





GOVERNMENT OF MEGHALAYA

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

FOR THE YEAR 1975-76

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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 1975-76 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 1975-76.

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 1975-76 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 1975-76 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.

CHAPTER I

GENERAL

I.1 Summary of transactions

The receipts and expenditure of Government of Meghalaya for 1975-76 are given below with the corresponding figures of the previous year :

	1974-75	1975-76
	(in crores of rupees)	
(1) Revenue—		
Revenue receipts	29.55	33.33
Revenue expenditure	25.17	27.39
Revenue surplus (+)	(+) <u>4.38</u>	(+) <u>5.94</u>
(2) Public Debt—		
Internal Debt of the State		
Government (Net)		
Increase (+)	(+) <u>3.72</u>	(+) <u>1.10</u>
Loans and Advances from the Central		
Government (Net)		
Increase (+)	(+) <u>0.52</u>	(+) <u>0.71</u>
Total Public Debt (Net)		
Increase (+)	(+) <u>4.24</u>	(+) <u>1.81</u>
(3) Loans and Advances by the State		
Government (Net)		
Increase (—)	(—) <u>0.75</u>	(—) <u>0.47</u>
(4) Inter-State Settlement		
Payments (—)	(a)	...
(5) Contingency Fund (Net)		
Increase (+)	(+) <u>0.54</u>	(b)
(6) Public Account (Net)		
Decrease (—)	(—) <u>0.83</u>	(—) <u>2.05</u>
(7) Capital Expenditure (Net)		
Increase (—)	(—) <u>5.97</u>	(—) <u>7.16</u>
(8) Appropriation to the Contingency		
Fund (Net)		
Increase (—)	(—) <u>0.25</u>	...
Net surplus (+)	(+) <u>1.36</u>	(—) <u>1.93</u>
Net deficit (—)		

(a) Rs.3,529 only.

(b) Rs.12,953 only.

	1974-75	1975-76
	(in crores of rupees)	
Opening cash balance	(—)3·19	(—)1·83
Net surplus(+)	<u>(+)1·36</u>	<u>(—)1·93</u>
Net deficit(—)		
Closing cash balance	<u>(—)1·83</u>	<u>(—)3·76*</u>

1.2 Revenue surplus/deficit

(a) Revenue receipts

The actuals of revenue receipts for 1975-76 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 1973-74 and 1974-75 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)					
1973-74	20·60	20·60	17·28	(—)3·32	16
1974-75	30·74	30·74	29·55	(—)1·19	4
1975-76	32·62	32·63	33·33	(+)0·70	2

(b) Taxation changes during the year

(i) No new tax was levied by the Government during 1975-76.

(*) There was a difference (Rs.0·19 crore) between the figure reflected in the accounts (Rs.(—)3·76 crores) and that intimated by the Reserve Bank (Rs.(—)3·57 crores regarding "Deposits with the Reserve Bank" included in the cash balance. Difference has since been fully analysed and intimated to the Reserve Bank. Rupees 0·02 crore have been adjusted by the Bank and adjustment of the balance is under correspondence (March 1977).

(ii) The rate of Central Sales Tax was enhanced from 3 per cent to 4 per cent with effect from 1st July 1975. With effect from 1st December 1975, the rate of Sales Tax on certain commodities was enhanced from 3 paise to 4 paise in the rupee.

The estimated additional yield from these measures during 1975-76 was Rs.0.30 lakh; actual additional yield had not been intimated (March 1977).

(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 <i>plus</i> Supple- mentary	Actuals	Variation between columns (4) and (3)	
				Amount	percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1973-74	24.61	25.08	19.70	(—)5.38	21
1974-75	27.62	29.19	25.17	(—)4.02	14
1975-76	30.63	32.13	27.39	(—)4.74	15

(d) The year 1975-76 ended with a revenue surplus of Rs.5.94 crores against a surplus of Rs.1.99 crores anticipated in the budget.

1.3 Analysis of revenue receipts

The revenue receipts during 1975-76 (Rs.33.33 crores) increased by Rs.3.78 crores (13 per cent) over those of 1974-75 (Rs.29.55 crores). The increase is analysed below:—

	1974-75	1975-76	Increase(+) Decrease(-)
(in crores of rupees)			
<i>I. Revenue raised by the State Government</i>			
(a) Tax Revenue	1.95	2.18	(+) 0.23
(b) Other receipts	1.98	3.05	(+) 1.07
	3.93	5.23	(+) 1.30
 <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	0.92	1.32	(+) 0.40
(ii) Union Excise Duties	1.29	1.58	(+) 0.29
(iii) Estate Duty	0.02	0.01	(-) 0.01
(b) Grants—			
(i) Under Article 275 of the Constitution	13.61	14.73	(+) 1.12
(ii) Other grants	9.78	10.46	(+) 0.68
	25.62	28.10	(+) 2.48
Total	29.55	33.33	(+) 3.78

In 1975-76, receipts from the Government of India formed 84 per cent of the total revenue receipts of the State; the corresponding percentage during 1973-74 was 87.

1.4 Expenditure on revenue account

The expenditure on revenue account (Rs.27,38.93 lakhs) was more by Rs. 2,21.87 lakhs (9 per cent) compared to that in 1974-75 (Rs. 25,17.06 lakhs). Important variations are analysed below :—

Sector/Head of Account	Expenditure		Increase (+) Decrease (—)
	1974-75	1975-76	
	(in lakhs of rupees)		
A. GENERAL SERVICES—			
(c) Interest payments and Servicing of debt	1,13.17	1,96.69	(+)83.52

The increase was due mainly to more payment of interest on market loans and loans and advances from the Central Government.

B. SOCIAL AND COMMUNITY SERVICES	7,24.87	7,98.11	(+)73.24
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The increase was mainly under “Public Health, Sanitation and Water Supply” (Rs. 66.61 lakhs) and was due mainly to purchase of pipes and other stock materials in connection with sewerage schemes and reported intensification of activities for the prevention and control of diseases.

C. ECONOMIC SERVICES—

(a) General Economic Services	46.12	1,14.84	(+)68.72
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The increase was mainly under “Special and Backward Areas” (Rs. 60.46 lakhs) and was stated to be due to taking up of development schemes for speedy improvement of specially backward areas.

1.5 Capital expenditure

The capital expenditure during 1973-74 to 1975-76 as compared with (a) the budget estimates and (b) 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)	(4)	(5)	(6)
					(in crores of rupees)
1973-74	4.50	4.93	3.39	(—)1.54	31
1974-75	6.33	6.48	5.97	(—)0.51	8
1975-76	5.94	6.91	7.16	(+)0.25	4

(b) An analysis of expenditure during and to the end of 1975-76 is given below :—

	Expenditure during 1975-76	Progressive total to end of 1975-76
	(in crores of rupees)	
*Capital expenditure on—		
(i) Public Works	0.46	1.61
(ii) Social and Community Services	1.57	3.89
(iii) General Economic Services	0.31	1.17
(iv) Agriculture and Allied Services	0.36	0.39
(v) Industry and Minerals	0.66	2.67
(vi) Water and Power Development	0.19	0.35
(vii) Transport and Communications	3.61	16.62
Total	7.16	26.70

*Further details of capital expenditure are given in Statement nos. 2 and 12 of Finance Accounts 1975-76.

1.6 Loans and advances by the State Government

(a) The actuals of disbursements of loans and advances by the State Government for 1975-76 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision along with the corresponding figures for 1973-74 and 1974-75 are shown below:—

Year	Budget	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1973-74	46.79	50.30	38.13	(—)12.17	24
1974-75	95.10	1,05.87	88.90	(—)16.97	16
1975-76	1,31.13	1,59.84	60.24	(—)99.60	62

(b) The budget and actuals of recoveries of loans and advances for 1975-76 along with the corresponding figures for 1973-74 and 1974-75 are given below:—

Year	Budget	Actuals	Variation	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
1973-74	6.06	8.23	(+)2.17	36
1974-75	16.32	14.19	(—)2.13	13
1975-76	18.00	13.38	(—)4.62	26

(c) The loans and advances given by the Government and outstanding at the end of March 1975 and March 1976 are given below :—

	Amount outstanding on	
	31st March 1975	31st March 1976
	(in lakhs of rupees)	
(1) Loans for agriculture	6.39	29.83
(2) Loans for urban development	1.90	1.90
(3) Loans for social security and welfare—		
Rehabilitation schemes	2.74	2.74
Relief measures	9.83	11.51
(4) Loans for Relief from natural calamities	(—) 0.27 (a)	(—) 0.12 (a)
(5) Loans to co-operative societies	16.50	16.16
(6) Loans to Autonomous Districts and Regional Councils	24.50	24.50
(7) Loans to Government servants, etc.	8.73 (b)	20.04
(8) Loans for housing—		
(i) Loans under the low income group housing scheme	(—) 2.07 (a)	(—) 5.70
(ii) Loans under the middle income group housing scheme	8.91	12.09
(iii) Loans under the subsidised industrial housing scheme	...	0.70

(a) *Minus* balance is due mainly to non-allocation of liability to Meghalaya State of the outstanding unrecovered loans and advances granted by the composite State of Assam prior to 2nd April 1970.

(b) Liability of Meghalaya State in respect of the outstanding unrecovered loans and advances granted by the composite State of Assam prior to 2nd April 1970 has not yet been allocated (March 1977).

	Amount outstanding on	
	31st March 1975	31st March 1976
	(in lakhs of rupees)	
(9) Loans for education, art and culture	(—) 0.06 (a)	(—) 0.06 (a)
(10) Loans for village and small industries	12.79	15.90
(11) Loans for fisheries	(—) 0.01 (a)	(—) 0.01 (a)
(12) Loans to the Meghalaya State Electricity Board and the Assam State Electricity Board prior to January 1975	1,18.00	1,18.00
(13) Loans for minor irrigation, soil conservation and area development	(—) 0.20 (a)	(—) 0.20 (a)
Total	2,11.82	2,58.68

Complete information about the arrears (as on 31st March 1976) in recovery of principal and interest of loans and advances (the detailed accounts of which are maintained by the departmental officers) has not been furnished (March 1977). According to information furnished by the Government, recovery of Rs.36.34 lakhs was in arrears in respect of some of the loans, as shown below:—

Category of loans	Year	Principal (in lakhs of rupees)	Interest
(i) Advances to cultivators	1972-73 and earlier years	16.70	10.52
	1973-74	0.24	0.02
	1974-75	0.01	(Rs.250 only)
	Total	16.95	10.54
(ii) Rehabilitation loans	1972-73 and earlier years	0.82	0.13
	1973-74	0.68	0.02
	1974-75	0.11	(Rs.215 only)
	Total	1.61	0.15
(iii) Loans for low income group housing schemes	(year-wise break-up not furnished by the department)	4.08	3.01
Grand Total		22.64	13.70

(a) *Minus* balance is due mainly to non-allocation of liability to Meghalaya State of the outstanding unrecovered loans and advances granted by the composite State of Assam prior to 2nd April 1970.

(d) *Acceptance of balances of loans*

The balances under loans and advances appearing in the books of account of the Accountant General are communicated to departmental officers for verification and acceptance. In a large number of cases, detailed below, such acceptance of balances have not been received (March 1977). In the absence of such acceptances and verification, it cannot be ensured that all the transactions relating to these loans and advances have been correctly reflected in the accounts.

Serial number	Nature of loans/advances	Number of acceptances awaited	Year from which acceptances awaited	Amount outstanding on 31st March 1976 (in lakhs of rupees)
(1)	Loans to the Meghalaya State Electricity Board and the Assam State Electricity Board	5	1970-71	1,18.00
(2)	Loans to Autonomous Districts and Regional Councils	10	1971-72	24.50
(3)	Loans to co-operative societies	8	1973-74	16.16
(4)	Loans under the middle income group housing scheme	4	1973-74	8.90
(5)	Loans for relief to migrants from east-while East Pakistan (now Bangladesh)	3	1973-74	8.44
(6)	Advances to cultivators	4	1973-74	4.15
(7)	Loans for village and small industries	36	1971-72	2.63
(8)	Loans for urban development	2	1971-72	1.90
(9)	Loans to repatriates from Burma	3	1974-75	1.89
(10)	Loans under the low income group housing scheme	4	1973-74	1.88
(11)	Loans to displaced persons	4	1973-74	1.78
(12)	Rehabilitation loans	4	1973-74	1.58

1.7 Sources of funds for capital expenditure and loans and advances

The capital expenditure (Rs.7.16 crores) and the net outgo under "Loans and Advances" by the State Government (Rs.0.47 crore) during 1975-76 were met from the following sources:—

Source	Amount (in crores of rupees)
(a) Revenue surplus	5.94
(b) Debt—	
(i) Market loans and other loans	1.10
(ii) Loans from the Government of India	0.71
(iii) Small Savings, Provident Funds, etc.	0.25
(c) Contingency Fund	(a)
(d) Sinking Funds and Reserve Funds	0.63
(e) Net balances under Deposits, Advances and Remittances.	(—) 3.31
(f) Decrease in cash balance and investments	2.31
Total	<u>7.63</u>

1.8 Debt position

(a) The outstanding debt of the State Government at the end of 1975-76 was Rs.29.23 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		
	1974	1975	1976
	(in crores of rupees)		
Market Loans	2.21	6.08	7.18
Ways and Means Advances from the Reserve Bank of India	0.32	...	...
Loans from the Government of India	19.00	19.52	20.23
Other loans	0.12	0.29	0.29
Small Savings, Provident Funds, etc.	1.02	1.28	1.53
Total	<u>22.67</u>	<u>27.17</u>	<u>29.23</u>

(a) Rs. 12,953 only

Further details of debt outstanding at the end of March 1976 have been given in Statement No.16 of Finance Accounts 1975-76.

(b) The details of debt transactions during 1975-76 are given below :—

	Receipts during the year	Repayments during the year	Net increase(+)/ decrease(-) during the year
	(in crores of rupees)		
Market loans	1.10	...	(+)1.10
Ways and Means Advances from the Reserve Bank of India	...	...	...
Loans from the Government of India	1.00	0.29	(+)0.71
Other loans	...	(a)	...
Small Savings, Provident Funds, etc.	0.40	0.15	(+)0.25
Total	2.50	0.44	(+)2.06

(c) Open market loan

An open market loan of Rs. 1.10 crores was raised by the Government during the year bearing interest at 6 per cent per annum and redeemable at par in 1985. The total open market loans outstanding at the end of the year were Rs. 7.18 crores.

(d) Ways and means advances and overdrafts from the Reserve Bank of India

Under an agreement with the Reserve Bank of India, the Government has to maintain with the Bank a minimum balance of Rs. 5 lakhs on all days. If the balance falls below the agreed minimum, the Government can take ordinary ways and means advances from the Bank upto a maximum of Rs. 60 lakhs. In addition, special ways and means advances not exceeding Rs. 6 lakhs are made available against Government of India securities held by the State Government. If, even after the maximum advance is given, the cash balance is below the prescribed minimum, the Bank permits short-falls in the minimum balance/allows overdrafts for the *minus*

(a) Rs. 37,789 only

balance upto a period not exceeding seven continuous days. Interest on the advances and shortfalls is charged at one per cent below the Bank Rate and on the overdrafts at the Bank Rate. No ways and means advance or overdraft was obtained by the Government during the year.

The interest paid to the Bank on the ways and means advances and overdrafts during the three years ending 1975-76 is given below :—

Year	Amount (in lakhs of rupees)
1973-74	0.25
1974-75	0.04
1975-76	...

(e) Other obligations

In addition to the above, non-interest bearing obligations such as deposits of local funds, civil deposits and other earmarked funds, etc. (total as on 31st March 1976: Rs.1,62.93 lakhs), which are merged with the general cash balance of the Government, constitute the liability of the Government.

(f) Amortisation arrangements

The following arrangements have been made for amortisation of various loans :—

(i) Sinking Fund

An annual contribution at such rates as Government may decide from time to time is made from revenue to the fund for liquidation of the loans.

(ii) Depreciation fund

A sum equal to $1\frac{1}{2}$ per cent of the total nominal amount of each loan is set apart every year to form a depreciation fund for purchasing securities of the loans for cancellation. During 1975-76 no contribution was made to the fund.

The balances in these funds at the commencement and close of 1975-76 are given below :—

	Balance on 1st April 1975	Addition during the year	Interest on investment	Withdrawal during the year	Balance on 31st March 1976
	(in lakhs of rupees)				
Sinking Fund	50.30	62.25	1.01	...	1,13.56
Depreciation Fund	2.25	...	...	...	2.25
Total	52.55	62.25	1.01	...	1,15.81

Out of these funds, Rs.18.95 lakhs were invested in Government of India securities. The balance amount of Rs.96.86 lakhs was merged in the general cash balance of the State.

1.9 Interest charges

The net burden on revenue of interest charges in 1975-76 compared with that in the preceding year was as follows :—

	1974-75	1975-76
	(in lakhs of rupees)	
Interest paid by the Government on Public Debt, Small Savings, Provident Funds, etc.	79.42	1,34.44
<i>Deduct—</i>		
(a) Interest received on loans and advances given by the Government	1.86	2.18
(b) Interest realised on investment of cash balance	26.86	19.25
	28.72	21.43
Net amount of interest charges	50.70	1,13.01
Percentage of gross interest to total revenue receipts	2.69	4.03
Percentage of net interest to total revenue receipts	1.72	3.39

1.10 Cash balance and cash balance investment account

The cash balance of the Government on 31st March 1976 was Rs. (—)3,75.40 lakhs which comprised deposits with the Reserve Bank of India (Rs. (—) 3,76.21 lakhs)* and permanent advances with the departmental officers (Rs.0.81 lakh).

The balance with the Reserve Bank of India, Rs.(—)3,76.21 lakhs as shown above, represents the balance after taking into account the inter-Governmental monetary settlements pertaining to transactions of 1975-76 advised to the Reserve Bank of India upto 25th April 1976.

The Government had also invested in securities of other Governments and in treasury bills. The position of these investments at the beginning as well as at the close of the year is indicated below :—

	Balance on 1st April 1975	Addition during the year	Withdrawal during the year	Balance on 31st March 1976
(in crores of rupees)				
1. Sinking Fund Investment Account	0.19	...	...	0.19
2. Investment Account of other development and welfare funds	0.05	...	...	0.05
3. Cash Balance Investment Account	2.48	27.85	28.23	2.10
Total	2.72	27.85	28.23	2.34

The cash balance of the Government after including investments, cash with departmental officers and permanent advances as on 31st March 1976 was Rs. (—)1.41 crores as against Rs.(+)0.90 crore as on 31st March 1975,

*Please see footnote at page 2.

1.11 Guarantees given by the Government

The guarantees are in the nature of contingent liabilities. The maximum amount guaranteed and the amount guaranteed outstanding on 31st March 1976 are shown below:—

	Maximum amount guaranteed	Amount outstanding on 31st March 1976
	(in lakhs of rupees)	
Government Companies—		
Guarantee for repayment of loans availed by the Mawmluh-Cherra Cements Limited, Shillong	95.00	28.00
Co-operative Societies—		
Guarantee for repayment of loans availed by Co-operative Societies	67.40	50.80

Further details of the guarantees are given in Statement No.5 of Finance Accounts 1975-76.

1.12 Investments

In 1975-76, the Government invested Rs.83.71 lakhs in a statutory corporation (Rs.2.00 lakhs), two Government companies (Rs. 63.22 lakhs) and co-operative institutions (Rs. 18.49 lakhs). The total investment of Government upto the end of 1975-76 in the share capital of a statutory corporation, four Government companies and various co-operative institutions was Rs.3,41.78 lakhs as shown below:—

	Number of concerns	Amount invested
		(in lakhs of rupees)
(I) Statutory Corporation (Meghalaya State Warehousing Corporation)	1	10.00
(II) Government Companies (Meghalaya Industrial Development Corporation, Mawmluh-Cherra Cements Limited, Assam and Meghalaya Mineral Development Corporation Limited and Forest Development Corporation of Meghalaya Limited)	4	2,35.10
(III) Co-operative institutions	566	96.68
Total	571	3,41.78

No dividend/interest was received from these investments during the year. Further details are given in Statement No.13 of Finance Accounts 1975-76.

1.13 Utilisation certificates

During 1975-76 the Government paid Rs.3,34.80 lakhs as grants. The main beneficiaries being non-Government educational institutions (Rs. 2,40.22 lakhs), District Councils (Rs.23.85 lakhs) and co-operative institutions (Rs.19.29 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—one year from the date of disbursement of the grants, if no time limit is specified in the sanctions. On 1st October 1976, 863 certificates (Rs.6,86.90 lakhs) pertaining to grants paid upto 1974-75 were awaited. Of these, 224 certificates (Rs.1,86.45 lakhs) related to grants paid upto March 1972. The number of certificates to be received in respect of grants paid during 1972-73 to 1974-75 and the number actually received upto the end of September 1976 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)					
1972-73	174	1,88.01	47	70.92	127	1,17.09
1973-74	196	2,10.93	25	29.17	171	1,81.76
1974-75	347	2,50.46	6	48.86	341	2,01.60
Total	717	6,49.40	78	1,48.95	639	5,00.45

The department-wise details of the outstanding utilisation certificates at the end of September 1976 are given in Appendix I

Utilisation certificates for grants of Rs. one lakh and above are awaited from (a) the District Councils of Khasi Hills (Rs.66·67 lakhs), Garo Hills (Rs.50·38 lakhs) and Jaintia Hills (Rs. 26·58 lakhs) for grants given by the District Council Affairs Department (Rs.17·45 lakhs) and Education Department (Rs.1,26·18 lakhs), (b) Meghalaya State Co-operative Apex Bank Limited (Rs.16·11 lakhs), (c) Meghalaya State Electricity Board (Rs.15·00 lakhs), (d) Meghalaya Industrial Development Corporation (Rs.7·50 lakhs), (e) Shillong Municipal Board (Rs.5·29 lakhs) for grants given by the Municipal Administration Department (Rs.3·14 lakhs) and Town and Country Planning Department (Rs.2·15 lakhs), (f) Farmers' Multipurpose Co-operative Society, Mawryngkneng (Rs.4·00 lakhs) (g) Assam Khadi and Village Industries Board (Rs.2·07 lakhs), (h) Assam Hills Co-operative Development Corporation Limited (Rs.1·50 lakhs) and (i) Mendipathar College, Tura (Rs.1·00 lakh).

In the absence of utilisation certificates, which have not been received even after lapse of a considerable time, it is not practicable for Audit to know, even in a broadway, whether the recipients spent the grants wholly or partly for the purpose or purposes for which these were given, or spent them at all, and whether any misappropriation, fraud, etc., took place.

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	36.01	38.75	33.07	(—)5.68
Supplementary	2.74			
Charged—				
Original	3.36	3.49	2.38	(—)1.11
Supplementary	0.13			
Total	42.24	35.45	(—)6.79	16

The overall saving of Rs.6.79 crores was the result of saving of Rs.7.74 crores in 84 grants (Rs.6.62 crores) and 7 charged appropriations (Rs.1.12 crores) partly offset by excess of Rs.0.95 crore in 17 grants (Rs.0.94 crore) and 2 charged appropriations (Rs.0.01 crore).

(b) Further details are given below:—

	Revenue	Capital	Loans and advances	Transfer to the Contingency Fund	Public debt	Total
(in crores of rupees)						
Authorised to be spent (grants and charged appropriations)						
Original	30.63	6.30	1.48	...	0.96	39.37
Supplementary	1.50	0.97	0.40	...	...	2.87
Total	32.13	7.27	1.88	...	0.96	42.24
Actual expenditure (grants and charged appropriations)						
	27.39	7.17	0.60	...	0.29	35.45
Shortfall (—)	(—)4.74	(—)0.10	(—)1.28	...	(—)0.67	(—)6.79

2.2 Excess over grants/charged appropriations requiring regularisation—

(a) **Grants**

Excess of Rs.93,38,684 in the following 17 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)	13.—Secretariat-General Services—I—Civil Departments	42,01,800	47,65,562	(+)5,63,762

Excess, which occurred mainly under the Secretariat Administration Department, was stated to be due mainly to payment of pay and allowances to some members of the staff who had joined in the later part of the year on being released from the Government of Assam and also due to all round expansion of the Secretariat.

(2)	17.—Police and Fire Protection and Control	2,72,62,400	2,77,90,048	(+)5,27,648
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Excess was due mainly to payment of arrears of pay and allowances retrospectively from 1st January 1973 to members of the staff on finalisation of fixation of pay in the revised scales.

(3)	18.—Jails	21,49,995	21,50,771	(+)776
(4)	19.—Stationery and Printing	37,99,760	39,89,926	(+)1,90,166

Excess was due mainly to payment for paper supplied during the year against orders placed in earlier years that were not expected to materialise and payment of arrears of pay and allowances to some members of the staff of the press whose fixation of pay from 1964 was finalised during the year.

Serial Number and name of grant	Total grant	Actual expenditure	Excess
	Rs.	Rs.	Rs.
(5) 23.—Other Administrative Services—III—Gazetteer and Statistical Memoirs	49,000	49,087	(+)87
(6) 29.—Secretariat Social and Community Services—I—Civil Departments	5,59,400	6,02,098	(+)42,698

Excess occurred mainly under the head 'A—Secretariat—(a) Education Department—State—Non-Plan' and was stated to be due mainly to payment of pay and allowances to some members of the staff who had joined in the later part of the year on being released from the Government of Assam.

(7) 32.—Education, Medical etc.	2,50,000	4,85,776	(+)2,35,776
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Excess was stated to be due mainly to better progress of works towards the close of the year and execution of certain building works without any provision.

(8) 33.—Art and Culture	5,48,500	5,58,892	(+)10,392
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The reasons for the excess have not been intimated (May 1977).

(9) 37.—Public Health, Sanitation and Water Supply—A—Public Health, and Sanitation	56,11,700	65,47,797	(+)9,36,097
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Excess was due mainly to unanticipated adjustment during the year of the cost of materials and equipment received from the Government of India.

(10) 38.—Public Health, Sanitation and Water Supply—B—Sewerage and Water Supply and Housing—III—C—Government Residential Buildings	78,36,800	1,01,70,785	(+)23,33,985
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Excess was due mainly to purchase of more stock materials than provided for; reasons for purchase in excess of the provision have not been intimated (May 1977).

Serial number	Number and name of grant	Total grant	Actual expenditure	Excess
		Rs.	Rs.	Rs.
(11)	40.—Housing—II— C—Government Residential Buildings (In-charge of P. W. D.)	19,25,288	24,99,849	(+)5,74,561

Reasons for the excess, which was on construction work in districts and on 'Estate Offices and Establishments', have not been intimated (May 1977).

(12)	79.—Capital Outlay on Public Works	45,06,636	46,26,088	(+)1,19,452
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Excess was stated to be due to better progress of works towards the close of the year than anticipated.

(13)	79. A—Capital Outlay on Education, Art and Culture, Capital Outlay on Medical, etc.	47,95,000	53,20,300	(+)5,25,300
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Excess was attributed to expeditious progress of certain works towards the close of the year.

(14)	82.—Capital Outlay on Urban Development	...	1,826	(+)1,826
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Reasons for incurring expenditure on non-functional buildings in districts without provision of funds have not been intimated (May 1977).

(15)	87.—Capital Outlay on Forests,	30,00,000	36,68,692	(+)6,68,692
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Excess was due to purchase of more railway sleepers for supply to the Railways.

(16)	93.—Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects	12,50,000	18,98,586	(+)6,48,586
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Reasons for the excess have not been intimated (May 1977).

Serial number	Number and name of grant	Total grant	Actual expenditure	Excess
		Rs.	Rs.	Rs.
(17)	94.—Capital Outlay on Roads and Bridges	3,21,66,000	3,41,24,880	(+)19,58,880

Reasons for the excess, which was mainly on construction of rural roads, have not been intimated (May 1977).

(b) **Charged appropriations**

Excess of Rs.1,02,483 in the following two charged appropriations also requires regularisation.

Serial number	Number and name of charged appropriation	Total appropriation	Expenditure	Excess
		Rs.	Rs.	Rs.
(1)	2.—Governor	7,26,850	8,26,610	(+)99,760

Excess was due mainly to payment of arrears of pay and allowances to the staff consequent on introduction of revised pay scales retrospectively from 1st January 1973.

(2)	20.—Public Works	...	2,723	(+)2,723
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2.3 **Supplementary grants/charged appropriations**

The supplementary provision of Rs. 2.87 crores was obtained under 43 grants (2.74 crores) and 5 charged appropriations (0.13 crore). Details of significant cases of unnecessary and excessive supplementary grants are given below:—

(i) *Unnecessary supplementary grants*

In the following case the supplementary grant remained wholly unutilised as the expenditure did not come even upto the original provision.

Serial number	Number and name of grant	Original grant	Supple- mentary grant	Expenditure	Saving
			(in lakhs of rupees)		
67.	Community Development and Housing— C-VIII—Government Residential Buildings and VI—Social Security and Welfare	1,35.58	11.50	77.31	69.77

Saving was stated to be due mainly to the discontinuance of the tribal development schemes under stage III beyond 1974-75.

(ii) *Supplementary grants which proved excessive*

In the following cases the supplementary grant proved excessive.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
		(in lakhs of rupees)			
(1)	48.—Social Security and Welfare—B-II--Relief and Rehabilitation of Displaced Persons	5.65	15.00	7.28	13.37

Saving was stated to be due mainly to late sanction of *ex-gratia* resettlement assistance to persons affected by the Indo-Pak conflict, 1971 and delay in completing the formalities for disbursement by the Deputy Commissioners before the close of the year.

(2)	56A.—Special and Backward Areas—C--North Eastern Areas	...	67.47	60.46	7.01
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Saving was stated to be due mainly to less expenditure on soil and water conservation measures owing to dearth of technical staff and labour.

(3)	84A.—Capital Outlay on Special and Backward Areas—C--North Eastern Areas	...	36.80	9.90	26.90
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Saving was stated to be due mainly to late finalisation of the regional road development schemes.

2.4 Unutilised provision

- (i) Rupees 7.74 crores remained unutilised in 84 grants (Rs. 6.62 crores) and 7 charged appropriations (Rs. 1.12 crores).
- (ii) In twenty-three grants and one charged appropriation, 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 II.

CHAPTER III
CIVIL DEPARTMENTS

Community Development Department

3.1 Non-recovery of sale proceeds of seed

During 1970 to 1975, the Block Development Officer, Selsella Block issued to the Gram Sevaks paddy, potato, mustard, jute, etc., seed valuing Rs.0.19 lakh for sale to interested villagers. Sales were to be made in cash and proceeds were to be deposited with the Block Development Officer. It was noticed during audit that neither the sale proceeds were deposited nor undistributed seed, if any, returned by the Gram Sevaks. On Audit pointing this out, the Block Development Officer stated in November 1976 that Rs.0.10 lakh had since been realised and remitted to the treasury; orders for recovery of the balance amount by monthly deductions of Rs.50 to Rs.150 from the pay of the Gram Sevaks had also been issued in August 1976.

The matter was referred to the Government in March 1976; reply is awaited (May 1977).

Industries Department

3.2 Unauthorised retention of money outside Government account

According to the rules, money should not be drawn from the treasury unless required for immediate disbursement. Any unspent balance should be refunded promptly into the treasury. The Director of Industries opened a current account with the Shillong branch of the State Bank of India in 1971-72 and deposited Rs.5.86 lakhs in that account from time to time (upto 10th December 1975) out of undisbursed withdrawals from the treasuries. Neither approval of the Government for opening the current account was obtained nor any indication kept in the cash book regarding retention of these amounts in the current account. During April 1971 to December 1975 physical verification of cash was conducted on 35 occasions; certificates of agreements of physical cash with the cash book balance were, however

recorded on all these occasions. The Director of Industries stated in January 1977 that the entire amount had since been disbursed; detailed countersigned contingent bills for Rs.0.49 lakh were, however, not received by the Accountant General (March 1977).

In March 1975, the Director of Industries drew Rs.7.67 lakhs for disbursement of grants, industrial loans, and for payment to contractors for works which were then in progress, and kept the entire amount under 'deposit at call' with the State Bank of India, Shillong branch. The Director of Industries stated (January 1977) that the entire amount had since been disbursed, as under:—

Month				Amount
				(in lakhs of rupees)
April-June 1975	...	...	...	1.94
July-September 1975	...	...	...	3.83
October-December 1975	...	...	...	1.63
January-December 1976	...	...	...	0.27

The matter was referred to the Government in November 1976; reply is awaited (May 1977).

3.3 Non-recovery of loans

During 1959-60 to 1974-75, the department paid Rs.9.34 lakhs as loans for small industrial units. The loans were to bear interest at rates varying from 3 to 5½ per cent per annum and were repayable with interest in equal annual instalments within a period of 5 years. Against the principal of Rs.9.04 lakhs due for recovery by March 1975, Rs.0.25 lakh had been recovered besides Rs.0.05 lakh recovered as interest. The amount of interest due had not been worked out by the department (December 1976).

In case of default, the entire amount of outstanding principal and interest could be recovered as arrears of land revenue through *Bakijai* proceedings; these had not been instituted in any case (December 1976).

The matter was referred to the Government in September 1976; reply is awaited (May 1977).

CHAPTER IV

WORKS EXPENDITURE

*Public Works Department***4.1 Construction of a road**

In March 1975, the Government approved the construction of Mawmarim-Nongthliaw-Mawmih road-section II (9th to 17th kilometres) at an estimated cost of Rs.14 lakhs. The detailed estimates for Rs.13.86 lakhs (revised to Rs.14 lakhs in June 1976) submitted to the Chief Engineer by the Superintending Engineer, Western Circle, Shillong had not been sanctioned (December 1976). Rupees 8.25 lakhs had been spent on the road (December 1976).

Some of the points noticed during audit (July 1976) are mentioned below:—

- (a) Short notice tenders were invited in January 1975 for the work from 9th to 16th kilometres by splitting it up into 21 groups and work orders were issued in February 1975, before the receipt of administrative and technical approval.
- (b) Trees (582 numbers) of girths ranging between 50 centimetres and 180 centimetres were felled during jungle clearance but their disposal was not accounted for.

The matter was referred to the Government in September 1976; reply is awaited (May 1977).

4.2 Non-acceptance of lowest tenders

In September 1974, the Mawsynram Division invited tenders for the supply of boulders and hard broken stone metal for 'metalling and surfacing of L. M. road from Welioi to Mawkyrwat'. The rates obtained against the tender notice were between Rs.25 and Rs.32.50 for group I (7th and 8th kilometres) and between Rs.28 and Rs.42 per cubic metre for group II (13th and 14th kilometres). The lowest rates of Rs.25 and Rs.28 per cubic metre were rejected on the ground that these rates were not workable, being much lower than the estimated rate of Rs.35 and Rs.44 respectively for the two groups; the fourth lowest (highest) rate of Rs.32.50 for group I and the second lowest rate of Rs.36 for group II were accepted (November 1974).

For group III of the work (15th and 22nd kilometres), the lowest offered rate of Rs.30 per cubic metre, which was much lower than the estimated rate of Rs.46.50 per cubic metre was, however, accepted (December 1974).

Acceptance of higher rates for groups I and II resulted in an extra expenditure of Rs.0.19 lakh as shown below :—

Group	Quantity of work done	Value of the work done at accepted rates	Value of the work at the lowest offered rates	Difference
(1)	(2)	(3)	(4)	(5)
		(in lakhs of rupees)		
I	1,190.52 cubic metres	0.39	0.30	0.09
II	1,187.82 cubic metres	0.43	0.33	0.10

The matter was referred to the Government in September 1976 ; reply is awaited (May 1977).

4.3 Unutilised pump sets

During February 1974 to April 1975, the Mechanical Division, Shillong purchased 41 pump sets (cost : Rs.1.79 lakhs) from a local firm, after inviting quotations, for dewatering foundation trenches, etc., for bridge, building and road construction works. Of these, 36 pump sets (cost : Rs.1.57 lakhs) were distributed to different divisions between October 1974 and October 1976 and the remaining 5 (cost: Rs.0.22 lakh) remained undistributed (December 1976).

A test check (January 1977) in six divisions disclosed that 14 pump sets issued to these divisions had not been put to any use till then.

The matter was referred to the Government in August 1976 ; reply is awaited (May 1977).

4.4 Expenditure incurred without or in excess of detailed estimates

Ordinarily, no new work may be commenced nor any liability incurred thereon till its detailed estimate is sanctioned. A revised estimate is required to be prepared when the sanctioned estimate is likely to be exceeded by more than 5 per cent.

Rupees 8.24 lakhs were spent by the Public Works Department (two works) and Rs.1.40 lakhs by the Public Health Engineering Department (one work) upto the end of March 1976 on works (not mentioned in previous Audit Reports) of which detailed estimates had not been sanctioned.

The number of works (not mentioned in previous Audit Reports) on which expenditure upto the end of 1975-76 exceeded, in cases where sanctioned estimates were above Rs. one lakh each, by more than 5 per cent of the sanctioned estimates was nine in the Public Works Department and twelve in the Public Health Engineering Department, the excess being Rs.10.61 lakhs and Rs.6.40 lakhs respectively.

Particulars of the individual works are mentioned in Appendix III.

CHAPTER V

STORES AND STOCK

5.1 Synopsis of important stores accounts

(a) A synopsis of stores accounts of the Public Works and Public Health Engineering departments for 1975-76 is given below:—

Serial number	Department	Stores	Balance on 1st April 1975	Receipts	Issues	Balance on 31st March 1976
(in lakhs of rupees)						
1.	Public Works	Small stores, building materials, painters' stores, etc.	46.80	255.13	230.65	71.28
2.	Public Health Engineering	—do—	(—)18.76	106.70	62.37	25.57

(b) The accounts of non-judicial, judicial and entertainment tax stamps from 1970-71 onwards have not been included as complete information about receipts and issues had not been received from the treasuries (May 1977).

5.2 Stock registers and stock verification

The stock registers in Public Works divisions are 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 the same is correctly priced with reference to the prevailing market rates.

In eleven out of fifteen Public Works divisions and four out of five Public Health Engineering divisions, the stock registers for the accounting period ending September 1975 were not closed (November 1976). Four Public Works divisions (North Jowai Division, Mawsynram Division, National Highway Division and Shillong South Division) out of the eleven divisions had not closed the registers for three to five years.

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

Stock held in the following sub-divisions of the Public Works divisions was not verified (November 1976) by either of the officials from the months shown against each:—

Serial number	Division	Sub-division	Month from which the stock was not verified
(1)	(2)	(3)	(4)
1	Nongstoin Division	Nongstoin Sub-division	October 1974
2.	North Jowai Division	North Jowai Sub-division	January 1975
3.	Shillong Mechanical Division	(i) Shillong Sub-division	March 1974
		(ii) Tura Sub-division	May 1974
4.	Shillong South Division	Cherrapunji Sub-division	February 1974
5.	Tura North Division	Tura North Sub-division	November 1974

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 receipts, issues and balances of tools and plant and of the hire charges. The register is to be closed and balanced each year in September and 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.

Eleven Public Works divisions and four Public Health Engineering divisions had not closed (November 1976) the register for the period ending September 1975. Of the eleven Public Works divisions, two divisions (North Jowai and Shillong South Division) had not closed the register from September 1973 while another two divisions (Shillong Central Division and Barengapara Division) had not closed it from September 1974 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 while three divisions (Public Health Engineering Hills Division, Shillong, Sewerage and Drainage Division, Shillong and Public Health Engineering Division, Tura) had not closed it from September 1974 onwards.

The tools and plant of the following sub-divisions of the Public Works divisions and one Public Health Engineering division were not verified physically (November 1976) from the months shown against each:—

Serial number	Division	Sub-division	Month from which tools and plant were not verified
(1)	(2)	(3)	(4)
1.	Public Health Engineering Hills Division, Shillong	Public Health Engineering Sub-division, Shillong	April 1974
2.	Nongstoin Division	(i) Mairang Sub-division (ii) Nongstoin Sub-division (iii) Markasa Sub-division (iv) Sonapahar Sub-division	October 1974 October 1974 October 1974 October 1974
3.	North Jowai Division	North Jowai Sub-division	December 1974
4.	Shillong South Division	(i) South Shillong 'B' Sub-division (ii) Cherrapunji Sub-division	May 1971 January 1973
5.	Shillong North Division	Umsning-Jagiroad Sub-division	February 1974
6.	Tura North Division	(i) Tura North Sub-division No. I (ii) Tura North Sub-division No. LII	September 1974 November 1974

5.4 Excess stock

The rules provide that the value of stores held in stock should not exceed the limit specified by the Government. The value of stock held on 31st March 1976 exceeded the limit in the following Public Works divisions :—

Serial number	Division	Sanctioned reserve limit	Date on which limit was fixed	Balance on 31st March 1976	Excess over reserve stock limit
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1.	Barengapara Division	7.00	16th November 1965	14.45	7.45
2.	Shillong Mechanical Division	14.00	2nd August 1973	15.85	1.85
3.	Shillong Central Division	6.00	21st May 1971	56.23	50.23

CHAPTER VI

REVENUE RECEIPTS

*Sales Tax***6.1 Non-registration of dealers**

Under the Meghalaya Sales Tax Act and the Meghalaya Finance (Sales Tax) Act, no dealer, liable to pay tax under the Acts, can carry on business as a dealer unless he has been registered and possesses a certificate of registration which specifies the class or classes of goods in which the dealer carries on business. Such a dealer has to apply for registration. The Acts provide for registration by the Commissioner of Taxes of dealers who are liable for registration but have not applied for registration.

In the audit of the accounts of the Superintendent of Taxes, Shillong, the following cases of non-registration of dealers and escaped taxable turnover were noticed :—

- (i) From the records of the Executive Engineer, Maw-synram Public Works Division, Shillong, it was seen that nine dealers supplied stone metals valued at Rs.6,73,528 to that division for which payments were made during the period March 1972 to March 1974. But the suppliers were neither registered as dealers nor assessed to tax by the Superintendent of Taxes, resulting in under-assessment of tax of Rs.40,412.
- (ii) From the records of the Executive Engineer, Central Public Works Division, Shillong, it was seen that two dealers supplied pipes and paints valued at Rs.2,87,694 for which payments were made to them during the period March 1974 to March 1975. But those suppliers were neither registered nor assessed to tax by the Superintendent of Taxes, resulting in under-assessment of tax of Rs.18,822.

- (iii) From the records of the Divisional Forest Officer, Shillong, it was seen that twenty contractors took settlement of forest mahals (timber) during different periods falling between October 1971 and February 1976. Out of these as many as eleven contractors were neither brought on records of the Superintendent of Taxes nor assessed to tax. Thus turnover relating to the purchase value of Rs.89,293 under the Meghalaya Finance (Sales Tax) Act, attracting tax at 7 per cent escaped assessment.

If the sale price of timber is estimated by adding a profit of 15 per cent, the under-assessment of tax will work out to Rs.7,188.

- (iv) From the records of the Divisional Forest Officer, Tura, it was seen that five contractors, who took settlement of forest mahals (timber) during the periods falling between 1973-74 and 1975-76 for Rs.1,55,491 were neither brought on records of the Superintendent of Taxes, Tura, nor assessed to tax. Thus the turnover relating to the purchase value of Rs.1,55,491 under the Meghalaya Finance (Sales Tax) Act attracting tax at 7 per cent escaped assessment.

Even if the sale price of timber is taken at the bid value of the mahals without taking into consideration any profit element, the under assessment of tax works out to Rs.10,884.

On this being pointed out in audit (October 1976) the Superintendent of Taxes stated (November 1976) that trial cases under the Meghalaya Finance (Sales Tax) Act had been started against the coupe holders. Further report is awaited (May 1977).

The cases were also reported to Government in July 1976 and November 1976; reply is awaited (May 1977).

6.2 Irregular exemption

Under the Central Sales Tax Act, 1956 inter-State sales of goods to Government departments of other States covered by declaration in the prescribed form are liable to tax at the rate of 3 per cent. It was seen in audit of the accounts of the Superintendent of Taxes, Shillong, that a dealer

sold in [the course of inter-State trade to Government departments, goods valued at Rs.16,70,525 during the periods falling between April 1972 and March 1975 and furnished the declarations in support thereof. In the actual assessment the entire sales to Government departments were allowed exemption from tax, resulting in under-assessment of tax amounting to Rs.48,656. On this being pointed out in audit (May 1976) the assessing officer stated (May 1976) that the mistake would be rectified. Further report is awaited (May 1977).

The matter was also reported to Government in July 1976 ; reply is awaited (May 1977).

6.3 Non-levy of penalty

Under the Central Sales Tax Act, 1956 a registered dealer is liable to pay tax at the concessional rate in respect of goods purchased by him in the course of inter-State trade or commerce provided, *inter alia*, that the goods are covered by his certificate of registration and are duly supported by a declaration in the prescribed form. The Act further provides that if a registered dealer falsely represents when purchasing any class of goods that goods of such class are covered by his certificate of registration, the registering authority may impose upon him by way of penalty a sum not exceeding one and a half times the tax which would have been levied had the dealer not issued the false declaration.

It was seen in audit of the accounts of the Superintendent of Taxes, Tura, that four dealers purchased, in the course of inter-State trade, goods valued at Rs.91,721 during the period 1972-73 to 1975-76 and paid tax at the concessional rate of 3 per cent or 4 per cent instead of at 10 per cent on the basis of false declarations. Thus tax sought to be evaded worked out to Rs.6,420 and the maximum penalty that could be levied worked out to Rs.14,320. No penalty proceedings were initiated in any of these cases.

The matter was reported to Government in November 1976 ; reply is awaited (May 1977).

Taxes on Professions, Trades, Callings and Employments

6.4 Loss of revenue due to non-recovery of tax

Under the Assam Professions, Trades, Callings and Employments Taxation Act, 1947, as made applicable in the State of Meghalaya, all persons with annual gross income exceeding Rs. 4,000 are liable to pay tax at varying rates according to their annual income.

It was seen in audit of the accounts of the Superintendent of Taxes, Shillong, on cross check with the records of the Income Tax Department, that no proceedings under the Act were started in respect of 91 persons (selected at random) who were within the taxable range. Non-payment of tax by the above mentioned income tax payers during the financial years 1970-71 to 1973-74 involved escapement of tax amounting to Rs. 10,934.

The matter was reported to Government in July 1976 ; reply is awaited (May 1977).

Taxes on vehicles

6.5 Non-levy of tax from the date of purchase of vehicles to the date of registration

Under the Assam Motor Vehicles Taxation Act, 1936, as adapted by Government, every person who either on the commencement of the Act, or thereafter, is, or comes to be, in possession of a motor vehicle which has not been previously licensed under the Act or brings a motor vehicle licensed in any place outside the State but keeps it for use in the State becomes liable to pay the tax and shall within 15 days of becoming so liable, complete, sign and deliver to the Licensing Officer a declaration prescribed in the Act.

It was seen in audit of the accounts of the District Transport Officer, Shillong, that in respect of 32 vehicles, taxes were realised from the date of registration instead of from the date of purchase which resulted in loss of revenue of Rs. 81,611.

Similar loss of revenue amounting to Rs. 1,867 (for 23 vehicles) and Rs. 1,546 (for 12 vehicles) was also noticed in the District Transport Offices at Tura and Jowai respectively.

The matter was reported to Government in November 1976; reply is awaited (May 1977).

6.6 Non-specifying the safe laden weight

The Motor Vehicles Act, 1939, laid down the registered weight, to be recorded by the registering authority for any axle, which should not exceed the prescribed weight for that axle calculated in accordance with the Seventh Schedule to the Act. This provision of the Act was amended with effect from 15th January 1959 with the deletion of the Seventh Schedule. With the above amendment of the Act, the State Governments were empowered to specify the maximum safe laden weight of each vehicle of each make and model having regard to the number, nature and size of the tyres attached to the wheels of the vehicles. The Government of Meghalaya have not specified so far the maximum safe laden weight of each axle and of each vehicles.

It was noticed in audit that in a number of cases where transport vehicles were registered as locally assembled vehicles (in cases where the owner purchased the old engine of one make and model and chassis of separate make and model and axle and tyres of different sizes and assembled locally) the laden weights as mentioned in the applications for registration were admitted by the registering authority in the absence of any prescribed procedure to verify the correctness of such laden weights. This gave scope for understating the laden weights of the vehicles by the owners to avoid payment of actual tax. A few illustrative cases noticed in audit are mentioned below which show that due to non-specification of laden weight there has been recurring loss of revenue to Government :—

(a) In twelve cases of locally assembled vehicles the laden weights as recorded therein fell short of the laden weights calculated on the basis of tyre pressure fitted to a wheel on the axle, in accordance with the Seventh Schedule which though deleted, has been taken as a guide in the absence of any fresh specification from Government. Even if the specification for determination of laden weight of axle as embodied in the Seventh Schedule had been continued by Government, Rs.33,876 more could have been earned for the above twelve vehicles during the period September 1970 to April 1976.

(b) The laden weights of the axles of vehicles purchased from military disposal were arbitrarily determined by the Motor Vehicle Inspector in the absence of the laden weights of the manufacturer. Had the specification of laden weight of axle as

embodied in the Seventh Schedule been continued by Government, Rs. 14,651 more could have been earned in respect of six such vehicles taking the average minimum laden weight of 5 metric tonnes for each vehicle during the period July 1970 to August 1973.

The matter was reported to Government in November 1976; reply is awaited (May 1977).

6.7 Non-inspection of vehicles

Under the Motor Vehicles Act, 1939 and the Rules framed thereunder, each public service vehicle is to be inspected for fitness twice a year and unless a vehicle has been inspected and inspection fee paid at prescribed rates, the vehicle cannot be allowed to run on the road. Mention was made in para 6.5 of the Report of the Comptroller and Auditor General of India for 1974-75, Government of Meghalaya, of loss of Rs. 25,000 on this account.

It was further noticed in audit that in a large number of cases in Khasi Hills, Jowai and Tura Districts, inspection of public service vehicles was not done even during 1975-76 as prescribed. Consequently, inspection fees to the extent of Rs.29,643 required to be realised from the owners of such vehicles were not realised.

The matter was reported to Government in November 1976 ;reply is awaited (May 1977).

6.8 Incorrect classification of vehicles

If a trailer is attached to a tractor in such a manner that a part of the trailer is superimposed on, and a part of the weight of the trailer is borne by the tractor, the tractor is treated as an articulated vehicle for the purposes of levy under the the Assam Motor Vehicles Taxation Act, 1936 as adapted by Government.

It was seen in audit of the records of the District Transport Officer, Shillong, that in three cases taxes were levied separately for tractors and trailers although tax was leviable as articulated vehicles. This resulted in under-assessment of tax of Rs.20,666 for the period September 1961 to March 1966 in respect of one vehicle and January 1969 to March 1972 in respect of the other two vehicles.

The matter was reported to Government in November 1976 ; reply is awaited (May 1977).

6.9 Irregular exemption

In accordance with the provisions of the Assam Motor Vehicles Taxation Rules, 1936, if the owner of a vehicle wants to withdraw his vehicle from use, he has to apply in form 'H', surrender the licence and token and state clearly in his application, the period for which exemption from payment of tax is claimed. The exemption from payment of tax cannot be claimed and allowed for an unspecified period unless a vehicle is condemned. It was seen in audit of the accounts of the District Transport Officer, Jowai, that vehicles were irregularly allowed exemption from payment of tax for indefinite periods. Such irregular exemption in respect of 23 vehicles resulted in non-realisation of tax and inspection fees exceeding Rs. 19,000 during the period April 1973 to December 1975.

The matter was reported to Government in April 1976; reply is awaited (May 1977).

State Excise

6.10 Closure of a country spirit shop

Under Rule 31 read with Rule 35 of the Assam Excise Rules (as adapted by Government), loss due to closure of a country spirit shop before the expiry of the term is to be recovered from the lessee or from the surety, if any.

It was seen in audit of the accounts of the Superintendent of Excise, Shillong, that Shangpung country spirit shop in Jowai District was settled with a lessee at a monthly vend fee of Rs.2,322 for the period April 1974 to March 1977. Due to his failure to pay the vend fee from October 1974 his licence was cancelled with effect from 1st February 1975 and the shop was resold (February 1975) for the period February 1975 to March 1977 at a monthly vend fee of Rs.900. An amount of Rs.48,011 (arrear vend fee of Rs. 2,322 per month from October 1974 to January 1975 + Rs. 1,422 per month from February 1975 to March 1977, being the difference between the vend fee originally settled and that settled on resale + Rs.1,751 being arrear sales tax) was demanded (March 1976) from the original lessee through the Bakijai Officer, who could not realise the money since the defaulter had no property for attachment. It was noticed that no surety had been obtained to secure the payment of the Government revenue and hence the case was dropped (July 1976) resulting in loss of Rs.48,011.

The matter was reported to Government in November 1976; reply is awaited (May 1977).

*Forest receipts***6.11 Failure by contractors to supply full quantity of sleepers**

During the year 1975-76 the Forest Utilisation Officer, Meghalaya, allotted the Divisional Forest Officer, Garo Hills, the supply of 6,820 'sal special' sleepers to the Railways. Five contractors were engaged by the Divisional Forest Officer for effecting the supply. Four of these five contractors failed to supply the full quantity allotted to them resulting in overall short supply of 1,697 pieces of sleepers (estimated value : Rs. 2.23 lakhs) to the Railways. Government sustained a loss of Rs. 0.22 lakh on this account as Forest Department earns 10 per cent on the cost of sleepers supplied to the Railways. No penal action could be taken against the contractors in the absence of any agreement entered into for the supply of the sleepers.

The matter was reported to Government in December 1976; reply is awaited (May 1977).

6.12 Extraction of minor minerals without payment of royalty

The Public Works or other Government departments requiring minor minerals for execution of works, are required to request the Forest Department for issue of permit to the appointed contractor on prepayment of royalty. This request should specify the approximate quantity of minor minerals required and the name of the quarry, etc. The Divisional Forest Officer on receipt of such a request is to ask the Range Officer concerned to issue the permit on prep ayment of royalty by the contractor.

The Range Officer in turn is to issue a permit after realisation of royalty and also to issue a copy of challan to the contractor and another copy of challan to the Divisional Forest Officer against each consignment. The contractor is to submit the copies of challans along with his bill to the Departmental Officer executing the work who is to intimate the Divisional Forest Officer the quantity billed for with the request to confirm the quantity and the latter is to report back the quantity collected as per his records. If the quantity billed for is less than the quantity collected, the Divisional Forest Officer is to submit a bill for the monopoly fee (required to be paid for private use of forest produce) on the difference and if the quantity billed for is more than the quantity collected the Divisional Forest Officer is to submit a bill for the royalty on the difference and the Departmental Officer is to realise the amount from the contractor's bill and to credit the amount in favour of the Forest Department.

A contractor appointed (21st January 1972) by the Central Public Works Division, Shillong, was permitted to extract 50,000 cft. of boulders in the first instance by the Conservator of Forests (February 1972) who also directed the Divisional Forest Officer, Khasi Hills, to issue permit for the quantity after realising the royalty therefor with further instructions to post a literate Forest Guard in that area to check the collection of minor minerals and to arrange the Forest Protection Squad for occasional visit to the area.

In May 1972, on a report of the Forest Guard of the area about illegal collection by the contractor of minor minerals of an estimated quantity of one lakh cft., the Divisional Forest Officer referred (June 1972) the matter to the Executive Engineer of the Division and the latter intimated that as per his records 11,000 cubic meters of stones had been utilised by the contractor till then (June 1972). The Divisional Forest Officer fixed the amount of Rs. 35,310 as royalty at the rate of Rs. 3.00 per cubic metre plus 7 per cent sales tax and the amount was realised in three instalments by cheques during August 1972 to October 1972. Thereafter, there was no further report from the Range Officer concerned about any collection of minor minerals by the contractor and consequently there was also no realisation of royalty.

On an enquiry (April 1976) from the Central Public Works Division, Shillong, it was ascertained by Audit that the contractor had actually extracted and utilised in the contract work 11,313 cubic metres of sand and 79,005 cubic metres of gravel till March 1976, the royalty payable on which was Rs. 2,71,764. As the contractor had already paid Rs. 35,310 the balance amount of Rs. 2,36,454 became payable by him which was neither demanded by the Forest Department nor recovered from the bills of the firm by the Central Public Works Division and paid to the Forest Department.

The matter was reported to Government in July 1976; reply is awaited (May 1977).

6.13 Short realisation of Central Sales Tax on supplies made by Forest Department

It was seen in audit of the accounts of the Forest Utilisation Officer-cum-Silviculturist, Shillong, that the department supplied to the Railways, sleepers valued at Rs. 22,84,251 during the period July 1975 to March 1976. Overhead charges incurred by the Forest Department for production, inspection and custody of the sleepers form part of the sale price and Central Sales Tax is, therefore, realisable on the total value of sleepers including such overhead charges.

It was, however, seen that Central Sales Tax was actually charged by the department on the amounts arrived at after deducting 10 per cent departmental charges from the total value of sleepers supplied, resulting in short realisation of Central Sales Tax amounting to Rs. 22,780.

Similarly there was short realisation of sales tax of Rs. 3,724 due to not charging tax on departmental charges of 10 per cent on the supply of electrical transmission poles to the Meghalaya State Electricity Board between November 1972 and May 1976.

The matter was reported to Government in August 1976 ; reply is awaited (May 1977).

6.14 Incorrect application of rate of tax

During the period 1st July 1975 to 31st May 1976, sleepers valued at Rs. 30,06,208 were sold by the Forest Department to the Railways from Garo Hills Division. It was seen in audit of the accounts of the District Forest Officer, Garo Hills Division, Tura, that Central Sales Tax was charged on these sales at 3 per cent instead of at 4 per cent resulting in short realisation of tax to the extent of Rs. 30,062.

The matter was reported to Government in December 1976 ; reply is awaited (May 1977).

Other topics of interest

6.15 Non-revision of royalty rates

Forest rules and regulations of the Government of Assam, in force prior to the formation of Meghalaya State on 21st January 1972, were adapted by the Government of Meghalaya and consequently the royalty schedule enforced in the composite State of Assam in 1965-66 is being followed in the State. In view of the sharp rise in the market prices, the Government of Assam had revised the royalty rates of forest produce with effect from 1st November 1973 increasing the royalty rate of each item of forest produce by 50 per cent, but no such revision has been done in the State.

In view of the substantial amount of royalties (Rs. 19.00 lakhs) realised during 1974-75 and 1975-76 on account of extraction of sand, stones and gravel, the non-revision of rates of royalty is causing loss of considerable revenue to Government.

The matter was reported to Government in July 1976 ; reply is awaited (May 1977).

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 Introductory

- (a) During 1975-76, Rs.3.35 crores (12 per cent of the revenue expenditure during the year) were paid as grants to local bodies, private institutions, etc. Rupees 0.60 crore were also paid by way of loans to them.
- (b) A test audit of accounts/records of the District Council, Garo Hills, Secretary, Education Department, Director of Public Instruction, Secretary, Health and Family Planning Department and the Shillong Municipal Board was conducted in respect of grants and loans given by the District Council Affairs, Education, Health and Family Planning and Social Welfare/Planning departments. Important points noticed are given in the succeeding paragraphs.

District Council Affairs Department

7.2 Grants to the Garo Hills District Council

During 1973-74 and 1974-75, the Government paid grants of Rs.4.90 lakhs and Rs.5.20 lakhs respectively to the Garo Hills District Council for appointment of school teachers and other educational purposes (purchase of text books, construction of school buildings, etc.). The sanctions to grants did not specify any time limit for utilisation of grants. According to the rules and Government orders, grant is to be utilized in such cases within a year of disbursement and the unutilised amount should be refunded to the Government promptly thereafter. The District Council spent Rs.8.76 lakhs and the balance Rs.1.34 lakhs (1973-74: Rs.0.48 lakh; 1974-75 : Rs.0.86 lakh) remained unutilised and unrefunded (December 1976). The grant during 1974-75 was paid when grant paid in 1973-74 was not fully utilised.

Similarly, out of other grants of Rs.11.70 lakhs paid to the District Council, Rs.6.34 lakhs remained unspent as shown below (December 1976):—

Year	Amount paid	Amount utilised upto December 1976	Amount remaining unspent	Purpose
(in lakhs of rupees)				
1972-73	3.50	1.34	2.16	Improvement of Tura main bazar.
1973-74	4.55	3.81	0.74	Construction of building and urban development scheme.
1974-75	3.65	0.21	3.44	Maintenance of water supply scheme at Tura, renovation of District Council Hall, etc.
Total	<u>11.70</u>	<u>5.36</u>	<u>6.34</u>	

The circumstances leading to non-utilisation of the grants were not known (December 1976).

The matter was referred to the Government in October 1976; reply is awaited (May 1977).

Education Department

7.3 Grants under the deficit system

The Government pays grants to educational institutions on the basis of difference between the approved expenditure and 60 per cent of the total fee income. The approved expenditure includes salaries of teachers, clerks, librarians and Government share of provident fund contributions; from 1st January 1975 it also includes salaries of Grade IV staff. Grants for the first 6 months (March-August) of a year are paid on the basis of estimates of income and expenditure submitted by the institution, whereafter the institution has to submit its statement of actual income and expenditure during the past 6 months based on which grant due for the whole year is to be

recalculated and released. Such a recalculation was not made resulting in excess payment as noticed during test check (April and May 1976) in the following cases.

Name of the institution	Approved expenditure	60 per cent of total fee income	Admissible amount of grant	Grant actually paid	Amount of excess grant
	Rs.	Rs.	Rs.	Rs.	Rs.
College A					
1972-73	4,87,223	73,742	4,13,481	4,37,988	24,507
1973-74	4,91,949	71,856	4,20,093	4,54,483	34,390
1974-75	4,88,760	62,641	4,26,119	4,70,292	44,173
College B					
1974-75	6,61,065*	84,981	5,76,084	6,69,204	93,120
Total	<u>21,28,997</u>	<u>2,93,220</u>	<u>18,35,777</u>	<u>20,31,967</u>	<u>1,96,190</u>

The Government stated (November 1976) that excess grants totalling Rs.58,897 for 1972-73 and 1973-74 had since been refunded by College A and a notice for recovery of the excess grant had been issued to College B. Further developments are awaited (May 1977).

7.4 Unutilised grants

During February and March 1975, the Government sanctioned Rs.11.30 lakhs for certain educational programmes in the specially backward and most backward areas of the State. Rupees 6.80 lakhs were meant for construction, improvement, etc., of non-Government school buildings and Rs.4.50 lakhs for purchase of educational aids and equipment to be given free to non-Government schools. The grants for construction were to be paid to non-Government schools through the Inspectors/Deputy Inspectors of Schools on submission of proper plans and estimates by the schools through the Public Works Department. The grant was to be utilised within three months of disbursement and completion certificates duly countersigned by the Public Works Department were to be furnished in support of utilisation of the grants by the grantees.

*Includes Rs.3,011 representing salaries of Grade IV staff for September 1974 as per statement furnished by College B, even though this was not admissible for computation of deficit grant prior to January 1975.

The Director of Public Instruction drew the entire amount of Rs.11.30 lakhs in March 1975 but disbursed the amount meant for construction to the Inspectors and Deputy Inspectors of Schools only in November 1975. A test check of disbursements made by the Inspector of Schools, Khasi Hills, Shillong disclosed that out of Rs.2.80 lakhs received by the said Officer in November 1975, Rs.2.78 lakhs were disbursed between November 1975 and July 1976 and the balance Rs.0.02 lakh remained undisbursed (December 1976). Completion certificates were awaited. No record was also available showing fulfilment of other conditions stipulated in the sanctions, for example, submission of plans and estimates through the Public Works Department.

Of Rs.4.50 lakhs drawn in March 1975 for purchase of equipment, the Director of Public Instruction spent Rs.3.90 lakhs between July 1975 and February 1976 and the balance Rs.0.60 lakh was refunded into the treasury in July 1976.

The matter was referred to the Government in July 1976; reply is awaited (May 1977).

Health and Family Planning Department

7.5 Grants to a hospital

During 1972-73 to 1974-75 the Government paid grants aggregating Rs.1.29 lakhs to hospital C. Though the specific purposes for which grants were sought, *viz.*, construction of buildings for children and maternity wards, installation of a boiler for hot water supply, etc., were mentioned in the applications for grants submitted by the hospital, sanctions for grants did not incorporate the specific purposes. The sanctions did not also specify the other required condition that assets acquired out of grant should not, without prior sanction of the Government, be disposed of, encumbered or utilised for purposes other than those for which grants were sanctioned.

The annual statement of receipts and expenditure for 1972-73 to 1974-75 submitted by the hospital did not exhibit separately the expenditure met out of the grants. Utilisation certificates furnished by the hospital for these grants were countersigned by the Director of Health Services. Though requested by Audit (October 1975) to clarify how he satisfied himself about the utilisation of the grants for the purpose for which they were sanctioned, no information in this regard had been furnished by him (March 1977).

The matter was referred to the Government in January 1976; reply is awaited (May 1977).

7.6 Grants to the Shillong Municipal Board

- (a) Grants aggregating Rs.1.40 lakhs were sanctioned by the Government to the Shillong Municipal Board during 1972-73 (Rs.1.15 lakhs) and 1973-74 (Rs.0.25 lakh) for construction of houses for the Harijans from the Barabazar area, a Harijan inhabited area of Shillong. The amounts were drawn by the Director of Housing (Rs.1.15 lakhs) and the Director of Public Instruction (Rs.0.25 lakh) in March 1973 and March 1974 respectively and paid to the Shillong Municipal Board in May 1974 and April 1975. These were to be utilised within a year.

Construction work was, however, started by the Board only in January 1976 in the Barabazar area of Shillong. The works were to be completed by 15th March 1976. Of the five barracks (each consisting of five units) proposed to be constructed, construction of four barracks was completed by March 1977 and that of the remaining one was in progress; the payment made to the contractors amounted to Rs.0.71 lakh. Though the circumstances leading to delay in starting the work by the Board were enquired from the Government in July 1976, these have not been intimated (May 1977).

- (b) During 1974-75 the Government sanctioned a grant of Rs.1.80 lakhs to the Board for nine road construction/improvement, etc., works on the condition that the unspent amounts, if any, on completion of the works should be refunded. The Board completed all the works by April 1976 at a cost of Rs.1.24 lakhs. The unspent balance of Rs.0.56 lakh remained unrefunded (December 1976). Utilisation certificates in these cases were also awaited (March 1977).

The matter was referred to the Government in July 1976; reply is awaited (May 1977).

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 1976, there were two Statutory Corporations in the State, *viz.* Meghalaya State Warehousing Corporation and Meghalaya State Electricity Board. The Meghalaya State Warehousing Corporation was established on 30th March 1973 under the Warehousing Corporations Act, 1962 read with the North-Eastern Areas (Re-organisation) Act, 1971. Its capital of Rs.16 lakhs as on 31st March 1976 was contributed by the Government of Meghalaya (Rs.10 lakhs) and the Central Warehousing Corporation (Rs.6 lakhs). The Corporation has not (March 1977) prepared its accounts for any of the years since its formation.

The Meghalaya State Electricity Board was established on 21st January 1975 under the Electricity (Supply) Act, 1948 read with the North-Eastern Areas (Re-organisation) Act, 1971. The accounts of the Board from 21st January 1975 to 31st March 1975 and for 1975-76 have not been compiled (March 1977).

*Meghalaya State Electricity Board***8.3 Non-recovery of dues**

A contract for construction of an earthen and road dyke at Barapani under the Umiyam Maintenance Division was awarded (July 1960) to a firm of New Delhi on the basis of its lowest tender. The work was completed in August 1965 as per the measurement records.

The total value of works done by the firm, as per its final bill (August 1965), was Rs.72.26 lakhs. During January 1962 to July 1964, the firm was paid Rs.72.08 lakhs on different on-account bills. Against the balance of Rs.0.18 lakh payable to the firm, the amount recoverable from it was Rs.1.52 lakhs on account of hire charges of machinery (Rs.1.44 lakhs) and cost of material supplied (Rs.0.08 lakh).

The firm has a security deposit of Rs.0.32 lakh with the Division. Its final bill is pending payment/adjustment (March 1977).

The matter was brought to the notice of the Board in December 1975 ; reply is awaited (May 1977).

8.4. Under-assessment of electric charges

The Central Public Works Electrical Division, Gauhati, took temporary connection (August 1972) of a 11 K. V. line for re-distribution of electricity to contractors engaged by the division in the construction of the Umroi air field in the outskirts of Shillong.

The power was supplied during September 1972 to March 1975 and the consumer (CPWD) was categorised as 'medium industry' and charged at the rates applicable to that category. The CPWD not having been engaged in producing and marketing of goods, could have been charged at the rates applicable to 'bulk power Supply', in which case an extra revenue of Rs.0.18 lakh would have accrued to the Board.

8.5 Delay in recovery of freight charges on cement

As per decision of the Government of India (July 1975), freight pool subsidy on cement was admissible from 23rd July 1975, at the prescribed rates, from the cement factory at Cherrapunji to all the district headquarters in the State. The State Electricity Board procured 7,786 tonnes of cement valued at Rs.27.71 lakhs from the factory from 23rd July 1975 to 30th September 1976, but no claims for reimbursement of the freight charges (amount: Rs.1.76 lakhs) have been preferred with the cement factory (January 1977).

8.6 Extra expenditure

Mention was made in paragraph 101 of the Report of the Comptroller and Auditor General of India for 1972-73 Government of Assam about storage of steel plates (value: Rs.6.06 lakhs) in the warehouse of West Bengal State Warehousing Corporation at Calcutta, for which storage charges of Rs.2.60 lakhs became payable by the Board up to 31st March 1973. It was noticed during test Audit (April 1976) that between August 1971 and September 1972, the Board's Controller of Movements in Calcutta procured 2,083 tonnes of these steel plates and stored these with the West Bengal State Warehousing Corporation pending finalisation of tenders for manufacture of pen-stocks.

Tenders for fabrication of steel pen-stocks were called for only in April 1973. In May 1974, the tender of a Calcutta firm was accepted and orders for lifting of 1,435 tonnes of steel plates were issued to the fabricator firm (September 1974).

As per the Kyrdemkulai Hydroelectric Project schedule, fabrication of steel pen-stocks was to be started in 1972. The Board, however, did not take steps to call for tenders for fabrication along with procurement of steel plates. Had the tenders been called and finalised as to synchronise with the procurement of steel plates, Rs.4.31 lakhs incurred as storage charges could have been avoided.

The Controller of Movements admitted (April 1976) that there was some time lag between floating and finalisation of tenders for fabrication of steel pen-stocks.

The warehousing charges incurred by the Board up to February 1976 for steel plates amounted to Rs.7.22 lakhs of which Rs.6.08 lakhs had been paid up to April 1976.

Seventeen tonnes of steel plates were issued in February 1975 in connection with a different work of the Board, leaving 631 tonnes in the warehouse for which liability at Rs.5,679 per month is being incurred by the Board since March 1976.

In addition, Rs.0.16 lakh was spent during January and February 1975 by the Board for handling and re-stacking to facilitate lifting of plates of specified thicknesses by the fabricating firm. The plates had initially been stacked one upon another irrespective of their thickness.

8.7 Meghalaya State Warehousing Corporation

Introduction

The Meghalaya State Warehousing Corporation was established on 30th March 1973 under the Warehousing Corporations Act, 1962, after formation of a separate State of Meghalaya under the North-Eastern Areas (Re-organisation) Act, 1971. The composite Assam State Warehousing Corporation was dissolved on 21st January 1975.

(ii) *Objects*

The main functions of the Corporation, as given in Section 24 of the Warehousing Corporations Act, 1962 are to:—

- (a) acquire and build godowns and warehouses at suitable places within the State with the previous approval of the Central Warehousing Corporation ;
- (b) run warehouses in the State for storage and transportation of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities offered by individuals, co-operative societies and other institutions ; and
- (c) act as agent of the Central Warehousing Corporation or of Government for purchase, sale and distribution of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities.

(iii) *Organisational set-up*

Up to 21st January 1975, the Corporation was managed by the Co-operation Department of the State Government. Thereafter and following bifurcation of the erstwhile composite corporation, a Board of Directors was constituted with the Secretary, Co-operation Department of the State Government as its Chairman. The Board consisted of ten directors and a Managing Director who assumed charge in July 1975.

(iv) *Capital structure*

The share capital of the Corporation as on 31st March 1976 was Rs. 16 lakhs contributed by the State Government (Rs. 10 lakhs) and the Central Warehousing Corporation (Rs. 6 lakhs). The central Warehousing Corporation's matching contribution to the share capital fell short by Rs. 4 lakhs.

- (v) Under Section 31(10) of the Act, the accounts of the Corporation together with the audit report thereon are required to be placed before the annual general meeting of the Corporation within six months of the close of the financial year. The accounts of the Corporation for 1973-74, 1974-75 and 1975-76 have not been prepared (March 1977).

(vi) *Apportionment of assets and liabilities of the composite Corporation*

With the dissolution of the composite Assam State Warehousing Corporation, the State Government decided to take over its assets and liabilities with effect from 21st January 1975. Both the State Governments, *viz.* Assam and Meghalaya, exchanged schemes for allocation of the assets and liabilities but no agreement was reached. The matter was, therefore, referred (January 1976) by the Government of Meghalaya to the Government of India whose orders apportioning the assets, rights and liabilities of the composite Corporation between the Corporations of Meghalaya and Assam, were issued in October 1976. The Corporation, however, took over on 12th February 1975 the stock of fertilizers, foodgrains, etc. in a warehouse at Shillong (15,095 quintals), outstanding warehouse charges (Rs 1.87 lakhs) and dead stock (36 items, value not on record) of the composite Corporation. It has been using the warehouse with two godowns and an area of one acre of land.

The two godowns of the warehouse have a total storage capacity of 1,600 tonnes. The percentage of occupancy of the warehouse varied from 78.2 to 169.5 during the period from February 1975 to June 1976.

(vii) *Construction of warehouses*

The Board of Directors of the Corporation decided (December 1975) to construct two warehouses, one each at Tura and Shillong with total storage capacity of 1,100 tonnes, besides extension of the existing warehouse at Shillong to increase its storage capacity by 400 tonnes and to acquire the required land within 1975-76. Approval for the extension work was received (March 1976) from the Central Warehousing Corporation. Approval for construction of the two warehouses has not so far been obtained and no land has been acquired (April 1977).

(viii) *Share moneys kept idle*

Share capital contributions received from Government and the Central Warehousing Corporation up to 1974-75 amounted to Rs. 13 lakhs. The entire money so received was kept in a co-operative bank up to 15th August 1975 without having earned any interest thereon.

The Management stated (January 1977) that the Corporation did not start functioning effectively in the initial stage since there was no Board of Directors. Its construction programme was also uncertain.

(ix) *Non-realisation of warehouse charges*

Warehouse charges of Rs. 0.99 lakh for the period from 1965 to 1970 remained unrealised (April 1977) from the Supply Department.

Section C—Government Companies

8.8 On 31st March 1976, there were three Government Companies, *viz.* the Meghalaya Industrial Development Corporation Limited, the Mawmluh-Cherra Cements Limited (formerly Assam Cements Limited) and the Forest Development Corporation of Meghalaya Limited. While the Meghalaya Industrial Development Corporation Limited earned a profit of Rs. 1.75 lakhs during 1975-76, the Mawmluh-Cherra Cements Limited and the Forest Development Corporation of Meghalaya Limited sustained net loss of Rs. 19.41 lakhs and Rs. 0.66 lakh during 1973-74 and 1975-76 respectively. The accounts of Mawmluh-Cherra Cements Limited for 1974-75 (year ending 30th June) have not been received (May 1977).

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

3.9 The Meghalaya Industrial Development Corporation Limited

1. Introduction

The Meghalaya Industrial Development Corporation Limited was incorporated on 6th April 1971 with an authorised share capital of Rs. 1 crore which was raised (August 1974) to Rs. 3 crores divided into 3,00,000 equity shares of Rs. 100 each. The paid-up capital of the Company as on 31st March 1976, was Rs. 65.42 lakhs fully subscribed by Government. Besides, the Company received (March 1976) from Government, Rs. 61.50 lakhs as advance towards share capital.

The main objects of the Company are :--

- (a) to establish and execute industries, and to promote the industrial development of Meghalaya ;
- (b) to procure capital for or to provide machinery, equipment and other facilities and to subscribe or underwrite or otherwise deal in shares, debentures and securities of any such companies or persons or associations.

Some aspects of working of the Company were mentioned in paragraph 47 of the Report of the Comptroller and Auditor General of India for the year 1972-73.

2. Financial results

- (i) The table below summarises the financial position of the Company for the three years up to 1975-76:—

Liabilities	1973-74	1974-75	1975-76
	(Rupees in lakhs)		
(a) Paid-up capital (including share application money)	45.52	65.42	1,26.92**
(b) Reserves and surplus	0.99	1.42	2.10
(c) Trade dues and other current liabilities (including provisions)	5.99	7.44	9.20
	52.50	74.28	1,38.22

Notes :—1. ** Differs from the figure in the Finance Accounts. The difference is under reconciliation.

2. Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, borrowings and reserves and surplus.

3. Net worth represent paid-up capital plus reserves less intangible assets.

Assets	1973-74	1974-75	1975-76
	(Rupees in lakhs)		
(d) Gross block	0.24	0.90	1.34
(e) <i>Less</i> : depreciation	0.03	0.21	0.36
(f) Net fixed assets	0.21	0.69	0.98
(g) Investments	7.00	10.43	22.95
(h) Current assets, loans and advances	45.29	63.16	1,14.29
	52.50	74.28	1,38.22
Capital employed	37.75	56.68	97.93
Net worth	46.51	66.84	1,29.02

(ii) *Working results*

The working results of the Company for the three years ending 1975-76 are shown below :—

	1973-74	1974-75	1975-76
	(Rupees in lakhs)		
(i) Income	1.80	3.09	11.51
(ii) Expenditure	0.42	1.89	9.76
(iii) Profit before tax and special reserve	1.38	1.20	1.75
(iv) Provision for tax and special reserve	0.79	0.92	1.23
(v) Profit after tax and special reserve	0.59	0.28	0.52

3. *Loss*

The Company purchased from the State Trading Corporation of India Limited 113.979 tonnes of mutton tallow during 1975-76 at Rs. 7.26 lakhs (including transportation charges) for sale to small scale soap manufacturers. Of this, only 109.045 tonnes were sold to manufacturers within Meghalaya and to parties outside the State for Rs. 7.28 lakhs between April 1975 and January 1976. The remaining 4.934 tonnes valued at Rs. 0.31 lakh was stated (May 1976) by the Management to have been lost due to theft, pilferage, leakage, etc. The stock of the material had been kept in the open yard of a carriage contractor and on sale delivery was being effected from there.

The Company preferred a claim (May 1976) for the loss against the contractor who refuted (May 1976) the claim and advised that a claim might be preferred against the insurance company. This was done in October 1976 and acceptance of the claim by the insurance company is awaited (March 1977).

4. Investments

The table below indicates the position of investments of the Company in the share capital of other undertakings, as on 31st March 1976 :—

Name of the company	Total paid-up capital	Investment by the Company	Percentage
	(Rupees in lakhs)		
(1) Associated Beverages private Limited	5.00	2.00	40.0
(2) Meghalaya Plywood Limited	15.22	0.97	6.4
(3) Komorrah Limestone Mining Company Limited	10.00	5.00	50.0
(4) Meghalaya Essential Oils and Chemicals Limited	9.92	4.92	49.6
(5) Meghalaya Phyto Chemicals Limited	20.00	10.00	50.0
(6) North-East Industrial and Technical Consultancy Organisation Limited	2.00	0.06	3.0
Total	62.14	22.95	

Of the total investment of Rs. 22.95 lakhs, Rs. 2.47 lakhs were invested in 9.5 per cent redeemable cumulative preference shares, Rs. 4.00 lakhs in 11 per cent redeemable cumulative preference shares and the rest in equity shares.

**(I) Meghalaya Phyto Chemicals Limited (Investment :
Rs. 10 lakhs)**

The unit was incorporated on 5th November 1974 with the object of production and distribution of citronella oil, menthal oil and palmarosa oil, to grow medicinal plants and to produce essential oils and chemicals.

In January 1975, the Company had paid a loan of Rs. 10 lakhs to two promoters of the unit on their personal guarantee, at an interest of 8.5 per cent per annum. The loan was subsequently (October 1975) converted into equity shares of Rs. 6 lakhs and 11 per cent preference shares of Rs. 4 lakhs.

The Company further paid a loan of Rs. 6 lakhs (in three instalments in August/October 1975 and February 1976) to the unit bearing interest at 15 per cent per annum for augmenting its financial resources. The unit suffered loss of Rs. 6.14 lakhs up to 31st December 1976.

**(II) Komorrhah Limestone Mining Company Limited
(Investment : Rs. 5.00 lakhs)**

The unit was incorporated on 24th January 1973 with an authorised capital of Rs. 10 lakhs to be subscribed by the Company and a private company in equal ratio. Its object was to exploit limestone resources of the State for export to Bangladesh. The Company started incurring expenditure for the unit since November 1972 (prior to its incorporation). The total expenditure up to March 1975 was Rs. 4.34 lakhs when the Company further paid Rs. 0.66 lakh. The unit allotted shares of the value of Rs. 5.00 lakhs in March 1975. From February 1973, the unit started exporting limestone to Bangladesh and subsequently in August 1974 entered into an agreement with the Government of Bangladesh for supply of limestone at the rate of 9,000 tonnes per month for 9 months from September 1974 and 16,667 tonnes per month thereafter. The quantities actually exported to Bangladesh during the years 1973-74, 1974-75 and 1975-76 were 28,204, 58,851 and 91,021 tonnes respectively.

The Unit earned profits of Rs. 1.15 lakhs and Rs. 1.07 lakhs during 1973-74 and 1974-75 respectively, but suffered a loss of Rs. 1.14 lakhs during 1975-76.

The unit stopped export of limestone to Bangladesh in January 1976 with a stock of 57,354 tonnes of limestone valued at Rs. 6.96 lakhs remaining in hand. The export resumed in October 1976 was again stopped in April 1977 after supplying another quantity of 20,000 tonnes of limestone.

(III) Meghalaya Essential Oils and Chemicals Limited
(Investment : Rs. 4.92 lakhs)

The undertaking was incorporated on 21st February 1974 with the object of distillation and manufacture of cinamon oil and all kinds of essential oils. The Company invested Rs. 4.92 lakhs in the share capital of the undertaking during July 1974 to August 1975.

Upto September 1976, the undertaking had set up two units for distillation work as against the proposed establishment of five such units. Its accounts for the period from 1st April 1975 to 30th September 1976 (year ending 30th September) showed a net loss of Rs. 1.88 lakhs.

**(IV) Associated Beverages Private Limited (Investment :
Rs. 2.00 lakhs)**

The Company invested Rs.2 lakhs in the share capital of the unit in March 1974. The unit started production in June 1974. The Unit management accepted (March 1974) in principle the proposal of the Company to include in its Board of Directors, two directors of the Company by amending its Articles of Association, but appointed only one director in March 1975. The accounts of the unit for the year ending 31st December 1975 revealed a loss of Rs. 4.59 lakhs without depreciation on fixed assets being charged. The accumulated loss as on 31st December 1975 was Rs. 6.75 lakhs.

(V) Meghalaya Plywood Limited (Investment : Rs. 0.97 lakh)

The unit was incorporated on 28th September 1973 with an authorised capital of Rs.25 lakhs, to carry on the business of manufacturing wood products of all kinds. The Company purchased (July 1974) 9.5 per cent redeemable cumulative preference shares of Rs. 0.97 lakh of the unit. The unit went into production towards the later part of 1974-75. The unit incurred a net loss of Rs. 5.62 lakhs and Rs. 13.33 lakhs during the years 1974-75 and 1975-76 respectively.

5. Loans and advances

The Company also advanced loans to different units. The balance of loans outstanding from five units as on 31st March 1976 was Rs.21.90 lakhs. Of the total interest of Rs. 2.22 lakhs accrued and due up to 31st March 1976 on the loans, Rs.1.70 lakhs had been realised (March 1977), leaving an outstanding balance of Rs.0.52 lakh.

6. *Schemes for establishment of projects*

Up to 31st March 1976, the Company took up investigation of 40 large and medium scale projects and applied to the Government of India for letters of intent for 13 projects (involving capital outlay of Rs.6,894 lakhs) which were granted. Of the remaining 27 projects taken up for investigation, one project was not pursued and 26 projects were at preliminary stages of investigation. The Company incurred a total expenditure of Rs.0.87 lakh on these projects up to 31st March 1976.

The position in regard to the major projects is indicated below :—

Cement Clinker Project

For setting up a cement clinker project of a capacity of 4 lakh tonnes per annum in Garo Hills, the Company obtained (July 1974) an industrial licence valid for two years, *i. e.* up to 31st July 1976 (subsequently extended up to 30th July 1977). The project, estimated to cost Rs.21.25 crores, was conceived primarily for supplying clinkers to Bangladesh. The Planning Commission was approached (October 1974) by Government for allocation of necessary funds for implementation of the projects, but no funds were allocated (March 1977). An expenditure of Rs.0.26 lakh was incurred up to March 1976, mainly on the preparation of a project report.

The Management stated (June 1976) that it was doubtful whether Bangladesh would be ready to take supply of clinkers.

Pulp and paper project

The State Government accorded sanction (March 1974) to an expenditure of Rs.1.30 lakhs for preparation of a project report by a Calcutta firm for establishment of a pulp and paper project in Meghalaya. Agreement with the firm was executed in August 1974 and an abstract feasibility report was submitted by the firm in February 1975. The final project report was received by the Company in September 1975.

Negotiation with a party was in progress (March 1977) for joint sector participation.

Cement project

The Company obtained from the Government of India in March 1975 a letter of intent valid for 12 months (subsequently extended up to 4th March 1977) for setting up of a cement project in Meghalaya. A feasibility report was prepared by a Calcutta firm and received by the Company (September 1974) indicated that the project would be viable only if the *ex-works* selling price of cement was fixed at Rs.265 per tonne instead of Rs.213 per tonne as fixed by the Government of India. Rupees 0.07 lakh had been spent by the Company up to September 1976 mainly on advertisement for arranging joint sector participation.

Final decision in regard to setting up of the project had not been taken (March 1977) by the State Government.

Glass bottle project

For setting up of the project, the Company got a techno-economic project report prepared by a Calcutta firm in August 1976 at a cost of Rs 0.15 lakh, 50 per cent of which was borne by a prospective promoter. There was no progress as sand for manufacture of glass available in Meghalaya needed further testing (March 1977).

Electronic industry

In 1975, the Company got a feasibility report prepared by an Electronics and Telecommunication consultant of Delhi at a cost of Rs.0.20 lakh. Up to March 1977, the Company did not apply to the Government of India for a letter of intent for setting up of the project.

*Other points of interest***(i) Accounting and Service Rules**

The Company has not framed (March 1977) rules regulating the maintenance of accounts and conditions of services, leave, promotion, etc. relating to its officers and staff.

(ii) Internal audit

There has been no arrangement (March 1977) for internal audit of the transactions of the Company.

Section 'D'

Departmentally managed Government commercial and quasi-commercial undertakings

8.10 On 31st March 1976, there were two departmentally managed commercial and *quasi*-commercial undertakings in the State, *viz.* (i) Meghalaya State Transport Undertaking and (ii) Pinewood Hotel. The Meghalaya State Transport Undertaking has not (March 1977) prepared any *pro-forma* accounts for any of the years since its formation.

*Transport Department***8.11 Irregular payment**

(a) The Meghalaya State Transport Undertaking placed (March 1976) an order, on the basis of single quotation, with a Madras firm for supply of a 'Standard—20' ten-seater vehicle (diesel) at Rs.0.52 lakh. The Undertaking had asked (February 1976) the Gauhati agent of the firm to submit *pro-forma* bill for advance payment in order that the amount could be drawn before 31st March 1976. The vehicle was to be supplied before the end of the financial year 1975-76.

Advance payment (Rs.0.52 lakh) was made in March 1976 to a local sub-agent of the Gauhati agent against *pro-forma* bill though there was no such provision in the supply order. Both the firm and its Gauhati agent denied (July 1976) receipt of the advance payment and on the advice of the Gauhati agent that it would not be possible to supply the vehicle before October 1976, the Undertaking asked (August 1976) the local sub-agent to refund the amount. Recovery was awaited (March 1977).

(b) The Undertaking placed (December 1975 to March 1976) orders with a Bombay firm for supply of 21 bus chassis at a cost of Rs.18.49 lakhs. The supply orders stipulated that the chassis would be supplied by 31st March 1976.

Payment (Rs.18.49 lakhs) was made to the firm in March 1976 on *pro-forma* invoices submitted by the firm.

The firm, however, supplied 17 chassis valued at Rs.15.45 lakhs during March 1976 to June 1976 and the remaining 4 chassis during April 1977.

8.12 Drawal of fund in advance of requirement

According to rules, money should not be drawn from the treasury unless required for immediate disbursement. Test check of records (October 1976) disclosed that with a view to making payment to a bus body builder firm, the Undertaking drew Rs.6.28 lakhs from the treasury in March 1975 on abstract bills. Of the amount drawn, Rs.2.59 lakhs were paid to the firm in April 1975 and the balance Rs.3.69 lakhs was paid in September 1975.

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. 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 the end of March 1976 and outstanding at the end of February 1977 as compared with the position indicated in the two preceding reports :

	At the end of September 1974	At the end of Febru- ary 1976	At the end of February 1977
(1)	(2)	(3)	(4)
Number of observations	7,902	11,094	11,492
Amount involved (in crores of rupees)	17.70	22.08	11.59

Reduction in the amount involved at the end of February 1977 was due mainly to receipt of (i) detailed contingent bills in respect of advances drawn for relief and rehabilitation of Bangladesh refugees and (ii) ex-post-facto sanction regularising the contingent and miscellaneous expenditure in connection with refugee operations.

As at the end of February 1977, 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	5,421	2,08.21
2.	Agriculture	699	1,85.18
3.	Industries	710	1,84.94
4.	Social Security and Welfare	167	1,54.45
5.	Education	553	68.56
6.	Famine Relief	121	67.64
7.	Animal Husbandry and Veterinary	316	35.05
8.	Tourism	438	32.00
9.	Public Health Engineering	712	22.65
10.	Village and Small Scale Industries	142	21.38

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	2,499	3,31.65
2.	Detailed contingent bills for lump sum drawals not received	901	2,46.82
3.	Vouchers not received	5,965	2,18.88
4.	Sanctions for contingent and miscellaneous expenditure not received	1,242	1,17.72

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

(i) Payees' receipts wanting

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Agriculture	498	1,62.68
2.	Social Security and Welfare	47	36.18
3.	Animal Husbandry and Veterinary	138	20.23

(ii) Vouchers wanting

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Public Works	5,199	1,96.11
2.	Public Health Engineering	709	22.62

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 should be sent to the Audit Office not later than the 25th of the month following the month of drawal of amounts.

In the absence of detailed contingent bills, it is not practicable for Audit to know whether the amount has been spent wholly or partly on the purpose or purposes for which the advances were drawn. At the end of February 1977 Rs. 2,46.82 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.	Social Security and Welfare	90	97.78
2.	Famine Relief	103	59.31
3.	Agriculture	178	23.05

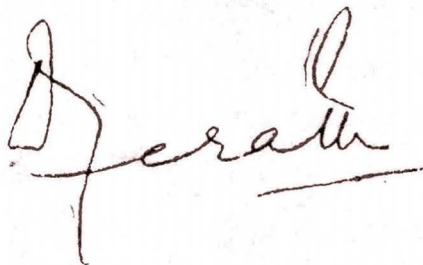
9.2 Outstanding inspection reports

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 February 1977, 1,003 inspection reports issued upto March 1976 still contained unsettled paragraphs as shown below with the figures in the two preceding reports:

	As at the end of September 1974	As at the end of February 1976	As at the end of February 1977
(1)	(2)	(3)	(4)
Number of inspection reports with unsettled paragraphs	769	977	1,003
Number of paragraphs	4,572	5,480	5,806

Of the reports outstanding at the end of February 1977, 828 related to civil departments, 136 to commercial departments and 39 to revenue receipts. These included 61 inspection reports (40 civil, 20 commercial and 1 revenue receipts) in respect of which even first replies had not been received.



(D. JERATH)

Shillong,
Dated the

8-8-77

Assam, Meghalaya, Arunachal Pradesh
and Mizoram

Accountant General,
Assam, Meghalaya, Arunachal Pradesh
and Mizoram

Countersigned

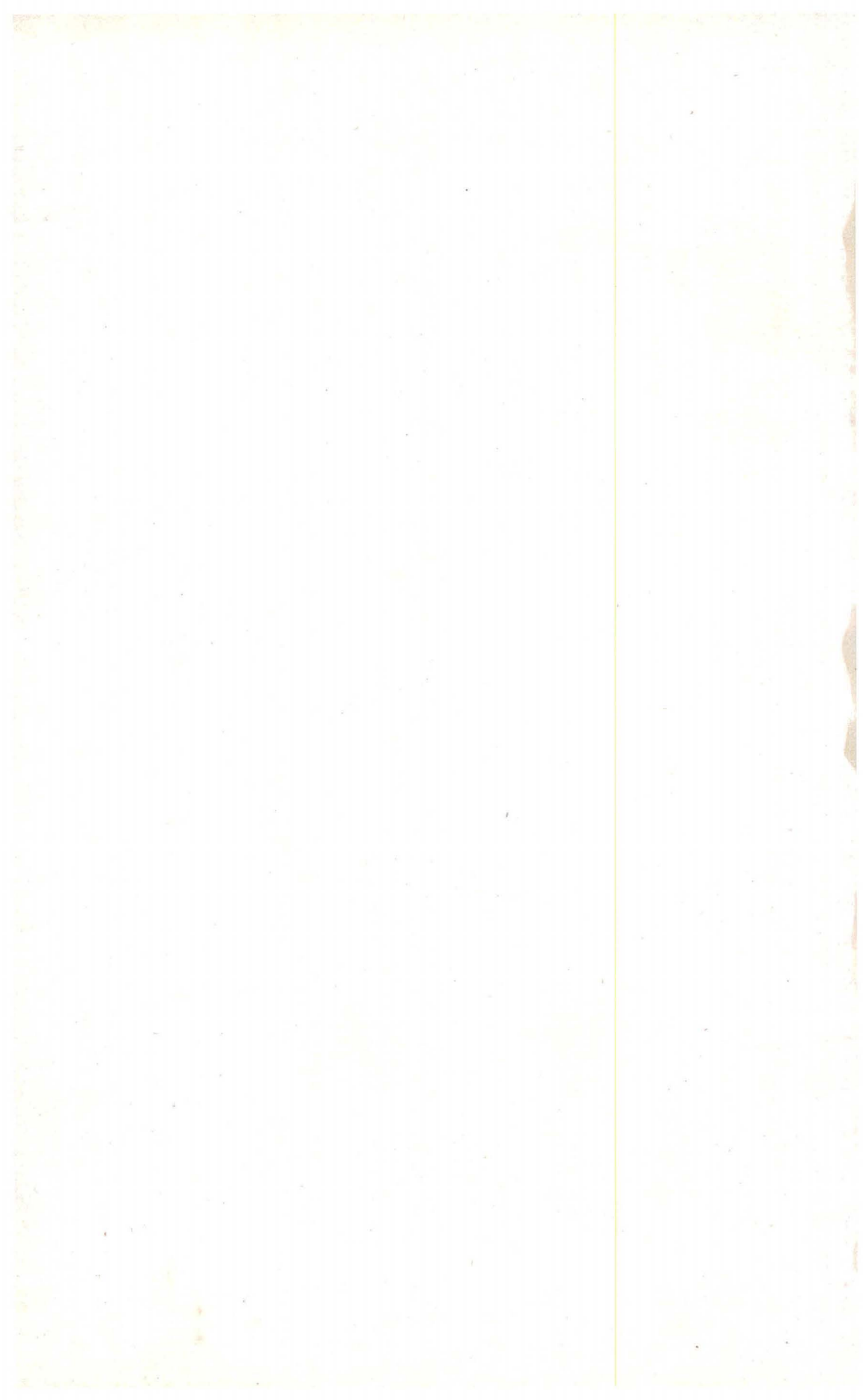


(A. BAKSI)

New Delhi,
Dated the

11-8-77

Comptroller and Auditor General of India



APPENDICES

APPENDIX I

(Reference : Paragraph 1.13, page 17)

Utilisation certificates outstanding at the end of September 1976

Serial number	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
(in lakhs of rupees)				
1. Education		1970-71	67	97.68
		1971-72	49	63.53
		1972-73	46	75.30
		1973-74	72	1,09.20
		1974-75	113	97.12
		Total		347	4,42.83
2. Co-operation		1970-71	45	6.08
		1971-72	14	4.44
		1972-73	12	10.15
		1973-74	15	16.00
		1974-75	17	16.29
		Total		103	52.96
3. Industries		1970-71	11	1.27
		1971-72	16	3.02
		1972-73	35	7.01
		1973-74	59	8.26
		1974-75	105	9.69
		Total		226	29.25
4. Public Works		1970-71	5	1.38
		1971-72	3	0.29
		1972-73	8	5.81
		1973-74	13	17.45
		1974-75	1	0.04
		Total		30	24.97

APPENDIX I—contd.

(Reference : Paragraph 1.13, page 17)

Utilisation certificates outstanding at the end of September 1976

Serial number	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
(in lakhs of rupees)				
5.	Tourism	1972-73	2	0.54
		1973-74	8	22.38
		1974-75	3	1.50
		Total	13	24.42
6.	Forest	1972-73	9	4.61
		1973-74	4	8.47
		1974-75	44	9.23
		Total	57	22.31
7.	District Council Affairs	1971-72	2	2.05
		1972-73	4	3.66
		1974-75	7	14.05
		Total	13	19.76
8.	Community Development	1971-72	11	3.71
		1972-73	1	0.06
		1974-75	3	12.96
		Total	15	16.73
9.	Power and Mining	1974-75	2	15.70
10.	Animal Husbandry and Veterinary	1972-73	6	0.95
		1974-75	7	6.99
		Total	13	7.94
11.	Planning and Development	1972-73	3	7.00
12.	Youth, Social Welfare and Sports	1974-75	23	6.04
13.	Municipal Administration	1972-73	1	2.00
		1974-75	2	1.99
		Total	3	3.99

APPENDIX I—concl'd.

(Reference : Paragraph 1·13, page 17)

Utilisation certificates outstanding at the end of September 1976

Serial number	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
			(in lakhs of rupees)	
14.	Social Welfare	1970-71	1	3·00
15.	Town and Country Planning	1974-75	4	2·90
16.	Land Revenue	1974-75	1	2·00
17.	Dairy Development	1974-75	1	1·55
18.	Agriculture	1974-75	2	1·32
19.	Fisheries	1974-75	1	1·00
20.	Personnel	1974-75	2	0·62
21.	Scientific	1974-75	1	0·40
22.	General Administration	1974-75	1	0·20
23.	Home (Police)	1974-75	1	0·01
		Grand Total	863	6,86·90

APPENDIX II

(Reference : Paragraph 2.4, page 24)

Statement showing cases where savings (more than Rs.5 lakhs in each case) were more than 10 per cent of the total provision.

Serial number	Number and name of grant	Original grant/ appropriation <hr/> Supple- mentary grant/ appropriation	Total grant/ appropriation	Expendi- ture	Saving	Percen- tage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1.	26—Pension and Other Retirement Benefits	12.56 <hr/> ...	12.56	6.44	6.12	49
2.	28—Miscellaneous, General Services, Pre-partition Payments, State Lotteries, Pension for Distinguished Services	5.69 <hr/> ...	5.69	0.02	5.67	99
3.	36—Family Planning	19.33 <hr/> ...	19.33	12.97	6.36	33
4.	44—Labour and Employment— I—A—Labour	30.03 <hr/> ...	30.03	3.29	26.74	89
5.	48—Social Security and Welfare— B—II—Relief and Rehabilitation of Displaced Persons	5.65 <hr/> 15.00	20.65	7.28	13.37	65
6.	49—Social Security and Welfare— C—III—Welfare of Scheduled Castes, Tribes and other Backward Classes—D—Social Welfare	59.33 <hr/> ...	59.33	34.67	24.66	42

APPENDIX II—contd.

Serial number	Number and name of grant	Original grant/ appropriation Supplemen- tary grant/ appropriation	Total grant/ approp- riation	Expen- diture	Saving	Per- centage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
7. 52	Relief on account of Natural Calamities	20·00 ---	20·00	10·14	9·36	49
8. 59	Agriculture/Minor Irrigation/Other Social and Community Services/Housing—C—Government Residential Buildings	1,98·25 ---	1,98·25	1,68·07	30·18	15
9. 61	Soil and Water Conservation and Housing—C—Government Residential Buildings	1,47·11 ---	1,47·11	1,20·58	26·53	18
10. 62	Area Development	95·00 ---	95·00	83·68	11·32	12
11. 63	Animal Husbandry and Housing—C—Government Residential Buildings	96·63 6·74	1,03·27	88·33	14·94	14
12. 64	Dairy Development and Housing—C—Government Residential Buildings	43·73 ---	43·73	23·08	20·65	47
13. 66	Forests	69·65 1·75	71·40	59·07	12·33	17
14. 67	Community Development and Housing—C—VIII Government Residential Buildings and VI—Social Security and Welfare	1,35·58 11·50	1,47·08	77·31	69·77	47

APPENDIX II—concl'd.

Serial number	Number and name of grant	Original grant/ appropriation Supple- mentary grant/ appropriation	Total grant/ appro- priation	Expendi- ture	Saving	Percent- age
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
15. 70	Village and Small Industries—I—Handloom and Sericulture and Housing—C—IX—Government Residential Buildings	46·28 — ...	46·28	29·82	16·46	35
16. 71	Village and Small Industries—II—Small Industries	29·99 — ...	29·99	18·95	11·04	37
17. 72	Mines and Minerals—B—Regulations and Development of Mines	20·79 — 3·56	24·35	18·03	6·32	26
18. 73	Water and power Development Services—B—Power Development	15·00 — ...	15·00	...	15·00	100
19. 75	Roads and Bridges	2,16·75 — ...	2,16·75	1,81·32	35·43	16
20. 76	Road and Water Transport Services	87·47 — ...	87·47	27·13	60·34	69
21. 84A.	Capital outlay on Special and Backward Areas—C—North Eastern Areas	... — 36·80	36·80	9·90	26·90	70
22. 112	Loans for Power Projects	80·00 — ...	80·00	...	80·00	100
23. 113	Loans to Government Servants	23·00 — 2·00	25·00	18·82	6·18	25
24.	Internal debt of the State Government	95·98 — ...	95·98	0·38	95·60	99

APPENDIX III

(Reference : Paragraph 4.4, page 28)

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

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

Serial number	Division	Works	Expenditure to the end of March 1976 (in lakhs of rupees)
(1)	(2)	(3)	(4)

Public Works Department

1.	Barengapara Division	Raising and strengthening including providing sluice of F/E along I/B of river Janiram at Mahendraganj	3.63
2.	Shillong West Division	Construction of Mawmarim-Nongthliew-Mawmih road-Section II (9th to 17th Killometres)	4.61

Public Health Engineering Department

3.	Rural Water Supply Division (P. H. E.), Simsangiri	Construction of Executive Engineer's and Subdivisional Officer's quarters at Simsangiri and Office building at Mendi	1.40
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II. *Expenditure incurred in excess of 5 per cent of sanctioned estimates where the value of the sanctioned estimates exceeded Rs. 1 lakh—*

Serial number	Works	Sanctioned estimates	Expenditure to the end of March 1976	Excess	Percentage
(1)	(2)	(3)	(4)	(5)	(6)

(in lakhs of rupees)

*Public Works Department**Tura East Division—*

1.	Construction of road Section III	R. S. N.	9.46	10.26	0.80	8
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APPENDIX III—contd.

Serial number	Work	Sanctioned estimates	Expenditure to the end of March 1976	Excess	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
<i>Tura North Division—</i>					
2.	Metalling and surfacing of M. P. T. road	11·67	12·61	0·94	8
3.	Metalling and black topping of Rongram-Anogiri-Bajengdoba road—Section II	13·11	13·95	0·84	6
4.	Construction of Anogiri Rangramhat road via Gabil	15·00	15·83	0·83	6
<i>Tura South Division—</i>					
5.	Construction of Mechanical Sub-divisional Officers office/staff quarters at Tura	4·16	8·83	4·67	112
6.	Construction of quarters under Police Housing Scheme at Tura	1·44	1·98	0·54	37
7.	Construction of semi-permanent building for Tura Government College	1·43	1·54	0·11	8
<i>Barengapara Division—</i>					
8.	Improving geometric of Mahadeo Maheshkhola road	2·42	2·81	0·39	16
<i>Shillong Central Division—</i>					
9.	Construction of hostel building for Shillong Polytechnic	14·96	16·45	1·49	10

APPENDIX III—concl'd.

Serial number	Work	Sanctioned estimates	Expenditure to the end of March 1976	Excess	Percentage
(1)	(2)	(3)	(4)	(5)	(6)

(in lakhs of rupees)

*Public Health Engineering Department
Hills Division (P. H. E.), Shillong—*

10.	Nongstoin Water Supply Scheme	8.40	9.09	0.69	8
11.	Pyndemsohsaw Water Supply Scheme	1.30	1.53	0.23	18
12.	Shella Water Supply Scheme	1.18	1.32	0.14	12

Public Health Engineering Division, Tura—

13.	Mahendraganj Water Supply Scheme	9.75	10.94	1.19	12
14.	Phulbari Water Supply Scheme	7.07	7.66	0.59	8

Rural Water Supply Division (P. H. E.), Simsangiri—

15.	Rongjira Water Supply Scheme	5.62	6.34	0.72	13
16.	Jharlenta Water Supply Scheme	7.68	8.93	1.25	16
17.	Adoigiri Water Supply Scheme	4.62	4.88	0.26	6

Rural Water Supply Division (P. H. E.), Jowai—

18.	Sutnga Water Supply Scheme	3.75	4.19	0.44	12
19.	Pdengsharop Water Supply Scheme	3.15	3.45	0.30	10
20.	Rymbai Water Supply Scheme	4.89	5.16	0.27	6
21.	Demshring Water Supply Scheme	1.60	1.92	0.32	20

APPENDIX

Summarised financial results of the

(Reference :

(Figures in columns 6 to 10, 12 and 13

Serial No.	Name of Company	Name of department	Date of incorporation	period of accounts	Total capital invested
(1)	(2)	(3)	(4)	(5)	(6)
1.	Meghalaya Industrial Development Corporation Limited	Industries	6th April 1971	1975-76	...
2.	Forest Development Corporation of Meghalaya Limited	Forest	30th January 1975	1975-76	4.22
3.	Mawmluh—Cherra Cements Limited	Industries	20th May 1955	1973-74	7,08.62

Capital invested represents paid-up capital plus

Capital employed in respect of Meghalaya Industrial Development Corporation paid-up capital including share application money, (ii) borrowings and (iii) reserves and

IV

Government Companies—Meghalaya*Paragraph 8.8, page 54)***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	Percen- 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)
(+)1.75	...	...	...	...	97.93	1.75	1.79
(-)0.66	...	...	(-)0.66	...	1.95	(-)0.66	...
(-)19.41	6.61	6.61	(-)12.80	...	2,87.39	(-)12.80	...

long term loans *plus* free reserves.

Limited represents the mean of the aggregate of opening and closing balances of (1) surplus. In respect of others capital employed represents net fixed assets *plus* working capital.



