



REPORT
of the
Comptroller and Auditor General
of India

FOR THE YEARS
1985-86 TO 1989-90

GARO HILLS DISTRICT COUNCIL, TURA
(MEGHALAYA)



Presented to the Legislature

on **28 MAR 1995**

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

**FOR THE YEARS
1985-86 TO 1989-90**

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

28 MAR 1951



REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEARS
1950-51 TO 1952-53

GAO HILL'S DISTRICT COUNCIL, IIRA
(MEGHALAYA)

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PREFATORY REMARKS

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

2. The cases mentioned in this Report are those which came to notice in the course of test-check of the accounts of the Council for the years 1985—86 to 1989—90.

CONDUCT OF THE TRADE 1907-08 TO 1910-11
The conduct of the trade of the country during the period 1907-08 to 1910-11 was characterized by a general depression in the export trade, which was due to a variety of causes, including the depression in the European market, the decline in the demand for raw materials, and the competition from other countries.

The principal causes of the depression in the export trade were the depression in the European market, the decline in the demand for raw materials, and the competition from other countries. The depression in the European market was due to a variety of causes, including the depression in the industrial countries, the decline in the demand for raw materials, and the competition from other countries.

THE TRADE OF THE COUNTRY

OVERVIEW

This Report contains three sections, of which one deals with the constitution of the Garo Hills District Council, the rules for the management of the District Fund and maintenance of accounts by the District Council. The remaining two sections relate to the Council's financial position and the points noticed in audit of financial transactions for the period from 1985-86 to 1989-90.

The important Audit findings are summarised in the succeeding paragraphs:-

—Revenue receipts aggregating Rs. 10.60 lakhs were not deposited to the Council's fund.

(Paragraph 3.1)

—Land revenue and local taxes amounting to Rs. 2.80 lakhs pertaining to the year 1986-87 remained unrealised, and forest revenue of Rs. 4.96 lakhs was not paid by a mahaldar but he was allowed to extract material for the full period of settlement of a 'Jharu Mahal'

(Paragraphs 3.2 and 3.3)

—There was irregular payment of H R A totalling Rs. 1.50 lakhs to employees who had been allotted Council's staff quarters.

(Paragraph 3.4)

—Furniture and stores worth Rs. 3.63 lakhs were not accounted for in the Council's stock account.

(Paragraph 3.5 (i) & (ii))

(iii)

(11)

(Задача 32 (1) & (2))

to the Council's most account.

— This is the most money for the year was not accounted.

(Задача 33)

to calculate the total amount of Council's most account.

— This was the total amount of the Council's most account for the year.

(Задача 34 (1) & (2))

to calculate the total amount of Council's most account for the year 1928-29 and the year 1929-30. The total amount of Council's most account for the year 1928-29 was 1000000 and for the year 1929-30 was 1200000.

(Задача 35)

to the Council's most account.

— This is the total amount of Council's most account for the year.

Задача 36:

The following table shows the composition of the Council's most account for the year 1928-29 and 1929-30.

Table showing the composition of the Council's most account for the year 1928-29 and 1929-30. The table lists the total amount of Council's most account for each year and the amount of Council's most account for each year. The total amount of Council's most account for the year 1928-29 was 1000000 and for the year 1929-30 was 1200000. The amount of Council's most account for the year 1928-29 was 1000000 and for the year 1929-30 was 1200000.

ОТВЕТЫ

SECTION I

1. 1 Introduction

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

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

1.2 Rules for the management of the District Fund

The Sixth Schedule provides for the constitution of a District Fund for each autonomous district to which shall be credited all moneys received by the Council in the course of administration of the district in accordance with the provisions of the Constitution. In 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 payment of money into the said Fund, the withdrawal of moneys therefrom, the custody of moneys therein and any other matter connected with or ancillary to these matters. These rules have not been finalised so far (December 1992). 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 District Council in June 1977.

The Annual Accounts for the years from 1985-86 to 1989-90, were submitted only in August 1992 though they are required to be submitted by 30 June each year.

Results of the test-check of the Annual Accounts of the Council for the years from 1985-86 to 1989-90 are given in the succeeding paragraphs.

1985-86 1986-87 1987-88 1988-89 1989-90
(Figures in lakhs)

Part - I

(a)	Government Receipts	10.26	11.26	12.02	12.88	13.79
(b)	Interest on loans and repayments	1.01	1.17	1.28	1.41	1.52
(c)	Land Revenue	4.30	4.30	4.30	4.30	4.30
(d)	Interest on Vehicles	0.78	0.78	0.78	0.78	0.78
(e)	Nationality and History	1.01	1.01	1.01	1.01	1.01
(f)	Public Works	1.38	1.38	1.38	1.38	1.38
(g)	Labour General	1.38	1.38	1.38	1.38	1.38
(h)	Economic Services	1.38	1.38	1.38	1.38	1.38
(i)	Form	1.38	1.38	1.38	1.38	1.38
(j)	Minor and miscell	1.38	1.38	1.38	1.38	1.38
(k)	Grant-in-aid from the State Government	1.38	1.38	1.38	1.38	1.38
(l)	Other	1.38	1.38	1.38	1.38	1.38

SECTION II

2.1 Revenue Receipts and Expenditure

According to the Annual Financial Statements furnished by the Council, the receipts and expenditure of the Council for the period from 1985-86 to 1989-90 with resultant surplus/deficit were as follows :-

(a)	Capital	2.30	2.30	2.30	2.30	2.30
(b)	Debt	1.00	1.00	1.00	1.00	1.00
(c)	Loans received from Government	1.00	1.00	1.00	1.00	1.00
(d)	Loans received from other sources	1.30	1.30	1.30	1.30	1.30
(e)	Total of (c) Loans and Advances	2.30	2.30	2.30	2.30	2.30
(f)	Recovery of loans and advances	0.61	0.72	0.76	0.96	0.94
(g)	Total of Part - I	139.27	142.78	142.08	142.86	146.48
(h)	Deposit Receipts	1.06	0.31	0.78	0.61	0.32
(i)	Total of Part - II	1.06	0.31	0.78	0.61	0.32
(j)	Total Receipts	140.33	143.09	142.86	143.47	146.80
(k)	Opening Balance	2.13	13.74	10.31	15.28	7.21
(l)	Grand Total	142.46	156.83	153.17	158.75	154.01

Part - II

Receipts

1985-86 1986-87 1987-88 1988-89 1989-90
(Rupees in lakhs)

Part - I

(a) Revenue Receipts					
(i) Taxes on income and expenditure	7.65	12.68	16.67	15.66	20.59
(ii) Land Revenue	10.89	4.64	6.06	8.13	8.45
(iii) Taxes on Vehicles	0.76	4.30	15.29	8.42	13.93
(iv) Stationery and Printing	1.01	1.32	1.17	1.58	1.62
(v) Public Works	3.86	3.92	3.55	3.43	3.21
(vi) Other General Economic Services	10.26	11.54	12.65	15.34	14.70
(vii) Forest	54.54	52.12	30.20	44.81	87.60
(viii) Mines and minerals	15.76	22.86	28.70	14.47	20.77
(ix) Grants-in-aid from the State Government	26.49	22.87	41.28	46.99	50.88
(x) Others	2.24	1.75	2.65	3.07	3.79
Total Revenue Receipts (a)	<u>133.46</u>	<u>138.00</u>	<u>158.22</u>	<u>161.90</u>	<u>225.54</u>
Revenue deficit	...	5.71	2.67	25.08	14.77
(b) Capital	...	...	...	...	...
(c) Debt :					
(i) Loans received from Government	...	...	...	...	...
(ii) Loans received from other sources	5.50	7.00	13.00	15.00	20.00
Total of (c)	<u>5.50</u>	<u>7.00</u>	<u>13.00</u>	<u>15.00</u>	<u>20.00</u>
(d) Loans and Advances: Recoveries of loans and advances	0.61	0.78	0.86	0.96	0.94
Total of Part - I District Fund	<u>139.57</u>	<u>145.78</u>	<u>172.08</u>	<u>177.86</u>	<u>246.48</u>

Part - II

Deposit Receipts	1.06	0.31	0.38	0.61	0.32
Total of Part - II	<u>1.06</u>	<u>0.31</u>	<u>0.38</u>	<u>0.61</u>	<u>0.32</u>
Total Receipts (I+II)	<u>140.63</u>	<u>146.09</u>	<u>172.46</u>	<u>178.47</u>	<u>246.80</u>
Opening balance :	5.13	13.74	10.31	16.58	7.51
Grand Total :	<u>145.76</u>	<u>159.83</u>	<u>182.77</u>	<u>195.05</u>	<u>254.31</u>

Expenditure :		1985-86	1986-87	1987-88	1988-89	1989-90
		(Rupees in lakhs)				
District Fund						
Revenue Expenditure						
(i)	District Council and executive members	5.80	6.31	8.18	8.09	13.16
(ii)	Land Revenue	21.50	26.86	26.75	33.56	40.23
(iii)	Secretariat General Services	22.66	22.81	22.03	21.61	35.55
(iv)	Stationery and Printing	2.31	3.02	3.27	3.91	5.16
(v)	Public Works	16.86	21.62	21.60	30.41	36.39
(vi)	Public Health, Sanitation and Water Supply	5.70	6.63	5.86	8.82	9.14
(vii)	Other General Economic Services	1.81	7.28	10.78	11.22	16.56
(viii)	Forest	24.34	25.11	27.15	32.59	40.60
(ix)	Roads and Bridges	16.61	20.27	28.39	31.20	34.64
(x)	Road Transport Services	2.54	2.14	3.42	3.19	4.38
(xi)	Others	1.45	1.66	3.46	2.33	4.50
	Total Revenue Expenditure	121.58	143.71	160.89	186.98	240.31
	Revenue Surplus	11.88	...	...	...	...
(i)	Repayment of loans received from Government	...	...	...	...	...
(ii)	Repayment of loans received from other sources	9.06	4.51	4.00	...	2.00
	Total of (c)	9.06	4.51	4.00	...	2.00
	Disturbment of loans and advances	1.38	1.30	1.30	0.56	0.90
	Total of Part - I District Fund	132.02	149.52	166.19	187.54	243.21
Deposit Fund						
	Deposit Payments	...	...	...	...	...
	Total of Part - II	...	...	...	...	...
	Total disbursement (I+II)	132.02	149.52	166.19	187.54	243.21
	Closing balance :	13.74	10.31	16.58	7.51	11.10
	Grand Total :	145.76	159.83	182.77	195.05	254.31

2.2 Treasury Personal Ledger Account (PLA)

The Council has two personal ledger accounts (PLA) in Tura Treasury, one for its own revenue and the other for grants-in-aid received from the State Government. The transactions relating to the PLAs are accounted for in two cash books. It was noticed that during the years from 1985-86 to 1989-90 the closing balance shown in the Council's annual accounts did not agree with the total of the closing balances shown in the cash books/pass books at the end of the year, as shown below:-

Year	Balance as per Cash book/Pass book	Balance as per accounts vide statement of para 2.1	Difference
(Rupees in lakhs)			
1985-86	26.42	13.74	(-) 12.68
1986-87	29.80	10.31	(-) 19.49
1987-88	37.02	16.58	(-) 20.44
1988-89	17.59	7.51	(-) 10.08
1989-90	10.52	11.10	(+) 0.58

Reconciliation has not been done from 1985-86 onwards (December 1992).

Branch	Nature of transactions	Period during which amount was collected	Total amount deposited	Period during which amount was deposited	Total amount not deposited	Balance amount
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SECTION III

3.1 Revenue receipts not deposited

According to Rule 17 of the Garo Hills District Fund Rules 1952 all receipts due to the Council collected by any employee of the Council authorised to collect such receipts shall pass through the Cashier who shall enter them in his cash book and remit the same into the Treasury promptly.

Test-check (September 1992) of the records viz. cash book, receipt books, deposit challans and register of remittances of the various branches viz. Transport, Taxation, Forest and Revenue branches etc. revealed that out of Rs. 11.90 lakhs collected by Revenue Collectors during the period from 1985-86 to 1989-90 an amount of only Rs. 1.30 lakhs was deposited with Treasury while Rs. 10.60 lakhs was not deposited as detailed below:-

*Out of Rs. 0.64 lakh collected during 1986-87, only Rs. 0.20 lakh was deposited in 1986-87.

**Out of Rs. 3.43 lakhs collected during 1986-87 (Rs. 1.36 lakhs) and 1987-88 (Rs. 1.06 lakhs), Rs. 1.01 lakhs was deposited in 1986-87 and 1987-88 (Rs. 0.48 lakh in 1986-87 and Rs. 0.53 lakh in 1987-88).

Branch	Nature of transactions	Period during which amount was collected	Total amount collected	Total amount deposited	Period during which the amount was deposited	Balance amount not deposited
(Rupees in lakhs)						
Enforcement	Collection of taxes on trading by non-tribals	1985-86 to 1989-90	0.20	Nil	—	0.20
Transport	Hire charges of trucks, rent of booking office and garrages	1986-87 to 1989-90	1.33	0.29	1986-87*	1.04
Revenue	Settlement of markets and hats.	-do-	2.90	Nil	—	2.90
Revenue	House Tax	1986-87 to 1989-90	7.47	1.01	1986-87** and 1987-88	6.46
			11.90	1.30		10.60

The Council had not taken action against the officials who had collected the receipts but had not deposited the same (December 1992).

*Out of Rs. 0.64 lakh collected during 1986-87, only Rs. 0.29 lakh was deposited in 1986-87.

**Out of Rs. 2.42 lakhs collected during 1986-87 (Rs. 1.36 lakhs) and 1987-88 (Rs. 1.06 lakhs), Rs. 1.01 lakhs was deposited in 1986-87 and 1987-88 (Rs. 0.48 lakh in 1986-87 and Rs. 0.53 lakh in 1987-88).

3.2 Outstanding revenue

As per Demand and Collection register of the Council, the demand for land revenue and local taxes against 11 numbers of Mouzas for the year 1986-87 was Rs. 3.87 lakhs against which revenue collected was Rs. 1.07 lakhs leaving an outstanding balance of Rs. 2.80 lakhs till the date of audit (June 1990). No effective steps were taken to realise the outstanding amount from the concerned Mouzadars.

3.3 Loss of forest revenue

A Jharu Mahal of the Council was settled (July 1988) with a mahaldar for Rs. 10 lakhs for a term of 3 years from 14 August 1988 to 13 August 1991. According to the agreement, the mahaldar was to pay the amount in 10 instalments (in September 1988; January, March, July and September 1989; January and September 1990; February, April and June 1991) of Rs. 1 lakh each and in addition 12.5 per cent of bid value (Rs. 1.25 lakhs) as 'Nokma' (Village Chief) fee, and sales tax at the rate of 7 per cent and surcharge at the rate of 1 per cent thereon (Rs. 0.71 lakh) i.e. Rs. 11.96 lakhs in all.

The mahaldar paid bid value of Rs. 7 lakhs in 7 instalments during the period from September 1988 to July 1991. Thereafter, no instalment was paid by him. The other dues towards Nokma fee, sale tax etc. amounting to Rs. 1.96 lakhs were also not paid. Thus, dues of Rs. 4.96 lakhs were outstanding from the mahaldar.

1. Jharu Mahal means the area containing plantations of broom sticks.

According to clause 21 of the agreement, the Council reserved the right to cancel the settlement in case the mahaldar failed to pay the dues and to resell the mahal for the remaining period of the settlement at the risk and cost of the mahaldar. But it was noticed that the mahaldar was allowed to extract the materials for the entire period of settlement without making payment of dues amounting to Rs. 4.96 lakhs. Thus, the Council sustained a loss of Rs. 4.96 lakhs due to its failure to invoke the Penal Provision of the agreement to cancel the settlement and resell the mahal for the remaining period at the risk and cost of the mahaldar.

3.4 Irregular payment of House Rent Allowance

According to the Garo Hills Autonomous District (Executive Members' Salaries and Allowances) Act, 1958 every Executive Member including the Chief Executive Member and Deputy Executive Members shall be provided with a free furnished residence with grounds appurtenants thereto. If the Executive Member or Deputy Executive Member does not occupy the free furnished residence provided by the District Council, a house rent allowance at the rate of Rs. 50 per mensem shall be paid in lieu of such residence.

There is no provision in the Garo Hills Autonomous District Council Acts, Rules and Regulations as amended upto 31 December 1968 for allotment of residential quarters to its employees. Scrutiny of the pay bills of different branches of the Council revealed that seven quarters of the Council were in occupation by officers (4) and staff (3) of the Council from whom licence fee at rates varying between Rs. 50 and Rs. 150 was being recovered. Rules for allotment of residences to officers/staff were not framed nor were details of fixation of licence fee furnished. It was noticed (September 1992) that all these 7 allottees were simultaneously being paid house rent allowance (HRA) from the Council's fund at rates ranging from Rs. 150 to Rs. 450 per month. This was irregular. The total payment on this account from April 1988 to March 1993 worked out to Rs. 1.50 lakhs.

On this being pointed out in audit, the Council stated (June 1993) that the drawal of HRA to these seven employees had been stopped with effect from 1 April 1993 and that the recovery of HRA already paid from these officers and staff could not be made as the HRA was drawn by these employees with the approval of the previous Executive Committee. The basis on which the approval for drawal of HRA by officials who had been allotted quarters was accorded by the previous Executive Committee has not been furnished.

3.5 Non-accounting of furniture/stores

(i) Furniture worth Rs. 2.82 lakhs was purchased between August 1988 and August 1989 for the residential quarters allotted to the members of the Council. However, stock Register to keep record of receipts and issue of furniture etc. was not maintained by the Council. The Council had also, not prescribed any scale laying down the category and quantity of furniture to be issued at the residences of its officials.

(ii) During the period from March 1988 to February 1990, materials like blankets, bedstands, sofa sets and mosquito nets etc. valued at Rs. 0.81 lakh were purchased for the Members Hostel at Tura. As account of the materials was not kept, Audit could not verify its distribution and utilisation.

Reasons for non-maintenance of proper records were not stated (December 1992).

3.6 Outstanding Inspection Reports.

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

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

Even the first copies of the Inspection Reports mentioned above

Sl. No.	Period of accounts	Year of issue of Inspection Reports	Year of issue of Inspection Reports	Number of outstanding paras
1.	June 1969 to June 1970	1970	1970	23
2.	July 1970 to August 1971	1971	1972	61
3.	September 1971 to December 1972	1972	1973	42
4.	September 1971 to March 1974	1974 (Review)	1974	12
5.	January 1973 to February 1974	1974	1974	6
6.	March 1974 to March 1975	1975	1975	32
7.	April 1975 to October 1976	1976	1977	22
8.	November 1976 to October 1977	1977	1979	27
9.	November 1977 to March 1980	1980	1982	42
10.	April 1977 to March 1982	1982 (Spl. audit)	1983	15
11.	April 1980 to March 1982	1982	1984	31
12.	April 1982 to March 1984	1984	1985	19
13.	April 1984 to March 1986	1986	1987	38
14.	April 1986 to March 1987	1987	1990	22
15.	April 1987 to March 1988	1988	1990	26
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Even the first replies of the Inspection Reports mentioned above had not yet been received (December 1992).

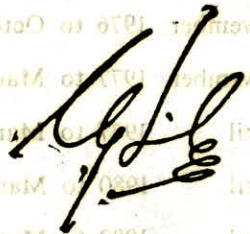
No.	Period	Remarks
1	1970 to June	
2	1970 to August	
3	1973 to February	
4	1974 to March	
5	1974 to March	
6	1974 to March	
7	1975 to October	
8	1976 to October	
9	1977 to March	
10	1978 (2 pts) and 1983	
11	1983 to March	
12	1983 to March	
13	1987 to March	
14	1987 to March	
15	1987 to March	



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

Place : Shillong
 Date : **17 MAY 1994**

Countersigned



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

Place : New Delhi
 Date : **27 MAY 1994**

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