REPORT OF THE
Comptroller and Auditor General of India

FOR THE YEAR
1995-96

GARO HILLS AUTONOMOUS DISTRICT COUNCIL,
TURA, MEGHALAYA

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PREFATORY REMARKS

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

2. The cases mentioned in this report are those which came to notice in the course of test-check of the accounts of the Council for the year 1995–96.

3. This Report contains three sections, of which one section deals with the constitution of the Garo Hills District Council, the rules for the management of the District Fund and maintenance of accounts by the District Council. The remaining two sections deal with the Council's financial position and irregularities noticed in Audit relating to the year 1995–96.

OVERVIEW

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

- The figures in the annual accounts furnished by the Council were not tallying with the records maintained by the different branches of the Council. The variation in receipts ranged from Rs. 0.57 lakh to Rs. 37.42 lakh and that of expenditure was to the extent of Rs. 32.43 lakh.

(Paragraph 2.2)

- There was wasteful expenditure of Rs. 1.13 lakh on teakwood plantations due to poor survival of the planted seedlings as these were not maintained, though funds to the extent of Rs. 1.20 lakh was sanctioned by the Government and disbursed to the Council.

(Paragraph 3.3)

SECTION I

1.1 Introduction

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

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

1.2 Rules for the management of District Fund.

The Sixth Schedule provides for the constitution of District Fund for each autonomous district to which shall be credited all moneys received by the Council in the course of administration of the district in accordance with the provisions of the Constitution. In terms of the provisions of paragraph 7 (2) of the Schedule, rules are to be framed by the Governor for the management of the Distrcit Fund and for the procedure to be followed in respect of the payment of the moneys into the said Fund, withdrawal of moneys therefrom, custody of moneys therein and any other matter connected with or ancillary to these matters. These rules have not been finalised so far (February 1998). Meanwhile the affairs of the District Council are being regulated in accordance with the Garo Hills District Fund Rules, 1952.

1.3 Maintenance of accounts

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

The annual accounts for the year 1995-96, due for submission by 30 June 1996, were submitted after a delay of over 4 months in November 1996 and contained some discrepancies. The discrepancies were, however, reconciled by the Council at the instance of Audit and the revised statements of accounts were submitted in September 1997.

Results of the test-check of the annual accounts of the Council for the year 1995-96 are given in the succeeding paragraphs.

SECTION II

2.1 Receipts and expenditure

2.1.1 According to the annual accounts furnished by the Council, the receipts and expenditure of the Council for the year 1995-96 and resultant revenue surplus were as follows :–

Receipts		(Rupees in lakh)
	Part - I District Fund	
(1)	**Revenue receipts**	
(i)	Taxes on income and expenditure	53.41
(ii)	Land revenue	44.86
(iii)	Taxes on vehicles	11.57
(iv)	Forest	73.92
(v)	Other General Economic Services	8.07
(vi)	Mines and Minerals	107.16
(vii)	Roads and Bridges	19.56
(viii)	Grants-in-aid from State Government	243.99
(ix)	Other heads of accounts	1.49
	Total revenue receipts	**564.03**
(2)	**Capital**	**Nil**
(3)	**Debt**	
(i)	Loans received from Government	Nill
(ii)	Loans received from other sources	26.50
	Total of (3)	**26.50**

Disbursements		(Rupees in lakh)
	Part I District Fund	
(1)	**Revenue expenditure**	
(i)	District Council	17.09
(ii)	Executive Members	3.80
(iii)	Land revenues	78.02
(iv)	Interest payment	3.90
(v)	Secretariat General Services	78.68
(vi)	Stationery and Printing	8.75
(vii)	Public Works	76.91
(viii)	Pension and other retirement benefits	12.85
(ix)	Public Health, Sanitation & Water supply	26.33
(x)	Other General Economic Services	21.67
(xi)	Forest	75.66
(xii)	Roads and Bridges	63.53
(xiii)	Road Transport Services	19.56
(xiv)	Other heads of accounts	3.08
	Total Revenue Expenditure	**489.83**
	Revenue surplus	**74.20**
(2)	**Capital**	Nil
(3)	**Debt**	
(i)	Repayment of loans received from Government	13.33
(ii)	Repayment of loans received from other sources	10.16
	Total of (3)	**23.49**

Receipts	(Rupees in lakh)
Part I District Fund	
(4) **Loans and advances**	
Recoveries of loans and advances	3.48
Total of Part I District Fund	**594.01**
Part II Deposit Fund	**(I)**
Deposit receipts	7.44
Total of Part II Deposit Fund	**7.44**
Total Receipts (I + II)	601.45
Opening balance	24.13
Grand Total	**625.58**

Disbursements	(Rupees in lakh)
Part I District Fund	
(4) **Loans and Advances**	
Disbursement of loans and advances	31.52
Total of Part I District Fund	544.84
Part II Deposit Fund	
Deposit payments	0.02
Total of Part II Deposit Fund	0.02
Total Disbursements (I + II)	544.86
Closing balance	80.72
Grand Total	625.58

2.1.2 The discrepancies, as indicated below, have been noticed between the different statements of annual accounts of the Council for the year 1995-96 :–

Serial number	Head of account	Account as shown in Statement 1	Account as shown in Statement 4 and 7	Difference
		(Rupees in lakh)		
1.	Disbursement of loans and advances	31.52	5.02	26.50
2.	Deposits	0.02	6.61 (a)	6.59

The discrepancies had not yet been rectified (February 1998).

(a) Statement 7 only.

2.1.3 Large variations in receipts and expenditure under different heads of account between the current and the previous years were noticed. A few instances of such cases are given below:-

Serial number	Head of accounts	1994-95	1995-96	Variation Increase+/ Decrease– and percentage of Variation in brackets	Reasons for variation
		(Rupees in lakh)			
		Receipts			
1.	Taxes on Income and Expenditure	40.04	53.41	(+) 13.37 (33)	Increase in revenue receipts was stated (September 1997) to be due to establishment of some new toll/check gates.
2.	Public Works	5.46	...	(–) 5.46) (100)	Reason for non receipt of revenue during 1995-96 had not been furnished (February 1998)
3.	Forest	113.29	73.92	(–) 39.37 (35)	Shortfall in revenue receipt was stated (September 1997) to be mainly due to imposition of ban by the State Government on movement of forest produce outside the State.
4.	Other General Economic Services	20.35	8.07	(–) 12.28 (60)	Reasons for variation had not been furnished (February 1998)
5.	Mines and Minerals	....	107.16	(+) 107.16 (100)	Increase in revenue receipt was stated (September 1997) to be due to (i) exhibition of Rs. 10 lakh being the revenue pertaining to

Serial number	Head of account	1994-95	1995-96	Veriation Increase +/ Decrease - and percentage of variation in brackets	Reason for variation

(Rupees in lakh)

the year 1994-95, which was wrongly accounted for under the head 'Forest' during that year and (ii) exhibition of loans and advances (Rs. 97.16 lakh) taken out of Council's share of royalties on major and minor minerals. Reasons for exhibition of loans and advances under revenue receipts instead of under the Debt head 'Loans received from other sources' had not been stated (February 1998). This resulted in overstatement of revenue receipts and understatement of receipts under debt head by Rs. 97.16 lakh.

Expenditure

1.	Land Revenue	64.92	78.02	(+) 13.10 (20)	Increase in expenditure was stated (September 1997) to be due to appointment/promotion of staff and purchase of survey instruments.
2.	Public works	49.75	76.91	(+) 26.16 (53)	Expenditure increase stated (September 1997) to be due to increase in volume of works.
3.	Public Helath, Sanitation and Water Supply	14.72	26.33	(+) 11.61 (79)	
4.	Forest	24.49	75.66	(+) 51.17 (209)	Increase in expenditure was stated (September

Serial number	Head of accounts	1994-95	1995-96	Variation Increase +/ Decrease - and percentage of variation in brackets	Reasons for variation
		(Rupees in lakh)			
					1997) to be due to increase in volume of works, repayment of loans taken from the Government and payment of interest thereon. Amount of loan repaid during the year, which was included under the head 'Forest' and reasons for exhibition of such amount under revenue expenditure instead of under the Debt head 'Repayment of loans received from Government' had not been stated (February 1998).

2.2 Discrepancies in annual accounts

Receipts and disbursements during the year 1995-96 as reflected in the annual accounts were different from those exhibited in the records maintained by the concerned branches of the Council, details of which are given below :-

Serial number	Details	Figure shown in the annual accounts	Figure as per record of the concerned br.	Difference
			(Rupees in lakh)	
		Receipts		
1.	Total receipts	601 45 (a)	564.03 (c)	37.42
2.	Forest	73.92 (b)	73 35 (d)	0.57
3.	Land Revenue	44.86 (b)	50.72 (e)	5.86
4.	Taxes on income and expenditure	53.41 (b)	54.32 (f)	0.91
		Disbursements		
5.	**Total disbursements**	544.86 (a)	512 43 (c)	32.43

Besides, receipts of Rs. 73.92 lakh and Rs. 73.35 lakh shown under columns 3 and 4 respectively of serial 2 above included Rs. 40 lakh being the share on minor minerals received by the Council from the State Government. Hence, exhibition of the amount of Rs. 40 lakh under the head 'Forest' instead of 'Mine and Minerals' resulted in misclassification of receipts.

The Council admitted (May 1997) the discrepancies mentioned at serial 1, 2, 3 and 5 above, but gave no reason for the omission. As regards discrepancy mentioned at serial 4, the Council stated (September 1997) that the same was under reconciliation. Further development had not been intimated (February 1998).

(a) Statement 1 of annual accounts for the year 1995–96
(b) Statement 5 of annual accounts for the year 1995–96
(c) Accounts branch
(d) Forest branch
(e) Revenue branch
(f) Trade Licensing branch.

2.3 Shortfall in collection of revenue and savings in expenditure compared to budget estimate

Sortfall in revenue receipt including loans and expenditure compared with budget estimate for the year 1995-96 are shown below :-

Particulars	Estimate	Actual as per accounts	Shortfall
	(Rupees in lakh)		
Receipt	647.44	594.02	53.42
Expenditure	695.85	544.84	151.01

The Council could not furnish specific reasons for the shortfall in collection of revenue and expenditure against the estimate during the year.

SECTION III

3.1 Delay in deposit of revenue

Mention was made in the Audit Reports relating to the Council for the years 1985–86 to 1989–90 and 1990–91 to 1991–92 regarding non-deposit of revenue of Rs. 0.20 lakh and Rs. 0.27 lakh collected from non-tribal traders during 1985–86 to 1989–90 and 1990–91 to 1991–92 respectively. Further amount of Rs. 0.05 lakh collected during 1990–91 to 1991–92 was also not deposited into Treasury during the respective year of collection.

Test-check (January 1997) of the demand and collection registers and counterfoil of the receipt books in respect of Taxation Branch of the Council further disclosed that out of the non-deposited amount of Rs. 0.52 lakh, Rs. 0.37 lakh only was deposited into Treasury in November 1995 after a delay of 4 to 6 years from the actual month(s) of collection in contravention of Rule 18 of the Garo Hills District Fund Rules, 1952 which provides *inter alia* for remittance of all moneys to the Treasury promptly.

The matter was referred to the Council in May 1997, who admitted the fact (May 1997) but gave no reason for the omission.

3.2 Non-realisation of Kist-money of Jharu Mahal

Test-check (January 1997) of records pertaining to Jharu Mahal* of the Council revealed that the mahal was settled with two Mahaldars 'A' and 'B' for the periods from 14 August 1988 to 15 August 1991 and from 15 November 1991 to 15 November 1994 for Kist money** of Rs. 10 lakh and Rs. 12.15 lakh respectively. Out of the realisable amount of Rs. 22.15 lakh, Rs. 13.15 lakh only was realised (Rs. 7 lakh from 'A' and Rs. 6.15 lakh from 'B') till March 1994 leaving an unrealised balance amount of Rs. 9 lakh to the end of January 1997, resulting in loss of revenue to the Council.

The Council admitted the fact (January 1997) and stated (September 1997) that the balance amount had been realised leaving Rs. 1 lakh outstanding, which was allowed to be deposited by November 1997. Further development had not been intimated (February 1998), Reasons for non-realisation of Kist money in time had not been stated (February 1998).

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* Jharu Mahal : The area containing plantation of broom sticks.

**Kist money : Amount payable in instalment.

3.3 Wasteful expenditure on teak wood plantations

Government of Meghalaya, Forest Department sanctioned (September 1993) Rs. 1.21 lakh for advance works like survey, land preparation fencing, etc. for implementation of the Teak Wood Plantation Scheme on 100 hectares of land during 1993-94. Further, grants-in-aid of Rs. 1.20 lakh was sanctioned (August 1995) by the State Government and disbursed to the Council in March 1996 for maintenance of seedlings, e.g., vacancy filling, weeding out, etc. Test-check (January 1997) revealed that 2.5 lakh seedlings were planted on 50 hectares each in two Ranges (1.25 lakh, seedlings in each Range) at a total cost of Rs. 1.21 lakh. However, no maintenance works were taken up by the Council and the grants disbursed for the purpose were lying unutilised with the Council till the date of audit (January 1997).

According to the reports furnished (January 1997) by the Range Officers of the concerned Ranges to the Divisional Forest Officers, the percentage of survival of the seedlings in the two Ranges were 2.67 and 10. According to Conservator of Forest there was no fixed norm for mortality of teak wood plantation. One of the Range Officers also reported that the seedlings were covered with weeds and huge number of seedlings was taken away by some miscreants. This indicated that the poor survival of the seedlings was due to lack of maintenance. Reasons for not taking up the maintenance works to ensure survival of the planted seedlings and to fill up the vacancies in spite of availability of funds had not been furnished. The actual position of survival of seedlings also could not be checked with the reports as the plantation journals were not made available to Audit.

Thus, at least 93.67 percent of the total expenditure (Rs. 1.21 lakh) amounting to Rs. 1.13 lakh incurred on the plantation proved wasteful as on an average only 6.33* **per cent** of the planted seedlings had survived.

The matter was referred to the Council in May 1997, who admitted the fact (May 1997), but gave no reason for the omission.

3.4 Outstanding Inspection Reports

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

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

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*** (2.67 per cent + 10 per cent)/2 = 6.33 per cent.**

Serial number	Period of accounts	Year of issue of Inspection Report	Number of outstanding paras as on 31 January 1997
1.	June 1969 to June 1970	1970	20
2.	July 1970 to August 1971	1972	43
3.	September 1971 to December 1972	1973	1
4.	September 1972 to March 1974 (Review)	1974	12
5.	January 1973 to February 1974	1974	6
6	March 1974 to March 1975	1975	9
7.	April 1975 to October 1976	1977	16
8.	November 1976 to October 1977	1979	15
9.	November 1977 to March 1980	1982	23
10.	April 1977 to March 1982 (Special audit)	1983	15
11.	April 1980 March 1982	1984	18
12.	April 1982 to March 1984	1985	11
13.	April 1984 to March 1986	1987	26
14.	April 1986 to March 1987	1990	16
15.	April 1987 to March 1988	1990	20
16	Aprii 1988 to March 1990	1993	7
17.	April 1990 to March 1992	1994	19
18.	April 1992 to March 1994	1995	31
19.	April 1994 to March 1995	1996	30

Even first replies to the Inspection Reports at serial 18 and 19 had not been furnished by the Council despite repeated reminders (February 1998)

Shillong
The 07 JUL 1998

(SWORD VASHUM)
Accountant General (Audit)
Meghalaya, Arunachal Pradesh
and Mizoram

Countersigned

New Delhi
The 21 JUL 1998

(V. K. SHUNGLU)
Comptroller and Auditor General of India