



**REPORT OF THE COMPTROLLER
AND AUDITOR GENERAL
OF INDIA
FOR THE YEAR 1977-78**

GOVERNMENT OF MEGHALAYA

MINISTRY OF THE CROWN
AND THE
OFFICE OF
THE SECRETARY OF STATE

THE SECRETARY OF STATE

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1977-78 together with other points arising from audit of financial transactions of the Government of Meghalaya. It also includes certain points of interest arising from the Finance Accounts for the year 1977-78.

2. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1977-78 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 1977-78 have also been included, wherever considered necessary.

3. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/bodies/authorities concerned.

STATE OF NEW YORK

The Board of Regents of the University of the State of New York, in and through the Regents of the University of the State of New York, do hereby certify that the following is a true and correct copy of the original as the same appears in the records of the Board of Regents of the University of the State of New York.

Witness my hand and the seal of the Board of Regents of the University of the State of New York, at Albany, this _____ day of _____, 19____.

President of the Board of Regents of the University of the State of New York

CHAPTER I

GENERAL

1.1 Summary of transactions

The receipts and expenditure of the Government of Meghalaya for 1977-78 are given below with the corresponding figures of the previous year :—

	1976-77	1977-78
	(in crores of rupees)	
(1) Revenue—		
Revenue receipts	38·54	48·11
Revenue expenditure	30·11	37·93
Revenue surplus (+)	<u>(+)8·43</u>	<u>(+)10·18</u>
(2) Public Debt—		
Internal Debt of the State Government (Net)		
Increase (+)	(+)1·60	(+)0·25
Loans and Advances from the Central Government (Net)		
Increase (+)	(+)1·68	(+)1·41
Total Public Debt (Net)	<u>(+)3·28</u>	<u>(+)1·66</u>
(3) Loans and Advances by the State Government (Net)		
Increase (—)	(—)2·91	(—)3·27
(4) Inter-State Settlement (Net)		
Payments (—)	(—)0·23	...
(5) Contingency Fund (Net)		
Decrease (—)	...	(—)0·43
(6) Public Account (Net)		
Decrease (—)	(—)0·57	(—)3·91
(7) Capital expenditure (Net)		
Increase (—)	(—)6·34	(—)8·38
<u>Net surplus (+)</u>	<u>(+)1·66</u>	<u>(—)4·15</u>
<u>Net deficit (—)</u>		

	1976-77	1977-78
	(in crores of rupees)	
Opening cash balance	(—)3·76	(—)2·10
<u>Net surplus(+)</u>	<u>(+)1·66</u>	<u>(—)4·15</u>
<u>Net deficit(—)</u>		
Closing cash balance	<u>(—)2·10</u>	<u>(—)6·25*</u>

1·2 Revenue surplus/deficit

(a) Revenue receipts

The actuals of revenue receipts in 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates *plus* additional taxation during the year along with the corresponding figures for the years 1975-76 and 1976-77 are shown below :—

Year	Budget	Budget <i>plus</i> additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1975-76	32·62	32·63	33·33	(+)0·70	2
1976-77	35·00	35·00	38·54	(+)3·54	10
1977-78	42·63	42·83	48·11	(+)5·28	12

* Represents deposits with the Reserve Bank. There was a difference of Rs.0·14 crore between the figure reflected in the accounts (Rs.—6·25 crores) and that intimated by the Reserve Bank (Rs.—6·11 crores). The difference is under reconciliation (March 1979).

(b) *Taxation changes during the year*

(i) An excise duty on country spirit sold from country spirit shops in East and West Garo Hills districts was levied with effect from 1st June 1977. The actual revenue collected by this measure during 1977-78 was Rs.0.46 lakh against the anticipated revenue of Rs.0.30 lakh.

(ii) The rates of (a) the tax levied under the Meghalaya Amusement and Betting Tax (Amendment) Act, 1975 and (b) the gallonage fee on India made foreign liquor were enhanced with effect from 1st November 1977 and 8th November 1977 respectively. Against the estimated yields of Rs.19.55 lakhs and Rs. 0.60 lakh during 1977-78 the actual receipts were Rs.20.98 lakhs and Rs.1.40 lakhs respectively.

(c) *Expenditure on revenue account*

The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1975-76	30.63	32.13	27.39	(-) <u>4.74</u>	15
1976-77	34.24	34.97	30.11	(-) <u>4.86</u>	14
1977-78	36.88	41.38	37.93	(-) <u>3.45</u>	8

(d) The year 1977-78 ended with a revenue surplus of Rs.10.18 crores against the surplus of Rs.5.75 crores anticipated in the budget.

1.3 Analysis of revenue receipts

The revenue receipts during 1977-78 (Rs.48.11 crores) increased by Rs.9.57 crores (25 per cent) over those in 1976-77 (Rs.38.54 crores). The increase is analysed below:—

	1976-77	1977-78	Increase
	(in crores of rupees)		
<i>I. Revenue raised by the State Government</i>			
(a) Tax Revenue	2.48	2.82	0.34
(b) Non-Tax Revenue	2.14	2.22	0.08
	4.62	5.04	0.42
<i>II. Receipts from the Government of India</i>			
(a) State's share of net proceeds of Union Taxes—			
(i) Taxes on Income other than Corporation Tax	1.17	1.22	0.05
(ii) Union Excise Duties	1.90	2.05	0.15
(iii) Estate Duty	0.02	0.02	...
(b) Grants—			
(i) Under Article 275 of the Constitution	14.91	16.37	1.46
(ii) Other grants	15.92	23.41	7.49
	33.92	43.07	9.15
Total	38.54	48.11	9.57

In 1977-78, the receipts from the Government of India formed 90 per cent of the total revenue receipts of the State; the corresponding percentage during 1976-77 was 88.

1.4 Expenditure on revenue account

The expenditure on revenue account (Rs.37,92.29 lakhs) was more by Rs. 7,81.77 lakhs (26 per cent) compared to that in 1976-77 (Rs. 30,10.52 lakhs).

The increase occurred mainly under:—

Serial number	Major head of account	Increase (in lakhs of rupees)	Reasons
1.	277—Education	1,87.63	Due mainly to more expenditure under primary education, secondary education and special education owing to increased activities under these sectors.
2.	280—Medical	94.17	Due mainly to increased expenditure on medical relief.
3.	337—Roads and Bridges	77.25	Due to increased expenditure on district and other roads.
4.	255—Police	76.55	Due mainly to more expenditure on District Police owing to increased activities and employment of more staff.
5.	313—Forest	71.75	Due mainly to increased expenditure on research, forest conservation and development and rosin and turpentine factories.
6.	314—Community Development	54.92	Due mainly to increased expenditure on various community development and rural works programmes.
7.	321—Industries	36.29	Due mainly to increased expenditure on payment of investment subsidy to industrial units.
8.	305—Agriculture	22.69	Due to more expenditure on various agricultural activities.

Serial number	Major head of account	Increase (in lakhs of rupees)	Reasons
9.	252—Secretariat General Services	22.26	Due mainly to payment of arrears of dearness allowance and more expenditure on salaries, travelling allowances and office expenses owing to all round expansion of the Secretariat.
10.	265—Other Administrative Services	21.77	Due to creation and raising of border wing home guards.
11.	298—Co-operation	19.61	Due to payment of more assistance to State Co-operative Bank for bad debt reserve fund.
12.	215—Elections	16.80	Due mainly to increased expenditure on preparation and printing of electoral rolls and payment of dearness allowance to the staff at revised rates.
13.	258—Stationery and Printing	16.20	Due mainly to payment of arrears of dearness allowance and more expenditure on over-time allowance to the staff.

Significant decrease in expenditure during 1977-78 over 1976-77 occurred under :—

Major head of account	Decrease (in lakhs of rupees)	Reasons
338—Road and Water Transport Services	36.21	Decrease was due to taking over of Meghalaya State Transport Undertaking by the Meghalaya Transport Corporation.

1.5 Capital expenditure

(a) The capital expenditure during the three years ending 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision is shown below :—

Year	Budget	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3) (in crores of rupees)	(4)	(5)	(6)
1975-76	5.94	6.91	7.16	(+)0.25	4
1976-77	6.37	6.72	6.34	(—)0.38	6
1977-78	8.76	9.87	8.38	(—)1.49	15

(b) An analysis of the capital expenditure during 1977-78 and the progressive total to end of that year is given below :—

	Expenditure during 1977-78	Progressive total to end of 1977-78
	(in crores of rupees)	
*Capital expenditure on—		
(i) Public Works	0.55	2.36
(ii) Social and Community Services	1.49	6.80
(iii) General Economic Services	1.77	3.51(a)
(iv) Agriculture and Allied Services	(—)0.08	0.43(a)
(v) Industry and Minerals	0.35	8.81
(vi) Water and Power Development	0.11	0.61
(vii) Transport and Communications	4.19	24.18
Total	8.38	46.70

1.6 Loans and advances by the State Government

(a) The actuals of disbursement of loans and advances by the State Government in 1977-78 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision along with the corresponding figures for 1975-76 and 1976-77 are shown below :—

*Full details of capital expenditure are given in Statement Nos. 2 and 12 of Finance Accounts 1977-78.

(a) Takes into account Rupees 0.10 crore representing capital contribution to Meghalaya Warehousing Corporation transferred pro forma from General Economic Services to Agriculture and Allied Services.

Year	Budget	Budget plus supplemen- tary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1975-76	1,31.13	1,59.84	60.24	(-) 99.60	62
1976-77	55.60	3,43.74	3,17.39	(-) 26.35	8
1977-78	3,14.31	3,70.02	3,51.03	(-) 18.99	5

(b) The budget and actuals of recoveries of loans and advances in 1977-78 along with the corresponding figures for 1975-76 and 1976-77 are given below :—

Year	Budget	Actuals	Variation	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
1975-76	18.00	13.38	(-) 4.62	26
1976-77	41.98	25.70	(-) 16.28	39
1977-78	57.10	24.52	(-) 32.58	57

(c) The balance of loans and advances by the Government outstanding on 31st March 1978 was Rs. 8,76.88 lakhs as shown below:—

Class of loans and advances	Balances outstanding on 31st March 1978 (a)
	(in lakhs of rupees)
(1) Loans for Social and Community Services including education, housing, urban development, etc.	65.89
(2) Loans for Economic Services—	
(i) Loans for General Economic Services including those to co-operative societies and general financial and trading institutions	42.54
(ii) Loans for Agriculture and Allied Services	15.43
(iii) Loans for Industry and Minerals	21.48
(iv) Loans for Water and Power Development	6,70.50
(3) Loans to Government Servants, etc.	60.42
(4) Loans for Miscellaneous purposes	0.62
Total	<u>8,76.88</u>

Further details are given in Statement Nos. 4 and 17 of the Finance Accounts 1977-78.

(d) Complete information about the arrears (as on 31st March 1978) in recovery of principal and interest on loans and advances, the detailed accounts of which are maintained by the departmental officers, had not been received (March 1979).

(a) Does not include share of Meghalaya State in respect of outstanding loans and advances granted by the composite State of Assam prior to 2nd April 1979 which has not been allocated (March 1979).

According to information furnished by the Government, recovery of Rs. 16.76 lakhs (principal: Rs. 7.73 lakhs and interest: Rs. 9.03 lakhs) was in arrears in respect of some of the loans, as shown below:—

Category of loans	Principal (in lakhs of rupees)	Interest
(i) Loans for low income group housing schemes	4.81	3.72
(ii) Loans for middle income group housing schemes	1.65	4.22
(iii) Loans for subsidised industrial housing schemes	0.98	0.67
(vi) Loans for rental housing schemes	0.29	0.42

Out of loans and advances to Municipalities, local bodies, etc., of which the detailed accounts are maintained by the Audit Office, recovery of Rs. 1.08 lakhs out of loans given to the Shillong Municipality was in arrears at the end of 1977-78.

(e) **Acceptance of balances of loans**

The balances of loans and advances appearing in the books of accounts of the Accountant General are communicated to the departmental officers for verification and acceptance. In a large number of cases, as detailed below, such acceptances of balances have not been received (March 1979).

Serial number	Nature of loans/advances	Number of acceptances awaited	Year from which acceptances awaited	Amount on 31st March 1978 for which acceptances are awaited (in lakhs of rupees)
(1)	Loans to the Meghalaya State Electricity Board and the Assam State Electricity Board	11	1970-71	4,70.50
(2)	Loans to Autonomous Districts and Regional Councils	11	1971-72	24.50
(3)	Loans for agriculture	13	1973-74	15.64
(4)	Loans under the middle income group housing scheme	8	1973-74	26.21
(5)	Loans to co-operative societies	12	1973-74	18.04
(6)	Loans to Government servants	1,017	1976-77	27.05
(7)	Loans for relief measures	7	1973-74	10.77
(8)	Loans under the low income group housing scheme	8	1973-74	10.96
(9)	Loans for village and small industries	46	1971-72	3.32
(10)	Loans to repatriates from Burma	4	1974-75	2.52
(11)	Loans for urban development	3	1971-72	4.31
(12)	Loans for land acquisition and development	2	1976-77	1.35

In the absence of acceptance and verification, it cannot be stated that all the transactions relating to these loans and advances have been correctly reflected in the accounts.

1.7 Sources of funds for capital expenditure and loans and advances.

The capital expenditure (Rs. 8.38 crores) and the net outgo under "Loans and Advances" by the State Government (Rs. 3.27 crores) during 1977-78 were met from the following sources :—

Source	Amount (in crores of rupees)
(a) Revenue surplus	10.18
(b) Debt —	
(i) Market loans and other loans	0.25
(ii) Loans from the Government of India	1.41
(iii) Small Savings, Provident Funds, etc.	2.10
(c) Sinking Funds and Reserve Funds	0.01
(d) Contingency Fund	(—) 0.43
(e) Decrease in cash balance and investments	(—) 2.04
(f) Net balances under Deposits, Advances and Remittances	0.17
Total	11.65

1.8 Debt position

(a) The outstanding debt of the State Government at the end of 1977-78 was Rs.36.61 crores. An analysis of the debt compared with the corresponding amounts at the end of the two preceding years is given below :—

	Debt on 31st March		
	1976	1977	1978
	(in crores of rupees)		
Market Loans	7.19	8.60	8.60
Loans from the Government of India	20.23	21.91	23.32
Other loans	0.29	0.47	0.72
Small Savings, Provident Funds, etc.	1.52	1.87	3.97
Total	29.23	32.85	36.61

Further details of the debt outstanding at the end of March 1978 are given in Statement No.16 of Finance Accounts 1977-78.

(b) The details of debt transactions during 1977-78 are given below :—

	Receipts during the year	Repayments during the year	Net increase during the year
	(in crores of rupees)		
Loans from the Government of India	2.07	0.66	1.41
Loans from the National Agricultural Credit Fund of the Reserve Bank of India and loans from other institutions	0.27	0.02	0.25
Small Savings, Provident Funds, etc.	2.27	0.17	2.10
Total	4.61	0.85	3.76

(c) Open market loan

No open market loan was raised during the year. The total open market loans outstanding at the end of the year were Rs. 8.60 crores.

(d) Other obligations

In addition to the above, certain obligations such as deposits of local funds, civil deposits and other earmarked funds, etc. (total as on 31st March 1978: Rs. 2,26.62 lakhs), which are merged with the general cash balance of the Government, constitute a liability of the Government.

(e) Amortisation arrangements

No contribution towards either the Sinking Fund or the Depreciation Fund maintained by the Government for amortisation of open market loans was made during 1977-78.

The balances in these funds at the commencement and close of 1977-78 are given below :—

	Balance on 1st April 1977	Interest on investment	Withdrawal during the year	Balance on 31st March 1978
(in lakhs of rupees)				
Sinking Fund	1,14.61	1.13	...	1,15.74
Depreciation Fund	2.25	...	...	2.25
Total	1,16.86	1.13	...	1,17.99

Out of these funds, Rs.21.75 lakhs were invested in Government of India securities. The balance amount of Rs.96.24 lakhs was merged in the general cash balance of the State.

1.9 Interest charges

The net burden on revenue of interest charges in 1977-78 compared with that in the preceding year was as follows:—

	1976-77	1977-78
(in lakhs of rupees)		
Interest paid by the Government on Public Debt, Small Savings, Provident Funds, etc.	1,69.08	1,74.34
<i>Deduct—</i>		
(a) Interest received on loans and advances given by the Government	1.54	3.38
(b) Interest realised on investment of cash balance	24.61	30.02
Total (a)+(b)	<u>26.15</u>	<u>33.40</u>
Net amount of interest charges	1,42.93	1,40.94
Percentage of gross interest to total revenue receipts	4.39	3.62
Percentage of net interest to total revenue receipts	3.71	2.93

1.10 Guarantees given by the Government

Guarantees given by the Government are in the nature of contingent liabilities. The maximum amount guaranteed by the Government and the amount guaranteed outstanding on 31st March 1978 are shown below:—

	Maximum amount guaranteed	Amount outstanding on 31st March 1978
(in lakhs of rupees)		
Meghalaya State Electricity Board	11,14.50	11,14.50
	<i>plus interest</i>	
Mawmluh-Cherra Cements Limited, Shillong	6,65.00	6,65.00
	<i>plus interest</i>	
Co-operative Societies	73.40	31.31
	<i>plus interest</i>	
Other local bodies (Shillong Municipality)	5.60	5.60
	<i>plus interest</i>	

Further details of the guarantees are given in Statement No. 5 of Finance Accounts 1977-78.

1.11 Investments

In 1977-78, the Government invested Rs. 64.00 lakhs in two Government companies (Rs.32.25 lakhs) and various co-operative institutions (Rs. 31.75 lakhs). The total investment of Government upto the end of 1977-78 in the share capital of a statutory corporation, four Government companies and various co-operative institutions was Rs.10,09.03 lakhs as shown below:—

	Number of concerns	Amount invested
(in lakhs of rupees)		
(I) Statutory Corporation (Meghalaya Warehousing Corporation)	1	12.00
(II) Government Companies (Meghalaya Industrial Development Corporation, Mawmluh-Cherra Cements Limited, Assam, Meghalaya Mineral Development Corporation Limited and Forest Development Corporation of Meghalaya Limited)	4	8,42.85
(III) Co-operative institutions	604	1,54.18
Total	609	10,09.03

No dividend/interest was received from these investments during the year. Further details are given in Statement No.13 of Finance Accounts 1977-78.

1.12 Utilisation certificates

During 1977-78, the Government paid Rs.5,02.12 lakhs as grants. The main beneficiaries were non-Government educational institutions (Rs. 4,20.71 lakhs), co-operative institutions (Rs.33.54 lakhs) and district councils (Rs.17.28 lakhs).

The financial rules require that certificates of proper utilisation of grants should be sent to Audit after verification by the departmental officers within a reasonable time, which is one year from the date of disbursement of the grants where no time limit is specified in the sanctions. On 1st October 1978, 1,204 certificates (Rs.9,09.54 lakhs) in respect of grants paid upto 1976-77 were awaited. Of these, 496 certificates (Rs.4,56.43 lakhs) related to grants paid upto March 1974. The number of certificates to be received in respect of grants paid during 1974-75 to 1976-77 and the number actually received upto the end of September 1978 are given below:—

Year in which grants were paid	Utilisation certificates					
	Due		Received		Awaited	
	No.	Amount	No.	Amount	No.	Amount
	(amounts in lakhs of rupees)					
1974-75	347	2,50.46	45	69.01	302	1,81.45
1975-76	207	1,70.62	17	25.71	190	1,44.91
1976-77	242	1,37.25	26	10.50	216	1,26.75
	796	5,58.33	88	1,05.22	708	4,53.11

The departments having heavy outstanding utilisation certificates at the end of September 1978 are given below along with other relevant information:—

Serial number	Department	Period during which the grants were paid	Utilisation certificates outstanding	
			Number	Amount (in lakhs of rupees)
1.	Education	1970-71 to 1976-77	524	5,52.55
2.	Co-operation	1970-71 to 1976-77	132	89.60
3.	Industries	1970-71 to 1976-77	274	49.73
4.	Forest	1972-73 to 1976-77	114	45.02
5.	Power and Mines	1974-75 to 1976-77	6	37.87
6.	District Council Affairs	1971-72 to 1975-76	16	27.51
7.	Public Works	1970-71 to 1974-75	29	23.75

The names of grantee bodies/authorities from which utilisation certificates for Rs. 5 lakhs and above are outstanding together with the number of certificates outstanding, the year in which the grants were paid and the actual amount for which certificates are required from each are given below:—

Serial number	Name of the grantee	Number of certificates outstanding	Year in which the grants were paid	Total amount for which certificates are required (in lakhs of rupees)
1.	Meghalaya State Electricity Board	1	1974-75	6.00
		1	1975-76	9.00
		2	1976-77	14.92
2.	Garo Hills District Council, Tura	1	1974-75	8.00
3.	Meghalaya State Co-operative Apex Bank Limited	1	1976-77	6.60

The utilisation certificates have not been received although considerable time has passed after the grants were paid. In the absence of these certificates, it is not practicable to state, even in a broad way, to what extent the recipients spent the grants for the purpose or purposes for which these were given and whether they fulfilled the other conditions governing the grants.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Summary

(a) The following table compares the total expenditure during the year with the totals of grants and charged appropriations:—

	Grants/charged appropriations	Expenditure	Excess(+) Saving(-)	Per-centage
(in crores of rupees)				
Voted—				
Original	47.24	56.64	51.37	(-)5.27
Supplementary	9.40*			
Charged—				
Original	5.69	5.71	2.57	(-)3.14
Supplementary	0.02			
Total	62.35	53.94	(-)8.41	13

The overall saving of Rs.8.41 crores was the result of saving of Rs.9.29 crores in 80 grants (Rs.6.15 crores) and 7 charged appropriations (Rs.3.14 crores) partly offset by excess of Rs.0.88 crore in 16 grants (Rs.0.88 crore) and 2 charged appropriations (a).

*Includes Rs.3.25 crores being the amount transferred to the Contingency Fund under the Meghalaya Contingency Fund (Augmentation of Corpus) Ordinance, 1978.

(a) Rs.79,544 only.

(b) Further details are given below:—

	Revenue	Capital	Loans and advances	Inter-State settlement	Public debt	Appropriation to Contingency Fund	Total
(in crores of rupees)							
Authorised to be spent (grants and charged appropriations)							
Original	36.88	8.76	3.15	0.52	3.62	...	52.93
Supplementary	4.50	1.11	0.56	...	...	3.25	9.42
Total	41.38	9.87	3.71	0.52	3.62	3.25	62.35
Actual expenditure (grants and charged appropriations)	38.02	8.47	3.51	...	0.69	3.25	53.94
Shortfall (—)	(—)3.36	(—)1.40	(—)0.20	(—)0.52	(—)2.93	...	(—)8.41

2.2 Excess over grants/charged appropriations requiring regularisation

(a) **Grants**

The excess of Rs.87,89,568 in the following 16 grants requires regularisation under Article 205 of the Constitution:—

Serial number	Number and name of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
(1)	7—Stamps and Registration	63,000	1,04,217	41,217

Reasons for excess, which occurred mainly under “C—Stamps—Judicial—I—Cost of stamps—(a)—Manufacturing cost of stamps supplied from Central Stamps Stores—General”, have not been intimated (March 1979).

Serial number	Number and name of grant	Total grant	Actual expenditure	Excess
		Rs.	Rs.	Rs.
(2)	10—Taxes on Vehicles	11,16,536	11,19,405	2,869

Excess was stated to be due to payment of dearness allowance to the staff at increased rates.

(3)	13—Secretariat General Services—I—Civil Departments	66,65,710	70,94,466	4,32,756
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Reasons for excess, which occurred mainly under "I—Civil Departments—(b) Secretariat Administration Department—General", have not been intimated (March 1979).

(4)	27—Aid Materials and Equipments	8,43,000	10,07,865	1,64,865
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Excess occurred on account of adjustment of value of more material and equipment than anticipated received from the Government of India under the National Malaria Eradication Programme and Family Welfare Programme.

(5)	29 Secretariat—Social and Community Services—I—Civil Departments	8,02,135	8,06,691	4,556
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Reasons for excess, which occurred under "I—Civil Departments—Secretariat Administration Department—General", have not been intimated (March 1979).

(6)	33.—Art and Culture	8,25,000	8,28,761	3,761
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Excess was stated to be due to payment of municipal taxes at enhanced rates owing to reassessment of taxes in respect of State Library, Shillong.

(7)	35 —Medical	1,96,92,200	2,26,54,149	29,61,949
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Excess was due mainly to increased expenditure on medical relief.

Serial number	Number and name of grant	Total grant	Actual expenditure	Excess
		Rs.	Rs.	Rs.
(8)	37—Public Health, Sanitation and Water Supply—A—Public Health and Sanitation	80,14,200	87,88,688	7,74,488

Excess occurred mainly on account of (i) additional expenditure on dietary charges consequent on increase in the number of patients in the public health dispensaries in Garo Hills, (ii) receipt of more aid materials than anticipated from the Government of India and (iii) payment of dearness allowance to the staff at enhanced rates.

(9)	42—Urban Development—A—General—II—Town and Regional Planning	13,56,873	13,87,273	30,400
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Reasons for excess, which occurred mainly under “A—General—I—Direction and Administration—(a) Headquarter Organisation—General”, have not been intimated (March 1979).

(10)	47—Social Security and Welfare—A—I—Civil Supplies	13,50,000	13,59,371	9,371
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Excess was due to payment of dearness allowance to the staff at enhanced rates.

(11)	53—Other Social and Community Services	2,40,000	2,48,150	8,150
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Reasons for excess, which occurred mainly under the head “A—Geological and Public gardens—(d) Ward lake Establishment—General,” have not been intimated (March 1979).

(12)	54—Secretariat—Economic Services—I—Civil Departments	12,55,650	13,46,634	90,984
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Reasons for excess, which occurred mainly under “A—Secretariat—(a) Planning Department—General”, have not been intimated (March 1979).

Serial number	Number and name of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
(13) 70	Village and Small Industries—I—Handloom and Sericulture and Housing—C—Government Residential Buildings	39,28,000	41,05,272	1,77,272

Reasons for excess have not been intimated (March 1979).

(14) 75	Roads and Bridges	2,35,00,000	2,75,50,618	40,50,618
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Excess was stated to be due partly to accelerated progress of works during the year (Rs.24.92 lakhs). Reasons for the balance excess have not been intimated (March 1979).

(15) 76	Road and Water Transport Services	...	31,812	31,812
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Reasons for excess, which occurred under the head "A—Road Transport—I—Direction and Administration—(a) Head Office Organisation—General", have not been intimated (March 1979).

(16) 99	Loans for Housing	14,14,000	14,18,500	4,500
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Excess was stated to be due to more demand for housing loans.

(b) Charged appropriation

The excess of Rs.79,544 in the following two charged appropriations requires regularisation:—

Serial number	Number and name of charged appropriation	Total appropriation Rs.	Actual expenditure Rs.	Excess Rs.
(1) 2	Governor	8,66,248	9,45,661	79,413

Reasons for excess, which occurred mainly under "J—Other Expenditure—Works—(a) Maintenance of the official residences—Add.—Amount Transferred from '259—Public Works—General', have not been intimated (March 1979).

(2)	Public Service Commission	4,27,000	4,27,131	131
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Reasons for excess have not been intimated (March 1979).

2.3 Supplementary grants/charged appropriations.

Supplementary provision of Rs.9.42 crores (18 per cent of the original provision) was obtained under 59 grants (Rs.9.40* crores) and 3 charged appropriations (Rs.0.02 crore). Details of significant cases of unnecessary and excessive supplementary grants are given below:—

(i) Unnecessary supplementary grants

In the following cases, the supplementary grants (exceeding Rs. 2 lakhs in each case) remained wholly unutilised as the expenditure did not come up even to the original provision.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(in lakhs of rupees)					
(1)	38—Public Health, Sanitation and Water Supply—B—Sewerage and Water Supply and Housing—C—Government Residential Buildings	83.49	7.50	48.66	42.33

Saving, which occurred mainly under “B—Sewerage and Water Supply—5. Suspense”, was due mainly to non-payment/non-adjustment of the value of stores received, reasons for which have not been intimated (March 1979).

(2)	59—Agriculture/Minor Irrigation/Other Social and Community Services/Housing—C—Government Residential Buildings	2,32.44	5.00	2,28.17	9.27
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Saving was stated to be due mainly to partial implementation of lift irrigation schemes owing to shortage of cement, less demand for fertilizers from cultivators, non-finalisation of land acquisition for a large sized farm and unfilled vacancies.

(3)	67—Community Development and Housing—C—Government Residential Buildings and Social Security and Welfare	1,35.94	10.81	1,25.72	21.03
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Saving reportedly occurred owing to discontinuance of the Centrally sponsored Tribal Development Blocks in the State.

*Please see footnote at page 17.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(in lakhs of rupees)					
(4)	79A—Capital Outlay on Education, Art and Culture and Capital Outlay on Medical, etc.	44.70	9.71	25.36	29.05

Saving was stated to be due mainly to non-finalisation of schemes for construction of buildings for primary schools and the Regional Health and Family Planning Training School.

(5)	80—Capital Outlay on Public Health, Sanitation and Water Supply	1,40.60	22.50	1,08.00	55.10
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Saving was stated to be due mainly to difficulties in land acquisition for Greater Shillong Water Supply Scheme.

(ii) *Supplementary grants which proved excessive*

In the following cases the supplementary grants proved excessive; against the supplementary provision of Rs. 3,61.36 lakhs, Rs. 2,24.99 lakhs were actually utilised:—

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(in lakhs of rupees)					
(1)	17—Police and Fire Protection and Control	3,05.00	84.86	3,66.13	23.73

Saving was stated to be due mainly to adoption of economy measures, non-receipt of Central assistance for purchase of motor vehicles and vacant posts.

(2)	19— Stationery and Printing	39.19	9.69	42.67	6.21
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Saving was stated to be due mainly to non-commissioning of Tura Branch of Government Press, unfilled vacancies and less expenditure on vehicles.

(3)	31—Education	5,52.55	1,20.66	6,33.14	40.07
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Saving was stated to be due mainly to (i) non-implementation of certain schemes, viz., (a) opening of vocational schools in two stages, (b) introduction of new educational pattern for

schools, (c) opening of junior colleges or upgrading of schools to higher secondary level at plus 2 stage, and (d) mass youth rallies, (ii) non-incurring of expenditure on girls' hostels and (iii) non-release of full assistance as envisaged to local bodies for primary education, reasons for which have not been intimated (March 1979).

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(in lakhs of rupees)

(4)	56A—Special and Backward Areas—C—North Eastern Areas	89.75	8.32	94.56	3.51
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Saving was stated to be due mainly to delay in finalisation of land acquisition proceedings.

(5)	61—Soil and Water Conservation and Housing—C—Government Residential Buildings	1,42.80	8.34	1,47.83	3.31
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Saving was stated to be due to less terracing work taken up because of lands having not been made available by the villagers.

(6)	66—Forests	1,27.50	34.90	1,49.36	13.04
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Reasons for saving, which occurred mainly under "L—other expenditure—(a) Supplies of sleepers to Railways—General" have not been intimated (March 1979).

(7)	71—Village and Small Industries—II—Small Industries	46.84	28.00	55.26	19.58
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Saving was stated to be due mainly to less allocation of funds by the Government of India for the Centrally sponsored schemes of Rural Industries Project and Rural Artisan Programme and non-establishment of training centres (leather, blacksmithy and carpentry sections) at Nongstoin and Simsangiri because of non-finalisation of acquisition of land therefor.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(in lakhs of rupees)					
(8)	84A—Capital Outlay on Special and Backward Areas—C—North Eastern Areas	1,06.00	55.91	1,45.45	16.46

Saving was stated to be due mainly to (i) non-finalisation of the site for Regional Students' Hostel at Shillong, (ii) delay in taking up work of development of Pasteur Institute and (iii) late sanction of water supply scheme at North Eastern Council Cattle Farm, Kyrdemkulai.

(9)	113—Loans to Government Servants	43.20	10.68	43.42	10.46
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Saving was stated to be due mainly to less demand for loans and advances.

2.4 Unutilised provision

- (i) Rupees 9.29 crores remained unutilised in 80 grants (Rs. 6.15 crores) and 7 charged appropriations (Rs. 3.14 crores).
- (ii) In seventeen grants and two charged appropriations, the savings (more than Rs. 5 lakhs in each case) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix I.

2.5 Non-receipt of explanations for savings/excesses

After the close of each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the Controlling Officers, requiring them to furnish reasons for the variations. It is, however, seen every year that, in regard to many important heads, the reasons for variations are not furnished in time to Audit by the Controlling Officers. Reasons for variations were not received at all in respect of 94 heads (March 1979); these constituted about 40 per cent of the number of heads the variations in which were to be explained. Such delay in the submission of material for the Appropriation Accounts results in the Report being incomplete in certain essential respects.

*Animal Husbandry and Veterinary and Education departments***2.6 Drawal of funds in advance of requirement**

According to the rules, money should not be drawn from the treasury unless required for immediate disbursement. Further, any amount not spent should be refunded into the treasury promptly.

(a) A test-check (February 1978) of the accounts of the Director of Animal Husbandry and Veterinary, Shillong disclosed the following:—

Rupees 10.91 lakhs were drawn (March 1977) and remitted (March 1977) by the directorate to different subordinate officers shown below for payment of subsidy in respect of various schemes. Of this, only Rs. 0.77 lakh had been utilised upto August 1978, as detailed below:—

Name of officer to whom paid	Programme for which paid	Amount received in March 1977	Amount utilised (upto August 1978)	Balance
(amount in lakhs of rupees)				
Project Officer, Small Farmers/Marginal Farmers and Agricultural Labourers' Development Agency, Shillong	Poultry production	6.86	0.17	6.69
—do—	Cross breed calf rearing	2.55	...	2.55
—do—	Pig production	0.60	0.60	...
Project Officer, Small Farmers/Marginal Farmers and Agricultural Labourers' Development Agency, Tura	Pig production	0.90	...	0.90
Total		10.91	0.77	10.14

The Project Officer, Tura deposited (August 1977) the entire amount (Rs. 0.90 lakh) in an account opened with the Meghalaya Co-operative Apex Bank Limited, Tura while the Project Officer at Shillong deposited (September 1978) the entire undisbursed amount of Rs. 9.24 lakhs in an account opened with the State Bank of India.

The department stated (October 1978) that non-sanction of loan by the financing bank to the recipients of the subsidy had stood in the way of disbursement of the subsidy.

(b) A test-check (August 1978) by Audit showed that the Librarian, State Central Library, Shillong had selected at the end of the financial year firms for supply of books to the State Library as well as the district libraries at Jowai and Tura and asked them to submit bills in advance. On receipt of the advance bills, money was drawn from the treasury after recording necessary certificate on the bills that the books billed for had been received in good condition. Payments to the firms were, however, made as and when books were actually received from the firms. The particulars of drawal and disbursement of money in connection with purchase of books during 1974-75 to 1977-78 were as under—

Year	Month of drawal	Amount drawn	Amount disbursed	Period of disbursement	Balance remaining undisbursed and unrefunded (November 1978)	Remarks
(amount in lakhs of rupees)						
1974-75	March 1975	2.10	1.95	April 1975 to September 1976	0.15	(Retained in cash)
1975-76	March 1976	5.22	5.21	March 1976 to October 1977	0.01	(Retained in cash)
1976-77	March 1977	2.75	2.75	March 1977 to March 1978	...	...
1977-78	March 1978	3.53	2.45	March 1978 to July 1978	1.08	(Retained as bank draft)

The matter was referred to the Government in October 1978; reply is awaited (March 1979).

2.7 Reconciliation of departmental figures

With a view to ensuring effective control over expenditure, the departmental officers are required to reconcile periodically, as also before the close of the accounts for a year, the departmental figures of expenditure with those booked in the Accounts Office. Failure to reconcile or delay in reconciliation by departmental officers was brought to the notice of the concerned departments of the Government. The reconciliation, however, continued to be heavily in arrears, in some departments; for 1977-78, out of 102 controlling officers, no reconciliation was done by 26 controlling officers and one controlling officer did it partly. Rupees 3,71.71 lakhs remained unreconciled.

CHAPTER III

CIVIL DEPARTMENTS

Industries Department

3.1 Subsidy for setting up industrial units in selected backward areas

1. With a view to promoting the growth of industries in the industrially backward districts/areas of the country, the Government of India introduced in August 1971 a scheme providing for outright grant/subsidy (referred to as subsidy hereafter) for setting up new industrial units or for undertaking substantial expansion of existing units in such areas. A unit was to be treated as new if "effective steps" for its establishment were taken on or after 1st October 1970. The term "effective steps" denoted one or more of such steps as paying up of 60 *per cent* of the capital issued, construction of a substantial part of the factory building and of placing firm orders for a substantial part of the plant and machinery. Units which existed prior to 1st October 1970 were eligible for the subsidy if their fixed capital investment was increased by not less than 25 *per cent*. For the purposes of the scheme, the 'fixed capital investment' of an industrial unit was to include the unit's actual investment on land, building and plant and machinery. The subsidy admissible to each unit was to be at the rate of 10 *per cent* (15 *per cent* from 1st March 1973) of the total fixed capital investment in the case of new units and of the additional fixed capital investment in the case of existing units. The maximum amount of subsidy admissible to an industrial unit was Rs.5 lakhs ; from 1st March 1973, this maximum limit was raised to Rs.15 lakhs.

Subsidies to applicant units were to be sanctioned by a State Level Committee (SLC) to be set up by the State Government. The subsidy was to be disbursed to the eligible unit on its going into production and reimbursement of the amounts so paid was thereafter to be claimed from the Government of India. From 1st March 1973, 50 *per cent* of the subsidy could be paid in suitable cases even prior to a unit going into production or the entrepreneur's furnishing proof of having taken 'effective steps' to the satisfaction of the State's Director of Industries, the remaining 50 *per cent* being released only after the unit went into production.

In Meghalaya, the scheme was introduced in 1973-74 simultaneously in all the three (since reorganised into five) districts of the State.

2. Financial outlay

The subsidy sanctioned and disbursed upto the end of 1977-78 was as under:—

Year	Number of units to whom subsidy sanctioned	Amount of subsidy sanctioned	Amount of subsidy disbursed
(1)	(2)	(3)	(4)
(amounts in lakhs of rupees)			
1973-74	33	9.28	1.30
1974-75	14	10.41	13.46
1975-76	11	0.53	4.41
1976-77	17	11.37	1.50
1977-78	nil	nil	3.55
1978-79 (upto August 1978)	nil	nil	3.62
Total	75	31.59	27.84

The subsidies sanctioned by the SLC were disbursed through two disbursing agencies, namely, the Meghalaya Industrial Development Corporation Limited and the Assam Financial Corporation.

3. Results of test-check

A test-check of records in the offices of the Meghalaya Industrial Development Corporation Limited and the Assam Financial Corporation during August 1978 disclosed the following :

(a) Payment of subsidy on inadmissible items

Subsidy was to be paid on the basis of the actual price paid for land to the extent needed for the plant and machinery of the unit. The position was the same in the case of buildings. Likewise, the value of plant and machinery erected at site of the work to be taken into account and could include cost of productive equipment such as tools, jigs, dies and moulds and goods carriers to the extent they were actually utilised for transport of raw materials and marketing of finished products. Expenditure on items like construction of guest houses, generating sets (unless based on certificate of non-availability of power by the Electricity Board), second hand machines (except those installed after 31st December 1976 subject to certain conditions) etc., were to be excluded from the computation of the fixed capital investment for purposes of the subsidy.

It was noticed during test-check that subsidy (Rs.1.14 lakhs) had been paid, though not admissible, to 7 units, as indicated below :

- (i) Subsidy paid on the basis of incorrect adoption of investment figures reported by the units—Rs.0.63 lakh (2 units),
- (ii) Subsidy paid on second hand machinery purchased until 31st December 1976 or where purchased thereafter without verification of the stipulated conditions—Rs.0.27 lakh (3 units) and
- (iii) Subsidy paid on investment in land, buildings, plant, etc., not directly relatable to the needs of the plant/production as required in terms of the scheme—Rs.0.24 lakh (2 units).

For calculation of subsidy under the scheme, the value of land, building and plant and machinery had to be in accordance with the criteria set forth in the scheme. For this purpose, vouchers relating to each item were required to be checked/verified by an officer authorised by the SLC/State Government/financial institution and a certificate as to the check having been made recorded.

It was, however, noticed that sanction to subsidy amounting to Rs. 8.10 lakhs was accorded and disbursed (August 1974) to a unit in the Khasi Hills District on the basis of a reported capital investment of Rs. 53.99 lakhs (land: Rs. 1.30 lakhs ; building: Rs. 8.63 lakhs ; plant and machinery: Rs. 43.75 lakhs and vehicle: Rs. 0.31 lakh), as shown by the unit in its application dated 20th November 1973, without any recorded check/verification by officer of the SLC/State Government/financial institution.

On the basis of a revised statement of its fixed capital investment, submitted by the unit in February 1976, the SLC sanctioned (April 1976) a revised total subsidy of Rs. 11.72 lakhs (including Rs. 8.10 lakhs sanctioned in August 1974), again without any recorded check/verification/assessment by any officer authorised by the SLC/State Government/financial institution.

Another unit was sanctioned subsidy amounting to Rs. 2.99 lakhs (of which Rs. 2.50 lakhs had been disbursed upto August 1978) calculated at 15 per cent of its fixed capital investment. Under the scheme, industrial units were entitled to subsidy at the rate of 10 per cent of fixed capital investment if effective steps had been taken during the period from 1st October 1970 to 28th February 1973. The unit under consideration having gone into production on 15th February 1973, it was entitled to subsidy at the rate of 10 per cent on its fixed capital investment. Subsidy amounting to Rs. 0.83 lakh calculated at the difference between 10 per cent and 15 per cent was thus inadmissible.

(b) Absence of follow up action—

Under the scheme, units receiving the subsidy were required to submit annual progress reports to the State Government for a period of five years after going into production and the State Government, in turn, had to forward a consolidated statement of such reports to the Government of India annually at the end of each financial year. The State Government had also to furnish a certificate of utilisation of the subsidy to the Government of India within a period of one year from the date of receipt of the last instalment of the subsidy by the unit and a certificate to this effect was to be furnished to the State Government by the recipient unit. It was seen in audit (August 1978) that annual progress reports and utilisation certificates were outstanding in respect of all units to which subsidy had been disbursed until August 1977.

The scheme had laid down that if the assisted unit went out of production within five years after commencement of production or sold out the project or otherwise failed to utilise the subsidy granted to it, steps should be taken to get the subsidy refunded. In the absence of follow up action such as obtaining progress reports and utilisation certificates it was not known (August 1978) if any of the units assisted had gone out of production and if so, what amount of subsidy had become recoverable.

The above observations were referred to the Government in November 1978 ; reply is awaited (March 1979).

Police Department

3.2. Idle outlay

During 1976-77, the department purchased for the State Police Radio Organisation seven teleprinters with accessories costing Rs.1.07 lakhs from a Government of India enterprise. The teleprinters with accessories were received by the department in September 1976 (3) and November 1976 (4) but have been lying idle in stock since then. The department stated (May 1978) that the teleprinters could not be installed due to non-receipt of adaptor of special type from the suppliers. The records did not, however, show (April 1978) whether the matter regarding non-receipt of special type of adaptor had been taken up either with the suppliers or with the Director of Co-ordination, Police Wireless, Government of India, against whose supply orders the teleprinters had been supplied.

The matter was referred to the Government in August 1978 ; reply is awaited (March 1979).

Education Department

3.3. Irregularities in maintenance of cash book and retention of unauthorised/heavy cash in hand.

The rules require that each entry in the cash book should be attested by the Drawing Officer and that the cash book should be closed and signed by him each day. Further, the cash balance is required to be physically verified and a certificate showing the results of verification recorded by the Drawing Officer at the end of each month.

The rules also require that no money should be drawn from the treasury unless required for immediate disbursement and that any unspent balance should be promptly refunded into the treasury.

A test-check (March 1978) of the records of the Principal, Jowai Government College for the period from May 1974 to March 1977 disclosed the following :—

- (i) The entries in the cash book had not been attested by the Drawing Officer during the entire period covered by test-check.
- (ii) According to rules, certificate of physical verification is required to be recorded in the cash book at the end of each month. But there was no evidence in the cash book that physical verification of cash had been done in any month during October 1974 to March 1977.

In September 1978, the Government stated that the cash book had generally been verified although the entries had not been attested and that physical verification had been done occasionally without recording any certificate on the body of the cash book.

However, in the absence of attestation/certificate it is not possible to know whether the verification had in fact been done and with what result.

(iii) The Principal had heavy cash in hand as under:—

End of	Balance	Amount out of the balance spent in the following month
	Rs.	Rs.
August 1976	76,861	34,512
September 1976	55,204	8,637
October 1976	50,561	21,929
November 1976	62,369	30,452
December 1976	46,833	229
January 1977	46,604	...
February 1977	47,643	22,521
March 1977	1,07,145	48,733

(iv) Rupees 0.73 lakh were drawn (Rs.0.50 lakh in April 1976 and Rs. 0.23 lakh in March 1977) by the Principal on the basis of sanctions accorded by the Director of Public Instruction, Shillong for purchase of books for the college during 1976-77. The amounts drawn were deposited on the dates of their drawal in two current accounts opened with the Jowai branch of a nationalised bank. Approval of the Government had not been obtained for keeping the money outside Government account.

In September 1978, the Government stated that the unspent amount was kept in the bank as necessary arrangement for safe custody of Government money did not exist in the office and that the whole amount had since been disbursed and the accounts with the bank closed.

3.4 Temporary misappropriation of Government money

According to the rules, money received on behalf of Government should be immediately recorded in the cash book and promptly deposited into the treasury. A test-check by Audit (August 1978) showed that a sum of Rs.0.16 lakh, being the hire charges received for the auditorium of the State Central Library during February 1976 to December 1976 and for which receipts had been issued, had neither been recorded in the cash book nor deposited into the treasury till July 1978. Retention of Government money for a period from 18 to 28 months and that too by keeping the amount out of Government account constituted temporary misappropriation of the money.

The matter was referred to the Government in October 1978, reply is awaited (March 1979).

Community Development Department

3.5 Retention of heavy cash

According to the rules, money should not be drawn from the treasury unless required for immediate disbursement and any balance remaining unspent should be refunded into the treasury promptly. A test-check (April 1978) disclosed that the Block Development Officer, Mylliem Development Block, Upper Shillong had retained heavy cash balance in hand as under :—

End of	Balance	Month	Amount spent (out of the balance) in the following month
	Rs.		Amount Rs.
March 1977	2,18,362	April 1977	46,589
April 1977	1,71,773	May 1977	Nil
May 1977	1,91,782	June 1977	86,252
June 1977	1,05,530	July 1977	47,114
October 1977	76,628	November 1977	30,156
February 1978	1,00,084	March 1978	Nil

The matter was referred to the Government in August 1978 ; reply is awaited (March 1979).

*Agriculture Department***3.6 Manures and fertilizers**

Records relating to the implementation of a group of schemes comprising (1) Local Manurial Resources, (2) Distribution of Chemical Fertilizer, (3) Bonemeal Subsidy and (4) Soil Testing Laboratory were generally examined in the Offices of the Director of Agriculture and all District Agricultural officers in Meghalaya during June 1978 to September 1978. Important points noticed are mentioned in the succeeding paragraphs.

2. Budget estimates and expenditure

The budget estimates and expenditure on these schemes since 1970-71 were as under:—

Year	Local Manurial Resources		Chemical Fertilizer and Distribution		Bonemeal subsidy		Soil Testing Laboratory		All Schemes	
	Budget estimates	Expenditure	Budget estimates	Expenditure	Budget estimates	Expenditure	Budget estimates	Expenditure	Budget estimates	Expenditure
1970-71	0.16	0.16	3.33	2.79	...	...	...	...	3.49	2.95
1971-72	0.25	0.22	3.40	2.89	...	...	...	...	3.65	3.11
1972-73	1.43	2.43	5.00	17.81	...	...	...	...	6.43	20.24
1973-74	1.03	3.49	10.13	3.38	...	...	...	...	11.16	6.87
1974-75	1.50	1.50	4.55	3.27	3.10	4.45	1.15	0.99	10.30	10.21
1975-76	1.89	1.89	5.25	2.75	3.00	2.53	0.50	0.10	10.64	7.27
1976-77	2.00	1.86	5.00	2.83	3.00	1.44	0.60	0.25	10.60	6.28
1977-78	2.00	1.58	3.00	1.17	2.00	2.04	0.50	0.30	7.50	5.09
	10.26	13.13	39.66	36.89	11.10	10.46	2.75	1.64	63.77	62.12

(in lakhs of rupees)

3. Local Manurial Resources

The aims and objects of the scheme as outlined in the sanctions were to develop local manurial resources such as night soil and village and town wastes for preparation of compost with the assistance of municipalities/town committees and the villagers. The scheme also aimed at popularisation of green manuring by free distribution of seeds to the farmers.

- (i) During 1973-74 to 1977-78, the department purchased about 55 tonnes of green manuring seeds costing Rs.2.12 lakhs and issued them to the Agriculture Extension Officers attached to the blocks for distribution to the farmers; it also constructed 58 pit latrines departmentally at a cost of Rs.0.62 lakh and 139 compost pits by paying 50 per cent subsidy amounting to Rs.1.05 lakhs to individuals in the rural areas for composition of rural compost. The department had no information /had not devised any means to get information about the utilisation of the seeds distributed and of the pit latrines and compost pits constructed.
- (ii) During 1973-74 to 1977-78, the department also paid Rs.4.84 lakhs as grants to the municipalities/town committees in connection with the production of town compost.

Of this, Rs.2.84 lakhs were paid to the Shillong Municipality in March 1974 for purchase of 4 tractors, 6 trailers, 8 tankers and other accessories on the following terms and conditions.

(a) The municipality would satisfy the department about purchase of the equipment.

Fulfilment of this condition by the municipality had not been ascertained by the department.

(b) The municipality would produce and sell to the department (at rate not exceeding Rs.30 per tonne) 28 tonnes of town compost per annum for ten years from 1974-75.

Against this, only 47 tonnes had been sold to the department during 1974-75 to 1977-78.

The balance (Rs.2.00 lakhs) of grants was disbursed as under without specifying any conditions.

Year	Grantee	Amount (in lakhs of rupees)
1974-75	Shillong Municipality	0.28
1974-75	Tura Town Committee	1.19
1976-77	Jowai Town Committee	0.53

No records were available in the offices of the District Agricultural Officers to show that there was any production of town compost by these Town Committees (August 1978).

4. Distribution of Chemical Fertilizer

The scheme envisaged that chemical fertilizer would be sold at various district headquarters at a uniform rate, the cost of transportation from the nearest rail-head (Gauhati) to the district headquarters being covered by a subsidy. As the Fertilizer Corporation of India (F.C.I.L.) agreed to deliver its products at Shillong/Tura at the nearest rail-head (Gauhati) price from 1975-76, it was decided to sell the fertilizer with effect from 1st July 1975 at selected interior places at a uniform rate, the cost of transportation from Shillong/Tura to these selected interior places being covered by subsidy. The rates of transport subsidy were not to exceed, for State Transport routes, the approved rate of the Transport Department and for other routes, the rates approved by the respective Deputy Commissioners. Further, to popularise the use of urea, the sale of urea was also subsidised to the extent of Rs.500 per tonne during 1975-76 and Rs.400 per tonne during 1976-77 and 1977-78.

The scheme provided for payment of transport subsidy to authorised dealers on such quantities of fertilizer as were actually brought into the State and distributed to the farmers either directly or through retailers at rates fixed by the Government. The dealers were required to sell their stock only on cash memoranda with full details regarding the names and addresses of the customers and submit a copy of the same to the District Agricultural Officers while claiming subsidy.

The following points were noticed during test-check :—

- (i) The cash memoranda accompanying the subsidy claims showed that in some cases the selling prices were higher than those fixed by the Government (amount recovered in excess : Rs.55,061 on 1,018 tonnes) and in some others the selling prices were lower (amount recovered less : Rs.54,288 on 823 tonnes), which was not in accordance with the terms and conditions of the subsidy scheme.

The District Agricultural Officers entrusted with the implementation of the scheme were required to maintain records showing the total cultivable area (in hectares) benefited by the scheme in each district. No such records showing the area benefited by the scheme had, however, been maintained.

- (ii) As the Shillong depot of F.C.I.L. had no stock of superphosphate, transportation of 705 tonnes of superphosphate from Gauhati to Shillong with transport subsidy of Rs.45 per tonne was approved by the Government in March 1977. Against this a subsidy of Rs.0.06 lakh for transportation of 130 tonnes was paid. Transportation of 500 tonnes from Calcutta to Shillong with subsidy of Rs.184 per tonne was also approved in March 1977. Against this a subsidy of Rs.0.99 lakh for transportation of 500 tonnes at Rs.198 per tonne was paid in March 1977 (Rs.0.92 lakh) and March 1978 (Rs.0.07 lakh), thus involving an extra subsidy of Rs.0.07 lakh. The circumstances under which 500 tonnes of fertilizer were permitted to be brought from Calcutta by road, involving extra subsidy of Rs.0.70 lakh, when the nearest rail-head was at Gauhati, were not on record. Further, the subsidy claim of Rs.0.99 lakh was not supported by any documents evidencing importation into the State, transportation from Calcutta to Shillong and sale of the fertilizer (sales statement, copies of cash memoranda, etc.).
- (iii) The sanctioned scheme for 1977-78 provided for transport subsidy of Rs.1.50 lakhs for transportation of 5,000 tonnes, of fertilizer from Shillong to different wholesale centres in the East and West Khasi Hills districts. In March 1978, the District Agricultural

Officer, East Khasi Hills paid Rs.0.32 lakh as transport subsidy to a dealer for transportation of 430 tonnes of Ammonium Sulphate from Namrup to Shillong at the rate of Rs.75 per tonne. Reasons for moving fertilizer from Namrup to Shillong and paying subsidy of Rs.0.32 lakh therefor were neither on record nor furnished when asked for (March 1979).

5. Bonemeal subsidy scheme

The object of the scheme was to arrange for supply of bonemeal through dealers to farmers at a reasonable price by subsidising a percentage of its cost and transportation charges. The quantum of cost as well as transport subsidy was fixed after obtaining quotations from the dealers to ascertain the lowest price at which they would supply bonemeal to farmers authorised by the department. While the dealers had to supply bonemeal at rates fixed by the department, the cost and transport subsidy was reimbursed to them by the department.

The District Agricultural Officers/Sub-Divisional Agricultural Officers were to issue authority slips in favour of farmers on the basis of which the dealers were to issue the allotted quantity of bonemeal to them at the subsidised rates. While doing so they (District Agricultural Officers or Sub-Divisional Agricultural Officers) had to ensure that the slips were specifically meant for direct use by the farmers themselves. The dealers had to issue cash memoranda for the sales made by them, a copy of which was to be submitted along with their claims for subsidy. The cash memoranda were to be countersigned by the District or the Sub-Divisional Agricultural Officer before making payment of subsidy.

During 1974-75 to 1977-78, Rs.10.46 lakhs were paid as cost and transport subsidy on bonemeal. The following points were observed during test-check :

In many cases, bonemeal was sold in bulk to co-operative societies and individuals on the basis of authority slips issued by the District Agricultural Officers or Sub-divisional Agricultural Officers. However, no accounts showing actual distribution of bonemeal to the farmers had been received/obtained from such societies or individuals.

No accounts had been maintained to show the number of beneficiaries of the scheme or the areas benefited by it.

The cash memoranda had not been countersigned by the District Agricultural Officers before making payment of subsidy.

6. Soil Testing Laboratory

The scheme was introduced in 1974-75 with the object of ascertaining the fertility condition of the soil by proper analysis and recommending the choice of fertilizer and its dosage to the farmers for achieving better results in crop production. Soil samples from the fields of farmers were to be collected through the Block Development Officers and results of the analysis along with recommendations were to be sent to them for giving guidance to the farmers and later evaluating the impact of the recommendations.

Fifteen thousand eight hundred and fortyeight cases of soil testings (covering 15,848 acres, about 3 *per cent* of the area under cultivation in the State) were done at the Soil Testing Laboratory, Shillong during 1975-76 to 1977-78 as shown below :—

	1975-76	1976-77	1977-78
Khasi Hills	5,414	2,978	5,792
Jaintia Hills	129	776	102
Garro Hills	197	250	210
Total	<u>5,740</u>	<u>4,004</u>	<u>6,104</u>

Summing up

With a view to popularising the use of different kinds of fertilizers to boost agricultural production, the Government undertook various subsidy schemes. The department had however no machinery to check whether and how far the benefits of the scheme percolated to the farmers.

Local Manurial Resources

The department had not devised any means to get information about the utilisation of the green manuring seeds distributed and of the pit latrines and compost pits constructed under the scheme.

Distribution of Chemical fertilizer

In some cases the selling prices of fertilizers were found to be higher/lower than those fixed by the Government.

Subsidy of Rs. 0.99 lakh had been paid for transportation of 500 tonnes of superphosphate from Calcutta to Shillong without any supporting documents evidencing transportation or sale of the fertilizer.

Subsidy of Rs. 0.32 lakh had been paid for transportation of 430 tonnes of ammonium sulphate from Namrup to Shillong. However, reasons for transporting the same from Namrup to Shillong were not on record.

Bonemeal subsidy scheme

As per the scheme, bonemeal was to be distributed at subsidised rates only to bonafide farmers. In many cases, bonemeal had been sold in bulk to the co-operative societies and individuals for distribution among farmers. However, no accounts showing actual distribution of bonemeal to farmers had been received/obtained from such societies/individuals.

The above observations were referred to the Government in September 1978; reply is awaited (March 1979).

CHAPTER IV

WORKS EXPENDITURE

*Public Works Department***4.1 Loss of transport subsidy**

The price of cement was uniform F. O. R. all railway stations. This was done by the mechanism of freight pool system (as contained in the Cement Control order, 1967) operated by the Cement Controller under the Ministry of Industry (Department of Industrial Development). Under this system, expenditure incurred by the producer or by the consumer on behalf of the producer on freight by railways was reimbursable to the producer by the Cement Controller on the basis of proof of despatch by rail.

With effect from 23rd July 1975, the Government of India extended the benefit of cement freight pooling system to freight charges incurred on movement of cement over the road distance from the nearest rail-head to the district headquarters provided there was no railway station within the same district and also provided the road distance was at least 50 kilometres. Two Public Works divisions indicated the place of delivery as 'ex-factory' in the supply orders (reasons not on record) for cement which was subsequently carried from the factory site by road to other district headquarters for actual consumption. As a result the State Government was deprived of a subsidy of Rs. 2.07 lakhs as indicated below :—

Division	Quantity (in tonnes)	Transported from factory site by road to	Amount of subsidy forgone (in lakhs of rupees)
Tura South Division	1,643	Tura	1.40
Shillong Central Division	3,083	Shillong	0.67

The matter was referred to the Government in August 1978; reply is awaited (March, 1979).

4.2 Unnecessary purchase of ceiling fans

In March 1975, the Tura North (R & B) Division placed orders with a firm for supply of 160 ceiling fans (110 nos. of 56" sweep and 50 nos. of 48" sweep) for utilisation in five works to be executed by the Tura Building Sub-division. This sub-division had however, been transferred from Tura North (R&B) Division to Tura South (R&B) Division in January 1975. On receipt of the fans (cost: Rs.0.60 lakh) in May 1975, these could not be transferred to the Tura South (R&B) Division which reportedly would not accept them as it had already a surplus stock fans. The Division stated in October 1978 that of the 160 ceiling fans, which were remaining unutilised since their purchase in May 1975, 50 fans had been issued in August 1978. In September 1978, the Government stated that other divisions in Meghalaya had since been asked to intimate their requirements of fans so that the excess fans might be utilised. Further developments regarding utilisation of the remaining fans were awaited (March 1979).

4.3 Extra expenditure on carriage of materials

Tenders for carriage of materials like cement, bitumen, iron materials, etc., mainly from Gauhati/Cherrapunjee to Shillong during 1976-77, were invited by the Shillong Central Division on 29th April 1976. The tenders were opened on 21st May 1976 but accepted only on 30th August 1976 and works orders were issued on 22nd September 1976. Reasons for the delay at various stages were not on record (January 1978). As a result of the delay, carriage of over 3,871 tonnes of materials was got done during April 1976 to September 1976 at the rates accepted for the previous year (which were higher) at a cost of Rs.1.49 lakhs against Rs.1.36 lakhs payable on the basis of the new rates. Had tenders been invited well in time and finalised before 31st March 1977, the extra expenditure of Rs.0.13 lakh could have been avoided.

The division stated in August 1978 that due to heavy pressure of work in March 1976 tenders could not be invited and finalised in time. Besides, due to escalation of prices of materials and labour obtaining at that time the division anticipated that the tenderers would quote higher rates than those obtaining in 1975-76 but the anticipation of the division proved wrong as lower rate was quoted.

*Public Works Department/Public Health Engineering Department***4.4 Expenditure incurred without or in excess of sanctioned estimates**

Ordinarily, no new work may be commenced or any liability incurred in respect thereof till its detailed estimate is sanctioned. Further, a revised estimate is to be prepared when the sanctioned estimate is likely to be exceeded by more than 5 per cent.

Rupees 32.54 lakhs were spent by the Public Works Department upto the end of March 1978 on four works (not mentioned in the previous Audit Reports), of which the detailed estimates had not been sanctioned.

In the case of nineteen works of the Public Works Department and three of the Public Health Engineering Department (not mentioned in the previous Audit Reports), where the sanctioned estimates were above rupees one lakh each, the expenditure up to the end of 1977-78 exceeded the sanctioned estimates by more than 5 per cent, the aggregate excess being Rs. 33.02 lakhs and Rs. 0.67 lakh respectively.

Particulars of individual works are mentioned in Appendix II.

CHAPTER V

STORES AND STOCK

5.1 Synopsis of stores account

(a) A synopsis of stores accounts of the Public Works and Public Health Engineering departments for 1977-78 is given below :—

Serial number	Department	Stores	Balance on 1st April 1977	Receipts during the year	Issues during the year	Balance on 31st March 1978
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1.	Public Works	Small stores, building materials, painters' stores, etc.	85.28	244.51	289.67	40.12
2.	Public Health Engineering	—do—	21.71	75.86	108.30	(-)10.73(c)

(b) As also indicated in the earlier Audit Reports, the accounts of non-judicial, judicial and entertainment tax stamps from 1970-71 onwards have not been included in the above table as complete information about receipts and issues has not been received by the Audit Office from the treasuries (March 1979).

5.2 Stock registers and stock verification

The stock registers in the Public Works divisions are required to be closed at the end of September each year and reviewed by the divisional officers to ensure that the stock consists of serviceable and necessary articles and that it is correctly priced with reference to the prevailing market rates.

In twelve out of fifteen Public Works divisions and five out of seven Public Health Engineering divisions, the stock registers for the accounting period ending September 1977 had not been closed (March 1979).

In paragraph 5.2. of the Report for the year 1976-77 also, the non-closure of such registers by fourteen Public Works divisions and five Public Health Engineering divisions had been pointed out.

(c) *Minus* balance is due to non-adjustment of debits for stores received.

Five Public Works divisions (Shillong South Division, Shillong West Division, National Highway Division, Shillong, Tura South Division and Estate Officer, Public Works divisions (R & B), Shillong) out of the twelve divisions had not closed the registers for three to five years. Four Public Health Engineering divisions (Public Health Engineering Hills Division, Shillong, Sewerage and Drainage Division, Shillong, Rural Water Supply Division, Jowai and Rural Water Supply Division, Simsangiri) out of the five Public Health Engineering divisions had not closed the registers for two to three years.

Once a year, the Sub-divisional Officers are required to verify physically the entire stock and the divisional officers are required to verify similarly ten per cent of it.

Stock held in the following sub-divisions of the Public Works and Public Health Engineering divisions had not been verified (October 1978) by either of the officials from the months shown against each:—

Serial number	Division	Sub-division	Month from which stock not verified
(1)	(2)	(3)	(4)
1.	Nongstoin Division	(i) Mairang Sub-division	October 1974
		(ii) Markasa Sub-division	October 1975
		(iii) Nongstoin Sub-division	October 1975
		(iv) Sonapahar Sub-division	October 1976
2.	North Jowai Division	North Jowai Sub-division	October 1975
3.	Tura South Division	(i) Tura South Sub-division No. I	February 1976
		(ii) Baghmara Sub-division	February 1976
		(iii) Building Sub-division	February 1976
4.	Rural Water Supply Division, Simsangiri	(i) Simsangiri Sub-division	February 1976
		(ii) Mendipathar Sub-division	February 1976
5.	Tura East Division	Dainadubi Sub-division	May 1976
6.	Shillong South Division	(i) South Shillong Sub-division	July 1976
		(ii) South Shillong 'B' Sub-division	August 1976
7.	Sewerage and Drainage Division	Sewerage and Drainage Sub-division.	October 1976

5.3 Tools and plant accounts

Public Works divisions having tools and plant for general or special use are required to maintain a register for keeping an account of the receipts, issues and balances of tools and plant and of the hire charges recoverable. The register is to be closed and balanced each year at the end of September and the stock is to be verified once a year by responsible officers.

This is to ensure—

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

Nine Public Works divisions and four Public Health Engineering divisions had not closed (January 1979) the register at the end of September 1977. Such registers had remained to be closed for the period ending September 1976 in thirteen Public Works and five Public Health Engineering divisions as mentioned in paragraph 5.3 of the Audit Report for 1976-77. Of the nine Public Works divisions, one division (Shillong South Division) had not closed the register from September 1973, two divisions (National Highway Division, Shillong and Tura South Division) from September 1975 and six divisions (Tura East Division, Tura North Division, Nongstoin Division, Shillong North Division, Shillong West Division and Estate Officer, Public Works Department (R. & B.), Shillong) from September 1976 onwards. Similarly, one Public Health Engineering division (Rural Water Supply Division, Jowai) out of the four mentioned above had not closed the register from September 1973, one division (Sewerage and Drainage Division, Shillong) from September 1974 and two divisions (Public Health Engineering Hills Division, Shillong and Rural Water Supply Division, Simsangiri) from September 1976 onwards.

The tools and plant of the following sub-divisions of the Public Works divisions and Public Health Engineering divisions had not been verified physically (January 1979) from the months shown against each:—

Serial number	Division	Sub-division	Month from which tools and plant not verified
(1)	(2)	(3)	(4)
1.	Nongstoin Division	(i) Mairang Sub-division	October 1974
		(ii) Markasa Sub-division	October 1974
		(iii) Nongstoin Sub-division	October 1974
		(iv) Sonapahar Sub-division	October 1974
2.	North Jowai Division	North Jowai Sub-division	October 1975
3.	Tura South Division	(i) Tura South Sub-division No. I	February 1976
		(ii) Baghmara Sub-division	February 1976
		(iii) Building Sub-division	February 1976
4.	Rural Water Supply Division, Simsangiri	(i) Mendipathar Sub-division	October 1975
		(ii) Simsangiri Sub-division	February 1976
5.	Rural Water Supply Division, Jowai	Rural Water Supply Sub-division	January 1976
6.	Tura East Division	Dainadubi Sub-division	May 1976
7.	Shillong South Division	(i) South Shillong Sub-division	July 1976
		(ii) South Shillong 'B' Sub-division	September 1976
8.	Sewerage and Drainage Division, Shillong	Sewerage and Drainage Sub-division	October 1976

CHAPTER VI

REVENUE RECEIPTS

*Section A—Sales Tax***6.1 Irregular exemption from Central sales tax**

Under the Central Sales Tax Act, 1956, inter-State sale of any goods is exempt from tax if under the sales tax law of the appropriate State the sale or purchase, as the case may be, of such goods is exempt from tax generally. The Act also provides that sale or purchase of any goods shall not be deemed to be exempt from tax generally under the sales tax law of the appropriate State if under that law the sale or purchase of such goods is exempt only in specified circumstances or under specified conditions.

Under the Assam Sales Tax Act, 1947, as adapted by Meghalaya, with effect from 21st January 1972, vegetables are exempt from tax except when sold in sealed containers. Thus, the sale of vegetable is not exempt from tax generally and as such tax under the Central Sales Tax Act, 1956, is leviable on the inter-State sale of vegetables.

In the course of audit (May 1973) of the records of the Superintendent of Taxes, Shillong, it was noticed that in the cases of 3 dealers inter-State sales of vegetables (potato) amounting to Rs.42,44,978 during the period between 31st March 1976 and 30th September 1977 were not subjected to tax. This resulted in non-levy of tax of Rs.4,24,497.

The matter was reported to the Government in September 1978; reply is awaited (March 1979).

6.2 Application of incorrect rate

Under the Central Sales Tax Act, 1956, inter-State sales of goods (other than declared goods) made other than to Government or to registered dealers, are taxable at the rate of 10 per cent or at the rate applicable to the sales of such goods inside the appropriate State, whichever is higher. Under the Assam Finance (Sales Tax) Act, 1956, as adapted by Meghalaya, with effect from 21st January 1972, India made foreign liquor is taxable at 25 per cent,

In the course of audit (April 1978) of the accounts of the Superintendent of Taxes, Shillong, it was noticed that in the case of one dealer, inter-State sales of India made foreign liquor to unregistered dealers during the period ending 31st March 1974 to the period ending 30th September 1976 were taxed at the rate of 10 per cent only, resulting in under-assessment of tax of Rs.1,44,825.

The matter was reported to the Government in September 1978; reply is awaited (March 1979).

6.3 Non-levy of penalty

The Assam Finance (Sales Tax) Act, 1956, as adapted by Meghalaya with effect from 21st January 1972, provides that the Commissioner of Taxes, on being satisfied in the course of any proceedings under the Act, may levy penalty in cases where a dealer has, without reasonable cause, failed to furnish the return. In such cases the Commissioner of Taxes may direct that such dealers shall pay by way of penalty, in addition to tax payable by him, a sum not exceeding one and a half times that amount. Thus, the question whether penalty should be imposed and, if so, to what extent, is to be decided by the Commissioner at his discretion. The Act further provides that no penalty shall be imposed by an officer appointed to assist the Commissioner without previous sanction of the Commissioner. As such, even though the levy of penalty is discretionary on the part of the Commissioner, it is not so in the case of assessing authorities. Thus, in cases of non-furnishing of returns the assessing authorities have no discretion but to consider the levy of penalty and seek orders from the Commissioner.

In the course of audit (May 1978) of the accounts of the Superintendent of Taxes, Shillong, it was noticed that in the case of two dealers who failed to furnish 8 and 10 returns consecutively for periods falling between 1st October 1971 to 31st March 1977, assessments were made ex-parte without considering the levy of penalty. The maximum penalty leviable in these two cases worked out to Rs.5,976.

The matter was reported to the Government in September 1978; reply is awaited (March 1979).

6.4 Acceptance of defective declarations

Under the Central Sales Tax Act, 1956, inter-State sales to the registered dealers are taxable at the concessional rate of 4 per cent if such sales are supported by valid declarations in the prescribed form duly filled in and issued by the purchasing dealer.

In the course of audit of the records of the Superintendent of Taxes, Shillong, it was noticed (May 1978) that declarations produced by one dealer in support of sales of India made foreign liquor amounting to Rs.1,98,172 during the return period ending 31st March 1976 were defective inasmuch as they did not contain the number of registration certificates of the purchasing dealers, name of the selling dealer and purpose of purchase. The declarations were not, therefore, valid and these sales were to be taxed at the rate of 10 per cent or at the rate applicable to the sale of such goods inside the State, whichever is higher. The sales were, however, taxed by the assessing authority at the concessional rate leading to short levy of tax of Rs.41,616 at the differential rate.

The matter was reported to the Government in September 1978; reply is awaited (March 1979).

6.5. Non-levy of interest under the Central Sales Tax Act

Under the Central Sales Tax Act, 1956, the provisions of general sales tax of the appropriate State shall apply in regard to levy or collection of interest. Under the Assam Sales Tax Act, 1947, as adapted by Meghalaya with effect from 21st January 1972, every registered dealer is required to furnish returns of his taxable turnover in the prescribed form to the Superintendent of Taxes within the prescribed time and to pay into the Treasury the full amount of tax due from him under the Act on the basis of the return or his account books within the prescribed date. The Act also provides for levy of interest at prescribed rates in the event of non-payment of tax within the due date.

In the course of audit (May 1978) of the records of the Superintendent of Taxes, Shillong, it was noticed that 7 dealers did not deposit the tax payable under the Central Sales Tax Act, 1956, pertaining to the return periods ending 30th September 1976 and 31st March 1977 within the due dates. But

no interest was levied by the department in these cases, while completing the assessments of these dealers during the period April 1977 to April 1978. The quantum of interest leviable in these cases worked out to Rs.17,354 in the aggregate.

The matter was reported to the Government in September 1978; reply is awaited (March 1979).

Section B—Electricity Duty

6.6 Application of incorrect rate of duty

The rate of electricity duty was raised from 2 paise per unit to 3 paise per unit of energy with effect from 16th January 1975 by the Meghalaya Electricity Duty (Amendment) Act, 1974.

In the course of audit of the accounts of the Superintendent of Taxes, Shillong, it was noticed (May 1978) that assessments for the periods ending 31st March 1975, 30th September 1975 and 31st March 1976, in respect of one licensee were completed in August 1977 with reference to the old rate of duty, *i. e.* 2 paise per unit. This resulted in under-assessment of electricity duty of Rs.1,99,970.

The matter was reported to the Government in September 1978; reply is awaited (March 1979).

Section C—Taxes on Vehicles

6.7 Non-levy of motor vehicle tax on vehicles owned by District Councils

Under the Assam Motor Vehicles Taxation Rules, 1936 (as adapted by the Government of Meghalaya), motor vehicles are subject to levy of road tax except where a vehicle or class of vehicles has been exempted from such levy by any rules or orders of the State Government. Vehicles belonging to District Councils* have not been exempted from tax.

*In accordance with the provisions of the Constitution, Government entrusted some functions of Government to the District Councils. The State Government gives grants to the Councils for performance of these functions. In addition, the District Councils are empowered under paragraph 8(3) of the Sixth Schedule of the Constitution to levy and collect some taxes.

Mention was made in paragraph 6.2 of the Report of the Comptroller and Auditor General of India for the year 1974-75, about non-recovery of road-tax of Rs.39,108 in respect of vehicles belonging to the Khasi Hills District Council and Garo Hills District Council.

In the course of audit of the accounts of the District Transport Officers, Shillong, Jowai and Tura, it was noticed (July 1977, October 1977 and November 1977) that no tax had been levied on 37 vehicles belonging to 3 District Councils, for periods ranging between July 1967 and September 1977, treating them as local authorities though they had not been declared as Local Authorities by the Government. The amount of road tax leviable on these vehicles worked out to Rs.21,727 in the aggregate.

The matter was reported to the Government in November 1976, November 1977 and March 1978; reply is awaited (March 1979).

6.8 Non-realisation of taxes in respect of standing passengers

In the course of audit (July 1977) of the office of the District Transport Officer, Shillong, it was noticed that the Regional Transport Authority in their meeting on the 15th September 1976, decided to allow 10 standing passengers in city buses in Shillong town, and Government was moved to approve this measure. Meanwhile, the Secretary of the Bus Syndicate was reportedly intimated verbally about the decision of the Regional Transport Authority and the city buses had been carrying standing passengers accordingly.

Motor vehicle tax is required to be realised on the basis of the number of passengers authorised to be carried by the Regional Transport Authority. It was, however, noticed that no additional tax on the basis of the standing passengers authorised to be carried was assessed and realised in respect of 90 city buses plying in Shillong. This resulted in short levy of motor vehicles tax of Rs.37,800 for the period 1st October 1976 to 30th June 1977.

When this was pointed out in audit (July 1977), the District Transport Officer stated on 28th November 1977 that the endorsement for allowing standing passengers was not made in the registration certificates and in the Combined Register of Vehicles and hence no tax was realised.

The matter was reported to the Government in November 1977; reply is awaited (March 1979).

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

*Section I***7.1. Grants and loans**

During 1977-78, Rs.5,02.12 lakhs (13 per cent of revenue expenditure during the year) were paid as grants to local bodies, private institutions, etc. Rupees 2,84.40 lakhs were also paid by way of loans.

7.2. Bodies and authorities substantially financed by Government grants and loans

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the receipts and expenditure of bodies and authorities substantially financed by grants or loans from the Consolidated Fund attract audit by the Comptroller and Auditor General. Important points noticed during audit under Section 14 are given in the succeeding paragraph.

*Education Department***7.3. College 'A', Shillong**

The grants received by the college during 1977-78 from the Government aggregated Rs.11.59 lakhs as against the total expenditure of Rs.14.16 lakhs incurred by the college during the year.

A test-check by Audit (October 1978) of the accounts for 1977-78 disclosed, *inter alia* the following:—

(i) Excess payment of deficit grant during 1977-78:—

The deficit grant was to be calculated on the basis of, *inter alia*, the approved expenditure reduced by 60 per cent of the income from fees. The expenditure during 1977-78 (Rs.9.03 lakhs) included pay and allowances of one professor (Rs.0.12 lakh) and nine part-time professors (Rs.0.09 lakh), whose appointments had not been approved by the Director of Public Instruction. The approved expenditure to be reckoned for purposes of the grant thus came to Rs.8.82 lakhs. Tuition fees realisable during 1977-78 worked out to Rs.1.83 lakhs. The admissible grant was, therefore, Rs.7.72 lakhs against Rs.7.96 lakhs sanctioned and paid to the college during May 1977 to March 1978.

(ii) Grant for night shift allowance

In March 1978, the Director of Public Instruction sanctioned a grant of Rs.0.25 lakh for payment of night shift allowance for the period from July 1977 to February 1978 to the concerned teaching staff of the college on the condition that the unutilised amount would be refunded immediately. Out of the sanctioned grant, drawn in March 1978, Rs.0.22 lakh were disbursed to the teaching staff, which included eight persons who had, according to the minutes book of the Board of Management, not attended night shifts (Rs.0.05 lakh). The undisbursed amount of Rs.0.03 lakh had also not been refunded into the treasury till the close of audit (October 1978).

(iii) Non-utilisation of non-recurring grant in full

In April 1977, the Director of Public Instruction sanctioned Rs.0.10 lakh to the college for improvement of the college library. Although as per rules the grant was to be utilised within one year from the date of disbursement, only Rs.0.05 lakh had been spent till the time of audit (October 1978). The unspent amount had not also been refunded into the treasury (October 1978).

The cases were reported to the Government in November 1978; reply is awaited (March 1979).

*Section II***7.4. Grants or loans for specific purposes**

Where a grant or loan is given from the Consolidated Fund for any specific purpose, Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 provides for scrutiny by the Comptroller and Auditor General of the procedure by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grants or loans were given. Important points noticed during scrutiny conducted in accordance with the provisions of Section 15 and in the audit of sanctions for grants, etc., are given in the succeeding paragraphs.

*Education Department***7.5 Grant to the Meghalaya State Sports Council**

The Government sanctioned (March 1978) a grant of Rs.15.40 lakhs to the Meghalaya State Sports Council towards construction (1st phase) of a sports complex at the Pologround, Shillong on the following main terms and conditions:—

- (a) The Council should furnish a detailed phasing of the entire work.
- (b) The grant would be released to the Council after a lease agreement was executed by the Council with the Shillong Recreation Ground Trust.
- (c) The State Public Works Department would be the executing agency for the work.

While the Council had submitted in January 1978 an estimate of Rs.18.30 lakhs for the first phase of construction of the complex, it had not submitted (September 1978) any detailed phasing of the entire work, as required under the terms of the sanction. According to the department (March 1978), the subsequent phasing was to be worked out after the first phase of the construction was over.

The Council and the Trust to which the proposed site for the complex belonged had signed only a memorandum in June 1978, whereby the Council indicated that it was agreeable to take over possession of the Trust property for an initial period of 99 years at a lease rent of Rs.2,000 per year. Though no formal lease agreement with the Trust had been executed (September 1978), as required under the sanction of March 1978, the amount of the grant was paid in August 1978. According to the department (March 1978), the draft lease agreement was ready but that it could not be signed; it had not yet been formally executed (January 1979).

The amount disbursed to the Council in August 1978 had not been deposited by it with the Public Works Department which, as per the sanction, was to be the executing agency for the work. The Council stated (November 1978) that the amount had not been so deposited due to the anticipated delay in commencement of the work consequent

upon legal complications arising out of the amendment of the Meghalaya Land Transfer Act, 1978. Meanwhile the grant continues to lie unutilised with the Council (March 1979).

The matter was referred to the Government in October 1978; reply is awaited (March 1979).

7.6 Grant to the Meghalaya Board of School Education

The Government paid in April 1977 a grant of Rs.2 lakhs to the Meghalaya Board of School Education for construction of its office building at Tura. The plan and estimate of the building, for construction of which the grant had been sanctioned, were, however, received by the Government much later in July 1977. Records also showed that, at the time the grant was sanctioned, the Board had not even obtained final allotment of land for construction of the building.

While making payment of the grant to the Board, the Director of Public Instruction had directed the Board to submit an utilisation certificate, together with details of expenditure incurred against the grant, within six months from the date of receipt of the grant. Though no utilisation certificate nor any statement of expenditure had been received from the Board even till March 1978, a further grant of Rs.4 lakhs was paid (March 1978) by the Government to the Board for construction of office building as also staff quarters. Government continued to have no information regarding the utilisation of both the grants (January 1979).

The matter was referred to the Government in October 1978; reply is awaited (March 1979).

7.7 Grant to the Jaintia District Sports Association

The Government sanctioned (March 1977) a grant of Rs. 0.50 lakh to the Jaintia District Sports Association for construction of an open stadium at Jowai. The amount was drawn on 30th March 1977 and disbursed to the association on 4th April 1977. A further grant of Rs. 0.60 lakh was sanctioned in March 1978 for the same purpose on the condition that its release would be subject to the submission of an utilisation certificate by the grantee in respect of the grant of Rs.0.50 lakh sanctioned earlier. Although no utilisation certificate for the

earlier grant had been received the grant of Rs. 0.60 lakh, drawn on 31st March 1978, was disbursed to the association on 3rd May 1978. The department stated (September 1978) that utilisation certificate for the earlier grant had not been furnished by the Association as it had yet to acquire land for construction of the proposed stadium. Meanwhile the grant (Rs. 1.10 lakhs) continues to lie unutilised with the Association (January 1979).

The matter was referred to the Government in October 1978 ; reply is awaited (March 1979).

Co-operation Department

7.8 Investments in and financial assistance to co-operative societies

Financial Assistance

- (i) The Government has been rendering financial assistance to co-operative societies in the form of investment in share capital, loans, grants and subsidies. Government investment in share capital at the close of the three years ending 1977-78 was as under:—

Year ending 31st March	Number of institutions	Total investment (in lakhs of rupees)
(1)	(2)	(3)
1976	566	96.63
1977	573	1,22.43
1978	604	1,54.18

No dividend was received on these investments during the above period (November 1978).

- (ii) The amounts of loans, grants and subsidies paid to the co-operative societies during the three years ending 1977-78 were as follows :—

Year ending 31st March	Loans				Grants/ Subsidies
	Opening balance	Disbursed during the year	Repaid during the year	Closing balance	
	(in lakhs of rupees)				
1976	16.50	0.10	0.44	16.16	19.29
1977	16.16	2.03	0.40	17.79	19.75
1978	17.79	0.90	0.65	18.04	33.54

Complete records indicating the position of overdue instalments of loans and interest were not available with the Registrar of Co-operative Societies (July 1978).

- (iii) The rules require that certificates of proper utilisation of grants should be sent to Audit, after verification by the departmental officers, within a reasonable time, which is one year from the date of disbursement of the grants if no time limit is specified in the sanctions. However, utilisation certificates in respect of the grants indicated below had not been received (November 1978) :—

Year in which paid	Grants (in lakhs of rupees)
1972-73	10.15
1973-74	16.00
1974-75	14.25
1975-76	19.29
1976-77	19.39

- (iv) The Government has also guaranteed loans raised by three co-operative societies. The sums guaranteed and outstanding at the end of March 1978 amounted to Rs. 31.31 lakhs. The maximum amount guaranteed as on that date stood at Rs. 73.40 lakhs.

(v) Delay in completion of audit

In accordance with the provisions of the Assam Co-operative Societies Act, 1949, as adapted by the Government of Meghalaya, the accounts of the co-operative societies are required to be audited by auditors appointed by the Registrar of Co-operative Societies once every year. At the end of July 1978, audit of the accounts (upto the year ending 30th June 1977) of 231 societies, which had been extended financial assistance like grants/subsidies/loans by the Government, was in arrears.

(vi) Review of audited accounts/reports

A review of the audited accounts of certain selected societies and the reports thereon disclosed that misappropriations of cash in 29 societies during the period from July 1975 to June 1977 amounted to Rs. 4.72 lakhs. Of this, eight cases involving Rs. 0.27 lakh were stated to have been finalised but information as to whether the amount involved had been recovered/written off was awaited (March 1979).

CHAPTER VIII

GOVERNMENT COMMERCIAL AND TRADING
ACTIVITIES**Section A—General**

8.1 This chapter deals with the results of audit of:—

- (I) Statutory Corporations,
- (II) Government Companies, and
- (III) Departmentally managed Government commercial and *quasi*-commercial undertakings.

Section B—Statutory Corporations

8.2 On 31st March 1978, there were three Statutory Corporations in the State, *viz.* Meghalaya State Warehousing Corporation, Meghalaya State Electricity Board and Meghalaya Transport Corporation. The accounts of Meghalaya Transport Corporation, since its formation on 1st October 1976, have not yet been prepared (April 1979). The accounts of Meghalaya State Warehousing Corporation and Meghalaya State Electricity Board for 1977-78 have not also been prepared so far (April 1979).

The summarised financial results of Meghalaya State Warehousing Corporation and Meghalaya State Electricity Board for 1976-77 are given in Appendix III.

*Meghalaya State Electricity Board***8.3 Extra expenditure**

In response to invitation of tenders in March 1976 by the Chief Engineer for purchase of 10,000 disc insulators of 11 KV for 132 KV line from Mawngap to Nangalbibra, one West Bengal firm offered (June 1976) the lowest rate of Rs. 30 per insulator excluding excise duty and sales tax. The offer was valid up to 14th October 1976. On 16th November 1976, after expiry of the validity period of the offer, the

Board intimated the firm of its acceptance of their offer. No specific reasons were recorded for the delay in deciding the tender. The firm, however, revised (November 1976) its rate to Rs. 40 per insulator on the ground that the validity of their offer had already expired. The Chief Engineer, thereafter, placed (February 1977) an order for supply of 10,000 insulators at the revised rate. The goods were received during the period from October 1977 to May 1978. Non-finalisation of the order within the validity period offered by the firm resulted in an extra expenditure of Rs. 1.19 lakhs.

The matter was referred to the Board/Government in June 1978 ; replies are awaited (April 1979).

TRANSPORT DEPARTMENT

Meghalaya Transport Corporation

8.4 Avoidable extra expenditure

As per provisions of the Central Sales Tax Act, 1956, every dealer, who, in the course of inter-State trade or commerce, sells to Government or any registered dealer any goods, shall be liable to pay tax at the rate of 4 per cent instead of the normal rate of 12 per cent, provided the required declaration in form 'D' or 'C', as the case may be, is furnished by the purchaser. The Meghalaya Transport Corporation, though formed with effect from 1st October 1976, did not take any action upto 9th February 1977 to get itself registered as a dealer. On 10th February 1977, the Corporation took up the matter with Meghalaya Transport Department, but as it was not the appropriate authority the Commissioner of Taxes was moved in November 1977. The Commissioner of Taxes authorised the Corporation in June 1978 to issue form 'D' like a Government Department. Thus, due to delay in taking up the matter with appropriate authority, the Corporation, during the period from March 1977 to October 1977 paid a total sum of Rs. 1.45 lakhs as Central Sales Tax at the usual rate (12 per cent) instead of 4 per cent on its purchases from dealers of other States, which resulted in an avoidable extra expenditure of Rs. 0.97 lakh.

The matter was referred to the Corporation/Government in September 1978 ; their replies are awaited (April 1979).

8.5. Non-realisation of hire charges of a car

One car of the then Meghalaya State Transport Undertaking was allotted to the Inspector General of Prisons of the State Government on 7th September 1976, as per State Government's directive (September 1976). According to the directive, the Inspector General of Prisons was required to accept the driver of the car and to bear charges for his pay and allowances. The Inspector General of Prisons, however, did not accept the driver. The car was returned to the Corporation on 2nd May 1978.

The Corporation preferred (January 1978) a claim, on the Inspector General of Prisons, of Rs.0.31 lakh being hire charges of the car for the period up to 1st May 1978. The Inspector General of Prisons refused (April 1978) to pay the claim in the absence of any agreed terms to that effect.

The matter was referred to Government in October 1978; reply is awaited (April 1979).

Section C—Government Companies

8.6 On 31st March 1978, there were three Government Companies in the State, viz. the Meghalaya Industrial Development Corporation Limited, Mawmluh-Cherra Cements Limited and Forest Development Corporation of Meghalaya Limited. The accounts of Forest Development Corporation of Meghalaya Limited for 1977-78 are under Audit (April 1979). Mawmluh-Cherra Cements Limited have prepared its accounts for 1976-77 which are under audit with the Statutory Auditors of the Company (April 1979). The accounts of this Company for 1977-78 have not been received (April 1979).

A synoptic statement showing the summarised financial results of these Companies, based on their latest audited accounts is given in Appendix IV.

Section 'D'

Departmentally managed Government commercial and quasi commercial undertaking

8.7 As on 31st March 1978, there was only one departmentally managed commercial undertaking in the State, viz. Pinewood Hotel.

The hotel earned net profit of Rs.1.11 lakhs and Rs.1.60 lakhs during the years ending 31st December 1976 and 31st December 1977 respectively.

CHAPTER IX

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

9.1 Outstanding audit observations

Audit observations on the financial transactions of the Government are communicated to the departmental authorities concerned from time to time so that appropriate action is taken to rectify the defects and omissions pointed out. Half-yearly reports of such observations which remain outstanding for more than six months are also forwarded to the Government to expedite their settlement.

The following table shows the number of audit observations issued upto March 1978 and outstanding at the end of October 1978 as compared with the position indicated in the two preceding reports:—

	At the end of February 1977	At the end of February 1978	At the end of October 1978
(1)	(2)	(3)	(4)
Number of observations	11,492	15,468	15,980
Amount involved (in crores of rupees)	11.59	12.68	12.35

As at the end of October 1978, the following departments had comparatively heavy outstanding observations:—

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Public Works	7,635	2,78.84
2.	Industries	453	2,53.80
3.	Agriculture	904	1,45.12
4.	Education	476	90.13
5.	Community Development	558	66.00
6.	Famine Relief	99	57.38
7.	Home (Police)	763	50.15

The following were some of the major reasons for which audit observations remained outstanding :—

Serial number	Nature of observation	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Payees' receipts not received	3,401	3,78.05
2.	Vouchers not received	8,974	3,10.14
3.	Detailed contingent bills for lumpsum drawals not received	1,201	1,74.05

A major portion of the outstandings was due to non-submission of payees' receipts and vouchers. The departments with comparatively heavy outstandings on account of wanting payees' receipts were :—

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Agriculture	675	1,32.73
2.	Industries	271	73.11
3.	Home (Police)	562	47.86
4.	Community Development	151	18.36
5.	Village and Small Scale Industries	243	18.04

The outstandings on account of wanting vouchers pertained mainly to two departments as shown below :—

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Public Works	7,384	2,64.81
2.	Public Health Engineering	1,488	29.31

The facility of drawing amounts as advances on abstract contingent bills by the disbursing officers is intended to expedite payments in certain cases, but they are to be followed by detailed contingent bills (containing full particulars of expenditure with supporting documents) which are required to be sent to the Audit Office not later than the 25th of the month following the month of drawal.

In the absence of detailed contingent bills, it is not practicable for Audit to know whether the whole amount has been spent on the purpose or purposes for which the advances were drawn.

At the end of October 1978, Rs.1,74.05 lakhs were held under observation as detailed contingent bills had not been received in the Audit Office. The departments with comparatively heavy outstandings were:—

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Famine Relief	67	48.68
2.	Community Development	377	46.35
3.	Road and Water Transport Services	77	17.60

9.2 Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the Heads of Offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are also reported to the Heads of Departments and the Government. The Government has prescribed that the first replies to the inspection reports should be sent within five weeks.

At the end of October 1978, 726 reports issued upto March 1978 still contained unsettled paragraphs as shown below with the figures in the two preceding reports:—

	As at the end of February 1977	As at the end of February 1978	As at the end of October 1978
(1)	(2)	(3)	(4)
Number of inspection reports with unsettled paragraphs	1,003	958	726
Number of paragraphs	5,806	5,687	4,589

Of the reports outstanding at the end of October 1978, 632 related to civil departments, 79 to revenue receipts and 15 to commercial departments. These included 25 inspection reports (23 civil and 2 revenue receipts) in respect of which even first replies had not been received.

M. Premkumar

(M. PREMKUMAR)

Accountant General,
Assam, Meghalaya, Arunachal Pradesh
and Mizoram

Shillong,
The 07-07-79

Countersigned

G. Prakash

(GIAN PRAKASH)

New Delhi,
The 13-07-79 Comptroller and Auditor General of India

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APPENDICES

GEORGETOWN

APPENDIX I

(Reference : Paragraph 2.4 (ii), page 25)

Statement showing grants/appropriations where the savings (more than Rs.5 lakhs in each case) were more than 10 percent of the total provision.

Serial number	Number and name of grant /appropriation	Total provision	Expenditure	Saving	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1.	15—District Administration	36.14	31.10	5.04	14
2.	19—Stationery and Printing	48.88	42.67	6.21	13
3.	20—Public Works	1,88.88	1,21.07	67.81	36
4.	21—Other Administrative Services—I—Civil Defence and Home Guards	59.50	35.11	24.39	41
5.	36—Family Welfare	34.79	22.38	12.41	36
6.	38—Public Health, Sanitation and Water Supply—B—Sewerage and Water Supply and Housing—C—Government Residential Buildings	90.99	48.66	42.33	47
7.	44—Labour and Employment— I—A—Labour	22.77	9.44	13.33	59
8.	49—Social Security and Welfare— C—III—Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes—D—Social Welfare	48.94	41.91	7.03	14

APPENDIX I—concl'd.

Serial number	Number and name of grant /appropriation	Total provision	Expenditure	Saving	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
9.	63—Animal Husbandry and Housing—C—Government Residential Buildings	1,37·68	1,07·31	30·37	22
10.	67—Community Development and Housing—C—Government Residential Buildings and Social Security and Welfare	1,46·75	1,25·72	21·03	14
11.	71—Village and Small Industries—II—Small Industries	74·84	55·26	19·58	26
12.	79—Capital Outlay on Public Works	72·07	55·36	16·71	23
13.	79A—Capital outlay on Education, Art and Culture, Capital outlay on Medical, etc.	54·41	25·36	29·05	53
14.	80—Capital outlay on Public Health, Sanitation and Water Supply	1,63·10	1,08·00	55·10	34
15.	104—Loans to Co-operative Societies	7·20	0·90	6·30	88
16.	113—Loans to Government Servants	53·88	43·42	10·46	19
17.	114—Inter-State Settlement	52·25	...	52·25	100
18.	<i>Internal debt of the State Government</i>	98·28	2·29	95·99	98
19.	<i>Loans and Advances from the Central Government</i>	2,63·75	66·28	1,97·47	75

APPENDIX II

(Reference : Paragraph 4.4, page 44)

Expenditure incurred on works without sanctioned estimates/in excess of sanctioned estimates.

I. *Expenditure incurred on works without sanctioned estimates—*

Serial number	Division	Work	Expenditure to the end of March 1978 (in lakhs of rupees)
(1)	(2)	(3)	(4)
<i>Public Works Department</i>			
1.	Tura North Division	(i) Improvement of Agia Medhipara Phulbari Tura Road—Section 1	16.31
		(ii) Annual repair to Metallic road in Tura North Sub-division No. I for 1977-78	4.33
		(iii) Annual repair to un-metallic road in Bajengdoba Sub-division for 1977-78	7.12
2.	Tura East Division	Annual repair to un-metallic road under Simsanggi-ri Sub-division for 1977-78	4.78
			32.54

II. *Expenditure incurred on works in excess of 5 per cent of sanctioned estimates where the value of the sanctioned estimates exceeded Rs. 1 lakh—*

Serial number	Works	Sanctioned estimate	Expenditure to the end of March 1978	Excess	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					

A. *Public Works Department**Barengapara Division—*

1.	Construction of a road from 7th mile of M.B. Road to Bhulhaway via-Aphanggi-ri	9.00	10.95	1.95	22
2.	Construction of a link road to Chenggi-ri border	2.56	3.26	0.70	27
3.	Construction of Chokpot-Sibbari Road Section I	31.17	40.44	9.27	30

APPENDIX II—contd.

Serial number	Works	Sanctioned estimate	Expenditure to the end of March 1978	Excess	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
			(in lakhs of rupees)		
<i>Barengapara Division—concl'd.</i>					
4.	Annual repair to metalled Tura—Dalu Road for 1977-78	1.67	2.04	0.37	22
<i>Nongstoin Division—</i>					
5.	Construction of Nongstoin Mawthapdah Road	10.76	12.08	1.32	12
6.	Construction of minor bridges and culverts on Mawshynrat—Hahim Road Section I	8.70	9.16	0.46	5
7.	Construction of staff quarters for Public Works Department Office at Nongstoin	9.08	11.34	2.26	25
<i>Mawsynram Division—</i>					
8.	Construction of Lawbah—Thyllaw Road	8.11	10.40	2.29	28
9.	Construction of Mawsynram-Thieddieng Road	7.50	8.14	0.64	9
<i>Shillong Central Division—</i>					
10.	Construction of Fly over bridge at Barabazar* Shillong	5.08	5.98	0.90	18
11.	Repair/renovation of existing out houses of Meghalaya House, Calcutta building No. 9810	1.50	1.97	0.47	31
12.	Addition, alteration and construction of Annexure block to Meghalaya House, New Delhi	6.52	7.26	0.74	11
<i>Shillong West Division—</i>					
13.	Construction of M. M. R. Road Section III (Khri to Umrit)	24.00	29.00	5.00	21
14.	Construction of feeder road from Rengthong to Ngunraw	2.88	3.43	0.55	19

APPENDIX II—concl'd.

Serial number	Work	Sanctioned estimate	Expenditure to the end of March 1978	Excess	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
<i>Shillong West Division—concl'd.</i>					
15.	Metalling and surfacing of L. M. Road from Weiloi to Mawkyrwat	9.90	13.28	3.38	34
16.	Construction of bridges and culverts on J. R. Road via-Rangthong upto Kening Section V	6.11	7.15	1.04	17
<i>Tura East Division—</i>					
17.	Construction of R. S. N. Road Section I	9.00	9.50	0.50	6
<i>South Jowai Division—</i>					
18.	Extension of Deputy Commissioner's Office at Jowai	1.17	1.42	0.25	21
19.	Construction of Mukta-pur-Borghat Road	10.00	10.93	0.93	9
Total				33.02	
<i>B. Public Health Engineering Department—</i>					
<i>Hills Division (P. H. E.), Shillong—</i>					
20.	Umuih—Tmar Water Supply Scheme	1.92	2.12	0.20	10
<i>Rural Water Supply Division (P. H. E.) Jowai—</i>					
21.	Pdengkarong Water Supply Scheme	2.64	2.94	0.30	11
22.	Ummulong Water Supply Scheme	1.90	2.07	0.17	9
Total				0.67	

APPENDIX III

(Reference : Paragraph 8·2, page 61)

Summarised financial results of Statutory Corporation/Board

Name of the Corporation	Meghalaya State Warehousing Corporation	Meghalaya State Electricity Board
Name of the concerned department of the State Government	Co-operation Department	Power (Electricity) Department
1. Period of accounts	1976-77	1976-77
	(in lakhs of rupees)	
2. Total capital invested	16·00	48,40·61
3. Profit (+)/Loss(-)	(-)0·16	(+)59·21
4. Total interest charged to Profit and Loss account	...	25·18
5. Interest of long-term loan	...	25·18
6. Total return on capital invested	(-)0·16	84·39
7. Percentage of total return on capital invested	...	1·74
8. Capital employed	16·23	26,80·47
9. Total return on capital employed	(-)0·16	84·39
10. Percentage of total return on capital employed	...	3·14

Note—1. Capital employed represents net fixed assets plus working capital.

2. Capital invested represents paid-up capital plus free reserves plus long-term loan.

APPENDIX—IV

APPENDIX

(Reference : Paragraph

Summarised financial results of the*(Figures in columns 6 to 10, 12 and 13*

Serial number	Name of the Company	Name of the department	Date of incorporation	period of accounts	Total capital invested
(1)	(2)	(3)	(4)	(5)	(6)
1.	The Meghalaya Industrial Development Corporation Limited	Industries	6th April 1971	1977-78	...
2.	The Mawmluh-Cherra Cements Limited	Industries	20th May 1955	1975-76	8,52.02

(1) Capital invested represents paid-up capital *plus* long term loans *plus* free reserves.

(2) Capital employed in respect of the Meghalaya Industrial Development balances of (i) paid-up capital including advance share money and (ii) reserves and surplus capital.

IV

8·6, Page 63)

Government Companies*are in lakhs of rupees)*

Profit (+)/ Loss (-)	Total interest charged to the profit and loss account	Interest on long term loan	Total return on capital invested	Perce- tage of total return on capital invested	Capital employed	Total return on capital employed	Percentage of total re- turn on capital employed
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(+)7·58	0·18	...	...	...	1,97·37	7·76	3·93
(-)29·41	8·44	8·44	(-)20·97	...	3,12·53	(-)20·97	...

Corporation Limited represents the mean of the aggregates of opening and closing
In respect of the other company, capital employed represents net fixed assets plus working



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