money in the banks as recommended by Finance Department. The reply is not tenable inasmuch as investment out of the corpus is a routine job of the department not justifying delay and investment at lower rate of interest.

3.1.8.2 Extra expenditure on purchase of CGI sheets

Failure on the part of the Department in providing relief material in time resulted in extra expenditure of Rs.6.14 lakh.

Mention was made in Paragraph 3.13.5 (a)(v) of the Report of the Comptroller and Auditor General of India – Government of Meghalaya for the year ended 31 March 1998 regarding failure to provide assistance in the form of CGI sheet to 350 families affected by severe cyclone in April 1994. In August 1999, the Department placed additional fund of Rs.26.51 lakh with the Director of Housing to cover 156 families of South Garo Hills District (Baghmara) affected by cyclone during 1994 in addition to the left over 350 families (Williamnagar). Accordingly, 151.80 tonnes of CGI sheets valued at Rs.45.72 lakh were purchased during 1999 and distributed to 506 families.

Had the CGI sheets been purchased immediately after the calamity, the cost of these sheets would have been Rs.39.58 lakh at rates of the approved supplier prevailing during 1994-95 (Rs.26,075 per MT).

Thus, delay of 5 years in procurement of CGI sheets not only led to extra expenditure of Rs.6.14 lakh which has been confirmed by the Director of Housing (March 2000) but also delayed provision of the benefit to the affected families for long 5 years.

Reasons for delay in distribution of CGI sheets to the affected families had not been furnished.

3.1.8.3 Utilisation Certificates not submitted

Mention was made in Paragraph 3.13.5(a)(iv) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998 regarding non-submission of utilisation certificates along with statement of accounts in support of the fund of Rs.3.83 crore released to 9 implementing officers during 1992-93 to 1997-98 for meeting expenditure on relief measures. Test-check (January – March 2000) of records of the Revenue Department responsible for maintenance of detailed accounts of the receipts and expenditure of CRF disclosed that 6 out of the 7 Deputy Commissioners to whom Rs.10.70 lakh was released up to December 1999 neither submitted the required certificate, statement of accounts and Actual Payees' Receipts (APR) nor was the matter pursued by the nodal Department.

Test-check of records of the DC, West Garo Hills District revealed that Rs.13.08 lakh out of CRF was paid during July to November 1999 to 7 BDOs and 1 SDO (Civil) for rendering relief measures to the people affected by natural calamities during 1995 to 1999. Utilisation certificates for the amount were, however, furnished to the Revenue Department without expenditure statements and APRs which were in contravention of the GOI guidelines. In the absence of the expenditure statement proper utilisation of the fund could not be ascertained in audit.

3.1.9 Monitoring and evaluation

The State Level Committees were constituted to decide on all matters connected with the relief measures as well as activities against the specific grants. Apart from holding a meeting in November 1996 by the SLEC to take full advantage of the grants awarded by the Commission, there was no recorded evidence about the appraisal of the implementation of the activities by SLEC. Furnishing of reports to the Government of India by the Departments indicating achievement not in consistent with the ground realities speaks of poor monitoring of the implementation of programme both by the Department as well as the SLEC. Foregoing facts indicated that the State was more concerned with obtaining the award money rather than fruitful utilisation of fund to achieve the objective.

3.1.10 The observations referred to above have been sent to Government in July 2000; their reply (except Revenue, Public Works (Roads and Buildings) and Home (Jails) Departments) had not been received (November 2000).

3.1.11 Recommendations

- Close monitoring of the progress of the activities as per action plan is needed to achieve the desired objective.
- Proper utilisation of funds with reference to objectives should be a condition for release of further grants.
- Functioning of the nodal Department so far as Calamity Relief Fund is concerned needs to be streamlined for financing relief expenditure besides proper investment.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 National Family Welfare Programme

Highlights

The National Family Welfare Programme is a demographic as well as a Welfare Programme meant for stabilising population level and at the same time improving maternal and child health care. The programme is a cent per cent Centrally Sponsored Scheme. A review of the programme through test check of records revealed:-

The Family Welfare Programme has been implemented in Meghalaya since 1952*. Even after long implementation of the programme the annual growth rate remained at a high level since negligible percentage of eligible couple could be motivated for adopting methods of contraceptives for family planning. Besides, there was considerable shortfall in rendering maternal and child care facilities.

Expenditure of Rs.24.06 crore was incurred under the programme during 1995-96 to 1999-2000 as against the budget provision of Rs.47.04 crore. An amount of Rs.1.45 crore re-imburseable from the Government of India was pending at the end of March 2000.

(Paragraph 3.2.4)

Against the sanction for establishment of 483 Sub-centres (SC), 125 Primary Health Centrers (PHC) and 32 Community Health Centres (CHC) by March 2000 to provide family welfare services to rural areas 412 SCs, 80 PHCs and 16 CHCs had been constructed up to March 2000. Apart from short establishment of 71 SCs, 45 PHCs and 16 CHCs, there was delay of 4 to 5 years to make 26 SCs functional and 1 CHC, 5 PHCs and 16 SCs constructed during 1995-98, could not be made functional till March 2000. Consequently, the availability of rural family welfare services was reduced.

(Paragraph 3.2.5.1)

The number of eligible couples in the State during 1996-97 to 1999-2000 ranged between 1.99 lakh and 2.95 lakh of which hardly 1.59 to 2.21 per cent adopted method of family planning.

* Erstwhile Assam State.

Immunisation programme in the State for child survival and safe motherhood had not achieved targeted results. The shortfall was over 50 per cent in respect of TT and measles during 1996-97 to 1999-2000 and in respect of DPT and polio it was 44 and 45 per cent respectively. Vaccines valued at Rs.2.56 lakh had become time barred due to prolonged storage denying vaccination to 0.21 lakh population.

(Paragraph 3.2.5.3)

An amount of Rs.1.05 crore released to SCOVA for minor/major works in PHCs/CHCs remained locked up in Banks for want of approval of estimates of the works.

(Paragraph 3.2.5.4)

The State achieved birth rate of 29 per thousand population, death rate of 9 per thousand population and infant mortality rate of 52 per thousand live birth and annual natural growth rate 1.95 per cent at the end of the year 1999 against the goals of 21, 9, 60 and 1.2 respectively to be achieved by the year 2000 AD. As per a survey, awareness about the methods of contraception among females was poor.

(Paragraphs 3.2.5.7 and 3.2.5.8)

3.2.1 Introduction

The Family Welfare Programme was introduced in the First Five Year Plan in 1952. It was made target oriented and time bound with effect from 1966-67. Maternal and Child Health Services (MCH services) designed to improve the health of mothers and children were also integrated with it during the Fourth Plan period. The National Health Policy (NHP) approved by Parliament in 1983 envisaged attainment of twin goals of 'Health for All' and a 'Net Reproductive Rate (NRR) of unity by the year 2000 AD. Keeping in view the level of achievements made in the Seventh Plan period it was stated in the Eighth Five Year Plan document that NRR-I would be achievable during the period 2011-16 AD. However, the Report of the Technical group on Population Projection (constituted by the Planning Commission) indicated that the replacement level of NRR-I is achievable only by 2026 AD.

The main objectives of the National Family Welfare Programme (NFWP) was to stabilise population level consistent with the needs of national development by adopting following measures/methods :

(i) To bring down the birth and death rates through various family planning measures and temporary methods of birth control.

(ii) To persuade people to adopt small family norms by popularising the use of conventional contraceptive devices or oral pills etc.

(iii) To provide medical services, medicines and incentives free of cost at the doorsteps of the acceptors of family planning measures.

These objectives of NFWP were to be achieved through implementation of following schemes:-

(i) Minimum Needs Programme (Redesigned as Basic Minimum Services (BMS)

(ii) Sterilisation Bed Scheme

(iii) Post Partum PAP Smear Test facility Programme

(iv) All India Hospital Post Partum Programme

(v) Population Research Centre Scheme

(vi) Child Survival and Safe Motherhood (CSSM) Programme redesigned as Reproductive Child Health (RCH) Programme.

3.2.2 Organisational set up

At the State Level, Commissioner and Secretary of Health and Family Welfare Department is nodal authority to oversee the implementation of the programme. The programme is implemented by the Director of Health Services (DHS), Maternal and Child Health and Family Welfare (MCH & FW) through 7 District Maternal and Child care officers under the administration and technical control of 7 District Medical and Health Officers (DMHO), Family Welfare, 80 Primary Health Centres (PHC), 16 Commmunity Health Centres (CHC), 412 Sub centres (SC) and 4 Post Partum Centres. Besides, there are 2 Family Welfare Training Centres.

3.2.3 Audit coverage

The review covered the period from 1995-96 to 1999-2000 by test check of records of DHS (MCH & FW), 2 DMHOs (East Khasi Hills, and West Garo Hills) 2 PPCs (attached to Tura Civil Hospital, GD Hospital, Shillong), 1 CHC (Ampati), 9 PHCs (Pomlum, Laitryngew, Laitlyngkot, Pynursla, Mawryngkneng in East Khasi Hills district and Garobadha, Darrengiri, Assangiri and Betasing in West Garo Hills district) during the period from

February to April 2000. The results of test check are given in the succeeding paragraphs.

The services of the ORG Centre for Social Research (CSR), a division of ORG Marg Research Limited, were commissioned by the Comptroller and Auditor General of India with a view to obtaining the beneficiary perception of the programme and related matters. The ORG-MARG carried out survey over a sample, determined on the basis of socio-cultural characteristics and development status. Findings of the survey on matters discussed in the Report have been included in this review at appropriate places.

3.2.4 Finance and Expenditure

The programme is **cent per cent** centrally assisted scheme. For orientation training of medical and para medical personnel the grant is admissible on 50 : 50 sharing basis between Government of India and the State Government which is to be utilised for rent of hostel, contingency, consumable for training materials, additional teaching staff, classrooms for Health and Family Welfare training Centres etc. The establishment of PHC, CHC, SC in rural areas and hospitals and dispensaries in urban areas are met under Minimum Needs Programme.

The budget provision, funds released by the Government of India, expenditure incurred, less or excess utilisation of Central assistance etc. for the period from 1995-96 to 1999-2000 are detailed below:-

Year	Budget provision		Total	Central assistance received (Cash + Kind)	Expenditure		Total	Less (-) or excess (+) utilisation of Central assistance
	Salary component	Non-salary component			Salary Component	Non-salary Component		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	(Rupees in lakh)							
1995-96	NA*	NA	466.69	378.07	312.13	49.03	361.16	(-) 16.91
1996-97	NA	NA	617.76	353.01	351.07	76.68	427.75	(+) 74.74
1997-98	NA	NA	890.61	409.49	415.58	37.88	453.46	(+) 43.97
1998-99	NA	NA	1249.00	410.78	536.69	38.42	575.11	(+)164.33
1999-2000	NA	NA	1480.20	709.48	552.57	36.30	588.87	(-)120.61
Total	...	...	4704.26	2260.83	2168.04	238.31	2406.35	(+)145.52

* Not available.

(i) The budget estimate of the department was not realistic as there were huge savings in each year during 1995-96 to 1999-2000.

(ii) During 1995-96 to 1999-2000, under plan head GOI had released assistance totalling Rs.22.61 crore for implementation of the programme, against which the expenditure incurred by the Department was Rs.24.06 crore indicating an excess expenditure of Rs.1.45 crore to be reimbursed to the GOI. The DHS (MCH&FW) stated (August 2000) that follow up action for reimbursement of the expenditure over the fund released by GOI were being taken.

3.2.5 *Implementation*

3.2.5.1 Minimum Needs Programme

Family Welfare Services are to be provided to the community through a network of sub centres (SCs), Primary Health Centres (PHCs) and Community Health Centres (CHC) in the rural areas and hospitals and dispensaries in the urban areas in a phased manner by 2000 AD. The population norms for setting up the Centres and their staffing norms and activities/services to be delivered are as detailed in Appendix XIV.

Test check of records and information collected from Rural Health Statistics and from DHS (MCH & FW) revealed the following target and achievement in respect of establishment of these Centres.

Centres	Number of centres required as per 1991 census	Number of centres sanctioned by GOI (as of March 2000)	In position as on 31 March 2000	Shortfall (percentage)	Funds released during 1995-2000 (Rupees in lakh)		Actual expenditure
					By GOI	By State	
					(Rupees in lakh)		
SCs	481	483	412	71 (15)			
PHCs	72	125	80	45 (36)	--	7941.16	7836.28
CHCs	18	32	16	16 (50)			

Non-establishment and non-functioning of the health centres reduced the availability of rural welfare services.

(i) Reasons for shortfall in setting up of 16 CHCs (50 **per cent**), 45 PHCs (36 **per cent**) and 71 SCs (15 **per cent**) were not stated. Apart from non-establishment of health centres/sub centres, 1 CHC[(a)] established in 1996-97, 5 PHCs[(b)] established in 1995-96 and 16 SCs established in 1997-98 (5 in West Garo Hills and 11 in other districts) remained non-functional till March 2000 and 26 SCs constructed in March 1995 were made functional after 4 to 5 years, reasons for which had not been stated. Thus, non-establishment of health centres, non-functional health centre and delay in making the health centre functional, family welfare services to a large chunk of rural people had been denied.

The DHS (Medical Institute) who is in charge of administrative control of Health Centres had no information regarding the actual strength of staff in these centres against the sanctioned strength indicating lack of control at Directorate level.

(ii) Surgical and other equipment valued at Rs.45.56 lakh were procured by DM & HO, Shillong in March 1997 and March 1998 for 5 PHCs including one (Pynursla) to be upgraded as CHCs. As the construction of centres (Pongkung, Diengpasoh, Smit, Pynursla and Mawlai) were not completed these equipment were lying in different places. Purchase of these equipment far in advance of requirement resulted in locking up of fund besides risk of damage/deterioration. The equipment were not physically verified to ascertain that these were in good condition for future use.

ORG-CSR survey observed that coverage under MNP was yet to be achieved in the State.

3.2.5.2 Sterilisation bed scheme

The scheme for reservation of sterilisation beds in hospitals run by local bodies and voluntary organisation was introduced in 1964 to provide facilities for tubectomy operations. Such operations conducted in hospitals run by Government are covered under Post Partum Programme. According to the Scheme the local body/voluntary organisation was eligible for maintenance grant of Rs.3,000 to Rs.4,500 per bed. Rupees 4,500 per bed was admissible for 60 tubectomy operations per bed per annum and Rs.3,000 if 45 operations are performed per bed per annum. Proportionate amount was also admissible if less than 45 operations are carried out.

[(a)] Selsella

[(b)] 1. Rangsakona, 2. Baoadam, 3. Salmanpara, 4. Belbari, 5. Pedaldoba

During 1995-2000 an amount of Rs.0.09 lakh was released by Government of India against which the expenditure was Rs.4600 being the payment to a private hospital for maintaining 2 sterilisation beds with performance level below 45 per bed. There was no demand for grants from other hospitals for maintaining sterilisation bed indicating poor response of the eligible couple for Tubectomy operations.

The ORG-CSR survey indicated that the role of NGOs in providing sterilisation services was not found to be encouraging.

3.2.5.3 All India Hospitals for Post-Partum Programme

(i) The district/sub-district level Post Partum Centres (PPC) were to motivate women within the reproductive age group (15-44) years and their husbands for adopting small family norms through education and motivation during Pre-natal, Post-natal period and after Medical Termination of Pregnancy. The basic objective of the programme was to provide integral package of maternal child health and Family Welfare Services, inservice training to medical/para medical staff, out reach services to allotted population. Under this programme cent per cent Central assistance was provided for recurring and non-recurring items. In the State there are 4 PPCs (3 District level and 1 Sub District level).

Funds provided by Government of India, released by the State Government and expenditure incurred during 1995-96 to 1999-2000 are as under:-

Year	Funds provided by GOI	Funds released and expenditure incurred by State Government (Rupees in lakh)
1995-96	14.50	21.67
1996-97	16.00	12.61
1997-98	24.00	28.00
1998-99	24.20	34.86
1999-2000	40.00	38.12
Total	**118.70**	**135.26**

Rupees 20.32 lakh remained locked up owing to non-functioning of sub-district level PPC.

During 1995-96 to 1999-2000, expenditure of Rs.1.35 crore was incurred on PPCs which included Rs.20.32 lakh on sub-district level PPC, Williamnagar which virtually remained non-functional for want of Medical Officer since its creation. The reported achievement of the Sub-district Level PPC especially in respect of Maternal Care viz. obstetric cases (1057), abortion cases (62) carried out during 1999-2000 without any medical officer in the centre was doubtful. Reasons for running of Sub-district level PPC without any medical officer had not been stated.

(ii) The performance of PPCs in respect of family welfare methods and immunisation during the period from 1995-96 to 1999-2000 are as under:-

(Figures are in thousand)

Activity	Overall achievement under NFWP in the State		Under PPC	Achievement of PPCs	Percentage of ahievement of PPC to total achievement in the State
	Eligible couples	Achievements (Percentage of shortfall)			
Family Welfare Method (i) Sterilisation (including IUD)	199 to 295 during 1996-97 to 1999-2000	2.50 to 3.90 (99)	Eligible couple figures not available	1.21 to 1.61	41 to 48
(ii) Oral Pills		1.06 to 1.90 (99)		0.01 to 0.90	1 to 5
Immunisation T.T. (i) pregnant women (ii) children	Target 326	137 (58)	Target Not fixed	18	13
BCG	291	210 (28)		29	14
Polio	291	160 (45)		10	6
DPT	291	162 (44)		10	6
Measles DT (for infants)	291	118 (59)		7	6

The shortfall in immunisation coverage was attributed (August 2000) by the DHS (MCH & FW) to short establishment of health centre, non filling up of vacant posts of MOS, ANM/LHV in the health centres, inequal distribution of sub-centres and PHCs both in terms of areas and population and lack of guidance and supervision due to paucity of funds for TA/DA to PHC Director and Supervisors. But the fact remains that maternal and child health care had been affected adversely and the Department had not indicated the measures to overcome the constraint in the delivery of requisite family welfare services.

Family Planning Programme in the State was not effective as only 2 per cent of the eligible couple underwent family welfare method.

Number of couples that adopted family planning methods (sterilisation, IUD, oral pills users) in the State as a whole was between 1.59 and 2.21 **per cent** of the eligible couples (Appendix XV) against the effective couple protection goal of 60 **per cent**. The performance percentage in respect of PPCs was not available as the figures of eligible couple in respect of PPCs were not furnished. However, the percentage contribution of the PPCs to Family Welfare Programme during 1995-96 to 1999-2000 varied between 41 and 48 **per cent** of the total sterilisation case in the State.

Vaccines valued at Rs.2.56 lakh had become time barred due to prolonged storage.

(iii) There were 22,450, 17,100, 7,500, 15,000, 5,250 and 1,30,400 doses of TT, DPT, DT, Measles, BCG and OP vaccine respectively in stock as of March 2000 with the Directorate. Despite availability of vaccine there was shortfall in achievement of target which ranged between 28 and 59 **per cent** during 1995-96 to 1999-2000 in the State. The shortfall was over 50 **per cent** in respect of TT and Measles during 1996-97 to 1999-2000 and in respect of DPT and Polio it was 44 and 45 **per cent** respectively. Vaccines valued at Rs.2.56 lakh (TT:8778 units: Rs.0.38 lakh; DPT:6682 units: Rs.0.65 lakh: Measles:5073 units: Rs.1.53 lakh) had become time barred due to prolonged storage. The DHS (MCH & FW) stated (July 2000) that the wastage of vaccines was well below the limit prescribed by the GOI. But reasons for non-utilisation of the vaccines during their life time had not been furnished. The reply is also not acceptable as the percentage of wastage ranged between 7 and 9 (TT vaccine: 9 **per cent**; DPT vaccine: 7 **per cent**; Measles : 9 **per cent**) which was more than the wastage factor of 1.33 **per cent** prescribed (as stated by the Department). As a result of vaccine being time barred , 0.21 lakh beneficiaries were denied of the benefit of vaccination. In the absence of specific target for PPC, the physical achievement could not be corelated with financial achievements.

(iv) Under Out Reach Services, the field visits by ANM and Lady Health Visitor (LHV) attached to PPCs were to be intensified. However, there was no centralised information available with Directorate about the targets achievement of the said field visit for the State as a whole. Records of test checked 2 PPCs revealed that no ANM/LHV of Tura PPC was engaged for field visit during 1996-2000, though the centre had the requisite ANM/LHV in position during the period. In respect of other PPC at Shillong the reported shortfall in visit of ANM ranged between 4 and 50 **per cent** in all the years while for LHV there was shortfall in 2 out of 5 years which varied between 21 and 22 **per cent** as follows:

Year	Targets (per year)		Actual visit (yearly)		Shortfall (percentage)	
	ANM	LHV	ANM	LHV	ANM	LHV
1995-96 to 2000	180	180	90 to 172	128 to 204	4 to 50 in all the 5 years	21 to 29 in 2 out of 5 years

The reported achievement of field visit (128 to 204 visits) by LHV in Shillong PPC was suspect since there was no sanctioned post or any person in actual position during the period. The shortfall of visit by ANM was highest in 1999-2000 being 50 **per cent**.

ORG-CSR also noticed that counselling under post partum care was low as less than one-fourth of the women received the same during anti-natal and post-natal period. The survey also showed that the coverage of child immunisation and TT doses were far below the desired level and that a health worker had reportedly visited a household more than 3 months back.

3.2.5.4 Child Survival and Safe Mother Hood (CSSM) and renamed as Reproductive Child Health (RCH) Programme

(i) In the Eighth Plan (1992-97) programmes like, Universal Immunisation, Oral Rehydration Therapy (ORT) and various other related programmes of Maternal and Child Health (MCH) were integrated under CSSM Programmes. In Ninth Plan (1997-2002) CSSM was renamed as RCH and included Sexually Transmitted Diseases and Reproductive Tract Infection (RTI).

The objective of the programme was to ensure relevant services for assuring reproductive and child health to all citizens for obtaining stable population in the medium and long term for the country.

For implementation of RCH Programme, funds to the State were provided through State level registered societies, viz., State Committee on Voluntary Action (SCOVA) headed by Chief Secretary as Chairman and Health Secretary as Vice-Chairman. SCOVA constituted in January 1998 was registered in March 1998 and 3 consultants were appointed in January 1999 on honorarium basis. The Committee was re-constituted in July 1999.

(ii) Funds released by Government of India and expenditure incurred under CSSM and RCH are as under:-

Year	Funds released by GOI (Rupees in lakh)			Expenditure	Excess(+)/ Saving(-)
	Cash	Kind	Total		
			CSSM		
1995-96	22.51	88.83	111.34	110.70	(-) 0.64
1996-97	15.00	56.61	71.61	92.26	(+) 20.65
1997-98	17.00	96.13	113.13	70.84	(-) 42.29
Total	**54.51**	**241.57**	**296.08**	**273.80**	**(-) 22.28**
			RCH		
1998-99	153.55	--		0.65	(-) 152.90
1999-2000	42.03	--		59.40	(+) 17.37
Total	**195.58**			**60.05**	

Rupees 1.96 crore released by GOI to SCOVA during 1998-2000 was for civil works (Rs.1.05 crore); contractual staff of SCOVA and consultant (Rs.10.60 lakh); contractual appointment of Public health nurse (Rs.20.53 lakh); awareness generation training (Rs.39.92 lakh); Drugs and equipment (Rs.12.36 lakh); Maintenance of cold chain (Rs.1.18 lakh); printing of immunisation card (Rs.3.52 lakh); night delivery charges (Rs.2.49 lakh). Of the expenditure of Rs.60.06 lakh, Rs.16.20 lakh was incurred by SCOVA towards contractual staff of SCOVA; procurement of drugs and equipment (Rs.9.74 lakh) and printing of immunisation cards (Rs.0.33 lakh) and the remaining amount of Rs.43.86 lakh was released to the districts for awareness generation training (Rs.39.61 lakh); night delivery charges (Rs.2.47 lakh); maintenance of cold chain (Rs.1.18 lakh) and for contractual appointment of SM consultant for MTP (Rs.0.60 lakh). Expenditure statement indicating the utilisation of Rs.43.86 lakh by the districts on the purpose for which the amount released had not been received by the SCOVA. In regard to release of funds for Public Health (PH) Nurse it was observed that no expenditure was incurred up to March 2000 and 4 PH Nurses were appointed thereafter.

(iii) The amount released (April 1998) for minor (Rs.70 lakh) and major (Rs.35 lakh) civil works in PHCs/CHCs under 7 districts were lying unutilised in the Bank Account of SCOVA due to non-approval of estimate by the SCOVA which led to locking up of funds to the extent of Rs.1.05 crore for over 2 years. Besides the objective of strengthening the infrastructure for providing these facilities had not been achieved. The DHS (MCH&FW) stated (August 2000) that the SCOVA had not taken extra care for proper utilisation of the fund which resulted in delay in approval of estimate. However, the DHS expected that major/minor civil works would be completed during 2000-2001.

(iv) Drug and equipment kits are procured centrally and supplied in kind by GOI Medical Depots to the States. The position of the kits received under the Programme for 5 years' period ending 31 March 2000 is given in Appendix XVI.

The Department failed to provide required medicine and equipment kits to the health centres till March 2000.

It would be seen from Appendix XVI that there were shortfall in supply of different kits by GOI. Against requirement of 3814 each of Drug kits 'A' and 'B' during 1995-96 to 1999-2000, 2500 and 2322 respectively were received by the State. Similar was the position in respect of midwifery kit and equipment kits 'C' and 'D' where shortfall was 85, 22 and 46 **per cent** respectively. Thus, CHCs, PHCs and SCs were not well equipped with required drug and equipment kit during this period. Reasons for short supply of different kits were not available on records produced to Audit. Large scale shortage in the supply of drug kit, midwifery kits rendered the rural family welfare services ineffective.

Further, a drug kit for essential obstetric care was required to be supplied to PHCs by GOI. Against 77 PHCs in the State having required essential obstetric care infrastructure since 1995-96, drug kit to 45 PHCs were provided during 1995-96 and the remaining 32 PHCs were yet to be provided with the equipment. Consequently, rural women under these 32 PHCs were deprived of the obstetric care facilities.

The DHS (MCH&FW) attributed (August 2000) the short supply of different kits to GOI. However, apart from some correspondence made by the DHS requesting the State Government to approach GOI for supply of kits, there was no comprehensive picture available in the Department indicating the year-wise position regarding placement of indent with GOI and action taken from State Government level reminding GOI for timely supply of kits as per requirement.

Kit E and Kit P, necessary to operationalise 9 First Referral Units (FRU) were received from GOI as early as 1995-96 but 3 FRU in district hospital could be made fully operational up to March 2000 and the rest 6 FRU in the CHCs were made partially functional as out of 9 services that a fully operational FRU supposed to provide only 6 services could be provided by 6 FRU due to non availability of specialists and emergency obstetric care drugs. The RCH envisages coverage of RTI/STD treatment facilities through FRU. Drugs and equipment worth Rs.1.19 lakh were procured and distributed to 5 FRU in the State for laboratory diagnosis only. Although the DHS (MCH&FW) stated (August 2000) that patients were provided with treatment whenever diagnosed clinically, the Department had not received any medicines for RTI treatment from GOI since inception of RCH programme. In the absence of supply of medicines for treatment by GOI it is not clear how treatment was provided. Further the FRUs have not been made fully functional despite receipt of kits in the year 1995-96.

ORG-CSR had also observed that though the reported cases of RTI/STDs in the State were found to be relatively high, hardly 6 **per cent** of them sought treatment.

3.2.5.5 Medical Termination of Pregnancy

Medical Termination of Pregnancy (MTP) is permissible under MTP Act 1971 under certain conditions. MTP in unauthorised places with improper facilities and unqualified staff causes many deaths. Government of India provides MTP equipment where trained team and Operation Theatre is available in district Hospitals, CHCs and PHCs. Doctors trained in MTP are to be engaged to PHCs once in a week or fortnight on a fixed day for performing MTP. Remuneration of Rs.500 per day is given from Central assistance and this is not admissible to Government servants who are posted in PHCs for MTP.

In the State MTP facilities are available in 3 out of 7 district hospitals. Although 27 PHCs/CHCs were identified for extension of MTP and Rs.0.60 lakh was released (January 1999) to SCOVA for appointment of consultant SM, it had not materialised due to dearth of trained nurses and doctors in the State to undertake MTP. The money was lying with SCOVA.

ORG-CSR observed that except for 3 **per cent** of the surveyed women the rest were not aware where to seek for MTP services. Further none of the surveyed women had sought MTPs/undergone abortions.

3.2.5.6 Training

There are 2* training centres for training of ANMs in the State having capacity of 30 seats in each institution. Funds released and expenditure incurred during 1995-96 to 1999-2000 were as follows :

(Rupees in lakh)

Category of Training	Funds released and expenditure incurred	Period				
		1995-96	1996-97	1997-98	1998-99	1999-2000
(i) ANM	Funds released	8.05	8.00	12.00	13.00	30.00
	Expenditure	18.22	8.75	17.45	23.36	25.27
(ii) Dhais	Funds released	--	16.16	--	--	--
	Expenditure	--	--	--	--	--

During 1995-96 to 1997-98, 143 Family Welfare health workers were given training against a target of equal number of trainees. No training was imparted after 1997-98 as there was no further ANM on the sanctioned strength of Family Welfare wing of the department to impart training.

According to resolution of the Central Council of Health and Family Welfare, there should be a trained "Dhai" in each village. The State has 5629 villages but number of trained Dhais were 2328 prior to 1995-96. During 1996-97 GOI released Rs.16.16 lakh for training of Dhais but no Dhais had been trained after 1995-96 although there was a shortage of 3301 Dhais in the State. The fund received from GOI was not utilised for the purpose. Thus, domiciliary hygienic delivery in the villages was affected for not bringing up the requisite trained Dhais despite availability of fund provided by GOI. The DHS (MCH&FW) stated (August 2000) that due to late receipt of revised list of Dhais from the districts the scheme could not be implemented during 1996-97 and thereafter due to non-receipt of revalidation order of sanctions from GOI and discontinuation of the scheme following introduction of RCH programme. However, the unutilised fund was not refunded to GOI.

* Ganesh Das Hospital, Shillong, Tura Civil Hospital..

ORG-CSR observed that training of medical and para-medical staff and ANMs on RCH was found to be satisfactory.

3.2.5.7 Information Education and Communication

Under RCH programme, Rs.39.92 lakh was received by the SCOVA during 1998-99 to 1999-2000 for awareness generation programme of which the SCOVA released Rs.39.61 lakh to all the 7 DM & HO in May 1999 to impart training to 5338 persons to generate awareness among the public about population issue, reproduction health issue of adolescent and women, Child health, family planning, RTI/STI/AIDS. Though SCOVA stated to Audit that 185 batches against 204 batches were trained, the actual expenditure incurred out of the funds released to DM&HO were not available with SCOVA.

The awareness campaign of Department about family planning was not effective as the awareness of contraceptive method was very poor.

A survey on health problem and satisfaction with the current methods of contraceptive conducted in 1998 by Taleem Research Foundation in the 3 districts (East Garo Hills, Jaintia Hills, West Khasi Hills) of the State indicated that nearly **cent per cent** of the users were satisfied with the current methods of contraceptives. However, the survey revealed that while nearly 100 **per cent** were aware of the male sterilisation, no case of vasectomy was done in the State during 1995-2000 and awareness of contraceptive methods to be adopted by females was very much on the lower side (on an average the awareness about female sterilisation 53 **per cent** ; IUD **40 per cent**; oral pill 26 **per cent**; condom 59 **per cent**). The awareness about the contraceptive method was least in East Garo Hills (female sterilisation 29 **per cent**; oral pill 5 **per cent**; condom nil) followed by West Khasi Hills District (female sterilisation 58 **per cent** ; IUD 50 **per cent** ; oral pills 13 **per cent**; condom – nil). The poor awareness of contraceptive method indicated that the campaign of Department about family planning was not effective.

ORG-CSR found the IEC component of the programme quite weak with only 26 **per cent** respondents aware of any IEC activity ever undertaken.

3.2.5.8 Demographic Goal

The demographic goals laid down in NHP are to achieve (i) Crude Birth Rate (CBR) of 21 per thousand (ii) Crude Death Rate (CDR) of 9 per thousand and Annual Natural Growth Rate 1.2 **per cent** (iii) Infant Mortality Rate (IMR) below 60 per thousand live birth and (iv) Effective Couple Protection (ECP) of 60 **per cent** by 2000 AD. The State had not fixed any annual target to achieve the aforesaid goals nor was the information about the yearly achievement in respect of the goals available with the DHS except for CBR, CDR, IMR and Annual Natural Growth where achievement of goals up to the year 1999 were 29.2, 9, 52 and 1.95 **per cent** respectively. While goals for CDR and IMR had been achieved by the State, high incidence of CBR had eased Annual Natural Growth Rate which remained at the level of 1.95 **per cent** at the end of 1999 AD against the goal of 1.2 **per cent** by 2000 AD. The Department had not been able to meet and resolve the challenge of population explosion in the State even after long implementation of the Programme as the annual growth rate remained at a high level. The DHS (MCH & FW) stated (July 2000) that the Department was not responsible for the steady growth of population as adoption of family planning method cannot be forced on the couples unless they are willing to accept the contraceptive methods voluntarily. This reply underscores the extent of motivation of the Department in implementing the scheme. Further, according to the information available from Registrar General of India, Total Fertility Rate (TFR) based on an average for 3 years period 1995-97 was 4.8. Citing the National Population Policy-2000, the DHS (MCH&FW) stated (February 2001) that TFR was not a concern for Tribal State like Meghalaya since there was no need for fertility regulation for dwindling Tribal community. The contention of the Department is not tenable in view of high incidence of TFR and Annual Natural Growth Rate in the State.

3.2.6 Monitoring and evaluation

Neither was any officer with specific responsibility posted nor was any cell created to monitor the activities from time to time and to take a corrective measure wherever necessary. Though reports and returns* were sent by the State to GOI, reasons for poor performance and action to be taken had also not been called for by them. Government had also not analysed these reports and taken action to improve the welfare activity by referring the matter to them. The impact of the programme in the State had not been evaluated.

3.2.7 Above points have been referred to Government in June 2000; their reply had not been received (November 2000).

3.2.8 Recommendations

- The implementation of the scheme need to be analysed by the Department and the welfare activities to be provided under the scheme need to be improved to achieve the ultimate goal.

- Shortage in the setting up of rural health centres than sanctioned and failure or delay to make the health centres functional were serious lapses which need to be addressed squarely for successful implementation of the programme in rural areas.

* Quarterly report on PPCs, rural family welfare centres, monthly report on death and birth, family planning methods, survey report on various immunisation programmes, etc.

- Performance of PPCs in the State needs close monitoring prescribing suitable reports/returns of performance, if required, by setting forth targets.

- Functioning of the SCOVA needs to be streamlined to ensure adequate maternal and child health care.

- Awareness about the benefit of family planning programme, especially among the female population, has to be intensified.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3 Implementation of Prevention of Food Adulteration Act and Rules in Meghalaya

Highlights

Implementation of Prevention of Food Adulteration (PFA) Act and Rules was taken up in the State by the State Food (Health) Authority without any planning. No record in respect of total number of food establishments existing in the State was maintained either at State level or at district level for bringing them under the purview of licensing. The Authority had also not prescribed any norm for adequate coverage of all categories of food articles through sampling. Infrastructure facilities in the form of analytical laboratory and food inspectors available under the Department were also inadequate in relation to actual requirement. As a result, the Department failed to collect sufficient number of food samples for conducting laboratory tests.

The Department failed to utilise cash grant of Rs.25.09 lakh provided by Government of India during 1994-99 for augmentation of laboratory facilities.

(Paragraph 3.3.4.1)

Survey was never carried out to ascertain the total number of foodstuff establishments in the State and how many of these had been issued licenses. Consequently, possibility of manufacturers/dealers of food articles continuing their activities without required licenses could not be ruled out.

(Paragraph 3.3.5.1-i)

Deficiency in collection of food samples for laboratory test ranged between 52 and 75 per cent in respect of State as a whole during 1995-2000.

(Paragraph 3.3.5.2-ii)

1.73 to 7.69 per cent of collected food samples were detected as adulterated. Further, conviction in 5 cases of adulteration out of 33 cases decided by the Court of Law during 1995-2000 indicated that either the findings of laboratory were not correct or there were loopholes in processing the cases, which required redressal.

(Paragraph 3.3.5.3)

3.3.1 Introduction

With a view to ensuring availability of unadulterated food and drinks to consumers, protecting foodstuffs from fraudulent trade practices and providing guidance/norms to manufacturers/dealers of food articles, Government of India (GOI) enacted the "Prevention of Food Adulteration (PFA) Act, 1954." The Act mainly provides for (i) constitution of appropriate committee for laying down food standard, rules for food testing and analysis and prescribe the limitation on import, manufacture and sale of adulterated food, (ii) establishment of Central Food Laboratory, (iii) delegation of rule making power to Central and State Governments and (iv) appointment of food testing authority. In 1976, the subject "Adulteration of foodstuffs and other goods" was included in the concurrent list of the Constitution of India thereby empowering the State Government for making laws on the said matter. Accordingly, the Government of Meghalaya had framed "Meghalaya Prevention of Food Adulteration Rules, 1991" empowering the Government and Food (Health) Authority, viz., Director of Medical and Health Services or the Chief Officer-in-charge of Health Administration, various powers regarding prohibition of sale or manufacture for sale, storage or distribution of any article of food, control and supervision of the duties and operations of Public Analyst to Local (Health) Authorities, etc.

3.3.2 Organisational set up

The Director of Health Services, Medical Institutions (DHS,MI) cum Food (Health) Authority cum licensing authority being the nodal officer is responsible for general superintendence of the administration and enforcement of the Act and the Rules in the State with the assistance of one Joint Director (SS) and one State Food Inspector (FI) in Headquarters. The programme is implemented by five district FIs attached to the establishment of the District Medical and Health Officers of five districts (East Khasi Hills, West Khasi Hills, Jaintia Hills, West Garo Hills and East Garo Hills) covering all the 7 districts of the State. Expenditure for implementation of the programme was controlled by two different controlling officers, viz., Director of Health

Services (MI) and Director of Health Services (Research, etc.), Meghalaya, Shillong respectively.

3.3.3 Audit coverage

Enforcement of the provisions of PFA Act and Rules framed thereunder in the State with particular reference to licensing, collection and testing of food samples in the laboratory, detection of adulteration, prosecution and adequacy of infrastructural facilities during the period from 1995-96 to 1999-2000 were reviewed through test check of records of the State Food Inspector under State Food (Health) Authority, two out of 5 District Food Inspectors (East Khasi Hills and West Garo Hills) and lone Government Food Analyst during the period from May-June 2000. Test check was supplemented by test check of records/information collected from DHS.

3.3.4 Financial outlay and expenditure

Funds for implementation of the programme were provided by the State Government from their own source.

The year-wise total funds provided under and expenditure incurred thereagainst during 1995-96 to 1999-2000 were as under:-

Year	Total fund allotted	Total expenditure	Excess (+) Saving (-)	Percentage
	(Rupees in lakh)			
1995-96	29.44	18.25	(-) 11.19	38
1996-97	29.23	23.17	(-) 6.06	21
1997-98	31.72	26.94	(-) 4.78	15
1998-99	51.79	33.79	(-) 18.00	35
1999-2000	48.91	38.01	(-) 10.90	22
Total	**191.09**	**140.16**	**(-) 50.93**	

There were persistent savings during the 5 years' period ending March 2000 which ranged between 15 and 38 **per cent** mainly because of savings under contingency in the Food and Drugs Laboratory.

3.3.4.1 Funds for upgrading technical infrastructure not used

Central grant of Rs.25.09 lakh was not utilised for the purpose for which it was sanctioned.

Test-check of records of the State Food (Health) Authority revealed that during 1994-95 and 1998-99, GOI provided cash grant of Rs.25.09 lakh spread over the 5 years' period ending March 2000 (February 1995 : Rs.4.09 lakh; March 1996 : Rs.9 lakh; March 1998 : Rs.5 lakh; 1998-99 : Rs.7 lakh) to the State Government for augmentation of laboratory facilities and equipment. The amount Rs.25.09 lakh was, however, not released by the State

Government to the State Food (Health) Authority as of June 2000 nor was any reason thereof assigned although existing testing facilities of Laboratory were not adequate. Consequently, the laboratory facilities could not be augmented with obvious adverse impact on quality and timeliness of tests conducted therein.

3.3.5 *Implementation*

The implementation of PFA Act and Rules in the State was carried out by the State Food (Health) Department through the following activities:-

3.3.5.1 Licensing

As per Rule 6 of the Meghalaya PFA Rules, 1991 any person desiring to manufacture, stock, sell, distribute or exhibit for sale of any article of food is required to obtain a license from the State Medical (Licensing) Authority paying license fee which ranged between Rs.25 and Rs.300 covering 28 items of activities dealing with foodstuffs. The license so granted shall remain valid up to 31 December of that year and shall be renewed every year on payment of appropriate renewal fee and production of medical certificate from the Government medical officer to the effect that the licensee is free from communicable and contagious diseases.

Though PFA Rules were framed in the State during 1991, notification under the Rules was issued only in June 1997 making it mandatory (from November 1997) to obtain license from health authority by the manufacturers/dealers etc. of all food article. However, the Licensing Authority granted licenses only to those who approached for it and had no data on number of food establishments requiring the same.

Large number of manufacturers/ dealers of food items continued their activities without the required license.

The total number of licenses issued to the food establishments in the State as a whole was also not available with the State Food (Health) Authority. However, the details of licenses issued during 1998-99 and 1999-2000 in two test checked districts were as under :-

Year	Name of District	Number of licenses		Amount of fees realised		
		issued	renewed	New license	Renewal	Penalty for delayed renewal
				(In rupees)		
1998-99	East Khasi Hills	51	4	13,731	362	NIL
	West Garo Hills	399	NIL	25,784	NIL	NIL
1999-2000	East Khasi Hills	113	25	4,347	1,915	NIL
	West Garo Hills	92	45	5,808	12,017	2,520

In this connection, the following observations are made:-

(i) The DHS (MI) as a licensing authority of manufacturers/dealers of food items had not maintained any record showing category wise total number of existing food establishments in the State. Out of 450 establishments granted licenses during 1998-99, 380 had not renewed their licenses in the following years, i.e., 1999-2000, resulting in non-collection of renewal fees of Rs.0.26 lakh. Reasons for not renewing licenses by the licensees had not been stated nor was any action initiated to impose penalty for delay in applying for renewal if the business was in existence. In the absence of such records it could not be ascertained in audit how far this statutory mandate was fulfilled by the State Licensing Authority in the State as a whole. No survey was ever carried out to ascertain the total foodstuff establishment in the State and how many of these had been issued license. Consequently, possibility of manufacturers/dealers of food articles continuing their activities without required license cannot be ruled out.

(ii) Consequent on delay of 15 years in framing PFA Rules by the State Government and another 6 years to notify the Rules making it mandatory, the licensing aspect of PFA Act and Rules remained to be implemented in the State up to 1997-98. Reasons for such delay were not available on records produced to Audit. Thus, the Department failed to ensure availability of unadulterated food and drinks to the consumers besides there was loss of revenue to the State Government.

3.3.5.2 Food analysis and follow up

The lone combined Food and Drug Laboratory established (March 1981) at Shillong for testing of food samples is headed by a Public Analyst who is assisted by one Chemist and one Assistant Chemist. The laboratory is equipped with essential facilities with annual testing capacity of 250 food samples and 400 water samples. The enforcement wing of the Department responsible for collection of samples and sending them to the Food Laboratory for analysis is manned by 5 FIs (up to 1995-96 by 4 FIs). As per norm prescribed under Central Rule, each FI is required to collect at least 12 samples per month and 144 samples per year.

The details of food samples collected by the 5 FIs, shortfall in collection of samples with reference to norms, etc. in respect of State as a whole and two test checked districts during 1995-96 to 1999-2000 were as under:-

Year	Samples required to be collected			Samples actually collected and sent to laboratory for testing			Shortfall in collection of samples with percentage thereof		
	State	East Khasi Hills	West Garo Hills	State	East Khasi Hills	West Garo Hills	State	East Khasi Hills	West Garo Hills
	(i n			n u m b e r			s)		
1995-96	576	144	144	220	93	55	356 (62)	51 (35)	89 (62)
1996-97	720	144	144	298	60	168	422 (59)	84 (58)	...
1997-98	720	144	144	260	100	106	460 (64)	44 (31)	38 (26)
1998-99	720	144	144	348	60	99	372 (52)	84 (58)	45 (31)
1999-2000	720	144	144	178	100	93	542 (75)	44 (31)	51 (35)

In addition, 1306 private water samples were also tested in laboratory during 1995-96 to 1999-2000 and testing fee of Rs.0.28 lakh was realised from private parties. Whatever samples sent for testing were stated to have been tested. The capacity of lone laboratory in the State being 250 samples per year, the achievement in excess of 250 tests reported during 1996-97, 1997-98 and 1998-99 was prima facie doubtful.

Test check of records further revealed the following:-

(i) The existing capacity of lone laboratory (250 samples per year) is too inadequate to cover the samples as per norm. To conduct testing of 720 food samples as per norm, at least another two laboratories were required to be established. But the State Government had not initiated any action in this regard in spite of receipt of cash grant of Rs.25.09 lakh from GOI for this purpose (Paragraph 4.2 supra). Thus, the State Government failed to improve the coverage of more samples with a view to fulfil the objective of prevention of food adulteration to that extent despite availability of funds.

There were shortfall of 52 to 75 per cent in the State in collection of food samples and testing thereof.

(ii) Shortfall in collection of food samples and testing thereof in the State level as well as at two test checked districts level ranged between 52 and 75 **per cent** and 26 and 62 **per cent** respectively. The State Food (Health) Authority stated (May 2000) that no norm for collection of food sample was fixed at State level and that the shortfall in collection of samples was due to pre-engagement of FIs in connection with the Court cases, license and renewal of license cases, suspension of one FI during 1995-96 and deployment of two FIs for a training of three months. Reply is not tenable in view of the fact that norm for collection of food samples was fixed after taking into consideration normal duties and responsibilities like attendance of Court, inspection of license, etc. Further, the shortfall were there even in the year in which the FIs were not sent on training.

(iii) The State Food (Health)Authority had not drawn quarterly or annual plans to identify the areas or commodities from where the samples were to be lifted on the basis of survey or risk perceptions. As a result, there was no conscious or systematic sampling in identified areas.

(iv) FIs of East Khasi Hills and West Garo Hills Districts were responsible for implementation of PFA Act and Rules in Ri-Bhoi and South Garo Hills Districts respectively as no separate FIs were posted to these two districts. But no record showing collection of food samples from these districts by the concerned FI could be made available to Audit. The nodal authority also had not regularly obtained reports/return on the implementation of Act/Rules in these two districts. As a result, it could not be ascertained in audit whether these two districts were brought under the purview of PFA Acts and Rules.

3.3.5.3 Prosecution

The position of samples found adulterated in course of testing in the laboratory, cases where prosecution was instituted by the Department and cases decided by the Court of Law as of March 2000 were as under:-

Year	Samples taken	Samples found adulterated and its percentage to total samples	Cases for which prosecution instituted	Cases decided by the Court	Cases of conviction	Cases of acquittal	Percentage of acquittal with reference to cases decided by Court
	(in numbers)						
1995-96	220	8 (3.63)	4	8	Nil	8	100
1996-97	298	8 (2.68)	7	17	1	16	94
1997-98	260	20 (7.69)	18	2	1	1	50
1998-99	345	6 (1.73)	6	5	3	2	40
1999-2000	179	4 (2.23)	3	1	NIL	1	100
Total	**1302**	**46** **(4)**	**131***	**33**	**5**	**28**	**85**

It would be seen from the above table that the samples found adulterated with reference to total samples collected ranged between 1.73 **per cent** and 7.69 **per cent**. Percentage of acquittal with reference to cases decided by the Court (33) during 1995-2000 ranged between 40 and 100. Reasons for huge percentage of acquittal could not be verified in audit due to non-availability of Court verdict in respect of decided cases. However, acquittal of large number

* Included 93 cases being the balance of undecided cases up to 1994-95.

of cases by the Court even after detecting adulteration indicated that the Department failed to substantiate those cases either due to inadequate defence or poor quality of testing.

3.3.5.4 Consumer awareness

During the five years' period ending March 2000, the Department incurred expenditure of Rs.0.03 lakh only on publication as a part of consumer awareness against budget provision of Rs.0.14 lakh. This indicated that the Department had not given proper attention to generate public awareness about danger of food adulteration.

There was no registered consumers forum in any of the districts of the State. The Department had also not taken up any initiative to involve NGOs in this regard.

3.3.5.5 Management information system

The Department had not yet established any data base regarding food adulteration for assessing the requirement of manpower to deal with the matter. Such data base is also essential for ensuring quality control or for generating public awareness through dissemination of such information.

3.3.6 Monitoring and evaluation

In order to ensure proper implementation of various provisions of the PFA Act and Rules periodical monitoring of the performance of FIs and Testing Laboratory is very much essential. But no system of monitoring was developed at State level by the State Food (Health) Authority except collection of routine quarterly and annual reports indicating number of food samples drawn, examined, samples found adulterated, percentage of adulteration, etc. from the district FIs. No follow up action on those reports was also taken at any stage. The impact of implementation of provisions of PFA Act and Rules in reducing the trend of adulteration of food items by unscrupulous dealers/manufacturers had also never been assessed by the State Food (Health) Authority or any other agency.

3.3.7 The matter was reported to Government in July 2000; reply had not been received (November 2000).

3.3.8 Recommendations

- Appropriate records showing total number of food establishment in the State are required to be maintained to facilitate detection of unlicensed manufacturers/dealers of food items.

- The Department should strictly adhere to the provision of the PFA Act and Rules for prevention of adulteration of food articles.

- Fund of Rs.25.09 lakh released by GOI needs to be utilised to augment laboratory facility.

PUBLIC HEALTH ENGINEERING DEPARTMENT

3.4 Implementation of Acts and Rules relating to Water Pollution in Meghalaya

Highlights

Meghalaya State Pollution Control Board was set up in 1983 to plan comprehensive programmes for the prevention, control or abatement of pollution of streams and wells in the State and to secure execution thereof by enforcing provision of Meghalaya Water (Prevention and Control of Pollution) Rules, 1996 framed under the Act of Parliament on the subject. The Board had not submitted its audited accounts and Annual Report. There was gradual degradation of water quality. There was unauthorised expenditure and diversion of water cess.

Board had not prepared its annual accounts from 1988-89 onwards for getting the same audited.

(Paragraph 3.4.4)

Against 20 meetings of the Board to be held during 1994-95 to 1998-99 only 7 meetings were held resulting in shortfall of 65 per cent in holding the meeting. Members were also found not regular in attending Boards meeting.

(Paragraph 3.4.5.1)

As per provision of Water Act 1974, annual report of the Board giving details of its activities required to be prepared was not prepared for any of the 5 years from 1994-95 to 1998-99.

(Paragraph 3.4.5.2)

Analysis of water quality results of 7 water bodies in the State carried out during 1994-95 to 1998-99 showed gradual degradation of water quality due to discharge of untreated domestic waste water from urban areas into those water bodies.

(Paragraph 3.4.6.1)

Only one out of seventeen industries so far identified by the Board as polluting industries had installed ETP for treatment of industrial

effluents within the time fixed by the Board. Plant for treatment of trade effluent/domestic sewage was also not set up in any urban area.

(Paragraph 3.4.6.2)

Specific action plan for prevention of water pollution caused by coal mining activities in Jaintia Hills District was not formulated by the State Government.

(Paragraph 3.4.6.3)

Water cess of Rs3.04 lakh was utilised on purchase of vehicles, etc. instead of on water pollution activities.

(Paragraph 3.4.7)

Instead of filling up of 39 sanctioned vacant posts (including 10 posts of scientific and technical staff), the Board entertained 5 different categories of staff not covered by sanctioned posts and incurred an unauthorised expenditure of Rs.15.26 lakh towards their pay and allowances for the period from April 1994 to March 1999.

(Paragraph 3.4.8)

3.4.1 Introduction

Meghalaya State Pollution Control Board (MSPCB) was constituted by the Government of Meghalaya in November 1983 in exercise of the powers conferred by Section 64 of Water (Prevention and Control of Pollution) Act of Parliament enacted in March 1974. Rules known as the Meghalaya Water (Prevention and Control of Pollution) Rules,1996 were also framed by the State Government.

To enforce the provisions of the Act and Rules the main powers and functions of the Board are :-

(i) to plan a comprehensive programme for the prevention, control or abatement of pollution of streams and wells in the State and to secure execution thereof;

(ii) to collect and disseminate information relating to water pollution and prevention control or abatement thereof;

(iii) to lay down standards for the discharge of liquid effluent and gas;

(iv) to verify environmental compatibility of location for establishment of new industries; and

(v) to advise the State Government on any matter concerning prevention and control of water pollution.

In terms of provision of the Water (Prevention and Control of Pollution) Cess Act, 1977, the State Board is also empowered to levy and collect cess on water consumed by persons carrying on certain industries and local authorities.

3.4.2 Organisational set up

Meghalaya Pollution Control Board under the administrative control of Public Health Engineering Department consists of a Chairman, a Member Secretary and 14 members (15 members with effect from January 1995) representing State Government, Local Bodies, Companies/Corporations owned by the State Government and also non-official members. The Board has not established any Regional office so far. The Board has a Central laboratory in Shillong. The Government stated (September 2000) that due to non-availability of proper accommodation regional office at Tura, Nongstoin and Jowai could not be set up. But the Board had requested the Deputy Commissioner and Chief Engineer (DC&CE) for accommodation for setting up regional office at Tura.

3.4.3 Audit coverage

Enforcement of the provisions of Environmental Acts and Rules relating to prevention and control of water pollution by the Board and compliance thereof by the concerned industries, local bodies during the period from 1994-95 to 1998-99 was verified in audit through test-check of available records of the Board during April - May 2000 under Section 14 of CAG's Duties, Powers and Conditions of Service Act, 1971. Scrutiny was supplemented through collection of information from the Board and cross-checking of relevant records of Shillong Municipality and heads of four Government departments.*

3.4.4 Finance and Accounts

The source of funds of the Board consists of grants-in-aid from Central Government and the State Government. The details of grants released to the Board and expenditure incurred during the period from 1994-95 to 1998-99 as made available by the Board are detailed below:-

* 1. Chief Engineer, Public Health Engineering.
2. Director of Urban Affairs,
3. Director of Agriculture.
4. Director of Mines and Minerals.

Year	Grants-in-aid received from			Expenditure
	State	Central	Total	
	(Rupees in lakh)			
1994-95	42.25	0.42	42.67	23.40
1995-96	15.00	9.70	24.70	37.02
1996-97	15.00	...	15.00	38.33
1997-98	32.57	8.75	41.32	66.01
1998-99	54.00	10.20	64.20	52.42
Total	158.82	29.07	187.89	217.18

Under Section 40 of the Water Act, 1974 read with Rule 44 of the Water Rules, 1996 the Board is required to prepare annual accounts in the prescribed forms after close of each financial year and get the same audited by a qualified Auditor appointed by the State Government on the advice of the Comptroller and Auditor General of India. The Board had, however, not prepared its annual accounts since 1988-89 and thereby one of the vital provision of the Act remained unfulfilled for the last 12 years. In the absence of Annual Accounts, the financial state of affairs of the Board for the period was not readily available. The Government stated (September 2000) that accounts would be got done through Chartered Accountant by next audit but did not indicate as to why no initiative was taken to get the accounts prepared so far.

3.4.5 Compliance aspects

3.4.5.1 Meeting of the Board

The requirement of Water Act, 1974 was not fulfilled owing to non-holding of requisite meetings.

Under Section 8 of the Water Act, 1974, the Board is required to meet at least once in every three months. It was seen in audit that during 1994-95 to 1998-99 the Board met only on 7 (XXII – XXVIII meetings) occasions as against required 20. Thus, provisions of the Act in holding minimum number of meetings was violated. Reasons for holding 13 meetings less than required (65 **per cent**) were neither kept on record nor stated.

The Government stated (September 2000) that during 1994-95 to 1999-2000, there were fewer agenda items, hence the frequency of the meeting was less. Government further assured that action would be taken to convene Board's meeting more frequently.

It was further noticed that except the Director of Industries or his nominee, attendance of the members in the said meetings was irregular inasmuch as 3 members had not attended any of the meetings while 12 others missed 2 to 6 meetings. Thus, members did not exercise the required concern for activities of the Board.

3.4.5.2 Annual Report

Annual Report was not prepared and consequently not laid before the Legislature.

Under Section 39 of the Water Act, 1974 read with Rule 46 of the Water Rules, 1996, the State Board is required to prepare every year, an annual report giving full account of its activities during the previous financial year and forward a copy of such report to the State Government before 30th June each year so that the report can be laid before the State Legislature within 9 months from the last date of the previous financial year.

It was seen in audit that the Board had not prepared such annual report on its activities in any year during 1994-95 to 1998-99 for submission to the State Government. Thus, activities of the Board for the years from 1994-95 to 1998-99 remained unassessed and consequently the same could not be laid before the State Legislature within stipulated time.

The Government stated (September 2000) that the preparation of annual report from 1994-95 onwards was kept pending till completion of Annual Accounts and audit thereof by the Chartered Accountant.

3.4.6 Performance aspect and pollution control measure

3.4.6.1 Monitoring and testing of water quality

In the absence of complete data regarding the number of water bodies in the State, the water quality of 5 water bodies* in Meghalaya have been monitored in pursuance of sanction accorded by the Central Pollution Control Board and tested under the programme "Monitoring of Indian National Aquatic Research Scheme (MINARS)" by the Board for the last 10 years up to 1998-99.

Besides, on the basis of sanction accorded by the Ministry of Environment and Forests, GOI, in 1997, monitoring and testing of water samples of the further 10 water bodies** in specific area of the State had also been carried out by the Board during 1997-98 and 1998-99.

There was gradual degradation of water quality due to discharge of waste water.

The water quality results were analysed by the Board in terms of two indicators, viz., "oxygen consuming substances", i.e., Biological Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) and "Pathogenic bacteria", i.e., Total Coliform (TC) and Faecal Coliform (FC). The extent of

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* (i) Thadlaskein Lake, Jowai, (ii) Kyrhuhkhla River, Khliehriat, (iii) Umtru River, Byrnihat, (iv) Umiam Lake, Barapani, (v) Wards Lake, Shillong.

** (i) Umkhrah River, Shillong (ii) Umshyrpi River, Shillong, (iii) Kynshi River, Ranikor, (iv) Lubha River, Sonapur, (v) Rongra river, South Garo Hills District, (vi) Simsang River, South Garo Hills District, (vii) Ganol River, West Garo Hills District, (viii) Songsak Lake, East Garo Hills District, (ix) Danol River, East Garo Hills District, (x) Kupli River, Ri-Bhoi District.

BOD, COD, TC and FC in excess of prescribed content in water samples of 7 out of 15 water bodies was monitored. The water quality data results obtained during 1994-95 to 1998-99 showed that the organic and bacterial contamination was the main critical pollutant in the monitored water bodies. The results of such analysis also showed that there was gradual degradation of water quality of these water bodies from year to year. This was stated to be due to discharge of domestic waste water from the fast growing urban areas of the State in untreated form into the water bodies.

Testing of water quality was not carried out for most of the water source in the State.

In order to determine the water quality status of different water bodies including that of townships, quarterly comparison of their water samples was to be made by the Board. But it would be seen from the position given in Appendix XVII that there was shortfall in achieving the quarterly targets for the 10 water bodies during 1997-98 and 1998-99 which ranged between 57 and 75 **per cent** respectively. The shortfall was attributed (May 2000) by the Board to non-availability of vehicle during sampling period and unfavourable weather condition. This plea was not convincing considering that the Board had achieved the target in respect of other 5 water bodies under similar conditions. The Board, however, had not furnished any reason for not fixing any quarterly target for testing the quality of other surface water bodies of the State. It was further noticed that water springs, were not brought under the purview of testing though water from the springs was used by a large number of villagers for drinking. The Public Health Engineering Department stated (May 2000) that specific programme for testing of water quality of different springs in the State could not be taken up in the absence of sufficient number of water testing laboratories in the State. Thus, water springs in the State largely remained beyond the purview of quality testing.

The Government stated (September 2000) that paucity of fund was the hindrance for regular monitoring and investigation of water bodies but measure taken/initiated, if any, to control the gradual degradation of quality of water bodies already monitored had not been stated.

3.4.6.2 Pollution control measures

(i) Issue/Renewal of consents

As per Water Act, 1974 and Rules 27 and 28 of the Meghalaya Water (Prevention and Control of Pollution) Rules, 1996 prior consent of the Board is to be obtained by industries/local bodies for discharge of trade/domestic effluents on water bodies/land and such consents are to be renewed every year on realisation of appropriate renewal consent fees. The quantum of consent fee leviable on each industry is to be determined on the basis of capital invested on each industry.

Consent fee to the extent of Rs.1.72 lakh was lying outstanding as of March 2000.

Scrutiny of records (consent register) of the Board revealed that 77 industries had not applied till March 2000 for renewal of the consents although validity of last annual consent expired between September 1989 and February 1999. Consequently, revenue of Rs.1.72 lakh* in the form of consent fee of the Board was lying outstanding from those 77 industries. The Board had not initiated any concrete action against the defaulting industries so far. On being pointed out in Audit, the Government stated (September 2000) that necessary action would be taken to recover the outstanding dues from all the defaulting industries and asked the Municipalities/Town Committee to obtain consent. The State Rules framed in 1996 was not in consonance with the Act, 1974 since it did not provide for any penal action for not obtaining consent/non-renewal of consent rendering possible illegal discharge of trade/domestic effluents on water bodies/land by the industries/local bodies.

The local bodies viz. 2 Municipalities at Shillong and Tura and Town Committees in other urban areas had not obtained the consent from the Board as of March 2000 nor the Board ascertained the standard of management of effluent by the local bodies.

(ii) Construction of effluent treatment plant by industries and local bodies

(a) According to the terms and conditions of the Board, each industry applying for consent should install the Effluent Treatment Plant (ETP) for treating the industrial effluents before discharge to water bodies.

The Board did not take any action against certain polluting industries for their failure to install ETP.

The data available with the Board revealed that 17 out of 77 industrial units were identified up to March 1999 as polluting industries (as detailed in Appendix XVIII) and notices were served on them during April 1997 to October 1999 to take appropriate measures to control water pollution by installing ETP within 3 months from the date of serving of notice. Of 17 industries, only one industry had installed ETP and another industry had started the construction of ETP while 12 industries had not taken any action for construction of ETP as of March 2000. Of the remaining 3 industries, 2 industries were stated to have shifted activities to dry process not requiring ETP and one industry discontinued their industrial activity. The Board, however, had not initiated any action against the erring 12 industries although a period of 7 to 38 months from the date of serving notice on them had already elapsed as of March 2000. The Board stated (May 2000) that ETP industries manufacturing ETP in the State were yet to come up and expected to be completed within next 2-3 years. The Government further stated in September 2000 that out of 12 industries 3 industries had shut down operation and penal

* The details of capital invested by the industries are not kept in the consent register of the Board. In the absence of such information, the quantum of consent fee payable by the industries was calculated by audit at the minimum prescribed rate of Rs.500 per year.

action under Water Act was being taken against 6 automobile servicing workshops in Shillong.

(b) As regards local bodies, there was no plant for treatment of trade effluent/domestic sewage even in capital city Shillong, let alone the other district towns. The Director of Agriculture, Meghalaya also stated (April 2000) that it had no machinery to prevent pollution of streams caused by chemicals and pesticides used during agricultural operations. The Government stated (September 2000) that pollution of water bodies due to service latrines is being controlled by converting service latrines into low cost sanitary latrines within the municipal area of Shillong and Tura through centrally sponsored low cost sanitation schemes being implemented by the Urban Affairs Department of the State but remained silent on the aspect of pollution being caused by the agricultural operation using chemical/pesticides.

Thus, pollution of water bodies and degradation of water quality due to discharge of untreated trade effluent and domestic sewage directly into water bodies remained unabated at the end of March 2000 affecting the health of the people adversely.

3.4.6.3 Pollution caused by coal mining

The Board conducted a survey on environmental impact on coal mining in Jaintia Hills District and recommended (September 1997) various measures to be taken by the Government for restoration of already degraded eco-system. Information was not available on records of the Board that concerned Government Department had taken any action on those recommendations. However, the Directorate of Mineral Resources, Meghalaya stated (April 2000) that no specific action plan for prevention of water pollution was formulated by the State Government in respect of mining activities of major minerals. Thus, water pollution caused by mining activities in Jaintia Hills District remained unabated.

3.4.7 Assessment, collection and re-imbursement of water cess

Under Section 3 of Water (Prevention and Control of Pollution) Cess Act, 1977, the Board was empowered to assess and collect the water cess from every person carrying on any specified industry or any local authority consuming water for domestic purposes at prescribed rates. The GOI in consultation with Central Pollution Control Board further clarified (October 1998) that the local authority viz. any Municipal Corporation/Council or Cantonment Board or any other body entrusted with the duty of supplying water is liable to pay cess in accordance with Act ibid in respect of water so supplied.

Scrutiny of records revealed that water cess amounting to Rs.9.64 lakh was collected and remitted to GOI by the Board during the period from 1986-87 to 1998-99 (Rs.5.88 lakh up to 1996-97 and Rs.3.76 lakh thereafter). Government of India in turn, reimbursed Rs.4.41 lakh (being 75 **per cent** of Rs.5.88 lakh) to the Board in 1998-99. Re-imbursement of Rs.2.82 lakh due to Board against remittance of Rs.3.76 lakh was not received by the Board from GOI till May 2000. Of Rs.4.41 lakh, Rs.3.04 lakh was utilised by the Board on purchase of vehicle, computer and dustbin in contravention of the provisions of Water Cess Act, 1977 which provide for utilisation of the reimbursed amount on water pollution control activities. The Government stated (September 2000) that water cess utilisation certificate was submitted (March 2000) to GOI and no adverse observation was received from GOI but the Board did not indicate that prior approval of GOI was obtained to incur the expenditure in deviation of the Act.

It was, however, noticed that water cess on certain organisations such as the Garrison Engineer (Army), Rangman under Barapani, Airforce, Agricultural Irrigation Department, Survey of India, 1st MLP Bn, 2nd MLP Bn, PHE Divisions, Nongpoh and Nongstoin, MeSEB, BSF, PHE Division, Tura could not be levied and collected by the Board during the period up to 1998-99 as the quantity of water used by them could not be assessed due to non-installation of water meter by any of them. Thus, the Board failed to mobilise additional revenue from this source. The Government stated (September 2000) that it was decided in 30th meeting (April 2000) that realisation of outstanding dues from the defaulting organisation would be taken up with the higher authority but did not specify how the outstanding amount would be worked out.

3.4.8 Manpower management

Sanctioned strength of 69 posts as of March 1999 included 23 posts of technical and scientific staff and 46 general staff. Against this, manpower actually appointed by the Board during the period up to March 1999 was 30 (including 13 technical and scientific staff) as detailed in Appendix XIX.

Unauthorised expenditure of Rs.15.26 lakh was incurred on pay and allowances of staff not covered by valid sanction.

The position given in Appendix XIX indicated that while the Board had not taken any action to fill up the vacant posts for reasons not on record, the Board on the other hand engaged 5 staff[(a)] (1 from 1995-96 and 4 from 1994-95) against posts not covered by valid sanction.

The Board had, thus, incurred an unauthorised expenditure of Rs.15.26 lakh[(b)] towards pay and allowances of these staff for the periods up to March 1999 since their appointment.

[(a)] 1 each of Duftry, Plumber, Lab-attendant, Gardener, Field Assistant.
[(b)] Calculated on the basis of average gross salary of Rs.5300 per month.

The Government stated (September 2000) that some of the vacant posts would be filled up shortly and the remaining post would be filled up after opening of the regional offices as per Board's 29^{th} and 30^{th} meetings. As regards engagement of 5 staff not covered by sanction the Board held that they were engaged against the vacant sanctioned post of peon. Engagement of staff in a different centre not provided in the sanctioned strength of the office against the sanctioned post of different cadre was irregular.

3.4.9 Involvement of Non-Government Organisation

Non-Government Organisations (NGO) perform a vital role in creating mass awareness among the people against evils of pollution.

The Board stated (May 2000) that no NGO could be involved in pollution control matters due to financial constraints during the past few years. Mass awareness programme was, therefore, carried out by the Board only through print media and conducting exhibition.

3.4.10 Monitoring and evaluation

Apart from monitoring and testing of some water bodies in the State and preparation of the "Greater Shillong Sewage and Sewerage Disposal" scheme no concrete action was undertaken from Board's level to prevent and control of pollution. The Board thus, had not achieved any breakthrough in the matter of control of pollution in the State even after 17 years of its establishment. The activities of the Board were never monitored by the department of the Government, viz., Public Health Engineering, nor the impact of existence of the Board had been evaluated as of May 2000.

3.4.11 Recommendation

The activities of the Board are required to be geared up through comprehensive programme for prevention and control of pollution.

PROGRAMME IMPLEMENTATION DEPARTMENT

3.5 Members of Parliament Local Area Development Scheme

Highlights

With a view to enable the Members of Parliament (MPs) to recommend small works of capital nature to be done in their constituencies the "Member of Parliament Local Area Development (MPLAD) Scheme" was announced in Parliament by the Prime Minister of India in December 1993. A review of the working of the District authorities responsible for implementation of the Scheme revealed poor expenditure management and inadequate monitoring and reporting on the progress of work which adversely affected the implementation of the scheme. Some significant findings are given below:

Out of the available fund of Rs.11.04 crore during 1997-2000, under the scheme, Rs.4.21 crore remained unutilised as of March 2000.

(Paragraph 3.5.4-i)

Utilisation certificates for Rs.0.99 crore were not furnished by the implementing agencies.

(Paragraph 3.5.4-iii)

Though the works under the scheme were to be completed within one or two working seasons, 39 works of Rs.57.33 lakh sanctioned during 1997-98 were either not taken up (4 works: Rs.8 lakh) or in progress (35 works: Rs.49.33 lakh).

(Paragraph 3.5.5)

Expenditure of Rs.45.51 lakh incurred on 3 works under Tura constituency proved unproductive as all these works were left incomplete by the executing agency.

(Paragraph 3.5.6)

Asset registers were not maintained and the undertaking from the beneficiaries were not obtained for future maintenance of the assets created on completion of works valued at Rs.3.48 crore during 1997-2000.

(Paragraph 3.5.7)

Expenditure of Rs.1.22 crore was incurred during 1997-98 to 1999-2000 on works/items not permissible under the scheme.

(Paragraph 3.5.8)

3.5.1 Introduction

The Members of Parliament Local Area Development (MPLAD) Scheme was launched in December 1993. Under the scheme, each MP has the prerogative to suggest to the concerned heads of Districts, works to the tune of Rs.1 crore (Rs.2 crore from 1998-99) per year for execution through district authorities in his/her constituency. Elected and nominated members of Rajya Sabha could select works for implementation in one or more districts as they choose, but the choice in respect of latter shall be within one State. Funds for the purpose were released directly by the Government of India (GOI) to the district authorities. The scheme was being implemented in all the 7 districts of the State.

3.5.2 Organisational set up

Responsibility for implementation of the scheme in the Districts was vested with the respective Deputy Commissioners (DCs) who got the works executed through Block Development Officers (BDOs) and other Government executing agencies under them. While DC, East Khasi Hills, Shillong was nominated as Nodal Officer in respect of works recommended by the MP of Rajya Sabha and that of Shillong Constituency, the DC, West Garo Hills, Tura was the nodal officer in respect of the works recommended by the MP of Tura Constituency.

The custody of the funds vested with the Project Director (PD), District Rural Development Agency (DRDA) who was to release the fund to implementing agencies according to the sanction of the DC concerned. The DC was the Chairman of the DRDA.

3.5.3 Audit coverage

Paragraph 3.18 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997 – Government of Meghalaya commented on the implementation of the scheme during 1993-94 to 1996-97.

The implementation of the scheme during 1997-2000 was test-checked in audit (June – August 2000) with reference to records of the DCs of 6[a] out of 7 districts of the State besides the records of 6[b] District Rural Development Agencies (DRDAs) and 7[c] out of 32 Block Development Officer (BDOs).

[a] East Khasi Hills, West Khasi Hills, Jaintia Hills, Ri-Bhoi, West Garo Hills and South Garo Hills.
[b] Shillong, Jowai, Nongstoin, Nongpoh, Tura and Baghmara.
[c] Mylliem, Mawsynram, Mawryngkneng, Mawphlang, Thadlaskein, Umsning and Nongstoin.

3.5.4 Financial outlay and expenditure

The State has two Parliamentary Constituencies (Shillong and Tura) represented by two members of Lok Sabha and one elected member of Rajya Sabha. During 1998-99 and 1999-2000, the State was also represented by a nominated Member of Rajya Sabha.

According to the arrangement the nodal DCs released funds to other DCs as per the expenditure sanctions on the works recommended by the MPs. The nodal DCs and DRDAs administered the MPLAD fund by operating savings bank accounts.

Funds released did not lapse and hence unutilised funds could be carried forward to the subsequent year without affecting the allocation of that year. Yet, the release of funds by the GOI was to be in accordance with the progress of expenditure so that no money remained outside the Treasury in excess of the yearly allotment. Funds were to be released by GOI twice a year up to August 1999 and from September 1999, four times a year on the basis of physical and financial progress of the works under implementation.

(i) Year-wise financial position

According to information made available by the nodal DCs, the year-wise position of funds released by the GOI during 1997-98 to 1999-2000, interest earned on deposit of such funds in Bank and expenditure incurred thereagainst are as under:-

(Rupees in lakh)

Year / Name of Constituency	Opening balance (including interest)	Fund received during the year	Interest earned on Bank deposit	Expenditure incurred	Closing balance
1997-98					
Shillong	125.71	50.00[a]	3.99	126.20	53.50
Tura	178.01	100.00	0.06	128.37	149.70
	303.72	**150.00**	**4.05**	**254.57**	**203.20**
1998-99					
Shillong	53.50	200.00[a]	2.95	165.79	90.66
Tura	149.70	50.00	12.18	154.22	57.66
	203.20	**250.00**	**15.13**	**320.01**	**148.32**
1999-2000					
Shillong	90.66	200.00[a]	3.41	148.70	145.37
Tura	57.66	200.00	4.53	148.49	113.70
	148.32	**400.00**	**7.94**	**297.19**	**259.07**
		800.00	**27.12**	**871.77**	

[a] Funds for Shillong Parliamentary Constituency as well as Rajya Sabha for the State as a whole.

(a) Fund released by GOI during 3 years ending March 2000 for implementation of the scheme fell short by Rs.10.50 crore to the entitled amount of Rs.18.50 crore[(a)], reasons for which were neither available on records produced to Audit nor stated. However, funds released by GOI were not on the basis of reports about physical progress etc., as stipulated.

(b) The expenditure shown above related to amounts transferred to implementing agencies and not the actual expenditure. Apart from the closing balance of Rs.2.59 crore, there was further unspent balance of Rs.1.62[(b)] crore with the implementing and test-checked executing agencies as of March 2000. Savings of Rs.4.21 crore, which constituted 53 **per cent** of the total funds received during 3 years period ending March 2000 were largely due to non-sanction of works recommended by MPs, non-taking up of sanctioned works for want of detailed plan and estimates and non-completion of sanctioned works affecting the objective of development works in the area.

(ii) Diversion of interest money

The scheme provided that heads of the Districts are to keep the funds received from GOI in nationalised banks so that the interest earned on the funds could be utilised for the works under the scheme.

It was noticed that at the District and Block levels the funds were kept in Savings Bank Accounts of nationalised banks and earned interest of Rs.60.49 lakh (1993-97 : Rs.17.59 lakh and 1997-2000 : Rs.42.90 lakh) till March 2000. Of this, interest of Rs.1.54 lakh was spent (between May 1997 and March 2000) by 3 DRDAs (Jowai, Tura and Baghmara) on contingencies, stationery, maintenance of vehicles, pay and allowances of staff and payment of audit fees to the Chartered Accountant. Reasons for unauthorised diversion of Rs.1.54 lakh were neither available on records produced to Audit nor stated. In respect of the balance interest money the matter had not been taken up with the concerned MP for utilisation in the works under the scheme.

(a)

	(Rupees in crore)
2 Lok Sabha Members Constituencies (@ Rs.1 crore during 1997-98 and Rs.2 crore during 1998-99 and 1999-2000)	10.00
Rajya Sabha Members	
Elected (1997-98 to 1999-2000)	5.00
Nominated (1998-99 and 1999-2000 – as per the statement of the Member)	3.50
	18.50

(b) DCs :West Khasi Hills (Rs.7.17 lakh), Jaintia Hills (Rs.15.42 lakh), Ri-Bhoi (Rs.5.99 lakh), East Garo Hills (Rs.88.86 lakh), South Garo Hills (Rs.10.14 lakh) and 7 Blocks, viz., Mylliem (Rs.26.19 lakh), Mawphlang (Rs.1.21 lakh), Mawryngkneng (Rs.1.51 lakh), Mawsynram (Rs.0.38 lakh), Thadlaskein (Rs.2.98 lakh), Umsning (Rs.0.22 lakh) and Umling (Rs.2 lakh).

(iii) Utilisation certificate

It was noticed that against expenditure of Rs.3.48 crore incurred on 236 completed works during 1997-98 to 1999-2000, utilisation certificates for Rs.0.99 crore were not submitted by the implementing agencies to the district authorities. In absence of utilisation certificates, proper utilisation of Rs.0.99 crore could not be ascertained in audit.

3.5.5 Details of works (Physical performance)

According to the scheme, the works were to be completed within one or two working seasons. District-wise position of status of works sanctioned and executed by the district Administration during 1997-2000 is as under:-

Sl No	District	Number of works sanctioned by the district administration	Number of works completed	Incomplete sanctioned works				Works not taken up but sanctioned during			
				1997-98	1998-99	1999-2000	Total	1997-98	1998-99	1999-2000	Total
1.	East Khasi Hills	92	59	17	12	--	29	4	--	--	4
2.	West Khasi Hills	57	39	--	18	--	18	--	--	--	--
3.	Jaintia Hills	62	28	12	22	--	34	--	--	--	--
4.	Ri-Bhoi	19	11	4	4	--	8	--	--	--	--
5.	East Garo Hills	54	16	--	8	23	31	--	2	5	7
6.	West Garo Hills	128	67	2	14	45	61	--	--	--	--
7.	South Garo Hills	24	16	--	4	4	8	--	--	--	--
		436	236	35	82	72	189	4	2	5	11

The progress under the scheme was tardy in the State as there was at least 39 sanctioned works of Rs.57.33 lakh which remained incomplete/or not taken up over two working seasons.

During 1997-98 to 1999-2000, 780 works costing Rs.14.10 crore were recommended by the MPs. Of 436 sanctioned works, 425 works costing Rs.6.63 crore were taken up. Out of 425 works, 236 works were completed at a total cost of Rs.3.48 crore, while 189 works (cost : Rs.3.15 crore) were still in progress and 11 works valued at Rs.0.53 crore were yet to be taken up (August 2000) for want of plans and estimates.

Thus, lack of concern on the part of the implementing authorities/executing agencies resulted in non-execution of 4 works and non-completion of 35 works pertaining to 1997-98 involving Rs.8 lakh and Rs.49.33 lakh respectively for over 2 working seasons (August 2000) thereby hampering on the developmental activities of the State.

3.5.6 Execution of works in violation of established procedure

(i) According to the scheme, the works were to be implemented by different State Government agencies or Panchayat Raj Institution or any other reputed non-governmental organisation (NGO) who may be considered by the District Head as capable of implementing the works satisfactorily.

In Tura Constituency, execution of 3 works were assigned to Coal India Ltd (CIL), North Eastern Circle during 1996-97 and 1998-99. The CIL, however, partially executed the works through contractors and left the works incomplete (February 2000) after incurring expenditure of Rs.50.05 lakh without assigning any reasons. The details are as under:-

(Rupees in lakh)

Sl. No.	Name of work	Fund released to CIL (month/year of release)	Expenditure incurred by CIL
1.	Construction of outdoor stadium at Dakopgre, Tura (estimated cost Rs.57.64 lakh)	39.01 (November 1998: 37.50 February 2000 : 1.51)	39.01
2.	Construction of hanging bridge at Rongrikengri (estimated cost not available)	5.00 (98-99)	9.79
3.	Repairing of hanging bridge at Doldegre (estimated cost Rs.2 lakh)	1.50 (February 1999)	1.25
		45.51	**50.05**

Expenditure of Rs.45.51 lakh released to CIL on 3 works proved unproductive.

The district administration also did not take any concrete steps to complete these works. Thus, allotment of work to the CIL who executed the same through private contractors and failure on the part of the district administration to get the work completed resulted in unproductive expenditure of Rs.45.51 lakh (the amount released to CIL). Agreement, if any, executed between the CIL and the contractors could not be made available to Audit. As such, veracity of the rates at which the payments were made to the contractors for the works so far executed could not be ascertained in audit.

(ii) Normal financial rules and procedures of the State are to be followed in the implementation of the scheme. According to the instruction issued (March 1995) by the State Finance Department, payments exceeding Rs.2500 are to be made by cheques. Test check of records revealed that 6* BDOs made payments for Rs.61.57 lakh in cash ranging between Rs.0.05 lakh and Rs.1.50 lakh to grantee institutions for execution of works through them. Payment in cash thus violated the established financial procedure of the State.

3.5.7 Creation of durable assets

Asset Registers were not maintained though the scheme provides for the same.

The scheme envisaged creation of durable assets based on locally felt needs and the assets were to be listed in the register to be maintained for the purpose at the level of implementing authority. Despite audit observation in paragraph 3.18.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997, "Asset Register" in support of the existence of the assets created, if any, on completion of 236 works during 1997-98 to 1999-2000 at the cost of Rs.3.48 crore, was not maintained. The beneficiaries under the scheme were required to give an undertaking for future upkeep and maintenance of the assets. Such an undertaking was also not obtained either by the sanctioning authorities or by the implementing authorities.

3.5.8 Execution of works not covered under the scheme

Funds of Rs.1.22 crore were diverted towards the works/items not covered under the scheme.

Mention was made in paragraph 3.18.8 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997 regarding expenditure of Rs.30.88 lakh by the DC, East Khasi Hills for the items not covered under the scheme, i.e., for works of registered societies, private institutions and purchase of inventory. The irregularities had been persisting during 1997-98 and 1998-99 when the DCs of East Khasi Hills and East, West and South Garo Hills carried out 5 works valued at Rs.89.28 lakh for Trust Registered Societies and construction of outdoor stadium. Besides, Rs.32.32 lakh was spent for providing mobile vans/mortuary vans, computers, equipment, etc. to Government and private institutions, societies, etc. The details are given in Appendix XX. It was further noticed during test-check that except Mawsynram Block under East Khasi Hills, none of the grantee institutions furnished purchase documents, insurance papers and vehicle registration numbers for mortuary/mobile vans.

Thus, Rs.1.22 crore (Rs.89.28 lakh + Rs.32.32 lakh) was spent on items not covered under the scheme, reasons for which were neither available on record nor stated to Audit.

* Nongstoin, Thadlaskein, Mylliem, Mawryngkreng, Mawsynram and Umsning.

3.5.9 Delay in sanctioning works

The scheme stipulated that administrative approval/sanction to the list(s) of works recommended by any MP should be issued by the District Administration within 45 days from the date of receipt of proposal from MP.

There was dead lock on developmental activities in the State due to non-sanction of 344 works recommended by the MPs.

Out of 780 works recommended by MPs for the years 1997-98 to 1999-2000, 344 works were not sanctioned even after 1 to 25 months of the expiry of the stipulated period. Reasons for the delay were attributed mainly to non-submission of drawings and detailed plans and estimates by the concerned beneficiaries (1997-98 and 1998-99) and non-release of funds by GOI (1999-2000) due to non-submission of physical and financial performance reports monthly by the nodal DCs. Thus, 44 **per cent** of the recommended works remained to be executed thereby frustrating the objective of development of local areas as envisaged in the scheme.

3.5.10 Monitoring and evaluation and reporting

(i) Monitoring and evaluation

For effective execution of the works taken up under the scheme, the head of the district administration was to inspect at least 10 **per cent** of the works in a year besides regular visit to the work sites by senior officers of the implementing agencies. Schedule of inspection prescribing maximum number of field visits for each supervisory level functionary was not drawn up for field inspection. There was no report/returns in this respect to ascertain the percentage of inspection actually carried out by them. For strengthening the system of effective monitoring, the State Government was to designate a nodal administrative department for physical monitoring through field inspection. But no department had been designated for the purpose till the date of audit.

(ii) Reporting

The system of reporting progress of works as stipulated in the scheme was as under:-

(a) Communication of the information on the progress of works by the District Heads on the Internet to the Department of Statistics and Programme Implementation under the Ministry of Planning and Programme Implementation with copies to the MPs.

(b) Conduct of meeting by the Chief Secretary/Senior Principal Secretary/Additional Chief Secretary at least once in a year involving the Heads of Districts and MPs to assess the progress of work.

(c) Submission of monitoring reports once in two months to the MPs and the Department of Statistics and Programme Implementation.

Except conducting of meetings twice (October and August 1999), none of the other items were followed by the authorities concerned. Besides, physical and financial progress reports required to be submitted monthly by the DCs to the GOI, Ministry of Statistics and Programme Implementation since September 1999 had not been submitted by any of the DCs.

Thus, the deficiency in effectively monitoring the implementation and non-observance of stipulated reporting system resulted in only 236 works out of 436 sanctioned works could be completed during three years ending March 2000. Besides, the overall impact of the scheme so far implemented had never been evaluated as no nodal authority was nominated at the State level.

3.5.11 The observations referred to above have been sent to Government in September 2000; their reply had not been received (November 2000).

3.5.12 Recommendations

- The District authorities should channelise effectively the available resources for proper implementation of the works taken up under the scheme. Incomplete works to be completed within the prescribed period.

- The scheme needs to be closely monitored and works need to be executed through Government agencies.

URBAN AFFAIRS DEPARTMENT

3.6 Urban Employment Generation Programme

Highlights

Various urban employment generation programmes had been implemented in the State since October 1989 with the objective to alleviate urban poverty mainly through self employment by way of setting up enterprises with institutional credit and subsidy provided by Government of India/State besides generation of wage employment through construction of socially and economically useful public assets. The programmes were implemented perfunctorily inasmuch as half of the funds available during 1995-96 to 1999-2000 could not be utilised and there was no follow up action on the part of the implementing authority about the impact of investment on self employment ventures. Some important findings are given below:-

Against Rs.7.99 crore available under Urban Poverty Alleviation (UPA) Programmes during 1995-96 to 1999-2000, Rs.4.45 crore remained unutilised with implementing authority/executing agencies at the end of March 2000 affecting generation of urban employment adversely.

(Paragraph 3.6.4.1)

At the instance of the State Government, Urban Poverty Alleviation Programme fund amounting to Rs. 1 crore was retained in Government account for a period between 2 and 18 months and there was absence of transparency in accounting of Rs.25 lakh.

(Paragraph 3.6.4.3)

Despite availability of funds with the implementing/executing agencies, there was huge shortfall in generation of employment to the extent of 48 to 77 per cent in respect of self-employment under NRY, SJSRY and PMRY and 100 per cent in wage employment under PMIUPEP.

(Paraagraph 3.6.5)

Two district towns of Nongstoin and Nongpoh were not covered by UPA Programmes up to March 2000 due to non-constitution of Municipal Boards depriving the benefit of the Programme to the urban poor of those two towns.

(Paragraph 3.6.6)

There was no appraisal of the investment totalling Rs.67.31 lakh towards payment of subsidy (Rs.55.86 lakh) and imparting training to youth (Rs.11.45 lakh) to set up self employment ventures under NRY and SJSRY by the implementing authority viz. Meghalaya Urban Development Authority.

(Paragraphs 3.6.6.1 and 3.6.6.2)

During 1995-96 to 1999-2000, of Rs.2.20 crore available for generation of wage employment, Rs.1.34 crore remained unutilised as of March 2000 resulting less generation of 1.34 lakh mandays.

(Paragraph 3.6.6.3)

During 1995-96 to 1999-2000, banks financed loan of Rs.9.99 crore under Prime Minister Rojgar Yojana to 1577 beneficiaries to set up self employment ventures on the recommendation of the implementing authority viz. Director of Industries (DI), who had not carried out any survey as of March 2000 about the status of establishment of enterprises by the beneficiaries.

(Paragraph 3.6.7)

Although the loan-cum-subsidy Scheme of Housing and Shelter Upgradation (SHASU) had not gained popularity in the State because of low ceiling cost and high rate of interest as opposed to availability of loan under State scheme with low rate of interest, funds under SHASU continued to be made available resulting in locking up of fund of Rs.24.40 lakh for 3 to 4 years.

(Paragraph 3.6.8)

3.6.1 Introduction

The Urban Employment Generation Programme (UEGP) was designed to alleviate urban poverty through self-employment and wage employment and also aimed at creation of infrastructure and civic amenities for urban poor. The UEGP consists of four following schemes:-

(i) Nehru Rozgar Yojana (NRY) – Launched in October 1989 to provide employment to urban poor having family income below Rs.11,850 per annum through setting up of self-employment venture with Government subsidy and institutional credit and provision of wage employment through creation of socially and economically useful assets.

(ii) Swarna Jayanti Sahari Rojgar Yojana (SJSRY) – Introduced in December 1997 in replacement of NRY.

(iii) Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) – Launched in November 1995 with the objective of generation of employment and shelter upgradation environment improvement. It has been merged with SJSRY with effect from December 1997.

(iv) Prime Minister Rojgar Yojana for Educated Un-employed Youth (PMRY) – Launched in October 1993 to provide employment to educated (Matric and ITI) youth of both urban and rural area having family income up to Rs.24000 per annum through setting up of self-employment venture through industry services and business route for which institutional loans are to be provided.

3.6.2 Organisational set up

The Director, Meghalaya Urban Development Agency (MUDA) under the Urban Affairs Department is the nodal authority for implementing of all urban poverty alleviation programmes in the State. At the District level, six Municipal Boards (MBs) (Shillong, Tura, Williamnagar, Baghmara, Jowai and Resubelpara) are implementing the programmes. Director, Industries Meghalaya, Shillong is responsible for implementation of PMRY.

3.6.3 Audit coverage

Implementation of various Urban Poverty Alleviation programmes including PMRY for the period from 1995-96 to 1999-2000 was reviewed in audit during April – June 2000 through test-check of records of the Director, MUDA, three Municipal Boards (Shillong, Tura and Jowai) and Director of Industries. Important points noticed are discussed in the succeeding paragraphs.

3.6.4 Financial outlay and expenditure

NRY/PMIUPEP and SJSRY were implemented as Centrally Sponsored Schemes sharing the expenditure between Central and State on 60 : 40 and 75 : 25 ratio respectively while PMRY was funded as a 100 **per cent** Central Sector Scheme. Shares of Centre and State in respect of NRY, PMIUPEP and SJSRY are released to the Director, (MUDA) who in turn, release the fund to six Municipal Boards (MBs) for utilisation under the programmes. Funds for PMRY was directly released to the Director of Industries by GOI for utilisation.

3.6.4.1 Underutilisation of fund

Partial utilisation of fund by the implementing authority/executing agencies adversely affected generation of urban employment.

During 1995-96 to 1999-2000, expenditure incurred under the different Urban Employment Programme as furnished by the Department was Rs.3.69 crore against the release of Rs.6.52 crore by the Centre and State (Centre Rs.4.70 crore, State Rs.1.82 crore) during the same period. The year-wise details are given in Appendix XXI. It was seen that against Rs.7.99[(a)] crore, available under NRY, PMIUPEP, UBSP and SJSRY during 1995-96 to 1999-2000, Rs.3.54 crore was utilised leaving Rs.4.45 crore unutilised with MUDA (Rs.2.54 crore) and MBs (Rs.1.91 crore) as on 31 March 2000. The unutilised amount were kept either in short term deposit or in the savings/current accounts of different banks. The entire funds released for implementation of components of Information Education and Communication (IEC) (Rs.5.56 lakh), Development of Women and Children in the Urban Areas (DWCUA) (Rs.17.06 lakh) and assistance to NGO (Rs.15.36 lakh) under SJSRY remained unutilised with MUDA. In respect of PMIUPEP, fund utilised against the total receipt of Rs.91.76 lakh during 1996-97 and 1997-98 was Rs.7.72 lakh (8 **per cent**) only. Reasons for underutilisation of funds were neither on record nor stated by MUDA except for the scheme PMIUPEP where the savings were attributed to (August 2000) non-availability of preparatory time for implementation of the scheme due to delay in release of fund both by Centre and State. The reply is not tenable as the funds remained unutilised even after 2 to 3 years since release of funds. The utilisation of funds during 1995-96 to 1999-2000 compared to the availability of fund was only 44[(b)] **per cent**. The shortfall in utilisation indicated poor performance of the implementing agencies which adversely affected generation of urban employment.

3.6.4.2 Excess release of State's matching share

The expenditure under SJSRY is to be shared between Centre and State in the ratio 75 : 25. Against the Centre's contribution of Rs.2.19 crore during December 1998 to March 2000, the State released during the same period Rs.1.14 crore which was more by Rs.0.41 crore. Out of Rs.6.01 crore (including the opening balance of Rs.2.68 crore) the expenditure during the period was Rs.1.56 crore resulting in unutilised amount of Rs.4.45 crore with the implementing/executing agencies. Thus the release of more fund than its prescribed share indicated inefficient financial management.

(a)

	(Rupees in crore)
Opening balance including balance with MBs	0.90
Central and State share including refund of temporary loan by State	7.09
	7.99

(b) $\frac{\text{Rs.3.54 crore} \times 100}{\text{Rs.7.99 crore}}$ = 44 **per cent**

3.6.4.3 Temporary diversion of scheme fund

Fund of Rs.1 crore for the scheme was temporarily diverted to improve ways and means position of the State. There was absence of transparency in accounting of Rs.25 lakh on refund of the diverted fund.

(i) At the instance of the State Government, the Director, MUDA deposited Rs.1 crore (Rs.50 lakh in November 1993 and Rs.50 lakh in June 1995) out of the unutilised balance of the scheme fund to the civil deposit of Government account. Although the Government refunded Rs.1 crore in June 1995, the Director, MUDA credited Rs.75 lakh (NRY Rs.45 lakh; UBSP Rs.30 lakh) during 1995-96. The balance amount of Rs.25 lakh was stated to have been taken to interest account but no evidence to that effect could be shown to Audit. Thus, apart from absence of transparency in the accounting of Rs.25 lakh due to retention of UPA fund in the Government account to improve the ways and means position of the State for 2 to 18 months the UPA sustained loss of interest of Rs.4.17 lakh (calculated at the rate of 5 per cent per annum admissible under savings bank account) and generation of employment was also affected.

(ii) The Chief Executive Officer, Tura, MB on ten occasions between December 1995 and May 1998 had diverted scheme funds aggregating Rs.6.58 lakh for the payment of salary of staff. Against Rs.6.58 lakh, Rs.4.67 lakh was recouped by Board after a period ranging from 3 days to 9 months, while Rs.1.91 lakh* remained un-recouped by the Board for more than 3 to 4 years as of March 2000. Thus, the funds were not available for the employment generation programme during this period.

3.6.4.4 Interest earned on term deposit/savings bank account

Interest totalling Rs.1.05 crore was earned by MUDA (Rs.0.17 crore prior to 1995-96; Rs.0.88 crore during 1995-96 to 1999-2000) on short term deposit and Savings Bank Account. As per instruction of GOI (September 1992) interest earned on scheme fund kept in Savings Bank Account was to be utilised on infrastructure support to beneficiaries in terms of common facilities such as common work places of Nagarpalika, Kamgar Kendra or the Municipal Service Centre, common selling places/retail outlet for the beneficiaries etc. The MUDA, however, had not initiated any action to utilise the interest for specified purposes so far. The entire amount of interest, therefore, unnecessarily remained locked up with the bank year after year.

3.6.5 Physical achievement

The physical targets and achievement during the period 1995-96 to 1999-2000 under different components were as follows:-

* Rs.0.18 lakh from 15 February 1996, Rs.0.52 lakh from 18 April 1996 and Rs.1.21 lakh from 19 December 1996.

Component of UEGP	Targets	Achievement	Shortfall	Percentage of shortfall
		(in numbers)		
1. Self-employment				
(i) Subsidy and loans under NRY	2934	1198	1736	59
(ii) Subsidy and loans under SJSRY	1858	420	1438	77
(iii) Loans to educated youth of both urban and rural areas under PMRY	3048	1577	1471	48
2. Wage Employment				
(i) Under NRY	42000	29000	13000	31
(ii) Under SJSRY	Not fixed	36000	...	...
(iii) Under PMIUPEP	1643	...	1643	100
3. Training				
(i) Under NRY	1000	401	599	60
(ii) Under SJSRY	3307	263	3044	92
(iii) Under PMRY	2750	2250	500	18

Despite availability of sufficient fund, there was huge shortfall in generation of self employment to the extent of 48 to 77 **per cent** under NRY, SJSRY and PMRY and 100 **per cent** in wage employment under PMIUPEP. While the target for wage employment under NRY was fixed by the GOI, no target was fixed under SJSRY either by GOI or State. The basis of fixation of targets by MUDA/Director of Industries (DI) in respect of other components of the programme was not on record nor stated. For the shortfall in achievement of targets of wage employment under NRY, MUDA stated (August 2000) that GOI fixed targets on the basis of minimum wage rate of unskilled worker only whereas achievement was inclusive of semi-skilled and skilled workers involving higher wages and hence lesser generation of mandays. Reason for shortfall is not tenable since the scheme envisages generation of employment of unskilled women. No reasons for shortfall in self employment and training were on records nor stated by MUDA/DI.

There was no reliable data base available with the MUDA/DI to show BPL population periodically as per the prescribed economic criteria, potential BPL population to avail of assistance and training under self-employment, training to secure better employment, cumulative position of BPL population that had already availed of the assistance under self-employment besides number of BPL population deserving wage employment. Comprehensive action plan visualising the demands for employment generation was not made available to Audit and as a result the gap between the demands and actual generation of employment could not be ascertained.

3.6.6 Implementation

Urban Poverty Alleviation Programmes were not implemented in two districts.

Urban Poverty Alleviation Programmes (NRY, SJSRY and PMIUPEP) in the State were implemented through six Municipal Boards (MBs) constituted at Shillong, Jowai, Williamnagar, Tura, Resubelpara and Baghmara in five districts. No alternate arrangement was made for implementation of the programmes in the two urban areas of the remaining two district towns of Nongstoin (West Khasi Hills) and Nongpoh (Ri-Bhoi) through other agencies. As a result, the benefit of the programmes had not been extended to the urban poor of these two towns although 35.59 **per cent** and 30 **per cent** respectively of the urban population of these two towns have been identified as urban poor population. MUDA had stated that there are no urban local body had been constituted and hence not implemented. The reply is not tenable as these are district headquarters and should have been covered.

3.6.6.1 Self Employment

The assistance to beneficiaries under various self-employment programmes comprised of loan and subsidy. The major part of the investments in the form of loan come from institutional credit while part of the project cost is met by giving subsidy from Government accounts. The loans and subsidy component for setting up enterprise under different scheme were as follows:-

Name of the schemes	Ceiling of project cost	Subsidy allowed	Admissible loan amount (per cent)	Remarks
NRY	--	25 **per cent**	75	Repayment schedule up to 10 years
SJSRY	Rs.50,000	Rs.7,500 (15 **per cent** of project cost)	95	Subsidy amount would be adjusted against loan, 5 **per cent** of the project cost was to be contributed by the beneficiaries towards margin money in cash. Repayment schedule for loan range from 3 to 7 years after an initial moratorium of 6 to 18 months.
PMIUPEP	Rs.50,000	Rs.7,500 (15 **per cent** of project cost)	-do-	-do-
PMRY	Rs.1,00,000	-do-	-do-	-do-

The financial and physical achievement in relation to the setting up of self employment ventures during 1995-96 to 1999-2000, as furnished by MUDA are as follows:-

Name of the scheme	Financial position				Physical		
	Total fund availa-ble with MUDA	Fund avai-lable with MBs	Fund utilised by MBs	Unuti-lised fund (Percen-tage)	Target (Rate of subsidy)	Achie-vement	Shortfall (percen-tage)
	(Rupees in lakh)				(In number)		
NRY	59.02	38.78	36.85	22.17 (38)	2934 (Rs.3000)	1198	59
PMIUPEP	26.24	NIL	NIL	26.24 (100)	1643 (Rs.5000)	NIL	100
SJSRY	91.93	59.19	19.01	72.92 (79)	1858 (Rs.7500)	420	77
	177.19	97.97	55.86	121.33	6435	1618	(---)

Reasons for shortfall in achievement to provide subsidy to the targeted beneficiaries, despite availability of fund were not on the record nor stated. From the details furnished by MUDA it could be seen that though funds were available under PMIUPEP, the benefits were not extended to 525 beneficiaries (Rs.26.24 lakh divided by Rs.5000 each beneficiary). In respect of NRY, considering the rate of subsidy and the number of beneficiaries covered, the amount utilised should have been limited to Rs.35.94 lakh whereas the amount actually utilised was Rs.36.85 lakh indicating excess payment of Rs.0.91 lakh. In regard to SJSRY, taking into account the amount utilised and the rate of subsidy, the number of beneficiaries covered works out to 253 against 420 furnished by the Department which showed that the beneficiaries were not paid at the maximum admissible rate of subsidy.

Although MUDA was responsible to ensure disbursement of subsidy and loan to the selected beneficiaries through banks, it could not make available any record or information regarding method of selection of beneficiaries, number of enterprises actually established, number of viable enterprise, status of refund of loan, self employment potential generated despite repeated requests (May and June 2000). The information was also called for in April 2000 from the bank but no co-operation was extended in the matter by furnishing information called for. In the absence of such information the extent of utilisation of subsidy paid from Government account and loan disbursed by banks could not be ascertained in audit nor the impact of such investment for generation of self employment could be assessed.

Records of the test checked MBs revealed that the executing agencies did not take follow up action to ascertain whether or not the bank actually disbursed the assistance to all the beneficiaries to whom loan was sanctioned, the beneficiaries had set up enterprise, the beneficiary repaying the due loan instalments, etc.

Out of the subsidy of Rs.41.53 lakh received by the Shillong MB from MUDA (Rs.20.46 lakh under NRY during April 1995 to March 1997, Rs.21.07 lakh under SJSRY for December 1999 to March 2000) Rs.38.14 lakh was deposited to banks to provide loans to 984 beneficiaries. One bank refunded Rs.1.14 lakh to the Shillong MB after 5 to 37 months as either the selected beneficiaries could not be traced or they were reluctant to observe formalities to obtain bank loan/have already availed of the benefit. This indicated that not only there was no follow up action by the Board after depositing the subsidy with the banks but also the selection of beneficiaries was defective.

Reasons for non-utilisation of available fund had not been stated by either of the Board.

3.6.6.2 Training

The schemes of NRY and SJSRY were intended to provide training to urban unemployed/underemployed youths of BPL category in a variety of servicing and manufacturing trades for setting up of self employed ventures or to secure better employment. Average training expenditure per trainee per course for a duration of 3 months was fixed at Rs.1200 which was enhanced to Rs.1800 (November 1993).

The financial and physical targets fixed and achievements made in respect of training were as under :-

Besides shortfall in imparting training to the youth to secure self employment there was excess expenditure of Rs.1.71 lakh over the norms for training expenses.

Year	Component	Financial			Physical		
		Funds available (Rupees in lakh)	Expenditure (Rupees in lakh)	Percentage of shortfall in achievement	Target fixed (In number)	Achievement (In number)	Percentage of shortfall
1995-96	NRY	3.07	5.33	...	297		
1996-97	-do-	8.69	1.41	84	194		
1997-98	-do-	9.72	1.59	84	509	401	60
1997-98 From 1.12.97	SJSRY	16.97	NIL	100	849	NIL	100
1998-99	-do-	22.67	1.25	95	1229	...	100
1999-2000	-do-	10.73	1.87	92	1229	263	79
			11.45				

Though funds were available for training, there was huge shortfall ranging between 60 and cent per cent during 1996-97 to 1999-2000.

Reasons for inability to impart training to selected beneficiaries were not kept on record by the MUDA or Municipal Boards or stated.

Scrutiny of records revealed the following points:-

(i) In Shillong urban area 190 beneficiaries were imparted training (Bakery 36, Tailoring etc.152, Stenography 2) for a duration of 6 months or more at a cost of Rs.5.13 lakh against the permissible period of 3 months and expenditure of Rs.3.42 lakh*. Thus, the expenditure of Rs.1.71 lakh incurred on training was unauthorised.

(ii) Rupees 1.63 lakh was spent by the Municipal Board, Baghmara on imparting training to 100 beneficiaries during 1998-99 and 100 beneficiaries in 1999-2000. As per information made available to Audit (July 2000) by MUDA, 100 trainees of 1999-2000 were shown as completed training while training to 100 trainees of 1998-99 were in progress as of July 2000. No specific reason for delay in completion of training and the name of trades in which training imparted was furnished.

There was no study made by the implementing authority to ascertain the extent of self employment generated against the expenditure of Rs.67.31 lakh towards subsidy payment and training.

(iii) No record showing collection and disposal of articles of raw material (cost of which was met out of training expenses) used at the time of training of tailoring, knitting and embroidery and weaving in particular could be made available to audit.

The MUDA or Municipal Boards had not conducted any study as of July 2000 to ascertain how many youths to whom training was given had actually started the business activities, secured employment and their level of income generation therefrom. Thus, the effectiveness of expenditure of Rs.11.45 lakh on training remained to be evaluated.

3.6.6.3 Wage Employment

Under the scheme of NRY and SJSRY funds were to be made available to the MBs by the MUDA for providing wage employment to the urban poor (BPL) beneficiaries towards creation of socially and economically useful public assets with wage and material component ratio of 40:60. MBs were also responsible to maintain proper records of assets created and Muster Rolls in support of payment of wages made to labourers engaged for execution of various works.

The financial and physical targets and achievements under NRY during 1 April 1995 to 30 November 1997 and SJSRY during 1 December 1997 to 31 March 2000 were as under:-

* Calculated at Rs.1800 per trainee for 190 trainees.

Scheme	Financial			Physical		
	Funds available including opening balance	Actual expenditure	Shortfall in utilisation (percentage)	Target as fixed by GOI	Achievement as reported by MUDA	Shortfall (percentage)
	(Rupees in lakh)			(Mandays in lakh)		
NRY	57.00	37.54	19.46 (34)	0.42	0.29	0.13 (31)
SJSRY	162.93	47.92	115.01 (71)	--	0.36[(a)]	--
Total	**219.93**	**85.46**	**134.47**	**0.42**	**0.65**	**--**

On scrutiny of records of MB, Shillong it was noticed that Rs.41.17 lakh[(b)] was spent on execution of 103 works/projects during 1995-96 to 1999-2000. The number of beneficiaries provided wage employment in each year with reference to total BPL population ranged between 0.35 and 0.93 **per cent** as indicated below:-

Non-utilisation of available fund resulted in less generation of 1.34 lakh mandays.

Year	Total number of beneficiaries provided wage employment	Percentage of beneficiaries covered to total BPL population	Total mandays generated for the beneficiaries	Mandays generated per beneficiary on an average
1995-96	148	0.39	5785	39.08
1996-97	206	0.54	8206	39.83
1997-98	354	0.92	13874	39.19
1998-99	199	0.52	7834	39.36
1999-2000	133	0.35	5291	39.78
Total	**1040**		**40990**	

Thus, non-utilisation of available fund of Rs.1.34 crore meant for wage employment resulted in less generation of 1.34 lakh[(c)] mandays under Wage Employment Scheme. Besides, on an average the work was provided for only 39 days in a year per beneficiary.

Records of three test-checked MBs revealed the following:-

(a) No permanent record, showing the full name of beneficiaries, their status, level of individual/family income, father's name, complete address, month/year wise mandays and income generated under each scheme quoting reference to MR bill numbers and date was maintained by any of the

[(a)] Mandays generated under SJSRY by three MBs (Tura, Baghmara and Resubelpara) were not included due to non-receipt of report from MBs concerned.

[(b)] Drain (35 nos.: Rs.16.85 lakh), Retaining Wall (13 nos. : Rs.9.18 lakh), Foot path (42 nos.: Rs.8.20 lakh), Embankment (2 nos.: Rs.0.70 lakh), Market (3 nos.: Rs.0.94 lakh), Water tank (3 nos.: Rs.1.08 lakh), Community hall (3 nos.: Rs.3.18 lakh) and Jeepable road (2 nos.: Rs.1.04 lakh).

[(c)] $\frac{0.41 \text{ lakh} \times \text{Rs.}134.47 \text{ lakh}}{\text{Rs.}41.17 \text{ lakh}} = 1.34$ lakh test checked MBs. In the absence of such record based information, the total number of BPL category of people actually provided wage employment, mandays generated to each of them etc. could not be verified in audit.

(b) During June 1996 to January 1998, the MB, Shillong executed 32 works at a total cost of Rs.12.39 lakh which included Rs.8.96 lakh being the cost of material against the admissible amount of Rs.7.43 lakh as per the prescribed limit of 60 **per cent** on material. Thus, Rs.1.53 lakh (Rs.8.96 lakh – Rs.7.43 lakh) was charged to the scheme by proportionate reduction of expenditure under wage component which resulted in short generation of 3422 mandays (Rs.1.54 lakh ÷ daily wage of Rs.45) for urban poor.

Test-checked MBs revealed that women were not employed though 30 per cent of them were to be employed.

(c) As per scheme guidelines 30 **per cent** funds of the scheme were to be utilised for women beneficiaries. In three test checked MBs, no women beneficiaries were given wage employment.

Wages paid after completion of work instead of weekly payment.

(d) The schemes envisaged weekly payment of wages to workers at work sites. Scrutiny of records for payment of wages, which could be made available to audit by MB, Shillong revealed that wages were paid to the workers at a time after completion of work. The extent of delay in payment of wages to the workers ranged between 25 and 255 days. From the records of other two test checked MBs (Tura and Jowai) it was also noticed that the system of weekly payment of wages was not followed by them and payment of wages to the workers was made at a time after completion of work.

3.6.7 Prime Minister's Rojgar Yojana

The scheme under PMRY envisaged providing self-employment opportunities to educated unemployed youth of urban and rural areas through setting up micro-enterprises in industry/services and business sectors for which short training for a duration ranging from 7 to 20 days in the industry and service and business sectors are to be imparted to the youth.

Expenditure of Rs.5.98 lakh proved unproductive since the trainees were not granted loan to set up enterprises.

Although during 1995-96 to 1999-2000, 2250 youths were given training, the DI forwarded 3018 applications to banks recommending loans against which the banks granted loan amounting to Rs.9.99 crore to 1577 beneficiaries. Thus, 673 trained beneficiaries were not sanctioned loan for which reasons were not stated and the proportionate expenditure of Rs.5.98 lakh* incurred on their training proved unproductive.

The DI, responsible for generation of self employment under the scheme had not conducted any study to ascertain that the beneficiaries who received

* During 1995-96 to 1997-98 expenditure of Rs.15.19 lakh was incurred on training of 1709 youths (figure of expenditure for 1998-99 and 1999-2000 were not available). Taking these figures the proportionate expenditure per trainee works out to Rs.888.82.

training and were provided loan by the bank had actually utilised the loan money in setting up enterprises. No information about progress of recovery of loan from the beneficiaries was also available from the records of DI.

3.6.8 Scheme of Housing and Shelter Upgradation (SHASU)

The scheme of Housing and Shelter Upgradation envisaged construction of simple dwelling units/or upgradation of such units at a cost of Rs.4000 per unit to household, belonging to economically weaker section in urban areas with emphasis on people living below poverty line. To implement the scheme GOI was to provide 75 **per cent** of project cost (Rs.3000) as loan to the beneficiaries at 8 **per cent** interest repayable in 20 years and remaining 25 **per cent** of the project cost as subsidy to be borne by Centre and State in the ratio of 80:20. The scheme also provides training and infrastructure support to related trades like masonry, carpentry, plumbing, electric wiring etc. at an average expenditure of Rs.1500 per trainee which had been enhanced to Rs.1800 in the State.

During the period from 1995-96 to 1998-99 the State Government released (including the Central assistance of Rs.12.51 lakh) Rs.18.58 lakh to MUDA. Already there was unspent balance of Rs.15.82 lakh with the agency as of April 1995, MUDA spent Rs.10 lakh on training under SHASU. The Agency had not incurred any expenditure on Shelter Upgradation and thus the unspent balance of Rs.24.40 lakh remained with MUDA.

Although the SHASU had not gained popularity in the State, flow of fund continued resulting in locking up of fund of Rs.24.40 lakh.

GOI permitted the implementing agency to continue the scheme independently. The Director, MUDA, stated (August 2000) that the scheme had not gained popularity because of its low ceiling limit (Rs.4000) against the high cost of construction/additions of dwelling, with a high rate of interest as opposed to availability of loan at a higher ceiling limit of Rs.35,000 under other housing scheme implemented by the Housing Department/Meghalaya State Housing Board in the State at subsidised rate of interest of 3 **per cent.** Given this background, sanction of the scheme in the State and retention of unutilised balance of Rs.24.40 lakh was unjustified as it resulted in locking up of fund for 3 to 4 years.

Out of Rs.12.49 lakh provided for training, MUDA spent Rs.10 lakh (Rs.3.55 lakh in 1995-96 and Rs.6.45 lakh in 1996-97) on training imparted to 211 beneficiaries (Shillong – 53 and Tura – 158) in 1995-96 and 315 beneficiaries in Shillong urban area in 1996-97 in different servicing trades relating to construction of buildings. Expenditure on training on an average per beneficiary worked out Rs.1901 which was higher by Rs.101 than the maximum permissible limit of Rs.1800 as fixed by GOI. As no beneficiary had been provided with loan/subsidy for dwelling upgradation under the scheme the expenditure of Rs.10 lakh on training turned out to be unproductive.

3.6.9 Monitoring and evaluation

There was no system of monitoring the periodical physical and financial progress of the various schemes either at the State level or at district level. As a result, remedial measure wherever required also could not be taken by the Scheme implementing agencies. The impact of implementation of the schemes on urban poor was also not assessed at any stage by any agency.

3.6.10 The matter was reported to Government in August 2000; their reply had not been received (November 2000).

3.6.11 Recommendations

- The implementation of Urban Employment Generation Programme needs to be analysed and the avenues for generation of employment especially by setting up self-employed ventures needs to be improved with close co-ordination with the credit link banks and available fund utilised for the purpose.

- Proper utilisation of fund with reference to objectives should be a condition for release of further funds.

SECTION 'B' - PARAGRAPHS

ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

3.7 Locking up of Central assistance provided for installation of a Liquid Nitrogen Plant due to departmental lapses

Liquid Nitrogen Plant could not be installed even Rs.46.54 lakh was withdrawn for the purpose nearly 5 years back resulting locking up of fund and set back in live stock development.

Central assistance of Rs.58.60 lakh from Ministry of Agriculture was received by the Department for installation of a Liquid Nitrogen (LN) Plant at ICDS Complex, Tura. The Director of Animal Husbandry and Veterinary Department (DOAHV) drew Rs.46.54 lakh in March 1996 out of the assistance.

Scrutiny of records (November 1998) of the DOAHV and further information collected (March 2000) from him revealed that the Departmental Purchase Board (DPB) after lapse of over one year since receipt of three tenders conveyed (March 1997) their approval for supply and installation of LN Plant by the highest tenderer at Rs.54.98 lakh. Supply of the LN Plant was, however, not effected as in the meantime, the lowest tenderer (Rs.49.62 lakh) filed a suit in the Court of the Assistant to Deputy Commissioner, Shillong alleging that the Chairman of DPB informed (29 November 1996) the Ministry of Agriculture that the acceptance of lowest tender was already decided (July 1996). The Court thereupon passed (9 April 1997) an ad-interim injunction restraining the Government of Meghalaya (GOM)/Director from procurement of LN Plant till final disposal of the case. The ad-interim injunction was made absolute (24 September 1997) since the GOM had not raised any objection against the ad-interim injunction.

When GOM filed (October 1997) an appeal for vacation of injunction before the District Court, Shillong, the District Court upheld (February 1998) the verdict of lower court as the GOM failed to avail of the opportunity offered to the Government by way of serving statutory notice. The withdrawn amount (Rs.46.54 lakh) was lying in the chest in the form of bank draft till date (March 2000). Withdrawal of money before actual delivery of the material was irregular and led to locking up of fund of Rs.46.54 lakh outside Government account for nearly five years affecting ways and means position of the State.

Government stated (August 2000) that the case had been dismissed by the Court in April 2000 as the plaintiff was absent on many dates to contest the case and efforts were being made to instal the Plant. The dismissal of the case by the Court is indicative of the fact that the case lacked merit and timely raising of objection to the ad-interim injuction would have settled the case as early as April 1997. Government attributed the delay in raising objection to time taken in processing the case by Government pleader, but the fact remained that live stock development in the State had received a set back since the LN Plant could not be installed even after 5 years of receipt of fund.

COMMUNITY AND RURAL DEVELOPMENT DEPARTMENT

3.8 Extra expenditure due to irregular inclusion of contractor's profit on the works executed departmentally

Execution of works under Employment Assurance Scheme at PWD Schedule of Rates including contractor's profit element resulted in extra expenditure of Rs.8.19 lakh and consequently employment opportunity of 0.23 lakh unskilled mandays were lost.

The Centrally Sponsored Employment Assurance Scheme (EAS) envisaged that labour intensive work under this scheme be executed departmentally and therefore GOI insisted that State Government frame such Rural Standard Schedule of Rates (SOR), that the role of Contractor was eliminated and minimum daily out turn of works was fixed. No such SOR has been prepared by the State Government, reasons for which were neither available on records produced to Audit nor stated.

Scrutiny (March 2000) of the records of the Block Development Officer, Dadengiri, West Garo Hills District revealed that during 1994-95 to 1997-98, works were executed at the estimated cost of Rs.90.10 lakh prepared at the relevant Public Works Department (PWD) Schedule of Rates (SOR). The rates for item of works adopted in the PWD SOR included 10 **per cent** profit which was to be excluded in the estimate for works undertaken departmentally. Execution of work at the PWD SOR had, thus, resulted in extra expenditure of Rs.8.19* lakh being 10 **per cent** profit. Thus, owing to this extra expenditure employment opportunity of generating 0.23 lakh unskilled mandays at the labour rate of Rs.35 per day being the wage of unskilled labour was lost.

The matter was reported to the Government (April and May 2000); reply had not been received (November 2000).

3.9 Unauthorised and irregular expenditure on procurement of materials

Expenditure of Rs.7.19 lakh on procurement of construction materials was unauthorised and irregular and receipt of materials was suspect.

As per Rule 194 of the Meghalaya Financial Rules, 1981, all materials received should be examined, counted, measured or weighed, as the case may be, when delivery is taken and kept in charge of a responsible Government servant who should be required to give a certificate that he actually received the materials and recorded them in appropriate Stock Register.

Test check (March 2000) of records of the Block Development Officer (BDO), Dadenggiri, West Garo Hills District revealed that between February and November 1998, the BDO procured construction materials like Torsteel rod, Corrugated Galvanised Iron sheet, Ridging valued at Rs.7.19 lakh from local suppliers for utilisation on various works under Employment Assurance Scheme without any sanctioned estimate and formal supply order. Payments were made to the suppliers without recording any certificate regarding receipt of the materials. Stock register or any other record including Measurement Book showing the receipt and utilisation of the materials was not made available to Audit. As such, veracity of proper receipt and issue of materials could not be ascertained in audit.

Thus, procurement of materials without sanctioned estimate and supply order was unauthorised and irregular. Besides, in the absence of any evidence of

*

Expenditure incurred as per estimate including 10 per cent contractors' profit	Cost at which the work to be executed departmentally excluding 10 per cent contractors' profit	Extra expenditure
	(Rupees in lakh)	
(1)	(2)	(3) (1-2)
90.10	$\frac{90.10 \times 100}{110}$ = 81.91	8.19

proper receipt and utilisation of these materials the reported expenditure of Rs.7.19 lakh incurred on employment generation programme was suspect.

The matter was referred to Government in April and June 2000; reply had not been received (November 2000).

EDUCATION DEPARTMENT

3.10 Misappropriation of Government money

Failure on the part of the Inspector of Schools to observe the basic financial rules regarding drawal and custody of money resulted in misappropriation of Rs.10 lakh.

Meghalaya Treasury Rules provide that money shall not be drawn unless required for immediate disbursement. According to Meghalaya Financial Rules, Government money in the custody of a department shall be kept in strong treasure chests and secured by two locks of different patterns. The keys of the one lock shall be kept apart from the keys of other lock and in a different person's custody. The Head of the office is personally responsible to Government for the due accounting of all money received and disbursed and for the safe custody of cash.

Test-check (March 1998) of records of the Inspector of Schools (IS), East Khasi Hills, Shillong disclosed that the incumbent IS after two months since his taking over charge reported (September 1997) to the Director of Public Instruction, Meghalaya that records relating to cash transactions from September 1995 to the date of his joining were not received by him due to hospitalisation of his predecessor (19 July 1997) and proceeding on leave (from 2 September 1997) by the Head Assistant-cum-Cashier. On opening the double-lock system cash chest (November 1997) with both the keys lying in the custody of the Cashier, the inspection team (Directors of Higher and Technical Education, Elementary and Mass Education and others) found that cash of approximately Rs.10 lakh was taken away by the Cashier. Basis on which the amount was worked out by them and reasons why both the keys were retained by the Cashier instead of keeping the second key with the IS were neither available on records produced to Audit nor stated (May 2000). The Cashier was placed under suspension (2 September 1998) after nearly two years since cash found short on the ground that the Cashier failed to fulfil his undertaking to refund the amount by December 1997. A First Information Report was lodged with the Police on the same day. Final outcome of Police investigation was awaited. A fresh cash book was opened by the IS on 15 December 1997 with nil opening balance. But no cash book of the transaction from September 1995 till opening of new cash book has been written with opening and closing balance to quantify the misappropriation exactly.

Thus, failure to observe basic financial rules regarding custody of Government money by the Inspector of Schools facilitated the misappropriation of Rs.10 lakh. The Department neither made any effort to ascertain the actual amount lying in the cash chest with the help of Finance Department nor reported the loss to the Accountant General as required under Rules.

The matter was referred to Government in June 1998, November 1999 and June 2000; reply had not been received (November 2000).

HEALTH AND FAMILY WELFARE AND PUBLIC HEALTH ENGINEERING DEPARTMENTS

3.11 Extra expenditure due to delay in payment of electricity bills

Delay in payment of electricity bills led to avoidable extra expenditure of Rs.37.15 lakh.

(i) Test-check (October 1999) of records revealed that the Joint Director of Health Services (JDHS), Civil Hospital, Shillong had allowed the payment of monthly energy bills pertaining to the hospital to fall in arrears for years together. As a result staggering amount of energy bills amounting to Rs.1.58 crore was outstanding as of February 1999 which included energy charges (including meter rent) of Rs.10.72 lakh at monthly fixed rate of Rs.89,301 and delayed payment charges of Rs.31.34 lakh for the period from March 1998 to February 1999 and the balance Rs.1.16 crore pertained to the arrear for the period prior to March 1998. Against Rs.1.58 crore, Rs.1 crore was paid in April 1999 leaving Rs.0.58 crore outstanding.

(ii) Similarly, between May 1996 and August 1999, the Electrical Division (PHE), Mawphlang paid Rs.4.23 crore to the MeSEB as energy charges for the period from February 1996 to July 1999 which included delayed payment charges for Rs.5.81 lakh.

Government stated (June 2000) that the bills could not be cleared regularly due to inadequate fund (sub-para i) and that the process of requisition by the

Executive Engineer to final allotment of fund and LOC take few days besides days lost between the date of billing to actual delivery of the bills (sub-para ii). Reply is not tenable in view of the fact that payment of electricity charges was a recurring expenditure of the Department and inevitable in nature and hence, necessary arrangement should have been made for timely payment of bills to avoid delayed payment charges. Thus the fact remains that the Department incurred extra expenditure of Rs.37.15 lakh on account of non-payment of energy bills in time.

LABOUR DEPARTMENT

3.12 Infructuous expenditure on idle staff

Expenditure of Rs.1.38 crore incurred on salaries of the personnel of Meghalaya Civil Task Force without any work rendered infructuous.

The Civil Task Force (CTF) created in 1974 under the 'Meghalaya Civil Task Force Act, 1974' has three platoons comprising 145 persons for execution of works allotted to it by the Government Department. Since March 1988 no work was allotted to CTF and a mention in this regard was made in Paragraph 3.15 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1991, indicating infructuous expenditure of Rs.50.45 lakh towards payment of salary on idle personnel of CTF from April 1988 to March 1992. Government in September 1991 stated that action was being taken to wind up the Force immediately.

Test check (October 1997) of records of Commandant, CTF, Meghalaya and information collected in February 2000 revealed that the platoons of the Force with 145 personnel continued and remained idle and expenditure of Rs.1.38 crore was incurred on their salary during April 1992 to December 1999.

Government in January 1999 stated that the question of winding up the organisation was under active consideration.

Thus, it could be seen that though Government had been informing Audit about winding up of the organisation, neither any work had been provided to CTF nor they could take any final decision of winding up of the Force.

MINING AND GEOLOGY DEPARTMENT

3.13 Locking up of fund due to non-installation of electronic weigh bridges in trade routes

Non-installation of weigh bridges in transit routes despite availability of fund not only showed apathy of the department to ensure fullest collection of revenue on royalty of coal but also resulted in idling of weigh bridge costing Rs.9.30 lakh and locking up of fund of Rs.11.41 lakh for more than 3 years.

In order to check evasion of royalty on coal in the wake of growing volume of Indo-Bangladesh trade in Meghalaya sector through border transit routes, Mining and Geology Department decided to instal 2 weigh bridges, one at Dawki in Jaintia Hills and the other at Gasuapara in South Garo Hills to be funded from the Special Central Assistance under Border Areas Development Programme, 1996-97. Accordingly Rs.19 lakh (cost of land acquisition : Rs.2 lakh, Civil foundation : Rs.4 lakh, and cost of 2 weigh bridges : Rs.13 lakh) was placed (February 1997) by the Border Areas Development Department at the disposal of the Director, Mineral Resources (DMR). An additional amount of Rs.1.71 lakh being the escalation cost of machines and Civil works was also placed (March 1998) with the DMR on the basis of proposal submitted (March 1997) by him.

Test check (July 1999) of records of the DMR and further information collected (March-April 2000) revealed that out of the amount received, Rs.9.29 lakh was paid (October 1997) to a Guwahati based firm for one 50 tonne capacity Electronic Road Vehicle Weigh Bridge with Printer and power pack, delivered in September 1997, Rs.0.01 lakh spent on Bank Commission for the Demand Draft of Rs.9.29 lakh and a further amount of Rs.0.64 lakh was placed (February 1999) at the disposal of the Deputy Commissioner (DC), South Garo Hills for acquisition of land for installation of the machine at Gasuapara. The machine could not be installed as of March 2000 as the land was handed over to the DMR by the DC only in January 2000. The warranty period of 18 months of the weigh bridge had expired in March 1999. Therefore, procurement of the weigh bridge much before acquiring the land for installation was not an appropriate decision. The balance amount of Rs.10.77 lakh was retained in fixed deposit for the second weigh bridge at Dawki.

In respect of installation of weigh bridge at Dawki, it was observed that though initially (June 1997) the Jaintia Hills District Council agreed to hand over their weigh bridge with accessories, they expressed (August 1997) their inability to hand over the weigh bridge. Despite this no action was taken by the Department to acquire land and instal the weigh bridge. The Director of Mineral Resources stated (September 2000) that the land acquisition is in progress and after acquisition of land the weigh bridge would be installed. The delay in taking action to acquire the land and irregular drawal of the amount before actual procurement of the weigh bridge resulted in locking up of fund of Rs.10.77 lakh.

Non-installation of intended weigh bridges in the transit routes even after 3 years since receipt of sufficient fund for the purpose not only showed the apathy of the Department to ensure fullest collection of royalties on the minerals traded but also resulted in idling of a weigh bridge procured at a cost of Rs.9.30 lakh (including Bank commission) and locking up of funds of Rs.11.41 lakh for more than 3 years.

Government stated (September 2000) that it was expected in June 1997 that the land would be available by the year end as the acquisition process started in June 1997, but the proceedings were delayed. It was irregular to draw the amount from Treasury when it was not required for immediate payment.

URBAN AFFAIRS DEPARTMENT

3.14 Locking up of fund due to withdrawal of money without realistic assessment of requirement

Withdrawal of fund without realistic assessment led to locking up of funds for the period ranging from 3 to 6 years outside Government accounts affecting financial health of State exchequer.

With a view to establish new Shillong township at Mawdiang-diang, the Director of Urban Affairs (DUA) withdrew Rs.6.60 crore between March 1992 and March 1994 and placed the same at the disposal of the Meghalaya Urban Development Authority (MUDA) for acquiring 143.35 hectares of land. Of Rs.6.60 crore, MUDA placed Rs.6.46 crore at the disposal of the Land Acquisition Officer, viz., Deputy Commissioner (DC), Shillong between March 1992 and May 1995 retaining the balance Rs.0.14 crore with them. The DC incurred expenditure of Rs.6.42 crore towards land compensation for acquiring 101.79 hectares of land and refunded the balance Rs.0.04 crore to

DUA in September 1995, who placed the amount at the disposal of the MUDA in October 1995.

Test check (February 2000) of records of DUA revealed that the departmental committee of Urban Affairs, in its meeting held in October 1995, recommended for sanction of Rs.2.62 crore for acquiring the balance 41.56 hectares of land. The DUA, however, had withdrawn Rs.3.90 crore on the basis of probable cost of 41.56 hectares of land at Rs.4.08 crore furnished (February 1996) by the DC, obtaining 3 expenditure sanction from the Government between March 1996 and August 1997 and placed the fund with MUDA, who in turn placed only Rs.2.12 crore with the DC. The DC incurred expenditure of Rs.1.46 crore for acquiring 17.20 hectares of land and refunded Rs.0.66 crore to the DUA in September 1998. The refunded amount was also placed in September 1998 at the disposal of the MUDA by the DUA. Neither assessment of fund requirement for the balance 41.56 hectares of land nor the expenditure sanction were consistent resulting excess withdrawal of fund of Rs.2.44 crore (Rs.3.90 crore – Rs.1.46 crore) for the second spell of acquisition. The Department did not take any action for the refund of the unutilised fund of Rs.2.62 crore {(Rs.6.60 crore + Rs.3.90 crore) – (Rs.6.42 crore + Rs.1.46 crore)}to Government account by MUDA.

Government stated (October 2000) that the fund lying with the MUDA would be provided for construction of a link road and widening the existing road connecting the city to the new township. The fact, however, remained that Rs.2.62 crore remained outside the Government account with MUDA for period ranging from 3 to 6 years thereby locking up of funds to that extent which adversely affected the financial health of the State.

GENERAL

3.15 Failure of senior officials to enforce accountability and to protect the interests of Government

Accountant General (Audit) (AG) arranges to conduct periodical inspection of the Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspections Reports (IRs). When important irregularities, etc. detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected with a copy to the next higher authorities. The Meghalaya Financial Rules, 1981 of Government provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. noticed during his inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Accountant General (Audit). A half-yearly report of pending inspection reports is sent to the Secretary of the Department in respect of pending IRs to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto March 2000 pertaining to 85 offices of 4 departments disclosed that 1473 paragraphs relating to 347 IRs remained outstanding at the end of October 2000. Of these, 82 IRs containing 202 paragraphs had not been replied to/settled for more than 10 years. Year-wise position of the outstanding IRs and Paragraphs are detailed in the Appendix XXII. Even the initial replies, which were required to be received from the Heads of offices within six weeks from the date of issue were not received in respect of 21 offices for 337 paragraphs of 31 IRs issued between July 1986 and March 2000. As a result the following serious irregularities commented upon in these IRs had not been settled as of November 2000.

Serial No.	Nature of irregularities	Number of paragraphs	Amount (Rupees in crore)
1.	Non-observance of rules relating to custody and handling of cash, position and maintenance of Cash Book and Muster Roll.	62	0.30
2.	Delay in recovery or non-recovery of departmental receipts, advances and other recoverable charges	54	5.19
3.	Local purchase of materials without immediate requirement/Locking up of funds due to excessive purchase.	76	0.81
4.	Drawal of funds in advance of requirement	29	5.82
5.	For want of Detailed Countersigned Contingent (DCC) Bills/ Actual Payees' Receipts (APR)/Sanction	30	19.98
6.	Overpayments/inadmissible payments	31	0.31
7.	Unauthorised expenditure/Excess over sanctioned estimate/Undue financial benefit to contractors.	85	0.75
8.	Excess payment due to non-deduction of void/forest royalty/Avoidable expenditure due to change in classification of soil, etc	87	0.49
9.	Others	1019	13.73
	Total	**1473**	**47.38**

A review of the IRs which were pending due to non receipt of replies, in respect of the departments mentioned in Appendix XXII revealed that the

Heads of the offices, whose records were inspected by AG, and the Heads of the Departments, viz., Directors of Community and Rural Development, Food and Civil Supplies and Housing and the Chief Engineer, Public Works failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the AG. The Secretaries of the concerned Department, who were informed of the position through half-yearly reports, also failed to ensure that the concerned officers of the Department take prompt and timely action.

The above also indicated inaction against the defaulting officers and thereby facilitating the continuation of serious financial irregularities and loss to the Government though these were pointed out in Audit.

It is recommended that Government should re-look into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/Paras as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner and (c) revamping the system of proper response to the audit observations in the Department.

The matter was reported to the Government in August 2000; reply had not been received (November 2000).

3.16 Misappropriation, losses, etc.

Eighty-three cases of misappropriation, losses, etc. amounting to Rs.1.53 crore reported to Audit by the departments till the end of March 2000 were pending as of June 2000. Year-wise and department-wise analysis of the outstanding cases are given in Appendix XXIII.

In respect of 3 cases (one each relating to Land Revenue, Mining and Soil Conservation Department) involving Rs.19.31 lakh, departmental action had not been initiated. Two cases (GAD and Finance Department) amounting to Rs.0.97 lakh were in the Court of Law; one case (Home (Police) Department) with an amount of Rs.0.03 lakh awaiting orders for recovery/write off and 74 cases* of 11 departments involving Rs.1.28 crore were under Departmental/ Police action. Of the 74 cases, 1 case pertaining to Meghalaya Legislative Assembly involving Rs.3.34 lakh was of misappropriation and 4 cases involving Rs.9.89 lakh were of robbery/looting in the offices of the District Malaria Officer (Rs.4.94 lakh), Range Officer, Marngar (Rs.2.17 lakh), Executive Engineer, Public Works Department (Roads) Division, Mawsynram

* One each of Education, Home, Agriculture, Legislative Assembly and Printing and Stationery Departments, 2 each of Animal Husbandry and Veterinary, Finance and Forest Departments, 6 of Public Works, 3 of Medical and 54 of Public Health Engineering Departments.

(Rs.1.78 lakh) and District Animal Husbandry and Veterinary Officer, Jowai (Rs.1 lakh). These were possible due to non-maintenance of cash book properly by the cashier and lack of supervision of the works of cashier (Rs.3.34 lakh) and non-adherence to the rules of handling cash as laid down in the Meghalaya Treasury Rules, e.g., engagement of one or more guard with the messenger carrying money.

Of the three cases of mis-appropriation, losses, etc. reported during 1999-2000, 2 cases were of robbery of cash amounting to Rs.4.12 lakh in the office of the Mawsynram Development Block (Rs.3.03 lakh) and Director of Mineral Resources (Rs.1.09 lakh) and the other involving Rs.0.23 lakh was the theft case of power tiller. Departmental and criminal action in respect of all these cases had not yet been started (July 2000).

CHAPTER IV : WORKS EXPENDITURE

HEALTH AND FAMILY WELFARE DEPARTMENT

4.1 Extra expenditure owing to abnormal delay in handing over the site of work for construction of Nurses Hostel cum Training Centre

Delay in handing over the site of work to the contractors by the Department led to extra expenditure of Rs.34.18 lakh.

The estimate of the work "Construction of Nurses Hostel cum Training Centre including Doctor's quarter at Ducca cottage, Shillong", framed on the basis of the Schedule of Rates for Building (SOR) for 1991-92, was administratively approved by Government in March 1993 for Rs. 97.70 lakh. Technical sanction to the work was accorded by the Technical Board of the Department in May 1993.

Test check of records (October 1999) of the Executive Engineer, Directorate of Health Services, Engineering Wing, Shillong revealed that the construction works of building for Nurses Hostel cum Training Centre (Rs. 74.67 lakh) and that of Doctor's quarter (Rs. 23.03 lakh) were awarded to contractors 'A' and 'B' between September 1993 and December 1993 at their quoted rates at par with the SOR (Building) 1991-92 with the stipulation to complete the work within 18 months from date of its commencement i.e. by March 1995 and May 1995 respectively. Both the contractors, however, could not take up the work owing to failure of the department to hand over the clear site of work as the possession of the land where the proposed buildings were to be constructed was not vacated by State Public Works Department (PWD) despite the same being allotted to the Health Department by Government of Meghalaya in January 1977. Meanwhile, the contractors submitted representations (between December 1993 and March 1994) stating inter alia that they were incurring heavy losses owing to idling of their construction machinery and labourers. However, the PWD finally vacated the site during October 1995. Reasons for delayed handing over of land by PWD had not been stated. In October 1995, both the contractors 'A' and 'B' expressed their unwillingness to go ahead with the work at the agreed rate of SOR 1991-92 and demanded 45 **per cent** cost escalation over the rate agreed earlier in view of the abnormal increase in cost of labour and materials. Keeping in view the vulnerable position of the department for its failure to make the site available to contractors for such a prolonged period, the department after negotiation made both the contractors agree to execute the work at 35 **per cent** above the SOR 1991-92. Accordingly, a revised estimate for Rs. 1.59 crore was approved by Government in March 1997. However, both the contractors took up the work in May 1997 and physically completed the work in September 1999. The work was finally measured in October 1999 for Rs. 131.88 lakh (contractor 'A': Rs.100.80 lakh; contractor 'B': Rs. 31.08 lakh), and the payments released to them in March 2000.

Thus, inability of the Department in making the site available by getting the land allotted/vacated before or immediately after awarding the work led to time overrun for a period of over 4 years and extra expenditure of Rs.34.18 lakh (Rs.131.88 lakh – Rs.97.70 lakh), besides the delay in imparting training to the nurses and providing accommodation to the doctors.

Government stated (October 2000) that the State PWD stock-piled steel on the entire site in question and it was only after protracted correspondence and discussion at highest level the PWD vacated the site. The reply of the Government confirms that the site was not vacated by PWD in time for handing over to the contractors at the scheduled date of commencement of work.

PUBLIC WORKS DEPARTMENT

4.2 Unproductive expenditure owing to non-completion of work

Failure on the part of the Department to get the work completed through contractors rendered the expenditure of Rs.21.53 lakh unproductive.

The work "Metalling and Black topping of Mawryngkneng–Diengpasoh Road (0-4 Km)", estimated to cost Rs.33.34 lakh was administratively approved by Government in February 1994. Technical sanction to the estimate was accorded by the Chief Engineer in July 1994. The estimate of the work provided for collection of metals, blindage and consolidation of the metals and black topping in the entire stretch of 0-4 km. Between February 1995 and

February 1996, the work was awarded to 25 different contractors with the stipulation to complete the same within 6 months.

Test-check (June 1999) of records of the Executive Engineer (EE), NH Bye-Pass Division, Shillong revealed that between October 1995 and March 1996, the contractors supplied metals of different sizes worth Rs.15.73 lakh (Grade I: 40-90 mm: 2100.33 cum; Grade III: 20-50 mm: 3102.54 cum) and payments totalling Rs.14.01 lakh were made to them between March 1996 and August 1997. Thereafter the contractors neither executed the consolidation and black-topping works nor applied for extension of time. The Department also did not initiate any action either to get the works completed by them or rescind their contracts for completion of the works through other contractors, reasons for which were neither on record nor stated (June 1999).

Thus, failure on the part of the Department to monitor the progress of work, the work scheduled to be completed by August 1996, remained incomplete till the date of audit (June 1999) rendering the expenditure of Rs.21.53 lakh (Supply of metals: Rs.14.01 lakh; work-charged expenditure: Rs.5.18 lakh and Miscellaneous expenditure : Rs.2.34 lakh) unfruitful besides entailing the risk of loss on account of metal kept idle at the site of work for prolonged period of over 3 years.

In August 2000 the EE served notice to ten contractors to complete allotted works (1200 RM of road length), indicating that even as late as August 2000 the work was not completed. Contradictory to this, the SE stated (June 2000) that the blacktopping work was physically completed in January 1998 at a cost of Rs.42.60 lakh (including work charged payment of Rs.9.52 lakh) of which Rs.9 lakh remained outstanding for paucity of fund. Action, if any, taken for revision of estimate to regularise the expenditure of Rs.9.26 lakh incurred in excess of sanctioned estimate had not been furnished by the SE (August 2000). Reply of SE is to be viewed in the light of the fact that there was no documentary evidence to support his claim.

The matter was reported to Government in September 1999 and March 2000; reply had not been received (November 2000).

4.3 Extra expenditure due to payment at higher rates and change in classification of soil

The Department incurred extra expenditure of Rs.11.27 lakh by allowing higher rates to the contractor for execution of earth work.

The work "Widening including improvement of Mawryngkneng – Diengpasoh Road in stretches from 0-10 Km.", estimated to cost Rs.2.86 crore (as per Schedule of Rates (SOR) for 1994-95), was administratively approved by

Government in March 1996. In October 1996, the earth works in excavation of different chainages of the road were awarded to 393 contractors at the rates of SOR – 1994-95 with the stipulation to complete the work within 9 months.

Test-check (June 1999) of records of the Executive Engineer (EE), NH Bye-Pass Division, Shillong revealed that the Division incurred extra expenditure of Rs.5.61 lakh due to payment of contractors' bills made during October 1996 to April 1998 at rates higher than the agreed rates. The details are as under:-

Classification of soil	Quantity excavated	Agreed rate	Rate at which payments were made	Rate allowed in excess of agreed rate	Excess payment
	(in cum)	(Rupees per cum)			(Rupees in lakh)
Ordinary rock	106143.91	21.00	24.00	3.00	3.18
Hard rock with blasting	35644.75	38.00	44.00	6.00	2.14
Hard soil	9641.29	10.00	13.00	3.00	0.29

The Superintending Engineer (SE), NH Circle, stated (June 2000) that out of two rates of earth work provided in SOR 1994-95, the higher rates meant for widening of the existing road had been allowed. Since, the sanctioned estimate was based on lower rates (meant for new roads) and contractors agreed to execute the work at par with the estimate prepared on the basis of lower rate of SOR, payments at higher rates was, thus, not justified.

Further, as per standard norms adopted by the State Public Works Department after detailed analysis, 1.50 kg. of Gelatine is required for excavation of 10 cum of hard rock with blasting. Scrutiny of records disclosed that during execution of earth work (October 1996 to April 1998), in reaches 0-10 km. the contractors excavated 35644.75 cum of hard rock against 349 kg of Gelatine issued by the Division, while the actual requirement of Gelatine was 5346 kg (35644.75 cum x 1.50 kg ÷ 10). This indicated that though different class of rock was excavated without blasting material, payments were made to the contractors by changing the classification of soil as hard rock. Thus, computed at the rate applicable to ordinary rock (Rs.21 per cum), the Division incurred an irregular extra expenditure of Rs.5.66 lakh*. Responsibility for the irregular payment need to be fixed.

The SE stated (June 2000) that the work was executed by the contractors by heating and cooling method on negotiation without blasting materials as the portion of the road mostly passing through the cultivable land. Reply is not tenable since the aspect of such process was neither available on records produced to Audit nor any certificate in this regard was recorded in the body of bills before making payment.

The matter was reported to Government in September 1999 and March 2000; reply had not been received (November 2000).

4.4 Loss due to shortage of steel materials

The Department sustained a loss of Rs.7.93 lakh owing to short accounting of steel materials.

Between September 1989 and March 1991, the Shillong Building Division made advance payment for Rs.44.97 lakh to Shillong Central Public Works Division (acting as Central Stores Division) on the basis of proforma bills for procurement of 484 tonnes of various sizes of mild steel (289 tonnes), torsteel (165 tonnes) and GP Sheet (30 tonnes) against different works. Of this, 314.52 tonnes (mild steel: 187.81 tonnes; torsteel: 99.67 tonnes; GP Sheet 27.04 tonnes) were shown to have been received in the Site Accounts between October 1989 and November 1991 leaving a balance of 169.48 tonnes (mild steel: 101.19 tonnes; torsteel: 65.33 tonnes; GP Sheet: 2.96 tonnes) unaccounted for. Cross check of records of the Store Division, however, disclosed that 399.878 tonnes of steel materials (mild steel: 254.231 tonnes; torsteel: 116.107 tonnes; GP Sheet: 29.54 tonnes) delivered between October 1989 and November 1991 were duly received by the Shillong Building Division through their authorised carriage contractors. This indicated that 85.358 tonnes of steel materials (mild steel: 66.421 tonnes; torsteel: 16.437 tonnes; GP Sheet: 2.5 tonnes) valued at Rs.7.93 lakh were not accounted for

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* Quantity exacavated: 35644.75 cum

Excavated capacity of 349 kg. Gelatine (@1.50 kg per 10 cum of hard rock):		2326 cum
Amount paid: 35644.75 cum @ Rs.38 per cum (excluding extra expenditure involved for allowing higher rate of Rs.6 per cum)		Rs.13.54 lakh
Less : Admissible amount:		
2326 cum @ Rs.38 per cum:	Rs.0.88 lakh	
33317.75 cum (35644.75 cum – 2327 cum) @ Rs.21 per cum	Rs.7.00 lakh	Rs. 7.88 lakh
Excess payment		Rs.5.66 lakh

by the Shillong Building Division resulting in loss of stores to that extent. Reasons for short accounting of materials were neither available on records produced to Audit nor stated. The Shillong Building Division , after a lapse of 7 years of advance payment had moved (February 1999) the Store Division for refund of the value of undelivered materials. Action of the Store Division was not communicated.

The matter was reported to Government in November 1999 and March 2000; reply had not been received (November 2000).

4.5 Extra expenditure due to delay in allotment of work

Delay in allotment of work of a bridge resulted in extra expenditure of Rs.5.54 lakh and cost overrun of Rs.8.80 lakh.

The work "Construction of a multispan RCC bridge over river Umiew at 1st km. of Smit-Nongkrem Road" was administratively approved by Government in February 1994 for Rs.27.15 lakh (estimate framed on the basis of the Schedule of Rates (SOR) for Roads and Bridges for the year 1990-91). In September 1994, the Superintending Engineer (SE), NH Circle, Shillong invited tenders for the work for Rs.22.16 lakh (excluding contingency, etc.) with the stipulation to complete the work within 12 months. In response, 5 contractors quoted their rates varying from 19.5 to 29 **per cent** above the SOR 1990-91, of which 2 contractors agreed on negotiation (October 1994) to execute the work at 10 **per cent** above the SOR (i.e. Rs.24.38 lakh). The tender papers were sent (November 1994) to the competent authority viz. Additional Chief Engineer without getting the validity period extended beyond 30 December 1994 for allotment of work but he did not take prompt action for finalisation of the contract within the validity period of 90 days of the tender (December 1994).

The offer of the SE (July 1996) to execute the work at their negotiated rate being refused by the contractors, fresh tenders were invited (November 1996) and the work was finally awarded (April 1997) to one of the aforesaid 2 contractors at 35 **per cent** above the SOR 1990-91. The work was completed in 1999 (exact date not available on record) at Rs.38.72 lakh.

Thus, the inability of management to finalise the contract as per the NIT of September 1994 resulted in extra expenditure of Rs.5.54 lakh[(a)]. Responsibility for not finalising the work in time had not been fixed.

[(a)] Award of work at 25 **per cent** above the SOR of 1990-91 : Rs. 5.54 lakh

Government attributed (November 2000) the cost overrun to time overrun which was stated to be unavoidable as the shifting of the bridge alignment was necessitated during the course of execution, but remained silent on the aspect of delay in finalisation of contract which resulted in extra expenditure.

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.6 Unproductive expenditure on water supply schemes

Expenditure of Rs.36.55 lakh proved unproductive as the water supply schemes remained non-functional denying water supply to beneficiaries.

Mention was made in Paragraph 4.4 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998 regarding 14 water supply scheme completed at a cost of Rs.68.49 lakh but remained non-functional for period ranging from 3 to 8 years due to frequent stealing of laid pipes. The Public Accounts Committee recommended (June 2000) generating awareness among the villagers a sense of belonging to the water supply scheme besides vigorous pursuance for Government orders on the departmental proposal for transfer of completed water supply schemes to the village administration.

Test check of record (November 1998, August – September 1999) of 3* Public Health Engineering Division revealed that further 6 water supply schemes (Appendix XXIV) completed at a cost of Rs.29.99 lakh between 1987 and 1990 remained non-functional as on the date of audit (August – September 1999) for period ranging between 4 and 8 years due to stealing of GI pipes (Rs.1.05 lakh). Another water supply scheme (Megua Abagre) scheduled to be completed by October 1987 had not been completed till the date of audit (November 1998) even though Rs.6.56 lakh, was spent against the estimated cost of Rs.6.41 lakh.

Government stated (September 2000) that due to frequent theft of pipes two schemes (Sl.1 and 2 of Appendix XXIV) commissioned in March 1988 were being contemplated to be replaced by ring wells instead of resuming water supply through pipes since these two schemes had nearly outlived the shelf-life of 15 years. Regarding 4 schemes under Nongpoh Division (Sl. No. 3

* Public Health Engineering (PHE) Divisions, Shillong , Nongpoh and Baghmara.

to 6) Government stated (November 2000) that these would be made functional on receipt of final report from the Police. As regards Megua Abagre scheme (Sl. No. 7) Government held that even though the scheme had not been completed due to its distant location and theft of pipes in gravity main, water supply was provided to the people through ring wells constructed at the cost of Rs.0.59 lakh.

Against the reported life-span of 15 years of a water supply scheme, the seven schemes had functioned merely for a period ranging between 3 and 8 years. Discontinuance of water supply to the villagers merely on the ground of theft showed lack of commitment of the department to provide drinking water. The fact remains that failure on the part of the Department to keep the departmental material secured and complete the scheme in time, the expenditure of Rs.36.55 lakh (Rs.29.99 lakh + Rs.6.56 lakh) proved unproductive as the intended benefit could not be extended to the villagers.

CHAPTER V : STORES AND STOCK

PUBLIC HEALTH ENGINEERING DEPARTMENT

5.1 Loss due to prolonged storage of materials

Mention was made in Paragraph 5.5 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1993 regarding surplus materials valued at Rs.27.71 lakh out of materials procured between March 1978 and December 1990 by PHE Hills Division, Shillong.

Test check of records (August 1999) of the Division revealed that of the surplus item, materials valued at Rs.5.20 lakh (Appendix XXV) were found by the Sub-Divisional Officer, in charge of Stores (July 1999) as unserviceable as these were cracked, rusted, etc. owing to prolonged storage. Reasons as to why the division had not taken any action to dispose of the materials despite audit observations had not been furnished (May 2000).

Thus, failure on the part of the Division to take timely action in disposing the materials before the same became unserviceable resulted in loss to the Government to the tune of Rs.5.20 lakh. Action, if any, taken by the Division for disposal of remaining surplus materials valued at Rs.22.51 lakh had not been furnished nor responsibility fixed against officers concerned.

Government stated (September 2000) that the materials worth Rs.5.20 lakh would be useful for small schemes and that action had been initiated to transfer the entire surplus materials to other needy division. The reply is however silent as to how the cracked and rusted materials would be useful item for small schemes.

CHAPTER VI : REVENUE RECEIPTS

GENERAL

6.1 Trend of revenue receipts

Total receipts of the Government of Meghalaya for the year 1999-2000 were Rs.943.65 crore as against the anticipated receipts of Rs.970.22 crore. The position of revenue raised by the State Government and State's share of divisible Union taxes and grants-in-aid received from Government of India during the year 1999-2000 and preceding two years is given below:-

Serial number	Particulars	1997-98	1998-99	1999-2000
		(Rupees in crore)		
I.	**Revenue raised by the State Government –**			
	(a) Tax Revenue	73.55	88.36	102.99
	(b) Non-Tax Revenue	29.85	51.46	83.86
	Total : I	**103.40**	**139.82**	**186.85**
II.	**Receipts from Government of India -**			
	(a) State's share of divisible Union taxes	286.77	300.55	341.76
	(b) Grants-in-aid	306.58	392.31	415.04
	Total : II	**593.35**	**692.86**	**756.80**
III.	**Total receipts of the State Government – I + II**	**696.75**	**832.68**	**943.65**

6.2 Tax revenue raised by the State

Receipts from tax revenue constituted 55 **per cent** of the State's own revenue receipts during the year 1999-2000. Details of tax revenue for the year 1999-2000 and the preceding two years are given below:-

Sl. No.	Head of revenue	1997-98	1998-99	1999-2000		Percentage of Increase (+)/ Decrease (-) over	
				Budget estimate	Actual receipts	Receipts of 1998-99	Budget estimate of 1999-2000
		(Rupees in lakh)					
1.	Sales Tax	368.07	4592.37	5435.00	5352.35	(+) 17	(-) 2
2.	State Excise	2812.30	3268.58	3920.00	3951.25	(+) 21	(+) 1
3.	Taxes on Goods and Passengers	129.63	138.86	178.00	139.74	(+) 0.63	(-) 21
4.	Other Taxes and Duties on Commodities and Services	147.22	135.50	393.00	151.76	(+) 12	(-) 55
5.	Taxes on Vehicles	295.94	289.57	443.00	379.24	(+) 31	(-) 14
6.	Stamps and Registration fees	208.69	227.70	151.00	265.90	(+) 17	(+) 76
7.	Other Taxes on Income and Expenditure	56.76	72.72	315.00	39.27	(-) 46	(-) 88
8.	Land Revenue	12.24	32.52	17.00	17.21	(+) 47	(+) 1
9.	Taxes and Duties on Electricity	9.29	78.10	100.00	1.78	(-) 98	(-) 98
		7355.14	8835.92	10952.00	10298.50		

The reasons for variations in receipts during 1999-2000 over those in 1998-99, as revealed from the Finance Accounts – 1999-2000, are given below:-

Sl. No.	Heads of revenue	Percentageof increase (+)/ decrease (-) over receipts of 1998-99	Reasons for variation
1.	Sales Tax	(+) 17	More collection of tax and sale of motor spirit and lubricant.
2.	State Excise	(+) 21	Excess collection from country spirit and receipts under fines and confiscation.
3.	Taxes on vehicles	(+) 31	More collection under State Motor Vehicles Taxation Act.
4.	Taxes and Duties on Electricity	(-) 98	Less collection of fees under Indian Electricity Rules.

Reasons for variations in receipts during 1999-2000 over those in 1998-99 in respect of other heads as well as in actuals during 1999-2000 with reference to Budget estimates under all the above heads of revenue, though called for from Government, had not been furnished (November 2000).

6.3 Non-tax revenue of the State

Interest, non-ferrous mining and metallurgical industries, forestry and wildlife, public works and miscellaneous general services were the principal sources of non-tax revenue of the State. Receipts from non-tax revenue constituted 45 **per cent** of the revenue raised by the State during 1999-2000. Details of non-tax revenue under the principal heads for the year 1999-2000 and the preceding two years are given below:-

Sl. No.	Head of revenue	1997-98	1998-99	1999-2000		Percentage of Increase (+)/ Decrease (-) over	
				Budget estimate	Actual receipts	Receipts of 1998-99	Budget estimate of 1999-2000
		(Rupees in lakh)					
1.	Miscellaneous General Services	96.17	227.10	100.00	110.47	(-) 51	(+) 10
2.	Non-ferrous Mining and Metallurgical Industries	100.27	2239.28	4882.00	4975.48	(+)122	(+) 2
3.	Forestry and Wild life	367.43	464.27	333.00	616.59	(+) 33	(+) 85
4.	Co-operation	2.66	1.06	14.00	78.56	(+)731	(+)461
5.	Interest Receipts	408.20	597.87	189.00	837.91	(+) 40	(+)343
6.	Dividends and Profits	2.94	2.57	...	59.84	(+)2284	(+)100
7.	Public Works	276.19	269.56	315.00	356.65	(+) 40	(+)343
8.	Other Agricultural Programmes	28.44	63.58	37.60	90.22	(+) 42	(+) 140
9.	Police	161.53	233.83	137.00	107.97	(-) 54	(-) 21
10.	Crop Husbandry	176.19	172.46	182.00	189.73	(+) 10	(+) 4
11.	Animal Husbandry	80.30	73.02	97.00	128.83	(+) 76	(+) 33
12.	Other Administrative Services	222.62	119.35	85.00	522.92	(+)338	(+)515
13.	Other Rural Development Programmes	62.64	283.46	6.00	4.53	(-) 98	(-) 25
14.	Other Industries	6.49	127.83	1.00	16.01	(-) 87	(+)1501
15.	Others	992.53	270.87	428.40	290.52	(-) 28	(-) 32
		2984.60		6807.00	8386.23		

The reasons for variations in receipts during 1999-2000 over those in 1998-99, as revealed from the Finance Accounts – 1999-2000, are given below:-

Sl. No.	Heads of revenue	Percentage of increase (+)/ decrease (-) over receipts of 1998-99	Reasons for variation
1.	Miscellaneous General Services	(-) 51	Less collection from other receipts.
2.	Non-ferrous Mining and Metallurgical Industries	(+)122	Overall increase in mining activities.
3.	Forestry and Wild life	(+) 33	More receipts on sale of timber and other forest produce and other receipts.
4.	Co-operation	(+)731	More revenue from other receipts.
5.	Interest Receipts	(+) 40	Realisation of more interest on investment of cash balance.
6.	Dividends and Profits	(+)2284	Increase of dividends from other investments
7.	Public Works	(+) 32	Increase in higher charges of machinery and equipment and percentage charges.
8.	Police	(-) 54	Less collection from other receipts.
9.	Animal Husbandry	(+) 76	Increase in receipts from poultry, piggery development and other receipts.
10.	Other Administrative Services	(+)338	Increase in receipts from Guest Houses, Government Hostels and other receipts, etc.
11.	Other Rural Development Programmes	(-) 98	Decrease in collection under receipts from other sources.
12.	Other Industries	(-) 87	Less receipts under mineral concessions, fees, rents and royalty.

Reasons for variations in receipts during 1999-2000 over those in 1998-99 in respect of other heads as welll as in actuals during 1999-2000 with reference to Budget estimates under all the above heads of revenue, though called for from Government, had not been furnished (November 2000).

6.4 Follow up on Audit Report – Summarised position

With a view to ensuring accountability of the executive in respect of all the issues dealt within various Audit Reports, the Public Accounts Committee (PAC) issued instructions (July 1993) for submission of suo motu replies by the concerned Departments from 1986-87 onwards. As regards submission of Action Taken Notes (ATN) on the recommendations of the PAC, the Committee specified the time frame between 6 weeks and 6 months.

Review of outstanding ATNs as of 31 August 2000 on paragraphs included in the Reports of the Comptroller and Auditor General of India disclosed as under:-

(i) The Departments of the State Government had not submitted suo-motu explanatory notes on 52 paragraphs of Audit Reports for the years from 1992-93 to 1998-99 in respect of revenue receipts, as detailed below:-

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of paragraphs/reviews included in the Audit Report (excluding standard paragraphs)		Number of paragraphs/reviews on which suo motu replies are awaited		Total
		Paragraphs	Reviews	Paragraphs	Reviews	
1992-93	16.9.1994	6	...	6	...	6
1993-94	08.9.1995	8	...	8	...	8
1994-95	29.9.1996	10	...	4	...	4
1995-96	07.4.1997	14	2	3	2	5
1996-97	12.6.1998	21	1	18	1	19
1997-98	09.4.1999	8	1	1	...	1
1998-99	12.4.2000	8	1	8	1	9
Total		**75**	**5**	**48**	**4**	**52**

(ii) The Departments failed to submit ATN on 29 paragraphs out of 30 paragraphs pertaining to Revenue Receipts for the years from 1982-83 to 1997-98 on which the recommendations were made by PAC in its 16th to 33rd Report presented before the State Legislature between December 1988 and June 2000, as detailed below:-

Year of Audit Report	Number of paragraphs on which recommendations were made by PAC but ATNs are awaited	Particulars of paragraphs	Number of PAC Report in which recommendations were made
1982-83	2	6.6 & 6.7	16th
1984-85	9	6.4 to 6.11 6.12	26th 19th
1987-88	1	6.6	26th
1988-89	1	6.9	20th
1989-90	1	6.14	20th
1990-91	11	6.5 to 6.14 6.15	26th 20th
1991-92	3	6.6 to 6.8	26th 20th
1997-98	1	6.5	33rd
Total	**29**		

6.5 Response of the Departments to Draft Paragraphs

The Draft Paragraphs are forwarded to the Secretaries of the concerned Departments through Demi Official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments are invariably indicated at the end of each such Paragraph included in the Audit Report.

36 Draft Paragraphs and 2 Reviews pertaining to Revenue Receipts proposed for inclusion in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 - Government of Meghalaya, were forwarded to the Secretaries of the respective Departments during April – June 2000 demi officially.

The Secretaries of the Departments did not send replies to 35 Draft Paragraphs and both the Reviews in compliance to the request of Audit. As such these Paragraphs/Reviews have been included in this Report without the response of the Departments.

SECTION 'A' - REVIEWS

FINANCE DEPARTMENT

6.6 Recovery of dues treated as arrears of land revenue

Highlights

The review highlights a very slow progress of recovery of arrear dues, non-registration of cases in Recovery Offices and non-existence of any system to monitor the performance of the Recovery Officers.

In the Finance (Taxation) Department, the percentage of recovery of dues during the last five-years ending 31 March 2000, was 0.61 which was very much negligible, while in respect of two Collectorates, it was 19.03 only.

(Paragraphs 6.6.4(i) and 6.6.12(i))

Out of the total arrears of Rs. 719.58 lakh in 151 cases relating to the Finance Taxation Department, 79 cases involving Rs. 3.94 lakh were missing and in 6 other cases, dues amounting to Rs. 539.10 lakh could not be recovered as the certificate debtors were not traceable.

(Paragraph 6.6.4(ii) (b) and 6.6.4 (iii))

In seven cases, dues amounting to Rs. 217.27 lakh could not be recovered due to non-filing of certificates on receipt of requisitions.

(Paragraph 6.6.5)

In the case of a certificate debtor, recovery of dues amounting to Rs. 111.85 lakh, the recovery was fixed at the rate of Rs. 1000 per month, on unrealistic basis, spreading over a period of 932 years

(Paragraph 6.6.10)

6.6.1 *Introduction*

The Departments of Government are primarily responsible for recovery of dues pertaining to their respective Departments. However, if the Government dues cannot be recovered by any means available with the Department, such arrears are certified for recovery as arrears of land revenue and referred to the Collector of the district concerned (in respect of dues pertaining to all the

Government Departments other than Taxation Department for which a separate recovery branch exists in the Office of the Commissioner of Taxes, Meghalaya) or to the Officer who has been delegated such powers for initiating the recovery proceedings by adopting one or more of the following processes under the Bengal Public Demands Recovery Act, 1913(BPDR Act) (as adopted by the Government of Meghalaya).

(i) By serving a writ of demand on the defaulter;

(ii) By arrest and detention of the person;

(iii) By attachment and sale of his movable property including produce;

(iv) By attachment of the holding in respect of which the arrear is due;

(v) By lease or sale of the holding in respect of which the arrear is due;

(vi) By attachment and sale of other movable property of the defaulter; and

(vii) By appointing a receiver of any property, movable or immovable of the defaulter.

6.6.2 Organisational set up

Under the Finance (Taxation) Department of the Government of Meghalaya, there is a Superintendent of Taxes, attached to the Office of the Commissioner of Taxes, Meghalaya, who acts as Tax Recovery Officer for administration and execution of certificates for recovery of arrears of sales tax. He is also looking after the works relating to Enforcement Wing of the Taxation Department.

In respect of dues pertaining to all other Departments (other than Taxation Department), which are recoverable as arrears of land revenue, the Collector of respective district is responsible for execution of certificate proceedings and collection of dues thereof. The Collector functions through the Additional Deputy Commissioner (Recovery) posted at district headquarters.

6.6.3 Scope of audit

A review of the cases processed by the Officer of the Taxation Department who is authorised for effecting recovery as arrears of land revenue as well as the cases of arrears of Government dues referred by various Departments to the Collectors, was conducted to see whether (i) these cases were processed and disposed of promptly by initiating processes under the provisions of the Bengal Public Demand Recovery Act, 1913 (as adopted by the Government of

Meghalaya), (ii) the relevant records and registers were maintained properly and (iii) there was a proper system of accounting of receipts and monitoring the progress of recovery of such arrears. For this purpose, records of the lone Superintendent of Taxes (Recovery) at Shillong and three* (out of seven) Collectorates for the period from 1995-96 to 1999-2000 were test checked between March and May 2000.

6.6.4 Arrears of Taxation Department recoverable as arrears of land revenue

(i) Position of arrears

Year-wise position of recoverable demand, recovery made and balance of arrears during the last five years ending 1999-2000, obtained from the Superintendent of Taxes (Recovery), Shillong, is tabulated below :-

Year	Opening Balance	Fresh demand	Recoverable demand	Recovery made	Balance
1995-96					
No. of Recovery Certificates(R.Cs)	125	6	131	Partly recovered	131
Amount (Rs.in lakh)	46.12	9.66	55.78	1.04	54.74
1996-97					
No. of R.Cs	131	1	132	Partly recovered	132
Amount (Rs.in lakh)	54.74	2.18	56.92	0.70	56.22
1997-98					
No. of R.Cs	132	13	145	5	140
Amount (Rs.in lakh)	56.22	342.15	398.37	1.57	396.80
1998-99					
No. of R.Cs	140	3	143	1	142
Amount (Rs.in lakh)	396.80	1.59	398.39	0.64	397.75
1999-2000					
No. of R.Cs	142	9	151	Partly recovered	151
Amount (Rs.in lakh)	397.75	322.28	720.03	0.45	719.58

It would be seen from the above table that out of 157 cases involving revenue effect of Rs. 723.98 lakh, only 6 cases involving Rs. 2.21 lakh were disposed of during the years 1995-96 to 1999-2000 and in 18 cases partial recovery of Rs. 2.19 lakh was made during the last five years ending 1999-2000, leaving 151 cases involving Rs.719.58 lakh awaiting recovery as on 31 March 2000. In term of number, the percentage of disposed of cases (6) is worked out to 3.82 with reference to the total number of cases (157), and in terms of financial effect, the percentage of amount recovered (both partial and full i.e., Rs. 4.40 lakh) is worked out to 0.61 with reference to the total amount

* East Khasi Hills, Jaintia Hills and Ri-Bhoi.

recoverable (Rs. 723.98 lakh) as arrears of land revenue during the last five years ending 1999-2000. Thus, it can be concluded that both in numerical as well as in financial terms, the rate of disposal and the speed of recovery of dues were quite low.

On this being pointed out in audit (May 2000), the Department stated (July 2000) that due to lack of infrastructure, the rate of disposal of cases and the speed of recovery of dues were quite low.

(ii) Analysis of arrears

(a) The table below indicates the age-wise pendency of arrears of dues recoverable as arrears of land revenue amounting to Rs. 719.58 lakh pending with the Superintendent of Taxes (Recovery), Shillong, in respect of Finance (Taxation) Department of the Government of Meghalaya, as on 31 March 2000.

Age of pendency	Number of cases	Amount (Rupees in lakh)	Remarks
(i) More than 15 years	82	6.65	79 cases involving revenue of Rs.3.94 lakh pertaining to the years 1980-81 to 1990-91 were missing.
(ii) More than 10 years	11	11.62	
(iii) More than 5 years	26	23.44	
(iv) Less than 5 years	32	677.87	
Total	151	719.58	

From the above details, it would be seen that out of 151 cases, 93 cases involving Rs.18.27 lakh were pending for recovery for more than 10 years due to inadequate action, as provided in the Act, such as arrest and detention of defaulters, attachment and sale of their properties, etc.

(b) Position of missing cases

Scrutiny of outstanding cases revealed (April 2000) that 79 cases (out of the total 151 cases) involving Rs. 3.94 lakh pertaining to the period from 1980-81 to 1990-91, were stated to have been lost/missing, and as such, none of these case records could be made available to audit for scrutiny. Thus, an amount of Rs. 3.94 lakh remained unrecovered for a period ranging from 9 to 19 years.

On this being pointed out in audit (May 2000), the Department stated (July 2000) that efforts were being made to trace out the missing files.

(iii) Non-recovery of arrear due to non-availability of certificate debtors

Out of the total arrear dues of Rs. 719.58 lakh pending with the Certificate Officer as on 31 March 2000, dues amounting to Rs. 539.10 lakh relating to the different period falling between October 1980 and March 1994 was recoverable as arrears of land revenue from 6 certificate debtors* alone registered under Purchase Tax Circle, Shillong, which constitute 74.92 *per cent* of the total recoverable dues.

Test check of records of the Superintendent of Taxes (Recovery), Shillong, revealed (March - May 2000) that no process could be served on the aforesaid six certificate debtors by the Certificate Officer as none of the debtors were traceable at their given addresses. However, the cases were got verified by the Certificate Officer through the Inspector of Taxes, Enforcement Wing, who in turn, reported in each case separately (on different dates falling between 24 June 1997 and 11 February 2000) that none of these certificate debtors could be traced out. These cases were also not returned to the assessing officer concerned for taking further action. Thus, the dues of Rs. 539.10 lakh remained unrecovered till the date of audit (May 2000).

(iv) Non-recovery of arrears due to inadequate action

In 11 cases, out of the total arrear dues of Rs. 38.27 lakh pertaining to the years 1985-86 to 1995-96, an amount of Rs. 11.64 lakh was recovered (between 30 March 1992 and 25 September 1998). Thereafter, the cases left unattended for a period ranging between 18 and 96 months and the balance dues of Rs. 26.63 lakh remained unrecovered till the date of audit (May 2000).

6.6.5 Non-filing of certificate on receipt of requisition

Under the Bengal Public Demand Recovery Act, if the Certificate Officer on receipt of any requisition, is satisfied that the demand is recoverable and that recovery by suit is not barred by law, may sign a certificate. The Certificate Officer shall cause particulars of such certificate to be entered in a register of certificates and shall also cause to be served upon the certificate debtor, in the prescribed manner, a notice in the prescribed form and a copy of the certificate.

During the course of review, it was noticed (April 2000) that in seven cases involving revenue of Rs. 217.27 lakh, requisitions were sent by the assessing officers on different dates falling between 29 July 1998 and 31 January 2000, to the Superintendent of Taxes(Recovery), Shillong. But neither any action as required under the Act ibid was taken by the Certificate Officer nor these cases were returned to the assessing Officer concerned for further action, if any. Thus, due to non-initiation of any action on receipt of requisition for recovery of dues as arrears of land revenue as well as non-filing of certificates in the office of the Certificate Officer, dues amounting to Rs. 217.27 lakh remained not only unrecovered but also unaccounted for in the records of the Certificate Officer.

* 1. H. Kharkongor, 2. B.S. Timber, 3. Eva Timber, 4. Meghalaya Veneer & Saw Mills, 5. Royal Timber Trader, 6. Prakash Trading.

On this being pointed out in audit (May 2000), the Department stated (July 2000) that all these cases have since been duly filed and accounted for and the process for appropriate action was initiated.

6.6.6 *Non-charging of interest on certificate debtors*

Under the provisions of the Bengal Public Demand Recovery Act 1913, there shall be recoverable, in the proceeding in execution of every certificate filed under the Act ibid, an interest upon the public demand to which the certificates relates, at the rate of six and a quarter **per cent** per annum from the date of signing the certificate upto the date of realisation.

During the course of review, it was noticed (March-May 2000) that in two cases, the certificates were signed by the Certificate Officer on 1 April 1978 and 13 May 1982 and the arrear dues amounting to Rs. 0.53 lakh and Rs. 0.95 lakh were recovered in full on 8 December1999 and 9 April1997 respectively and the proceedings were also closed by the Certificate Officer without charging interest payable on such public demand. Interest chargeable in these two cases worked out to Rs. 0.44 lakh and Rs. 0.71 lakh respectively which became irrecoverable as the proceedings in both the cases were already closed (26 August 1997 and 27 January 2000).

On this being pointed out in audit (May 2000), the Department stated (July 2000) that in the absence of any provision for charging of interest under the Assam Land and Revenue Regulation 1886 (as adopted by the Government of Meghalaya), no interest could be levied and realised by the certificate Officer. The reply is not tenable in view of the provisions contained in the Bengal Public Demand Recovery Act 1913.

6.6.7 *Non-inclusion of upto-date interest in the requisition sent to the Certificate Officer*

Under the Sales Tax laws of the State, where a dealer is in default, the Commissioner may order that the amount due shall be recoverable as an arrear of land revenue and may proceed to realise the amount due as such. The Act further provides that where an order is passed under the provision of the Act ibid in respect of any dues, any interest related to the same dues upto the date of such order and any further interest accruing after such date shall also be recovered in the course of proceedings initiated under the provision of the Act ibid.

During the course of review, cross verification of records of the Superintendent of Taxes, Purchase Tax Circle, Shillong with the records maintained by the Recovery Officer (Taxation Department) revealed (March-May 2000) that in respect of 6 dealers, a total outstanding tax of Rs. 327.66 lakh pertaining to the period from 1 April 1986 to 31 March 1994 was included in the requisition sent (between 11 July 1996 and 29 August 1999) to the Recovery Officer without incorporating upto-date interest leviable thereon upto the date(s) of referring these cases to the Recovery Officer. The interest leviable in these cases worked out to Rs. 59.95 lakh which became irrecoverable due to non-inclusion of the same in the respective requisition.

On this being pointed out in audit (May 2000), the Department stated (July 2000) that since assessment is a quasi-judicial proceedings, the levy of further interest is a discretionary power of the assessing authority. The reply is not tenable as the State Taxation Laws provide for charging of upto-date interest on such dues.

6.6.8 Raising of short demand in the Certificate proceeding

Test check of records of the Superintendent of Taxes, Purchase Tax Circle, Shillong revealed (March-May 2000) that on the failure of a dealer to pay dues amounting to Rs. 78.80 lakh pertaining to the assessment period ending 30 September 1994 (assessed on 20 July 1998), the case was referred (29 August 1999) to the Recovery Officer indicating an amount of Rs. 58.55 lakh in the requisition for recovery. Thus there was a short demand of Rs. 20.25 lakh.

On this being pointed out in audit (May 2000), the Department stated (July 2000) that the matter was being communicated to the concerned assessing officer for rectification of certificate issued earlier.

6.6.9 Discrepancy between the dues reported by the unit office and the dues accepted by the Recovery Officer

It was seen from the letter dated 11 August 1999 issued by the Superintendent of Taxes, Circle III, Shillong to the Commissioner of Taxes, Meghalaya, Shillong that dues of Rs. 14.81 lakh pertaining to the period from 31 March 1971 to 31 March 1995 under the Meghalaya (Sales of Petroleum and Petroleum Products including Motor Spirit and Lubricants) Taxation Act in respect of a dealer were lying outstanding with the Recovery Officer. But on cross verification of records of the Recovery Officer revealed (April 2000) that demand for a sum of Rs. 0.59 lakh only was raised (22 June 1993) by the Recovery Officer against the said dealer. Thus, there was a discrepancy of Rs. 14.22 lakh which remained unreconciled till the date of audit (May 2000).

On this being pointed out in audit (May 2000), the Department stated (July 2000) that the recovery of arrear tax payable by the dealer was temporarily stopped (February 1995) by the Government and as such, the process of recovery was kept in abeyance till the Government revokes its order of February 1995. But the reply was silent about the ground of issue of such an order by the Government.

6.6.10 Non-initiation of any action by the Certificate Officer for realisation of full dues

Under Section 13 of the Bengal Public Demand Recovery Act 1913 (as adopted by the Government of Meghalaya), no step in execution of a certificate shall be taken until a period of thirty days has elapsed since the date of service of the notice, provided the Certificate Officer, in whose office a certificate is filed, is satisfied that the certificate debtor is likely to conceal, remove or dispose of the whole or any part of his movable property and consequently the realisation process would be delayed. In such cases, he may at any time direct, for reasons to be recorded in writing, an attachment of the whole or any of such movable property.

(a) During the course of review, it was noticed (May 2000) that in four cases, demand notices were served (between February 1990 and January 1996) on the certificate debtors for payment of arrear dues amounting to Rs. 21.13 lakh pertaining to the period from September 1989 to September 1995, payable within 15 days from the date of service of notice, but these debtors made part payment aggregating Rs. 2.73 lakh only till the date of audit (May 2000) leaving a balance of Rs. 18.40 lakh unrecovered. No action was taken by the Certificate Officer for realisation of dues by way of attachment of movable property as required to be taken under the provision of the Act ibid.

The Department in their reply stated (July 2000) that due to lack of infrastructure, there was delay in realising the full dues.

(b) In another case, a requisition for recovery of arrear dues of Rs. 111.85 lakh pertaining to the period from 1 October 1992 to 31 March 1994 was sent (May 1997) by the Superintendent of Taxes, Purchase Tax Circle, Shillong, to the Recovery Officer, Shillong. On the case being finalised by the Recovery Officer, the dealer was directed (31 August 1998) to pay the dues of Rs. 111.85 lakh at the monthly instalment of Rs. 1000 only from September 1998 onwards and accordingly, the dealer was paying the instalment regularly till the date of audit (May 2000). However, as per calculation made by Audit, the amount is recoverable at the end of 932 years. Thus, it is evident that the recovery of the entire amount is not feasible in this case as the number of instalment was fixed on unrealistic basis.

6.6.11 Failure to initiate follow-up action for recovery of arrears

Under the Sales Tax Laws in Meghalaya, for default in payment of assessed dues, the assessing Officer is required to send the requisition to Certificate Officer for realisation of dues under the Public Demand Recovery Act.

Review of records of 6* out of 11 assessing circles revealed that due to non-initiation of certificate proceedings against 3197 dealers (assessed between

* Superintendent of Taxes, Circle I to VI.

April 1967 and March 1999), Rs. 575.36 lakh remained unrealised for period varying upto 33 years. A further scrutiny revealed that out of the total dues of Rs. 575.36 lakh, dues amounting to Rs. 266.38 lakh being the non-payment of amusement tax relating to the period from 1992-93 to 1997-98, which was payable, in advance, by the owners of five* Cinema houses, remained unrecovered (May 2000). No action was taken by the assessing officer concerned to initiate recovery proceeding against any of 3197 defaulters till the date of audit (May 2000).

6.6.12 Arrears pending with Collectors

A study of the details of cases collected from 3** (out of 7) districts of the State of Meghalaya revealed that not a single case was registered in the Office of the Deputy Commissioner, Ri-Bhoi District till the date of audit (May 2000). However, the position showing the cases received from various Departments, which were pending for recovery as arrears of land revenue as on 31 March 2000 in respect of East Khasi Hills and Jaintia Hills Districts, is shown below:-

Serial number	Name of District	Cases pending with the Collector as on 31 March 2000	
		Number of cases	Amount (Rupees in lakh)
1.	East Khasi Hills	284	9.82
2.	Jaintia Hills	45	3.75
	Total	329	13.57

(i) Position of arrears

During the course of review of records of three Collectorates, it was noticed that the progress of recovery was very slow. Out of the total dues of Rs.16.76 lakh recoverable in 340 cases received during the period between 1963-64 and 1999-2000, only a sum of Rs. 3.19 lakh was recovered till 31 March 2000, as detailed below:-

* (i) Anjalee(ii) Dreamland(iii) Mini-Dreamland(iv) Biju and (v) Payal Cinema houses at Shillong.

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

EAST KHASI HILLS DISTRICT:

Year	Opening Balance	Fresh demand	Recoverable demand	Recovery made	Balance
1995-96 No. of Recovery Certificates(R.Cs)	248	--	248	Partly recovered	248
Amount (Rupees in lakh)	9.08	--	9.08	0.03	9.05
1996-97 No. of R.Cs	248	8	256	Partly recovered	256
Amount (Rupees in lakh)	9.05	0.27	9.32	0.11	9.21
1997-98 No. of R.Cs	256	23	279	Partly recovered	279
Amount (Rupees in lakh)	9.21	2.34	11.55	1.45	10.10
1998-99 No. of R.Cs	279	5	284	Partly recovered	284
Amount (Rupees in lakh)	10.10	0.08	10.18	0.14	10.04
1999-2000 No. of R.Cs	284	--	284	Partly recovered	284
Amount (Rupees in lakh)	10.04	--	10.04	0.22	9.82

JAINTIA HILLS DISTRICT:

Year	Opening Balance	Fresh demand	Recoverable demand	Recovery made	Balance
1995-96 No. of Recovery Certificates(R.Cs)	48	--	48	1	47
Amount (Rupees in lakh)	1.63	--	1.63	0.01	1.62
1996-97 No. of R.Cs	47	--	47	4	43
Amount (Rupees in lakh)	1.62	--	1.62	0.11	1.51
1997-98 No. of R.Cs	43	--	43	3	40
Amount (Rupees in lakh)	1.51	--	1.51	0.08	1.43
1998-99 No. of R.Cs	40	5	45	Partly recovered	45
Amount (Rupees in lakh)	1.43	2.18	3.61	0.67	2.94
1999-2000 No. of R.Cs	45	3	48	3	45
Amount (Rupees in lakh)	2.94	1.18	4.12	0.37	3.75

N.B: No case was registered in the Ri-Bhoi District till May 2000.

In terms of financial effect, the percentage of amount recovered (Rs. 3.19 lakh) with reference to the total amount recoverable (Rs. 16.76 lakh) is worked out to 19.03, which indicates slow recovery of dues in the two Collectorates during the last five years ending March 2000.

(ii) Analysis of arrears

The table below indicates the age-wise pendency of arrears of dues recoverable as arrears of land revenue amounting to Rs. 13.57 lakh involving 329 cases pertaining to various Government Departments, pending with the two Collectorates as on 31 March 2000.

Age of pendency	Name of District	Number of cases	Amount (Rupees in lakh)
(i) More than 20 years	East Khasi Hills	75	1.21
	Jaintia Hills	...	...
(ii) More than 15 years	East Khasi Hills	162	4.17
	Jaintia Hills	20	0.37
(iii) More than 10 years	East Khasi Hills	6	1.37
	Jaintia Hills	2	0.09
(iv) More than 5 years	East Khasi Hills	5	0.37
	Jaintia Hills	15	0.83
(v) Less than 5 years	East Khasi Hills	36	2.70
	Jaintia Hills	8	2.46
Total		329	13.57

It would be seen from the above table that in respect of 237 cases, out of the total 329 pending cases pertaining to the two districts, dues of Rs. 5.38 lakh were awaiting disposal for more than 15 years in the East Khasi Hills District alone. Virtually, there was a dead-lock in final disposal of recovery cases relating to Government Departments in East Khasi Hills District during the last five years ending 31 March 2000.

(iii) Non-registration of a certificate proceeding

As mentioned in the foregoing sub-paragraph, not a single case was registered in the Ri-Bhoi District till May 2000. But in reply to an inspection report for the period from 1 April 1993 to 31 March 1997, the Deputy Commissioner (Excise), Ri-Bhoi District stated (22 February 1999) that an arrear of dues amounting to Rs. 15.94 lakh in respect of a Bonded Warehouse at Jorabat, was sent (January 1999) to the Recovery Officer, Ri-Bhoi District, Nongpoh for effecting recovery. But the case was not registered by the Recovery Officer till May 2000 without any recorded reason. As a result, dues of Rs. 15.94 lakh remained unrecovered (May 2000).

(iv) Non-recovery of dues due to lack of pursuance by Charge Officers*

As per information collected from the Director of Housing, Meghalaya, Shillong, 38 cases involving dues of Rs.3.55 lakh were sent to the Recovery Officer, Shillong, between 1962-63 and 1976-77, but neither were these cases registered in the Office of the Deputy Commissioner, East Khasi Hills District, Shillong nor was any pursuance made by the Director of Housing in this regard. Thus, dues amounting to Rs. 3.55 lakh remained unrecovered till May 2000.

Similarly, 34 cases involving dues of Rs. 3.29 lakh were sent by the Director of Industries, Meghalaya, Shillong, to the Deputy Commissioner, East Khasi Hills District, Shillong, between 1961-62 and 1988-89, but these cases were not registered in the Recovery branch of the Deputy Commissioner's Office at Shillong. No pursuance was also made by the Director of Industries, Meghalaya, Shillong, with the Recovery Officer, Shillong in this regard. As a result, dues amounting to Rs. 3.29 lakh remained unrecovered till May 2000.

6.6.13 Internal Controls

(a) Periodical returns/reports

Periodical reports and returns of arrears are the instruments to monitor the progress of recovery of Government dues and to take follow-up actions at various levels to bring in promptness in the recovery of arrears.

During the course of review, it was noticed (May 2000) that the periodical returns in respect of Government dues recoverable as arrears of land revenue indicating the number of cases received from various Departments/unit offices of the Finance (Taxation) Department, cases disposed of and pending, amount of arrears recoverable, amount recovered, balances, etc., were neither sent by the Recovery Officers to the higher authorities/Government nor such returns were being demanded by the Government from the Recovery Officers.

In reply to an audit query (May 2000), the Recovery Officers of Jaintia Hills District and Ri-Bhoi District stated (May 2000) that no periodical returns had been prescribed to monitor the progress of recovery of such arrears.

(b) Demand Register

To keep the records of particulars of cases received from various Departments for affecting the recovery of Government dues as arrears of land revenue, a demand register is required to be maintained in the office of each Recovery Officer.

* Charge Officers being Directors of Housing and Industries.

During the course of review, it was noticed (May 2000) that although demand registers were maintained by the Recovery Officers, monthly reports showing the number of cases received, amount recoverable, amount recovered, balance outstanding for recovery at the end of each month, were not being prepared in the registers. In the absence of such reports, the progress of recovery could not be monitored effectively.

6.6.14 Recommendations

In order to enhance the speed of recovery of Government dues treated as arrears of land revenue, the Government may consider to take effective steps urging upon the Recovery officer to give more attention on the disposal of long pending high value cases and also to introduce a system of monitoring the performance of Recovery Officers at regular intervals.

The foregoing points were reported to the Government (May and June 2000); their reply has not been received (November 2000).

FINANCE DEPARTMENT

6.7 Assessment and collection of luxury tax

Highlights

The review highlights non/short-levy of tax and other irregularities involving financial effect of Rs. 79.70 lakh which was mainly due to non-adherence to the provisions of the Meghalaya Tax on Luxuries (Hotels and Lodging Houses) Act and Rules framed thereunder and also due to lacuna in the Act and Rules ibid.

Turnover of Rs.317.43 lakh escaped assessment with tax effect of Rs.30.39 lakh due to non-registration of hoteliers.

(Paragraph 6.7.6)

Incorrect exemption of taxable turnover of Rs.278.96 lakh from levy of tax resulted in short-levy of tax of Rs.30.20 lakh.

(Paragraph 6.7.7)

Concealment of turnover of Rs.122.10 lakh by 7 registered hoteliers resulted in short levy of tax of Rs.10.08 lakh.

(Paragraph 6.7.8)

There was leakage of revenue by way of interest , penalty etc. due to lacuna in the Taxation Act/Rules.

(Paragraph 6.7.9)

6.7.1 Introduction

The assessment and collection of luxury tax is governed by the Meghalaya Tax on Luxuries (Hotels and Lodging Houses) Act, 1991 (MTL Act) and the Rules framed thereunder. The Act ibid, provides for levy of tax on luxuries in hotels and lodging houses at the rates ranging from 10 to 20 **per cent** upto 17 May 1994 and thereafter at the rates ranging from 5 to 10 **per cent** depending upon the daily accommodation charge payable by each of the occupants. However, where the daily accommodation charge per seat in a hotel is below

Rs.45, no tax is leviable. The term "hotel" includes a lodging house, an inn, a public house or a building where lodging is provided by way of business and "Luxury provided in a hotel" means accommodation and services including air-conditioning, telephone, television, music and entertainment which may be provided in a hotel but does not include the supply of food and drinks, the turnover of which is assessed separately under the Meghalaya Sales Tax Act.

6.7.2 *Organisational set up*

At the apex level, overall responsibility of Luxury Tax administration lies with the Commissioner of Taxes, who is assisted by one Assistant Commissioner of Taxes and one Superintendent of Taxes who is also looking after the work relating to Enforcement wing at Headquarters. At the field level, there are six Superintendents of Taxes (5 in Shillong and 1 in Tura) who were entrusted with the work of survey, registration of hoteliers, assessment of tax, raising of demand and collection of luxury tax, etc.

6.7.3 *Scope of audit*

A review on assessment and collection of luxury tax was conducted during March and April 2000 with a view to evaluate the adequacy and efficacy of the system and proper administration of the MTL Act and Rules framed thereunder covering the period from 1995-96 to 1999-2000. In addition to the records maintained in the office of the Commissioner of Taxes, Meghalaya, records of 5 (Out of 6) unit offices in the State were test checked.

6.7.4 *Trend of revenue*

Revenue collected by the State from Luxury Tax during the years 1995-96 to 1999-2000 vis-à-vis the targets, as reported by the Department, was as under:-

Year	Targets	Actual collection of revenue	Shortfall	Percentage of shortfall
	(Rupees in lakh)			
1995-96	2.00	0.89	1.11	55.50
1996-97	4.00	1.87	2.13	53.25
1997-98	6.00	3.35	2.65	44.17
1998-99	8.00	3.35	4.65	58.12
1999-2000	8.96	4.90	4.06	45.31

The Department did not initiate any action to ascertain the reasons for variations between the targets and actual collections. As a result, the percentage of shortfall in collection of estimated revenue from Luxury Tax, ranged from 44 to 58 **per cent** during the last five years.

6.7.5 Growth of registration of hoteliers

Position showing the growth of registration of hoteliers during the years 1995-96 to 1999-2000 is shown below:-

Year	Number of hotels registered	Progressive number of hotels registered
1995-96	1	15
1996-97	1	16
1997-98	3	19
1998-99	3	22
1999-2000	4	26

It is evident from the above that the total number of registered hotels in the whole State of Meghalaya as on 31 March 2000 was 26 only and that too 24 (out of 26) hotels are located in the Capital town at Shillong alone. In order to attract tourist inflow throughout the State and also in the interest of raising revenue under the Luxury Tax Act, the Government may consider to take initiative for development of hotel business in other towns of the State as well.

6.7.6 Non-registration of hoteliers

Under the MTL Act, 1991, no hotelier shall, while being liable to pay tax, carry on business as a hotelier, unless he has been registered and possesses a certificate of registration. Further, sub-rule 2 of Rule 7 provides that the notice may be served on any hotelier who, in the opinion of the assessing officer, is liable to be registered but has not applied for registration. A hotelier whose schedule of tariff is Rs. 45 and above is liable to pay tax and to be registered.

A test check of records of the Superintendent of Taxes (Circle 6) Shillong revealed (March -April 2000) that 2 hoteliers neither applied for registration nor was any action initiated to register these hoteliers under the MTL Act (April 2000). Cross-check of records of the Meghalaya Tourism Development Corporation revealed (March 2000) that receipts from accommodation charges during the period from April 1995 to February 2000 in respect of 2 hoteliers was Rs.317.43 lakh. But due to non-registration of these hoteliers turnover of Rs.317.43 lakh escaped assessment with tax effect of Rs.30.39 lakh at the minimum rate of tax during the corresponding period.

On this being pointed out (May 2000) in audit, the Department stated (July 2000) that two hoteliers were being registered.

6.7.7 Incorrect grant of exemption

Under the provision of the MTL Act, every registered hotelier shall submit return showing turnover of accommodation charges in the prescribed form and shall be assessed to tax at the close of each six-monthly period.

A test check of records of the Superintendent of Taxes, (Circle 1, 2 and 3) Shillong revealed (March-April 2000) that while assessing six registered hoteliers (between May 1993 and January 2000) for assessment periods falling between September 1991 and September 1999, turnover of Rs. 278.96 lakh was exempted erroneously from levy of tax as non-taxable receipts of accommodation charges below Rs. 45 per seat per day per individual. But as per the applications for registration and local enquiry reports of Inspectors of Taxes, the schedule of tariff in these hotels ranged from Rs.45 to Rs.395 per seat/bed per individual per day. Thus, incorrect grant of exemption of turnover of Rs. 278.96 lakh resulted in under-assessment of tax of Rs.30.20 lakh.

On this being pointed out (April 2000) in audit, the Department stated (April – July 2000) that exemption claimed by four hoteliers pertained to the turnover under Meghalaya Sales Tax Act and accommodation charges below Rs 45 and hence it was allowed. In respect of another hotelier it was stated (June and August 2000) that the hotelier did not charge seat rent as per the tariff shown in his application but charged seat rent below Rs. 45 for which exemption was allowed. The replies of the Department are not tenable as there is no provision in the MTL Act to include the turnover assessable under Sales Tax Act in the return submitted under MTL Act and that none of them intimated the fact of downward revision of schedule of tariff. In respect of the remaining one hotelier it was stated (August 2000) that the action was being taken to re-assess the hotelier. The report on further progress of this case has not been received (November 2000).

6.7.8 Short-levy of tax due to concealment of turnover

Under the provisions of the Meghalaya Tax on Luxuries (Hotels and Lodging Houses) Act, 1991 and Rules framed thereunder, every registered hotelier shall submit return at the close of each quarter showing turnover of tariffwise receipt from accommodation charges in the prescribed forms. If any incorrect or incomplete returns is submitted by any hotelier, the assessing officer shall make such enquiry as he may deem fit to ascertain the correct turnover and shall assess the hotelier at the close of each six -monthly period. The Act further provides that a hotelier who attempts in any manner to evade payment of tax, shall be liable to be penalised.

A cross check of daily occupancy reports maintained by the Police Department revealed (April 2000) that average daily occupancy in 7 Shillong based registered hotels under the jurisdiction of 2 Sales Tax Unit Offices (Circle 2 and 3) of Shillong was 8 to 20 seats. The rate of tariff in these hotels as per the local enquiry reports and as per these hoteliers' own admission in their application for registration, was Rs. 45 to Rs. 300 and above per seat per day per person. Based on this, the minimum turnover of receipts from accommodation charges at the lowest rate of tariff during different periods falling between August 1991 and September 1999, worked out to Rs. 165.85 lakh against which turnover of Rs. 43.75 lakh was disclosed by these hoteliers and were assessed to tax (between August 1994 and January 2000) as such by the assessing officer concerned. This resulted in concealment of turnover of Rs. 122.10 lakh with consequential short-levy of tax of Rs. 10.08 lakh. No penal proceeding was initiated against any of these hoteliers for willful concealment of their turnover.

On this being pointed out (May 2000) by audit, the Department stated (July 2000) that in respect of six cases the assessing authority had no access to the records of the Police Department and hence no action could be taken. Reply is not tenable since the Department had not taken up the matter with the police Department to ascertain the actual occupancy position in these cases. However, in respect of the remaining one hotelier, it was stated (August 2000) that the action was being taken to re-assess the hotelier. The report on re-assessment and recovery of dues has not been received (November 2000).

6.7.9 Leakage of revenue due to lacuna in the State Act and Rules

(i) Non-existence of any provision in the Act for levying interest for belated/non-payment of tax.

Under the MTL Act, and the Rules framed thereunder, there is no provision for levying interest for delayed/non-payment of tax. In the absence of any such provision in the Act, it is left at the discretion of the hoteliers to pay tax at their convenient date(s).

A test check of records of the Superintendent of Taxes (Circle 2, 3, 4 and 6) Shillong revealed that a tax of Rs. 7.80 lakh was assessed on different dates falling between November 1993 and February 2000 for different period ending between September 1991 and September 1999 in respect of 8 registered hoteliers. However, the prescribed dates as specified in the demand notice for payment of this assessed tax was on different dates falling between 31 October 1991 and 31 October 1999. But 4 out of 8 hoteliers failed to make full payment of tax till March 2000 and the remaining 4 hoteliers paid the tax on different dates between November 1993 and January 2000 after expiry of the prescribed dates. Thus, due to non-existence of any provision in the

Act/Rules, no interest could be levied in these cases and thereby the Government was not only incurring loss of revenue by way of interest but also extending the scope to the hoteliers to defer the payment of admitted/assessed tax.

On this being pointed out (May 2000) in audit, the Department while admitting the fact, stated (July 2000) that in the absence of any provision in the MTL Act, no interest could be levied and collected. The reply was however, silent as to whether the matter was taken up with superior authority for making amendment in MTL Act in this regard.

(ii) Non-initiation of penal proceedings for non-submission of returns

There is no provision in the State Act/Rules for initiation of penal proceedings in the event of non-submission of returns despite issue of notices.

A test check of assessment records of 24 registered hoteliers in 5 Sales Tax Unit Offices of Shillong revealed (March-April 2000) that 19 hoteliers did not submit returns showing turnover of tariffwise receipts from accommodation charges in the prescribed forms during return periods ending between September 1991 and September 1999, but they were assessed (between September 1992 and February 2000) for the corresponding periods after conducting local enquiry without ascertaining the tariffwise occupancy position in these hotels. Inspite of non-submission of returns for consecutive periods, no penal proceedings could be drawn up due to lacuna in the Act/Rules in this regard.

6.7.10 Deficiencies in the functioning of the administration of Luxury tax

(i) The powers of registering the hoteliers, making assessments and collection of tax were delegated by the Commissioner of Taxes to the Superintendents of Taxes (Assessing Officers) who determine the turnover and levy the luxury tax due thereon. The Act and Rules provide that the tariff and accommodation capacity in a hotel shall be indicated by the hotelier in his application for registration. But in 5 (out of 24) cases, the above particulars were neither mentioned by the hoteliers in their applications for registration nor the same were insisted upon while granting registration certificate by the registering authority to these hoteliers. Turning to the area of assessments, neither was any norm fixed by the Department quantifying the number of assessment cases required to be finalised by each assessing Officer during a particular period nor any system was evolved for regular monitoring by the Superior Officers of the actual performance of the assessing officer. No time limit has also been prescribed for completion of final assessment.

Consequently, against 680 assessment cases due for assessment during the period from 1995-96 to 1999-2000 in respect of 5 unit offices in Shillong, 374 assessment cases were disposed of leaving a balance of 306 assessment cases awaiting finalisation (April 2000). No reply has been furnished by the Department regarding pendency of assessment cases.

(ii) In order to keep a watch over the receipts and disposal of periodical returns, a register is to be maintained by each of the assessing officers. But it was noticed (March-April 2000) that no such register was maintained by any of the assessing officers. Thus, there was no system of monitoring the timely receipts and disposal of periodical returns. The Department did not furnish any reply in this regard (November 2000).

6.7.11 Recommendations

In order to prevent leakage of revenue by way of non-payment of interest, penalty for non-submission of returns, etc. due to lacuna in the Meghalaya Tax on Luxuries Act and Rules, the State Government may consider to bring suitable amendments in the State Act to plug such weaknesses in the Act ibid. Besides, strict adherence to the application of the existing provisions of the Act/Rules may also enable the Government to enhance the collection of Luxury Tax.

The foregoing points were reported (May and June 2000) to the Government; their reply has not been received (November 2000).

SECTION 'B' : PARAGRAPHS

EXCISE DEPARTMENT

6.8 Short-levy of Excise duty

In Meghalaya, the Excise duty is payable on cost price of different brands of India Made Foreign Liquor (IMFL), but the term 'Cost Price' has not been defined in the Meghalaya Excise Act. However, as per Taxation laws of the State, 'Cost Price' means money or money value consideration, paid or payable by a dealer (a bonded warehouse) for import of goods including any sum charged for anything done by the dealer (bonder) with or in respect of the goods at the time of or before delivery/sale of such goods. Therefore, import pass fee which is required to be paid by a bonder before importing the goods (IMFL) from outside the State, forms an element of the 'Cost Price'. The cost price of General brand and Deluxe brand IMFL ranged from Rs. 500 to Rs.599 and from Rs. 600 to Rs. 1099 on which excise duty was realisable at the rate of Rs. 465 and Rs. 565 respectively.

Test check of records of the Commissioner of Excise, Meghalaya revealed (January 1999) that in 123807 cases* of IMFL which were removed from warehouses during the period from 1 April 1998 to 30 September 1998, excise duty was realised on the basis of cost price of Rs. 599 per case without taking into consideration the import pass fee at the rate of Rs. 36 per case which was paid by the bonder concerned before importing IMFL. This resulted in short-levy/realisation of excise duty amounting to Rs. 123.81 lakh.

The case was reported between March 1999 and April 2000 to the Department and Government; their replies have not been received (November 2000).

6.9 Non-levy of Excise duty

Government of Meghalaya, Excise Department in their notification of November 1993 directed that excise duty shall be leviable at the rate of Rs.415 per case on 'Rectified Spirit' either imported or manufactured.

* 1 Case of IMFL is 12 bottles of 750 ml or 24 bottles of 375 ml.

Scrutiny of records of the Commissioner of Excise, Meghalaya revealed (January 1999) that a distillery imported 2667 cases of rectified spirit during the period from July 1998 to September 1998 for use in manufacture of 'Black Bull Rum' but the distiller neither paid any excise duty on imported quantity of rectified spirit nor any duty was levied by the Department. This resulted in non-levy of excise duty of Rs.11.07 lakh.

The case was reported to the Department and Government between March 1999 and May 2000); their replies have not been received (November 2000).

6.10 Short-realisation of Excise duty

The Government of Meghalaya in their notification dated 8, September 1993, enhanced the rate of excise duty on Premium Brand of MFL from Rs. 620 to Rs. 800 per case. By virtue of another notification dated 26, July 1996, the excise duty on Cheap, General, Deluxe, Premium, Super Premium Brands of IMFL was enhanced from Rs. 350, Rs. 415, Rs.515, Rs.800, Rs. 1200 to Rs.400, Rs.465, Rs.565, Rs. 900 and Rs.1500 per case respectively.

Scrutiny of the Permit/Pass Registers maintained in the Office of the Superintendent of Excise, Nongpoh revealed (December 1998) that 505 cases of Premium Brand of IMFL relating to the period from 11 November 1993 to 19 November 1993 and 11959 cases of different brands of IMFL relating to the period from 12 August 1996 to 27 September 1996 were allowed to be lifted on realisation of excise duty at pre-revised rates instead of at the revised rates. This resulted in short-realisation of excise duty to the extent of Rs. 7.29 lakh.

The case was reported to the Department and Government between January 1999 and May 2000, their replies have not been received (November 2000) despite reminders.

6.11 Evasion of Excise duty

Under the provision of the Assam Excise Act and Rules made thereunder (as adapted by the Government of Meghalaya), an Excise register in prescribed proforma showing the Opening stock, Purchases, Sales and Closing stock of MFL/Beer is required to be maintained by each licensed Bonded warehouse and at the end of each month an extract of such accounts is required to be sent to the Commissioner of Excise.

Scrutiny of the Permit/Pass Register maintained in the Office of the Joint Commissioner of Excise, Tura revealed (January 1999) that a Bonder sold 145 and 717 cases of Cheap Brand and General Brand of IMFL respectively during the period from January 1997 to March 1997 supported by challans as proof of payment of Excise duty. Further scrutiny of the monthly extract sent to the

Commissioner of Excise for the aforesaid periods revealed that the Bonder had actually sold 189 cases of Cheap Brand and 1578 cases of General Brand and thereby 44 cases of Cheap brand and 861 cases of General brand of IMFL were sold without permit as well as without payment of Excise duty. This resulted in evasion of Excise duty of Rs.4.75 lakh.

The case was reported to the Department and Government between January 1999 and May 2000; their replies have not been received (November 2000) despite reminders.

FOREST DEPARTMENT

6.12 Short-levy of royalty

The Meghalaya Forest Regulation (Application and Amendment) Act, 1973 empowers the State Government to fix/revise the rates of royalty on forest produce from time to time. Accordingly, the Government of Meghalaya, Forest Department, in their notification of March, 1994, revised the rates of royalty for sand and stone from Rs.10 and Rs.20 to Rs.30 and Rs.40 per cum respectively with effect from 1 March 1994.

Scrutiny of statement of extraction of sand and stone and the statement of deduction made from the contractor's bills as furnished by the North Eastern Council (NEC) PWD Division, Tura for the period from August 1995 to September 1996 revealed (April 1999) that royalty on 35006.34 cum of sand and 36888.15 cum of stone was deducted from the contractor's bill at the pre-revised rate during the aforesaid periods resulting in short-realisation of royalty of Rs.10.88 lakh. In addition, an amount of Rs.0.77 lakh was also recoverable towards sales tax and surcharge but not recovered.

On this being pointed out in audit (May and October 1999), the Department stated (January 2000) that action was initiated to recover the amount. However, report on realisation has not been received (November 2000).

The matter was reported to the Government between May 1999 and June 2000; their reply has not been received (November 2000).

MINING AND GEOLOGY DEPARTMENT

6.13 Short-levy of royalty and cess

According to Section 9 (2) of the Mines and Minerals (regulations and Development) Act 1957, the holder of mining lease is required to pay royalty and cess in respect of any mineral removed from the leased area at the rate specified in the Second Schedule to the Act. It has been judicially held that royalty is payable on the total quantity of mineral extracted.

A test check of records of the Director of Mineral Resources, Meghalaya, Shillong, revealed (August 1997) that a lessee extracted 2.19 lakh metric tonnes (MT) of lime stone during the period from 1 January 1995 to 31 December 1996 with an opening balance of 0.25 lakh MT as on 1 January 1995. But he paid royalty on limestone on the basis of actual despatch of 2.18 lakh MT instead of actual quantity extracted. This resulted in short-levy of royalty amounting to Rs. 6.38 lakh and a cess of Rs. 1.28 lakh.

On this being pointed out (September 1997) in audit, both the Department and the Government stated (September-October 2000) that the amount was recovered (March 1999) in full.

TAXATION DEPARTMENT

6.14 Blockade of Government revenue

Under the provision of the Meghalaya Amusement and Betting Tax Act, if any amount of entertainment tax remained unpaid by any proprietor despite notices, such case shall be reported to the Bakijai Officer for recovery as an arrear of land revenue.

A test check of records of Superintendent of Taxes, Shillong revealed (July to September 1999) that entertainment tax of five cinema halls* was fixed between November 1992 and June 1996 at Rs. 4.23 crore. However, the Superintendent of Taxes, Shillong, realised tax of Rs. 1.57 crore against Rs. 4.23 crore leaving a balance of Rs.2.66 crore without any recorded reason. As these proprietors failed to pay the balance tax despite notices, these cases were not referred to the Bakijai Officer for recovery of the dues as an arrear of land revenue. This resulted in blockade of revenue of Rs. 2.66 crore.

The case was reported to the Department and Government between November 1999 and September 2000; their reply has not been received (November 2000).

6.15 Loss of revenue

Under the Meghalaya Purchase Tax Act and the Central Sales Tax Act, 1956 a dealer who is liable to pay tax shall not carry on business as a dealer, unless he is registered and possesses a certificate of registration. Further, in the event of

* Payel, Bijou, Anjalee, Dreamland and Mini Dreamland.

default in payment of assessed tax by a dealer, the assessing officer is required to send such case to Tax Recovery Officer for realisation of dues.

A test check of assessment records of the Superintendent of Taxes, Shillong revealed (August-November 1998) that a dealer purchased timber valued at Rs. 38.88 lakh during the six monthly period ending 30 September 1994 from the Meghalaya Forest Development Corporation (a Government of Meghalaya undertaking) and transported the entire quantity of timber outside the State without registering himself under the Meghalaya Purchase Tax Act and the Central Sales Tax Act, 1956. The dealer was, however, registered (July 1998) compulsorily after a lapse of four years under both the Acts with the date of liability from 1 August 1994 and assessed to tax (20 July 1998) for the period ending 30 September 1994 on best judgement basis by determining taxable turnover of Rs. 38.88 lakh and Rs. 77.75 lakh under the Meghalaya Purchase Tax Act and the Central Sales Tax Act, 1956 respectively and levied tax of Rs.69.98 lakh. In addition, penalty and interest of Rs. 165.76 lakh was also levied. But the demand notice could not be served on the dealer as the dealer was not traceable. Further, the case was also not referred to the Tax Recovery Officer for realisation of the assessed dues. Thus, delay in detection and registering this unregistered dealer, coupled with failure to report the case to the Tax Recovery Officer led to loss of revenue of Rs. 235.74 lakh.

The case was reported to the Department and Government between December 1998 and May 2000; their replies have not been received (November 2000) despite reminders.

6.16 Non-realisation of tax due to delay in assessment

Under the Meghalaya Taxation Laws and Rules made thereunder, every registered dealer is required to submit prescribed return and to pay the admitted tax as per return through treasury challan within 30 days at the end of each six monthly period. If a dealer fails to submit such return along with payment of admitted tax or after submission of such return, the dealer fails to produce books of accounts despite notices, the assessing officer shall complete the assessment on best judgement basis. The provision of the State Act applies mutatis mutandis in case of assessment/re-assessment under the Central Sales Tax Act, 1956.

In Sales Tax Unit offices at Shillong and Jowai, it was noticed (August and October 1999) in audit that due to delay in completion of assessment in respect of 6 registered dealers a tax of Rs. 168.19 lakh remained unrealised (October 1999) as tabulated below :-

Sl. No	Name of Office/ Circle and No. of dealer(s)	Assessment period/ date of assessment	Commo -dity	Turnover/ Rate of tax leviable	Tax leviable	Tax paid	Balance unrealised	Remarks
	(Rupees in lakh)							
1.	Purchase Tax Circle, Shillong 3 dealers	April 1991 to March 1997 Not assessed	Timber	262.02 50 to 80 **per cent**	164.85	8.33	156.52	2 dealers paid tax of Rs. 8.33 lakh against Rs. 126.77 lakh and closed down their businesses (April 1997) after submitting return. The third dealer closed down his business from April 1997 without submitting any return and payment of tax. But cross check of records of Byrnihat Taxation check gate revealed (October 1999) that the dealer sold 476 truck loads of pine sawn timber valued at Rs. 47.60 lakh with tax effect of Rs. 38.08 lakh during corresponding assessment period. On this being pointed out (January 2000), the Department in both these Cases stated (July 2000) that due to non-posting of regular assessing officer no action could be taken to initiate assessment proceeding. However, action was being taken to complete the assessment. The report on the progress of assessment has not been received (November 2000).
2.	Jowai 1 dealer	April 1994 to March 1995 Not assessed	Timber	28.13 50 **per cent**	14.07	1.02	13.05	On this being pointed out (August 1998) the Department stated (June and September 2000) that the balance tax was realised in full on completion of assessment (October 1999).
3.	Shillong Circle-6 1 dealer	April 1996 to March 1997 Not assessed	Cooker etc.	88.26 7 **per cent**	6.18	NIL	6.18	This dealer closed down his business from last part of 1996 as per recorded entry in the assessment file without filing any return and payment of tax. Cross check of records of Income Tax Department revealed (September 1999) that the dealer had taxable turnover of Rs. 88.26 lakh during the corresponding assessment period. The case was reported (December 1999) to the Department; their reply has not been received (November 2000).
4.	Shillong Circle-4 1 dealer	April 1992 to September 1995 Assessed on 26 March 1999.	Tele-vision and Electri-cal Goods	53.60 7 **per cent**	5.36	2.92	2.44	On this being pointed out (June 2000), the Department stated (July 2000) that the balance tax could not be realised as the dealer was absconding.

These cases were reported between August 1998 and May 2000 to the Government; their reply has not been received (November 2000).

6.17 Concealment of taxable turnover

Under the Meghalaya Sales Tax Laws and Rules framed thereunder, if any dealer conceals the particulars of his turnover or deliberately furnishes inaccurate particulars of such turnover, he shall be liable to pay penalty, in addition to the tax payable by him, a sum not exceeding one and a half times the tax due. The aforesaid provisions of the State Act apply mutatis mutandis in the case of assessment/re-assessment under the Central Sales Tax Act. Under the State Act, 'lime' is taxable at the rate of 10 **per cent** up to 4 November 1996 and thereafter at the rate of 25 **per cent** in terms of Government notification of November 1996.

(a) In Purchase Tax Circle, Shillong, it was noticed in audit (October 1999) that inter-State sales turnover of a lime dealer for the period from 5 November 1996 to 30 September 1997 was determined (April 1998) at Rs.17.94 lakh. Further scrutiny revealed that the said dealer transported 3743 truck loads of lime valued Rs.539.74 lakh during the period from 5 November 1996 to 30 September 1997. Thus, against the inter-State sales turnover of Rs.539.74 lakh for the period from 5 November 1996 to 30 September 1997, the dealer disclosed turnover of Rs.17.94 lakh only during the corresponding period which resulted in concealment of turnover of Rs.521.80 lakh with consequential evasion of tax of Rs.130.45 lakh. Besides, for concealment of turnover and evasion of tax due thereon, the penalty not exceeding Rs.195.67 lakh was also leviable.

On this being pointed out (December 1999 and January 2000), the Department stated (July 2000) that the rectification of assessment was under process. The report on the progress of re-assessment and recovery of dues has not been received (November 2000).

(b) Similarly, test check of assessment records of the same Sales Tax unit office revealed (October 1999) that two registered dealers sold lime valued at Rs.114.12 lakh in the course of inter-State trade or commerce to a registered dealer of Assam during the years 1993-94 and 1994-95. Out of these two dealers, one dealer did not disclose his sales turnover of Rs.43.26 lakh in his return for the relevant period and in case of another dealer, a turnover of Rs.1.23 lakh only against the actual turnover of Rs.70.86 lakh was disclosed and was accepted (May 1998) in assessment. Thus, these two dealers evaded tax of Rs.11.29 lakh on their concealed turnover of Rs.112.89 lakh. For concealment of turnover, penalty not exceeding Rs.16.93 lakh was also leviable.

On this being pointed out (December 1999 and January 2000), the Department stated (July 2000) that assessment in respect of one dealer was rectified and the case was referred to the Bakijai officer for recovery of dues and rectification of assessment to recover the dues in respect of another dealer was under process. The report on recovery has not been received (November 2000).

The cases were reported between December 1999 and April 2000 to the Government; their reply has not been received (November 2000).

6.18 Evasion of tax/loss of revenue

Under the Central Sales Tax Act, 1956 any dealer (transferor/consignor) who claims that he is not liable to pay tax in respect of any goods on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods to any other place of his business or to his agent or principal and not by reason of sale shall substantiate his claim by declarations in Form 'F' issued by the transferee/consignee dealer along with the evidence of despatch of goods. However, the tax is leviable in the transferee State at the rate specified under State Law unless the goods were exempted specifically from the levy of tax. The Act further stipulates that if any dealer conceals the particulars of his turnover, he shall be liable to pay penalty in addition to the tax payable by him, a sum not exceeding one-and-a-half times the tax.

In Sales Tax Unit Office (Circle-2), Shillong it was noticed (July-September 1999) that two registered dealers submitted (December 1997 and February 1999) returns claiming exemption of Rs.934.29 lakh and Rs. 543.98 lakh on account of stock transfer of Vanaspati Ghee to other State(s) against 'F' forms during April 1996 to March 1997 and October 1997 to 30 September 1998 respectively. But these dealers did not furnish any form 'F' or any other evidence of stock transfer of Vanaspati Ghee to outside the State in support of their claim for exemption from payment of tax during the corresponding period. On cross verification with the way bills received from the check gates, it was also seen that not a single consignment of Vanaspati Ghee was despatched by any of these dealers during the aforesaid period. Therefore, it is evident that these dealers sold the aforesaid quantity of vanaspati valued at Rs.1478.27 lakh within the State with tax effect of Rs. 103.48 lakh. However, neither any notice was served on these dealers for submission of books of accounts nor was any action initiated to assess these dealers till the date of audit (September 1999). In the mean time both the dealers left the place of business leaving behind no address and thus evaded tax of Rs. 103.48 lakh. Besides, maximum penalty of Rs. 155.22 lakh was leviable for deliberate concealment of sales by these dealers.

On this being pointed out (December 1999 and January 2000), the Department stated (March and September 2000) that there was no possibility of recovery of dues in both the cases since the dealers could not be traced out despite vigorous search and enquiries.

The matter was reported (between December 1999 and June 2000) to the Government; their reply has not been received (November 2000).

6.19 Loss of revenue

The Commissioner of Taxes, Meghalaya in his instructions of May 1994, has informed all concerned that each truck was allowed to carry 15 Metric Tonnes (MTs) of coal on payment of security (being advance tax) of Rs. 650 per truck. The main taxation check post of the State situated at Byrnihat on Shillong-Guwahati route was not provided with any weigh bridge to verify the quantity of coal loaded in a truck.

A cross check of records, such as transit challans, royalty bills etc., maintained in a check gate with weigh bridge facility errected in August 1996 by the Director of Mineral Resources, Meghalaya revealed that 206757 MTs of coal despatched outside the State by coal traders in excess of prescribed maximum limit of 15 MTs in each truck was detected during 1 April 1997 to 31 July 1997 and realised Rs. 248.11 lakh as royalty on the aforesaid excess quantity of coal by the Mineral Resource Department. However, the Taxation Department realised advance tax at the rate of Rs. 650 per truck load of coal based on 15 MTs despatched in each truck load of coal and the same principle was also followed while finalising (between October 1997 and April 1998) assessment for the corresponding period. Thus, the tax for despatch of 206757 MTs of coal in excess of 15 MTs in each truck was not realised. This resulted in loss of revenue of Rs. 89.59 lakh.

On this being pointed out in audit (August 1998) the Department stated (September 1999) that matter was under examination by the Government. However, report on further development in this case has not been intimated (August 2000).

The case was reported (between September 1998 and May 2000) to the Government; their reply has not been received (November 2000).

6.20 Evasion of tax

Under the Meghalaya Taxation Laws, if a dealer has concealed or failed to disclose fully and truly the particulars of his turnover or furnished incorrect or incomplete particulars of his turnover, the assessing officer may, within eight years from the end of the relevant period, make an assessment or re-assessment of the dealer. The Act further provides that for willful concealment of sales, the dealer shall be liable to pay penalty, in addition to the tax payable by him, a sum not exceeding one-and-a-half times the tax due. The provision of the State Act applies mutatis-mutandis in case of Central Sales Tax Act, 1956.

In Sales Tax Unit offices at Shillong and Byrnihat, it was noticed (between June and September 1999) that five registered dealers concealed taxable turnover of Rs. 571.14 lakh and evaded tax of Rs. 42.76 lakh. Besides, maximum penalty of Rs. 64.13 lakh was leviable for wilful concealment of turnover, but was not levied as tabulated below :-

Sl. No.	Name of office/ Circle/No. of dealer	Period of assessment/ Date of assessment	Commodity	Mode of purchase/sale	Actual purchase/ sale	Purchase/ Sale disclosed/ assessed to tax	Turn-over con-cealed	Rate of tax/ Amount of tax evaded	Maximum penalty leviable
					(Rupees in lakh)				
1.	Sales Tax Unit Office, Byrnihat 1 dealer	April 1994 to March 1997/ September 1998	Cold drinks etc.,	Sales disclosed in final accounts submitted to registrar of companies, Shillong during the corresponding period.	1108.25	856.09	252.16	7 per cent 16.50	24.74
2.	Circle-3, Shillong 2 dealers	April 1995 to September 1995 and October 1996 to September 1997, April and November 1998.	Motor Parts	Sold Motor parts to Meghalaya Transport Corporation during the corresponding periods.	27.31	4.45	22.86	7 per cent 1.50	2.25
3.	Circle-4, Shillong 1 dealer	April 1998 to March 1999, April and June 1999	Cement	After deducting the closing stock of Rs.30.65 lakh from purchases of lime stone valued at Rs.74.25 lakh, the sale turnover worked out to Rs.43.60 lakh against which turnover of Rs.16.81 lakh was considered.	43.60	16.81	26.79	12 per cent 3.21	4.82
4.	Sales Tax Unit Office, Byrnihat. 1 dealer	October 1997 to March 1998, March 1999.	Mild Steel bar	Sold 191 truck loads of Mild steel bar valued at Rs. 345.25 lakh in course of Inter-State Trade or Commerce during the corresponding period as per record of Byrnihat Taxation Check Gate.	345.25	75.92	269.33	8 per cent 21.55	32.32
					1524.41	953.27	571.14	42.76	64.13

On these being pointed out (between July 1999 and June 2000) the Department stated (April and July 2000) in respect of cases at serial 2 and 3 above that dealers were re-assessed (October 1999 and March 2000) but report on recovery has not been received (November 2000). Reply in respect of other cases has not been received (November 2000).

These cases were reported (between August 1999 and June 2000) to the Government; their reply has not been received (November 2000).

6.21 Short/Non-levy of tax

As per Meghalaya Taxation Laws (Amendment Act, 1997) and the schedule appended thereto, the items 'Butter' and 'Footwears' are taxable at the rate of 8 and 10 **per cent** respectively at the point of first sale within the State with effect from 7 May 1997.

(a) In Sales Tax Unit Office (Circle 6), Shillong it was noticed (July-September 1999) that a registered dealer sold 'Butter' valued Rs.115.63 lakh during the periods ending 30 September 1997 and 31 March 1998, but while finalising assessment, the assessing officer allowed (3 July 1998) exemption from payment of tax on the sales turnover of butter. This resulted in non-levy of tax amounting to Rs.9.25 lakh.

The matter was reported to the Department and the Government (December 1999 and January 2000); their replies have not been received (November 2000).

(b) Similarly, in another Sales Tax Unit Office (Circle 2) at Shillong, it was noticed (September 1999) that a registered dealer sold footwears valued Rs.100.97 lakh during 7 May 1997 to 31 March 1998 and was assessed (25 September 1998) to tax incorrectly at the rate of 8 **per cent** instead of 10 **per cent**. This resulted in short-levy of tax of Rs.1.96 lakh.

On this being pointed out (September 1999), the Department stated (March 2000) that full recovery of tax was made on re-assessment (January 2000).

The case was reported between December 1999 and June 2000 to the Government; their reply has not been received (November 2000).

6.22 Turnover escaped assessment

Under the Meghalaya Sales Tax Laws, if the Commissioner of Taxes is satisfied that any turnover in respect of Sales of any taxable goods has escaped assessment or has been under-assessed during any return period, he may at any time within eight years from the end of the aforesaid period serve on the dealer, a notice containing all or any of the requirements and may proceed to assess the dealer in respect of such period. This provision of the State Act applies, mutatis mutandis, in respect of assessment under the Central Sales Tax Act, 1956.

In Williamnagar, Sales Tax unit, cross verification of records of the Taxation Department with those of the Registrar of Companies, Shillong revealed (May 1999) that a cement dealer in his final accounts for the years 1995-96, 1996-97 and 1997-98 submitted to the Registrar of Companies, had shown net sales amounting to Rs. 2075.16 lakh whereas the dealer was assessed to tax on best judgement basis under the Meghalaya Finance (ST) Act and the Central Sales Tax Act, 1956 for the aforesaid periods by determining the net taxable turnover at Rs.2006.02 lakh only and thereby a taxable turnover of Rs. 69.14 lakh escaped assessment. This resulted in short-levy of tax of Rs. 8.30 lakh.

On this being pointed out in audit (July 1999), the Department sought for (August 1999) the copies of the final accounts of the dealer to enable them to take action accordingly. The Department was provided (October 1999) with the copies of the final accounts but no further reply about re-assessment/realisation of tax has been received (November 2000).

The case was reported to the Government (July 1999), their reply has not been received (November 2000).

6.23 Evasion of tax by unregistered dealer

Under the Meghalaya Finance (Sales Tax) Act, no dealer, liable to pay tax, shall carry on business as a dealer unless he is registered and possesses a certificate of registration. The Act also empowers the Commissioner of Taxes to register a dealer compulsorily. The Act further provides that if any dealer evades in anyway the liability to pay tax, he shall be liable to pay penalty, a sum not exceeding one-and-a half times the tax due, in addition to tax payable by him.

(a) In Jowai, Williamnagar and Shillong (Circle-2), Sales Tax Unit offices, cross verification of records of the Taxation Department with those of the State Trading Corporation of India Limited, Guwahati, Assam revealed (August, November 1998 and May 1999) that six unregistered dealers imported Palm oil valued at Rs. 42.53 lakh during different periods falling between March 1991 and November 1994, but the dealers neither applied for registration under the Meghalaya Finance (ST) Act nor were they registered compulsorily under the Act ibid. This resulted in evasion of tax of Rs. 2.98 lakh. Besides, maximum penalty of Rs. 4.47 lakh was leviable but not levied.

On this being pointed out (August, December 1998 and July 1999), the Department stated (May, August 1999 and March and September 2000) that Shillong based dealers were not traceable and dues in respect of one dealer of Jowai was realised (August 2000) in full. As regards, the remaining dealers it was stated that action was being taken to realise the dues from them but the report on either to trace out the dealers or to recover the dues from the remaining dealers has not been received (November 2000).

These cases were reported to the Government (December 1998); their reply has not been received (November 2000).

(b) In Shillong Sales Tax Unit Office (Circle-6), cross verification of records of the State Council of Educational Research and Training, Meghalaya and Meghalaya Legislative Assembly Departments revealed (November 1998) that four unregistered dealers supplied radio cum cassette players and brief case valued at Rs. 36.64 lakh to the aforesaid Departments during the periods ending 30 September 1994 and 31 March 1997 but these dealers neither applied for registration nor were they registered compulsorily. This resulted in evasion of tax of Rs. 2.96 lakh. For such evasion of tax, maximum penalty of Rs. 4.44 lakh was leviable but not levied.

The matter was reported (December 1998) to the Department and Government; their replies have not been received (November 2000).

(c) In Shillong Sales Tax unit Office (Circle 3), cross verification of records of the Taxation Department with that of the Meghalaya Legislative Assembly revealed (December 1998) that an unregistered dealer sold goods taxable under the Meghalaya Finance (Sales Tax) Act, valued at Rs. 17.69 lakh during the six monthly periods ending 31 March 1993, 31 March 1994, 30 Sepetember 1994, and 30 September 1997 to the Meghalaya Legislative Assembly. But the dealer had neither applied for registration under the Meghalaya Finance (Sales Tax) Act nor was registered compulsorily under the Act ibid. Thus, the entire turnover of Rs. 17.69 lakh was concealed by the dealer and thereby evaded tax of Rs. 1.90 lakh. For evasion of tax, maximum penalty of Rs. 2.84 lakh was also leviable but was not levied.

On this being pointed out (December 1998), the Department stated (July 1999) that the dealer had since been registered under the Meghalaya Finance (Sales Tax) Act and assessment had been completed by raising a total demand of tax, interest and penalty of Rs. 1.95 lakh, but report on realisation of the assessed tax has not been received (November 2000).

The matter was reported to the Government (December 1998); their reply has not been received (November 2000).

6.24 Misclassification of goods

Under the Meghalaya Finance (Sales Tax) Act, 'Biscuits' are taxable at the rate of 5 **per cent** and 'Chocolates' are taxable at the rate of 7 **per cent.**

Test check of assessment records of the Sales Tax unit office at Shillong, revealed (November 1998) that a dealer sold 'Kitkat', a delicious chocolates, valued at Rs. 59.85 lakh during the periods ending 30 September 1996 and 31 March 1997. But the assessing authority assessed 'Kitkat' at the rate of 5 **per cent** treating it as biscuit instead of chocolates taxable at the rate of 7 **per cent.** Thus, due to misclassification of goods, there was under-assessment of tax of Rs. 1.20 lakh.

The case was reported to the Department and Government between December 1998 and April 2000; their replies have not been received (November 2000).

6.25 Under-assessment of tax

Under the Central Sales Tax Act, 1956 and Rules made thereunder, inter-State sales of goods are taxable at the concessional rate of 4 **per cent**, if such sales are supported by prescribed declaration forms furnished by the purchasing dealers; otherwise such sales are taxable at the normal rate of 10 **per cent** or the rate of tax applicable under the State Act, whichever is higher. The item 'timber' was taxable under the State Act during the years 1994-95 and 1995-96 at the rate of 60 **per cent**.

A test check of the assessment records of the Superintendent of Taxes, Shillong revealed (October 1999) that inter-State sales valued at Rs.2.01 lakh of a registered timber dealer for the periods ending 31 March 1995 and 30 September 1995, not supported by prescribed declaration were assessed (March 1999) to tax at the rate of 10 **per cent** instead of 60 **per cent**. This resulted in short-levy of tax Rs.1.00 lakh calculated at the differential rate of 50 **per cent**.

On this being pointed out (December 1999 and January 2000), the Department stated (July 2000) that assessment was revised in the light of audit observation but the assessee filed (May 2000) an appeal against the assessment. The report on the judgement of Appellate authority has not been received (November 2000).

The case was reported (between December 1999 and June 2000) to the Government; their reply has not been received (November 2000).

TRANSPORT DEPARTMENT

6.26 Non-levy of fine

Non-levy of fine of Rs.123.92 lakh on excess load of coal.

According to the provision of the Motor Vehicle Act 1988 (as amended in November 1994), whoever drives a motor vehicle or causes or allows a motor vehicle to be driven for carrying loads in excess of permissible weight, there shall be levied minimum fine of Rs. 2000 for the first offence and an additional amount of Rs. 1000 per tonne of excess load beyond permissible limit. The Act, further provides that for any second or subsequent offence(s), the minimum fine shall be Rs. 5000 in each case and an additional amount of Rs. 1000 per tonne of excess load beyond permissible limit.

Test check of records of the District Transport Officer (DTO), Jowai revealed (August 1998) that goods carriage trucks which carried coal were registered with maximum permissible capacity of 7.5 MT and motor vehicle tax was levied and collected accordingly. However, cross verification of records of the Mookyndur check gate revealed that 823 goods carriage trucks registered with DTO, Jowai carried coal ranging from 18 to 24 MT against maximum permissible registered laden capacity of 7.5 MT during the month of April 1997, but the DTO Jowai failed to levy fine in any of these cases. Fine leviable in these cases worked out to Rs. 123.92 lakh.

On this being pursued (September 1998, August 1999 and February 2000); the Department stated (August 2000) that there was no instruction from the Government to increase the pay load of goods carriage vehicles. But the reply was silent about the action taken to recover the fine.

The case was reported (between September 1998 and September 2000) to the Government; their reply has not been received (November 2000).

CHAPTER - VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 Grants

Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities by and large receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement certain programmes of the State Government. The grants were intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

Based on available information, financial assistance of Rs.142 crore was paid during 1999-2000 to various autonomous bodies and others broadly grouped as under:-

	Name of Institutions	Amount of assistance paid (Rupees in crore)	
		1998-99	1999-2000
1.	Universities and Educational Institutions	80.73	106.42
2.	Co-operative Societies	0.96	1.93
3.	District Councils	5.30	5.26
4.	Municipalities	1.25	1.40
5.	Other Institutions	0.87	26.99
	Total	**89.11**	**142.00**

7.2 Delay in submission of accounts

In order to identify the institutions which attract audit under Section 14/15 of the Act ibid, Government/Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions. Information for the year 1999-2000 called for in June 2000 was awaited as of November 2000.

The audit of accounts of the Meghalaya Khadi and Village Industries Board, Shillong under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act was entrusted to the Comptroller and Auditor General of India up to 1999-2000. The Board had not submitted the Account for the year 1998-99 and 1999-2000.

7.3 Audit arrangement

The primary audit of local bodies (Zilla Parishads, Nagar Palikas, Town area/Notified Area Committee), educational institutions and others is conducted by the examiner of Local Accounts. Audit of Co-operative Societies is conducted by the Internal Auditor of the Registrar of Co-operative Societies.

Of the 17 bodies/authorities whose accounts for 1998-99 were received, the accounts of 13 bodies/authorities attracted audit. Of these, the audit of 4 bodies/authorities has already been completed.

CHAPTER – VIII : GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

This chapter deals with the results of audit of Government companies and Statutory corporations. Paragraph 8.1 deals with general view of Government companies and Statutory corporations. Paragraph 8.2 contains a review on tariff, billing and collection of revenue in Meghalaya State Electricity Board, Paragraph 8.3 contains review on Operational performance of Meghalaya Transport Corporation and Paragraphs 8.4 to 8.10 deal with topics of other interests.

8.1 General view of Government Companies and Statutory Corporations

8.1.1 Introduction

As on 31 March 2000 there were ten Government companies (including four subsidiaries) and three Statutory corporations against identical number of Government companies and Statutory corporations as on 31 March 1999 under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Government of India on the advice of the Comptroller and Auditor General of India (CAG) as per provision of Section 619(2) of Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit of the Statutory corporations are conducted under the provisions of the respective Acts as detailed below:

Sl.No.	Name of the Corporation	Authority for audit by the CAG	Audit arrangement
1.	Meghalaya State Electricity Board (MeSEB)	Section 69(2) of the Electricity (Supply) Act, 1948	Sole audit by CAG
2.	Meghalaya Transport Corporation (MTC)	Section 32(2) of Road Transport Corporations Act, 1950	Sole audit by CAG
3.	Meghalaya State Warehousing Corporation (MSWC)	Section 31(8) of the State Warehousing Corporations Act, 1962	Chartered Accountants and supplementary audit by CAG

8.1.2 Investment in Public Sector Undertakings (PSUs)

As on 31 March 2000, the total investment in 13 Public Sector Undertakings (ten Government companies including four subsidiaries and three Statutory corporations) was Rs.487.25 crore (equity : Rs.107.05 crore; long-term loans : Rs.380.20 crore) as against a total investment of Rs.465.28 crore (equity : Rs.97.06 crore; long-term loans* : Rs.355.17 crore and share application money: Rs.13.05 crore) in 13 PSUs (ten Government companies including four subsidiaries and three Statutory corporations) as on 31 March 1999. The analysis of investment in PSUs is given in the following paragraphs.

8.1.3 Government Companies

Total investment in ten companies (including four subsidiaries) as on 31 March 2000 was Rs.95.44 crore (equity : Rs.70.05 crore; long-term loans : Rs.25.39 crore) as against total investment of Rs.99.26 crore (equity : Rs.56.85 crore; long-term loans : Rs.29.36 crore; share application money : Rs.13.05 crore) as on 31 March 1999 in ten Government companies (including four subsidiaries).

The classification of the Government companies was as under :

Status of Companies	Number of Companies	Investment (Rupees in crore)		Number of Companies referred to BIFR
		Paid up capital	Long term loans	
Working companies	8	69.21 (69.06)	18.41 (24.76)	1[A]
Companies under revival/closure	2[B]	0.84 (0.84)	6.98 (4.60)	-
Total	10	70.05 (69.90)	25.39 (29.36)	-

(Figures for previous year are in bracket)

As two companies were non-working for 4 to 8 years and substantial investment of Rs.7.82 crore was involved in these companies, effective steps need to be taken for their expeditious liquidation or revival. The summarised financial results of Government companies are detailed in Appendix XXVII.

* Long term Loans mentioned in para 8.1.2, 8.1.3 and 8.1.4 are excluding interest accrued and due on such loans.

[A] Serial number 6 of Appendix XXVI.

[B] Serial numbers 4 and 5 of Appendix XXVI.

The debt equity ratio of Government companies as a whole has decreased from 0.42:1 in 1998-99 to 0.36:1 in 1999-2000 (Appendix XXVI). As on 31 March 2000, of total investment in Government Companies, 26.60 **per cent** comprised equity capital and 73.40 **per cent** comprised loans compared to 70.42 **per cent** and 29.58 **per cent** respectively as on 31 March 1999.

8.1.4 Statutory Corporations

The total investment in three Statutory corporations at the end of March 1999 and March 2000 was as follows :-

(Rupees in crore)

Name of Corporation	1998-99		1999-2000	
	Capital	Loan	Capital	Loan
Meghalaya State Electricity Board (MeSEB)	-	325.81	-	341.44
Meghalaya Transport Corporation (MTC)	37.88	-	34.67	13.37
Meghalaya State Warehousing Corporation (MSWC)	2.33	-	2.33	-
Total	**40.21**	**325.81**	**37.00**	**354.81**

The summarised financial results of all the Statutory corporations as per the latest finalised accounts are given in Appendices XXVI and XXVII and financial position and working results of all individual Corporations for the available latest three years are given in Appendices XXVIII and XXIX respectively.

None of the PSUs has disinvested its shares nor has any PSU been privatised, restructured, merged or closed.

8.1.5 Budgetary outgo, subsidies, guarantees and waiver of dues

The details of budgetary outgo, subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government to Government companies and Statutory corporation are given in Appendix XXVI and XXXI. The budgetary outgo from the State Government to Government companies and Statutory corporations for the 3 years up to 31 March 2000 in the form of equity capital, loans, grants and subsidy is given below :

(Rupees in crore)

	1997-98				1998-99				1999-2000			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1.Equity	1	0.08	1	1.63	2	1.38	1	1.11	2	0.65	-	-
2. Loans	-	-	1	7.00	-	-	1	18.00	2	0.75	2	15.11
3. Grants	2	0.30	-	-	1	0.20	-	-	2	0.21	-	-
4. Subsidy	-	-	1	9.00	-	-	1	9.50	1	0.01	2*	11.50*
Total outgo	**3@**	**0.38**	**3@**	**17.63**	**3@**	**1.58**	**2@**	**28.61**	**6@**	**1.62**	**2@**	**26.61**

During the year 1999-2000, no fresh guarantee has been given by the State Government against loan raised by the PSUs. At the end of the year guarantees amounting to Rs.123.75 crore against two Government companies (Rs.2.62 crore) and one Statutory corporation (Rs.121.13 crore) were outstanding. However, as on 31.3.2000, against guarantees given by the State Government in earlier years for repayment of loan together with interest, one company viz., Meghalaya Tourism Development Corporation Limited has defaulted in repayment of overdue loan of Rs.0.36 crore and one Corporation, viz, Meghalaya State Electricity Board had defaulted in repayment of overdue loan of Rs.121.13 crore.

8.1.6 Finalisation of accounts by PSUs

8.1.6.1 The accounts of the Companies for every financial year are required to be finalised within six months from the end of relevant financial year under Section 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

However, as could be noticed from Appendix XXVII, none of the ten Government companies, and out of three Statutory corporations only one Corporation had finalised their accounts for the year, within the stipulated period. During the period from October 1999 to September 2000, 9 Government Companies finalised their accounts for previous years. Similarly, during this period two Corporations finalised accounts for previous years. The accounts of ten Government Companies and two Statutory corporations were in arrears for periods ranging from one year to 14 years as on 30 September 2000 as detailed below:-

* Represents subsidy against Rural Electrification losses (Rs.9.30 crore) to Meghalaya State Electricity Board and subsidy to Meghalaya Transport Corporation (Rs.2.20 crore).

@ These are the actual number of Companies/Corporations which have received budgetary support in the form of equity, loans, grants and subsidy from the State Government during respective years.

Sl. No.	Year from which accounts are in Arrears	Number of years for which accounts are in arrears	Number of Companies/ Corporations		Reference to Serial No of Appendix-XXVII	
			Government companies	Statutory corporations	Government companies	Statutory corporations
1.	1999-2000	01	01	01	10	3
2.	1998-99 to 1999-2000	02	03	-	1,4,9	-
3.	1996-97 to 1999-2000	04	-	01	-	2
4.	1994-95 to 1999-2000	06	02	-	5, 7	-
5.	1993-94 to 1999-2000	07	03	-	2,3,6	-
6.	1986-87 to 1999-2000	14	01	-	8	-

Of the above ten Government companies, whose accounts were in arrears, two companies were non-working companies (Serial No. 4&5 of Appendix-XXVII) and one Company (Sl.No.6) had been referred to BIFR for declaring as a sick industrial unit, under the provisions of Section 3(1)(0) of the Sick Industrial Companies (Special Provisions) Act, 1985.

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the PSUs within prescribed period. Though the concerned administrative departments and officials of the Government were apprised quarterly by the Audit regarding arrears in finalisation of accounts, no effective measures had been taken by the Government. As a result, the investments made in these PSUs could not be assessed in audit.

8.1.6.2 Status of placement of Separate Audit Reports of Statutory Corporations in Legislature

The following table indicates the status of placement of various Separate Audit Reports (SARs) on the accounts of Statutory corporations issued by the Comptroller and Auditor General of India in the Legislature by the Government.

Sl. No.	Name of Statutory corporations	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		Reasons for delay in placement in Legislature
			Year of SAR	Date of issue to the Government	
1.	MeSEB*	1998-99	---	---	---
2.	MTC	1994-95	1995-96	26.6.2000	In the process of presentation.
3.	MSWC	1997-98	1998-99	21.8.2000	-Do-

* SAR for 1999-2000 is under process of finalisation.

8.1.7 Working results of PSUs

According to latest finalised accounts of 10 Government companies and three Statutory corporations, seven companies and two corporations had incurred an aggregate loss of Rs.2.20 crore and Rs.26.19 crore respectively and the remaining three companies and one corporation earned profit of Rs.1.62 crore and Rs.0.08 crore, respectively.

The summarised financial results of Government companies and Statutory corporations as per latest finalised accounts are given in Appendix XXVII. Besides, working results of individual Corporations for the latest 3 years for which accounts are finalised are given in Appendix XXIX.

8.1.8 Government Companies

8.1.8.1 Profit earning Companies and dividend

Out of seven Companies which finalised their accounts for previous years by September 2000, three Companies earned an aggregate profit of Rs.1.62 crore. All the three Companies earned profit for two or more successive years. None of the profit making Companies have declared dividend during the latest year's finalised accounts.

8.1.8.2 Loss incurring Companies

Out of seven loss incurring Companies, three Companies (Sl.No. 4,5 and 6 of Appendix XXVII) had accumulated losses aggregating Rs.13.71 crore which had far exceeded their aggregate paid up capital of Rs.4.82 crore.

8.1.8.3 Profit earning statutory Corporations and dividend

Only one statutory corporation (Serial 3 of Appendix XXVII) which finalised accounts (1998-99) by September 2000 had earned profit of Rs.0.08 crore and had declared a dividend of Rs.0.01 crore (0.43 **per cent** of paid up capital and 12.5 **per cent** of net profit).

8.1.9 Operational performance of statutory Corporations

The operational performance of Statutory Corporations is given in Appendix XXX.

(a) Meghalaya State Electricity Board

(i) Percentage of transmission and distribution losses to total power available for sale has increased from 17.93 in 1997-98 to 24.20 in 1999-2000.

(ii) Load factor which was 37.06 in 1997-98 has decreased to 34.25 in 1998-99.

(b) *Meghalaya Transport Corporation*

Loss per Kilometer has increased from paise 682 in 1993-94 to paise 1036 in 1995-96.

8.1.10 Return on Capital Employed

According to the latest finalised accounts (September 2000) the capital employed* worked out to Rs.60.03 crore in ten Companies and total return** thereon was (-)Rs.0.32 crore as compared to total return of Rs.8.85 crore (19.35 **per cent**) in the previous year. Similarly during 1999-2000, the capital employed and total return thereon in case of Statutory corporations amounted to Rs.363.58 crore and Rs.14.36 crore (3.95 **per cent**) respectively against the total return of Rs.16.63 crore (4.76 **per cent**) for 1998-99. The details of capital employed and total return on capital employed in case of Government companies and corporation are given in Appendix XXVII.

8.1.11 Results of audit by Comptroller and Auditor General of India

The summarised financial results of all the ten Government companies and three Statutory corporations based on the latest available accounts are given in Appendix XXVII.

During the period from October 1999 to September 2000, the accounts of five companies and three corporations were selected for review. The net impact of audit observations as a result of review of PSUs was as follows:-

Details	Number of accounts		Rupees in lakh	
	Government companies	Statutory corporation	Government companies	Statutory corporation
i) Decrease in profit	1	1	72.79	0.80
ii) Increase in loss	2	2	85.30	302.56

Some of the major errors and omissions noticed in the course of review of annual accounts of some of the above companies and corporations are mentioned below:-

* Capital employed represents net fixed assets (including Capital work-in-progress) plus working capital except in case of Meghalaya Industrial Development Corporation where it represents a mean of aggregate of opening and closing balances of paid-up capital, free reserves and borrowings (including refinance).

** For calculating total return on capital employed, interest on borrowed funds is added to net profit/substracted from the loss as disclosed in the profit and loss account.

A. Errors and omissions noticed in case of Government companies

(i) Meghalaya Government Construction Corporation Limited (Accounts for 1997-98)

In contravention to Accounting Standard – 15, no provision for Gratuity liability estimated to Rs.79.50 lakh has been made in the accounts. This has resulted in overstatement of cumulative profit (including understatement of loss for the years by Rs.27.00 lakh) with corresponding understatement of liability to that extent.

B. Some of the errors and omissions noticed in case of review of Statutory Corporations are mentioned below:-

(a) Meghalaya State Electricity Board (1998-99)

(i) Purchase of power has been understated by Rs.4.79 crore due to (i) non-provision of free power worth Rs.4.14 crore and (ii) non-provision of Rs.64.87 lakh against adjustment bill/claim of.

(ii) Interest (Rs.5.58 crore) on LIC loan has been excess charged by Rs.2.80 crore due to provision of normal interest twice on principal defaulted. This has also resulted into excess provision of interest tax by an amount of Rs.15.93 lakh.

(b) Meghalaya Transport Corporation (1995-96)

Provision (Rs.8.52 crore) includes Rs.7.84 crore being Depreciation Renewal Reserve. In terms of Section 29 of Road Transport Corporations Act, 1950, the Corporation is required to deposit the fund under specific investment. No investment of the fund has, however, been made. The Statutory provision in this respect has not been complied with nor had the fact been disclosed.

B.1 Audit assessment of the working results of Meghalaya State Electricity Board

Based on the audit assessment of the working results of MeSEB for the three years upto 1998-1999* and taking into consideration the major irregularities and omissions pointed out in the SARs on the annual accounts of the MeSEB and not taking into account the subsidy/subventions receivable from the State Government, the net surplus/deficit and the percentage of return on capital employed of the MeSEB would be as given below :-

* SAR for 1999-2000 under process of finalisation.

(Rupees in crore)

Sl. No.	Particulars	1996-97	1997-98	1998-99
1.	Net Surplus/(-)deficit as per books of accounts	(-) 33.52	(-) 43.00	(-) 23.29
2.	Subsidy from the State Government	8.50	9.00	9.50
3.	Net Surplus/(-)deficit before subsidy from the State Government(1-2)	(-) 42.02	(-) 52.00	(-) 32.79
4.	Net increase/decrease in net surplus/ (-)deficit on account of audit comments on the annual accounts of the MeSEB	(+) 15.08	(-) 1.73	(-) 2.95
5.	Net Surplus/(-)deficit after taking into account the impact of audit comments but before subsidy from the State Government (3-4)	(-) 26.94	(-) 53.73	(-) 35.74
6.	Total return on capital employed	17.74	(-) 13.17	5.86
7.	Percentage of total return on capital employed	11.36	-	1.58

B. *Persistent irregularities and system deficiencies in financial matters of PSUs*

The following persistent irregularities and system deficiencies in the financial matters of the two Statutory corporations had been repeatedly pointed out during the course of audit of their accounts but no corrective action has been taken by the PSUs so far.

a) Meghalaya State Electricity Board :

i) Age wise analysis of receivables has not been made.

ii) Subsidy Registers for Purchases, Advances etc. remained unreconciled with the Financial Books.

iii) Stores Ledger remains incomplete and not reconciled with the Financial Ledger. Most of the stock holding units have not maintained Priced Stores Ledger.

iv) Assets were not physically verified.

(b) Meghalaya Transport Corporation :

i) The details of opening balance, consumption and closing balances in respect of Stores, tyres and tubes were not furnished. The manner in which the value of above stocks and consumption were assessed has not been furnished to audit.

ii) The opening and closing balances of stationery and forms and tickets were not assessed and accounted for.

iii) Journal entries passed lack sufficient narrations of adjustments made.

iv) Party wise ledger for Sundry Creditors has not been maintained.

v) Fixed assets as exhibited in Schedule 'E' have not been physically verified by the Corporation.

8.1.12 Position of discussions of Commercial Chapters of Audit Reports by the Committee on Public Undertakings

The status of discussion of reviews/paragraphs of Commercial chapter of Audit Reports pending discussion by COPU as on August 2000 are shown below:-

Period of Audit Report	Total number of reviews and paragraphs appeared in Audit Report		Number of reviews and paragraphs pending discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
(1)	(2)	(3)	(4)	(5)
1984-85	3	3	1	1
1985-86	1	3	-	3
1986-87	1	3	1	2
1987-88	1	4	1	3
1988-89	1	4	-	3
1989-90	1	4	-	3
1990-91	2	4	2	3
1991-92	1	4	1	3
1992-93	1	4	1	4
1993-94	1	4	-	4
1994-95	2	4	2	4
1995-96	1	4	1	4
1996-97	1	4	1	4
1997-98	1	4	1	4
1998-99	1	2	1	2

Between July 1985 and April 1997, the COPU had presented 12 Reports (including 3 Action Taken Reports) before the State Legislature. In 9 Reports, recommendations on 17 paragraphs pertaining to five companies (ten paragraphs) and two corporations (7 paragraphs) had been made, of which action taken reports in respect of 7 paragraphs pertaining to one corporation (3 paragraphs) and three companies (4 paragraphs) have been submitted. Action taken reports in respect of 10 paragraphs pertaining to three companies (6 paragraphs) and one corporation (4 paragraphs) were awaited (November 2000).

8.1.13 619-B Companies

Some non-Government companies are deemed to be Government companies under Section 619-B of the Companies Act, 1956 for the limited purpose of extending to them the provisions relating to audit of Government companies contained in Section 619 of the Companies Act, 1956.

There was one such company covered under section 619-B of the Companies Act, 1956. The table given below indicates the details of paid-up capital and working results of the company based on the latest available accounts.

(Rupees in lakh)

Name of Company	Year of accounts	Paid up Capital	Investment by			Profit (+)/ Loss (-)	Accumulated Profit (+)/ Loss (-)
			State Govern-ment	Govern-ment Compa-nies	Others		
Meghalaya Phyto Chemicals Limited	1984*	74.99	-	54.27	20.72	(-)66.18	(-) 219.51

* Calendar year

SECTION 'A' : REVIEWS

POWER DEPARTMENT

MEGHALAYA STATE ELECTRICITY BOARD

8.2 Review on tariff, billing and collection of revenue

Highlights

The Board incurred losses every year and the accumulated losses as on 31 March 2000 were Rs.248.34 crore.

(Paragraph 8.2.1)

Realisation per unit of Power sold fell short by 25 paise to 46 paise as compared to the cost thus leading to a loss of Rs.102.32 crore.

(Paragraph 8.2.5)

Belated implementation of tariff revision resulted in revenue loss of Rs.24.17 crore.

(Paragraph 8.2.6.2 a and b)

Indirect subsidy amounting Rs.147.77 crore has been extended to consumers due to fixation of tariff below cost.

(Paragraph 8.2.6.3)

Security deposit from consumers fell short by Rs.9.88 crore and consequently there was loss of interest of Rs.5.31 crore.

(Paragraph 8.2.6.4)

Unmetered supply of power to employees had resulted in loss of revenue of Rs.2.46 crore.

(Paragraph 8.2.8.2)

57.11 MU of energy valuing Rs.7.86 crore has been pilfered by 7 alloy industries.

(Paragraph 8.2.8.4)

Deficiencies in billing resulted in loss of revenue of Rs.1.55 crore.

(Paragraph 8.2.8.5)

Total arrears of revenue stood at Rs.153.27 crore and total dues recoverable from ASEB amounted to Rs.131.71 crore at the end of 1999-2000, Rs.9.31 crore from Government Departments and Rs.2.16 crore from untraceable and permanently disconnected consumers.

(Paragraph 8.2.9)

The Board sustained revenue loss of Rs.51.28 crore due to excess T&D loss beyond norm.

(Paragraph 8.2.10)

8.2.1 Introduction

Meghalaya State Electricity Board (MeSEB) was constituted on 21 January 1975 under Section 5 (I) of the Electricity (Supply) Act, 1948. In terms of Section 18 of the Act ibid, the Board is primarily responsible for development, generation and distribution of electric power in the most economic and efficient manner.

As against statutory provision of earning surplus, the Board incurred losses every year.

Section 59 of the Act requires the Board to carry out its operation and adjust its tariff to ensure a minimum surplus of three per cent of its capital base*. However, the Board incurred losses every year since inception and accumulated losses at the end of March 2000 was Rs.248.34 crore.

In the context of continuous losses incurred which led to liquidity constraint of the Board, tariff rationalisation, prompt billing and collection of revenue is of great importance.

8.2.2 Organisational set-up

The tariff is framed and revised by the Board with the consent of the state Government. The tariff implementation, billing, collection and accountal of revenue in respect of all the categories of consumers are done in 22 revenue and operation and maintenance (O&M) sub-divisions under the overall charge of Member (Technical) who is assisted by two Superintending Engineers (SE) in the field and one SE (Commercial) and one SE (System Management) at Headquarters. The revenue collected by the sub-divisions are initially deposited in local banks and subsequently transferred to Board's principal bank account at Shillong.

* Capital base represents the value of fixed assets in service at the beginning of the year, net of cumulative depreciation and consumers contribution for service lines.

8.2.3 Scope of Audit

Mention was made in paragraph 8.3 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1982 – Government of Meghalaya on various aspect of tariff, billing and collection of revenue. The Report was presented in the State Legislature on 24 February 1984. The Report was not taken up for discussion by COPU.

The present review encompasses the appraisal of fixation of tariff including other charges having impact on generation of internal financial resources as also tariff implementation, billing and collection of revenue from consumers based on test check of records of 10 (out of 22) revenue sub-divisions and of the SE (Commercial) for the period from April 1995 to March 2000.

8.2.4 Operating deficits

As per statute, the Board was required to earn a minimum surplus of Rs.28.97 crore (3 **per cent** of capital base) during 1995-96 to 1999-2000 against which it incurred a loss of Rs.133.22 crore during the period after accounting for Rural Electrification (RE) subsidy of Rs.44.30 crore provided by the State Government.

The main reasons for continuous losses being sustained by the Board as identified in audit were (a) low plant load factor (b) High incidence of employees and interest cost (c) Excess Transmission and Distribution (T&D) loss (d) shortfall in receipt of subsidy on RE operations and fixation of tariff below cost.

8.2.5 Sale of Power

The table given below indicates units sold, number of consumers, revenue per unit and average cost per unit during the year ended March 2000.

Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
Units sold (in MKWH)	497.32	453.88	551.10	517.99	561.96
Number of consumers(in lakh)	1.04	1.11	1.15	1.23	1.46
Revenue realised per unit (including Misc Income & Subsidy) in paise	135	164	166	172	184
Average cost per unit (in paise)	160	210	212	217	221
Loss per unit (Paise)	25	46	46	45	37
Total loss for the year (Rupees in crore)	**12.37**	**20.83**	**25.35**	**23.12**	**20.65**

Loss per unit of Power sold varied from 25 paise to 46 paise and had led to loss of Rs.102.32 crore.

The losses per unit sold varied from 25 paise to 46 paise during the five years mainly due to Board's failure to fix and regulate its tariff in terms of sections 49 and 59 of Electricity (Supply) Act, 1948 and led to loss of Rs.102.32 crore during 1995-96 to 1999-2000.

The details of generation and power purchased and sold etc. are shown in Appendix XXXII.

8.2.6 Tariff fixation

8.2.6.1 Tariff structure

In terms of Sections 49 and 59 of Electricity (Supply) Act, 1948 the Board is empowered to fix and regulate its tariff subject to directions of the State Government. No such directives have, however, been issued by the Government and the revisions of tariff, except for last revision made in November 1999, were made with the approval of Government. The Board has framed no guidelines as required under Section 79.3 of the Electricity Supply Act, 1948, providing the basis for fixation of tariff.

8.2.6.2 Tariff revisions

Tariff has not been revised regularly.

The Board is empowered to revise its tariff annually. In 1993-94 and 1994-95 the Planning Commission recommended increase of tariff by 66.27 paise and 59.81 paise per unit respectively. In August 1995 the Board proposed to revise its tariff by 20 **per cent** increase annually to avail break-even. However, after last revision made in August 1992, only two revisions of tariff were made in September 1996 and November 1999. The losses incurred due to non-revision of tariff annually had not been assessed by the Board.

As against statutory provisions of earning surplus, tariff proposals for revision of tariff August 1995 and September 1998 indicated deficit of Rs.27.94 crore and Rs.12.96 crore respectively.

The following further points were observed in audit :

(a) The tariff revision proposal submitted in August 1995 (effected from September 1996) was for an increase (per unit in average) from 112.41 paise to 213.42 paise (increase by 90.50 **per cent**). However, apprehending that such sharp increase in tariff might trigger consumer's resistance, the average tariff per unit was envisaged at 134.74 paise with estimated annual deficit of Rs.27.94 crore. Similarly, the revised tariff proposal prepared in August 1998 envisaged a deficit of Rs.12.96 crore in one year contrary to statutory requirement of earning a surplus of three **per cent** on capital base.

The Board sustained loss of Rs.5.26 crore due to delay in according to Government's approval.

(b) The tariff proposal submitted in August 1995 was proposed to be effected from October 1995. However, State Government's approval was belatedly received in July 1996 and tariff was effected from September 1996. Due to delay in according approval, the Board sustained revenue loss of Rs.5.26 crore during the period from October 1995 to August 1996.

Again, the Board submitted in September 1998 the proposal for revision of tariff from November 1998 to earn additional revenue of Rs.7.88 crore in

Delay in notification of revised tariff led to revenue loss of Rs.18.91 crore.

1998-99 and Rs.18.92 crore in 1999-2000. However, approval of Government thereon was not received till November 1999 when the Board notified the revised tariff without the approval of Government. Reasons for non-receipt of sanction from Government were not on record. Delay in notification of revised tariff resulted in loss of revenue of Rs.18.91 crore for the period from November 1998 to October 1999.

8.2.6.3 Fixation of tariff below cost

The category wise surplus/deficit of power sold for the four years from 1995-96 to 1998-99 are indicated in Appendix XXXIII.

The revisions of tariff fetched the Board per unit revenue of Rs.1.01 to Rs.1.30 (excluding miscellaneous Income and Subsidy) against per unit expenditure of Rs.1.60 to Rs.2.17 during 1995-96 to 1998-99. The category wise average tariff fixed in September 1996 were below cost for all categories in LT supply side and domestic and Industrial Categories in HT supply side while the average tariff effective from November 1999 were below cost for all categories of consumers in LT supply side. Out of 8 categories of consumers (excluding inter-State), 7 categories of consumers contributed a total deficit of Rs.189.45 crore which was cross-subsidised to the extent of Rs.34.61 crore by surplus earned from bulk supply (Rs.6.68 crore) and inter-State (EHT) supply (Rs.27.93 crore) leaving a net deficit of Rs.154.84 crore. However, the Board received Rs.35 crore from the State Government as subsidy.

Indirect subsidy provided to consumers amounted to Rs.147.77 crore due to fixation of tariff below cost.

Indirect subsidy provided to the consumers within the state thus amounted to Rs.147.77 crore during 1995-96 to 1998-99 due to fixation of tariff below cost.

8.2.6.4 Non revision of load security deposit

Security deposit from consumers fell short by Rs.9.88 crore and incurred loss of interest of Rs.5.31 crore due to non-revision of load security deposit.

In terms of Clause 27 of Terms and Conditions (T&C) of supply of the Board made effective from 1989, security deposit equivalent to estimated value of three months' consumption of power was required to be realised from the consumers. However, the rates of T&C prescribed in 1989 have not been revised up to March 2000 in spite of four tariff revisions made thereafter. Consequently, security deposit fell far short of 3 months value of power consumed every year and as on 31 March 1999, as against required security deposit of Rs.10.32 crore, actual deposit held by the consumers was Rs.44 lakh leading to accumulated shortfall of Rs.9.88 crore besides loss of interest of Rs.5.31 crore worked out at the rate of 15 **per cent** per annum on amount of shortfall for four years from 1995-96 to 1998-99.

8.2.7 Metering

Meters are required for measuring the consumption of electricity by the consumers. Reading of meters are taken by the employees of the Board once in each month..

A review in audit disclosed the following points.

8.2.7.1 Metering arrangements

The Board has not compiled up-to date position of total number of meters required, number installed and working, and number of non-working meters.

Adequate metering arrangement was lacking. Unmetered consumption ranged from 21 to 88 per cent.

However, an analysis in audit of latest month's (November 1999) commercial data submitted by the sub-divisions revealed that in respect of LT consumers, the percentage of metered billing represented only 49 **per cent** while un-metered billing and on flat rate/minimum charge billing represented 34 **per cent** and 17 **per cent** respectively. The extent of unmetered consumptions in respect of different sub-divisions individually ranged from 21 to 88 **per cent**. The details of number of consumers (LT) and number of metered and unmetered bills served are shown in Appendix XXXIV.

The losses incurred for un-metered supply had never been assessed by the Board.

8.2.7.2 Meter testing and checking

The Board is empowered under Clause 22 of Terms and Conditions of supply (T&C), 1989 to inspect and test the meters for their accuracy. In terms of Section 26(6) of Indian Electricity Act, 1910, in case of detection of incorrect meter, the Board can estimate the quantity supplied to the consumer during such time, not exceeding six months, as the meter shall not have been correct. In view of this restricting provision, the Board need to arrange inspection of meters at least in each six monthly period.

Malpractices and theft cases were high and ranged from 32 to 91 per cent.

The Board, however, do not have any norm for normal, supervisory and surprise check of meters which are decided on adhoc basis. The total number of meters tested and checked are not available on record. It was observed in audit that during the period from 1995-96 to 1999-2000, the vigilance wing of the Board carried out only 0.63 to 2.43 **per cent** meter checking of the total consumers and the percentage of malpractice and theft compared to number of connections checked was high and ranged between 32 and 91. Even with this low level of checking, the Board was able to realise an amount of Rs.45.22 lakh during 1995-96 to 1999-2000. The details of checks carried out by vigilance wing are given in Appendix XXXV.

Thus, due to low level of checking, the possibility of loss of revenue due to malpractices and theft of energy cannot be ruled out.

8.2.8 Billing

In order to realise revenue from the consumers, the Board is required to raise monthly energy consumption bills regularly according to tariff fixed and in accordance with T&C 1989 including schedule of miscellaneous charges.

Delayed billing automatically delays receipt of revenue and consequent loss of interest.

A review in audit disclosed the following points :

8.2.8.1 Billing performance

Monthly billing of consumers ranged from 50 to 60 per cent.

An analysis of the commercial data furnished by the sub-divisions revealed that the extent of monthly billings ranged between 76.20 and 80.09 **per cent** for the Board as a whole. In Shillong South, Pynursla, Mendipather, Williamnagar, Umiam, Jowai, Mairang, Mawryngkneng and Garobadha sub-divisions raising of monthly bills ranged from 50 to 60 **per cent** only. Reasons for these low billings are not on record. Delay in billing was one of the reasons for heavy accumulation of arrears as discussed in para 8.2.8.

8.2.8.2 Concessional sale of power to employees

Unmetered supply of powers to employees had resulted in loss of revenue of Rs.2.46 crore.

The tariff did not provide for any special/concessional rate for sale of power to the Board's employees. The Board, however, made un-metered power supply to its employees against recovery of 2 **per cent** of basic pay irrespective of quantum of power consumed. The loss incurred by the Board on this account amounted to Rs.2.46 crore being the difference between the value of 43.07 MU of power at lowest applicable rate to domestic consumers amounting Rs.3.30 crore and the amount actually recovered (Rs.0.84 crore) during 1995-96 to 1998-99.

8.2.8.3 Billing on average consumption basis

Billing on average consumption basis resulted in revenue loss of Rs.0.55 crore.

In case of defective/stopped metres, the bills are to be raised on average consumption for three months and thereafter on assessed consumption basis. However, in respect of 8 consumers under bulk supply and Public Water Supply Category, bills were raised on average consumption basis for 11 to 97 months after initial three months. Since assessed consumption was higher than average consumption, billing on average consumption basis in excess of three months resulted into revenue loss of Rs.55.43 lakh as detailed in Appendix XXXVI.

8.2.8.4 Loss due to theft of energy

During March 1997 to July 1999, the Board released seven Industrial (HT) connections to seven alloy industries located at Byrnihat by way of direct tapping of three 33KV feeders emanating from 132/33 KV, 20MVA sub-station at Umtru Power House (UPS).

57.11 MU of energy had been pilfered by 7 alloy industries involving loss of revenue of Rs.7.86 crore.

Initially there were no injection meters on these feeders and hence the quantum of energy despatched to these consumers was not assessable. However, the actual consumption of these consumers was found to be very low and unrealistic compared to assessments in respect of feeder 1 (two consumers) and feeder 2 (4 consumers). After installation of injection meters on these feeders, the actual metered consumption was again found to be much less than the quantum of energy released from sub-stations. The wide difference between the assessed consumption and actual consumption and also between the quantum of energy released and that recorded at consumers end revealed theft of 57.11 MU of energy valued at Rs.7.86 crore (considering 16 **per cent** distribution loss as assessed by the Board) during the period from May 1997 to December 1999.

The details of energy pilfered and feeder-wise industrial consumers are given in Appendix XXXVII.

The Management viewed (December 1999) that energy was pilfered by tampering primary side of HT metering equipments which was facilitated due to absence of separate entrance to the sub-station located within the consumers premises for which surprise checks were not possible.

Thus release of industrial loads through direct tapping without installation of check meters and failure to detect theft resulted into loss of revenue of Rs.7.86 crore to the Board.

8.2.8.5 Loss of revenue due to various irregularities

Deficiencies in billing had led to short billing and consequent loss of revenue of Rs.1.55 crore.

Test-check in audit disclosed irrecoverable loss of revenue aggregating Rs.1.55 crore as discussed below:-

8.2.8.5.1 Flat rate billing: Rs.0.12 crore

As per standing orders of the Board (December 1994), domestic and commercial consumers of villages having less than 30 consumers were required to be billed at flat rate (Rs.16 per KW per month) whereas consumers of villages having more than 30 consumers are required to be billed on assessment basis (Rs.64 per KW per month).

Scrutiny revealed that three sub-divisions (Nongpoh, Barapani and Byrnihat) under Khasi Hills Revenue Division raised bills in respect of 16 villages having more than 30 consumers each on flat rate basis during January 1997 to May 1999 which resulted into short billing of revenue amounting to Rs.11.93 lakh.

8.2.8.5.2 Billing on ad hoc basis and consequent loss : Rs.0.01crore

Scrutiny of records of Tura Revenue Sub-division revealed that a consumer (M/S M.P. School, Tura) with connected load of 11.80 KW under Domestic (LT) category who was supplied with two meters by the Board, was billed for 350 units per month from November 1996 to February 1997, 150 units per month from May 1997 to July 1997 and 250 units per month from August 1997 onwards up to February 2000, while there was no consumption during

March and April 1997 as no meter reading was taken. Reasons for billing on such adhoc basis could not be stated.

Due to raising bills on adhoc basis, the Board sustained a loss of Rs.0.66 lakh compared to assessment bills during November 1996 to February 2000.

8.2.8.5.3 Loss due to non-billing of metered consumption Rs.0.01 crore

A consumer (Christian Hospital) under Commercial (LT) category under Tura Revenue Sub-Division with connected load of 37.46 KW, who was having three different energy meters, was being billed for consumption recorded in the first two meters, while the consumption recorded in the third meter was not being considered for billing purpose from September 1996 to February 2000 resulting into loss of revenue of Rs.1.19 lakh due to non-billing of 92,678 units of metered consumption.

8.2.8.5.4 Loss due to irregular reduction of contract load Rs.0.03 crore

As per tariff schedule of the Board the contract demand in case of HT consumers shall not be less than 80 **per cent** of actual connected load subject to a minimum of 60 KVA.

Scrutiny revealed that the Board entered into an agreement with an Industrial (HT) consumer M/S Jaintia Cements Ltd., Latyrke (connected load : 1372.17 KVA) in December 1991 according to which the contract demand of the consumer was 400 KVA (1991-92), 1050 KVA (1992-93), 1200 KVA (1993-94) and 1300 KVA thereafter. Thus, the contract demand of the consumer was fixed on the lower side by 698 KVA in 1991-92 and 49 KVA in 1992-93, which resulted into short billing of demand charges amounting to Rs.1.31 lakh during 1991-92 and 1992-93.

After expiry of the agreement in December 1997, the consumer applied in February 1998 for reduction of contract load to 900 KVA without corresponding reduction in connected load. Member (Tech) of the Board allowed the reduction from December 1998. Due to this irregular reduction in contract load to 900 KVA against minimum requirement of 1098 KVA without reduction in actual connected load and transformer capacity (1600 KVA), the Board sustained a loss of Rs.1.98 lakh towards demand charges during December 1998 to March 2000.

8.2.8.5.5 Irregular waiver of delayed payment surcharge – Rs.0.16 crore

In accordance with Clause 31.2.1 of T&C read with Clause 11 of Tariff Schedule, the Board levied delayed payment surcharge (DPC) to one industrial consumer (M/s Virgo Cements Ltd.) amounting Rs.32.71 lakh during 1992-93 to May 1998. In July 1998, the consumer applied for exemption of DPC on the ground of its industrial sickness. In September 1998, the Board for Industrial and Financial Reconstruction (BIFR), declared the consumer a sick industrial company and the consumer again requested (February 1999) the Board for waiver of DPC for formulating a viable rehabilitation package.

In terms of Clause 31.5 of T&C, no consumer is entitled to claim exemption from payment of DPC. However, contrary to this specific provision the chairman waived (May 1999) DPC amounting to Rs.16.36 lakh to the consumer without approval of the Board. The waiver also lacked justification in view of the fact that the State Government granted concessions to the Consumer in the form of power subsidy and Sales Tax exemption under Meghalaya Industrial Policy 1977 and also in view of the fact that the DPC waived related to the period prior to September 1998 when the consumer was declared sick.

8.2.8.5.6 Delay in execution of agreement and non-revision of average consumption after increase in connected load and consequent loss : Rs.0.55 crore

In January 1997, the 500 KVA transformer installed in the premises of a bulk supply (HT) consumer (Police Reserve Complex) with connected load of 500 KVA was damaged twice in January 1997 due to unauthorised alteration to installations and unauthorised extension of load. After replacement of the transformer, an additional transformer of 250 KVA was also installed (January 1997) to cope with the excess load.

However, the fresh agreement with increased load was executed with the consumer in October 1998 and demand charges for increased load were billed from November 1998 resulting in loss of revenue of Rs.3.71 lakh for January 1997 to October 1998. Further, the average consumption bills served to the consumer for January 1997 to February 2000 did not include increased consumption of 94,963 units per month against the additional transformer of 250 KVA resulting in short billing of Rs.51.20 lakh. Delay in execution of agreement and non-revision of average consumption resulted into an irrecoverable loss of revenue of Rs.54.91 lakh to the Board. Besides above, the compensation bills amounting Rs.4.99 lakh for replacement/installation of the transformer though raised, the acceptance of liability by Police Department was awaited. Neither the compensation bill for Rs.2.92 lakh towards 500 KVA transformer on 25.01.1997 (as worked out in audit) nor the delayed payment surcharge amounting Rs.3.79 lakh (2 per cent per month on Rs.4.99 lakh for 38 months) were claimed by the Board reasons for which were not on record.

8.2.8.5.7 Loss due to incorrect/irregular billing : Rs.0.16 crore

As per clause 23 of T&C, where energy meter is not installed and where average consumption cannot be computed, the consumer is to be billed on assessment basis. Again, as per tariff, the billable demand charge should not be less than 75 **per cent** of contract demand.

During June 1997 to November 1998, the energy meter of a consumer of Barapani (M/s Bomber Cements Pvt. Ltd) remained stopped and the energy consumption bills were served on ad hoc basis for 3,10,508 units as against assessed consumption of 13,66,866 units resulting in short billing of Rs.14.26 lakh at applicable tariff. Further, as against contract demand of 375 KVA, the consumer was billed demand charges on the basis of contract demand of 313 KVA during April 1997 to March 2000 resulting in short billing of Rs.1.41 lakh. Incorrect billing thus resulted into revenue loss of Rs.15.67 lakh to the Board.

8.2.8.5.8 Short billing of compensation-Rs.0.29 crore

(a) As per clause 8.4 of tariff effective from November 1999, once the charge of malpractice against a consumer is established, the compensation bill is required to be raised at twice the normal tariff. The vigilance wing of the Board inspected (December 1999) the premises and detected that one industrial consumer (M/s Pawan Ispat Pvt. Ltd, Byrnihat) with connected load of 1735.96 KW indulged in theft of power tampering the CT primary terminal by means of a copper conductor loop connected to a long hook stick. Since this was a specific case of malpractice, the EE (vigilance) raised (January 2000) compensation bill for Rs.37.94 lakh on the basis of estimated pilferage of 2,10,764 units per month. The consumer submitted (January 2000) a representation denying the charge of theft to the SE (Commercial), the appellate authority, who upheld the compensation bill and directed the consumer to pay the bill within 14 February 2000. The consumer instead of making payment, submitted an appeal on 15 February 2000 to the Chairman of the Board. The Chairman in his orders dated 3.3.2000 observed that there was sufficient prima facie evidence against the consumer but reduced the compensation from Rs.37.94 lakh to Rs.11.69 lakh (being three month's claim at normal rate with 12 **per cent** composition fee) in contravention of Rules without approval of the Board on the ground of avoiding protracted nature of court case. This irregular reduction of compensation had led to loss of Rs.26.25 lakh to the Board.

(b) On an inspection (October 1996) of premises of an industrial consumer (M/s Timpak Pvt.Ltd., Byrnihat), the actual connected load was found 242.74 KW against declared connected load of 210 KW. The premises were again inspected on 12 November 1996 when the consumer's connected load was found 273.37 KW including installations not supplied with energy totalling 67.14 KW. The SE (Commercial) accepted (November 1996) consumer's connected load at 206.23 KW (excluding 67.14 KW) and considered it within declared connected load of 210 KW. As per clause 2.16 of T&C connected load includes all apparatus including portable apparatus and Board's obligation to supply power is restricted on single point. Therefore, exclusion of 67.14 KW from actual connected load was irregular and resulted into non-billing of compensation by Rs.2.67 lakh.

8.2.8.5.9 Loss due to unauthorised connections in Police Establishments in Shillong City : Rs.0.17 crore

The inspection wing of the Board detected (July/August 1996) 179 unauthorised connections with connected load of 204 KW through hooking of LT lines in 12 Police establishments of Shillong. In terms of Board's rules/regulations, the unauthorised connections were required to be disconnected and compensation bills raised against them for theft of power. However, out of 12 establishments only 2 establishments with 2 unauthorised connections (load 2 KW) were disconnected in August 1996 and March 1997. In 5 establishments out of remaining 10 Establishments, single point metering was done removing chances of unauthorised consumption while position in respect of remaining 5 establishments (75 unauthorised consumers with connected load of 96 KW consuming 20,736 units per month) could not be made available.

The Board raised compensation bills against all the 12 establishments belatedly in March 1997 for a total amount of Rs.5.87 lakh of which only one establishment paid (June/July 1997) the billed amount of Rs.0.55 lakh. The balance amount of Rs.5.32 lakh has neither been paid nor the Board pursued the same which led to revenue loss of Rs.5.32 lakh. Further, the Board assessed (November 1996) revenue loss of Rs.11.94 lakh on these unauthorised connections for the period up to October 1996. The loss for subsequent period has however, not been assessed. The same could not also be quantified in audit in the absence of required information.

8.2.9 Collection of revenue

Collection of revenue was poor varying from 28.96 to 42.16 per cent of total revenue fell due.

The position of assessment, collection and arrear of revenue for the period from 1995-96 to 1999-2000 is given in Appendix XXXVIII.

The arrear of revenue had increased from Rs.76.53 crore at the end of 1995-96 to Rs.153.27 crore at the end of 1999-2000.

The percentage of revenue collection to total revenue due was poor and varied from 49.30 to 74.78 in respect of sale within the State and 12.52 to 34.46 in respect of inter-State sale and overall collection varied from 28.96 to 42.16 **per cent**. The arrears of revenue within the State and inter-State had increased from Rs.17.46 crore and Rs.59.07 crore respectively at the end of 1995-96 to Rs.18.43 crore and Rs.134.84 crore respectively at the end of 1999-2000. The overall arrears of revenue had increased from Rs.76.53 crore at the end of 1995-96 to Rs.153.27 crore at the end of 1999-2000, which represented 4.13 to 10.89 months' assessment in case of sales within the State and 22.48 to 38.44 months' assessment in case of inter-State sales. In the absence of break-up of collection for current and old dues, performance of collection of old dues could not be assessed/analysed in audit. The age-wise analysis of the outstanding dues was also not available.

As at the end of 1999-2000 the collection of revenue monitored by the Superintending Engineer (Commercial) indicated arrear of revenue of Rs.13.16 crore within the State as against Rs.18.43 crore as per annual accounts of the Board. The discrepancies had not been reconciled nor the reasons for differences could be explained.

In this connection the following further observations are made :

8.2.9.1 Outstanding against Assam State Electricity Board (ASEB)

The Board supplies power to ASEB at 132 KV (EHV) at special tariff outside the tariff schedule as per agreement renewable from time to time which is categorised as inter-State sale. Apart from this, the Board also supplies power to the same consumer at 33 KV at rate applicable to Bulk Consumer within the State. The assessments and arrears in respect of this supply are exhibited in accounts as sales within the State.

Total dues receivable from ASEB amounted to Rs.131.71 crore.

The arrears of dues from ASEB at the end of 1999-2000 on these supplies amounted to Rs.106.39 crore and Rs.25.32 crore respectively. Thus total dues receivable from ASEB up to 1999-2000 amounted to Rs.131.71 crore which represented 85.93 **per cent** of the total dues (Rs.153.27 crore) of the Board.

As per records maintained by the SE (System Management) and reconciled with ASEB, the amount receivable from ASEB as on 31 March 2000 was Rs.128.22 crore. The difference of Rs.3.49 crore had not been reconciled (September 2000).

8.2.9.2 Government Consumers

Out of Rs.18.43 crore realisable from consumers within the State, the dues outstanding from various Government Departments amounted to Rs.9.31 crore (50.52 **per cent**) which included (a) Police Department (Rs.2.93 crore), (b) Director of Health Services (Rs.1.47 crore), (c) Municipality and Urban Affairs Department for street light (Rs.1.83 crore) amongst others.

8.2.9.3 Dues from permanently disconnected and untraceable consumers

The outstanding dues include Rs.0.31 crore receivable from permanently disconnected consumers in 4 sub-divisions and Rs.1.85 crore from untraceable consumers in 8 sub-divisions. The Board had not initiated any action to assess actual bad debt on this account for their ultimate write off.

8.2.9.4 Dues against temporary disconnections

Under Clause 31.3 and 32 of the T&C the Board is empowered to cut-off the supply for non-payment of bills within the due dates and the consumer is liable to pay minimum charges even after such disconnection. There is no laid down rules/regulations specifying the period up to which such minimum charges would be levied and the consumer would be permanently disconnected. In absence of any provision in this regard, the field offices were raising minimum charge (MC) bills against disconnected consumers arbitrarily for long periods without taking any further action for recovery of dues. In three sub-divisions alone such MC bills amounting to Rs.2.89 lakh had been raised for periods ranging from 25 to 63 months. Such mode of billing had been distorting the revenue account of the Board.

8.2.9.5 Undue relaxation to consumers

In terms of T&C, the Board is empowered to discontinue supply of power giving 7 days notice for non-payment of dues. However, in Phulbari RE sub-division consumers with total connected load of 165.80 KW, the service connection lines have not been disconnected in spite of non-payment of monthly bills ranging from 22 to 82 months. This undue relaxation had led to accumulation of dues amounting Rs.18.84 lakh.

8.2.10 Energy audit/T & D loss

In order to bring down the energy losses and to ascertain whether excess losses were due to technical or non-technical factors, the Central Electricity Authority (CEA) circulated (May 1992) guidelines for conducting energy audit of power system of all State Electricity Boards. The Meghalaya State Electricity Board, however, did not conduct any energy audit so far (March 2000).

However, in order to find out actual quantity of energy injected into a particular area of supply and actual transmission and distribution losses, the Board set-up during 1994-95 and 1995-96 in a phased manner eleven Load Injection Projects (LIP) comprising 11 selected areas of supply.

The details of Line losses including normal loss in respect of these LIPs during the four years from 1996-97 to 1999-2000 are given in Appendix XXXIX.

It would be seen from the Appendix that in respect of four LIPs, the loss was in excess of 60 **per cent** in all the four years. The overall loss varied from 39.30 **per cent** to 48.05 **per cent** against a norm of 15.5 **per cent**.

Excess T&D loss beyond norm resulted in loss of revenue of Rs.51.28 crore.

It would also be seen that the Board injected a total of 1364.48 MU into these LIPs during 1996-97 to 1999-2000 against which 751.75 MU were sold. The Board had thus incurred a loss of Rs.51.28 crore being the value of 401.24

MU of power lost in excess of norm at actual realisation per unit in respective years.

The Board neither made any cause-wise analysis for the excess loss nor could take any effective action for reduction of losses.

8.2.11 Internal Audit

The Board is not having any approved Internal Audit Manual. The Internal Audit wing of the Board consists of one Senior Audit Officer, one Accounts Officer, four Assistant Accounts Officers, one Divisional Accounts Officer, and 4 Junior Divisional Accounts Officers. The wing was required to carry out internal audit of 30 field units including 22 revenue sub-divisions each year.

As per target fixed by the Internal Audit wing 120 units required to be audited during calendar years 1996 to 1999, of which the wing could carry out audit of 53 units only representing a coverage of 44 **per cent**.

The Internal audit wing of the Board was thus not commensurate with the size and volume of work and requires to be strengthened/revamped.

Conclusion

Though expenditure was in excess of revenue generation the Board was consistently fixing its tariff below actual cost of supply thus incurring heavy losses every year. In addition to this, there was excess transmission and distribution loss which was aggravated by theft/pilferage of energy, unmetered supply to a segment of consumers and low level of normal, supervisory and surprise checking of meters. There was also delay in issue of bills and collection of revenue.

In order to improve the financial performance of the Board, the tariff structure needs be rationalised and geared to recover the cost of supplies to earn at least 3 **per cent** surplus on capital base as provided in the statute. This would call for cost reduction particularly in respect of employees and interest cost and stringent measures to curb theft/pilferage of energy. Billing and collection of revenue also needs to be improved.

TRANSPORT DEPARTMENT

MEGHALAYA TRANSPORT CORPORATION

8.3 Review on operational performance

Highlights

Capital contribution of Rs.12.19 crore could not be availed from Central Government due to recurring losses and capital fund of Rs.8.57 crore had been irregularly diverted to revenue expenditure.

(Paragraphs 8.3.4.1 and 8.3.4.2)

The Corporation incurred losses every year varying from Rs.2.29 to Rs.3.56 crore and contributed value of operation fell far short of employees cost varying from Rs.0.21 crore to Rs.2.17 crore.

(Paragraphs 8.3.5.1 and 8.3.5.3)

Infructuous expenditure of Rs.3.64 crore on salaries and wages of idle crew and Rs.0.48 crore for excess consumption of fuel.

(Paragraphs 8.3.7.1 and 8.3.7.2)

Cancellation of scheduled trips resulted in loss of revenue of Rs.7.30 crore.

(Paragraph 8.3.7.3)

Loss of revenue of Rs.11.75 crore due to prolonged detention of vehicle for repair at workshop (Rs.8.45 crore) and for want of spares (Rs.3.30 crore).

(Paragraphs 8.3.9.1 and 8.3.13)

8.3.1 Introduction

The Meghalaya Transport Corporation (MTC) was established on 1st October 1976 under Section 3 of Road Transport Corporation Act 1950 for providing Transport services within the state and to operate inter-State services in an economic and efficient manner.

8.3.2 Organisational set-up

The management of the affairs of business of the Corporation rest with a Board of Directors. As on 31st March 2000 the Board comprised of a Chairman, a vice-chairman, the Managing Director and 14 Directors.

The Managing Director is the executive head and looks after the day to day affairs of the Corporation. In the Head Office he is assisted by two Deputy General Managers, a Vigilance Officer, Chief Automobile Engineer, and Chief Accounts Officer. As on 31 March 2000, the Corporation had 7 operating Depots each headed by Depot Manager and one Central Workshop headed by Chief Automobile Engineer.

8.3.3. Scope of Audit

The operational performance, of the Corporation was last reviewed in paragraph 8.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1993. Recommendations of COPU thereon were awaited (March 2000).

The present review covers the performance and efficiency of operation including material management, inventory control and performance of workshops of the Corporation for the five years ending 1999-2000. Out of 7 depots, records of four depots were test checked and the results emanating therefrom are contained in the succeeding paragraphs.

8.3.4 Capital structure

As on 31 March 2000, the capital of the Corporation was Rs.48.04 crore comprising equity capital of Rs.34.67 crore (contributed by the State Government: Rs.27.86 crore and Central Government: Rs.6.81 crore) and loan of Rs.13.37 crore contributed by the State Government. Besides this, during the period from 1995-96 to 1999-2000 the Corporation received subsidy amounting to Rs.10.95 crore from the State Government.

Due to recurring losses capital contribution of Central Government amounting to Rs.12.19 crore could not be availed.

8.3.4.1. According to criteria, the State Government and the Central Government were to contribute capital in the ratio 3:1 upto 1968-69 and in the ratio of 2:1 from 1969-70. From 1987-88 the Central Government decided (June 1988) that capital contribution would be released only to those Corporations who do not incur net loss. In view of the losses incurred every year, the Corporation could not avail capital contribution from Central Government amounting Rs.12.19 crore for the period from 1987-88 to 1999-2000.

Capital fund of Rs. 8.57 crore has been irregularly diverted for revenue expenditure.

8.3.4.2 Out of capital contribution of Rs.10.87 crore received from State Government during 1995-96 to 1999-2000 for acquiring capital assets, the Corporation had diverted Rs.8.57 crore towards revenue expenditure without the concurrence of the State Government. Non-procurement of new buses/non-replacement of over aged buses adversely affected the operational efficiency of the Corporation as discussed in Para 8.3.7.

8.3.4.3 In 1994-95, the Central Government and the State Government had converted the loan Capital of Rs.6.81 crore (including interest of Rs.1.83 crore) and Rs.27.86 crore (including interest of Rs.1.51 crore) respectively into equity capital but no share certificate has been issued (April 2000).

8.3.5 Working results

Compilation of accounts of the Corporation for 1996-97 to 1999-2000 were in arrears. However, based on certified accounts for 1995-96 and provisional figures for 1996-97 to 1999-2000, the (a) working results and cash losses, (b) percentage of expenditure under different heads to total expenditure, (c) contributed value to employees cost, and (d) trend of revenue and expenditure per effective kilometre operated are tabulated in Appendix XL.

The Corporation had incurred working losses every year varying from Rs. 2.29 crore to Rs. 3.56 crore

8.3.5.1 The accumulated losses of the Corporation as on 31 March 1996 amounted to Rs.30.05 crore representing 83.10 **per cent** of the capital. During the five years period ending March 2000, the Corporation had incurred losses every year varying from Rs.2.29 crore to Rs.3.56 crore and the cash losses ranged between Rs.1.38 crore and Rs.2.66 crore even after receipt of subsidy from State Government.

Audit analysis revealed that the main reasons for incurring continuous losses were attributable to (a) poor and declining performance in terms of effective kilometre, (b) low staff productivity, high incidence of employees cost, and idle manpower, (c) low vehicle utilisation, (d) operation of overaged vehicles, (e) cancellation of services, (f) frequent breakdown of vehicles, (g) delay in repairs and maintenance of vehicles, (h) high consumption of fuel and (i) low occupancy.

8.3.5.2 The Corporation had hiked the average fare structure per passenger per kilometer existing at 26.5 paise up to October 1994 to 28.5 paise from November 1994 to 39 paise from 15.2.1998 and to 50 paise from 8.12.1999. During 1998-99, despite increase of fare by 36.84 **per cent** compared to 1996-97, the revenue had decreased by 3.52 **per cent**.

The revenue earning declined inspite of fare hike due to low performance of effective kilometre

In spite of increase in fare, the Corporation failed to improve its earnings mainly due to declining trend in performance of effective kilometres from 48.43 lakh in 1995-96 to 24.82 lakh in 1999-2000.

8.3.5.3 The employees cost represented 45.61 to 68.05 **per cent** of total cost and Rs.9.08 to Rs.26.44 per effective kilometre operated. The contributed value of operating revenue (revenue earned less cost of fuel, lubricants, tyres, tubes and spare parts) even after receipt of subsidy fell far short of employees cost varying from Rs. 0.21 crore to Rs. 2.17 crore.

Losses per km operated varied from Rs. 10.47 to Rs.19.97.

8.3.5.4 The revenue earned per effective kilometre of operation varied from Rs. 9.44 to Rs. 18.88 as against the expenditure varying from Rs. 19.91 to Rs. 38.85. The losses incurred on operation per effective kilometre varied from Rs. 10.47 to Rs. 19.97.

8.3.6 Operational Performance

8.3.6.1 Vehicular Strength and age profile

The operational performance of the Corporation was dismal and was mostly much below all India average and other STUs. Findings of audit on review of operational performance of the Corporation are discussed in succeeding paragraphs.

Acquisition of new vehicles was necessary for augmenting the fleet strength and for replacing the non-roadworthy vehicles. The Corporation laid down (July 1980 the life of a bus of 6 years or a run of 4 lakh kms. The fleet strength and age-wise position of buses of the Corporation for the five years upto 1999-2000 are given below :-

		1995-96	1996-97	1997-98	1998-99	1999-2000
1.	Number of vehicles held at the beginning of the year	184	199	208	208	163
2.	Number of buses acquired	15	9	Nil	Nil	6
3.	Number of buses sold/ ear-marked for disposal	Nil	Nil	Nil	45	32
4.	Effective fleet strength at the close of the year (1+3 - 4)	199	208	208	163	137
5.	Age-wise analysis of buses held at the end of the year					
	(a). Age over 6 years	113 *(56.78)	128 (61.54)	153 (73.56)	100 (61.35)	98 (71.53)
	(b). 4 to 6 years	40 (20.10)	32 (15.38)	31 (14.90)	39 (23.93)	24 (17.52)
	(c). Less than 4 years	46 (23.12)	48 (23.08)	24 (11.54)	24 (14.72)	15 (10.95)
6.	Average number of vehicles on road	81 (40.70)	77 (37.08)	78 (37.50)	56 (34.36)	54 (39.42)

It would be seen from above table that:-

* Figures in bracket indicates percentage to effective fleet strength.

(i) The Corporation did not take measures for acquiring the required new buses. During the five years up to March 2000, the inflow of capital fund was Rs.11.50 crore from sources of sale of condemned vehicles (Rs.0.63 crore) and budgetary allocation of Government (Rs. 10.87 crore) of which only Rs.2.30 crore was spent for acquiring new buses.

Out of 175 buses required replacement, only 36 new buses were acquired.

Out of 175 buses requiring replacement as of March 2000 (overaged : 98 buses and condemned : 77 buses), the Corporation actually acquired only 36 buses (20.57 **per cent**) during five years. As a result, the effective fleet strength had come down from 199 as in March 1996 to 137 at the end of March 2000 with 107 (78.10 **per cent**) overaged buses. The operation of overaged buses resulted in increase in number of breakdown/accidents, high fuel consumption, cancellation of trips, excess/idle manpower etc.

The roadworthy buses were only 34.36 to 40.70 per cent as against norm of 92 per cent.

(ii) According to a recommendation made (1971) by ASRTU, 92 **per cent** of fleet should be road worthy (90 **per cent** in operation and 2 **per cent** kept as reserve and off-road buses should not exceed 8 **per cent** of the total fleet). As against this norm, during the five years, the road-worthy buses varied from 34.36 to 40.70 **per cent** and the off-road buses represented 59.30 to 65.64 **per cent** of the total fleet.

(iii) The number of buses for less than 4 years varied from 10.95 to 23.12 **per cent** of fleet strength as against ASTU's norm of 60 **per cent**.

(iv) The actual Kms covered by condemned vehicles could not be verified as log books had not been maintained and performances were not recorded in vehicle history sheets. A study of life of 56 condemned vehicles sold during five years disclosed that only 24 vehicles (42.86 **per cent**) performed life as per MTC norm before they remained permanently off-road and all the 56 vehicles remained in non-operational condition for periods over 2 to 10 years before their disposal.

8.3.7 Operational efficiency

The number of routes operated, fleet utilisation, distance operated per bus per day and occupancy ratio for the five years from 1995-96 to 1999-2000 are given in Appendix XLI. Analysis of data revealed as under:-

Fleet utilisation ranged between 35 and 44 per cent.

(a) Fleet utilisation was too low varying from 35 to 44 **per cent** as against All India average of 87 to 90 **per cent**. Reasons for poor utilisation of vehicles were not analysed by the management to take remedial measures. Review in audit disclosed that the main reason for poor fleet utilisation was attributable to non-procurement of new buses and abnormal delay in repair of vehicles as discussed in paragraphs 8.3.8.1 and 8.3.12.1.

Loss of revenue of Rs.4.77 crore due to short coverage per day in operation.

(b) The productivity of buses on road varied from 126 to 188.50 Kms per day as against Corporation's norm of 200 kms per day and All India average of 265 to 280 Kms. Short coverage of 37.06 lakh kms during five years compared to Corporation's norm resulted in short fall in revenue amounting Rs.4.77 crore worked out at average earning per bus per day.

(c) The occupancy ratio was too low varying from 62 to 69 per cent. No route survey had ever been carried out to assess the reasonable occupancy ratio of the routes operated.

8.3.7.1 Manpower utilisation

The Corporation has not fixed any norm of staff strength required per vehicles under different categories.

The table below indicates the vehicle staff ratio and staff productivity of the Corporation for the five years from 1995-96 to 1999-2000:

	1995-96	1996-97	1997-98	1998-99	1999-2000
1. Effective fleet strength at the close of the year	199	208	208	163	137
2. Average number of vehicles on road	81	77	78	56	54
3. Effective kilo-metres operated (in lakh)	48.43	45.80	43.34	38.04	24.82
4. Staff strength (a) Traffic	525 (6.48)	517 (6.71)	434 (5.49)	417 (7.45)	387 (7.17)
(b) Workshop/ maintenance	278 (3.43)	273 (3.55)	290 (3.72)	278 (4.96)	258 (4.78)
(c) Administration	102 (1.26)	99 (1.29)	122 (1.44)	111 (1.98)	121 (2.24)
Total	905 (11.17)	889 (11.55)	836 (10.72)	806 (14.39)	766 (14.37)
5. Staff productivity (kms per worker/ day)	14.66	14.11	14.20	12.93	8.88

It would be seen from above table that the staff strength per vehicle on fleet operated by the Corporation varied from 10.72 to 14.39. This was far in excess of All India average of 7.51 to 7.67 on those years. Compared to All India average the expenditure on excess staff during five years amounted to Rs.10.83 crore.

The staff strength of the Corporation per bus 15 years back (in 1985-86) was 8.86 as against 14.37 in 1999-2000. Similarly staff productivity (Kms per worker/day) had decreased from 12.1 in 1985-86 to 8.88 in 1999-2000.

The productivity of staff was too low varying from 8.88 to 14.66 kms/day during the five years compared to All India average of 40.05 to 41.03 kms/day equivalent to shortfall of revenue amounting to Rs.39.51 crore.

Number of crew on roll were much in excess of requirement.

The Corporation did not review the extent of effective utilisation of manpower. Audit analysis revealed that after adding 22 per cent to fleet operated (being holidays, leave, compensatory holidays and reserves) for assessment of requirement of crew, the actual number of crew on roll were much in excess of requirement varying from 31.31 to 113.24 per cent as shown below:

	1995-96	1996-97	1997-98	1998-99	1999-2000
1. Requirement of drivers and conductors (after adding 22 per cent to number vehicles on road)	99	94	95	68	66
2. Actual number of crew on roll: (a) Drivers	168	168	151	145	143
(b) Conductors	130	130	130	124	120
3. Excess crew on roll: (2-1) (percentage in bracket) (a) Drivers	69 (69.70)	74 (78.72)	56 (58.95)	77 (113.24)	77 (116.67)
(b) Conductors	31 (31.31)	36 (38.30)	35 (36.84)	56 (82.35)	54 (81.82)
4. Pay and allowances of idle crew of average emolument per month (rupees in lakh) (a) Drivers	34.58	41.71	27.50	52.57	54.50
(b) Conductors	17.42	22.39	22.63	39.63	51.30
Total	52.00	64.10	50.13	92.20	105.80

Salaries and wages on idle crew paid was Rs. 3.64 crore.

During five years up to 1999-2000, the Corporation had paid Rs. 364.23 lakh being salaries of idle crew. In absence of any applicable/prescribed criteria, the excess entertainment of other categories of staff could not be evaluated in audit.

8.3.7.2 Excess consumption of fuel

Excess consumption of 4.98 lakh litres of HSD compared to norm of the Corporation.

The Corporation had fixed a norm of 3.5 Kms run per litre of High Speed Diesel Oil (HSD) by the buses on operation. The norms fixed by other Road Transport Corporations for operation in similar road condition were higher (Assam for operation in hill areas and Arunachal Pradesh: 4 Kms).

None of the Depots had maintained vehicle log books indicating the consumption of HSD and kilometres operated by the buses. However, based on operational data submitted by the Corporation, the average fuel efficiency varied from 3.19 to 3.27 Kms. The excess consumption of HSD, compared to norm of the Corporation, worked out to 4.98 lakh litres valued at Rs.48.38 lakh during five years from 1995-96 to 1999-2000. The Corporation had not investigated the reasons for high consumption of HSD oil.

8.3.7.3 Cancellation of scheduled trips

Cancellation of Scheduled trips resulted in loss of revenue amounting to Rs.7.30 crore.

In May 1995, the Corporation expressed that punctuality of Scheduled Services should be ensured, where State Transport Services should have distinct edge over the private operators.

It was, however, observed in audit that during the period from 1995-96 to 1999-2000, mainly due to non-availability of buses, the Corporation had cancelled 70,705 scheduled trips (out of 249,762) and had sustained loss of revenue of Rs.7.30 crore.

8.3.7.4 *Break downs and accidents*

The table below shows the details of break downs and accidents for five years up to 1999-2000.

		1995-96	1996-97	1997-98	1998-99	1999-2000
1.	Total Kms covered (in lakh)	48.97	46.93	43.88	38.53	25.11
2.	Number of break downs	463	351	336	383	223
3.	Number of accidents	11	16	9	14	8
4.	Number of break downs per 10,000 Kms	0.95	0.75	0.77	0.99	0.88
5.	Number of break downs per day	1.27	0.96	0.92	1.05	0.61
6.	Number of accidents per one lakh Kilometres	0.22	0.34	0.21	0.36	0.32

Cause-wise details of break downs have not been maintained. Frequent break downs reflect adversely on quality of service and maintenance of vehicles. Remedial measures have not been taken to arrest the break downs.

The accidents were not further classified into (a) fatal, (b) major and (c) minor. The Corporation had not analysed the reasons/causes of accidents for taking preventive measures.

8.3.7.4.1 *Inferior quality of spare parts purchased*

All the users have expressed doubts about genuineness of spare parts supplied by the local firm.

In June 1997, the Chief Automobile Engineer reported to the Managing Director that the spare parts supplied by the local firm was of substandard quality or spurious. In November 1999, 85 mechanical staff submitted a complaint to the management expressing doubts about genuineness of the spare parts purchased in bulk from the local firm. The investigation report submitted in February 2000 by two officers of the Corporation indicated that the Corporation is not having any equipment to testify the genuineness of the spare parts, that on the face of it, the spare parts purchased can not be identified as genuine/original and that performance of the spares depends on technical skill of the fittings. In spite of receipt of complaints, the Corporation did not change the supplier and instead purchased spare parts valued at Rs.1.56 crore during the subsequent period of receipt of complaints upto March 2000. Thus, this had also contributed to the break down of buses.

8.3.7.5 *Route analysis*

The Corporation had 54 operating routes of which only 40 to 32 routes were operated during 1995-96 to 1999-2000 due to shortage of buses.

An analysis of operated routes for 1998-99 disclosed that only two routes (out of 32) had occupancy ratio of 80 **per cent** and above. The occupancy ratio of the remaining routes varied from 10 to below 80 **per cent** as shown in Appendix XLII.

It would be seen from the Appendix that in 22 routes (out of 32 routes) the occupancy ratio was below 50 **per cent**. As against the average expenditure of Rs.22.40 per effective kilometre operated, the income thereagainst varied from Rs.0.86 to Rs.11.15 per kilometre operated on those routes. The Corporation had not carried out periodical survey of operating routes to assess the reasons for poor occupancy ratio of majority of the routes and to assess its viability. In almost all the routes the private buses are operating and thus operation in unviable routes does not serve the financial interest of the Corporation.

8.3.8 Repairs and Maintenance

The Corporation has a Central workshop at Shillong, a regional workshop at Tura and maintenance centres attached to each depot. The Central workshop attends to all major repairs, overhauling of major assemblies, reconditioning of vehicles, and retreading of tyres. Besides, the central workshop had a separate wing for repair of Government vehicles. The regional workshop at Tura was set-up in December 1992 to carry out the major repair of vehicles of Tura and Williamnagar. The minor day to day repairs are carried out by the maintenance centres.

It was noticed that there was no system of keeping job cards or of preventive maintenance and management did not take any assessment whether labour was being gainfully utilised. Though the BOD had resolved in April 1986 to run workshop on profit on commercial lines, this decision was not implemented.

8.3.9 Performance of Central workshop

The details of minor and major repairs completed and cost thereof during five years from 1995-96 to 1999-2000 were not available.

The following points deserve attention.

8.3.9.1 Detention of vehicles for repair

The Corporation had fixed a norm of 120 days for major repair of vehicles. As in March 2000, 50 vehicles (representing 36.50 **per cent** of effective fleet strength of 137 buses) were, however, lying in Central workshop for major repair in excess of 120 days for periods ranging from 547 to 2359 days. The year-wise analysis of buses detained in excess of 120 days is given below.

Period for which detained		Number of vehicles
a)	above 5 years	8
b)	4 – 5 years	12
c)	3 – 4 years	4
d)	2 – 3 years	6
e)	1 – 2 years	20

Prolonged detention of vehicles for repair had led to loss of revenue of Rs.8.45 crore.

The Corporation had incurred loss of revenue amounting to Rs.8.45 crore worked out at average earning per bus per day for loss of 47,480 operating bus days during five years due to detention of vehicles for repairs beyond norm.

The Corporation had neither analysed nor stated the reasons for such abnormal delay in repairs.

8.3.9.2 Overhauling/reconditioning of assemblies

To obtain long, efficient and trouble free services from vehicles, the assemblies are required to be overhauled/reconditioned after performance of certain prescribed kilometres.

The reconditioning of major assemblies of the Corporation done in central workshop, re-conditioning required to be done as per norm fixed by the Corporation on the basis of estimated annual total run of 54 lakh kms by the buses and extent of delay in reconditioning after prescribed run for the five years up to March 2000 are given in Appendix XLIII.

Reconditioning/ overhauling of assemblies have not been carried out to obtain long, efficient and trouble free life of the vehicles.

Reconditioning after the prescribed km coverage reduces the life of the assemblies. It would reveal that no time schedule was maintained in reconditioning of assemblies. In the absence of records the Corporation has not assessed the extent of adverse effect on life of vehicles due to reconditioning of the assemblies after excessive run beyond norm. As such, the delays in overhauling/reconditioning of assemblies in accordance with the norms resulted in increase in number of breakdown with consequent detention of buses with loss of potential revenue.

8.3.10 Government vehicle repairing wing

Rs.0.22 crore paid towards salaries and wages on idle staff.

At the direction (February 1989) of the State Government, the Corporation set-up a separate wing with 32 staff exclusively for repair of Government vehicles. From May 1997, the wing remained idle due to non-receipt of Government vehicles for repair and the Government ultimately in July 1998, without assigning any reason, finally stopped sending any vehicle to MTC for repair. The Corporation, however, did not approach the Government to re-imburse the salaries and wages of staff or to absorb them in Government Departments. During the period from May 1997 to March 2000, the Corporation had incurred an expenditure of Rs.22.38 lakh towards salaries and wages of idle staff of the wing. Further, the repairing bills amounting to

Rs.1.44 crore was due to be recovered from the Government on which the Corporation had incurred loss of interest of Rs.1.26 crore as on March 2000.

8.3.11 Performance of tyres

As per norm fixed by the Corporation a new tyre was to cover 25000 Kms and 18000 Kms by a retreaded tyre.

Test check of performance of tyres of 3 Depots revealed that during the period from 1995-96 to 1999-2000, none of the 530 new tyres performed the prescribed Kms. The performance of new tyres are given below:

Range of Kms performed	No. of tyres	Percentage to total tyres
less than 5000	4	0.76
5000 to 10000	7	1.32
10,001 to 15,000	56	10.57
15,001 to 20,000	396	74.72
20,001 and below 25,000	67	12.65
Total	530	

Short coverage of 44.61 lakh Kms by new tyres involved extra cost of Rs.0.11 crore.

Compared to norm, short performance of 530 tyres was 44.61 lakh kilometres equivalent to 179 new tyres valued at Rs.11.28 lakh, performance of retreaded tyres were not separately available.

Further, a tyre can be retreaded three or four times if worn out tyres are removed from the vehicles at appropriate time (i.e., when there is atleast 1.5 mm of tread depth left on the tyre). It was observed that no tyre has been retreaded for more than one time.

8.3.12 Performance of tyre retreading plant

The Corporation set-up (February 1992) its tyre retreading plant at Shillong to retread tyres by using tread rubber under cold process method. The viability of installation of plant was approved by purchase committee in December 1991 on the basis of retreading of 180 tyres per month (MTC tyres 70 and Government tyres 110).

Capacity utilisation of plant was poor varying from 8.15 to 20.83 per cent.

As against the annual estimated retreading of 2160 tyres, the actual retreading varied from 176 to 450 MTC tyres at higher cost. Thus, the capacity utilisation was poor varying from 8.15 to 20.83 **per cent**. The number of MTC tyres retreaded in the plant, the average cost per tyre retreaded, and prevailing market rate thereagainst are given below.

Year	Number of tyres retreaded	Total retreading cost	Cost of retreading per tyre	Prevailing market rate of retreading per tyre
		(Rupees in lakh)	(In rupees)	
1995-96	450	9.69	2153.04	750
1996-97	425	10.31	2426.90	1200
1997-98	450	11.32	2515.40	1200
1998-99	349	11.00	3151.00	1700
1999-2000	176	8.43	4791.02	1700

Extra expenditure of Rs.0.28 crore due to high retreading cost.

As compared to cost of retreading in the market the Corporation had incurred an extra expenditure of Rs.27.95 lakh for retreading of 1940 tyres during five years.

It was noticed in audit that during the five years upto March 2000, 223 MTC tyres were retreaded in private workshops at a cost of Rs.3.49 lakh in spite of the fact that its own retreading plant remained largely under-utilised. It was further noticed that during the five years, the plant remained idle for 808 working days of which 628 days were for want of materials (622 days) and retreadable tyres (5 days). The Corporation had paid salaries and wages of staff amounting to Rs.5.79 lakh for idle period of 622 days.

8.3.13 Non-functioning of regional workshop

Rs.0.23 crore remained blocked resulting in loss of interest of Rs.0.19 crore and paid Rs.0.24 crore as salaries and wages on idle staff.

The regional workshop at Tura set-up in December 1992 at a cost of Rs.22.54 lakh did not function since inception resulting in blockage of funds with consequential loss of interest of Rs.18.93 lakh up to March 2000 worked out at fixed deposit rate of 12 *per cent* per annum. Besides this, the Corporation had incurred an expenditure of Rs.23.98 lakh towards pay and allowances of 11 staffs deployed in the workshop in December 1994 and remained idle since then up to March 2000.

As on 31 March 2000, 13 vehicles sent to workshop for major repairs were lying in the workshop for want of spares varying from 1274 to 2345 days resulting in loss of revenue amounting to Rs.329.90 lakh for loss of 22,193 operating bus days worked out at average earning per bus per day.

The Corporation had not initiated any action to make the Regional workshop functional.

Conclusion

The Corporation had incurred heavy operating losses every year with increasing trend and performed poorly in all the operational areas. The poor performance of the Corporation was mainly attributable to :

Lack of managerial superintendence and direction, and of budgetary control;

Failure of acquiring minimum required buses, low vehicle utilisation, excess/idle deployment of manpower, poor occupancy ratio, low fuel and tyre efficiency, and excessive docking of buses,

Dismal condition of repair and maintenance in view of doubt, in quality of spare parts purchased, lack of preventive maintenance, and abnormal delay in repair of vehicles.

In order to improve the financial viability of the Corporation, the Government could consider reducing its operating expenses. The Corporation should phase out the overaged vehicles to avoid excessive expenditure on repairs and spares.

SECTION 'B' : PARAGRAPHS

INDUSTRIES DEPARTMENT

MEGHALAYA INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

8.4 Loss

In an injudicious 'one time settlement package' in respect of 4 loanees, the Company had incurred loss of Rs.0.70 crore.

The Company sanctioned and disbursed loans aggregating Rs.283.40 lakh to 3 hotels and 1 polycon industry between July 1988 and December 1994 with the terms of repayments in 10 annual instalments in respect of the hotels and in 12 six-monthly instalments in respect of Polycon Industry together with normal interest @ 12.5 **per cent** and 17.25 **per cent** respectively as well as penal interest on defaulted amount @ 3 **per cent** per annum. All the loanees were either not regular or defaulted in payments of instalments and as a result the accumulated overdues amount against the four loanees as on March 1999 aggregated to Rs.4.31 crore (Principal : Rs.2.30 crore; Interest:Rs.1.85 crore and penal interest: Rs.0.16 crore). It was observed in audit (December 1999) that the Company did not initiate any serious recovery drives except issue of routine type reminders, the functioning of the Units were not monitored and the accounts of the Units were not obtained. Thus due to lack of post-sanction monitoring and for absence of recovery drives, the arrear dues of these viable units (as per pre-sanction appraisals) could pile up.

It was observed in audit (December 1999) that the Company without invoking the provisions of the State Financial Corporation Act (SFC Act) 1951 (reasons not on record) decided (September 1998) at the request of the loanees 'one time settlement (OTS) package' to liquidate the dues from March 1999 by waiver of entire penal interest and 50 **per cent** of normal interest and that no interest would be charged on outstanding dues thereafter. Accordingly, the Company waived dues amounting to Rs.1.08 crore being interest (Rs.0.92 crore) and Penal interest (Rs.0.16 crore) and no interest on outstanding dues was charged from March 1999. Under the package, the loanees were to pay minimum of 25 **per cent** of outstanding principal and interest in March 1999 and the balance 75 **per cent** in 3 to 6 monthly instalments failing which the package was to be terminated. However, three loanees liquidated their dues as per OTS amounting to Rs.1.89 crore (Principal : Rs.1.42 crore and Interest :

Rs.0.47 crore) in March 2000 i.e. 5 months after expiry of the maximum number of six monthly instalments from April 1999 and the package of one loanee was terminated since he defaulted in repayment within the stipulated time.

Thus, the decision of the Board to reschedule the repayment in the name of OTS in respect of three loanees whose financial condition was considered sound in pre-sanctioned appraisal report, was injudicious as well as detrimental to the financial interest of the company leading to loss of Rs.69.94 lakh in the form of waival of interest/penal interest including Rs.8.22 lakh being interest not charged on the outstanding dues from the date of approval of the OTS (March 1999). The Government in July 2000 accepted the audit observation on extension of time limits beyond six months and stated that management would be instructed to exercise due care while implementing such package. The company, however, could neither recover the outstanding dues amounting to Rs.1.80 crore (Principal:Rs.0.89 crore, Interest: Rs.0.90 crore, Penal Interest : Rs.0.01 crore) nor invoke the provisions of SFC Act in respect of 4th loanee till July 2000. The management stated (May 2000) that the borrower has already promised to go for OTS as and when he is in a position to arrange fund for the purpose and as such any action at this stage did not arise. Management's reply is not tenable in view of the fact that the package of OTS cannot be kept open for unlimited period to suit the interest of the loanee and as such provisions of SFC Act should have been invoked immediately after expiry of six months from April 1999.

Thus, due to lack of post disbursement monitoring, lack of recovery drive, since the parties did not adhere to the package as offered by Company and non-invoking of the provision of SFC Act, the Company had incurred loss of Rs.69.94 lakh.

TOURISM DEPARTMENT

MEGHALAYA TOURISM DEVELOPMENT CORPORATION LIMITED

8.5 Locking up of funds

Two chassis were lying with fabricators in deteriorated condition for 51 months resulted in locking up of Rs.0.11 crore with consequent loss of interest of Rs.0.05 crore and expected revenue loss of Rs.0.10 crore.

To provide better transport services to the tourists and to earn revenue of Rs.10,000 per bus per month, the Company purchased (January 1995) two

Tata chassis at a cost of Rs.8.23 lakh. The work for fabrication of Super Deluxe bus bodies thereon was awarded (August 1995) to M/S Johnson and Sons, Shillong at Rs. 3.65 lakh each without executing any agreement. As per work order, the completed buses were to be delivered within 90 days from the date of receipt of chassis by the fabricator and the charges were to be paid in three stages of completion (35 **per cent** each on completion of first and second stages and the balance 30 **per cent** after delivery of full built buses).

The chassis were handed over to the fabricator on 2nd and 19th August 1995 and the completed buses as per work order were to be delivered by 1st and 18th November 1995 respectively. It was observed in Audit (December 1999) that the fabrication work was neither supervised nor was the progress thereof monitored by the Company. The fully built buses have not been supplied by the firm so far (March 2000). The Company paid Rs.2.56 lakh in April 1996 on completion of 1st stage of work but no payment for 2nd stage of work was made. Due to delay in completion and payment of 2nd stage, the fabricator sought (September 1996) 19 **per cent** increase in rates on ground of increase in cost price of construction materials. After nine months, the Company constituted (June 1997) a Committee to take a decision on enhancement of rate. The Committee, however, is yet (March 2000) to meet to decide on the matter. In October 1999 the Managing Director viewed that the condition of the chassis lying with the fabricators have deteriorated.

Thus, due to absence of supervision and monitoring of the progress of fabrication work, non-payment of fabricator's dues for 2nd stage completion and for failure to take decision by the constituted Committee, the deteriorated chassis with incomplete body involving Rs.10.79 lakh had remained blocked for 51 months with consequent loss of interest of Rs 4.59 lakh (at 10 **per cent** per annum) from December 1995 to March 2000 besides loss of estimated revenue of Rs.10.20 lakh (51 months x Rs 10,000 x 2 buses).

The matter was reported to the Management and to the Government (February 2000); their replies had not been received (November 2000).

8.6 Loss

A Floating Sports Deck damaged due to improper anchoring had sunk ultimately in Umiam lake but no action taken for its salvage or to lodge insurance claim resulting in loss of Rs.0.33 crore.

The Company decided (1985) to commission a Floating Sports Deck (FSD) cum restaurant in its Water Sports Complex at Umiam lake, Barapani with the twin objects of attracting tourists and earning revenue. The FSD, manufactured and supplied by a Hyderabad firm against order issued in June 1988 was commissioned in March 1990 at a cost of Rs.27.12 lakh. In addition, the Company purchased (July 1989) one Environment Boat (EB) at a cost of Rs.2.11 lakh for supply of drinking water to FSD and for bringing back the sewage from the deck. Soon after commissioning, in March 1990 the FSD was damaged by severe storm in the lake. The manufacturer rectified the FSD in June 1990 and advised the company to anchor the FSD in its proper point in the middle of the lake to restrict banging against the shore lest it would cause irrepairable damage to the FSD leading to collapse.

It was observed in audit (December 1999) that the Company ignoring the manufacturer's advice, anchored the FSD close to the shore which resulted in another damage to the FSD in June - July 1990 due to continuous buffeting against the shore. The Company again issued work order (January 1991) to the manufacturer to repair the FSD at a cost of Rs.6.80 lakh and paid Rs.3.50 lakh between March and May 1991. The manufacturer, however, left the job incomplete (August 1991) due to failure on the part of the Company to provide security to their staff. The FSD ultimately sank in Umiam lake in August 1991 and remained so till date (October 2000) as no effort was made for its salvage till date (March 2000). The FSD was insured for the period upto July 1990 but no claim was lodged with the underwriter, reasons for which are not on record.

Thus due to non-adherence of anchoring guidance coupled with inaction to salvage the FSD and non-preference of insurance claim, the Company had sustained loss of Rs.32.73 lakh being cost of FSD (Rs.27.12 lakh) and E.B. (Rs.2.11) and advance paid for repair (Rs.3.50 lakh).

The matter was reported to the Management/Government (February 2000), their replies had not been received (November 2000).

POWER DEPARTMENT

MEGHALAYA STATE ELECTRICITY BOARD

8.7 Avoidable payment

Awarding work without obtaining site clearance resulted in avoidable payment of price escalation amounting Rs.0.18 crore.

The Board awarded (February 1990) the work of construction of 132 KV Double Circuit diversion line at Sonapur to a Calcutta based firm without obtaining prior clearance of site from Forest Department. As per agreement (April 1990) the contractor was entitled to price escalation on cost of labour and petrol as per Indian Electrical and Electronics Manufacturer's Association (IEEMA) formula based on November 1986 index. The work scheduled to be completed by October 1990 at a cost of Rs.1.04 crore including price escalation of Rs.35.09 lakh was completed in January 1997.

It was observed in audit (October 1998 and February 2000) that the Board between May 1995 and February 1999 paid to the contractor an amount of Rs.35.09 lakh (through 4 of running bills) being the cost of price variation based on Price Index of November 1986 as per agreement, out of which Rs.18.22 lakh related to the period from October 1990 to April 1995 during which period the contractor did not execute any work due to non-availability of right of way to Forest land through which line was supposed to be drawn and non-arrangement of materials required for the work. The management took up the matter regarding right of way to Forest land in May 1993 and thereafter the matter was not pursued till January/February 1995. Further, the management also could not make available all the items of materials required for the work till August 1995 to the contractor.

Thus, due to delay in obtaining clearance/right of way through Forest land and Management's failure to arrange required materials in right time, the Board had to bear an unnecessary expenditure of Rs.18.22 lakh (worked out on the basis of IEEMA formula with reference to Price Index of January 1991) on account of price variation on the cost of labour and petrol which could have been avoided had the work been awarded after obtaining right of way to forest land etc.

The matter was reported to the Management/Government (November 1998)/(April 2000); their replies had not been received (November 2000).

8.8 Purchase of defective equipment

Defective equipment purchased on payment of Rs.4.80 lakh remained unutilised.

Against tenders invited in December 1995 for purchase of 12 sets of Transformer Oil Testing Kits, the Board received six quotations of which the offers of a Calcutta firm (Rs.3.76 lakh each) and of a Bangalore firm (Rs.0.45 lakh each) were found technically suitable. The Board has not introduced the systems of registration of firms and of vendor ratings nor had ascertained the reasons for wide difference in offered rates (Rs.3.31 lakh each) for same specification of the equipment. On the recommendations (July 1996) of the Superintending Engineer (P&D), Board placed purchase order (October 1996) for supply of one set to Calcutta firm and eleven sets to Bangalore firm at their offered rates.

It was noticed in Audit (December 1998) that out of 11 sets supplied by the vendor, 9 sets were found defective though the Board had made 90 **per cent** advance payment amounting to Rs.4.80 lakh.

At the request of the Board (January and February 1998) the vendor rectified 7 sets in November 1998 and two sets were lying in defective condition with the Board. The equipment (including the rectified sets) purchased from the vendor have not been put to use even after one year of their purchase as also their suitability of use has not been examined. The management stated (July 1999) that though the testing sets were required urgently in the field but due to the defect found in the set on receipt at site which may be because of bad handling and transportation, the delay was unavoidable. But the reply is silent about the suitability in use and actual utilisation. Thus, due to system lapses in maintaining vendor rating and empanelment of firms, the Board had purchased defective equipment from a firm whose credentials were not verified and made payment of Rs.4.80 lakh which remained unutilised since procurement (April and July 1997).

The matter was reported to the Government (December 1998); their replies had not been received (November 2000).

8.9 Blockage of fund

Excess drawal of funds from Board's principal account resulted in blockage of borrowed funds of Rs.0.26 crore with consequent loss of interest of Rs.0.09 crore.

As per procedure adopted by the Board, the Chief Accounts officer (CAO) transfers funds from the Board's principal account to the subsidiary (drawing) account of Division units of their requisitions for meeting immediate requirement. The banks do not allow any interest on unspent balance of Divisional drawing account.

It was noticed in Audit (October 1998 and December 1999) that the construction Division (DGM, Construction), Shillong by submitting inflated requisitions (April 1997 to November 1998) received funds varying from Rs.10.18 lakh to Rs.22.96 lakh in excess of requirement. As a result, funds amounting Rs.18.27 lakh were lying blocked in subsidiary account of the unit for 20 months from April 1997 to March 1998 resulting in loss of interest of Rs.3.81 lakh at average borrowing rate of 12.5 *per cent* per annum.

In reply, the DGM (Construction) stated (January 2000) that money was kept for payment to different contractors/suppliers, but due to certain technical problems the bills could not be paid. The fact, however, remains that the Division submitted requisitions for money much in advance of actual requirement that had resulted in blockage of Rs.18.27 lakh with consequent loss of interest of Rs.3.81 lakh.

Similarly, during April 1995 to March 2000 the Executive Engineer, Shillong Transmission and Transformation Division retained funds in subsidiary account amounting to Rs.7.90 lakh in excess of requirement. This had led to blockage of Rs.7.90 lakh for 5 years resulting in loss of interest of Rs.4.94 lakh worked out at average borrowing rate of 12.5 **per cent** per annum.

Thus it would be seen from the above, units had drawn excess funds totalling Rs.26.17 lakh and thereby blocked borrowed funds resulting in loss of interest amounting to Rs.8.75 lakh.

The matters were reported to the Board/Government (November 1998)/ (February and May 2000); their replies had not been received (November 2000).

TRANSPORT DEPARTMENT

MEGHALAYA TRANSPORT CORPORATION

8.10 Excess and irregular payment to a supplier

Excess payment of Rs.0.11 crore has been made to a supplier due to payment of incorrect bills and MFT amounting to Rs.0.19 crore has been paid to the supplier.

The Corporation after inviting tenders accepted the rate for purchase of spare parts from a local firm at manufacturer's approved rate less 13 **per cent** discount and Meghalaya Finance Tax (MFT) extra as applicable. In terms of sub-Section (5) of Section 22 of Meghalaya Finance (Sales Tax) Act, the State Government under notifications of August 1992 and January 1995 issued directives to the Corporation to deduct Finance Tax on all taxable goods from the suppliers' bills for deposit to Government account and that on non-compliance of the directives, the Head of the Department would be held responsible.

As per accepted terms, the bills for supply of spare parts were required to be passed for sale value (at the rate of manufacturer's price list less 13 **per cent** discount) and MFT at the rate of 7.41 **per cent** extra (8 **per cent** as per Government notification or Rs.8 on sale value of Rs.108) and the supplier was required to be paid after deducting the amount of MFT for deposit into Government account. It was, however, observed in audit that the supplier had submitted incorrect bills at cost price less 2.75 **per cent** (basis not explained) which were passed and paid by the Corporation without deducting MFT in contravention of Government directives.

During the period from 1995-96 to 1999-2000, the Corporation had passed 128 incorrect bills of spare parts for Rs.292.51 lakh and paid Rs.284.47 lakh deducting Rs.8.04 lakh (2.75 **per cent** on Rs.292.51 lakh). As worked out in audit, the supplier's bills were required to be passed for Rs.273.34 lakh as per accepted terms, thus leading to excess payment of Rs.11.13 lakh. Further, in contravention of Government directives, the Corporation had not deducted MFT amounting to Rs.18.86 lakh from the supplier's bill thereby extending undue financial benefit to the supplier.

The matter was reported to Management/Government (May 2000); their replies had not been received (November 2000).

(E. R. SOLOMON)
Accountant General (Audit)
Meghalaya, Arunachal Pradesh and Mizoram

Shillong
The 13 JUN 2001

Countersigned

V. K. Shunglu

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

New Delhi
The 28 JUN 2001

APPENDICES

APPENDIX I

Part A. Government Accounts

(Reference : Paragraph 1.1; Page 1)

1 Structure

The accounts of the Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Accounts.

Part –I Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(I) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely Revenue Account (Revenue receipts and Revenue expenditure) and Capital Account (Capital receipts, Capital expenditure, Public Debt. and Loans, etc.).

Part –II Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs.6 crore.

Part –III Public Account

Receipts and disbursement in respect of small savings, provident funds, deposits, reserve funds, suspense, remittance etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B. List of Indices/ratios and basis for their calculation (Referred to in Paragraph 1.11.2; Page 17)

Indices/ratios		Basis for calculation
Sustainability		
Balance from the current revenue	BCR	Revenue Receipts minus all Plan grants (under Major Head 1601-02.03.04) and Non-Plan revenue expenditure
Primary Deficit		Fiscal Deficit – Interest Payment
Interest Ratio		Interest Payment – Interest Receipts Revenue Receipts – Interest Receipts
Capital Outlay Vs Capital receipts	Capital Outlay	Capital expenditure as per Statement No 12 of the Finance Accounts.
	Capital receipts	Internal Loans (net of ways and means advances) + Loans and advances from Government of India + Net receipts from small savings PF etc. + Repayment received of loans advanced by the State Government – Loans advanced by the State Government.
Total tax receipts Vs GSDP		State Tax Receipts + State's Share of Union Taxes/GSDP
State tax receipts Vs GSDP		Statement No. 10 of Finance Accounts
Flexibility		
-Balance from current revenues	BCR	As above.
-Capital repayments Vs Capital borrowings	Capital Repayments	Disbursements under Major heads 6003 and 6004 minus repayments on account of Ways and Means Advances/Overdraft under both the major heads.
	Capital borrowings	Addition under Major Heads 6003 & 6004 minus addition on accounts of Ways & Means advances/overdraft under both the major heads.
	State Tax Receipts	Statement No.10 of Finance Accounts.
	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes.
Incomplete Projects		
-Total Tax Receipts Vs GSDP		
-Debt Vs GSDP		
Vulnerability		
-Fiscal Deficit		Paragraph 1.9.3.2
-Primary Deficit Vs Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments.
Total outstanding guarantees including letters of comfort Vs Total revenue receipts of the Government	Outstanding guarantees	Table in Paragraph 1.4.3.
	Revenue Receipts	Table in Paragraph 1.3.1.
Assets Vs Liabilities		
	Assets and Liabilities	Table in Paragraph 1.2.
	Debt	Borrowings and other obligations at the end of the year (Statement No.3 of the Finance Accounts).

APPENDIX - II

Statement showing unnecessary supplementary provision

(Reference : Paragraph 2.3.3 (a); Page 28)

Serial number	Number and name of grant/appropriation	Amount of supplementary grant/appro-priation	Amount of savings
		(in rupees)	
1.	1-Parliament / State / Union Territory Legislature, Stationery and Printing Capital Outlay on Stationery and Printing (Revenue – Voted)	13,00,000	45,54,148
2.	4-Administration of Justice (Revenue – Voted) (Revenue – Charged)	 4,19,800 1,60,690	 35,11,381 78,22,690
3.	11-Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, Non Conventional Sources of Energy, Loans for Power Projects (Capital – Voted)	50,00,000	15,50,00,000
4.	17-Jails and Capital Outlay on Public Works (Revenue – Voted)	7,95,000	66,26,641
5.	19-Secretariat General Services, Public Works, Technical Education, etc. (Capital – Voted)	23,00,000	5,67,33,151
6.	21-Miscellaneous General Services, General Education, Technical Education, Sports and Youth Services, Art & Culture, Nutrition, Other Scientific Research, Census, Survey & Statistics, Capital Outlay on Education, Sports Art & Culture, Loans for Education, Sports, Art and Culture (Revenue – Voted)	21,76,84,000	31,16,58,380
7.	22-Other Administrative Services, Housing (Revenue – Voted)	40,10,000	40,45,589
8.	26-Medical and Public Health, Family Welfare, Capital Outlay on Medical & Public Health, Capital Outlay on Family Welfare (Revenue – Voted) (Capital – Voted)	 3,19,40,000 2,09,00,000	 12,25,07,296 2,93,13,641
9.	30-Information and Publicity (Revenue – Voted)	13,00,000	30,23,304
10.	35-Social Security and Welfare (Revenue – Voted)	45,230	2,20,588

Serial number	Number and name of grant/appropriation	Amount of supplementary grant/appropriation	Amount of savings
		(in rupees)	
11.	39-Co-operation (Revenue – Voted)	32,30,000	69,14,248
12.	41-Census, Surveys and Statistics (Revenue – Voted)	5,23,900	48,51,841
13.	45-Housing – Soil and Water Conservation, Agricultural Research and Education (Revenue – Voted)	90,00,000	8,28,83,974
14.	46-Special Programme for Rural Development (Revenue – Voted)	5,68,40,000	9,05,71,947
15.	47-Housing, Social Security and Welfare, Animal Husbandry, Agricultural Research and Education – Capital Outlay on Public Works, Capital Outlay on Animal Husbandry, Loans for Scheduled Caste, Scheduled Tribe and Other Backward Classes, Loans for Animal Husbandry (Revenue – Voted)	45,00,000	2,51,32,229
16.	49-Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing and Capital Outlay on Fisheries (Revenue – Voted)	5,60,000	82,60,965
17.	52-Industries, Capital Outlay on Cement and Non-Metallic Minerals, Capital Outlay on Industries and Minerals, Loans for Other Industries and Minerals (Capital – Voted)	7,71,709	30,00,000
18.	53-Housing, Village and Small Industries, Capital Outlay on Village and Small Scale Industries, Loans for Village and Small Scale Industries (Revenue – Voted)	9,39,031	1,68,91,214
19.	54-Housing, Village and Small Industries, Capital Outlay on Housing, Capital Outlay on Village and Small Scale Industries, Loans for Village and Small Industries (Revenue – Voted) (Capital – Voted)	26,94,582 10,33,709	3,61,09,783 3,84,00,000
	Total	36,59,47,651	101,80,33,010

APPENDIX – III

Statement showing excessive supplementary grants in cases where ultimate savings in each case exceeded Rs.10 lakh

(Reference : Paragraph 2.3.3 (b); Page 28)

Serial number	Number and name of grant	Original provision	Expenditure	Additional requirement	Supplementary provision obtained	Net savings
		(i n		r u p e	e s)	
1.	5-Elections (Revenue – Voted)	3,21,20,000	5,01,04,696	1,79,84,696	2,20,04,063	40,19,367
2.	10-Taxes on Vehicles, Other Administrative Services etc., Road Transport, Capital Outlay on Civil Aviation, Capital Outlay on Road Transport (Revenue – Voted)	5,52,00,000	7,11,62,071	1,59,62,071	2,42,59,312	82,97,241
3.	28-Housing-Capital Outlay on Housing, Capital Outlay on Urban Development and Loans for Housing (Revenue – Voted)	5,44,25,000	5,75,00,205	30,75,205	44,42,000	13,66,795
4.	34-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes, etc. (Revenue – Voted)	12,29,15,000	16,04,74,178	3,75,59,178	5,50,87,410	1,75,28,232
5.	39-Co-operation (Capital – Voted)	3,28,93,000	3,50,91,000	21,98,000	1,67,42,000	1,45,44,000
6.	51-Housing, Nutrition, Crop Husbandry, etc. (Revenue – Voted)	31,80,30,000	32,18,80,388	38,50,388	3,81,00,000	3,42,49,612
7.	55-Non-Ferrous Mining and Metallurgical Industries, Capital Outlay on Housing, Capital Outlay on Mining and Metallurgical Industries (Revenue – Voted)	7,82,00,000	10,40,47,452	2,58,47,452	2,80,00,000	21,52,548
	Total	69,37,83,000	80,02,59,990	10,64,76,990	18,86,34,785	8,21,57,795

APPENDIX – IV

Statement showing insufficient supplementary grants by more than Rs.10 lakh each

(Reference : Paragraph 2.3.3 (c); Page 29)

Number and name of grant	Original provision	Expenditure	Additional requirement	Supplementary provisions obtained	Uncovered excess expenditure
	(in rupees)				
16-Police, Other Administrative Services, Housing, Capital Outlay on Public Works and Capital Outlay on Housing (Revenue – Voted)	83,81,40,000	86,34,97,753	2,53,57,753	5,00,000	2,48,57,753
Total	**83,81,40,000**	**86,34,97,753**	**2,53,57,753**	**5,00,000**	**2,48,57,753**

APPENDIX – V

Statement showing expenditure fell short by more than Rs.1 crore and also by more than 10 per cent of the total provision

(Reference : Paragraph 2.3.3 (d); Page 29)

Serial number	Number and name of grant/ appropriation	Amount of savings (Rupees in crore) and its percentage to total provision (in brackets)	Amount surrendered and reason for savings
(1)	(2)	(3)	(4)
1.	11-Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, Non-Conventional Sources of Energy, Loans for Power Projects (i) Revenue : Voted	1.33 (11)	Against the available savings of Rs.1.33 crore, Rs.0.54 crore only was surrendered. Reasons for final savings had not been intimated (September 2000).
	(ii) Capital : Voted	15.50 (54)	No amount was surrendered against the saving of Rs.15.50 crore, reasons for which as well as for the final saving had not been intimated (September 2000).
2.	13-Secretariat General Services, Secretariat Social Services, Secretariat Economic Services Revenue : Voted	7.34 (27)	Against the available savings of Rs.7.34 crore, Rs.6.61 crore was surrendered. Reasons for final saving had not been intimated (September 2000).
3.	15-Treasury and Accounts Administration Revenue : Voted	1.02 (19)	Rs.0.84 crore was surrendered against the final saving of Rs.1.02 crore. Reasons for the saving had not been intimated (September 2000).
4.	19-Secretariat General Services, Public Works, Technical Education Sports & Youth Services, Art and Culture, Housing , Capital Outlay on Public Works, Capital Outlay on Education, Art and Culture, Capital Outlay on Medical and Public Health, Capital Outlay on Housing, Capital Outlay on Animal Husbandry, Capital Outlay on Dairy Development (i) Revenue : Voted	5.90 (14)	Against the saving of Rs.5.90 crore, Rs.2.36 crore was surrendered (March 2000). Reasons for the final saving had not been intimated (September 2000). Reasons for anticipated saving of Rs.1.33 crore was reportedly due to 7 **per cent** cut of the budget provision as economy measures.
	(ii) Capital : Voted	5.67 (36)	Against the savings of Rs.5.67 crore, Rs.5.16 crore was surrendered (March 2000). Reasons for final savings had not been intimated (September 2000).

(1)	(2)	(3)	(4)
5.	21-Miscellaneous General Services, General Education, Technical Education, Sports and Youth Services, Art and Culture, Nutrition, Other Scientific Research, Census Survey and Statistics, Capital Outlay on Education, Sports, Art and Culture, Loans for Education, Art and Culture Revenue : Voted	31.17 (13)	Rs.1.72 crore only was surrendered against the final savings of Rs.31.17 crore. Reasons for final saving had not been intimated (September 2000).
6.	24-Pensions and Other Retirement Benefits Revenue : Voted	14.63 (27)	Saving of Rs.7.97 crore was anticipated and stated to be mainly due to less number of applications for commutation of pension and the amount was surrendered in March 2000. Reasons for saving of the balance Rs.6.66 crore had not been intimated (September 2000).
7.	26-Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, Capital Outlay on Family Welfare. (i) Revenue : Voted	12.25 (16)	Rs.0.22 crore was only surrendered against the final saving of Rs.12.25 crore. Reasons for the final savings as well as non-surrender of Rs.12.03 crore had not been intimated (September 2000).
	(ii) Capital : Voted	2.93 (21)	The saving occurred mainly under Centrally Sponsored RCH Scheme (Rs.2.60 crore). No part of the saving was anticipated and surrendered during the year, reasons for which as well as for the final saving had not been intimated (September 2000).
8.	27-Water Supply & Sanitation, Housing, Capital Outlay on Water Supply & Sanitation, Capital Outlay on Housing, Loans for Housing (i) Revenue : Voted	4.73 (12)	Rs.3.37 crore was surrendered (March 2000) against the saving of Rs.4.72 crore. Reasons for the final saving had not been intimated (September 2000).
	(ii) Capital : Voted	34.85 (47)	No part of the savings was anticipated as surplus and surrendered during the year. Reasons for the final savings had not been intimated (September 2000).
9.	28-Housing, Capital Outlay on Housing and Urban Development and Loans for Housing Capital : Voted	2.13 (76)	The saving was anticipated mainly due to non-receipt of LIC loan and drastic cut of plan budget allocation and the amount was surrendered in March 2000. Reasons for the final saving had not been intimated (September 2000).

(1)	(2)	(3)	(4)
10.	29-Housing, Urban Development – Capital Outlay on Housing, Capital Outlay on Urban Development (i) Revenue : Voted	3.68 (24)	Saving was anticipated due to budget cut on Non-plan expenditure and non-filling up of vacant posts and an amount of Rs.3.64 crore was surrendered in March 2000. Reasons for the final savings had not been intimated (September 2000).
	(ii) Capital : Voted	10.10 (99)	Anticipated saving was attributed to reduction on Annual Plan outlay adopted by the Finance Department and surrendered (Rs.10 crore) in March 2000. Reasons for the final saving had not been intimated (September 2000).
11.	39-Co-operation Capital : Voted	1.45 (29)	The entire saving was attributed mainly due to non-receipt of proposals from deserving Primary Agricultural Credit Co-operative Societies, non-receipt of permission for drawal from Government of India, non-sanction of proposal by the Finance Department and non-receipt of approval from Central Warehousing Corporation and an amount of Rs.1.50 crore was surrendered in March 2000. Reasons for the final saving had not been intimated (September 2000).
12.	40-North Eastern Areas (Special Areas Programme), Capital Outlay on North Eastern Areas (i) Revenue : Voted	5.06 (92)	Against the saving of Rs.5.06 crore, Rs.0.75 crore ony was anticipated as surplus stated to be mainly due to non-implementation of the scheme and non-receipt of sanction from the North Eastern Council and the amount was surrendered in March 2000. Reasons for the final savings had not been intimated (September 2000).
	(ii) Capital : Voted	2.80 (31)	No amount was surrendered against the saving of Rs.2.80 crore. Reasons for the final savings had not been intimated (September 2000).

(1)	(2)	(3)	(4)
13.	43-Housing Crop Husbandry – Food Storage and Warehousing, Agricultural Research and Education – Other Agricultural Programme, Minor Irrigation, Capital Outlay on Housing, Capital Outlay on Crop Husbandry, Investments in Agricultural Financial Institutions, Capital Outlay on Minor Irrigation, Loans for Crop Husbandry (i) Revenue : Voted	19.03 (35)	Against the savings, Rs.14.58 crore was surrendered (March 2000). Surrender of provision was attributed mainly to less amount sanctioned for implementation of the scheme by the Government. Reasons for final savings had not been intimated (September 2000).
	(ii) Capital : Voted	4.25 (50)	No amount was surrendered against the saving. Reasons for final savings had not been intimated (September 2000).
14.	44-Medium Irrigation – II Works under Embankment and Drainage Wing PWD, Medium Irrigation Projects, Flood Control, Capital Outlay on Medium Irrigation, Capital Outlay on Flood Control Projects Capital : Voted	2.63 (37)	Against the savings of Rs.2.63 crore, Rs.2.50 crore was anticipated as surplus due to revision of plan allocation under Medium Irrigation, etc. and the amount was surrendered in March 2000. Reasons for the final savings had not been intimated (September 2000).
15.	45-Housing, Soil and Water Conservation, Agricultural Research and Education Revenue – Voted	8.29 (32)	Rs.7.31 crore was anticipated as surplus mainly due to non-approval of the Scheme by Government and economy measure adopted by Government and surrendered in March 2000. Reasons for final savings had not been intimated (September 2000).
16.	46-Special Programme for Rural Development Revenue : Voted	9.06 (50)	Against the savings of Rs.9.06 crore, Rs.8.14 crore was surrendered (March 2000) and stated to be mainly due to non-receipt of sanction from Government and less requirement of fund. Reasons for final savings had not been intimated (September 2000)
17.	47-Housing, Social Security and Welfare, Animal Husbandry, Agricultural Research and Education, Capital Outlay in Public Works, Capital Outlay on Animal Husbandry, Loans for Welfare of Scheduled Caste, Scheduled Tribe and Other Backward Classes, Loans for Animal Husbandry Revenue : Voted	2.51 (12)	No amount of saving was surrendered during the year. Reasons for final savings had not been intimated (September 2000).
18.	48-Housing, Dairy Development, Research and Education Revenue : Voted	10.05 (77)	The entire saving of Rs.10.05 crore remained un-surrendered, reasons for which as well for the final saving had not been intimated (September 2000).

(1)	(2)	(3)	(4)
19.	50-Forestry and Wildlife, Agricultural Research and Education, – Capital Outlay on Forestry and Wildlife Revenue : Voted	10.50 (32)	Against the savings, Rs.1.50 crore only was surrendered (March 2000) stated to be mainly due to economy measures imposed by Government. Reasons for final savings had not been intimated (September 2000).
20.	52-Industries, Capital Outlay on Cement and Non-Mettalic Minerals, Capital Outlay on Industries and Minerals, Loans for Other Industries and Minerals Revenue : Voted	1.01 (17)	The entire saving was anticipated as surplus and surrendered in March 2000. The saving was stated to be mainly due to imposition of economy cut by Government, non-appointment of Gazetted Officer and staff, less expenditure under salaries, travel expenses and office expenses. Reasons for the final saving had not been intimated (September 2000).
21.	53-Housing, Village and Small Industries, Capital Outlay on Village and Small Scale Industries, Loans for Village and Small Industries Revenue : Voted	1.69 (20)	The entire saving was anticipated as surplus and surrendered in March 2000. Reasons for savings was stated to be mainly due to sanction of less amount under salaries, machinery and equipment, non-filling up of vacant posts and reduction of plan outlay. Reasons for the final saving had not been intimated (September 2000).
22.	54-Housing, Village and Small Industries, Capital Outlay on Housing and Capital Outlay on Village and Small Scale Industries (i) Revenue : Voted	3.61 (30)	Of the saving, Rs.3.56 crore was surrendered in March 2000. Reasons for surrender of provision attributed to non-filling up of vacant posts, less expenditure on wages and maintenance. Reasons for the final savings had not been intimated (September 2000).
	(ii) Capital : Voted	3.84 (80)	Against the saving of Rs.3.84 crore, Rs.3.80 crore was surrendered in March 2000. Surrender of Rs.0.80 crore was attributed to non-sanction of the full amount by Government. Reasons for balance amount as well as for the final savings had not been intimated (September 2000).
23.	57-Tourism, Capital Outlay on Public Works, Capital Outlay on Other Communication Services, Capital Outlay on Tourism and Loans for Tourism Revenue : Voted	6.08 (82)	Of the savings, Rs.5.30 lakh was surrendered (March 2000). Savings of Rs.1.30 lakh was stated to be due to economy measure. Reasons for final savings had not been intimated (September 2000).
24.	Appropriation - Interest Payment Revenue : Charged	28.57 (23)	Of the savings, Rs.28.54 crore was surrendered (March 2000).Surrender of provision was reportedly due to less receipt of loan than anticipated and less availing of ways and means advances.Reasons for final savings had not been intimated (September 2000).

APPENDIX – VI

Persistent savings in excess of Rs.10 lakh in each case and 20 per cent or more of the provision

(Reference : Paragraph 2.3.4; Page 29)

Serial number	Grant or Appropriation	Amount of savings (Rupees in crore) and percentage to total provision (in brackets)		
		1997-98	1998-99	1999-2000
1.	4-Administration of Justice (Revenue – Charged)	0.41 (83)	0.73 (100)	0.78 (100)
2.	19-Secretariat General Services, Public Works, etc. (Capital – Voted)	4.46 (35)	4.96 (28)	5.67 (36)
3.	23- Other Administrative Services (Revenue – Voted)	0.29 (48)	0.33 (49)	0.36 (47)
4.	27-Water Supply and Sanitation, Housing, etc. (Capital – Voted)	8.72 (25)	31.22 (47)	34.85 (47)
5.	28-Housing, Capital Outlay on Housing, etc. (Capital – Voted)	0.84 (46)	2.49 (82)	2.13 (76)
6.	29-Housing, Urban Development, etc. (Capital – Voted)	1.09 (50)	10.09 (99)	10.10 (99)
7.	36-Miscellaneous General Services, Social Security and Welfare (Revenue – Voted)	0.37 (52)	0.65 (77)	0.22 (26)
8.	39-Co-operation, Capital Outlay on Co-operation, etc. (Capital – Voted)	1.57 (79)	1.56 (59)	1.45 (29)
9.	43-Housing, Crop Husbandry, – Food Storage and Warehousing, Agricultural Research and Education, etc. (Revenue – Voted)	17.47 (36)	12.54 (26)	19.03 (35)
	(Capital – Voted)	5.58 (59)	4.57 (52)	4.25 (50)
10.	44-Medium Irrigation – II-Works under Embankment and Drainage Wing, etc. (Capital – Voted)	2.17 (45)	2.01 (28)	2.63 (37)
11.	50-Forestry and Wild Life – Agricultural Research and Education –Capital Outlay on Forestry and Wild Life (Revenue – Voted)	14.56 (47)	11.54 (37)	10.50 (32)
12.	51-Housing, Nutrition, Crop Husbandry, etc. (Capital – Voted)	0.47 (42)	0.46 (46)	0.44 (44)
13.	53-Housing, Village and Small Industries, etc. (Capital – Voted)	0.50 (100)	0.50 (100)	0.50 (100)
14.	54-Housing, Village and Small Industries, Capital Outlay on Housing, etc. (Capital – Voted)	11.17 (87)	1.27 (64)	3.84 (80)
15.	57-Tourism – Capital Outlay on Public Works – Capital Outlay on Other Communication Services – Capital Outlay on Tourism and Loans for Tourism (Revenue – Voted)	1.47 (51)	1.31 (40)	6.08 (82)
	(Capital – Voted)	1.80 (87)	0.31 (63)	0.44 (61)
16.	Internal Debt of the State Government (Capital – Charged)	40.64 (80)	26.66 (53)	42.23 (70)

APPENDIX – VII

Statement showing excess expenditure over grant/appropriation

(Reference : Paragraph 2.3.5; Page 29)

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		(i n	r u p e e	s)
1.	2-Governor (Revenue – Charged)	1,93,96,000	2,03,17,144	9,21,144
2.	9-Sales Tax, Other Taxes and Duties on Commodities and Services (Revenue – Voted)	2,71,69,634	2,79,08,518	7,38,884
3.	16-Police, Other Administrative Services – Housing, Capital Outlay on Public Works and Capital Outlay on Housing (Revenue – Voted)	83,86,40,000	86,34,97,753	2,48,57,753
4.	18-Stationery and Printing – Capital Outlay on Stationery and Printing – Capital Outlay on Housing (Capital – Voted)	14,00,000	14,07,149	7,149
	Total	88,66,05,634	91,31,30,564	2,65,24,930

APPENDIX – VIII

Excessive/unnecessary/injudicious re-appropriation of funds

(Reference : Paragraph 2.3.6; Page 29)

(Rupees in lakh)

Serial number	Number and name of grant/ appropriation and Head of account	Provision Original plus Supplementary	Re-appropriation	Total	Actual expenditure	Excess(+) Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	1-Parliament/State/Union Territory Legislature 2011-Parliament/State/Union Territory Legislature 103-Legislative Secretariat (a) Secretariat Establishment General	304.45	(-) 30.06	274.39	301.65	(+) 27.26
2.	2-Governor, 2012-Governor 03-Governor – 090-Secretariat of the Governor – (a) Secretariat General	35.83	(-) 0.22	35.61	51.12	(+) 15.51
3.	5-Elections – 2015-Elections (i) 105-Charges for conduct of election to Parliament (a) Expenditure on election to Lok Sabha and Rajya Sabha General	41.72	1.13	42.85	29.40	(-) 13.45
	(ii) Sixth Schedule (Part II) Areas	189.48	26.15	215.63	187.20	(-) 28.43
	(iii) 103-Preparation and Printing of Electoral Rolls – (a) – Expenditure on Preparation and Printing of Electoral Rolls for Assembly and Parliamentary Constituencies - General	21.40	(-) 7.22	14.18	27.56	(+) 13.38
4.	6-Land Revenue, Relief on account of Natural Calamities, etc. - 2029-Land Revenue - 103-Land Records – (a) Directorate of Land Records - General	16.42	(-)0.05	16.37	43.36	(+) 26.99
5.	13-Secretariat General Services, Secretariat Social Services and Secretariat Economic Services – 2052 – Secretariat General Services-090-Secretariat (d) General Administration Department - General	61.22	(-) 27.69	33.53	45.47	(+) 11.94
	3451-Secretariat Economic Services – 090 – Secretariat (a) Planning Department – General	28.04	(-) 9.83	18.21	167.74	(+) 149.53

(1)	(2)	(3)	(4)	(5)	(6)	(7)
6.	14-District Administration – 2053 – District Administration – Non-plan and State – plan – 093-District Establishment – (b) Deputy Commissioner's Establishment Sixth Schedule (Part II) Areas	379.10	(-) 7.41	371.69	388.97	(+) 17.28
7.	16-Police, other administrative Services, etc. – (i) 2055-Police 104-Special Police Battalion (c) 2nd Meghalaya Police Battalion General	740.53	7.66	748.19	728.69	(-) 19.58
8.	19-Secretariat General Services etc. – 4059-Capital Outlay on Public Works – Non-plan and State-plan (b) General purpose office and Administrative buildings for all services - General	42.80	(-) 32.80	10.00	27.75	(+) 17.75
	A – Capital Account of General Services 4059-Capital outlay on Public Works - 80-General – Non-plan and State-plan – 051-Construction-(a) functional non-residential buildings under General Services - General	323.86	(-) 100.00	223.86	604.12	(+) 380.26
	(B) – Capital Account of Social Services - 4202-Capital outlay on Education Art and Culture 01-Office Buildings – Non-plan and State Plan- 202-Secondary Education Buildings Sixth Schedule (Part II) Areas	80.00	(-) 23.48	56.52	105.93	(+) 49.41
9.	21-Miscellaneous General Services 2202-General Education-Non plan and State Plan – 101-Government Primary Schools Sixth Schedule Part II Areas	4774.20	159.57	4933.77	4598.17	(-) 335.60
	102-Assistance to non-Government Primary Schools (a) Expenditure on maintenance of primary schools under deficit system - General	442.20	76.79	518.99	353.01	(-) 165.98
	02-Secondary Schools 109-Government Secondary Schools (c) Special schools Sixth Schedule (Part II) Areas	193.30	11.00	204.30	175.80	(-) 28.50

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	110- Assistance to Non-Government Secondary Schools (b)Expenditure on Secondary Schools under deficit system for girls - General	862.55	77.44	939.99	582.20	(-) 357.79
	Sixth Schedule (Part II) Areas	1130.93	55.00	1185.93	979.15	(-) 206.78
	103-Government Colleges and Institutes (m) Government Colleges Sixth Schedule (Part II) Area	370.55	(-) 160.03	210.52	227.82	(+) 17.30
	104-Assistance to Non-Government Colleges and Institutes (a) Expenditure on colleges under deficit system- General	1082.76	3.82	1086.58	998.32	(-) 88.26
	2204-Sports and Youth Services 104-Sports and Games (d) Construction of Indoor and Outdoor stadium Sixth Schedule (Part II) Areas	87.17	2.00	89.17	76.18	(-) 12.99
	B-Social Services 2202-General Education 104-Inspection (u) Deputy Inspector of Schools and staffs Sixth Schedule (Part II) Area	182.78	(-) 5.00	177.78	222.08	(+) 44.30
	02-Secondary Schools 001-Direction and Administration (a) Directorate General	56.47	(-) 0.50	55.97	70.92	(+) 14.95
	101-Inspection (a) Inspector of Schools and staffs Sixth Schedule (Part II) Areas	113.03	(-) 14.22	98.81	150.55	(+) 51.74
	109-Government Secondary Schools (a) Secondary Schools for boys Sixth Schedule (Part II) Areas	601.79	(-) 8.67	593.12	735.69	(+) 142.57
	(b)Secondary School for Girls Sixth Schedule (Part II) Areas	191.90	(-) 25.52	166.38	232.34	(+) 65.96
	110-Assistance to Non-Government Secondary Schools (c) Expenditure on Non-deficit Secondary Schools for boys Sixth Schedule (Part II) Areas	125.00	(-) 50.25	74.75	254.01	(+) 179.26
	(h) Promotion of Hindi in Non-Government Schools for boys and girls Sixth Schedule (Part II) Areas	34.22	(-) 4.18	30.04	45.16	(+) 15.12
	80-General 003-Research and Training (y) Normal Training Schools Sixth Schedule (Part II) Areas	34.15	(-) 2.75	31.40	70.00	(+) 38.60

(1)	(2)	(3)	(4)	(5)	(6)	(7)
10.	26-Medical and Public Health, etc.-B-Social Services- 2210- Medical and Public Health- Non-Plan and State Plan - 800- Other Expenditure - (k) Construction and maintenance of Departmental and Non-Residential buildings Sixth Schedule (Part II) Area	--	60.00	60.00	--	(-) 60.00
	03-Rural Health Services – Allopathy - 104-Community Health Centre - (a) Upgradation of health centres to 30 bedded hospitals – Sixth Schedule (Part II) Areas	501.40	16.11	517.51	496.28	(-) 21.23
	2211 – Family Welfare- Non-Plan and State Plan - 103- Maternity and Child Health Sixth Schedule (Part II) Areas	44.92	1.00	45.92	23.76	(-) 22.16
11.	28-Housing,etc. - 2216-Housing -80-General - 103-Assistance to the Housing Board - (b) Subsidy on building materials and interests on loan cum subsidy assistance to EWS/LIG People under Meghalaya State Housing Policy - General	90.00	6.71	96.71	--	(-) 96.71
	03-Rural Housing Schemes - 102-Provision of house site to the Landless - (a) Grants in aid of construction materials Sixth Schedule (Part II) Areas	344.42	5.58	350.00	300.00	(-) 50.00
12.	29 – Housing, Urban Development, etc. – 2217-Urban Development – 05-Other Urban Development Schemes – 051- Construction – (8) Other ID Schemes at Shillong Sixth Schedule Part (II) Areas	60.00	(-) 42.70	17.30	36.06	(+) 18.76
13.	31 – Labour and Employment – 2230 – Labour and Employment – 03 – Training – 003-Training of Craftsmen and Supervisors – (a) Industrial Training Institute (Introduction of New Trades) – (i) Jowai/Shillong/Tura Sixth Schedule (Part II) Areas	97.38	(-) 3.80	93.58	122.89	(+) 29.31
14.	32 – Civil Supplies, etc.– 3456 – Civil Supplies – Non-Plan and State Plan – 001 – Direction and Administration – (c) Sub-Divisional Civil Supplies Establishment Sixth Schedule (Part II) Areas	59.20	(-) 0.64	58.56	74.73	(+) 16.17

	(2)	(3)	(4)	(5)	(6)	(7)
15.	34 – Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes, etc. – 2235 – Social Security and Welfare – Non-Plan and State Plan – 02-Social Welfare – 102-Child Welfare - (e) Integrated Child Development Services Schemes Sixth Schedule (Part II) Areas	1.30	(-) 0.08	1.22	57.44	(+) 56.22
	(g) Grants-in-aid to Voluntary Organisations working in the field of child welfare Sixth Schedule (Part II) Areas	4.50	(-) 1.48	3.02	16.83	(+) 13.81
16.	45 – Housing – Soil and Water Conservation, etc. – 2402 – Soil and Water Conservation – 800 – Other Expenditure – (a) Construction of roads to work areas General	3.97	(-) 1.85	2.12	92.12	(+) 90.00
17.	47-Housing- Social Security and Welfare, etc. 2403 - Animal Husbandry - 103-Poultry Development - (m) Regional Poultry Breeding farm, Kyrdemkulai General	42.93	0.16	43.09	--	(-) 43.09
	102-Cattle and Buffalo Development - (f) Intensive Cattle Development Project Sixth Scheduel (Part II) Areas	55.10	0.02	55.12	14.00	(-) 41.12
	107-Fodder and Feed Development - (f) Feed Mill, Tura Sixth Schedule (Part II) Areas	21.20	0.07	21.27	11.00	(-) 10.27
	103-Poultry Development - (b) Poultry Farm, Bhoi - General	22.54	0.05	22.59	--	(-) 22.59
	107 – Fodder and Feed Development –(g) Establishment of Feed Analytical Laboratory at Kyrdemkulai – General	12.54	0.02	12.56	...	(-) 12.56
	800-Other expenditure (d) Construction and maintenance of Departmental non-residential building - 13-Major Works Sixth Schedule (Part II) Areas	47.93	0.04	47.97	28.58	(-) 19.39

(1)	(2)	(3)	(4)	(5)	(6)	(7)
18.	50 – Forestry and Wild Life, etc. – 2406 – Forestry and Wild Life – 01-Forestry – 001-Direction and Administration – (d) Forest Ranges and beat officer Sixth Schedule (Part II) Areas	257.41	(-) 42.05	215.36	229.06	(+) 13.70
	02-Environmental Forestry and Wild Life - 110-Wild Life Preservation -(a)Establishment of Wild Life Sanctuary Sixth Schedule (Part II) Areas	169.75	(-) 2.31	167.44	301.12	(+) 133.68
	2415-Agricultural Research and Education -06-Forestry -004-Research -(a) Establishment of Forest Statistical Division General	10.70	(-) 2.50	8.20	20.25	(+) 12.05
19.	51 – Housing- Nutrition – Crop Husbandry, etc. – 2501 – Special Programme for Rural Development – 800 – Other Expenditure – (e) Strengthening of Community Development under Swarnajayanti Gram Swarozgar Yojana Sixth Schedule (Part II) Areas	..	120.00	120.00	...	(-) 120.00
	2515 – Other Rural Development Programme – 800-Other Expenditure -(f) Special Rural Works Programme Sixth Schedule (Part II) Areas	981.00	109.00	1090.00	...	(-)1090.00
	001-Direction and Administration – (b) District Office under Community Development Sixth Schedule (Part II) Areas	32.69	(-) 12.02	20.67	75.20	(+) 54.53
20.	53 – Housing – Village and Small Industries, etc. – 2851 – Village and Small Industries – 001-Direction and Administration – (b) District Establishment (Handloom) Sixth Schedule (Part II) Areas	37.78	(-) 0.28	37.50	48.62	(+) 11.12
21.	56-Roads and Bridges, etc. - 3054-Roads and Bridges -04-District and Other Roads -001-Direction and Administration - (c) Maintenance and Repairs of District Roads Sixth Schedule (Part II) Areas	2449.00	(-) 229.53	2219.47	3186.69	(+) 967.22
22.	57-Tourism, etc. -C-Economic Services -3452-Tourism Non-Plan and State Plan -01-Tourist Infrastructure –101-Tourist Centres -(j) Ward's Lake Establishment - General	11.30	0.30	11.60	--	(-) 11.60

APPENDIX – IX

Statement showing expenditure without provision (exceeding Rs.10 lakh)

(Reference : Paragraph 2.3.7; Page 29)

Serial number	Number and name of grant/appropriation and Head of account	Actual expenditure (Rupees in lakh)
(1)	(2)	(3)
1.	10-Taxes on Vehicles, etc. – 5055-Capital Outlay on Road Transport – 800-Other expenditure – (r) United Equity Participation	131.00
2.	21-Micellaneous General Services, General Education, etc. - 2202-General Education - 102-assistance to Non-Government Primary Schools (c) Expenditure on Pre-Primary Schools (Nursery) Sixth Schedule (Part II) Areas	185.12
	(l) Expenditure on Primary Schools under deficit system for girls, Sixth Schedule (Part II) Areas	314.77
	107-Training, (a) Basic Training Centre including Guru Training, Sixth Schedule (Part II) Areas	37.90
	109-Government Secondary Schools – (c) Special Schools General	15.62
	107-Scholarships – 10-State Merit Scholarships General	22.37
	800-Other Expenditure – (q) Meghalaya Board of School Education Sixth Schedule (Part II) Areas	41.30
3.	26-Medical and Public Health, Family Welfare, etc. – 2211-Family Welfare, 101-Rural Family Welfare Centres – (a) Rural Family Welfare Centres Sixth Schedule (Part II) Areas	23.06
	Centrally Sponsored Schemes – 001-Direction and Administration – (f) District Family Welfare Bureau General	29.71
	101 – Rural Family Welfare Services – (a) Rural Family Welfare Centres	42.16
	(b) Rural Family Welfare Sub-centres General	36.05
	102-Urban Family Welfare Services (b) Post-partum Programme at District Sub-Divisional level General	16.29
4.	27-Water Supply and Sanitation, Housing, etc. – 2215-Water Supply and Sanitation Centrally Sponsored Schemes 01-Water Supply 005-Survey and Investigation – (a)Urban Water Supply Scheme – General	12.37
	02-Sewerage and Sanitation – 106-Promotion of air and water pollution – (a) State Board for prevention and control of water pollution – Assistance to local bodies for prevention of air and water pollution – 9-Grants-in-aid – General	59.42

(1)	(2)	(3)
	2215-Water Supply and Sanitation – 01-Water Supply – 001-Direction and Administration – (i) Superintending Engineer, Tura Circle and Establishment Sixth Scheduel (Part II) Areas	22.96
	(iv) 4215 – Capital Outlay on Water Supply and Sanitation – Centrally Sponsored Schemes – 02-Sewerage and Sanitation – 102-Rural Sanitation – a) Each Schemes Sixth Schedule (Part II) Areas	19.63
5.	28-Housing, Capital Outlay on Housing, etc. – 2216-Housing-03-Rural Housing Schemes – 102-Provision of house site to the landless – (a) Grant-in-aid of construction materials General	50.00
6.	38-Secretariat Economic Services – 3451-Secretariat Economic Services – Non-plan and State Plan – 091 – Attached Offices – (h) Economic Development Council Sixth Schedule (Part II) Areas	11.62
7.	46-Special Programme for Rural Development – 2501-Special Programmes for Rural Development – 04-Integrated Rural Energy Programme- 800-Other Expenditure – (2)-Border Areas Programmes under Agriculture - (e) Horticulture Development/Irrigation Schemes – Drip and Sprinkle Irrigation Schemes Sixth Schedule (Part II) Areas	22.97
8.	47-Housing, Social Security and Welfare, etc. – 2403-Animal Husbandry – 102-Cattle and Buffalo Development (i) (g) Indo-Danish Project Sixth Schedule (Part II) Areas	20.00
	(ii) (k)Cross Breed Cattle Breeding Project, Kyrdemkulai/Jowai Sixth Schedule (Part II) Areas	22.34
	(iii) 107-Fodder and Feed Development – (c) Fodder Demonstration Farm, Upper Shillong Sixth Schedule (Part II) Areas	23.50
	(iv) (d) Feed Hills, Bhoi Sixth Schedule (Part II) Areas	11.00
9.	48-Housing, Dairy Development, Agricultural Research and Education – 2404-Dairy Development – 102-Cattle cum Dairy Development Project – (f) Chilling Centre Sixth Schedule (Part II) Areas	27.15
10.	51-Housing, Nutrition, Crop Husbandry, etc. – 2515-Other Rural Development Programme – 001-Direction and Administration – (a) Directorate of Community Development Sixth Schedule (Part II) Areas	45.45
11.	54-Housing, Village and Small Industries, etc. – 2851-Village and Small Industries – 102-Small Scale Industries – (e) Transport Subsidy for Industrial Development (MIDC) General	124.47
	Total	**1368.23**

APPENDIX – X

Non-surrender of savings

(Reference : Paragraph 2.3.8; Page 29)

(Rupees in crore)

Serial number	Number and name of the grant/appropriation	Total grant/ appropriation	Savings	Unsurrendered savings
(1)	(2)	(3)	(4)	(5)
1.	1-Parliament/State/Union Territory Legislature, Stationery and Printing, Capital Outlay on Stationery and Printing (Revenue : Voted)	4.45	0.46	0.16
	(Capital - Voted)	0.10	0.003	0.003
2.	3-Council of Ministers, Other Administrative Services, etc. (Revenue – Voted)	2.54	0.42	0.08
3.	4-Administration of Justice (Revenue – Voted)	2.01	0.35	0.10
	(Revenue – Charged)	0.78	0.78	0.75
4.	5-Elections (Revenue – Voted)	5.41	0.40	0.33
5.	6-Land Revenue, Relief on Account of Natural Calamities, etc. Services, Other General Economic Services, Loans for Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes, Loans for other Social Services and Loans for Crop Husbandry (Revenue – Voted)	7.07	0.42	0.11
6.	7-Stamps and Registration (Revenue – Voted)	0.45	0.0041	0.0019
7.	8-State Excise (Revenue – Voted)	2.63	0.07	0.07
8.	10-Taxes on Vehicles – Other Administrative Services, etc., Road Transport, Capital Outlay on Civil Aviation, Capital Outlay on Road Transport (Revenue – Voted)	7.95	0.83	0.32
9.	11-Other Taxes and Duties on Commodities and Services, Special Programmes for Rural Development, Power, Non-Conventional Sources of Energy, Loans for Power Projects (Revenue – Voted)	12.31	1.33	0.79
	(Capital – Voted)	28.50	15.50	15.50
10.	12-Other Fiscal Services (Revenue – Voted)	0.08	0.0018	0.0018
11.	13-Secretariat-General Services, Secretariat Social Services and Secretariat Economic Services (Revenue – Voted)	26.94	7.34	0.73

(1)	(2)	(3)	(4)	(5)
12.	15-Treasury and Accounts Administration (Revenue – Voted)	5.25	1.02	0.18
13.	17-Jails and Capital Outlay on Public Works (Revenue – Voted)	3.11	0.66	0.02
14.	19-Secretariat-General Services, Public Works – Technical Education, Sports and Youth Services, Art and Culture – Housing-Capital Outlay on Public Works, Capital Outlay on Education, Art and Culture, Capital Outlay on Medical and Public Health, Capital Outlay on Housing, Capital Outlay on Animal Husbandry, Capital Outlay on Dairy Development (Revenue – Voted)	41.41	5.90	3.54
	(Capital – Voted)	15.73	5.67	0.50
15.	20-Other Administrative Services, Capital Outlay on Public Works (Revenue – Voted)	9.80	0.07	0.07
16.	21-Miscellaneous General Services General Education, Technical Education, Sports and Youth Services, Art and Culture, Nutrition, Other Scientific Research, Census, Survey and Statistics, Capital Outlay on Education, Art and Culture, etc. (Revenue – Voted)	238.52	31.17	29.44
	(Capital – Voted)	0.10	0.01	0.01
17.	22-Other Administrative Service (Revenue – Voted)	4.55	0.40	0.0089
18.	23- Other Administrative Services (Revenue – Voted)	0.77	0.36	0.06
19.	24-Pensions and Other Retirement Benefits (Revenue – Voted)	54.77	14.63	6.66
20.	25-Miscellaneous General Services (Revenue – Voted)	0.24	0.05	0.0012
21.	26-Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, Capital Outlay on Family Welfare (Revenue – Voted)	75.93	12.25	12.02
	(Capital – Voted)	14.16	2.93	2.93
22.	27-Water Supply and Sanitation, Housing, Capital Outlay on Water Supply and Sanitation, Capital Outlay on Housing, Loans for Housing (Revenue – Voted)	39.58	4.73	1.36
	(Capital – Voted)	73.68	34.85	34.85

(1)	(2)	(3)	(4)	(5)
23.	29-Housing, Urban Development, Capital Outlay on Housing, Capital Outlay on Urban Development (Revenue – Voted)	15.45	3.68	0.04
24.	30-Information and Publicity (Revenue – Voted)	2.91	0.30	0.18
25.	34-Welfare of Scheduled Castes, Schedules Tribes and Other Backward Classes, Social Security and Welfare etc. (Capital – Voted)	17.80	1.75	0.01
26.	35-Social Security and Welfare (Revenue – Voted)	0.19	0.02	0.0004
27.	37-Other Social Services	0.005	0.005	0.005
28.	38-Secretariat Economic Services (Revenue – Voted)	4.28	0.56	0.02
29.	39-Co-operation (Revenue – Voted)	5.55	0.69	0.0024
30.	40-North Eastern Areas (Special Areas Programme), Capital Outlay on North Eastern Areas (Revenue – Voted)	5.52	5.06	4.31
	(Capital – Voted)	8.99	2.80	2.80
31.	41-Census, Surveys and Statistics (Revenue – Voted)	3.64	0.49	0.49
32.	42-Housing, Other General Economic Services (Revenue – Voted)	0.91	0.09	0.05
33.	43-Housing, Crop Husbandry, Food Storage and Warehousing, etc. (Revenue – Voted)	54.68	19.03	4.45
	(Capital – Voted)	8.46	4.25	4.25
34.	44-Medium Irrigation – II – Works under Embankment and Drainage Wing, etc. (Revenue – Voted)	0.66	0.14	0.11
	(Capital – Voted)	7.20	2.63	0.13
35.	45-Housing, Soil and Water Conservation, Agricultural Research and Education (Revenue – Voted)	25.83	8.29	0.97
36.	46-Special Programmes for Rural Development (Revenue – Voted)	17.97	9.06	0.92
37.	47- Housing, Animal Husbandry, Agricultural Research and Education, Capital Outlay on Public Works, Capital Outlay on Animal Husbandry, Loans for Animal Husbandry (Revenue – Voted)	21.49	2.51	2.51
38.	48-Housing, Dairy Development, Agricultural Research and Education (Revenue – Voted)	12.97	10.05	10.05

(1)	(2)	(3)	(4)	(5)
39.	49-Housing, Fisheries, Agricultural Research and Education, Capital Outlay on Housing, Capital Outlay on Fisheries (Revenue – Voted)	4.56	0.83	0.05
40.	50-Forestry and Wildlife, Agricultural Research and Education, Capital Outlay on Forestry and Wildlife (Revenue – Voted)	32.31	10.50	9.00
	(Revenue – Charged)	0.0001	0.0001	0.0001
	(Capital – Voted)	0.40	0.35	0.35
41.	51-Housing, Nutritions, Crop Husbandry, Special Programme for Rural Development, Rural Employment, Other Rural Development Programmes, etc. (Revenue – Voted)	35.61	3.42	1.33
42.	53-Housing, Village and Small Industries, Capital Outlay on Village and Smal Scale Industries, Loans for Village and Small Industries (Capital – Voted)	0.50	0.50	0.50
43.	54-Housing-Village and Small industries, Capital Outlay on Housing and Capital Outlay on Village and Small Scale Industries, Loans for Village and Small Industries. (Revenue – Voted)	11.97	3.61	0.05
	(Capital – Voted)	4.82	3.84	0.04
44.	56-Roads and Bridges, Capital Outlay on Roads and Bridges (Capital – Voted)	79.77	2.52	2.52
45.	57-Tourism, Capital Outlay on Public Works, Capital Outlay on Other Communication Services, Capital Outlay on Tourism, Loans for Tourism (Revenue – Voted)	7.39	6.08	6.03
	(Capital – Voted)	0.72	0.44	0.44
46.	60- Loans to Government Servants, etc. (Capital – Voted)	55.00	0.79	0.77
47.	Appropriation – Interest Payments (Revenue – Charged)	124.27	28.57	0.03
48.	Appropriation – Public Service Commission (Charged)	0.85	0.02	0.0029
	Total	**1251.4951**	**275.484**	**163.0076**

APPENDIX – XI

Rush of expenditure during the year 1999-2000

(Reference : Paragraph 2.3.12; Page 30)

Head of accounts and Grant number	Total provision (O + S)	Expenditure				Total expenditure	Percentage of expenditure during 4th quarter to total expenditure	Expenditure during March (Rupees)	Percentage of expenditure during March	
		1st quarter	2nd quarter	3rd quarter	4th quarter				Total provision	Total expenditure
		(In rupees)								
2425 Gr. No. 39	5,55,40,000	57,78,995	98,78,954	1,19,45,637	2,10,22,166	4,86,25,752	43	1,47,60,733	27	30
2851 Gr. No. 53 & 54	20,99,10,243	1,57,90,840	3,04,44,711	4,68,38,781	6,38,34,914	15,69,09,246	41	5,07,97,223	24	32
2029 Gr. No. 6	3,53,08,325	52,79,932	90,27,484	1,07,21,474	91,87,238	3,42,16,128	27	61,54,210	17	18
2205 Gr. No. 21	3,28,46,061	19,22,713	45,39,933	40,48,251	2,07,41,300	3,12,52,197	66	1,92,27,331	59	62

APPENDIX - XII

Position of funds released by Government of India, State Government and expenditure incurred thereagainst by the implementing agencies in respect of various activities

(Reference: Paragraph 3.1.4; Page 34)

(Rupees in lakh)

	Amount recom-mended by TFC	Amount appro-ved by IMEC	1996-97	1997-98	1998-99	1999-2000	Total
(a) Amount released by GOI							
(i) Police							
Police Station/outpost	8.00	8.00	--	2.68	3.32	1.20	7.20
Police training	22.14	22.14	--	2.49	7.47	9.97	19.93
(ii) Fire Services	200.00	200.00	--	22.50	67.50	90.00	180.00
(iii) Jails	22.00	22.00	--	2.48	7.42	9.90	19.80
(iv) Record Rooms	17.95	16.90	--	10.05	3.41	2.70	16.16
(v) Treasuries and Accounts	50.00	50.00	--	5.63	20.62	18.75	45.00
Total upgradation of administration	**320.09**	**319.04**		**45.83**	**109.74**	**132.52**	**288.09**
(vi) Education Promotion of Girls Education Drinking Water/Toilet facilities	744.01	743.96	--	83.69	251.10	334.77	669.56
(vii) Special Problem Grants	500.00	500.00	--	--	125.00	325.00	450.00
(viii) Calamity Relief Fund			209.00	221.00	232.00	242.00	904.00
(b) Amount released by the State Government							
(i) Police/Outpost			--	8.00	--	--	8.00
(ii) Police Training			--	9.00	--	13.13	22.13
(iii) Fire Services			--	49.94	102.00	47.98	199.92
(iv) Jails			--	4.48	7.42	10.08	21.98
(v) Record Rooms			--	10.50	7.45	--	17.95
(vi) Treasuries and Accounts			--	22.50	17.50	10.00	50.00
Total upgradation of administration				**104.42**	**134.37**	**81.19**	**319.98**
(vii) Education Promotion of Girls Education Drinking Water/Toilet facilities			--	128.60	199.80	415.50	743.90
(viii) Special Problem Grants			--	--	150.00	350.00	500.00
(ix) Calamity Relief Fund			70.00	74.00	77.00	81.00	302
(c) Expenditure incurred							
(i) Police Police Station/outpost			--	8.00	--	--	8.00
Police Training			--	9.00	--	13.13	22.13
(ii) Fire Services			--	49.94	102.00	47.98	199.92
(iii) Jails			--	4.48	7.42	10.08	21.98
(iv) Record Rooms			--	10.50	7.45	--	17.95
(v) Treasuries and Accounts			--	22.50	17.50	10.00	50.00
Total upgradation of administration				**104.42**	**134.37**	**81.19**	**319.98**
(vi) Education Promotion of Girls Education Drinking Water/Toilet facilities			--	--	202.40	541.50	743.90
(vii) Special Problem Grants					150	350	500
(viii) Calamity Relief Fund			37.15	25.61	25.87	109.47	198.10

APPENDIX - XIII

A – Details showing loss of interest on delayed investment of CRF

(Reference : Paragraph 3.1.8.1; Page 42)

Sl. No.	Name of Bank in which the CRF was invested	Amount invested (Rupees in lakh)	Date of investment	Delay in investment (in months)	Rate of interest (in per cent)	Loss of interest (Rupees in lakh)
I. Investment of unspent balance as of 31 March 1998						
1.	Meghalaya Co-operative Apex Bank (MCOAB)	200.06	30.05.1998	2	11	3.67
2.	- Do -	4.02	18.03.1999	11	11	0.40
3.	Canara Bank	235.00	17.03.1999	11	12.25	26.39
4.	United Commercial Bank (UCO)	235.00	22.03.1999	11	12	25.85
5.	Bijoya Bank	235.00	19.03.1999	11	10.75	23.16
6.	Bank of Baroda	235.00	18.03.1999	11	11.50	24.77
7.	State Bank of India (SBI)	235.00	16.03.1999	11	11	23.70
		1379.08				**127.94**
II. Investment of unspent balance as of 31 March 1999						
1.	SBI	154.50	23.03.2000	11	11	15.58
2.	MCOAB	154.50	23.03.2000	11	11	15.58
		309.00				**31.16**
					Grand Total	**159.10**

B - Details showing loss of interest owing to investment at lower rate of interest

Sl. No.	Name of Bank in which the CRF was invested	Amount invested	Interest earned for 11 months (percentage of interest in brackets)	Interest at rate (12.25 per cent) allowed by Canara Bank	Loss of interest
	(Rupees in lakh)				
1.	UCO Bank	235.00	25.85 (12)	26.39	0.54
2.	Bijoya Bank	235.00	23.16 (10.75)	26.39	3.23
3.	Bank of Baroda	235.00	24.77 (11.50)	26.39	1.62
4.	SBI	235.00	23.70 (11)	26.39	2.69
					8.08

APPENDIX – XIV

Norms of population for setting up the centres and their staffing

(Reference: Paragraph 3.2.5.1 ; Page 49)

Centres	Population norms for establishment in Plain Area		Agencies responsible for establishment and maintenance of centres	Staffing norm	Services to be provided
	Plain Area	Hill/Tribal Area			
SCs	5,000	3,000	All SCs established after 1 April 1981 were funded by GOI. Sub centres functioning prior to 1 April 1981 were funded by State Minimum Needs Programme	One Multipurpose worker (Male). MPW (female or ANM).	Contact Point between Primary Health Care and community
PHCs	30,000	20,000	State Government under MNP	A medical Officer assisted by 14 para medical and Non-medical staff	First contact point between village community and MO. It has 4-6 beds for treatment of patients and act as referral unit for 6 Sub-Centres.
CHCs	1,20,000	80,000	-do-	4 Medical specialist supported by 21 Medical and para medical staff.	It serves as referral centres for 4 PHCs and has 30 indoor beds with Operation Theatre, X Ray and Lab facilities.

APPENDIX - XV

Position showing the achievement of family welfare activities of State as well as Post Partum Centres during 1995-2000

(Reference : Paragraph 3.2.5.3(ii); Page 52)

(in thousands)

Activities/Data	1995-96		1996-97		1997-98		1998-99		1999-2000	
	State	PPCs	State	PPCs	State	PPCs	State	PPCs	State	PPCs
1. Eligible Couple	NA	--	224.00	--	199.00	--	263.00	--	295.00	--
2. Number of couples underwent family planning method										
(a) Sterilisation	1.10	0.82	1.13	0.82	1.03	0.88	1.30	0.99	1.33	0.93
(b) IUD	2.19	0.50	1.37	0.39	2.00	0.54	2.60	0.62	2.08	0.42
(c) Oral pill users	1.34	0.01	1.06	0.71	1.21	0.90	1.90	0.88	1.32	0.81
Total	**4.63**	**1.33**	**3.56**	**1.92**	**4.24**	**2.32**	**5.80**	**2.49**	**4.73**	**2.16**
3. Percentage of couple protection	--	--	1.59	--	2.13	--	2.21	--	1.60	--

APPENDIX – XVI

Position of kits received under CSSM Programme

(Reference : Paragraph 3.2.5.4 (iv) ; Page 55)

Year	Number of functional			Drug Kit-A		Drug Kit-B		Midwifery Kit		Equipment Kit-C		Equipment Kit -D	
	CHC	PHC	SC	Requirement	Received	Requirement	Received	Requirement	Received	Requirement	Received	Requirement	Received
1995-96	10	77	325	650	200	650	--	325	64	325	324	77	45
1996-97	10	81	379	758	--	758	--	54	--	54	--	4	--
1997-98	13	83	377	754	648	754	670	--	--	--	--	2	--
1998-99	13	83	376	796	796	796	796	--	--	--	--	--	--
1999-2000	16	80	412	856	856	856	856	36	--	36	--	--	--
Total	62	404	1869	3814	2500	3814	2322	415	64	415	324	83	45
Percentage of Shortfall				(34)		(39)		(85)		(22)		(46)	

N.B. Based on information furnished (August 2000) by the DHS (MCH&FW).

APPENDIX – XVII

Statement showing target and achievement in respect of testing of water quality

(Reference : Paragraph 3.4.6.1; Page 75)

Year	MINARS			Project		
	Target	Achievement	Shortfall	Target	Achievement	Shortfall (percentage of shortfall)
1994-95	20	20	Nil	-	-	-
1995-96	20	20	Nil	-	-	-
1996-97	20	20	Nil	-	-	-
1997-98	20	20	Nil	40	17	23 (57)
1998-99	20	20	Nil	40	10	30 (75)
Total	**100**	**100**	**Nil**	**80**	**27**	**53 (66)**

APPENDIX – XVIII

Statement showing the names of polluting industries and present position in respect of construction of ETP

(Reference : Paragraph 3.4.6.2 (ii) (a) ; Page 76)

Sl. No.	Name of unit	Date of serving notice	Present position	Period of Delay
1.	M/s MCCL Cherrapunjee	11.2.98	Collecting and recycling tank constructed	28 months
2.	M/s Premier Roller Flour Mills, Barapani	- do -	Switched over to dry process where no ETP required	-
3.	M/s Meghalaya Roller Flour Mills, Shillong	- do -	- do -	-
4.	Govt. Dairy Industry Shillong	- do -	Engaged consultant for ETP installation	28 months
5.	Govt. Printing Press, Shillong	- do -	ETP Installed	-
6.	M/s Khan Motor Works Shillong	- do -	Discontinued industrial activity	
7.	M/s Assam Auto Agency Shillong	- do -	Not yet completed	28 months
8.	M/s Goenka Engineering Works, Shillong	- do -	- do -	28 months
9.	M/s Rani Motors, Shillong	- do -	- do -	28 months
10.	Meghalaya Police Central Workshop	- do -	- do -	28 months
11.	M/s MTC Central Workshop	- do -	- do -	28 months
12.	M/s Nongkhlaw Motor Works, Shillong	- do -	- do-	28 months
13.	M/s Stanley Roy Construction, Shillong	22.10.99	- do -	7 months
14.	M/s Stephen Bella Workshop, Shillong	- do -	- do -	7 months
15.	M/s Meghalaya Plywood (P) Ltd.	28.8.97	- do -	33 months
16.	M/s Associate Beverages (P) Ltd.	9.4.99	- do -	38 months
17.	Govt. Dairy Unit, Jowai	11.2.98	- do -	28 months

APPENDIX – XIX

Statement showing sanctioned strength and men on roll
(Reference: Paragraph 3.4.8; Page 78)

Sl. No.	Category	Number of posts sanctioned	Men on roll				
			1994-95	1995-96	1996-97	1997-98	1998-99
1.	Private Secretary	1	-	-	-	-	-
2.	Steno-II	1	-	-	-	-	-
3.	UDA	4	1	1	1	1	1
4.	LDA cum Typist	5	1	1	1	1	3
5.	LDA	7	1	2	2	2	2
6.	Typist	4	1	1	1	1	-
7.	Environmental Engineer	2	1	1	1	1	1
8.	Asstt. Environmental Engineer	4	1	1	1	1	1
9.	Jr. Scientific Asstt.	5	2	2	2	2	2
10.	Scientist 'B'	1	-	2	2	2	2
11.	Statistical Asstt.	1	-	-	-	-	1
12.	Sr. Draughtsman	2	-	-	-	-	1
13.	Jr. Draughtsman	1	-	-	-	-	1
14.	Tracer	2	-	-	-	-	-
15.	Library Asstt.	1	-	-	-	-	-
16.	Sr. Accountant	1	-	1	1	1	1
17.	Administrative Officer	1	-	-	-	-	-
18.	Establishment Officer	1	-	-	-	-	-
19.	Chief Chemist	1	1	1	1	1	1
20.	Sr. Scientific Asstt.	1	-	-	-	-	-
21.	Driver	4	3	3	3	3	3
22.	Peon	7	4	2	2	2	3
23.	Chowkidar	3	2	2	2	2	2
24.	Jr. Laboratory Asstt.	2	2	-	-	-	2
25.	Store Keeper	1	-	-	-	-	1
26.	Sample Collector	5	1	1	1	-	2
27.	Legal Officer (Part time)	1	-	-	-	-	-
	Total	69					30

APPENDIX - XX

Details showing the unauthorised expenditure on works/items

(Reference : Paragraph 3.5.8; Page 86)

Sl. No.	Particulars of works/items	Expenditure incurred (Rupees in lakh)	Year of expenditure	Name of approving authority
	Shillong Constituency			
1.	Purchase of ambulance – Rilbong Sports Club	2.13	1997-98	DC East Khasi Hills
2.	Construction of parking yard of Aurobindo Institute of Art & Culture	5.62	1998-99	-do-
3.	Construction work -Phase – II of above institute	10.00	-do-	-do-
4.	Construction work -Phase – II of above institute	21.15	-do-	-do-
5.	Construction of -Phase – III of above institute	13.50	-do-	-do-
6.	Purchase of computer of above institute	2.34	-do-	-do-
7.	Purchase of equipment for Gitanjali Dance Academy	0.60	-do-	-do-
8.	Purchase of Mortuary Van – Rilbong Sports Club	5.55	-do-	-do-
9.	Furniture for Gitanjali Dance Academy	0.25	-do-	-do-
	Total	**61.14**		
	Tura Constituency			
10.	Mortuary Van – SP Tura	4.00	1997-98	DC West Garo Hills
11.	2 numbers of ambulance – SP Tura	8.45	1998-99	-do-
12.	Tura Outdoor stadium Dapakgre	39.01	1997-99	-do-
13.	1 number of Ambulance – SP – Wiliamnagar	4.50	1998-99	DC East Garo Hills
14.	1 number of Ambulance – SP Baghmara	4.50	1998-99	DC South Garo Hills
	Total	**60.46**		
	Grand Total	**121.60**		

APPENDIX - XXI

Statement showing the year-wise details of funds received and expenditure incurred under different programmes

(Reference: Paragraph 3.6.4.1 ; Page 92)

Name of the scheme	Year	Opening balance			Fund released to MUDA/Director of Industries by			Total fund available (Cols. 5+8)	Fund available with MUDA (Cols. 3+8)	Fund released to MBs by MUDA	Expenditure			Closing balance		
		MUDA	MBs	Total	GOI	State	Total				MUDA /DI	MBs	Total	MUDA (Col.10 – Cols.11 + 12)	MBs (Cols. 4 + 11 – Col. 13)	Total
		(Rupees in lakh)														
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
NRY	1995-96	71.44	14.13	85.57	--	45.00*	45.00*	130.57	116.44	55.15	12.95	45.56	58.51	48.34	23.72	72.11
	1996-97	48.34	23.72	72.11	74.49	38.54	113.03	185.14	161.37	43.00	12.09	49.66	61.75	106.28	17.06	123.34
	1997-98 (till November '97)	106.28	17.06	123.34	29.53	--	29.53	152.87	135.81	16.18	4.94	24.47	29.41	114.69	8.77	123.46
UBSP	1995-96	1.66	3.02	4.68	9.50	30.00* 9.50	30.00* 19.00	53.68	50.66	13.04	0.10	12.18	12.28	37.52	3.88	41.40
	1996-97	37.52	3.88	41.40	23.10	7.33	30.43	71.83	67.95	18.24	1.00	17.40	18.40	48.71	4.72	53.43
	1997-98 (till November 1997)	48.71	4.72	53.43	14.50	--	14.50	67.93	63.21	6.37	--	9.12	9.12	56.84	1.97	58.81
PMIUP EP	1996-97	--	--	--	68.92	--	68.92	68.92	68.92	2.00	--	2.00	2.00	66.92	--	66.92
	1997-98 (till November 1997)	66.92	--	66.92	12.63	12.21	24.84	91.76	91.76	13.91	--	5.72	5.72	77.85	8.19	86.04

* Represents refund made by the State Government of temporary loan taken out of NRY/USP fund

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
SJSRY	1997-98 (from December 1997)	249.38**	18.93	268.31	--	--	--	268.31	249.38	15.34	2.54	12.50	15.04	231.50	21.77	253.27
	1998-99	231.50	21.77	253.27	159.46	55.88	215.34	468.61	446.84	200.25	7.50	67.85	75.38	239.09	154.17	393.26
	1999-2000	239.09	154.17	393.26	59.53	58.41	117.94	511.20	357.03	94.39	8.37	57.72	66.09	**254.27**	**190.84**	**445.11*****
					451.66	181.87@	633.53@			477.87	49.49	304.18	353.76			
PMRY	1995-96 to 1999-2000	...	...	...	18.25	...	18.25	...	...	...	15.19	...	15.19			
					469.91	181.87	651.78	...	...	...	64.68	304.18	368.89			

** Closing balance at the end of November 1997 under NRY, UBSP and PMIUP

*** The closing balance of Rs.445.11 lakh included Rs.24.40 lakh being the balance under SHASU component of NRY and PMIUPEP not merged with SJSRY and being implemented independently even after replacement of NRY and PMIUPEP by SJSRY.

@ Excluding refund of temporary loan

APPENDIX – XXII

A – Year-wise position of outstanding Inspection Reports and Paragraphs

(Reference : Paragraph 3.15; Page 112)

Year	Number of outstanding Inspection Reports				Number of outstanding paragraphs			
	Community and Rural Development Department	Food and Civil Supplies Department	Housing Department	Public Works Department	Community and Rural Development Department	Food and Civil Supplies Department	Housing Department	Public Works Department
Up to 1989-90	44	--	--	34	125	--	--	65
1990-91	6	4	--	10	24	10	--	31
1991-92	11	2	1	16	40	6	7	43
1992-93	7	4	--	8	28	10	--	21
1993-94	15	3	1	18	44	10	14	57
1994-95	15	4	--	16	61	15	--	70
1995-96	6	2	--	22	38	1	--	88
1996-97	9	1	1	24	39	4	4	123
1997-98	8	2	1	13	55	9	6	84
1998-99	3	2	1	18	14	9	5	148
1999-2000	2	--	--	13	16	--	--	149
	126	24	5	192	484	74	36	879

B - Department-wise position of paragraphs remaining unsettled for more than 10 years and for non-receipt of initial replies

Serial number	Name of Department	Paragraphs remaining unsettled for more than 10 years		Paragraphs remaining unsettled for non-receipt of initial replies			
		Number of I.R.	Number of paragraphs	Number of offices	Number of I.R.	Period of issue of I.R.	Number of paras
1.	Community and Rural Development	44	125	7	9	Between July 1986 and January 1998	96
2.	Food and Civil Supplies	4	12	2	2	October 1990 and November 1990	6
3.	Housing	--	--	1	3	Between July 1992 and November 1997	27
4.	Public Works	34	65	11	17	Between 1996-97 and 1999-2000	208
	Total	82	202	21	31		337

APPENDIX - XXIII

Statement showing year-wise and department-wise cases of Misappropriation, losses, etc.

(Reference : Paragraph 3.16; Page 113)

Year	Number of cases	Amount (Rupees in lakh)
(1)	(2)	(3)
Up to 1990	31	5.78
1990-91	04	1.81
1991-92	01	3.34
1992-93	01	0.92
1993-94	05	7.00
1994-95	--	---
1995-96	02	2.00
1996-97	02	21.49
1997-98	18	3.47
1998-99	16	102.96
1999-2000	03	4.35
Total	**83**	**153.12**

Serial number	Department	Number of cases	Amount (Rupees in lakh)
(1)	(2)	(3)	(4)
1.	Education	01	0.03
2.	PWD	06	4.97
3.	Medical	03	5.47
4.	Home (Police)	02	0.21
5.	Agriculture	02	0.67
6.	Public Health	54	5.71
7.	Animal Husbandry and Veterinary	02	1.10
8.	Legislative Assembly	01	3.34
9.	Finance	03	88.07
10.	Forest	02	4.31
11.	General Administration	01	0.05
12.	Land Revenue	01	1.00
13.	Mining	01	16.55
14.	Soil Conservation	01	1.76
15.	Printing and Stationery	01	15.76
16.	Community and Rural Development	01	3.03
17.	Mineral Resources	01	1.09
	Total	**83**	**153.12**

APPENDIX - XXIV

Details of water supply schemes remaining non-functional

(Reference: Paragraph 4.6; Page 121)

Serial number	Name of water supply scheme	Name of executing divisions	Year of sanction	Estimated cost	Cost of construction	Date of completion	Date from which remaining non-functional	Reasons for non-functioning
				(Rupees in lakh)				
1.	Hatmawdon	Public Health Engineering (PHE) Hills, Shillong	March 1984	9.72	9.70	March 1988	May 1991	Theft of 270 RM of GI pipes valued at Rs.0.20 lakh
2.	Saltabari	-do-	February 1987	5.26	5.28	March 1988	December 1993	Theft of 257 RM GI pipes valued at Rs.0.25 lakh
3.	Umsiang	PHE, Nongpoh	February 1984	3.66	3.66	1987	August 1995	Theft of 155 RM of GI pipes valued at Rs.0.15 lakh.
4.	Umtyrnga	-do-	March 1986	3.52	3.52	1988	February 1994	Theft of 218 RM of GI pipes valued at Rs.0.20 lakh.
5.	Maikhuli	-do-	January 1987	3.13	4.27	1990	December 1994	Theft of 125 RM of GI pipes valued at Rs.0.12 lakh.
6.	Balakhowa	-do-	March 1987	3.54	3.56	1989	April 1992	Theft of 130 RM of GI pipes valued at Rs.0.13 lakh
				28.83	29.99			
7.	Megua Abagre	Baghmara Public Health Engineering (PHE)	October 1985	6.41	6.56	80 per cent up to March 1992	Not completed	Non-completion as the expenditure exceeded the sanctioned cost
Total				35.24	36.55			

APPENDIX - XXV

Details of unserviceable materials

(Reference : Paragraph 5.1; Page 123)

Serial number	Name of the material	Date of receipt	Quantity	Rate (in rupees)	Value (Rupees in lakh)
1.	Brass wheel valve (different size)	March 1979	73 Nos.	230.75 to 1117.00 each	0.42
2.	C.I. Surface Box (different size)	March 1980	180	405.10 to 1185.00 each	1.43
3.	Submersible pump	March 1981	1 No.	1500 each	0.02
4.	Goat proof fencing	February 1978	25 bundle	779.05 to 1569.60 each	0.23
5.	Double gate	March 1981	4 pair	4757.30 per pair	0.19
6.	Cement paint	March 1980	1006 kg	13.65 per kg	0.14
7.	A.C.C. sheet	March 1981	83 pieces	187.10 per piece	0.16
8.	Single and F type Air valve	March 1979	150 Nos.	64.40 to 406.75 each	0.31
9.	CIDF Sluice Valve	October 1978	49 Nos.	350.10 to 616.24 each	0.23
10.	CISS Bend	-do-	2198 kg	3.76 per kg	0.08
11.	D.F. Bend	-do-	2749 kg	-do-	0.10
12.	CIDF pipe	1978 and 1980	151.50 metre	61.37 and 80.67 per metre	0.10
13.	G.I. and M.S. tank	1978 and 1981	8 nos.	572.45 to 209.88 each	0.37
14.	C.I. Non-return valve	1978	109 Nos.	692.71 to 1000 each	0.84
15.	Intermediate post	1978	349 Nos.	29.80 each	0.11
16.	CIS/s Tapper	1978	749 kg	3.76 per kg	0.03
17.	C.I. 8 pigot tail piece	1978	1000 kg	3.76 per kg	0.04
18.	C.I. s/s tee	1978	3198 kg	3.76 per kg	0.12
19.	C.I. flange socketed tail piece	1978	2945 kg	3.76 per kg	0.11
20.	Aluminum corrugated sheet	1979	10 bundles	820.75 per bundle	0.08
21.	G.P. sheet	1979	70 pieces	126 per piece	0.09
					5.20

APPENDIX - XXVI

Statement showing particulars of capital, loans/equity received out of budget, other loans and loans outstanding as on 31 March 2000 in respect of Government Companies and Statutory Corporations.

(Reference : Paragraphs 8.1.3, 8.1.4 and 8.1.5; Pages 168 and 169)

(Figures in brackets indicate budgetary outgo during the year)
(Figures in Columns 3(a) to 4(f) are Rupees in lakh)

Serial number	Sector and Name of the Company/Corporation	Paid-up Capital as at the end of 1999-2000*					Equity/loans received out of Budget during 1999-2000		Other loans received during the year	Loans outstanding at the close of 1999-2000**			Debt equity ratio for 1999-2000 (bracket indicates for previous year) 4(f)/3(e)
		State Government	Central Government	Holding Company	Others	Total	Equity	Loans		Govt.	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	A. Government Companies :												
	Sector : CEMENT												
1.	Mawmluh – Cherra Cements Limited	2083.00	-	-	-	2083.00	-	-	-	-	34.99	34.99	0.02:1 (0.01:1)
	Total of the Sector	**2083.00**	**-**	**-**	**-**	**2083.00**	**-**	**-**	**-**	**-**	**34.99**	**34.99**	**0.02:1 (0.01:1)**
	Sector:INDUSTRIAL DEVELOPMENT AND FINANCING												
2.	Meghalaya Industrial Development Corporation Limited	3240.41	-	-	-	3240.41	50.00	-	358.97	-	1120.73	1120.73	0.35:1 (0.30:1)
	Total of the Sector	**3240.41**	**-**	**-**	**-**	**3240.41**	**50.00**	**-**	**358.97**	**-**	**1120.73**	**1120.73**	**0.35:1 (0.30:1)**
	Sector : HANDLOOM AND HANDICRAFTS												
3.	Meghalaya Handloom and Handicrafts Development Corporation Limited (Subsidiary)	116.99	5.00	4.93	0.07	126.99	15.00	-	-	-	-	-	- (0.17:1)
	Total of the Sector	**116.99**	**5.00**	**4.93**	**0.07**	**126.99**	**15.00**	**-**	**-**	**-**	**-**	**-**	**- (0.17:1)**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	Sector : WATCH ASSEMBLING												
4.	Meghalaya Watches Limited (Subsidiary)	-	-	35.98	-	35.98	-	49.02	-	-	257.31	257.31	7.15:1 (7.06:1)
	Total of the Sector	**-**	**-**	**35.98**	**-**	**35.98**	**-**	**49.02**	**-**	**-**	**257.31**	**257.31**	**7.15:1 (7.06:1)**
	Sector : BAMBOO PRODUCTS												
5.	Meghalaya Bamboo Chips Limited (Subsidiary)	-	-	47.75	0.25	48.00	-	25.68	-	-	441.14	441.14	9.19:1 (4.30:1)
	Total of the Sector	**-**	**-**	**47.75**	**0.25**	**48.00**	**-**	**25.68**	**-**	**-**	**441.14**	**441.14**	**9.19:1 (4.30:1)**
	Sector : ELECTRONICS												
6.	Meghalaya Electronics Development Corporation Limited (Subsidiary)	-	-	471.70	-	471.70	-	-	56.09	-	253.01	253.01	0.54:1 (2.43:1)
	Total of the Sector	**-**	**-**	**471.70**	**-**	**471.70**	**-**	**-**	**56.09**	**-**	**253.01**	**253.01**	**0.54:1 (2.43:1)**
	Sector : FOREST												
7.	Forest Development Corporation of Meghalaya Limited	152.18	20.00	-	-	172.18	-	-	-	-	-	-	-
	Total of the Sector	**152.18**	**20.00**	**-**	**-**	**172.18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Sector : TOURISM												
8.	Meghalaya Tourism Development Corporation Limited	580.79	-	-	-	580.79	-	-	-	170.00	36.29	206.29	0.36:1 (0.29:1)
	Total of the Sector	**580.79**	**-**	**-**	**-**	**580.79**	**-**	**-**	**-**	**170.00**	**36.29**	**206.29**	**0.36:1 (0.29:1)**
	Sector : CONSTRUCTION												
9.	Meghalaya Government Construction Corporation Limited	28.14	-	-	-	28.14	-	-	-	-	-	-	-
	Total of the Sector	**28.14**	**-**	**-**	**-**	**28.14**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
	Sector : MINING												
10.	Meghalaya Mineral Development Corporation Limited	218.12	-	-	-	218.12	-	-	-	-	225.68	225.68	1.03:1 (0.80:1)
	Total of the Sector	**218.12**	**-**	**-**	**-**	**218.12**	**-**	**-**	**-**	**-**	**225.68**	**225.68**	**1.03:1** (0.80:1)
	Total (A)	**6419.63**	**25.00**	**560.36**	**0.32**	**7005.31**	**65.00**	**74.70**	**415.06**	**170.00**	**2369.15**	**2539.15**	**0.36:1** **(0.42:1)**
	B.Statutory Corporations :												
	Sector : POWER												
1.	Meghalaya State Electricity Board	-	-	-	-	-	-	1250.00	50.00	17767.00	16377.00 ***	34144.00	-
	Total of the Sector	**-**	**-**	**-**	**-**	**-**	**-**	**1250.00**	**50.00**	**17767.00**	**16377.00**	**34144.00**	**-**
	Sector : TRANSPORT												
2.	Meghalaya Transport Corporation	2786.00	681.00	-	-	3467.00	-	261.00	-	1337.00	-	1337.00	0.38:1
	Total of the Sector	**2786.00**	**681.00**	**-**	**-**	**3467.00**	**-**	**261.00**	**-**	**1337.00**	**-**	**1337.00**	**0.38:1**
	Sector : WAREHOUSING												
3.	Meghalaya State Warehousing Corporation	116.56	116.56	-	-	233.12	-	-	-	-	-	-	-
	Total of the Sector	**116.56**	**116.56**	**-**	**-**	**233.12**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total (B)	**2902.56**	**797.56**	**-**	**-**	**3700.12**	**-**	**1511.00**	**50.00**	**19104.00**	**16377.00**	**35481.00**	**9.59:1**
	Grand Total (A+B)	**9322.19**	**822.56**	**560.36**	**0.32**	**10705.43**	**65.00**		**1585.70**	**465.06**	**19274.00**	**18746.15**	**38020.15**	**3.55:1**

Note:

* All figures are provisional as given by the Companies/Corporations.

** Loans outstanding at the close of 1999-2000 represents long term loan only.

*** Includes bonds, debentures, inter-corporate deposits.

APPENDIX- XXVII

Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised.

(Reference : Paragraphs 8.1.3, 8.1.4, 8.1.6, 8.1.7, 8.1.8.2, 8.1.8.3, 8.1.10, 8.1.11; Pages 168, 169, 170, 171, 172 and 173)

(Figures in columns 7 to 12 are Rupees in lakh)

Sl.No.	Sector and name of the Company/ Corporation	Name of Department	Date of incorporation	Period of accounts	Year in which accounts finalised	Net Profit(+) /Loss(-)	Net impact of Audit comments	Paid-up Capital	Accumulated Profit(+) /Loss(-)	Capital employed	Total return on capital employed	Percentage of return on capital employed	Arrears of accounts in terms of years	Status of the Company/Corporation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	A: Government Companies:													
	Sector: CEMENT													
1.	Mawmluh-Cherra Cements Limited	Industries	May 20, 1995	1997-98	1999-2000	157.56		2082.85	465.58	2606.93	158.62	6.08	2	Working
	Total of the Sector:					157.56		2082.85	465.58	2606.93	158.62	6.08		
	Sector: INDUSTRIAL DEVELOPMENT AND FINANCING													
2.	Meghalaya Industrial Development Corporation Limited	Industries	April,6 1971	1992-93	1999-2000	4.07	Profit was overstated by Rs.72.79 lakh	2111.72	48.03	2666.79	72.27	2.71	7	Working
	Total of the Sector					4.07		2111.72	48.03	2666.79	72.27	2.71		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Sector:HANDLOOM AND HANDICRAFTS													
3.	Meghalaya Hand-loom and Handi-crafts Development Corporation Limited	Indus-tries	January 10,1979	1992-93	1999-2000	(-)9.98	-	65.99	(-)55.22	20.99	(-)9.98	-	7	Working
	Total of the Sector:					**(-)9.98**	**-**	**65.99**	**(-)55.22**	**20.99**	**(-)9.98**	**-**		
	Sector:WATCH ASSEMBLING													
4.	Meghalaya Watches Limited	Indus-tries	August 7,1979	1997-98	1998-99	(-)58.11	-	35.98	(-)338.96	15.75	(-)27.59	-	2	Under revival/ closure
	Total of the Sector:					**(-)58.11**	**- -**	**35.98**	**(-)338.96**	**15.75**	**(-)27.59**	**-**		
	Sector: BAMBOO PRODUCTS													
5.	Meghalaya Bamboo Chips Limited	Indus-tries	September 14,1979	1993-94	1999-2000	(-)50.72	-	48.00	(-)247.13	41.64	(-)38.00	-	6	Under re-vival/ closure
	Total of the Sector:					**(-)50.72**	**-**	**48.00**	**(-)247.13**	**41.64**	**(-)38.00**	**-**	**6**	
	Sector:ELECTRONICS													
6.	Meghalaya Electro-nics Development Corporation Limited	Indus-tries	March 25,1986	1992-93	1999-2000	(-)173.91	-	397.70	(-)784.48	285.76	(-)102.66	-	7	Working
	Total of the Sector ;					**(-)173.91**	**-**	**397.70**	**(-)784.48**	**285.76**	**(-)102.66**	**-**	**7**	
	Sector: FOREST													
7.	Forest Development Corporation of Meghalaya Limited	Forest	January 30,1975	1993-94	1999-2000	0.38	-	172.19	3.46	148.07	0.38	0.26	6	Working
	Total of the Sector :					**0.38**	**-**	**172.19**	**3.46**	**148.07**	**0.38**	**0.26**		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Sector : TOURISM													
8.	Meghalaya Tourism Development Corporation Limited	Tourism	January 25,1977	1985-86	1999-2000	(-)10.18	-	64.10	(-)22.51	62.03	(-)9.02	-	14	Working
	Total of the Sector;					**(-)10.18**	**-**	**64.10**	**(-)22.51**	**62.03**	**(-)9.02**	**-**		
	Sector: CONSTRUCTION													
9.	Meghalaya Government Construction Corporation Limited	Public Works	March 26,1979	1997-98	1999-2000	(-)61.06	Loss understated by Rs.67.65 lakh	28.14	70.48	98.62	(-)61.06	-	2	Working
	Total of the Sector:					**(-)61.06**		**28.14**	**70.48**	**98.62**	**(-)61.06**	**-**		
	Sector : MINING													
10.	Meghalaya Mineral Development Corporation Limited	Mines and Minerals	March 31,1981	1998-99	1999-2000	(-)14.97	-	218.12	(-)20.36	56.14	(-)14.97	-	1	Working
	Total of the Sector:					**(-)14.97**	**-**	**218.12**	**(-)20.36**	**56.14**	**(-)14.97**	**-**	**1**	
	Total A					**(-)216.92**		**5224.79**	**(-)881.11**	**6002.72**	**(-)32.01**	**-**		
	B. Statutory Corporations :													
	Sector : POWER													
1.	Meghalaya State Electricity Board	Power Electricity Mines and Minerals	January 21,1975	1999-2000	1999-2000	(-)2304.18	SAR is under process of finalisation	-	(-)24833.96	35379.32	1723.09	4.87	-	Working
	Total of the Sector:					**(-)2304.18**		**-**	**(-)24833.96**	**35379.32**	**1723.09**	**4.87**		
	Sector : TRANSPORT													
2.	Meghalaya Transport Corporation	Transport	October 1, 1976	1995-96	1999-2000	(-)306.58	Loss understated by Rs.7.45 lakh	3839.67	(-)3005.38	759.94	(-)306.58	-	4	Working
Total of the Sector:						**(-)306.58**		**3839.67**	**(-)3005.38**	**759.94**	**(-)306.58**	**-**		

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Sector: WAREHOUSING													
3.	Meghalaya State Warehousing	Co-operation	March 1973	1998-99	1999-2000	(+)7.56	Profit overstated by Rs.0.80 lakh.	233.12	(-)1.31	218.72	19.72	9.02	1	Working
	Total of the Sector :					**(+)7.56**		**233.12**	**(-)1.31**	**218.72**	**19.72**	**9.02**		
	Total 'B'					**(-)2603.20**		**4072.79**	**(-)27840.65**	**36357.98**	**1436.23**	**3.95**		
	Grand Total (A+B)					**(-)3037.04**	-	**9297.58**	**(-)28721.76**	**42360.70**	**1404.22**	**3.31**		

APPENDIX - XXVIII

Statement showing financial position of statutory corporations

(Reference : Paragraph 8.1.4 Page 169)

(Rupees in crore)

	Particulars	1997-98	1998-99	1999-2000
1.	**Meghalaya State Electricity Board**			
	A. Liabilities			
(a)	Loans from Government	147.17	165.17	177.67
(b)	Other long-term loans (including bonds)	404.12	412.84	435.11
(c)	Reserves and Surplus	0.12	0.12	0.12
(d)	Current liabilities and Provisions	80.47	85.02	104.27
	Total – A	**631.88**	**663.15**	**717.17**
	B. Assets			
(a)	Gross fixed assets	316.76	328.37	334.26
Less :	Depreciation	101.01	116.54	131.86
Net fixed assets		215.75	211.83	202.40
(b)	Capital works-in-progress	30.76	36.68	38.99
(c)	Deferred Cost	7.46	8.54	9.34
(d)	Current assets	172.09	177.58	216.68
(e)	Investments	1.43	0.83	1.42
(f)	Miscellaneous Expenditure	-	-	-
(g)	Accumulated losses	204.39	227.69	248.34
	Total – B	**631.88**	**663.15**	**717.17**
	#C. Capital employed	338.01	340.95	353.80
2.	**Meghalaya Transport Corporation**			
	A. Liabilities	1993-94	1994-95	1995-96
(a)	Capital (including Capital loan and equity capital)	33.66	36.16	38.80
(b)	Borrowings :			
	Government-	-	-	-
	Others-	-	-	-
(c)	Funds (excluding depreciation fund)	-	-	-
(d)	Trade dues and other current liabilities (including provisions)	2.40	2.93	3.50
	Total – A	**36.06**	**39.09**	**42.30**
	B. Assets			
(a)	Gross Block	11.36	12.02	13.25
	Less : Depreciation	6.61	6.94	7.84
	Net fixed assets	4.75	5.08	5.41
(b)	Capital works-in-progress (including cost of Chassis)	-	-	-
(c)	Investments	-	2.93	1.93
(d)	Current assets, loans and advances	5.94	4.09	4.91
(e)	Deferred cost	-	-	-
(f)	Accumulated losses	25.37	26.99	30.05
	Total – B	**36.06**	**39.06**	**42.30**
	#C- Capital employed	8.29	6.24	6.82

Capital employed represents net fixed assets (including works-in-progress) plus working capital.

	Particulars	1996-97	1997-98	1998-99
3.	**Meghalaya State Warehousing Corporation**			
	A. Liabilities			
(a)	Paid-up Capital	2.08	2.33	2.33
(b)	Reserves and Surplus	0.31	0.12	0.10
(c)	Borrowings :			
	Government	-	-	-
	Others	-	-	-
(d)	Trade dues and other current liabilities (including provision)	0.02	0.01	0.02
	Total – A	**2.41**	**2.46**	**2.45**
	B. Assets			
(a)	Gross Block	1.51	1.30	1.34
	Less : Depreciation	0.29	0.28	0.26
	Net fixed assets	1.22	1.02	1.08
(b)	Capital works-in-progress	-	-	-
(c)	Investments	0.09	0.11	0.09
(d)	Current assets, loans and advances	0.89	1.22	1.27
(e)	Accumulated losses	0.21	0.11	0.01
	Total-B	**2.41**	**2.46**	**2.45**
	C - Capital employed@	**2.09**	**2.23**	**2.33**

@ Capital employed represents the net fixed assets (including capital works-in-progress) plus working capital.

APPENDIX - XXIX

Statement showing working results of statutory corporations
(Reference : Paragraphs 8.1.4 & 8.1.7; Pages 169 and 172)

1. Meghalaya State Electricity Board

(Rupees in crore)

Sl.No.	Particulars	1997-98	1998-99	1999-2000
1.	(a) Revenue receipts	71.17	67.46	77.17
	(b) Subsidy/Sub-vention from Government	9.00	9.50	9.30
	(c) Other income	11.51	12.32	17.16
	Total :	**91.68**	**89.28**	**103.63**
2.	Revenue expenditure (net of expenses capitalised) including writes off of intangible assets but excluding depreciation and interest)	63.14	56.47	71.36
3.	Gross surplus(+)/deficit(-) for the year (1-2)	28.54	32.81	32.27
4.	Adjustments relating to previous years	(-)17.65	0.17	2.39
5.	Final gross surplus (+)/deficit (-) for the year (3+4)	10.89	32.64	34.66
6.	Appropriations :			
	(a) Depreciation (less capitalised)	13.32	14.33	15.04
	(b) Interest on Government loans	13.03	13.86	15.77
	(c) Interest on others, bonds, advance, etc. and finance charges	27.53	28.68	25.44
	(d) Total interest on loans and finance charges (b+c)	40.56	42.54	41.21
	(e) Less : interest capitalised	-	0.94	0.94
	(f) Net interest charged to revenue (d-e)	40.56	41.60	40.27
	(g) Total appropriation (a+f)	53.88	55.93	55.31
7.	Surplus(+)/deficit(-) before accounting for subsidy from State Government {5-6(g)-1(b)}	(-)51.99	(-)32.79	(-)29.95
8.	Net surplus (+)/deficit(-){5-6(g)}	(-)42.99	(-)23.29	(-)20.65
9.	Total return on capital employed@	(-)2.43	18.31	19.62
10.	Percentage of return on capital employed	-	5.37	5.08

2. Meghalaya Transport Corporation

Sl.No	Particulars	1993-94	1994-95	1995-96
1.	**Operating :**			
(a)	Revenue	7.24	6.54	6.26
(b)	Expenditure	9.14	8.63	9.64
(c)	Surplus(+)/deficit(-)	(-)1.90	(-)2.09	(-)3.38
2.	Non-operating			
(a)	Revenue	0.14	0.35	0.31
(b)	Expenditure	-	-	-
(c)	Surplus(+)/deficit(-)	(+)0.14	(+)0.35	(+)0.31
	Total			
(a)	Revenue	7.38	6.89	6.57
(b)	Expenditure	9.14	8.63	9.64
(c)	Surplus(+)/deficit(-)	(-)1.76	(-)1.74	(-)3.07

@ Total return on Capital employed represents the net surplus/deficit plus total interest charged to Profit and Loss account (less interest capitalised).

Sl.No.	Particulars	1993-94	1994-95	1995-96
3.	Interest on capital and loans	Nil	Nil	Nil
4.	Total return on capital employed@	(-)1.76	(-)1.74	(-)3.07

3. Meghalaya State Warehousing Corporation

Sl.No.	Particulars	1996-97	1997-98	1998-99
1.	Income :			
	(a) Warehousing charges	0.10	0.11	0.15
	(b) Other income	0.08	0.11	0.12
	Total – 1	0.18	0.22	0.27
2.	Expenses :			
	(a) Establishment charges	0.09	0.13	0.16
	(b) Other Expenses	0.05	0.02	0.03
	Total-2	0.14	0.15	0.19
3.	Profit (+)/Loss(-) before tax	(+)0.05	(+)0.07	(+)0.08
4.	Provision for tax	-	-	-
5.	Prior period adjustments	(+)0.81	(+)0.03	(+)0.03
6.	Other appropriations	-	-	-
7.	Amount available for dividend	0.05	0.10	0.11
8.	Dividend for the year	-	-	0.01
9.	Total return on capital employed	0.05	0.07	0.08
10.	Percentage of return on capital employed	2.39	3.14	3.43

@ Total return on Capital employed represents net surplus/deficit plus total interest charged to Profit and Loss account.

APPENDIX - XXX

Statement showing operational performance of statutory corporations
(Reference : Paragraph 8.1.9; Page 172)

1.Meghalaya State Electricity Board

Particulars		1997-98	1998-99	1999-2000
1.	Installed Capacity :			(M W)
(a)	Thermal	2.05	2.05	-
(b)	Hydro	186.71	186.71	186.71
(c)	Gas	-	-	-
(d)	Others	-	-	-
	Total	**188.76**	**188.76**	**186.71**
				(M K W H)
2.	Normal maximum demand (inside the State)	183.70	183.65	183.50
3.	Power Generated :			
(a)	Thermal	-	-	-
(b)	Hydro	595.61	555.79	633.54
(c)	Gas	-	-	-
(d)	Others	-	-	-
	Total	**595.61**	**555.79**	**633.54**
	Less : Auxiliary Consumption (brackets indicates percentage of Power Generated):			
(a)	Thermal	-	-	-
(b)	Hydro	2.52 (0.42)	1.69 (0.30)	2.30 (0.36)
(c)	Gas	-	-	-
(d)	Others	-	-	-
	Total	**2.52 (0.42)**	**1.69 (0.30)**	**2.30 (0.36)**
4.	Net Power Generated	593.09	554.10	631.24
5.	Power purchased from Central Grid	30.51	35.42	66.72
6.	Free Power from Central Sectors	47.92	59.29	43.39
7.	Total Power available for Sale (4+5+6)	671.52	648.81	741.35
8.	Power Sold (MU)			
(a)	Within the State	317.47	349.70	378.44
(b)	Outside the State	233.74	168.28	183.52
	Total	**551.10**	**517.98**	**561.96**
9.	Transmission and distribution losses	120.42	130.83	179.39
10.	Load factor (percentage)	37.06	34.25	39.12
11.	Percentage of transmission and distribution losses to total power available for sale	17.93	20.17	24.20
12.	Number of villages/towns electrified	2510	2510	2510
13.	Number of Pump sets/wells energised	65	65	65
14.	Number of Sub-stations	NA	NA	NA
15.	Transmission/distribution lines (in KMs)			
(a)	High/medium voltage	NA	NA	NA
(b)	Low voltage	NA	NA	NA

Sl.No.	Particulars	1997-98	1998-99	1999-2000
16.	Connected load (in MW)	326.90	316.95	379.105
17.	Number of consumers	114744	123210	145828
18.	Number of employees	4363	4221	4083
19.	Consumer/employees ratio	26:1	29:1	36:1
20.	Total expenditure on staff during the year (Rupees in crore)	41.90	43.50	49.21
21.	Percentage of expenditure on staff to total revenue expenditure.	31.11	38.64	38.85
22.	Unit sold (M K W H) (brackets indicate percentage share to total units sold)			
	(a) Agriculture	0.14 (0.26)	0.25 (0.05)	0.24 (0.04)
	(b) Industrial	49.06 (8.90)	76.89 (14.84)	77.36 (13.77)
	(c) Commercial	37.12 (6.74)	34.15 (6.59)	37.88 (6.74)
	(d) Domestic	121.12 (21.98)	122.87 (23.72)	171.60 (30.54)
	(e) Interstate	233.74 (42.42)	168.28 (32.49)	183.52 (32.66)
	(f) Others	109.92 (19.70)	115.53 (22.31)	91.36 (16.25)
	Total	**551.10 (100.00)**	**517.98 (100.00)**	**561.96 (100.00)**
				(Paise per KWH)
	(a) Revenue (excluding subsidy from Government)	129	154	168
	(b) Expenditure*	212	221	226
	(c) Profit(+)/Loss(-)	(-)83	(-)67	(-)58

2. Meghalaya Transport Corporation

Sl.No.	Particulars	1993-94	1994-95	1995-96
1.	Average number of vehicles held	191	187	184
2.	Average number of vehicles on road	84	82	81
3.	Percentage of utilisation of vehicles	44	44	44
4.	Number of employees	937	905	893
5.	Employee vehicle ratio	1:4.90	1:4.84	1:4.85
6.	Number of routes operated at the end of the year			
7.	Route Kilometres	8044	8326	7324
8.	Kilometres operated (in lakh)			
	(a) Gross	59.15	54.26	48.97
	(b) Effective	58.31	53.50	48.43
	(c) Dead	0.84	0.76	0.54
9.	Percentage of dead Kilometres to gross Kilometres	1.42	1.40	1.10
10.	Average Kilometres covered per bus per day	190	179	163

* Revenue expenditure includes depreciation but excludes interest on long term loan.

	Particulars	1993-94	1994-95	1995-96
11.	Operating revenue per Kilometre (paise)	697	711	758
12.	Average expenditure per Kilometre (paise)	1379	1299	1794
13.	Profit(+)/Loss(-) per Kilometre (paise)	(-)682	(-)588	(-)1036
14.	Number of operating depots	7	8	8
15.	Average number of break-down per lakh Kilometres	0.10	0.10	0.09
16.	Average number of accidents per lakh Kilometres	0.02	0.02	0.02
17.	Passenger Kilometre operated (in crore)	19.24	26.75	13.73
18.	Occupancy ratio	66	62	63

3. Meghalaya State Warehousing Corporation

Sl.No.	Particulars	1996-97	1997-98	1998-99
1.	Number of Stations covered	5	5	5
2.	Storage capacity created up to the end of the year (tonne in lakh)			
(a)	Owned	0.113	0.113	0.113
(b)	Hired	-	-	-
	Total	**0.113**	**0.113**	**0.113**
3.	Average capacity utilised during the year (tonnes in lakh)	1.19	1.27	1.33
4.	Percentage of utilisation	88.32	93.91	98.60
5.	Average revenue per tonne per year (Rupees)	164.39	193.84	239.92
6.	Average expenses per tonne per year (Rupees)	123.18	134.84	173.02
7.	Profit(+)/Loss(-) per tonne (Rupees)	(+)41.01	(+)59.00	(+)66.90

APPENDIX-XXXI

Statement showing subsidy/grants received, guarantees received and guarantees outstanding at the end of March 2000

(Reference : Paragraph 8.1.5 ; Page 169)

(Figures in Columns 3(a) to 4(e) are Rupees in lakh)

Sl. No.	Name of the Public Sector Undertaking	@ Subsidy/grant received during the year				Guarantees received during the year and outstanding at the end of the year**				
		Central Govern-ment	State Government	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)
A-Government Companies										
1.	Mawmluh-Cherra Cements Limited	-	-	-	-	-	-	-	-	-
2.	Meghalaya Industrial Development Corporation Limited	-	-	-	-	-	-	-	-	-
3.	Meghalaya Handloom and Handicrafts Development Corporation Limited (Subsidiary)	-	1.00(S)	-	1.00(S)	-	-	-	-	-
4.	Meghalaya Watches Limited (Subsidiary)	-	-	-	-	-	-	-	-	-
5.	Meghalaya Bamboo Chips Limited (Subsidiary)	-	-	-	-	-	-	-	-	-
6.	Meghalaya Electronics Development Corporation Limited (Subsidiary)	-	-	-	-	-	-	-	-	-
7.	Forest Development Corporation of Meghalaya Limited	-	-	-	-	-	-	-	-	-
8.	Meghalaya Tourism Development Corporation Limited	-	20.00(G)	-	20.00(G)	-	- (36.29)	-	-	- (36.29)

1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)
9.	Meghalaya Government Construction Corporation Limited	-	-	-	-	-	-	-	-	-
10.	Meghalaya Mineral Development Corporation Limited	-	0.74(G)	-	0.74(G)	-	- (225.68)	-	-	- (225.68)
	Total – A	-	21.74	-	21.74	-	- (261.97)	- -	- -	- (261.97)
	B-Statutory Corporations									
1.	Meghalaya State Electricity Board	-	930.00(S)	-	930.00(S)	-	12635.00 (12113.00)	-	-	12635.00 (12113.00)
2.	Meghalaya Transport Corporation	-	220.00(S)	-	220.00(S)	-	-	-	-	-
3.	Meghalaya State Warehousing Corporation	-	-	-	-	-	-	-	-	-
	Total – B	-	1150.00	-	1150.00	-	12635.00 (12113.00)	-	-	12635.00 (12113.00)
	GRAND TOTAL (A+B)	-	1171.74	-	1171.74	-	12635.00 (12374.97)	-	-	12635.00 (12374.97)

@ Subsidy includes subsidy receivable at the end of the year which is shown in brackets.

** Figures in bracket indicate guarantees outstanding at the end of the year

(S) Subsidy and (G) Grants.

APPENDIX - XXXII

Table showing power generated, purchased, sold (within the State and outside the State[a]) and Transmission and distribution loss during the five years period from 1995-96 to 1999-2000

(Reference : Paragraph 8.2.5; Page 181)

A. Power available for sale	1995-96	1996-97	1997-98	1998-99	1999-2000
			(million units)		
Gross generation	542.55	486.01	595.61	555.79	633.54
Less : Auxiliary consumption	1.96	1.72	2.52	1.69	2.30
i) Net Power Generated	540.59	484.29	593.09	554.10	631.24
ii) Power purchased	39.44	30.86	30.51	35.42	66.72
iii) Free Power from NEEPCO	38.95	47.40	47.92	59.29	43.39
Net Power available for sale	**618.98**	**562.55**	**671.52**	**648.81**	**741.35**
B. Power sold					
i) within the State	273.02	300.49	317.36	349.71	378.44
ii) outside the State	224.30	153.39	233.74	168.28	183.52
Total Power sold	**497.32**	**453.88**	**551.10**	**517.99**	**561.96**
C. Transmission and Distribution (T&D) loss					
i) within the State	112.31	102.28	110.68	123.81	171.74
ii) outside the State	9.35	6.39	9.74	7.01	7.65
Total T&D loss	**121.66**	**108.67**	**120.42**	**130.82**	**179.39**
D. Percentage of T&D Loss to Power available for sale					
i) within the State	41.13	34.03	34.88	35.40	31.21
ii) outside the State	4.00	4.00	4.00	4.00	4.00
iii) overall	19.65	19.31	17.93	20.16	24.20

[a] Sale outside the State represents sale mainly to Assam State Electricity Board at Extra High Voltage under special agreements.

APPENDIX - XXXIII

Categogry wise surplus/deficit of Power sold

(Reference : Paragraph 8.2.6.3; Page 182)

(Rupees in crore)
Surplus(+)/Deficit(-)

Category of Consumers		1995-96	1996-97	1997-98	1998-99	Total
1.	Domestic	(-)14.02	(-)17.73	(-)31.64	(-)32.92	(-)96.31
2.	Commercial	(-) 6.87	(-) 8.37	(-) 7.10	(-) 6.14	(-)28.48
3.	Industrial	(-) 6.77	(-) 7.62	(-) 2.29	(-) 5.82	(-)23.00
4.	Agriculture	(-) 0.28	(-) 0.41	(-) 0.43	(-) 0.01	(-) 1.13
5.	Public Lighting	(-) 0.47	(-) 0.63	(-) 0.67	(+) 0.12	(-) 1.65
6.	Water Supply	(-) 2.02	(-) 2.34	(-) 1.64	(-) 0.58	(-) 6.58
7.	Bulk Supply	(+) 1.23	(+) 1.34	(+) 3.14	(+) 0.97	(+) 6.68
8.	General Purpose	(-) 3.49	(-) 8.46	(-)10.08	(-)10.27	(-)32.30
9.	Inter-state (EHT)	(+) 3.65	(+) 6.46	(+) 7.21	(+)10.61	(+)27.93
	Total	(-) 29.04	(-) 37.76	(-) 44.00	(-) 44.04	(-) 154.84

APPENDIX - XXXIV

Details of number of consumers vis-a-vis number of metered and un-metered bills served by the Sub-Divisions

(Reference : Paragraph 8.2.7.1 ; Page 183)

Sl. No.	Name of sub-divisions	Total consumers (L.T.)	No.of metered bills	No.of un-metered bills			Total bills served
				Flat rate	Minimum charge	Assessment bills	
1.	Jaintia Hills Revenue	16,410	-------- Not available --------------				
2.	Nangalbibra	1,851	566	488	11	771	1,836
3.	Phulbari	3,636	1,424	338	212	1,663	3,637
4.	Tura Revenue	7,847	5,646	476	-	1,629	7,751
5.	Dalu	1,462	304	192	24	896	1,416
6.	Garobadha	3,866	1,136	510	119	820	2,585
7.	Williamnagar	2,338	897	44	131	54	1,618
8.	Bagmara	2,242	353	510	33	1,169	2,065
9.	Mendhipathar	3,439	273	-	14	2,004	2,291
10.	Bajengdoba	1,566	61	110	79	752	1,002
11.	Revenue SD II	9,698	4,090	302	1,222	3,973	9,587
12.	Mawsynram	4,313	470	606	4	2,658	3,738
13.	Revenue SD I	35,124	26,943	-	5,925	2,256	35,124
14.	Mairang	4,438	363	103	83	3,605	4,154
15.	Mawkyrwat	3,848	45	821	59	2,512	3,437
16.	Nongstoin	5,806	786	754	561	3,457	5,558
17.	Mawryngkneng	3,993	1,743	379	-	972	3,094
18.	Pynursla	5,258	333	195	201	1,075	1,804
19.	Cherra Electrical	4,479	863	119	82	1,606	2,670
20.	Nongpoh	5,166	559	1,029	201	635	2,424
21.	Byrnihat	1,796	631	14	298	557	1,500
22.	Umiam revenue	4,137	741	738	58	336	1,879
	Total	**1,32,713**	**48,227**	**7,728**	**9,317**	**33,892**	**99,164**
Percentage to total bills served			49	8	9	34	

APPENDIX - XXXV

Details of checks carried out by the vigilance wing of the Board during 1995-96 to 1999-2000.

(Reference : Paragraph 8.2.7.2 ; Page 183)

Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
1. Number of Consumers	1,04,180	1,11,409	1,14,744	1,23,210	1,29,859
2. Number of metered consumers	N.A	N.A	N.A	N.A	N.A
3. Number of connections checked	656	2,848	2,769	1,584	3,161
4. Percentage of checks to total consumers	0.63	2.56	2.41	1.29	2.43
5. No.of cases where mal-practices noticed	492	1,748	1,338	502	2,883
6. Percentages of malpractice/ theft cases to number of cases checked	75	61	48	32	91
7. Compensation bills raised (Rupees in lakh)	8.85	29.21	21.00	5.60	17.56
8. Revenue realised (Rupees in lakh)	4.55	18.07	10.66	5.14	6.80
9. Percentage of realisation to assessment	51	62	51	92	39

APPENDIX - XXXVI

Details of loss of revenue due to billing on average consumption basis instead of assessment billing

(Reference : Paragraph. 8.2.8.3 ; Page 184)

Name of the Consumer	Category	Contract demand (KVA)	Month from which meter stopped functioning	Duration of average billing upto February 2000 exceeding three months	Average consumption billed (KWH)	Assessed consumption per (KWH)	Short billing per month (KWH)	Total short billing (MU)	Loss of revenue at applicable tariff rate (Rs.in lakh)
1. Civil Hospital, Shillong	Bulk Supply	500	Nov. 1997	25	36,820	73,440	36,620	0.92	13.18
2. NEHU, Shillong	-do-	2X190 2X250	Nov.1991	97	47,032	55,814 73,440*	8,782 26,408*	1.86	21.80
3. DC Jaintia Hills	-do-	195	May 1998	19	1,000	28,641	27,641	0.53	7.66
4. SDO (Civil) Jowai	-do-	66	January 1999	11	1,030	9,694	8,664	0.09	1.44
5. EE, Irrigation Nongpoh	Water Supply	106	-do-	11	4,000	15,569	11,569	0.13	2.02
6. EE., Irrigation Jowai	-do-	264	-do-	11	13,171	38,776	25,605	0.28	4.47
7. Nongri WSS (PHE) Jowai	-do-	63	-do-	11	Nil	9,253	9,253	0.10	1.62
8. Khlieh Tyrshi Cattle Farm and GM DIC, Jowai	Bulk Supply	2x63	-do-	11	Nil	18,506	18,506	0.20	3.24 **55.43**

* From June 1995.

APPENDIX - XXXVII

Details of energy pilfered and feeder-wise industrial consumers

(Reference : Paragraph 8.2.8.4 ; Page 185)

A. Energy pilfered

Period	Estimated consumption (KWH)	Net quantity injected (KWH)	Quantity billed (KWH)	Quantity pilfered (KWH)	Value of pilfered energy (Rupees)
Feeder No.1					
August 97 to September 99	140,85,743	Not available	42,32,180	98,53,563 (70 per cent)	1,33,02,310
October 97 to December 99	Nil	21,66,067	17,40,270	4,25,797 (20 per cent)	6,81,003
Feeder No.2					
May 97 to December 98	238,93,185	Not available	46,07,336	192,85,849 (81 per cent)	2,60,35,896
January 99 to December 99	-	4,36,44,720	1,61,01,160	275,43,560 (63 per cent)	3,85,50,885
	379,78,928	**4,58,10,787**	**2,66,80,946**	**571,08,769**	**7,85,70,094**

B. Feeder-wise Industrial Consumers

Name of Consumer	Date of release of load	Connected load (KW)	Date of installation of injection meters on feeders	Date of change of metering and installation of Steel metering cabinet	Remarks
Feeder No.1					
1.M/s Pawan Ispat (P) Ltd	2.8.1997	1735.96	27.11.98 at Byrnihat	15.10.1999	The feeder connects 33/11 KV S/S at Byrnihat. The
2.M/s Ganapati Rolling Mills (P) Ltd.	4.1.1999	787.25	1.10.99 at Umtru Power House (UPS)	15.10.1999	line tapped midway for feeding the two consumers.
Feeder No.2					
1. M/S Jaintia Alloys (P) Ltd	17.3.1999 8.10.1999	1598.75 1202.11 **2800.86**	11.5.99 UPS	28.9.1999	No other consumer on this feeder.
2. M/s Shree Sai Megha Alloys (P) Ltd.	19.5.1997 13.3.99 26.11.99	1955.46 1689.54 967.00 **4612.00**		12.10.1999	Although injection meter was installed in May 1999, the energy injected
3.M/s Satyam Steel & Alloys (P) Ltd	4.10.1997 22.12.1999	1634.15 438.35 **2072.50**		23.9.1999	into this line could be derived from Jan.1999.
4.M/s Sivam Ispat & Alloys (P) Ltd	20.12.1998 17.12.1999	1945.00 399.04 **2344.04**		5.10.1999	
Feeder No.3					
1.M/s Meghalaya Steel & Concrete Products (P) Ltd.	9.7.1999 16.11.1999	1907.58 751.92 **2659.50**	7.10.1999 (UPS)	15.10.1999	No other consumer on this feeder.

APPENDIX - XXXVIII

Position of assessment, collection and arrear of revenue for the period from 1995-96 to 1999-2000

(Reference : Paragraph 8.2.9; Page 189)

(Rupees in crore)

Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
1. Arrears of revenue for sale of energy including electricity duty and delayed payment surcharge at the beginning of the year :					
(a) Within the state	12.51	17.46	24.14	32.65	19.12[(a)]
(b) Inter state	44.33	59.07	58.20	72.99	112.48
Total :	**56.84**	**76.53**	**82.34**	**105.64**	**131.60**
2. Revenue assessed during the year :					
(a) Within the state	27.29	36.11	44.10	41.28	51.99
(b) Inter state	31.52	29.73	37.54	38.34	42.24
Total :	**58.81**	**65.84**	**81.64**	**79.62**	**94.23**
3. Total amount due for collection (1 + 2) :					
(a) Within the state	39.80	53.57	68.24	73.93	71.11
(b) Inter state	79.85	88.80	95.74	111.33	154.72
Total :	**115.65**	**142.37**	**163.98**	**185.26**	**225.83**
4. Revenue collected during the year :					
(a) Within the state	22.34	29.43	35.59	36.45	53.18
(b) Inter state	16.78	30.60	22.75	17.21	19.38
Total :	**39.12**	**60.03**	**58.34**	**53.66**	**72.56**
5. Arrear of Revenue at the end of the year (3 - 4) :					
(a) Within the state	17.46	24.14	32.65	37.48	18.43
(b) Inter state	59.07	58.20	72.99	94.12	134.84
Total :	**76.53**	**82.34**	**105.64**	**131.60**	**153.27**
6. Percentage of collection to total revenue fell due (Percentage of 4 to 3) :					
(a) Within the state	56.13	54.94	52.15	49.30	74.78
(b) Inter state	21.01	34.46	23.76	15.46	12.52
(c) Overall	33.83	42.16	35.58	28.96	32.13
7. Arrear of revenue in terms of months' billing/assessment :					
(a) Within the state	7.68	8.02	8.88	10.89	4.13
(b) Inter state	22.48	23.49	23.33	29.45	38.44

[(a)] Rs.18.36 crore taken into inter-state category

APPENDIX – XXXIX

Statement showing percentage of Line Losses (including normal T&D Loss) to total quantity of energy injected

(Reference : Paragraph 8.2.10; Page 191)

Areas		Percentage of Line loss including normal loss of 11 per cent				
		1996-97	1997-98	1998-99	1999-2000	Total
1.	Shillong	35.30	23.59	35.60	40.58	-
2.	Tura Town	50.16	50.17	45.80	51.97	-
3.	Byrnihat	58.68	59.19	80.76	55.55	-
4.	Jowai Town	30.71	30.72	26.04	46.90	-
5.	Umiam	16.44	19.96	47.88	41.84	-
6.	Mawryngkneng	45.00	44.04	62.28	7.49	-
7.	Pynursla	74.65	76.03	70.52	78.62	-
8.	Mawsynram	78.96	76.68	76.69	72.35	-
9.	Nongstoin-Mairang	76.83	69.69	67.63	82.59	-
10.	Dalu	53.96	53.96	73.33	62.48	-
11.	Bajengdoba	75.05	74.58	76.06	83.28	-
Total quantity injected(MU)		280.55	304.30	357.75	421.88	1364.48
Total quantity sold (MU)		159.25	184.70	185.85	221.95	751.75
Total Line Loss (MU)		121.30	119.60	171.90	199.93	612.73
Overall Loss (%)		43.23	39.30	48.05	47.39	44.91

APPENDIX - XL

Table showing
(a) Working results, (b) Percentage of expenditure under different heads to total expenditure (c) Contributed value of employees cost, and (d) trend of revenue per effective kilometre operated for the period from 1995-96 to 1999-2000.

(Reference : Paragraph 8.3.5; Page 195)

(Figures for 1996-97 to 1999-2000 are provisional)

A. Working results

(Rupees in lakh)

		1995-96	1996-97	1997-98	1998-99	1999-2000
1.	Revenue	457.07	418.07	421.33	403.34	468.63
2.	Expenditure (excluding depreciation)	873.18	813.59	905.79	762.13	896.41
	Cash loss (2-1)	416.11	395.52	486.46	358.79	427.78
3.	Subsidy received from Government	200.00	235.00	220.00	220.00	220.00
	Net Cash loss	216.11	160.52	266.46	138.79	207.78
4.	Depreciation	90.47	90.00	90.00	90.00	68.00
	Net loss	306.58	250.52	356.46	228.79	275.78

B. Percentage of expenditure to total expenditure under different heads

(Rupees in lakh)
(Bracket indicates percentage of total expenditure)

		1995-96	1996-97	1997-98	1998-99	1999-2000
i)	Staff Salaries & Wages	439.55 (45.61)	563.84 (62.40)	611.30 (61.39)	535.26 (62.81)	656.31 (68.05)
ii)	HSD and Lubricants	117.01 (12.14)	86.91 (9.62)	102.85 (10.33)	94.70 (11.11)	82.25 (8.53)
iii)	Tyres and tubes	55.63 (5.77)	56.17 (6.22)	53.15 (5.34)	39.50 (4.64)	30.81 (3.19)
iv)	Spare parts	66.17 (6.87)	74.95 (8.29)	91.11 (9.15)	62.33 (7.31)	96.26 (9.98)
v)	Depreciation	90.47 (9.39)	90.00 (9.96)	90.00 (9.04)	90.00 (10.56)	68.00 (7.05)
vi)	Others	194.82 (20.22)	31.72 (3.51)	47.38 (4.76)	30.34 (3.56)	30.78 (3.20)
	Total	963.65	903.59	995.79	852.13	964.41

C. Contributed value to employees cost

(Rupees in lakh)

		1995-96	1996-97	1997-98	1998-99	1999-2000
(a)	Total revenue	457.07	418.07	421.33	403.44	468.63
Less :	Cost of fuel, lubricants, tyres, tubes and spare parts	238.81	218.03	247.11	196.53	209.32
(b)	Contributed value	218.26	200.04	174.22	206.81	259.31
(c)	Employees cost	439.55	563.84	611.30	535.26	656.31
(d)	Employees cost fell short of contributed value (c-b)	211.29	363.80	437.08	325.25	397.00
(e)	Subsidy received from from Government	200.00	235.00	220.00	220.00	220.00
(f)	Shortfall of employees cost even after receipt of subsidy (d-c)	21.29	128.80	217.08	105.25	177.00

D. Trend of revenue and expenditure per effective Kilometre operated

(Rupees in lakh)

		1995-96	1996-97	1997-98	1998-99	1999-2000
1.	Total effective Kilometre operated (in lakh)	48.43	45.80	43.34	38.04	24.82
2.(i)	Revenue (Rs.in lakh)	457.07	418.07	421.33	403.34	468.63
(ii)	Revenue per effective Kilometre (Rupees)	9.44	9.13	9.72	10.60	18.88
3.	Expenditure per effective Kilometre (Rupees) :					
(a)	Staff Salaries & Wages	9.08	12.31	14.10	14.07	26.44
(b)	Fuel and lubricant	2.42	1.90	2.37	2.49	3.31
(c)	Tyres and tubes	1.15	1.22	1.23	1.04	1.24
(d)	Spare parts	1.37	1.64	2.11	1.64	3.88
(e)	Depreciation	1.87	1.97	2.08	2.37	2.74
(f)	Others	4.02	0.69	1.09	0.79	1.24
	Total expenditure per effective Kilometre	19.91	19.73	22.98	22.40	38.85
4.	Loss per effective Kilometre operated	10.47	10.60	13.26	11.80	19.97

APPENDIX – XLI

Statement showing number of routes, fleet utilisation, distance operated per bus per day and occupancy ratio for five years for 1995-96 to 1999-2000

(Reference : Paragraph 8.3.7; Page 197)

	1995-96	1996-97	1997-98	1998-99	1999-2000
1. Number of routes operated	53	53	54	54	54
2. Average number of vehicles held	184	191	191	146	152
3. Average number of vehicles on road	81	77	78	56	54
4. Percentage of fleet utilisation(percentage of 3 to 2)	44	40	41	38	35
5. Effective kilometres operated (in lakh)	48.43	45.80	43.34	38.04	24.82
6. Vehicle productivity (a) kms operated per bus per day on fleet strength (5÷2) ÷ 365 days	72.11	65.70	62.17	71.38	45
(b) kms operated per bus per day by on road buses (5÷1) ÷ 365 days	163.81	162.96	152.23	188.50	126
7. Passengers kilo-metres offered(in lakh)	2179.35	2061.00	1863.62	1635.72	1067.26
8. Passengers kilometres operated(in lakh)	1372.99	1422.09	1248.63	1014.14	693.72
9. Occupancy ratio (percentage of 8 to 7)	63	69	67	62	65

APPENDIX XLII

Statement showing occupancy ratio of 30 routes

(Reference: Paragraph 8.3.7.5; Page 201)

Range of occupancy ratio	Number of routes	EPKM 1998-99 (Rupees)
Below 10 per cent	1	0.86
10 but below 20 per cent	2	2.79
20 but below 30 per cent	3	3.55
30 but below 40 per cent	8	5.74
40 but below 50 per cent	8	6.81
50 but below 60 per cent	3	8.31
60 but below 70 per cent	4	9.66
70 but below 80 per cent	1	11.15

APPENDIX – XLIII

Table showing name of major assemblies, norm fixed for overhauling, number of assemblies required to be reconditioned annually and number of assemblies actually reconditioned.

(Reference : Paragraph 8.3.9.2; Page 202)

Sl. No.	Name of major assemblies	Norm fixed for over-hauling After run of kms.	Number of assemblies required to be recondi-tioned annually	Actually reconditioned (bracket indicates average kms performed before reconditioning) (In lakh) 1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
1.	Engine	60,000	90	21 (2.57)	19 (2.84)	31 (1.74)	39 (1.38)	33 (1.64)
2.	Gear box	45,000	120	54 (1.00)	34 (1.54)	38 (1.42)	55 (0.98)	27 (2.00)
3.	Differential	45,000	120	16 (3.38)	9 (6.00)	12 (4.50)	20 (2.70)	10 (5.40)
4.	Steering	75,000	72	22 (2.45)	10 (5.40)	5 (10.80)	10 (5.40)	4 (13.50)
5.	Fuel injection Pump	45,000	120	38 (1.42)	37 (1.46)	37 (1.46)	31 (1.74)	22 (2.45)
6.	Self starter	60,000	90	13 (4.15)	21 (2.57)	23 (2.35)	17 (2.00)	14 (3.86)
7.	Alternator	60,000	90	12 (4.50)	8 (6.75)	8 (6.75)	10 (5.40)	6 (9.00)

ERRATA

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA FOR THE YEAR ENDED 31 MARCH 2000 – GOVERNMENT OF MEGHALAYA

<table>
<tr><th>Sl. No.</th><th>Page No./Para No.</th><th>Line No./ Other reference</th><th colspan="3">For</th><th colspan="3">Read</th></tr>
<tr><td>1.</td><td>Overview/Page xviii/2nd Sub-para</td><td>3rd line</td><td colspan="3">re-imburseable</td><td colspan="3">reimbursable</td></tr>
<tr><td>2.</td><td>40/3.1.6</td><td>12th and 13th line below table</td><td colspan="3">was kept either in civil deposit (Rs.415.50 lakh) or in Co-operative Bank</td><td colspan="3">was kept in civil deposit (Rs.415.50 lakh) and Co-operative Bank</td></tr>
<tr><td>3.</td><td>Page 45/3rd Sub-para</td><td>3rd line</td><td colspan="3">re-imburseable</td><td colspan="3">reimbursable</td></tr>
<tr><td>4.</td><td>Page 49/Sub-para 3.2.4(ii)</td><td>5th line</td><td colspan="3">to the GOI</td><td colspan="3">by the GOI</td></tr>
<tr><td>5.</td><td>Page 71/ Para 3.4.1</td><td>3rd line</td><td colspan="3">Section 64</td><td colspan="3">Section 4</td></tr>
<tr><td>6.</td><td>Page 124/Para 6.1</td><td>2nd line from top</td><td colspan="3">Rs.970.22 crore</td><td colspan="3">Rs.1018.18 crore</td></tr>
<tr><td>7.</td><td>Page 125/First Table</td><td>Column 3/Serial 1</td><td colspan="3">368.07</td><td colspan="3">3683.07</td></tr>
<tr><td rowspan="6">8.</td><td rowspan="6">273/APPENDIX - XXX – Meghalaya State Warehousing Corporation</td><td></td><td>1996-97</td><td>1997-98</td><td>1998-99</td><td>1996-97</td><td>1997-98</td><td>1998-99</td></tr>
<tr><td>Sl.No. 3</td><td>1.19</td><td>1.27</td><td>1.33</td><td>0.081</td><td>0.106</td><td>0.111</td></tr>
<tr><td>Sl.No. 4</td><td>88.32</td><td>93.91</td><td></td><td>71.68</td><td>93.81</td><td></td></tr>
<tr><td>Sl.No. 5</td><td>164.39</td><td></td><td></td><td>234.57</td><td></td><td></td></tr>
<tr><td>Sl.No. 6</td><td>123.18</td><td></td><td></td><td>172.84</td><td></td><td></td></tr>
<tr><td>Sl.No. 7</td><td>(+) 41.01</td><td></td><td></td><td>(+) 61.73</td><td></td><td></td></tr>
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