



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

**For the years ended 31 March 1999 & 2000**

**Garo Hills Autonomous District Council  
Tura, Meghalaya**

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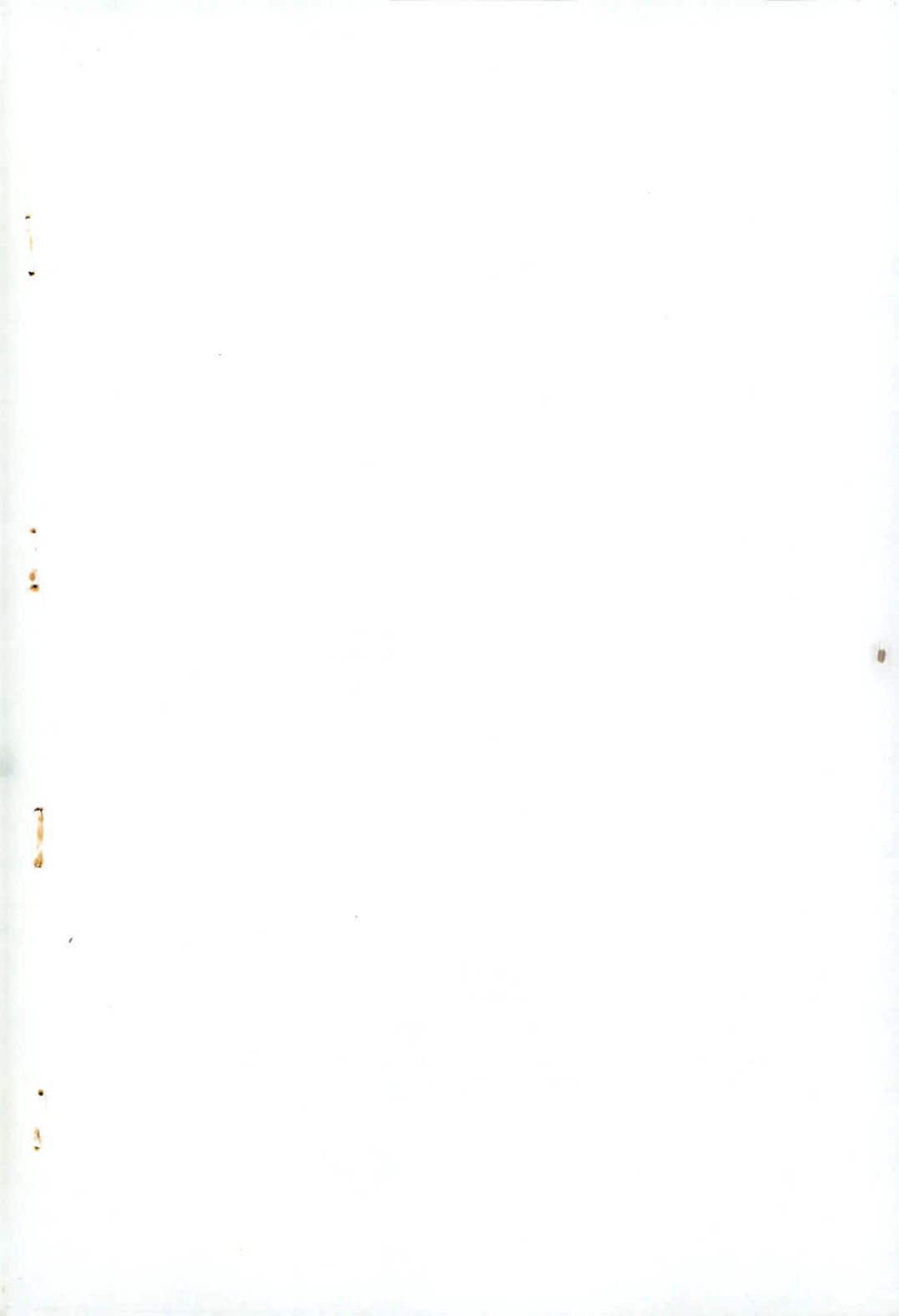
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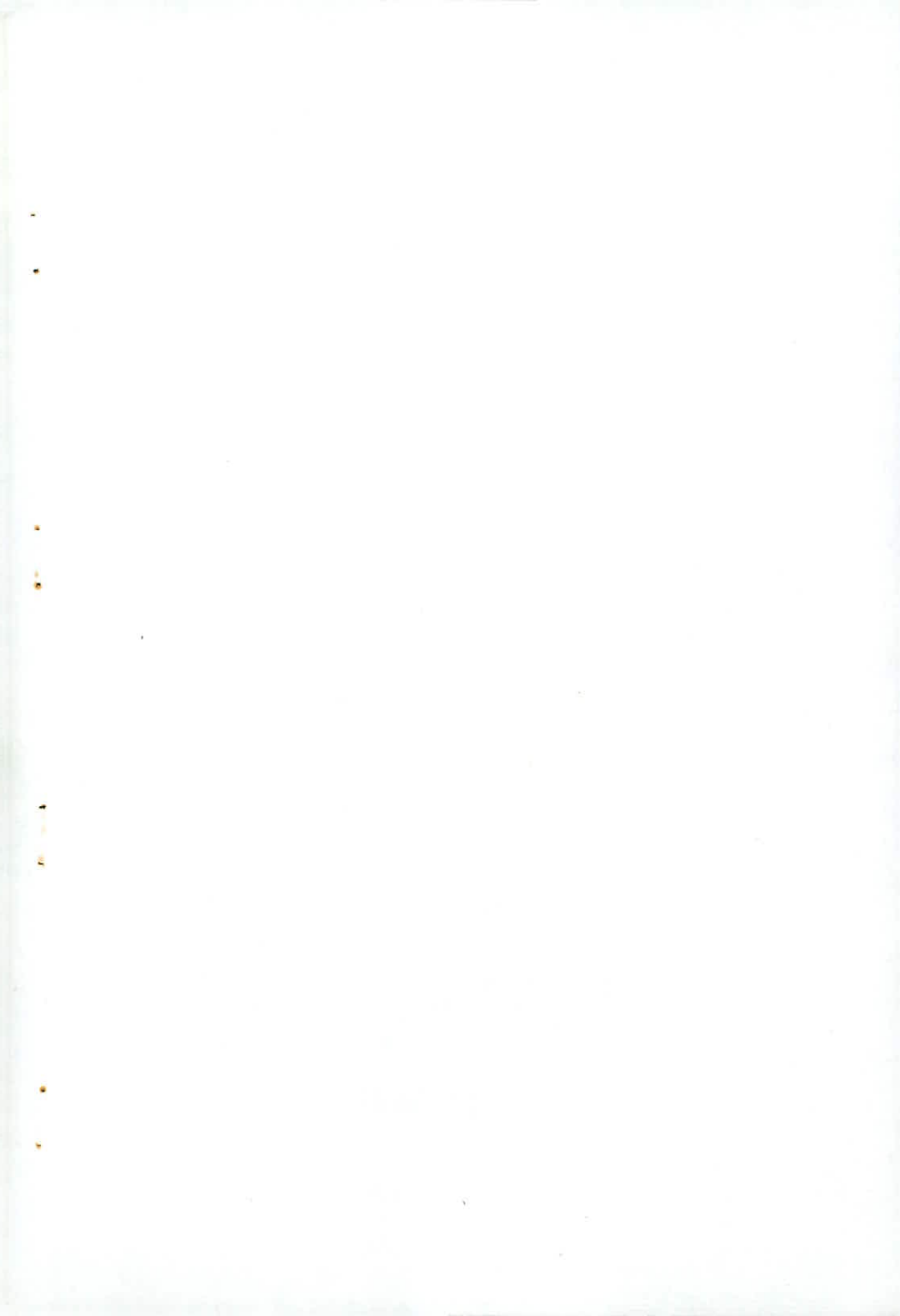


## PREFACE

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

2. The cases mentioned in this Report are those which came to notice in the course of test-check of the accounts of the Council for the years 1998-99 and 1999-2000.

3. This Report contains three sections of which one section deals with the constitution of the Council, the rules for the management of the District Fund and maintenance of accounts by the District Council. The remaining two sections deal with the Council's financial position and irregularities noticed in audit relating to the years 1998-99 and 1999-2000.



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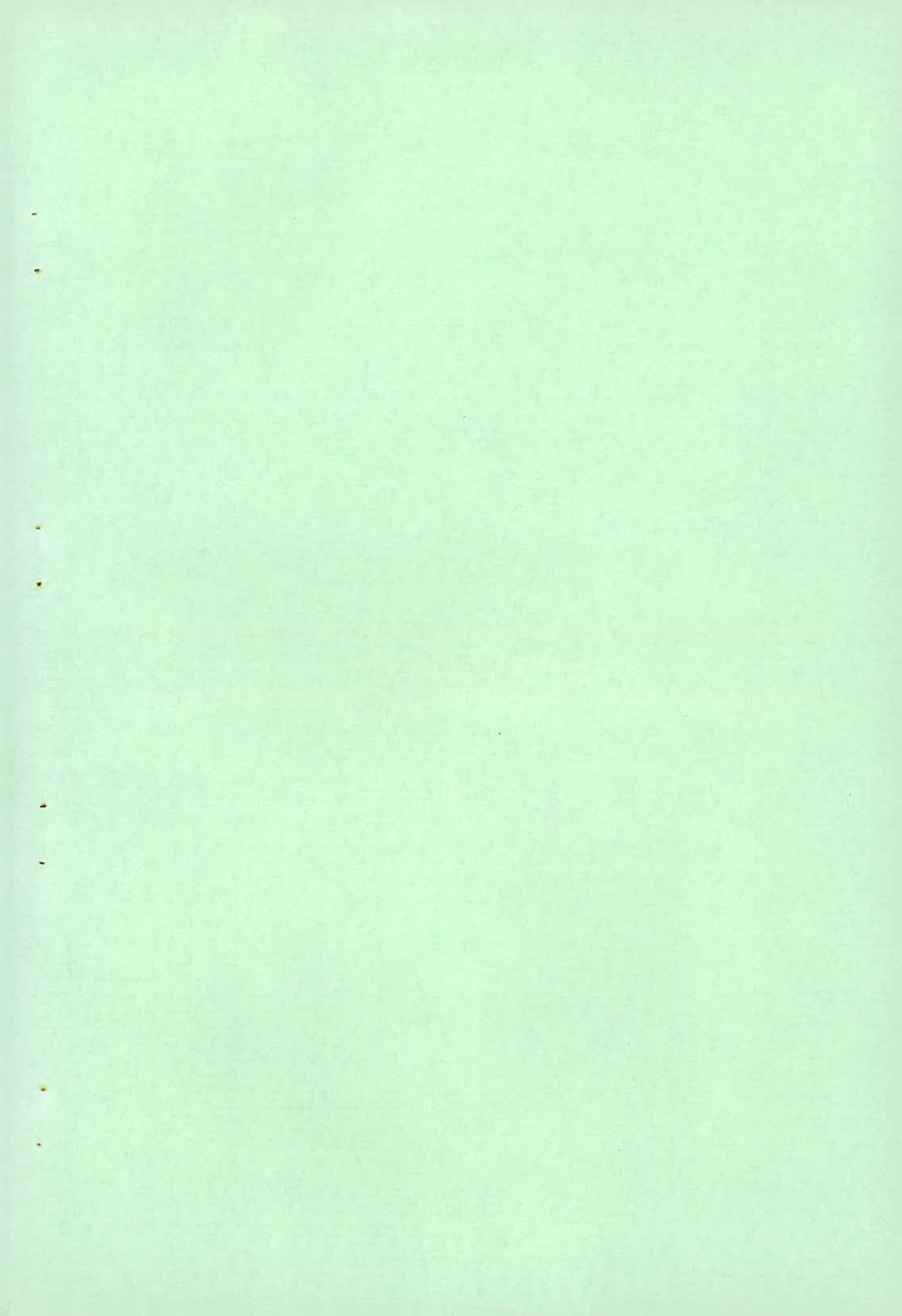
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## OVERVIEW

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## OVERVIEW

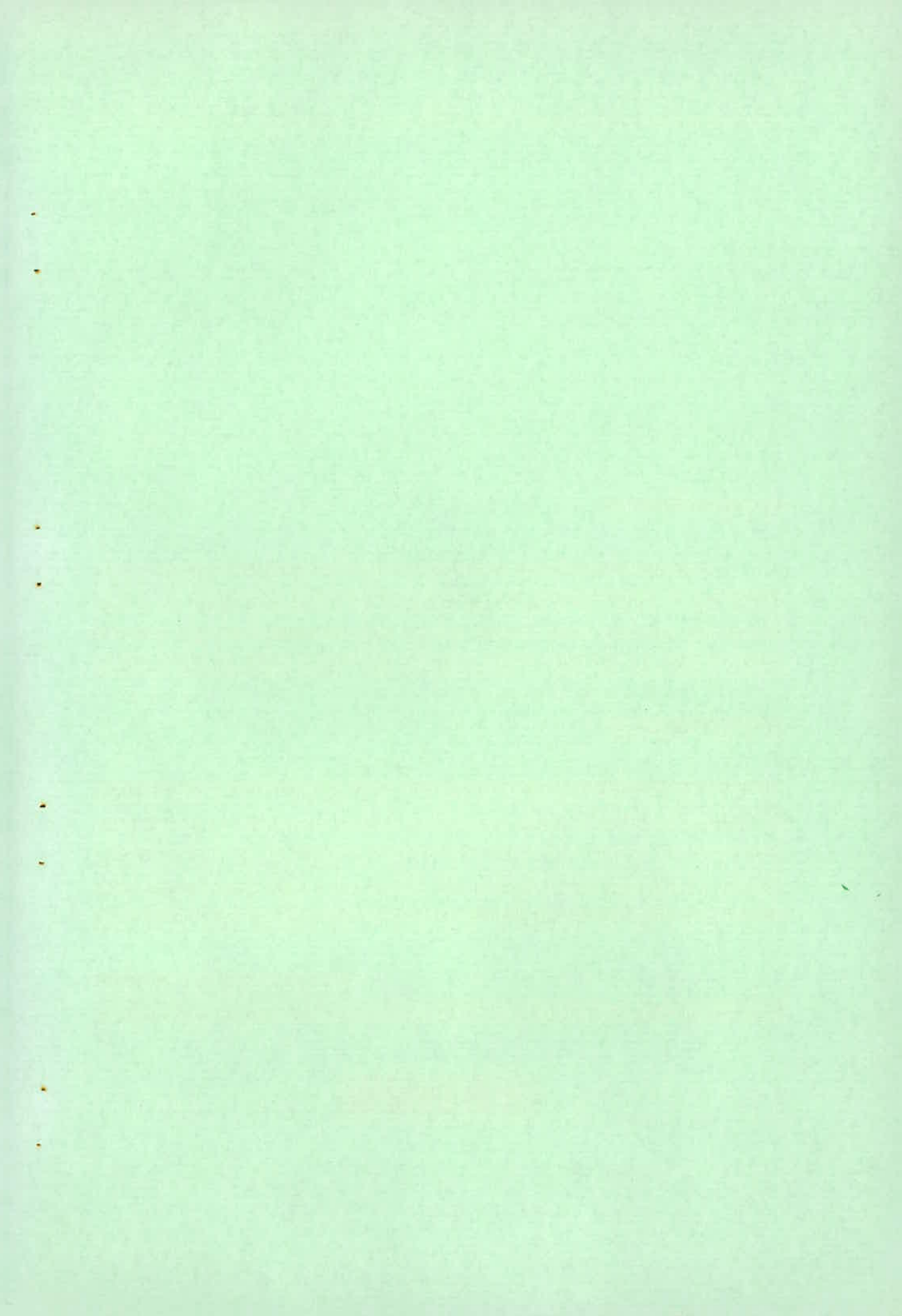
A synopsis of the important findings contained in this Report is presented in this overview.

Revenue of Rs.16.60 lakh collected during 1998-99 (Rs.14.96 lakh) and 1999-2000 (Rs.1.64 lakh) on *hats/bazars* (Rs.13.27 lakh), Fisheries (Rs.2.38 lakh), Professions, trade, *etc.* (Rs.0.74 lakh) and land (Rs.0.21 lakh) was not accounted for in the Annual Accounts of the respective year, resulting in understatement of receipts to that extent.

**(Paragraph 2.4)**

Rupees 37.09 lakh being the land revenue (Rs.22.15 lakh), lease money of *hats/bazars* (Rs.13.63 lakh), revenue on fisheries (Rs.1.22 lakh) and ferry *ghat* (Rs.0.09 lakh) pertaining to the years 1997-2000 remained unrealised from the bidders/mouzadars.

**(Paragraph 3.1)**



## SECTION - I

### 1.1 Introduction

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

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



## **1.2 Rules for the management of the District Fund**

The Sixth Schedule provides for the constitution of District Fund for each Autonomous District to which shall be credited all moneys received by the Council in the course of administration of the districts in accordance with the provisions of the Constitution. In terms of the provisions of paragraph 7(2) of the Schedule, rules are to be framed by the Governor for the management of the District Fund and for the procedure to be followed in respect of the payment of the moneys into the said Fund, the withdrawal of money therefrom, the custody of moneys therein and any other matter connected with or ancillary to these matters. These rules have not been finalised so far (November 2003). Meanwhile, the affairs of the District Council are being regulated in accordance with the Garo Hills District Fund Rules, 1952.

## **1.3 Maintenance of Accounts**

In pursuance of paragraph 7(3) of the Sixth Schedule to the Constitution, the form in which the accounts of the District Council are to be maintained was prescribed by the Comptroller and Auditor General of India, with the approval of the President in April 1977 and communicated to the Garo Hills Autonomous District Council in June 1977.

The Annual Accounts for the years 1998-99 and 1999-2000, due for submission by 30 June 1999 and 2000, were submitted in October 2001 and June 2002 respectively after a delay of two years. No reasons were ascribed by the Council for this delay.

Results of the test check of the Annual Accounts of the Council for the years 1998-99 and 1999-2000 are given in succeeding paragraphs.

## SECTION - II

### 2.1 Receipts and expenditure

According to the revised Annual Accounts furnished<sup>(a)</sup> by the Council, the receipts and expenditure of the Council for the years 1998-99 and 1999-2000 with resultant revenue surplus were as follows:

**Table 2.1**

(Rupees in lakh)

Receipts			Disbursements		
PART - I DISTRICT FUND					
1. Revenue Receipts	1998-99	1999-2000	1. Revenue Expenditure	1998-99	1999-2000
(i) Taxes on Income and Expenditure	58.00	72.19	(i) District Council	31.18	24.65
(ii) Land Revenue	42.57	65.88	(ii) Executive Members	9.80	8.40
(iii) Taxes on Vehicle	20.94	...	(iii) Administration of Justice	2.60	2.41
(iv) Public Health, Sanitation and Water Supply	3.46	2.73	(iv) Land Revenue	105.47	93.15
(v) Other General Economic Services	12.89	21.42	(v) Secretariat General Services	140.30	133.66
(vi) Forest	24.44	14.00	(vi) Stationery and Printing	16.56	12.95
(vii) Mines and Minerals	213.52	211.00	(vii) Public Works	138.66	141.65
(viii) Roads and Bridges	24.82	...	(viii) Pension and other retirement benefits	17.15	14.86
(ix) Interest Receipt	5.08	2.78	(ix) Public Health, Sanitation and Water Supply	12.83	10.50
(x) Fisheries	...	4.02	(x) Other General Economic Services	32.28	49.80
(xi) Grants-in-aid from State Government	243.15	255.84	(xi) Fisheries	24.82	...

<sup>(a)</sup> 1998-99: May 2002 and October 2003; 1999-2000: September 2002 and August 2003.

Receipts			Disbursements		
(xii) Other heads of accounts	1.14	1.47	(xii) Forest	103.84	89.25 <sup>c</sup>
			(xiii) Other heads of account	0.63	51.19
<b>Total Revenue receipts</b>	<b>650.01</b>	<b>651.33</b>	<b>Total Revenue expenditure</b>	<b>636.12</b>	<b>632.47<sup>(b)</sup></b>
<b>Revenue Deficit</b>	...	...	<b>Revenue Surplus</b>	<b>13.89</b>	<b>18.86</b>
<b>2. Capital</b>	...	...	<b>2. Capital</b>	...	...
<b>3. Debt</b>			<b>3. Debt</b>		
(i) Loans received from Government	...	...	(i) Repayment of loans received from Government	...	...
(ii) Loans received from other sources	...	...	(ii) Repayment of loans received from other sources	...	...
<b>4. Loans and Advances</b>			<b>4. Loans and Advances</b>		
Recoveries of Loans and Advances	2.99	2.77	Disbursement of Loans and Advances	5.77	1.00
<b>5. Deficit under Capital and Debt account</b>	<b>2.78</b>	...	<b>Surplus under Capital and Debt account</b>	...	<b>1.77</b>
<b>Total Part – I District Fund</b>	<b>655.78</b>	<b>654.10</b>	<b>Total Part – I District Fund</b>	<b>655.78</b>	<b>654.10</b>
<b>PART II DEPOSIT FUND</b>					
Deposit Receipts	0.26	0.08	Deposit Payments	Nil	Nil
<b>Total of Part II Deposit Fund</b>	<b>0.26</b>	<b>0.08</b>	<b>Total of Part II Deposit Fund</b>	<b>Nil</b>	<b>Nil</b>
<b>Total Receipts (I + II)</b>	<b>653.26<sup>(c)</sup></b>	<b>654.18</b>	<b>Total Disbursement (I + II)</b>	<b>641.89<sup>(d)</sup></b>	<b>633.47<sup>(e)</sup></b>
Opening Balance	0.71	12.08	Closing Balance	12.08	32.79
<b>GRAND TOTAL</b>	<b>653.97</b>	<b>666.26</b>	<b>GRAND TOTAL</b>	<b>653.97</b>	<b>666.26</b>

Source : Annual Accounts of the Council.

(b) Included arrear expenditure of Rs.49.93 lakh.

(c) Excluding deficit under Capital and Debt account.

(d) Excluding Revenue Surplus.

(e) Excluding Revenue Surplus and Surplus under Capital and Debt account.



## 2.2 Variations between budget provisions and actuals

Budget provisions and actuals of revenue receipts (excluding grants-in-aid) and expenditure of the Council for the years 1998-99 and 1999-2000 were as under:

Table 2.2

Year	Budget provision	Actual	Variation Shortfall (Percentage)
	(Rupees in crore)		
<b>Receipts</b>			
1998-99	7.52	4.07	3.45 (46)
1999-2000	8.25	3.95	4.30 (52)
<b>Expenditure</b>			
1998-99	11.04	6.36	4.68 (42)
1999-2000	14.04	6.32	7.72 (55)

Source : Detailed Estimate of Revenue and Expenditure and Statements 5 and 6 of Annual Accounts.

The details above showed large variations between the budget estimates and the actuals under both receipts and expenditure during 1998-99 and 1999-2000. Significant cases of variations are given in Appendix I. The variations ranged between 32 and 97 *per cent* in respect of receipts and 25 and 100 *per cent* in respect of expenditure.

The Secretary, Executive Committee (SEC) of the Council stated (May 2002) that the receipts in the budget had been estimated in anticipation. Huge variations between the estimated and actual receipts were indicative of the fact that the budget was not realistic. Reasons for variations under expenditure had not been stated (November 2003).

### **2.3 Variations in receipts and expenditure between current year and previous year**

Significant cases of variations in receipts and expenditure between current year and previous year are indicated in Appendix II. The variations ranged between 21 and 100 *per cent* in respect of receipts and 21 and 54 *per cent* in respect of expenditure.

The SEC of the Council stated (May 2002) that the increase in expenditure during 1998-99 compared to 1997-98 was due to revision of pay and allowances. Reasons for variations under the receipt heads during 1998-99 and 1999-2000 as well as expenditure heads during 1999-2000 had not been furnished (November 2003).

### **2.4 Comments on accounts**

Statement 6 of the Annual Accounts for the year 1999-2000 showed expenditure of Rs.49.93 lakh as 'arrear expenditure'. As per General Principles and Methods of Accounts, the classification of accounts heads shall be such as given in the 'List of Major and Minor Heads of Accounts' of the Council. Thus, exhibition of Rs.49.93 lakh in the Annual Accounts without proper classification was not justified. In absence of major/minor head-wise details and period of such expenditure, veracity of the same could not be ascertained in audit.

As per revenue collection and maintenance register maintained by the Land Revenue Branch of the Council, Rs.50.31 lakh was collected by the Council during 1998-99 by leasing out the *hats/bazars*. Against this, Rs.37.04 lakh was accounted for in the Annual Accounts for the year 1998-99 resulting in understatement of receipts by Rs.13.27 lakh.

Similarly, land revenue of Rs.0.21 lakh for the year 1998-99, revenue of Rs.1.48 lakh and Rs.0.90 lakh for 1998-99 and 1999-2000 respectively under Fisheries and Rs.0.74 lakh for 1999-2000 on Profession, trade, callings and employment were not accounted for in the respective Annual Accounts resulting in understatement of receipts to that extent.

Reasons for short accountal of receipts had not been stated (November 2003).

## **2.5 Personal Ledger Account**

The District Council Authorities maintained two Personal Ledger Accounts (PLA) with the Tura Treasury, one for its own revenue (1<sup>st</sup> PLA) and the other for grants-in-aid received from the State Government (2<sup>nd</sup> PLA). Test-check (April, May and September 2002) of records in connection with the PLAs revealed the following:

According to records of the Treasury, expenditure of the Council during 1999-2000 was Rs.7.31 crore (Plan: Rs.2.32 crore; Non-Plan: Rs.4.99 crore). Against this, Rs.6.32 crore (Plan: Rs.1.25 crore; Non-Plan: Rs.5.07 crore) was shown as expenditure in the Annual Accounts for the year 1999-2000, resulting in understatement of total expenditure by Rs.0.99 crore (Plan: Understatement of Rs.1.07 crore; Non-Plan: Overstatement of Rs.0.08 crore). The discrepancies had not been reconciled (November 2003).

Closing bank balances shown in the Annual Accounts of the Council for the years 1998-99 and 1999-2000 were different from those shown in the records of the Treasury. The details are as under:



**Table 2.3**

Particulars	As per Annual Accounts		As per records of the Treasury		Variations Overstatement(+/ Understatement (-) in the Annual Accounts	
	1 <sup>st</sup> PLA	2 <sup>nd</sup> PLA	1 <sup>st</sup> PLA	2 <sup>nd</sup> PLA	1 <sup>st</sup> PLA	2 <sup>nd</sup> PLA
	(Rupees in lakh)					
Closing balance as of 31 March 1999	5.75	5.94	6.16	5.04	(-)0.41	(+)0.90
Closing balance as of 31 March 2000	28.67	4.12	28.99	4.12	(-)0.32	...

The understatement/overstatement of closing balances in the respective accounts were yet to be reconciled by the Council, reasons for which had not been stated (November 2003).

## SECTION - III

### 3.1 Non-realisation of revenue

Test-check (April, May and September 2002) of Demand and Collection Register maintained by the Revenue Branch of the Council revealed non-realisation of revenue to the extent of Rs.37.09 lakh, as under:

**Table 3.1**

(Rupees in lakh)

S1. No.	Description of charges	Year	Total demand	Total collection	Balance unrealised
1.	Land revenue	1998-99	25.11	2.96	22.15
2.	<i>Hat/Bazar</i>	1998-99	54.24	50.31	3.93
		1999-2000	35.60	25.90	9.70
3.	Fisheries	1997-98 to 1999-2000	5.38	4.16	1.22
4.	<i>Ferry ghat</i>	1998-99	0.15	0.06	0.09
<b>Total</b>					<b>37.09</b>

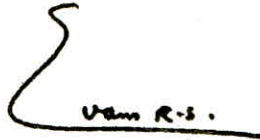
The SEC of the Council stated (September 2002) that demand notices were served to the defaulting lessees of *hats/bazars* pertaining to the year 1999-2000. Regarding outstanding revenue under Fisheries, the case was referred (November 2000) to *Bakijai*<sup>(a)</sup> Officer. Action taken for realisation of the balance amount (Rs.26.17 lakh) had not been furnished (November 2003).

### 3.2 Outstanding Inspection Reports

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

<sup>(a)</sup> *Bakijai* means recovery of arrear revenues through certificate proceedings.

Eight Inspection Reports (IR) relating to the Council issued between May 1994 and November 2002 still contained 115 unsettled paragraphs. Even first replies to 111 paragraphs of seven IRs issued between November 1995 and November 2002 had not been furnished by the Council despite repeated reminders (November 2003).



Shillong  
The 16 May 2004

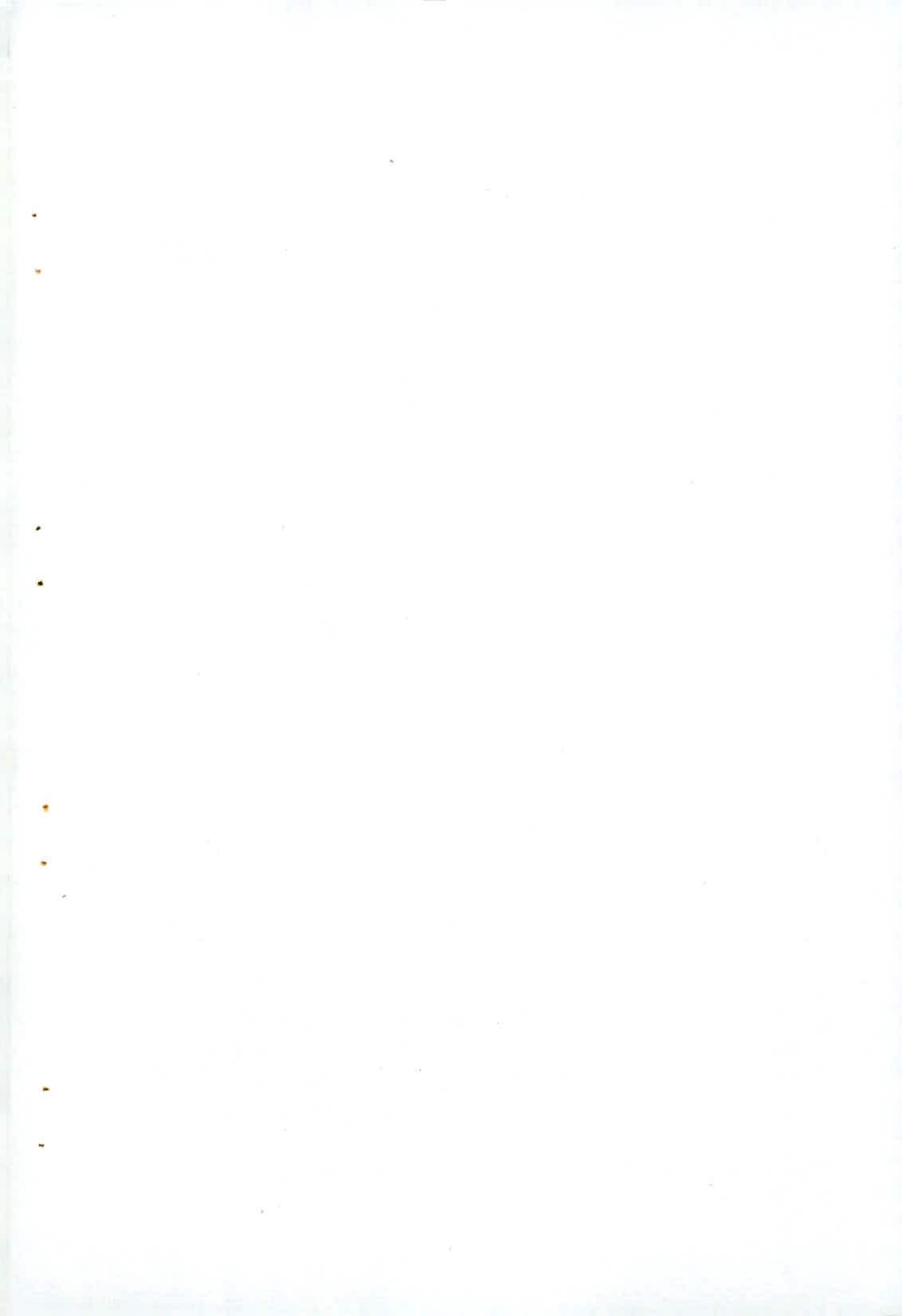
**(E. R. Solomon)**  
Accountant General (Audit)  
Meghalaya, Arunachal Pradesh and  
Mizoram

Countersigned



New Delhi  
The 25 Mar 2004

**(Vijayendra N. Kaul)**  
Comptroller and Auditor General of India



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## APPENDICES

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## APPENDIX - I

Statement showing substantial variations between  
budget and actuals

(Reference : Paragraph 2.2; Page 6)

Sl. No.	Major Head of Account	Budget estimate	Actual as per Annual Accounts	Variation Shortfall (Percentage)
				(Rupees in lakh)
<b>1998-99</b>				
<b>RECEIPT</b>				
1.	Land Revenue	212.11	42.57	169.54 (80)
2.	Forest	362.00	24.44	337.56 (93)
3.	Taxes on Income and Expenditure	124.80	58.00	66.80 (54)
4.	Roads and Transport Services	1.04	0.20	0.84 (81)
<b>EXPENDITURE</b>				
1.	Land Revenue	140.32	105.47	34.85 (25)
2.	Forest	247.45	103.84	143.61 (58)
3.	Administration of Justice	5.09	2.60	2.49 (49)
4.	Road Transport Services	16.90	0.04	16.86 (100)
<b>1999-2000</b>				
<b>RECEIPT</b>				
1.	Taxes on Income and Expenditure	129.90	72.19	57.71 (44)
2.	Land Revenue	111.88	65.88	46.00 (41)
3.	Public Health, Sanitation and Water Supply	4.00	2.73	1.27 (32)
4.	Other General Economic Services	35.00	21.42	13.58 (39)
5.	Forest	516.00	14.00	502.00 (97)
6.	Road Transport Services	1.64	0.78	0.86 (52)

*Audit Report for the years ended 31 March 1999 & 2000*

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Sl. No.	Major Head of Account	Budget estimate	Actual as per Annual Accounts	Variation Shortfall (Percentage)
<b>EXPENDITURE</b>				
1.	Land Revenue	218.89	93.15	125.74 (57)
2.	Forest	222.35	89.25	133.10 (60)
3.	Stationery and Printing	28.67	12.95	15.72 (55)
4.	Road Transport Services	16.47	0.90	15.57 (95)

Source : Detailed Estimate of Revenue and Expenditure and Statements 5 and 6 of Annual Accounts.

## APPENDIX - II

## Variations in receipts and expenditure between current and previous year (20 per cent or more)

(Reference : Paragraph 2.3; Page 7)

Sl. No.	Head of Accounts	Actuals			Variations Increase(+) Decrease (-) and percentage of variations in brackets	
		1997-98	1998-99	1999-2000	During 1998-99 compared to 1997-98	During 1999-2000 compared to 1998-99
		(Rupees in lakh)				
<b>REVENUE HEADS</b>						
1.	Land Revenue	...	42.57	65.88	...	(+) 23.31 (55)
2.	Public Health, Sanitation and Water Supply	5.20	3.46	2.73	(-) 1.74 (33)	(-) 0.73 (21)
3.	Taxes on Income and Expenditure	...	58.00	72.19	...	(+) 14.19 (24)
4.	Taxes on Vehicle	...	20.94	...	...	(-) 20.94 (100)
5.	Other General Economic Services	...	12.89	21.42	...	(+) 8.53 (66)
6.	Fisheries	...	24.44	14.00	...	(-) 10.44 (43)
7.	Roads and Bridges	...	24.82	...	...	(-) 24.82 (100)
<b>EXPENDITURE HEADS</b>						
1.	District Council	...	31.18	24.65	...	(-) 6.53 (21)
2.	Secretariat General Services	114.05	140.30	...	(+) 26.25 (23)	...
3.	Stationery and Printing	12.18	16.56	12.95	(+) 4.38 (36)	(-) 3.61 (22)
4.	Other General Economic Services	...	32.28	49.80	...	(+) 17.52 (54)

Source : Statements 5 and 6 of concerned Annual Accounts.

