



REPORT OF THE COMPTROLLER
AND AUDITOR GENERAL
OF INDIA
FOR THE YEAR 1976-77

GOVERNMENT OF MEGHALAYA

REPORT OF THE COMMISSIONER
OF THE GENERAL LAND OFFICE
FOR THE YEAR 1871

GOVERNMENT OF INDIA

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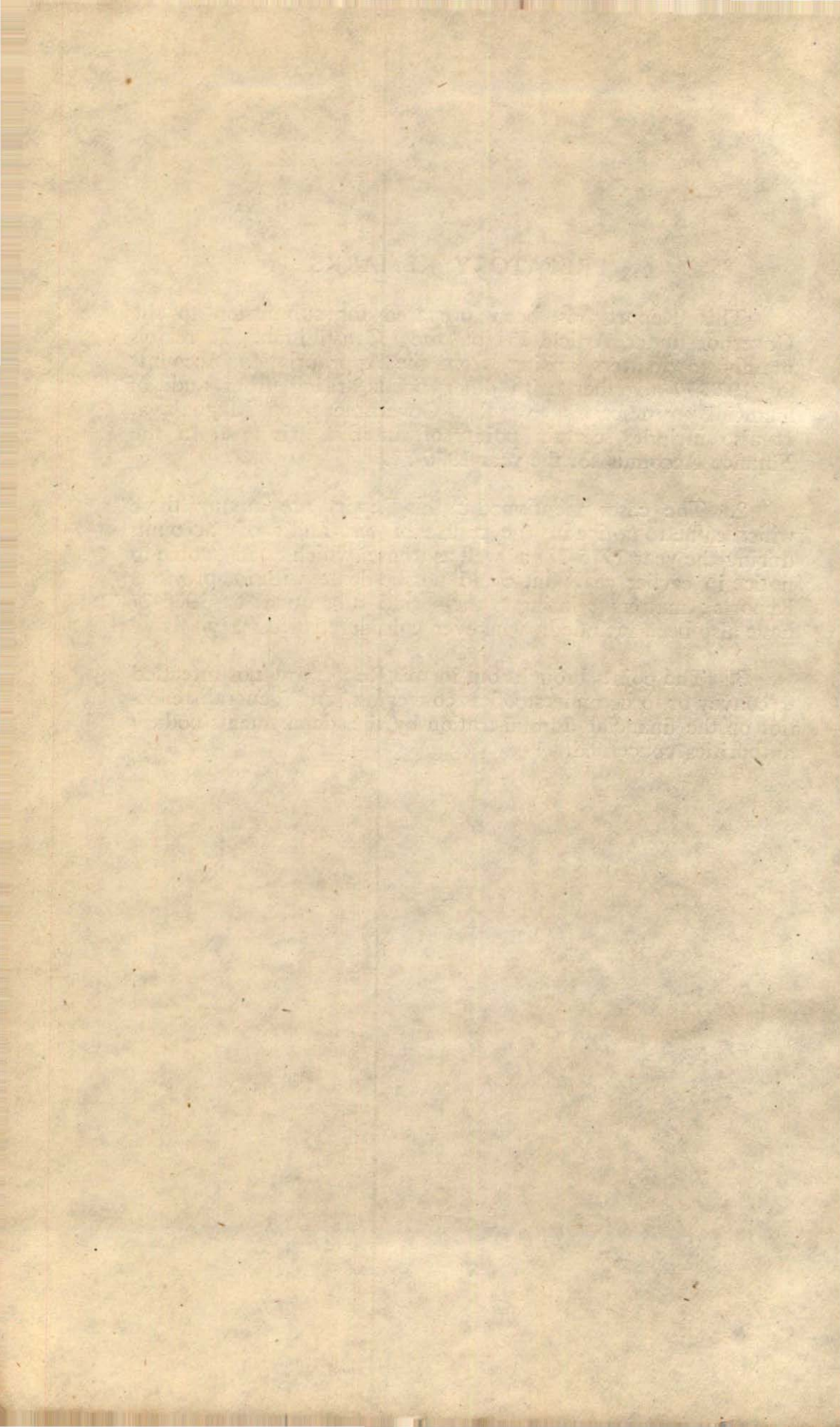
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PREFATORY REMARKS

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 1976-77 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 1976-77.

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 1976-77 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 1976-77 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 the Government of Meghalaya for 1976-77 are given below with the corresponding figures of the previous year :—

	1975-76	1976-77
	(in crores of rupees)	
(1) Revenue—		
Revenue receipts	33.33	38.54
Revenue expenditure	27.39	30.11
Revenue surplus (+)	(+) <u>5.94</u>	(+) <u>8.43</u>
(2) Public Debt—		
Internal Debt of the State Government (Net) Increase (+)	(+) <u>1.10</u>	(+) <u>1.60</u>
Loans and Advances from the Central Government (Net) Increase (+)	(+) <u>0.71</u>	(+) <u>1.68</u>
Total Public Debt (Net) Increase (+)	(+) <u>1.81</u>	(+) <u>3.28</u>
(3) Loans and Advances by the State Government (Net) Increase (—)	(—) <u>0.47</u>	(—) <u>2.91</u>
(4) Inter-State Settlement (Net) Payments (—)	...	(—) <u>0.23</u>
(5) Contingency Fund (Net) Increase (+)	(a)	...
(6) Public Account (Net) Decrease (—)	(—) <u>2.05</u>	(—) <u>0.57</u>
(7) Capital Expenditure (Net) Increase (—)	(—) <u>7.16</u>	(—) <u>6.34</u>
Net surplus (+)	(—) <u>1.93</u>	(+) <u>1.66</u>
Net deficit (—)		

(a) Rs.12,953 only.

	1975-76	1976-77
	(in crores of rupees)	
Opening cash balance	(—)1·83	(—)3·76
Net surplus(+)	<u>(—)1·93</u>	<u>(+)1·66</u>
Net deficit(—)		
Closing cash balance	<u>(—)3·76</u>	<u>(—)2·10*</u>

1.2 Revenue surplus/deficit

(a) Revenue receipts

The actuals of revenue receipts in 1976-77 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 1974-75 and 1975-76 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)					
1974-75	30·74	30·74	29·55	(—)1·19	4
1975-76	32·62	32·63	33·33	(+)0·70	2
1976-77	35·00	35·00	38·54	(+)3·54	10

(b) Taxation changes during the year

No new tax was levied by the Government during 1976-77, nor was any change made in the rates of existing taxes.

(*) There was a difference (Rs.0·17 crore) between the figure reflected in the accounts (Rs.(—)2·10 crores) and that intimated by the Reserve Bank (Rs.(—)1·93 crores) regarding "Deposits with Reserve Bank" included in the cash balance. The difference is under reconciliation (March 1978).

(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> Supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1974-75	27.62	29.19	25.17	(—)4.02	14
1975-76	30.63	32.13	27.39	(—)4.74	15
1976-77	34.24	34.97	30.11	(—)4.86	14

(d) The year 1976-77 ended with a revenue surplus of Rs.8.43 crores against a surplus of Rs.0.76 crore anticipated in the budget.

1.3 Analysis of revenue receipts

The revenue receipts during 1976-77 (Rs.38.54 crores) increased by Rs.5.21 crores (16 per cent) over those in 1975-76 (Rs.33.33 crores). The increase is analysed below:—

	1975-76	1976-77	Increase(+) / Decrease(—)
(in crores of rupees)			
<i>I. Revenue raised by the State Government</i>			
(a) Tax Revenue	2.18	2.48	(+) 0.30
(b) Non-Tax Revenue	3.05	2.14	(—) 0.91
	5.23	4.62	(—) 0.61

*II. Receipts from the
Government of India*

(a) State's share of net proceeds of Union Taxes—

(i) Taxes on Income other than Corporation Tax	1.32	1.17	(—) 0.15
(ii) Union Excise Duties	1.58	1.90	(+) 0.32
(iii) Estate Duty	0.01	0.02	(+) 0.01

(b) Grants—

(i) Under Article 275 of the Constitution	14.73	14.91	(+) 0.18
(ii) Other grants	10.46	15.92	(+) 5.46
	<u>28.10</u>	<u>33.92</u>	<u>(+) 5.82</u>
Total	<u>33.33</u>	<u>38.54</u>	<u>(+) 5.21</u>

In 1976-77, the receipts from the Government of India formed 88 per cent of the total revenue receipts of the State; the corresponding percentage during 1975-76 was 84.

1.4 Expenditure on revenue account

The expenditure on revenue account (Rs. 30,10.52 lakhs) was more by Rs. 2,71.59 lakhs (10 per cent) compared to that in 1975-76 (Rs. 27,38.93 lakhs). Major variations are analysed below :—

Sector/Head of Account	Expenditure		Increase (+) Decrease (—)
	1975-76	1976-77	
	(in lakhs of rupees)		
SOCIAL AND COMMUNITY SERVICES	7,98.11	9,27.49	(+)1,29.38.

The increase was mainly under:—

Serial number	Major head of account	Increase (in lakhs of rupees)	Reasons
1.	277—Education	89·64	Due mainly to increased expenditure under (i) Primary Education, (ii) Secondary Education and (iii) University and Higher Education owing to increased activities under these sectors.
2.	280—Medical	24·87	Due mainly to increased expenditure on medical relief.

Sector/Head of Account	Expenditure		Increase (+) Decrease (—)
	1975-76	1976-77	
(in lakhs of rupees)			
ECONOMIC SERVICES—			
Agriculture and Allied Services	6,25·83	7,27·66	(+) 1,01·83

The increase was mainly under:—

Serial number	Major head of account	Increase (in lakhs of rupees)	Reasons
1.	313—Forest	18·55	Due mainly to increased expenditure on plantation schemes, forest conservation and development and payment of arrears of share payable to District Councils in lieu of royalties on minor minerals.
2.	308—Area Development	16·50	Due to increased expenditure on development works in hill areas.
3.	314—Community Development	15·03	Due mainly to increased expenditure on nutrition schemes and payment of additional dearness allowance to the staff.
4.	305—Agriculture	14·98	Due mainly to increased expenditure on extension, farmers' training and agricultural economics and statistics.
5.	310—Animal Husbandry	11·04	Due mainly to increased expenditure on development of poultry, fodder and feed.

1.5 Capital expenditure

(a) The capital expenditure during the three years ending 1976-77 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision is shown below :—

Year	Budget	Budget <i>plus</i> Supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1974-75	6.33	6.48	5.97	(-) 0.51	8
1975-76	5.94	6.91	7.16	(+) 0.25	4
1976-77	6.37	6.72	6.34	(-) 0.38	6

(b) An analysis of the capital expenditure during 1976-77 and the progressive total to end of that year is given below :—

	Expenditure during 1976-77	Progressive total to end of 1976-77
(in crores of rupees)		
*Capital expenditure on--		
(i) Public Works	0.19	1.80
(ii) Social and Community Services	1.42	5.31
(iii) General Economic Services	0.67	1.84
(iv) Agriculture and Allied Services	0.02	0.41
(v) Industry and Minerals	0.52	8.46
(vi) Water and Power Development	0.15	0.50
(vii) Transport and Communications	3.37	19.99
Total	<u>6.34</u>	<u>38.31</u>

*Full details of capital expenditure are given in Statement Nos. 2 and 12 of Finance Accounts 1976-77.

1.6 Loans and advances by the State Government

(a) The actuals of disbursements of loans and advances by the State Government in 1976-77 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision along with the corresponding figures for 1974-75 and 1975-76 are 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 lakhs of rupees)					
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
1976-77	55.60	3,43.74	3,17.39	(—)26.35	8

(b) The budget and actuals of recoveries of loans and advances in 1976-77 along with the corresponding figures for 1974-75 and 1975-76 are given below :—

Year	Budget	Actuals	Variation	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
1974-75	16.32	14.19	(—)2.13	13
1975-76	18.00	13.33	(—)4.62	26
1976-77	41.98	25.70	(—)16.28	39

(c) The balance of loans and advances by the Government outstanding on 31st March 1977 was Rs. 5,50.37 lakhs as shown below :—

Classes of loans and advances	Balances outstanding on 31st March 1977
	(in lakhs of rupees)
(1) Loans for Social and Community Services including education, housing, urban development, etc.	46.70
(2) Loans for Economic Services—	
(i) Loans for General Economic Services including those to co-operative societies and general financial and trading institutions	42.29
(ii) Loans for Agriculture and Allied Services	20.83
(iii) Loans for Industry and Minerals	18.42
(iv) Loans for Water and Power Development	3,90.50
(3) Loans to Government Servants, etc.	31.01 (a)
(4) Loans for Miscellaneous purposes	0.62
Total	5,50.37

Further details are given in Statement Nos. 4 and 17 of the Finance Accounts 1976-77.

(a) Does not include share of Meghalaya State in respect of outstanding loans and advances granted by the composite State of Assam prior to 2nd April 1970 which had not been allocated (March 1978).

Complete information about the arrears (as on 31st March 1977) in recovery of principal and interest in respect of loans and advances of which the detailed accounts are maintained by the departmental officers had not been furnished (February 1978). According to information furnished by the Government, recovery of Rs. 65.19 lakhs (principal: Rs. 49.38 lakhs and interest: Rs. 15.81 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	1974-75	0.16	0.05
	1975-76	0.50	0.17
	1976-77	...	0.01
	Total	<u>0.66</u>	<u>0.23</u>
(ii) Industrial loans	1974-75	13.58	2.10
	1975-76	2.10	0.54
	1976-77	2.37	0.74
	Total	<u>18.05</u>	<u>3.38</u>
(iii) Loans to co-operative societies	1974-75	4.57	1.44
	1975-76	1.62	0.91
	1976-77	1.91	0.39
	Total	<u>8.10</u>	<u>2.74</u>
(iv) Loans for low income group housing schemes	1974-75	3.85	2.59
	1975-76	0.16	0.42
	1976-77	0.36	0.58
	Total	<u>4.37</u>	<u>3.59</u>
(v) Loans for middle income group housing schemes	1974-75	1.00	2.25
	1975-76	0.22	0.83
	1976-77	0.28	1.34
	Total	<u>1.50</u>	<u>4.42</u>
(vi) Taccavi loans	1976-77	16.70	1.45
Grand Total		<u>49.38</u>	<u>15.81</u>

(d) Acceptance of balances of loans

The balances of loans and advances appearing in the books of accounts of the Accountant General are communicated to the departmental officers for verification and acceptance. In a large number of cases, as detailed below, such acceptances of balances had not been received (March 1978).

Serial number	Nature of loans/advances	Number of acceptances awaited	Year from which acceptances awaited	Amount outstanding on 31st March 1977 (in lakhs of rupees)
(1)	Loans to the Meghalaya State Electricity Board and the Assam State Electricity Board	6	1970-71	3,90.50
(2)	Loans to Autonomous District and Regional Councils	11	1971-72	24.50
(3)	Loans for agriculture	9	1973-74	21.05
(4)	Loans under the middle income group housing scheme	5	1973-74	18.31
(5)	Loans to co-operative societies	9	1973-74	17.79
(6)	Loans to Government servants	932	1976-77	15.32
(7)	Loans for relief measures	4	1973-74	10.36
(8)	Loans under the low income group housing scheme	5	1973-74	8.82
(9)	Loans for village and small industries	46	1971-72	3.32
(10)	Loans to repatriates from Burma	4	1974-75	2.52
(11)	Loans for urban development	3	1971-72	1.90
(12)	Loans for land acquisition and development	1	1976-77	1.15

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

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

The capital expenditure (Rs. 6.34 crores) and the net outgo under "Loans and Advances" by the State Government (Rs. 2.91 crores) during 1976-77 were met from the following sources :—

Source	Amount (in crores of rupees)
(a) Revenue surplus	8.43
(b) Debt—	
(i) Market loans and other loans	1.60
(ii) Loans from the Government of India	1.68
(iii) Small Savings, Provident Funds, etc.,	0.35
(c) Sinking Funds and Reserve Funds	0.01
(d) Inter-State settlement	(—)0.23
(e) Decrease in cash balance and investments	(—)1.21
(f) Net balances under Deposits, Advances and Remittances	(—)1.38
Total	9.25

1.8 Debt position

(a) The outstanding debt of the State Government at the end of 1976-77 was Rs.32.85 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		
	1975	1976	1977
	(in crores of rupees)		
Market Loans	6.08	7.19*	8.60
Loans from the Government of India	19.52	20.23	21.91
Other loans	0.29	0.29	0.47
Small Savings, Provident Funds, etc.	1.28	1.52*	1.87
Total	27.17	29.23	32.85

* Differs from the figure in the previous Report by Rs.0.01 crore due to rounding.

Further details of debt outstanding at the end of March 1977 are given in Statement No.16 of Finance Accounts 1976-77.

(b) The details of debt transactions during 1976-77 are given below :—

	Receipts during the year	Repayments during the year	Net increase during the year
	(in crores of rupees)		
Market loans	1.41	...	1.41
Ways and Means Advances from the Reserve Bank of India	0.46	0.46	...
Loans from the Government of India	2.12	0.44	1.68
Other loans	0.20	0.02	0.18
Small Savings, Provident Funds, etc.	0.49	0.14	0.35
Total	4.68	1.06	3.62

(c) Open market loan

An open market loan of Rs. 1.41 crores bearing interest at 6 per cent per annum and redeemable at par in 1986 was raised by the Government during the year. The total open market loans outstanding at the end of the year were Rs. 8.60 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 on all days a minimum balance of Rs. 10 lakhs since 1st May 1976 (Rs. 5 lakhs upto 30th April 1976). If the balance falls below the agreed minimum, the Government can take ordinary ways and means advances from the Bank upto a maximum, since 1st May 1976, of Rs. 100 lakhs (Rs. 60 lakhs upto 30th April 1976). In addition, special ways and means advances not exceeding, since 1st May 1976, Rs.25 lakhs (Rs. 6 lakhs upto 30th April 1976) 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 shortfalls in the minimum balance/allows overdrafts for the *minus* balance.

Prior to 3rd May 1976, the advances and shortfalls carried interest at one per cent below the Bank Rate and overdrafts at the Bank Rate. From 3rd May 1976, the advances carry interest at one per cent below the Bank Rate for the first 90 days, one per cent above the Bank Rate beyond 90 days and upto 180 days and two per cent above the Bank Rate beyond 180 days. The Bank charges interest on the shortfalls in the minimum balance at one per cent below the Bank Rate and on overdrafts at the Bank Rate upto and including the seventh day and at three per cent above the Bank Rate thereafter.

Rupees 46 lakhs were obtained as ways and means advances from the Bank during the year, which were fully repaid. Rupees 0.06 lakh were paid as interest on these advances. No overdraft was obtained by the Government during the year.

(e) Other obligations

In addition to the above, certain obligations such as deposits of local funds, civil deposits and other earmarked funds, etc. (total as on 31st March 1977: Rs.1,56.10 lakhs), which are merged with the general cash balance of the Government, constitute a liability of the Government.

(f) Amortisation arrangements

(i) Sinking Fund

An annual contribution at such rates as Government may decide from time to time used to be made (upto 1975-76) from revenue to the fund for liquidation of the loans. During 1976-77 no contribution was made to the fund.

(ii) Depreciation fund

A sum equal to $1\frac{1}{2}$ per cent of the total nominal amount of each loan used to be set apart every year (upto 1973-74) to form a depreciation fund for purchasing securities of the loans for cancellation. During 1976-77 no contribution was made to the fund.

The balances in these funds at the commencement and close of 1976-77 are given below :—

	Balance on 1st April 1976	Addition during the year	Interest on investment	Withdrawal during the year	Balance on 31st March 1977
	(in lakhs of rupees)				
Sinking Fund	1,13.56	...	1.05	...	1,14.61
Depreciation Fund	2.25	...	...	...	2.25
Total	1,15.81	...	1.05	...	1,16.86

Out of these funds, Rs.20.31 lakhs were invested in Government of India securities. The balance amount of Rs.96.55 lakhs was merged in the general cash balance of the State.

1.9 Interest charges

The net burden on revenue of interest charges in 1976-77 compared with that in the preceding year was as follows:—

	1975-76	1976-77
	(in lakhs of rupees)	
Interest paid by the Government on Public Debt, Small Savings, Provident Funds, etc.	1,34.44	1,69.08
<i>Deduct—</i>		
(a) Interest received on loans and advances given by the Government	2.18	1.54
(b) Interest realised on investment of cash balance	19.25	24.61
Total (a)+(b)	21.43	26.15
Net amount of interest charges	1,13.01	1,42.93
Percentage of gross interest to total revenue receipts	4.03	4.39
Percentage of net interest to total revenue receipts	3.39	3.71

1.10 Guarantees given by the Government

Guarantees given by Government are in the nature of contingent liabilities. The maximum amount guaranteed by the Government and the amount guaranteed outstanding on 31st March 1977 are shown below:—

	Maximum amount guaranteed	Amount outstanding on 31st March 1977
	(in lakhs of rupees)	
Board—		
Guarantee for repayment of loans obtained by the Meghalaya State Electricity Board	4,49.59	4,49.59
Government Companies—		
Guarantee for repayment of loans availed of by the Mawmluh-Cherra Cements Limited, Shillong	2,35.00	2,35.00
Co-operative Societies—		
Guarantee for repayment of loans availed of by co-operative societies	67.40	46.46

Further details of the guarantees are given in Statement No. 5 of Finance Accounts 1976-77.

1.11 Investments

In 1976-77, the Government invested Rs. 75.75 lakhs in one statutory corporation (Rs.2.00 lakhs), one Government company (Rs.48.00 lakhs) and various co-operative institutions (Rs. 25.75 lakhs). The total investment of Government upto the end of 1976-77 in the share capital of a statutory corporation, four Government companies and various co-operative institutions was Rs.9,45.03 lakhs as shown below:—

	Number of concerns	Amount invested
		(in lakhs of rupees)
(I) Statutory Corporation (Meghalaya State Warehousing Corporation)	1	12.00
(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	8,10.60*
(III) Co-operative institutions	573	1,22.43
Total	578	9,45.03

* Includes Rs. 5,27.50 lakhs adopted *pro forma* from the books of the Government of Assam.

No dividend/interest was received from these investments during the year. Further details are given in Statement No.13 of Finance Accounts 1976-77.

1.12 Utilisation certificates

During 1976-77 the Government paid Rs.3,76.26 lakhs as grants. The main beneficiaries were non-Government educational institutions (Rs. 2,99.58 lakhs), District Councils (Rs.24.85 lakhs) and co-operative institutions (Rs.18.96 lakhs).

The financial rules require that certificates of proper utilisation of grants should be sent to Audit after verification by the departmental officers within a reasonable time, which is one year from the date of disbursement of the grants where no time limit is specified in the sanctions. On 1st October 1977, 1,032 certificates (Rs.7,98.14 lakhs) in respect of grants paid upto 1975-76 were awaited. Of these, 340 certificates (Rs.2,97.89 lakhs) related to grants paid upto March 1973. The number of certificates to be received in respect of grants paid during 1973-74 to 1975-76 and the number actually received upto the end of September 1977 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)					
1973-74	196	2,10.93	33	52.27	163	1,58.66
1974-75	347	2,50.46	20	63.29	327	1,87.17
1975-76	207	1,70.62	5	16.20	202	1,54.42
Total	750	6,32.01	58	1,31.76	692	5,00.25

The department-wise details of the outstanding certificates at the end of September 1977 are given in Appendix I.

The names of grantee bodies/authorities from whom utilisation certificates for Rs. 5 lakhs and above are outstanding together with the number of certificates

outstanding, the year in which the grants were paid and the total amount for which certificates are required from each are given below :—

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

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

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Summary

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

	Grants/charged appropriations	Expenditure	Excess(+) Saving(-)	Per-centage	
(in crores of rupees)					
Voted—					
Original	40.47	44.43	38.71	(-)5.72	13
Supplementary	3.96				
Charged—					
Original	3.18	3.20	2.71	(-)0.49	15
Supplementary	0.02				
Total	47.63	41.42	(-)6.21	13	

The overall saving of Rs.6.21 crores was the result of saving of Rs.6.77 crores in 86 grants (Rs.6.22 crores) and 6 charged appropriations (Rs.0.55 crore) partly offset by excess of Rs.0.56 crore in 14 grants (Rs.0.50 crore) and 1 charged appropriation (Rs.0.06 crore).

(b) Further details are given below:—

	Revenue	Capital	Loans and advances	Inter State settlement	Public debt	Total
(in crores of rupees)						
Authorised to be spent (grants and charged appropriations)						
Original	34.32	6.72	0.56	0.66	1.39	43.65
Supplementary	0.73	0.35	2.89	...	0.01	3.98
Total	35.05	7.07	3.45	0.66	1.40	47.63
Actual expenditure (grants and charged appropriations)						
	30.25	6.66	3.17	0.43	0.91	41.42
Shortfall (-)	(-)4.80	(-)0.41	(-)0.28	(-)0.23	(-)0.49	(-)6.21

2.2 Excess over grants/charged appropriations requiring regularisation

(a) Grants

The excess of Rs.49,70,199 in the following 14 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)	8—State Excise	5,93,080	6,00,676	7,596

Excess was stated to be due to payment of arrears of pay and allowances of staff.

(2)	22.—Other Administrative Services—II—Motor Garages, etc.	3,15,000	5,16,913	2,01,913
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Reasons for the excess, which occurred under 'A—Motor Garages, etc.—State', have not been intimated (March 1978).

(3)	23—Other Administrative Services—III—Gazetteer and Statistical Memoirs	72,000	86,871	14,871
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Reasons for the excess, which occurred under 'F—Gazetteers and Statistical Memoirs—(a) Special Officer, Historical and Antiquarium and his staff', have not been intimated (March 1978).

(4)	27.—Aid Materials and Equipments	8,43,000	14,91,095	6,48,095
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Excess occurred on account of adjustment of value of more material and equipment than anticipated received from the Government of India under the National Malaria Eradication programme and Family Planning Programme.

Serial number	Number and name of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
(5)	29—Secretariat-Social and Community Services—I—Civil Departments	5,41,700	6,23,862	82,162

Reasons for the excess, which occurred under 'A—Secretariat—(a) Education Department—State', have not been intimated (March 1978).

(6)	32—Education, Medical, etc.	1,50,000	3,35,271	1,85,271
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Excess occurred mainly on account of undertaking building construction works.

(7)	35—Medical	1,27,47,000	1,32,56,098	5,09,098
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Excess was due mainly to equipping the Ganesh Das Hospital with 80 additional beds and purchase of fuel and medicines for emergency purposes.

(8)	36.—Family Planning	24,74,127	25,02,353	28,226
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Excess was due to receipt of more aid materials than anticipated from the Government of India.

(9)	37—Public Health, Sanitation and Water Supply—A—Public Health and Sanitation	63,44,000	72,01,981	8,57,981
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Excess was due mainly to receipt of more aid materials than anticipated from the Government of India.

(10)	54—Secretariat-Economic Services—I—Civil Departments	8,71,000	9,86,219	1,15,219
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Reasons for the excess, which occurred mainly under the head 'A—Secretariat—(h) Transport Department—State', have not been intimated (March 1978).

Serial number	Number and name of grant	Total grant	Actual expenditure	Excess
		Rs.	Rs.	Rs.
(11)	62—Area Development	1,00,00,000	1,00,18,260	18,260

Excess was stated to be due mainly to taking up of new and urgent works.

(12)	87—Capital Outlay on Forests	30,00,000	30,00,036	36
(13)	93—Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects	14,00,000	14,36,366	36,366

Reasons for the excess, which occurred under 'G—Flood Control and Anti-Sea Erosion Project—(a)—Works—Districts', have not been intimated (March 1978).

(14)	94—Capital Outlay on Roads and Bridges	3,01,89,000	3,24,54,105	22,65,105
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Reasons for the excess, which was mainly on construction of rural roads, have not been intimated (March 1978).

(b) Charged appropriation

The Excess of Rs.6,15,271 in the following charged appropriation requires regularisation:—

Number and name of charged appropriation	Total appropriation	Expenditure	Excess
	Rs.	Rs.	Rs.
<i>Interest payment</i>	1,62,92,800	1,69,08,071	6,15,271

Excess was due to payment of arrears of interest on market loans during the year.

2.3 Supplementary grants/charged appropriations

Supplementary provision of Rs. 3.98 crores (9.1 per cent of the original provision) was obtained under 35 grants (Rs. 3.96 crores) and 2 charged appropriations (Rs. 0.02 crore). Details of significant cases of unnecessary and excessive supplementary grants are given below:—

(i) Unnecessary supplementary grants

In the following case, the supplementary grants remained wholly unutilised as the expenditure did not come up even to the original provision.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(in lakhs of rupees)					
(1)	21—Other Administrative Services—I—Civil Defence.	13.40	2.37	12.51	3.26

Saving was stated to be due mainly to abolition of the Civil Defence Organisation at Tura, less purchase of equipment, furniture, etc., and vacant posts.

(2)	56A—Special and Backward Areas—C—North Eastern Areas	93.26	10.14	88.19	15.21
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Saving was stated to be due mainly to non-approval of the Integrated Piggery Project by the Government of India.

(3)	84A—Capital Outlay on Special and Backward Areas—C—North Eastern Areas	60.30	6.51	41.37	25.44
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Reasons for the saving, which occurred mainly under 'A—Roads and Bridges-(b) Development of Regional Schemes-Districts', have not been intimated (March 1978).

(4)	113—Loans to Government Servants	33.50	10.00	24.58	18.92
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Saving was stated to be due mainly to less demand for festival, house building and other advances from Government servants.

(ii) *Supplementary grants which proved excessive*

In the following cases the supplementary grants proved excessive; against the supplementary provision of Rs. 25.07 lakhs, Rs. 19.45 lakhs were actually utilised:—

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
		(in lakhs of rupees)			
(1)	13—Secretariat—General Services—Civil Departments	50.35	4.52	52.20	2.67

Saving was stated to be due mainly to delay in release of requisitioned staff by the Government of Assam and vacant posts.

(2)	42—Urban Development—A—General—II—Town and Regional Planning	11.30	6.00	12.26	5.04
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Supplementary provision of Rs. 4 lakhs for slum improvement/clearance scheme in congested town areas remained entirely unutilised; reasons have not been intimated (March 1978).

(3)	48—Social Security and Welfare—B—II—Relief and Rehabilitation of Displaced Persons	8.20	7.50	10.19	5.51
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Saving was stated to be due mainly to discontinuance of payment of cash doles consequent on final resettlement of the refugees in relief camps in Garo Hills and non-payment of bills for construction of camps as the matter was subjudice.

(4)	66—Forests	77.37	3.48	77.62	3.23
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Saving was stated to be due mainly to part payment of the share payable to District Councils in lieu of royalties on minor minerals as certain details were not received from the Councils.

(5)	67—Community Development and Housing—C—Government Residential Buildings and Social Security and Welfare	95.77	3.57	96.34	3.00
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Saving was stated to be due to vacant posts and non-implementation of the scheme relating to minor irrigation in Stage II Blocks.

2.4 Unutilised provision

- (i) Rupees 6.77 crores remained unutilised in 86 grants (Rs. 6.22 crores) and 6 charged appropriations (Rs. 0.55 crore).
- (ii) In nineteen 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 the charged appropriation are given in Appendix II.

CHAPTER III
CIVIL DEPARTMENTS

Agriculture Department

3.1 Purchases of pumps in excess of requirement

The department purchased during 1971-72 to 1973-74, 181 pumps for irrigation purposes as per details below :

Type of pump	1971-72		1972-73		1973-74		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
(value in lakhs of rupees)								
Diesel	1	0.04	45	2.50	4	0.16	50	2.70
Electrical	...	...	2	0.15	129	8.13	131	8.28
Total	1	0.04	47	2.65	133	8.29	181	10.98

There was no record to indicate the basis on which the requirement of pumps had been assessed.

Twentyfour diesel pumps were issued to 24 individual cultivators/field management committees between September 1972 and May 1976, as shown below:—

District	Number	Value
(in lakhs of rupees)		
Khasi Hills	13	0.83
Jaintia Hills	3	0.12
Garó Hills	8	0.48

It was observed that terms and conditions like hire charge, time limit for retention, penalty for default in return, damage caused due to improper use, etc., had not been laid down. Besides, neither agreements with the beneficiaries had been executed nor had any security been obtained from them to safeguard public interest. The pumps had not been returned by the beneficiaries (August 1977) nor had any hire charges been recovered from them. No records were also available to indicate whether the pumps were actually being utilised for irrigation purposes.

Out of the remaining 157 pumps, 86 electrical pumps were being utilised since February 1975 in six lift irrigation schemes sanctioned by the Government in February-March 1975 and 71 pumps were idle (January 1978). The district-wise position of the pumps remaining idle was as under—

District	Number	Value (in lakhs of rupees)
Khasi Hills	33	2.50
Jaintia Hills	16	0.72
Garro Hills	22	1.34
Total	71	4.56

The department stated (August 1977) that 45 electrical pumps could not be used due to non-completion of 2 irrigation schemes because of shortage of technical hands. The matter was referred to the Government in January 1977 ; reply is awaited (March 1978).

3.2 Installation of shallow tubewells

A scheme for sinking 100 shallow tubewells in four villages in the Garo Hills was taken up during 1975-76. These were expected to provide irrigation in about 1,200 hectares which would otherwise remain barren in the post-monsoon period (September to March). The work connected with the sinking of tubewells was completed by 31st March 1976 at a cost of Rs.12.18 lakhs.

The lowest rate for the work accepted (February 1976) after call of tenders was Rs.10,140 per tubewell, which included Rs.5,125 for a 5 H.P. diesel pump. The department had an idle stock of 47 diesel pumps of similar specification but these pumps were not utilised in the scheme. Had this been done, expenditure of Rs.2.41 lakhs on pumps could have been avoided. The department stated (August 1977) that the pumps in stock were in respect of another scheme. Information regarding the utilisation of these pumps (purchased during 1971-72 to 1973-74) for the purpose for which they had been acquired was not, however, intimated by the department (March 1978).

The tubewells were actually brought into operation from November 1977. The reasons for the delay in the operation of the wells have not been intimated (March 1978).

The matter was referred to the Government in September 1977 ; reply is awaited (March 1978).

3.3 Potato cultivation

The Government sanctioned Rs.4.89 lakhs during 1975-76 and 1976-77 for purchase of improved potato seed and plant protection chemicals for sale at subsidised rates to the farmers in the Khasi Hills District. The actual expenditure against the sanction was Rs. 5.11 lakhs. A test-check (May 1977) of the records of the District Agricultural Office, Khasi Hills disclosed the following points:—

- (i) Out of 217 tonnes of seed purchased during 1975-76 (109 tonnes) and 1976-77 (108 tonnes) against an estimated yearly requirement of 178 tonnes as assessed by the District Agricultural Officer, Shillong during July-August in each of the two years, 42 tonnes were issued to farmers in April-May 1976, after the sowing season for the year 1976-77, which, in the Khasi Hills, according to the Assam Agricultural Guide Book (1971-72), is February-March for the summer crop, was over. Further, sale proceeds in respect of 9 tonnes of seed (value:Rs.0.07 lakh) sold during January-February 1977 had not been credited to Government account (May 1977).
- (ii) Plant protection chemicals costing Rs.1.20 lakhs were purchased during 1975-76 and 1976-77. Out of two thousand five hundred and twelve kilograms of Diathene M-45 so bought, 1,754 kilograms were sold to farmers during 1975-76 and 1976-77 at a subsidy of 50 per cent. According to the department (May 1977), 54 hectares were covered by spraying during 1975-76, for which the requirement of the chemical would be 162 kilograms as per the approved dosage mentioned in the Assam Agricultural Guide Book (1971-72). However, the quantity of the chemical purchased under the scheme during 1975-76 was 1,092 kilograms against which 1,059 kilograms

had been sold. The sale of an extra 897 kilograms of the chemical at 50 per cent subsidy (Rs.0.17 lakh) was thus not warranted by the requirements. In the absence of information about the actual area covered by spraying in 1976-77, it was not possible to work out the extent of such sales in excess of the requirements in that year.

Spares for power pumps and hand sprayers valued at Rs.0.12 lakh purchased during 1975-76 and 1976-77 had not been put to use (May 1977).

The matter was referred to the Government in October 1977; reply is awaited (March 1978).

3.4 Purchase and disposal of pesticides

1. For protecting crops from attacks by pests and diseases, the Government purchased pesticides as also plant protection equipment during 1975-76 and 1976-77 at a cost of Rs.1.02 lakhs and Rs.2.01 lakhs respectively. These were to be sold to farmers at subsidised rates and also used for demonstration purposes.

Out of the pesticides (cost :Rs.0.63 lakh) purchased during 1975-76 for departmental use in endemic areas and for trial demonstrations, a quantity costing Rs.0.15 lakh remained un-utilised at the end of March 1977. According to the stock register, pesticides costing Rs.0.48 lakh had been issued to the Agricultural Extension Officers between April 1976 and March 1977. The entries in the stock register for these issues had, however, not been attested by any responsible officer. The Agricultural Extension Officers/ Agricultural Inspectors had not also rendered any account (May 1977) of the utilisation of these pesticides to the District Agricultural Officer.

Pesticides costing Rs.0.34 lakh purchased during 1975-76 for sale to farmers included 570 kilograms of Diathene M-45 valued at Rs.0.22 lakh. Even though no Diathene M-45 had been sold to farmers during 1975-76, a further quantity of 1,850 kilograms of the same pesticide valued at Rs.0.77 lakh was purchased during 1976-77 for sale to farmers. The entire quantity of 2,420 kilograms of Diathene M-45 (cost : Rs. 0.99 lakh) was lying unsold on the date of audit (May 1977).

2. During 1975-76, 300 litres of Thiodan valued at Rs.0.19 lakh had also been purchased. However, the stock register showed a receipt of 200 litres of Thiodan only and 100 litres of Thiodan valued at Rs.0.07 lakh had remained out of account.

3. Out of pesticides valued at Rs.0.82 lakh purchased during 1976-77 for use in endemic areas and in trial demonstrations, a quantity costing Rs.0.78 lakh was intended for spraying operations in endemic areas covering 1,000 hectares of land. The pesticides so purchased were distributed in September 1976 (except 60 litres of Thiodan 35 EC and 25 kilograms of B.H.C. 50 %) to ten blocks. The pesticides supplied to Agricultural Extension Officers, the area targeted to be sprayed and that actually sprayed (upto November 1976) were reported to be as under:—

Name of Block	Value of pesticides supplied (in lakhs of rupees)	Area targeted to be sprayed (in hectares)	Area sprayed (in hectares)
Bhoi	0.13	200	No spraying done
Nongstoin	0.13	200	Not available
Pynursla	0.11	200	28
Mairang	0.10	100	Not available
Mawsynram	0.10	100	—do—
Mawkhyrwat	0.10	100	65.3
Cherra	0.04	45	No spraying done
Mawphlang	0.01	20	5.2
Mawrynkeng	0.03	20	28
Myllem	0.03	15	1
Total	<u>0.78</u>	<u>1,000</u>	<u>127.5</u>

The reasons for the shortfall in spraying were not on record (May 1977). In seven blocks, in respect of which reports of spraying were available, an area of 127.5 hectares of land only had been sprayed against the targeted area of 600 hectares. Based on the norms fixed by the department, the cost of pesticides to be sprayed per hectare of land should have been about Rs.78 approximately. The quantity actually utilised for spraying 127.5 hectares was, however, worth Rs.0.47 lakh as

against Rs.0.10 lakh as per the norms. With the exception of one block, technical reports on the efficacy of the pesticides sprayed had not been furnished by the blocks. In the absence of such reports, it could not be ascertained to what extent the spraying operations had proved useful.

4. During 1975-76 and 1976-77, spares costing Rs.0.25 lakh for sprayers were purchased. The entire stock of spares was lying un-utilised at the time of audit (May 1977). No records were available to indicate on what basis the requirement of spares had been assessed.

The matter was referred to the Government in October 1977; reply is awaited (March 1978).

3.5 Flow irrigation schemes

1. The Government established an Agricultural Engineering Wing (Minor Irrigation) in February 1974 in the Directorate of Agriculture for execution of flow irrigation schemes in the State. As part of the Wing, three agricultural engineering divisions, one each in the districts of Khasi Hills, Jaintia Hills and Garo Hills, started functioning from 1974-75. Twentynine flow irrigation schemes were sanctioned during 1974-75 to 1976-77, 6 in the Khasi Hills, 1 in the Jaintia Hills and 22 in the Garo Hills. The amounts sanctioned, the expenditure incurred upto March 1977 and the area targeted to be irrigated were as under :—

District	Amount sanctioned	Expenditure as recorded by the department	Area targeted to be irrigated
	(in lakhs of rupees)		(in acres)
Khasi Hills	62.20	52.50	5,700
Jaintia Hills	5.60	1.00	1,300
Garo Hills	26.30	15.10	4,100
Total	94.10	68.60	11,100

A test-check of the records/accounts of the divisional offices of the Agricultural Engineering Wing in the three districts and of the office of the Director of Agriculture was undertaken during April—September 1977. The main points noticed are given in the succeeding paragraphs.

2. Eighteen schemes were completed by March 1977 at a cost of Rs.35.30 lakhs. It was noticed, however, that the department had not evolved any cropping pattern with reference to the irrigation facilities that were to be made available on the commissioning of these 18 schemes. There was also no arrangement to assess the extent of irrigation actually provided and the production gains resulting from these schemes.

3. (i) The Umyiap Valley Irrigation Scheme in the Khasi Hills was to be completed by July 1975 and provide irrigation to 1,500 acres. The scheme was approved by the Government originally for Rs. 10.05 lakhs in February 1975. Additional sanction for Rs. 2.70 lakhs was accorded by the department in March 1976. The total cost was revised upwards in March 1977 to Rs.20.47 lakhs which was approved by the Government in March 1977 (expenditure upto March 1977: Rs.20.30 lakhs). The revision was due to delay in execution, extension of the headworks on the left bank to safeguard the existing structures from heavy erosion of soil, changes in alignment of the channels and increased cost due to (upward) change in classification of soil which at the time of actual excavation was found to be very much different from that provided for.

The agreements entered into with the contractors provided for completion of the item of work "Earth work and miscellaneous structures" within one month of the issue of work orders, which period expired on 31st March 1975. It was seen from the records, however, that this work was actually completed by the contractors between 1st March 1977 and 8th March 1977. Similarly, items like approach roads and headworks, which were due for completion in March 1975 and July 1975, were actually completed in February 1976 and March 1977 respectively. Extensions of time for completion of these items had been sought by the contractors and granted by the Agricultural Executive Engineer on the following grounds:—

- a. Disputes with land owners at the time of execution of works.
- b. Non-availability of explosives/cement.

c. Modification and alteration of plans and specifications.

d. Monsoon and shortage of labour.

- (ii) The Tyrso Valley Scheme in the Khasi Hills was sanctioned in February 1975 for Rs.12.31 lakhs, which was revised in March 1977 to Rs.14.29 lakhs. The scheme was scheduled to be completed in all respects by September 1975 but the main component of the scheme, *viz.*, the headworks, had not been completed (June 1977), the expenditure incurred upto March 1977 being Rs.11.44 lakhs. Extensions of time for reasons similar to those in the case of the Umyiap Scheme had been sought by the contractors and granted by the Agricultural Executive Engineer.
- (iii) The agreements with the contractors for the schemes referred to in (i) and (ii) above did not provide for payment of any advance to the contractors for the work done. It was noticed, however that a sum of Rs.7.08 lakhs had been drawn through 12 bills on 31st March 1975 and converted into bank drafts for payment to contractors against work done but not measured. The actual payments were made between July 1975 and September 1975, when measurements were taken.
- (iv) The above agreements had provided for an extra 20 per cent over the contracted rate for "Earthwork in excavation" if the latter was for foundation and included preparation of proper grade. Payment on this basis was made for the excavation portion of the earthen canals also though not admissible for such work as no foundation work was involved. The overpayment on this account was Rs.1.10 lakhs.
- (v) In the case of the Tyrso Scheme, Rs.0.69 lakh were paid for earthwork in very hard rock without getting the classification of the rock check-measured by the Superintending Engineer. According to the instructions in the schedule of rates, such payments were to be made only after the work done had been check-measured for classification and quantities by the Superintending Engineer.

(vi) The agreements in regard to the Umyiap Scheme provided for payments for earthwork including stacking of serviceable stones as directed. Payments were accordingly made for 9,700 cubic metres of earthwork in hard soil and 71,000 cubic metres of excavation in boulders above one-man size, soft or laminated rock, medium shale, hard rock and very hard rock. However, there was no record of any serviceable quantity of stones received from these excavations. Separately, payments to the extent of Rs.1.39 lakhs had been made for supply of stones by the contractors for stone masonry walls and slab drains for the scheme.

(vii) While forwarding his report on the schemes to the Government, the Agricultural Executive Engineer had stated that "Construction materials like sand and stone aggregates can be collected from the vicinity of the headworks though breaking them to proper size will have to be done." However, in addition to the payments for stones (Rs.1.39 lakhs) mentioned above, payments to the extent of Rs.1.02 lakhs had also been made for carriage of sand and stone. No records were produced during test-check indicating the quarries from which the stones had been obtained. There was also no evidence to show that royalty for the stones so obtained had been recovered by the Agricultural Executive Engineer from the contractors.

4. The Chidrang Valley Scheme in the Garo Hills was sanctioned in February 1975 for Rs.9.93 lakhs, revised in March 1976 to Rs.14.13 lakhs. The revision was attributed to the cost of carriage of cement, stone and sand, cement concrete works, addition of branch canals and earthen embankment works being not included in the original estimates. The actual expenditure upto March 1977 was Rs.13.25 lakhs. A test-check of the records of the Agricultural Executive Engineer, Tura indicated that no technical sanction for the scheme had been accorded by the competent authority, viz., the Superintending Engineer (Agri.), (September 1977).

The contracted extra 20 per cent over the rates for earthwork in excavation if the work was for foundation [see sub-para 3 (iv)] was wrongly applied to other earthwork resulting in overpayment of Rs.0.04 lakh to contractors.

5. During 1976-77, the Government accorded sanction for 12 flow irrigation schemes—4 in the Khasi Hills, 1 in the Jaintia Hills and 7 in the Garo Hills, together estimated to cost Rs.42.90 lakhs. For the schemes in the Khasi Hills, the Agricultural Executive Engineer concerned invited tenders on 9th February 1977 and, after extending the date for submission of tenders on two occasions, fixed 10th March 1977 as the final date. It was noticed during audit, however, that a comparative statement of tenders had not been prepared (June 1977). Further, technical sanction of the Superintending Engineer had also not been obtained to any of the schemes though these had been sanctioned by Government in March 1977. However, an amount of Rs.0.74 lakh had been spent in March 1977 for the purchase of steel gates for the schemes.

Similarly, in the case of the scheme at Lakroh in the Jaintia Hills sanctioned by the Government in March 1977 for Rs.5.59 lakhs, neither any technical sanction had been accorded by the competent authority nor had the tender papers been finalised (July 1977). However, an amount of Rs.1.00 lakh had been spent during 1976-77 for purchase of steel gates.

Of the 7 schemes sanctioned for the Garo Hills at a total estimated cost of Rs.9.87 lakhs during February-March 1977, 3 were completed by May 1977 as scheduled. Technical sanction by the competent authority had, however, not been accorded to any of these schemes.

6. Upto the end of 1973-74, there was no departmental execution of flow irrigation schemes. Subsidy was, however, paid to farmers through the District Agricultural Officers or the Sub-divisional officers concerned towards the expenditure incurred by the farmers on the construction of bunds/channels, etc.

The budget provisions and the actual expenditure on subsidy for flow irrigation schemes during 1970-71 to 1973-74 were as under :—

Year	Budget	Expenditure
	(in lakhs of rupees)	
1970-71	13.58	9.95
1971-72	13.58	11.03
1972-73	13.00	12.99
1973-74	16.81	16.00

The following deficiencies were noticed in the execution of such flow irrigation schemes:—

- (i) No records had been maintained showing the areas covered by the schemes and the resultant increase in agricultural production.
- (ii) There was no periodical check by the officials of the Agriculture Department to ascertain the working of the schemes.
- (iii) Four (cost: Rs.0.60 lakh) of the 22 schemes in the Garo Hills sanctioned in 1976-77 were necessitated reportedly by poor maintenance of the schemes completed by the cultivators under the subsidy schemes.

These observations were referred to the Government in October 1977; reply is awaited (March 1978).

Animal Husbandry and Veterinary Department

3.6 Delay in accountal of sale proceeds

It was noticed during audit (November 1976) of the accounts of the Assistant Dairy Development Officer, Jowai that there was delay ranging from 2 months to 11 months in accounting as also depositing into the treasury the sale proceeds of departmentally produced milk realised between September 1975 and January 1976 as under:—

Month of realisation	Amount (in lakhs of rupees)	Month of entry in the cash book and deposit into treasury	Extent of delay
September 1975	0.10	November-December 1975	2 to 3 months
October 1975	0.08	December 1975 to May 1976.	2 to 7 months
November 1975	0.08	February 1976 to May 1976.	3 to 6 months
December 1975	0.06	March 1976 to November 1976.	3 to 11 months
January 1976	0.04	March 1976 to September 1976.	2 to 8 months

The Government stated (November 1977) that the delay was due to the absence of a full time Assistant Dairy Development Officer at Jowai.

Community Development Department

3.7 Temporary misappropriation of sale proceeds of seeds

Mention was made in paragraph 3.1 of the Audit Report for the year 1975-76 about non-recovery of sale proceeds of seeds in the Selsella Block of the Garo Hills District. A test-check by Audit in December 1976 of the accounts of the Betasing Development Block in the Garo Hills District disclosed that sale proceeds of seeds amounting to Rs.0.49 lakh (out of Rs. 0.64 lakh) had not been deposited into the treasury by seven Gram Sevaks during 1969-70 to 1975-76. These are being recovered from the pay of the defaulting officials from June 1973 onwards and a sum of Rs. 0.14 lakh had been recovered (upto May 1977) leaving a balance of Rs. 0.35 lakh to recover which would take about 10 years more at the present rate of recovery. The circumstances in which the sale proceeds had not been deposited into the treasury and the matter had not been detected by the department earlier were not on record (January 1978).

Education Department

3.8 Suspected misappropriation

A test-check (April 1977) of the cash book of the Inspector of Schools, East Khasi Hills District, Shillong disclosed that the totals on the payment side of the cash book had been struck wrongly on three dates during April 1975 to June 1975, thereby reducing the cash in hand to the extent of Rs. 0.11 lakh as shown below: —

Date	Total as recorded in the cash book	Actual total	Difference
8th April 1975	15,568.72	14,568.72	1,000
25th April 1975	13,090.00	12,990.00	100
24th June 1975	23,200.00	13,200.00	10,000
Total	51,858.72	40,758.72	11,100

Although physical verification of cash had been conducted by the Drawing Officer on 20th April 1975 and on 7th July 1975, no surplus cash was detected. Cash to the extent of Rs. 0.11 lakh had thus apparently been misappropriated.

The rules require that the officer-in-charge of a cash chest should count the cash in hand at least once a month. Had this provision of the rules been strictly observed and the entries in the cash book checked and attested the discrepancies could have been detected earlier.

The matter was referred to the Government in October 1977; reply is awaited (March 1978).

General Administration Department

3.9 Non-maintenance of proper records for works done

In October 1975, the Government sanctioned Rs. 0.33 lakh to meet the expenditure on test relief works in the extreme scarcity areas of the Nongstoin Sub-division. As stipulated in the sanction, 50 per cent of the sanctioned amount was payable in cash and the balance 50 per cent in kind in the form of atta and rice to scarcity-stricken people. The sanction also stipulated that proper accounts of the expenditure incurred against the sanction should be maintained for purposes of audit. The test relief works proposed to be executed related to construction of eleven foot-paths (11 kilometres) interlinking different places within the Nongstoin Sonapahar Development Block. Rupees 0.33 lakh (in cash and kind) were spent by the Block Development Officer during November 1975 on the execution of these works.

It was noticed during audit (November 1976) that no records of measurement to indicate the quantum of work actually executed had been maintained. Further, neither any completion certificate about due completion of the works as per the specifications was on record nor was there any record to indicate that the works had been supervised by a technically qualified officer. The Block Development Officer stated (May 1977) that the works were not susceptible of measurement and that in any case measurement books were not available at that time. He, however, furnished (May 1977) to Audit, along with his reply, certificates, signed on 27th May 1977 by himself and one Subordinate Engineer, to the effect that the work was completed as per the specifications.

The matter was referred to the Government in October 1977; reply is awaited (March 1978).

Soil Conservation Department

3.10 Soil conservation

1. During 1970-71 to 1975-76, Rs.3,06.22 lakhs were spent (Plan outlay: Rs.3,23.00 lakhs) on various soil conservation/jhum control measures in the State. Of these, land development accounted for Rs.1,31.18 lakhs. The records and accounts for the period 1970-71 to 1975-76 in the offices of the Director of Soil Conservation, Shillong and the Divisional Soil Conservation Officers at Shillong, Jowai and Tura were test checked during July-September 1976. The results are mentioned in the succeeding paragraphs.

It had been estimated (1970-71) that 76,000 hectares of land were annually under shifting cultivation representing sixty per cent of the area under food crop cultivation. Land development comprising both reclamation and terracing was introduced to encourage the farmers to take to settled instead of shifting cultivation. It was undertaken both departmentally and by payment of subsidy to farmers. The expenditure incurred during 1970-71 to 1975-76 was as under:—

	Soil conservation scheme			Jhum control scheme		
	Subsidy	Departmental work	Total	Subsidy	Departmental work	Total
	(in lakhs of rupees)					
Reclamation	8.38	2.26	10.64	Nil	27.82	27.82
Terracing	27.93	13.20	41.13	Nil	51.59	51.59
Total	36.31	15.46	51.77	Nil	79.41	79.41

The subsidy was to be limited to 80 per cent of (i) the actual cost of labour (in some places in the Garo Hills the cost was to be limited to two-thirds of the actual cost of labour) or (ii) the maximum amount (norm) fixed as cost per hectare, whichever was lower. Work done departmentally was also subject to the above norm. The norms fixed by the department ranged from Rs. 480 per hectare in 1970-71 to Rs. 850 per hectare in 1975-76 for reclamation and from Rs.300 to 637.50 per hectare in 1970-71 to Rs.1,100 to Rs. 2,000 per hectare in 1975-76 for terracing. In the case of terracing works, the rates fixed varied (5 slabs) according to the slope of the land.

The sanctions conveying the Government's approval to expenditure on these schemes, both departmental and subsidy, had provided that incurring of expenditure was subject to detailed justification and estimates being furnished. These estimates were to indicate the anticipated cost or subsidy payable depending on whether the scheme was departmental or subsidised.

The procedure adopted in implementing these schemes was that the departmental officers inspected the areas to be taken up under the schemes and after ascertaining their viability, *i. e.*, fitness for cultivation after terracing, etc., selected villagers to take up the schemes for implementation.

The department had worked out the per hectare rates for different types of works and its field officers were expected to supervise the work done by the departmental staff as well as by the villagers, record the quantum of work done in the measurement books and regulate the payments accordingly.

The following points were noticed during test-check (July-September 1976):—

(1) Subsidy was paid on the basis of the maximum rate (norm) fixed by the department from time to time and not on the basis of cost, which, according to department (August 1977), had not been worked out.

The department also stated that most of these works had been executed by the villagers at their convenience and not according to any fixed hours of working. It was, therefore, not possible to supervise the works and regulate payment according to the labour put in.

(2) The slope of the land to be terraced had not been measured and recorded by the department prior to execution of the works. The measurements noted in the measurement book did not also mention the earthwork (volume) actually executed except the area covered. Payments (subsidy) were made on the basis of the area covered at the rate applicable for the maximum slope.

(3) Work was done departmentally by engaging labourers and also by piece contract. On scrutiny of the measurement books, it was noticed that payment had been made at the rate applicable for the maximum slope in all cases, the actual slope being not mentioned either in the measurement books or in the muster rolls.

In soil conservation works (50 hectares) in the upper catchment of Didram river (sponsored by the North-Eastern Council) also, the rate applicable for the maximum slope (Rs. 2,000 per hectare) was adopted for making payments to the labourers without indicating the slope of the land in the measurement books. The records of the division indicated a slope for which the rate of Rs. 1,700 per hectare was payable. On this basis, payment at Rs. 2,000 per hectare involved extra expenditure of Rs. 0.15 lakh.

In the absence of the measurement of the slope, it was not clear how the Divisional Officer satisfied himself about the quantum of work actually done.

(4) In the Garo Hills District, subsidy payments were made on the basis of the full labour rate for the number of labourers engaged as against the requirement that the payments should be on the basis of two-thirds of the existing labour rate. The consequent extra expenditure during 1974-75 and 1975-76 worked out to Rs. 0.61 lakh.

(5) Even departmental reclamation was done in some cases by entrusting works to individual villagers for a lumpsum (the basis of which was not known) for each piece of land. There were, however, no formal contract deeds for these works and the department did not also have any record of labour put in by the villagers. A few instances of such lumpsum awards are given below :—

Range	Year	Rate (rupees per hectare)	Expenditure (in lakhs of rupees)	Area (in hectares)
Wagensi	1973-74	1,480	0.25	17
Machapani	1973-74	1,480	0.25	17
Garobadha	1973-74	1,480	0.65	44
Simsangiri	1973-74	1,480	1.04	70
Jowai	1973-74	1,500	0.06	4
Wagensi	1974-75	1,500	0.12	8
Machapani	1974-75	1,500	0.18	12
Simsangiri	1974-75	1,500	0.15	10
Shillong	1974-75	2,000	0.37	18.50
Jowai	1974-75	2,000	0.20	10

(6) In the measurement books in respect of both subsidy payments and departmental works, the sanction number and the date of undertaking the works or reference to plots of land where the works had been undertaken had not been recorded, which rendered vouching of the total expenditure involved on works or plots of land difficult.

(7) In the Mawphlang Range, reclamation works were divided into two phases, namely:—

- (i) Jungle cutting, cleaning and burning
- (ii) Uprooting of stumps, etc.

For jungle cutting, cleaning and burning, subsidy was paid in 1974-75 at a uniform rate of Rs. 450 per hectare. For uprooting of stumps, subsidy was paid at a uniform rate of Rs. 400 per hectare. Against the subsidy of Rs. 850 per hectare so paid, that payable as per the norms mentioned earlier was Rs. 680 per hectare. The overpayments involved worked out to Rs. 0.06 lakh.

(8) Payments were made in 1974-75 at varying rates for uprooting of stumps without any recorded basis for payment. Following are the instances of this type:—

Measurement book	Number of stumps uprooted	Amount paid per 100 stumps
A	900	Rs. 51.10
B	1000	Rs. 47.50
C	800	Rs. 53.75
D	650	Rs. 73.90
E	828	Rs. 60.15

2. Cash crops

As part of the soil conservation measures, the department has been growing cash crops to motivate the villagers to take up the cultivation of such crops and supplement their income from food crops as enough valley bottom lands were not available for food crop cultivation. The plantations so created departmentally covered the following crops, among others:—

1. Rubber
2. Coffee
3. Black Pepper
4. Cashewnut

These plantations were started in as far back as 1957-58 when Meghalaya was part of Assam. According to the department (August 1977), such plantations take about five to seven years for bearing fruit and give the maximum yield after 10 to 15 years. Systematic assessment of soil capabilities of different areas in the State for such crops did not, however, appear to have been carried out. The expenditure incurred on maintenance and the income from the sale of produce during 1970-71 to 1975-76 in respect of the plantations created prior to 1966-67 (mostly during 1961-62 and 1962-63) were as under:—

	Expenditure	Income	Excess of expenditure over income	Area	Average yield per hectare as reported by the department
	(in thousand of rupees)			(in hect- ares)	(in kilograms)
(1) Rubber					
Khasi Hills	32	21	11	16.93	61
Garo Hills	92	25	61	27.66	263
Total	124	46	78	44.59	
(2) Coffee					
Khasi Hills	110	40	70	28.25	79
Garo Hills	193	65	128	29.84	60
Jaintia Hills	50	7	43	9.06	170
Total	353	112	241	67.15	
(3) Black Pepper					
Khasi Hills	14	7	7	18.55	5
Garo Hills	52	16	36	52.06	Nil
Jaintia Hills	2	Nil	2	0.81	2
Total	68	23	45	71.42	
(4) Cashewnut					
Khasi Hills	10	1	9	26.69	7
Garo Hills	36	33	3	142.22	(not available)
Total	46	34	12	168.91	
Grand Total	591	215	376		

The Indian Council of Agricultural Research had indicated (1969) certain possible yields for these crops. Against the possible yield of 583.75 kilograms of dry coffee per hectare (500 lbs. per acre), the average yields obtained in Khasi, Garo and Jaintia Hills were 79 kilograms, 60 kilograms and 170 kilograms respectively during 1970-71 to 1975-76. The average yield of cashewnut in the same period was 7 kilograms per hectare in Khasi Hills against the possible yield of 275 kilograms per hectare.

The department stated (August 1977) that the low return was due, *inter alia*, to lack of training to the plantation workers, non-development of techniques to get maximum returns and the small scale of operations.

The matter was referred to the Government in January 1977; reply is awaited (March 1978).

Town and Country Planning Department

3.11 Implementation of schemes under the housing programme

1. The budget provision and the actual expenditure on the following housing schemes were as under during 1972-73 to 1976-77:—

Scheme	1972-73		1973-74		1974-75		1975-76		1976-77	
	Bud- get	Actual	Bud- get	Actual	Bud- get	Actual	Bud- get	Actual	Bud- get	Actual

(in lakhs of rupees)

1. Low income group housing	Nil	1.60	3.00	3.38	4.00	4.70	4.00	4.71	4.00	6.00
2. Middle income group housing	3.00	1.40	Nil	3.63	2.00	4.93	4.00	4.43	4.00	7.00
3. Rental housing	Nil	Nil	4.00	1.00	3.00	1.00	1.00	0.86	0.50	0.50
Total	3.00	3.00	7.00	8.01	9.00	10.63	9.00	10.00	8.50	13.50

The schemes of low income, middle income and rental housing are all financed mainly through loans obtained from the Life Insurance Corporation of India (L. I. C.). The loans so obtained during 1972-73 to 1976-77 amounted to Rs.44 lakhs.

The results of test-check by Audit during April 1977 to September 1977 are indicated in the succeeding paragraphs.

2. Low income group housing scheme

During 1972-73 to 1976-77, loans totalling Rs.20.39 lakhs were disbursed under the scheme to individuals for construction of 207 houses. Out of 149 houses that were due for completion by 31st March 1977, for which loans (Rs.14.39 lakhs) had been sanctioned upto 1975-76, only 65 houses had been reportedly constructed (September 1977).

3. Middle income group housing scheme

The department disbursed Rs.21.39 lakhs during 1972-73 to 1976-77 for construction of 106 houses and purchase of 18 ready built houses under the scheme. It was observed during audit that while ready built houses for which loans had been disbursed had all been purchased, only 37 out of 62 houses which should have been constructed by 31st March 1977 against loans (Rs.14.39 lakhs) sanctioned upto 1975-76 had been reportedly completed.

The position of overdue loans and interest thereon to end of 1976-77 was as under:—

District	Amount disbursed	Principal overdue	Interest overdue
(in lakhs of rupees)			
Khasi Hills	11.44	0.08	0.25
Jaintia Hills	1.69	0.02	0.04
Garo Hills	1.26	0.01	...
Total	14.39	0.11	0.29

No *Bakijai* proceedings had been instituted for realisation of outstanding dues (September 1977).

4. Rental housing scheme

This scheme envisages construction of houses by Government/semi-Government agencies in towns which have scarcity of residential accommodation. The scheme is at present limited to construction of houses by the Garo Hills District Council. Loans totalling Rs.2.86 lakhs had been disbursed to the Council during 1973-74 to 1975-76 for construction of 12 houses. The construction was completed in February 1976 at a cost of Rs.2.91 lakhs (excess over the loan funds being met by the Council from its own resources). The Council had not made any repayment of principal or payment of interest to the Government (September 1977). The overdue amounts of loans and interest thereon to end of 1976-77 were Rs.28,600 and Rs.28,892 respectively.

The matter was referred to the Government in November 1977; reply is awaited (March 1978).

Agriculture/Animal Husbandry/Community Development departments

3.12 Drawal of money in advance of requirement

According to the rules, money should not be drawn from the treasury unless it is required for immediate disbursement. Any unspent balance is required to be refunded into the treasury promptly. It was noticed during test-check by Audit that moneys drawn in the following cases remained wholly or partly unutilised for considerable period :—

- (i) In March 1975, the Government sanctioned Rs.1.55 lakhs for setting up model dairy units in the State. The district-wise allocation of the amount was as under:—

District	Amount
	(in lakhs of rupees)
Khasi Hills	0.58
Garo Hills	0.58
Jaintia Hills	0.39

The amount was drawn by the Director, Animal Husbandry and Veterinary on 29th March 1975 and three bank drafts were purchased by him in favour of the District Veterinary Officers (Assistant Dairy Development

Officer in the case of the Khasi Hills District) on the same date. The drafts, however, remained in the directorate till 7th September 1975 and were sent only on 8th September 1975 to the officers in whose favour these had been drawn. The records of the Assistant Dairy Development Officer, Khasi Hills, Shillong showed that the bank draft for Rs.0.58 lakh received (September 1975) by him had not been entered in the cash book till it was encashed on 10th February 1976. The amount was disbursed during February-March 1976, Rs.0.52 lakh being disbursed on 31st March 1976. Particulars of actual disbursement of the amounts remitted to the officers of the other two districts were not available in the records of the directorate.

- (ii) The District Animal Husbandry and Veterinary Officer, Khasi Hills District drew Rs. 13.92 lakhs between 22nd March 1976 and 31st March 1976 for making payments to 33 suppliers/contractors. Out of the amount so drawn, Rs. 11.99 lakhs were disbursed during April 1976 to June 1976, Rs. 1.69 lakhs during August-September 1976 and the balance Rs. 1.24 lakhs during January-March 1977. The department stated (May 1977) that the delay in disbursement of the amount was due to delay on the part of the suppliers/contractors in completing the supplies/works.
- (iii) The Government sanctioned (March 1976) Rs. 3.29 lakhs for various schemes for development of education, public health and communications in the especially backward areas under the Pynursla Development Block during 1975-76. The amount was drawn by the Block Development Officer, Pynursla on 30th March 1976, but only Rs. 3.20 lakhs had been spent upto January 1978. Another amount of Rs. 0.43 lakh sanctioned by the Government in March 1976 for implementation of water supply schemes in the area during 1975-76 was also drawn by the Block Development Officer on 30th March 1976 but only Rs. 0.35 lakh had been spent upto January 1978.
- (iv) The District Agricultural Officer, Shillong drew Rs. 2.43 lakhs in March 1973 for payment to the Assam Agro-Industries Development Corporation towards subsidy on sale of bonemeal to the farmers. The entire amount was, however, refunded into the treasury in

June 1975 (Rs. 1.54 lakhs) and July 1976 (Rs. 0.89 lakh). The reasons for non-payment to the Corporation as well as retention of the money in hand for considerable period were not on record (May 1977). Besides, four bank drafts for a total amount of Rs. 0.06 lakh drawn in favour of 3 parties, obtained during December 1972 to March 1973, were lying undisbursed at the time of audit (May 1977). The reasons for non-disbursement of the drafts were not on record.

The above cases were referred to the Government during June 1977 to October 1977; reply is awaited (March 1978) to cases mentioned in sub-paragraphs (i), (ii) and (iv).

CHAPTER IV

WORKS EXPENDITURE

*Public Works Department***4.1 Carriage of cement**

A notice inviting tenders for carriage of cement from Cherrapunjee to Tura during 1976-77 was issued by the Superintending Engineer, Tura Circle on 4th March 1976, fixing 26th April 1976 as the last date for submission of tenders. On the basis of tenders received in response, an agreement was executed with a contractor on 31st July 1976 for carriage of cement from Cherrapunjee to Tura at the rate of Rs.167 per tonne. Reasons for delay in initiating action and processing the matter were not on record nor were they intimated to Audit later (March 1978).

The corresponding rate for carriage of cement from Cherrapunjee to Tura during 1975-76 through the agency of another contractor was Rs.199 per tonne. The Chief Engineer had placed orders on the Mawmluh-Cherra Cements Limited, Cherrapunjee in January 1976 (30th January) for supply of 180 tonnes of cement (for delivery within 4 months) and again in May 1976 for supply of a further quantity of 180 tonnes of cement to the Tura North Division. The Tura North Division entrusted (February 1976 and May 1976) the work of carriage of cement in both the cases to the carriage contractor appointed for carriage of cement for the year 1975-76 at the (higher) rate of Rs.199 per tonne. Out of 180 tonnes of cement ordered in January 1976, 16 tonnes of cement had been carried by the carriage contractor upto 31st March 1976 (the balance having been carried during April 1976 to June 1976). The further quantity of 180 tonnes of cement ordered in May 1976 was carried by the same contractor during May-June 1976. Delay in finalisation of the contract for carriage of cement for the year 1976-77 thus resulted in an avoidable expenditure of Rs.0.11 lakh on carriage of 344 tonnes of cement.

4.2 Avoidable expenditure and undue financial aid to a contractor

The work "Providing sluice gate with marginal bunds for irrigation at Kharukhol-Adugiri area" was administratively approved in August 1974 at an estimated cost (second revised) of Rs.10.12 lakhs. The work was originally started by the

Goalpara E&D Division under the Government of the composite State of Assam during 1961-62 at an estimated cost of Rs 1.79 lakhs, subsequently revised to Rs.2.60 lakhs during 1968-69. After formation of Meghalaya as a separate State, the work was transferred (1974) to the Meghalaya E&D Division, Shillong for further execution. The work was latter transferred (April 1975) to the Tura South Division. A test-check (December 1976) of the records of the Tura South Division disclosed the following:—

- (i) The estimate for the work (as further revised to Rs.13.37 lakhs in September 1976) provided for the construction of 4 culverts with sluice gates at a cost of Rs.6.30 lakhs. The records showed that two culverts (without sluice gates) had already been constructed by the Goalpara E&D Division at a cost of Rs.1.78 lakhs before the transfer of the work to the Government of Meghalaya ; two gates were subsequently constructed (April 1976) at a cost of Rs.0.48 lakh. The balance estimated provision of Rs.4.04 lakhs pertained to construction of the remaining two culverts with sluice gates. The work of construction of the remaining two culverts with sluice gates was entrusted to a firm in March 1975 and it was completed in June 1976 at a cost of Rs.4.01 lakhs. The increase in cost to the extent of Rs.1.75 lakhs (Rs.4.01 lakhs minus Rs.2.26 lakhs) for the construction of the remaining two culverts with sluice gates as compared to the expenditure incurred earlier for the construction of two similar culverts with sluice gates was attributed (June 1977) by the department, *inter alia*, to execution of steel work with 22 mm dia M. S. rods in place of 16 mm dia Tor-steel due to non-availability of Tor-steel and urgency of the work.

The execution of steel work with M. S. rods of heavier section resulted in an extra expenditure of Rs.0.63 lakh. There was, however, nothing on record to indicate that timely attempts had been made to procure Tor-steel for the work.

- (ii) Although the work of construction of two culverts with sluice gates had been completed in June 1976, final payment to the contractor was not made (June 1977) as approval of a supplementary tender drawn up in connection with the work was awaited from the Chief Engineer (June 1977). Scrutiny of the 1st Running Account bill of the contractor paid in March 1976 indicated that recovery on account of 370 quintals of M. S. rods had been made from the contractor's bill although the item of work requiring use of steels as paid for in the bill showed utilisation of 402.34 quintals of M. S. rods. Short recovery of cost of 32.34 quintals of M. S. rods amounted to Rs.0.08 lakhs. On this being pointed out in audit, the amount short recovered was withheld from the contractor's security deposit.
- (iii) In terms of the provisions of the contract, payment in respect of any substituted item of work not provided for in the contract was to be made as per the schedule of rates or at a rate derived after analysis. However, in respect of steel re-inforcement work (the specification for which had been altered merely by providing for M. S. rods in place of Tor-steel) the contractor was allowed premium at 4.5 per cent above the scheduled rate, resulting in an excess payment to the extent of Rs.9.05 lakh to the contractor.
- (iv) The earthwork involved in filling the embankment was commenced in November 1974 when the work was under the Meghalaya E & D Division. The work was to be completed within three months from the date of the work order, i.e., by 19th March 1975. However, the work was not completed before the onset of the monsoon in certain portions of the embankment. The department stated (June 1977) that some of the contractors failed to start the work for want of labourers while some others could not negotiate in time for obtaining earth from private land. As a result of non-completion of work in certain portions, flood water reportedly entered (July 1975) the countryside through those portions and caused extensive damage to the embankment. In order to get the damage

repaired, a repair estimate for Rs.0.50 lakh was sanctioned in March 1976. The actual cost of repair work executed during March 1976 to May 1976, however, amounted to Rs.1.14 lakhs. The excess was attributed (June 1977) by the department to execution of more work than estimated.

The matter was referred to the Government in September 1977; reply is awaited (March 1978).

4.3. Extra expenditure

The Additional Chief Engineer had asked (July 1974) all divisions to intimate their requirements of G. I. pipes for 1974-75 by 25th July 1974. They were also instructed not to make any purchase without his prior approval.

On being asked by the Nongstoin Division, two sub-divisional offices under the division intimated (August 1974) to the division their requirement of G.I. pipes for 1974-75 as 976 metres. This requirement was, however, not intimated by the division to the Additional Chief Engineer, reasons for which were not on record (December 1977).

In December 1974, the division invited limited quotations for supply of G. I. pipes of various sizes without obtaining prior approval of the Additional Chief Engineer. Six tenderers quoted rates in response. On the basis of the lowest rates quoted, the division purchased, between January 1975 and March 1975, 4,080 metres of G.I. pipes of various sizes at a cost of Rs.1.24 lakhs. Pipes valuing Rs.1.01 lakhs were debited direct to different works. Test-check of the accounts of one work (construction of civil sub-division staff quarters) showed that the pipes purchased for the work (cost: Rs.0.49 lakh) were not in consideration of any immediate need; the estimate for the work was also technically sanctioned by the Chief Engineer only in November 1976. Computed with reference to the rates of the Director General of Supplies and Disposals (rates fixed by the Additional Chief Engineer being not readily known) the local purchase entailed an extra expenditure of Rs.0.82 lakh.

No records were available to indicate whether any attempt had been made by the division before making the local purchase to ascertain the availability of pipes with the Umpling Sub-division (Roads and Buildings) which procures these stores centrally.

It was, however, noticed that the Umpling Sub-division (Roads and Buildings) had informed (June 1975) all divisions shortly after the purchase of pipes in the above case had been made that 54,743 metres of G. I. pipes of different sizes were available with it at its storeyard at Gauhati and requested them to lift requirements of the material from it.

The matter was referred to the Government in June 1977; reply is awaited (March 1978).

Public Health Engineering Department

4.4 Unfruitful expenditure

For execution of the Greater Shillong Water Supply Scheme estimated to cost Rs.8.16 lakhs, a division, viz., Greater Shillong Water Supply Division-I, was created by the Government in September 1976. The division started functioning from 6th September 1976 with the following staff:—

Nature of staff	Number
Technical	34
Non-technical	27

Work on the scheme had, however, not started (November 1977) as land required for construction of the dam and for the storage reservoir could not be acquired due to disputes with landowners. Rupees 1.97 lakhs had meanwhile been spent by the division on establishment from September 1976 (upto July 1977). The division stated (November 1977) that the staff were being utilised on preparation of detailed estimates, drawings and designs.

The detailed estimates (revised) for the scheme had, however, already been technically sanctioned by the Chief Public Health Engineer in March 1976.

The matter was referred to the Government in December 1977; reply is awaited (March 1978).

4.5 Expenditure incurred without or in excess of sanctioned estimates

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

Rupees 3.29 lakhs were spent by the Public Works Department (two works) upto the end of March 1977 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 1976-77 exceeded, in cases where the sanctioned estimates were above Rs. one lakh each, by more than 5 per cent of the sanctioned estimates was thirteen in the Public Works Department and three in the Public Health Engineering Department, the aggregate excess being Rs.13.87 lakhs and Rs.0.82 lakh respectively.

Particulars of individual works are mentioned in Appendix III.

CHAPTER V

STORES AND STOCK

5.1 Synopsis of stores account

(a) A synopsis of stores accounts of the Public Works and Public Health Engineering departments for 1976-77 is given below:—

Serial number	Department	Stores	Balance on 1st April 1976	Receipts during the year	Issues during the year	Balance on 31st March 1977
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1.	Public Works	Small stores, building materials, painters' stores, etc.	71.28	217.90	203.90	85.28
2.	Public Health Engineering	—dc—	25.57	67.34	71.20	21.71

(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 (March 1978).

5.2 Stock registers and stock verification

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

In fourteen out of fifteen Public Works divisions and five out of six Public Health Engineering divisions, the stock registers for the accounting period ending September 1976 were not closed (March 1978).

Five Public Works divisions (North Jowai Division, National Highway Division, Mawsynram Division, Shillong South Division and Nongstoin Division) out of the fourteen divisions had not closed the registers for three to six years. Two Public Health Engineering divisions (Public Health Engineering Hills Division, Shillong and Public Health Engineering Division, Tura) out of the five Public Health Engineering divisions had not closed the registers for the last three 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 1977) by either of the officials from the months shown below:—

Serial number	Division	Sub-division	Month from which the stock was not verified
(1)	(2)	(3)	(4)
1.	Shillong South Division	(i) Cherrapunjee Sub-division (ii) South Shillong Sub-division	February 1974 November 1975
2.	Shillong Mechanical Division	(i) Shillong Sub-division (ii) Tura Sub-division	March 1974 May 1974
3.	Nongstoin Division	(i) Mairang Sub-division (ii) Markasa Sub-division (iii) Nongstoin Sub-division (iv) Sonapahar Sub-division	October 1974 October 1975 October 1975 October 1975
4.	North Jowai Division	North Jowai Sub-division	January 1975
5.	Shillong West Division	M.B. Road Sub-division	January 1975
6.	Mawsynram Division	(i) Mawsynram Sub-division (ii) Rongku Sub-division	November 1975 November 1975
7.	Tura North Division	Tura North Sub-division No.III	November 1975
8.	Shillong Central Division	(i) Building Sub-division (ii) Shillong 'B' Sub-division	December 1975 December 1975

5.3 Tools and plant accounts

Public Works divisions having tools and plant for general or special use are required to maintain a register for keeping an account of the receipts, issues and balances of tools and plant and of the hire charges. 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 are 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.

Thirteen Public Works divisions and five Public Health Engineering divisions had not closed (November 1977) the register for the period ending September 1976. Of the thirteen Public Works divisions, two divisions (North Jowai Division and Shillong South Division) had not closed the register from September 1973, one division (Shillong Central Division) from September 1974 while another five divisions (Barengapara Division, National Highway Division, Shillong, Shillong Mechanical Division, Tura North Division and Tura South Division) had not closed it from September 1975 onwards. Similarly one Public Health Engineering division (Rural Water Supply Division, Jowai) out of the five mentioned above had not closed the register from September 1973 while three divisions (Public Health Engineering Hills Division, Shillong, Public Health Engineering Division, Tura and Sewerage and Drainage Division, Shillong) had not closed it from September 1974 onwards.

The tools and plant of the following sub-divisions of the Public Works divisions and Public Health Engineering

divisions were not verified physically (November 1977) 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.	Shillong South Division	(i) South Shillong 'B' Sub-division	May 1971
		(ii) Cherrapunjee Sub-division	January 1973
2.	Public Health Engineering Hills Division, Shillong	Public Health Engineering Sub-division, Shillong	April 1974
3.	Tura North Division	(i) Tura North Sub-division No. I	September 1974
		(ii) Tura North Sub-division No. III	November 1974
		(iii) Bajengdoba Sub-division	September 1975
4.	Nongstoin Division	(i) Mairang Sub-division	October 1974
		(ii) Markasa Sub-division	October 1974
		(iii) Nongstoin Sub-division	October 1974
		(iv) Sonapahar Sub-division	October 1974
5.	North Jowai Division	North Jowai Sub-division	December 1974
6.	Shillong Mechanical Division	(i) Shillong Sub-division	July 1975
		(ii) Tura Sub-division	July 1975
7.	Rural Water Supply Division Simsanggi	Mendipather Sub-division	October 1975
8.	Mawsynram Division	(i) Mawsynram Sub-division	November 1975
		(ii) Rongku Sub-division	November 1975
9.	Shillong Central Division	(i) Building Sub-division	December 1975
		(ii) Shillong 'B' Sub-division	December 1975
		(iii) Stores Sub-division	December 1975

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 1977 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 1977	Excess over reserve stock limit
		(in lakhs of rupees)		(in lakhs of rupees)	
(1)	(2)	(3)	(4)	(5)	(6)
1.	Shillong Mechanical Division	14.00	2nd August 1973	18.78	4.78
2.	Barengapara Division	7.00	16th November 1965	9.72	2.72
3.	North Jowai Division	7.00	21st October 1975	9.05	2.05

5.5 Loss of stores

Physical verification of stores with the M. B. Road Sub-division conducted by the Sub-divisional Officer in January 1974 disclosed shortages in 83 items of stores such as timber, wire netting, paints and rapidite, together valued at Rs.1.04 lakhs. The shortages were reported by the Sub-divisional Officer to the Executive Engineer in March 1974. Reasons for the shortages had not been investigated (December 1977).

The matter was referred to the Government in June 1977 ; reply is awaited (March 1978).

CHAPTER VI REVENUE RECEIPTS

Taxation Department

Purchase Tax

6.1 Non-levy of purchase tax on jute

Under the Meghalaya Purchase Tax Act (the Assam Purchase Tax Act, 1967, as adapted by Meghalaya) raw jute is liable to purchase tax at the rate of three paise in a rupee at the point of last purchase in the State by a dealer.

It was seen in audit of the records of the Superintendent of Taxes, Tura, that no dealer had been registered under the Meghalaya Purchase Tax Act till the date of audit (July 1977).

According to the particulars available in the Directorate of Agriculture, Meghalaya, 13,700 hectares of land were under cultivation of jute during the year 1976-77 and the production of jute was estimated at 71,480 bales (each bale consists of 180 Kgs. of jute). The value of jute so produced was Rs.1,60,83,000 at the rate of Rs.1.25 per Kg. and the purchase tax leviable during the year worked out to Rs.4,82,490.

The Government stated (January 1978) that steps were being taken to register one dealer and also to bring into the tax net other dealers who were found liable for registration under the Meghalaya Purchase Tax Act. Report on further developments is awaited (March 1978).

Sales Tax

6.2 Non-levy of penalty

Under the Assam Finance (Sales Tax) Act, 1956, as adapted by Meghalaya, if a dealer fails to furnish the sales tax return without reasonable cause, the assessing authority may levy penalty in addition to the tax payable by the dealer, at an amount not exceeding one and a half times the amount of tax. However, such penalty cannot be levied by the assessing authority without the previous sanction of the Commissioner of Taxes.

It was seen in audit that a dealer did not submit returns for the periods ending 31st March 1975, 30th September 1975 and 31st March 1976. However, the assessing authority assessed (March-April 1976) the dealer to tax of Rs. 76,371 *ex-parte* for

all these periods. The assessment records revealed that the assessing authority neither considered the question of levy of penalty nor made any reference to the Commissioner for the sanction as required under the provisions of the Act. The maximum penalty involved was Rs.1,14,556.

The matter was reported to Government in August 1977. The Government stated (October 1977) that levy of penalty was not mandatory but discretionary. However, no findings of the assessing authority to the effect that the dealer was prevented from furnishing the returns owing to a reasonable cause were on record.

6.3 Evasion of tax

In the case of an assessee subject to sales tax the turnover of goods taxable at the rate of 7 per cent for the period ending 31st March 1976 was determined at Rs.7,92,378 and a demand for tax of Rs.56,553 was raised. On a cross verification with the records of the Director of Soil Conservation, Shillong, it was seen (May 1977) that the assessee had sold goods, taxable at 7 per cent, valuing Rs.10,09,523 between October 1975 and March 1976 and recovered from the Director Rs.64,181 as sales tax leviable on these sales. Thus, the dealer did not disclose the sale of goods valued at Rs.2,17,145 and evaded payment of tax of Rs.14,348 thereon. Besides, the dealer was also liable to a maximum penalty of Rs.21,522 being one and a half times the amount of tax sought to be evaded.

The matter was reported to the Government in August 1977; reply is awaited (March 1978).

6.4 Turnover escaping assessment

Under the Assam Sales Tax Act, 1947, as adapted by Meghalaya, if a dealer fails to submit a return, the sales tax authorities shall assess the dealer to the best of their judgement.

- (i) It was seen in audit of the accounts of the Superintendent of Taxes, Shillong that a dealer, who did not submit sales tax returns for the periods ending 30th September 1972 to 31st March 1975, was assessed to tax on best judgement basis demanding a tax of Rs.57,733. A cross verification with the income tax returns of the dealer relating to those periods, however, revealed that the turnovers of sales shown in the income tax returns were much higher than those determined on best judgement basis.

On this being pointed out in audit (May 1977), the Superintendent of Taxes, Shillong revised the assessment (May 1977) raising additional demand of Rs.37,764. Report regarding recovery is awaited.

The matter was reported to the Government in August 1977; reply is awaited (March 1978).

- (ii) In another case a dealer's turnovers for the year 1975-76 were determined at Rs.5,17,000 and Rs.30,000 under the Meghalaya Sales Tax Act and the Meghalaya Finance (Sales Tax) Act respectively. A cross verification with the income tax returns of the dealer relating to the corresponding period revealed that the dealer had disclosed sales turnovers of Rs.6,05,395 and Rs.61,252 taxable under the Meghalaya Sales Tax Act and Meghalaya Finance (Sales Tax) Act respectively. Thus, a turn over of Rs.1,19,647 escaped assessment involving tax of Rs.7,047.

The matter was reported to the Government in August 1977; reply is awaited (March 1978).

Taxes on Passengers and Goods

6.5 Non-registration of taxable vehicles

Transport vehicles registered under the Meghalaya Motor Vehicles Taxation Act (The Assam Motor Vehicles Taxation Act, 1936, as adapted by Meghalaya) are also required to be registered under the Meghalaya Passengers and Goods Taxation Act, (the Assam Passengers and Goods Taxation Act, 1962, as adapted by Meghalaya) for the levy of tax on fares in respect of all passengers and goods carried in a taxable vehicle.

With a view to seeing whether the transport vehicles which had been registered with the transport authorities under the Meghalaya Motor Vehicles Taxation Act were registered with the Superintendent of Taxes, Meghalaya for the purpose of levy of tax under the Meghalaya Passengers and Goods Taxation Act, a list of 75 vehicles registered with the transport authorities was obtained. It was seen that 49 vehicles for which permits had been issued by the transport authorities during the period 30th April 1974 to 17th February 1977 had not been registered with the Superintendent of Taxes under the Meghalaya Passengers and Goods Taxation Act. The tax leviable on these vehicles from the date of issue of permits to the end of March 1977 works out to Rs.96,767.

The matter was reported to the Government in June 1977; reply is awaited (March 1978).

Taxes on Professions, Trades, Callings and Employments

6.6 Non-realisation of tax under the Meghalaya Professions, Trades, Callings and Employments Taxation Act

Under the provisions of the Meghalaya Professions, Trades, Callings and Employments Taxation Act (the Assam Professions, Trades, Callings and Employments Taxation Act, 1947, as adapted by Meghalaya) every person whose gross annual income during the previous year from his profession, trade, calling and employment exceeds Rs.4,000 is liable to pay for each financial year a tax in respect of such profession, trade, calling or employment. Every such person is required to submit a return in the prescribed form.

Mention was made in para 6.4 of the Report of the Comptroller and Auditor General of India for 1975-76 Government of Meghalaya of a few cases involving escapement of tax of Rs.10,934. From a cross verification with records of the Income Tax Department it was further seen that in the cases of 30 assesseees the income, as returned/estimated under the Income Tax Act, 1961 during the assessment years 1973-74 to 1976-77 ranged from a minimum of Rs.11,428 to a maximum of Rs.82,620. Though these assesseees were liable to pay tax and to submit returns under the provisions of the Meghalaya Professions, Trades, Callings and Employments Taxation Act, they had not submitted their returns nor could the Superintendent of Taxes, Shillong, show to audit (May 1977) that these persons had been subjected to tax. The tax involved in these cases works out to Rs.11,060.

The matter was reported to the Government in June 1977; reply is awaited (March 1978).

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 Introductory

- (a) During 1976-77, Rs.3.76 crores (12.5 per cent of the revenue expenditure during the year) were paid as grants to local bodies, private institutions, etc. Rupees 2.78 crores were also paid by way of loans to them.
- (b) A test-check of the records of the Registrar of Co-operative Societies, Secretary, District Council Affairs Department, Secretary, Education Department and Director of Public Instruction was conducted in respect of grants and loans given by the Co-operation, District Council Affairs and Education departments respectively. Main points noticed are given in the succeeding paragraphs.

Co-operation Department

7.2 Investments in and financial assistance to co-operative societies

Financial Assistance

(i) The Government has been rendering financial assistance to co-operative societies in the form of investment in share capital, loans, grants and subsidies. Government investment in share capital at the close of the three years ending 1976-77 was as under :—

Year ending 31st March	Number of institutions	Total investment (in lakhs of rupees)
(1)	(2)	(3)
1975	496	78.19
1976	566	96.68
1977	573	1,22.43

No dividend was received from these investments during the above period (March 1978).

- (ii) According to the department (January 1978), the amounts of loans, grants and subsidies paid to the co-operative societies during the three years ending 1976-77 were as follows :—

Year ending 31st March	Loans				Grants/ Subsidies
	Opening balance	Disbursed during the year	Repayment during the year	Closing balance	
	(in lakhs of rupees)				
1975	15.40	1.10	...	16.50	19.79
1976	16.50	0.10	0.44	16.16	19.29
1977	16.16	2.03	0.40	17.79	19.75

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

- (iii) The financial rules require that certificates of proper utilisation of grants should be sent to Audit after verification by the departmental officers within a reasonable time, which is one year from the date of disbursement of the grants if no time limit is specified in the sanctions. However, utilisation certificates in respect of the grants indicated below had not been received (December 1977) :—

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

- (iv) The Government has also guaranteed loans raised by three co-operative societies. The sums guaranteed and outstanding at the end of March 1977 amounted to Rs. 46.46 lakhs. The maximum amount guaranteed as on that date stood at Rs. 67.40 lakhs.

Delay in completion of audit

In accordance with the provisions of the Assam Co-operative Societies Act, 1949, as adapted by the Government of Meghalaya, the accounts of the co-operative societies are required to be audited by auditors appointed by the Registrar of Co-operative Societies once every year. At the end of January 1978, audit of accounts (upto the year ending 30th June 1976) of 22 societies which had been extended financial assistance like grant/subsidies/loans by the Government was in arrears as shown below:—

Number of societies	Extent of arrears
3	1 year
4	2 years
4	3 "
5	4 "
1	5 "
3	6 "
1	7 "
1	11 "
<hr/> 22	

The arrears in audit were attributed (February 1978) by the Registrar of Co-operative Societies mainly to dearth of audit staff.

Audit fees

Audit fees amounting to Rs.0.99 lakh were in arrears from 309 societies (March 1978).

*District Council Affairs Department***7.3 Diversion of grants**

In March 1974, the Government sanctioned a grant of Rs.1.50 lakhs to the Jaintia Hills District Council for construction of quarters for the Chairman and the Chief Executive Member. The Council furnished to the Government in August 1974 an utilisation certificate in respect of the grant. On a subsequent enquiry (November 1975) by the Government, the Council stated (November 1975) that the grant had actually been utilised for purchase of a plot of land for construction of the District Council Members' Hostel. For the latter work, the Government had in fact sanctioned a grant of Rs.2 lakhs

in March 1973 to the Council. As the Council had failed to utilise the grant of Rs.2 lakhs for the purpose for which it was sanctioned, the Government asked (November 1975) the Council to refund the amount. The Council stated in November 1975 that the grant (Rs.2 lakhs) had been diverted for financing the work of construction of its office buildings.

Under the terms and conditions of the grants, the grantee was required to submit quarterly progress reports to enable the sanctioning authority to ensure that the grant was being utilised on the objects detailed in each scheme and that there was no unauthorised diversion of funds. Such progress reports were not submitted by the Council nor was submission thereof insisted upon by the sanctioning authority.

The matter was referred to the Government in December 1977 ; reply is awaited (March 1978).

Education Department

7.4 Sanction of Non-recurring grant

The Government sanctioned in September 1976 a non-recurring grant of Rs.0.45 lakh to college 'A' for the purpose of construction of a college building. During 1975-76 also, the college had received a non-recurring grant of Rs.1.15 lakhs from the Government for the same purpose.

The rules governing the sanction of grants to institutions provide, *inter-alia*, for the following:—

- (i) Grants should be made available as far as possible on the basis of specific schemes drawn up in sufficient detail and duly approved by the Government.
- (ii) Periodical reports indicating the expenditure on each of the objects detailed in the scheme should be called and scrutinised to check whether there had been any variation or un-authorised diversion of funds.
- (iii) Submission of an audited statement of accounts by the grantee should be insisted upon to ensure that any previous grant sanctioned had been spent fully for the purpose for which it was intended.

It was, however, noticed during audit (October 1977) that no plans and estimates had been received from the college before the grants were released to it. Utilisation certificate for the grant paid during 1975-76 had also not been received (October 1977). While sanctioning the grant during 1976-77, the Secretary of the department had directed that the grant should be released on receipt of utilisation certificate for the grant released during the previous year and on submission by the grantee of plans and estimates duly approved by an officer not below the rank of an Executive Engineer, and that in the case of the work already in progress a progress report should be submitted by the institution. These conditions had, however, not been fulfilled before the grant was released during 1976-77 (or subsequently December 1977) by the Director of Public Instruction. Submission of audited accounts by the grantee had also not been stipulated in the sanctions to grants nor were the accounts actually received (February 1978).

The matter was referred to the Government in November 1977; reply is awaited (March 1978).

7.5 Non-utilisation of grant/non-refund of excess grant

(a) The following grants paid to College 'B' remained unutilised to the extent shown below:—

Name of sanctioning authority	Month of sanction	Amount sanctioned (Rupees)	Month of payment	Period within which grant was to be utilised	Grant utilised (October 1977) (Rupees)	Balance of grant	Purpose of grant
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Government of Meghalaya	February 1974	50,000	April 1974	1974-75	1,000 (1976-77)	49,000	Construction of hostel.
Government of India	June 1975	2,400	August 1975	Six months from the date of receipt of grant	1,097 (1977-78)	1,303	National Integration Samity

In respect of the grant of Rs.50,000, College 'B' had requested (May 1975) the Director of Public Instruction to allow it extension of time upto 31st March 1978 for utilisation of the grant on the ground that the work for which the grant was meant could not be taken up as a result of change in the

specification of the proposed building. The Director of Public Instruction did not, however, agree to the proposal and asked (July 1975) the college to refund the un-utilised grant. The un-utilised grant had not been refunded (December 1977). The reasons for non-utilisation of the balance of Rs.1,303 out of the grant sanctioned by the Government of India were not known (March 1978).

(b) According to the deficit system for grants to educational institutions, College 'B' was entitled to receive grants representing the difference between its approved expenditure and its income. Grants due to it under the system and those paid to it for 1975-76 and 1976-77 are shown below :—

Year	Grant admissible	Grant sanctioned (in lakhs of rupees)	Excess
1975-76	5.97	6.04	0.07
1976-77	6.29	6.39	0.10

The amount of Rs. 0.17 lakh paid in excess had neither been refunded by the college nor adjusted by the sanctioning authority against the grant released during the subsequent year (December 1977).

The matter was referred to the Government in June 1977; reply is awaited (March 1978).

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 1977, there were three Statutory Corporations in the State, viz. Meghalaya State Warehousing Corporation, Meghalaya State Electricity Board and Meghalaya Transport Corporation. 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 (February 1978) prepared its accounts 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 for 1976-77 have not been compiled (February 1978). The summarised financial results of the Meghalaya State Electricity Board for 1974-75 (from 21st January 1975) and 1975-76 are given in Appendix IV.

Government had guaranteed under Section 66 of the Electricity (Supply) Act, 1948, repayment of loans raised by the Board from time to time. The aggregate of amounts guaranteed and outstanding as on 31st March 1977 was Rs.4,49.59 lakhs.

The Meghalaya Transport Corporation was established on 1st October 1976 under Section 3 of the Road Transport Corporations Act, 1950. The accounts of the Corporation for 1976-77 have not been received (February 1978).

Meghalaya State Electricity Board

8.3 Purchases of Stores

8.3.1 Purchases of stores are made by the Chief Engineer, Superintending Engineers and the Executive Engineers as per delegation of financial powers. All purchases beyond the financial powers of the Chief Engineer require approval of the Purchase committee of the Board (upto the financial limit prescribed) and the Board. Bulk of the purchases are made by the Chief Engineer on the basis of the estimated annual requirements of stores intimated by the divisions through the respective Superintending Engineers.

8.3.2 (i) Purchase of 132 KV and 33 KV isolators

In response to invitation of tenders in December 1974 for purchase of 132 KV and 33 KV isolators, six tenders were received (March 1975). The purchase committee did not decide this case till August 1976, while the validity of the selected tender had expired on 15th July 1975. The selected firm thereupon asked (March-August 1976) for increased price on account of increase in the cost of materials. This was accepted by the Board (October 1976) and purchase orders were placed in December 1976. The delay in finalisation of the tenders entailed an extra liability of Rs.0.92 lakh approximately.

The delay in finalisation of the tenders by the purchase committee was attributed (January 1978) by the Board to delay in processing the case by the Chief Engineer due to shortage of technical staff and the time taken in technical consultation with the Central Electricity Authority.

(ii) Purchase of ACSR 'Panther' conductor

In response to invitation of tenders (March 1976) for purchase of 360 km. of ACSR conductor, the lowest rate quoted by a Calcutta firm was Rs.11,127 per km. This rate having been offered (October 1976) by the Board to the second (Assam

Conductors and Tubes Limited, a Government of Assam Company) and third lowest tenderers was accepted by them. Although Assam Conductors and Tubes Limited intimated (September 1976) to the Board that central sales tax at 4 per cent was not leviable on the electrical equipment manufactured by it for supply to the Board, the Board placed orders (January/March 1977) for 360 km. of conductor at the lowest rate with the three firms (which included two Calcutta firms to whom central sales tax was also payable) for 120 km. each in order to avoid delay in supply. The Board thus, incurred an extra expenditure of Rs.1.12 lakhs on account of central sales tax on the purchase of 240 km. of conductor from the two Calcutta firms instead of purchasing the entire 360 km. from the Assam Conductors and Tubes Limited.

The Board stated (June 1977) that anticipating uncertain deliveries the order was split up.

The records, however, showed that the purchase was made for construction of a 132 KV transmission line from Mawngap to Nangalbibra and orders for towers for the line were placed in February 1977, the supply to be completed within December 1977. The Assam firm had intimated (January 1977) to the Chief Engineer that from February 1977 it could manufacture and supply the whole quantity (360 km.) of conductor. The firm completed supply of the ordered quantity of 120 km. within June 1977.

(iii) *Extra expenditure*

Tenders for carriage of cement from Cherrapunjee to Kyrdemkulai Hydroelectric Project site, for the period from January 1975 to June 1975, were invited in December 1974 by the Superintending Engineer of the project. The lowest rate quoted (December 1974) was 55 paise per tonne per km. The Superintending Engineer, however, hired trucks at the daily hire charge of Rs.250 (including idle days) for the purpose, without the approval of the purchase committee, on the ground that the cost of carriage by hiring of trucks would be cheaper. During the period from 10th February 1975 to 30th April 1975, 572.50 tonnes of

cement were carried by hiring trucks at a total cost of Rs.0.56 lakh. Had this quantity been carried through the carriage contractor at 55 paise per tonne per km., the Board could have avoided an expenditure of Rs.0.24 lakh.

(iv) *Delay in finalisation of carriage contract*

Although the contract for carriage of cement from Cherrapunjee to Kyrdemkulai Hydroelectric project at 55 paise per tonne per km. was valid upto 31st December 1975, tenders for the work for the year 1976 were invited by the Superintending Engineer, Kyrdemkulai Hydroelectric project only in March 1976. The tender committee approved (17th June 1976) the lowest rate of 51 paise per tonne per km. The contractor for the year 1975, who had quoted a rate of 55 paise per tonne per km., also agree to the rate of 51 paise. The work of carriage was accordingly entrusted to two contractors (including the contractor for 1975) from 26th July 1976 at the lowest rate. A scrutiny of the records (June 1977) showed that 4996 tonnes of cement were got carried from Cherrapunjee by the carriage contractor engaged for the year 1975 during the period from 1st January 1976 to 25th July 1976 at the previous year's rate of 55 paise per tonne per km. by extending the term of the contract (March/May 1976). The delay in invitation of tenders and finalisation of the carriage contract thus resulted in an extra expenditure of Rs.0.20 lakh.

8.3.3. Stores control

(a) The following deficiencies were noticed (June 1977) during test audit in regard to maintenance of stores accounts by the Board:—

- (i) Standardisation/codification of store items had not been done.
- (ii) Maximum and minimum limits of stock and ordering levels of stores had not been fixed.
- (iii) Except in the case of one division, no action was taken to assess and segregate the surplus, obsolete and slow-moving stores.

(b) The table below indicates the opening balances, purchases, consumption and closing balances of stores for the years 1974-75 and 1975-76 :—

	1974-75	1975-76
	(In lakhs of rupees)	
Opening balance	126.58	130.18
Purchases	5.16	22.62
	-----	-----
Total	131.74	152.80
Consumption	1.56	88.18
	-----	-----
Closing balance	130.18	64.62

(c) *Idle or unserviceable equipment*

The following equipment were lying (January 1978) either idle/surplus or beyond the scope of economic repairs in the Electrical Division, Kyrdemkulai Hydroelectric Project, Sumer :—

Particular of equipment	Number	Date of purchase	Cost (Rupees in lakhs)	Date since when lying idle	Reasons for which these are lying idle	How the Board proposes to utilise these
Emico excavator-cum-dodger	1	July 1962	2.31	September 1970	Self starter being out of order	To use in works after repair
Michigan shovel	1	September 1962	1.25	December 1972	Engine bearing ceased to operate.	—do—
Scraper (GM)	1	May 1963	0.50	March 1975	Engine block brushing being out of order.	—do—
Gallion motor grader	1	June 1963	0.92	1969	Engine block ceased to operate,	—do—

Particulars of machinery	Number	Date of purchase	Cost (Rupees in lakhs)	Date since when lying idle	Reasons for which these are lying idle	How the Board proposes to utilise these
Agrindmore road roller	1	June 1963	0.52	Not available	Out of order	To be repaired for use in works
Russian motor grader	1	November 1963	1.04	September 1969	—do—	—do—
Mogurt dumper	5	November 1963 (3) May 1965 (1) July 1966 (1)	3.02	1973 (4) 1974 (1)	—do—	Two condemned and to be auctioned. Two to be repaired and used in works
Holman air compressor	1	November 1965	0.25	November 1965	—do—	To be auctioned
—do—	3	September 1967	0.75	September 1967	—do—	—do—
C.P.T. air compressor	...	Not available	...	...	—do—	To be repaired after procurement of spare parts and used in works
Leyland dumper	1	—do—	0.54	1970	Met with accident at site	Auctioned and under disposal

(d) *Obsolete and surplus stores/tools and plant*

Out of the total stock of spare parts and tools and plant, valued at Rs.22.32 lakhs, held by the Electrical Division, Kyrdenkulai Hydroelectric Project, Sumer on 31st March 1976, 15 items of spare parts/tools and plant valued at Rs.7.58 lakhs were assessed (June 1975) by the Executive Engineer of the division to be obsolete/surplus. The Chief Engineer stated (January 1978) that spare parts worth Rs.3.20 lakhs would be utilised after the equipment concerned was repaired in due course and that necessary action for disposal of the balance spare parts and tools and plant was being taken.

8.4 Rural electrification

8.4.1 Introduction

Rural electrification in Meghalaya commenced in 1956-57 in isolated villages. The work was taken up by the former composite Assam State Electricity Board on its formation on 1st June 1958 and continued up to 20th January 1975. With the creation of the separate Meghalaya State with effect from 21st January 1972 and consequent formation of the Meghalaya State Electricity Board with effect from 21st January 1975, the work within the State was taken up by the Meghalaya State Electricity Board.

The rural electrification programme of the Board comprises energisation of pumpsets, electrification of villages for growth of agro-based and cottage industries and development of villages.

8.4.2 The schemes are drawn up in consultation with the various development departments, banks and the State/District Planning Boards. The principles enumerated below have generally been followed in selecting the villages to be included in the schemes :—

- (i) Nearness of the village to the existing distribution network, requiring comparatively less capital outlay ;
- (ii) villages with considerable load potential with good prospect of quick growth in demand for power ;
- (iii) villages having agricultural and small industrial potential ; and
- (iv) villages inhabited by socially and economically backward classes, scheduled castes and scheduled tribes.

8.4.3 Categories of schemes and sources of finance

Rural electrification schemes were taken up by the Board under the following categories :—

R.E.—Normal

Financed from plan resources of the State.

R.E.C.—Normal (Specially under-developed)

Financed from loan assistance by the Rural Electrification Corporation Limited (R.E.C.) from 1971-72 onwards.

R. E. C.—Minimum needs programme	Financed from loan assistance by REC from 1974-75 onwards.
R. E. C.—Special transmission	Financed from loan assistance by REC from 1975-76 onwards.

The funds provided by the R. E. C. bear interest at sliding scale and are released in five instalments, the second and subsequent instalments being released subject to achieving certain prescribed physical progress and expenditure in respect of instalment/instalments released earlier.

The schemes approved by R. E. C. are to be completed within a period of five years, according to a phased schedule, from the financial year in which the loan documents are executed. R. E. C. has stipulated from time to time certain minimum financial return at the end of the prescribed period of operation. The loans are repayable in instalments within a period of 30 years.

8.4.4 Formulation and execution of the schemes

The schemes financed from the State Plan allocations are framed and executed by the respective electrical divisions of the Board. Details of the schemes executed, funds received, targets, actual expenditure incurred, achievements, etc. were not available.

For formulation of the schemes financed by R. E. C., a separate cell headed by an Executive Engineer has been created (July 1976). Execution of the schemes was, however, entrusted to various divisions in addition to their normal works.

8.4.5 Progress of rural electrification

Upto the beginning of the Fourth Plan, 73 villages had been electrified in the Meghalaya areas. At the end of the Fourth Plan, 168 villages had been electrified and upto 31st March 1977, 338 villages out of 4583 villages (as per 1971 census) had been electrified. The rural population covered was 1.58 lakhs at the end of 1976-77, i.e. 18.3 per cent of the total rural population in the State.

8.4.6 Schemes financed by R. E. C.

Loan assistance of Rs. 252.09 lakhs had been received by the Board up to 31st March 1977 from R. E. C. for execution of 13 schemes (including four schemes under minimum needs programme) as per the details given below:—

Year of sanction	Number of schemes sanctioned	Total estimated cost of the scheme	Total loan assistance due to be sanctioned by R. E. C.	Total loan assistance due on 31st March 1977	Amount of loan drawn upto 31st March 1977	Total expenditure incurred up to 31st March 1977
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(In lakhs of rupees)			
1971-72	1	25.65	24.46	24.46	50.00	25.81
1973-74	1	23.74	22.75	20.41		
1974-75	1	75.18	72.46	63.86		
1975-76	3	291.20	289.44	208.94	83.19	25.46
1976-77	7	221.78	215.87	64.10	118.90	89.34
	13	637.55	624.98	381.77	252.09	140.61

Note:—The figures in the table relate to Meghalaya State only.

The figures of expenditure shown in the table above were as per records now being maintained by R. E. Cell of the office of the Chief Engineer of the Board. These widely varied from the figures of expenditure booked by the Chief Accounts officer of the Board, which were as under:—

Year	Actual expenditure booked (In lakhs of Rupees)
1974-75	(a) 4.52
1975-76	43.28

The instalments of loan due for drawal upto 31st March 1977 could not be drawn by the Board owing to non-attainment of the prescribed physical and financial targets. The Board attributed (January 1978) the shortfall in physical progress with reference to the loan assistance already drawn to scarcity of materials and difficulty in drawing transmission lines in hilly terrain.

(a) The figure of expenditure booked from 21st January 1975.

8.4.7 Physical progress of the schemes

The following table shows the physical progress of the schemes upto 31st March 1977:—

R. E. C. (specially underdeveloped) schemes

Particulars	Total target as per schemes	Programme envisaged upto 31st March 1977	Actual progress upto 31st March 1977
Number of villages electrified	180	169*	67
Length of 11 KV lines (km.)	574	272.50	122.03
Length of L.T. lines (km.)	313.20	175.60	110.16
Total capacity of sub-stations built (11/04 KVA)	5150	2252	2506
Number of service connections provided			
(i) Pumpsets energised	52	37	2
(ii) LT/Agro-industrial	134	93	11
(iii) Domestic and commercial	3585	1854	469
(vi) Street lighting	1015	956	Nil

Minimum Needs Programme

Number of villages electrified	228	101*	97
Length of 33 KV lines (km.)	19	15	Nil
Length of 11 KV lines (km.)	788.50	356	175.30
Length of L.T. lines (km.)	387.05	162	137.85
Total capacity of sub-stations built (11/04 KVA) (33x 11 KV)	8185	2043	1243
Number of service connections provided			
(i) Pumpsets energised	357	29	10
(ii) LT/Agro-industrial	152	18	6
(iii) Domestic and commercial	4474	743	215
(vi) Street lighting	161	30	Nil

*Note:—In the absence of phased programmes of electrification of villages in respect of certain schemes, total number of villages covered by the schemes have been included in column (3).

The shortfall in the progress was attributed (January 1978) by the Board to scarcity of materials, difficulty in drawing transmission lines in hilly terrains, lack of demand for service connections from the rural population and lack of co-ordinated and concentrated developmental efforts on the part of the respective developmental departments of Government.

8.4.8 Short in connected load

A test-check by Audit (June 1977) of the records relating to the working of five R. E. C. schemes showed that the actual load connected upto 31st March 1977 was much below the forecast made upto that date in the approved schemes, as shown below:—

Particulars of connected load	Name of scheme				
	REC (SU) I	REC(SU) II	MNP I	MNP II	MNP III
Agricultural pumpsets					
Targeted load (KW)	246.18	29.84	149.20	37.30	29.84
Actual load (KW)	Nil	14.92	120	Nil	Nil
Shortfall (percentage)	100	50	14.4	100	100
Domestic and commercial					
Targeted load (KW)	658	206.50	569.50	254.00	34.50
Actual load (KW)	143.40	50.60	67	7.23	12.50
Shortfall (percentage)	78.2	75.5	88.2	97.2	63.8
Agro-Industrial					
Targeted load (KW)	402.84	...	...	...	...
Actual load (KW)	44.1	...	...	...	...
Shortfall (percentage)	89	...	...	...	...
L.T. Industrial					
Targeted load (KW)	969.70	67.14	207.85	312	...
Actual load (KW)	Nil	19	19	7.50	...
Shortfall (percentage)	100	71.7	91.3	97.6	...
Street lighting					
Targeted load (KW)	...	1.52	1.00	...	4.12
Actual load (KW)	...	Nil	Nil	...	Nil
Shortfall (percentage)	...	100	100	...	100

Note:—Targets under REC (SU) I, REC (SU) II, MNP I, MNP II and MNP III schemes represent figures for first five years, three years, two years, one year and one year respectively.

A committee to review the implementation of the R.E.C. schemes constituted (July 1975) by R.E.C. commented in its report about the Board's organisational inadequacy and absence of sound accounting and financial control, non-availability of materials and absence of effective norms, procedures and working systems. The report was forwarded to the Board by the committee in April 1977.

The Board did not have separate organisation or staff exclusively for execution of the schemes financed by R.E.C. The works were being executed by the various electrical divisions in addition to their normal works. The Board created one construction division (with three sub-divisions) for construction of 132 KV transmission lines in July 1976 and one sub-division in October 1976 for rural electrification works. Except the Executive Engineer and Sub-divisional Officers, however, the other technical staff did not join (January 1978). The Chief Engineer stated (January 1978) that owing to shortage of technical personnel, the other technical posts could not be filled up.

8.4.9 Deficiency in the maintenance of accounts

The following deficiencies in the maintenance of accounts in respect of works executed under the rural electrification schemes were noticed (June 1977) during test audit:—

- (i) Till the formation of the separate State Electricity Board, the accounts records, etc. of the rural electrification works were maintained by the composite Assam State Electricity Board. The deficiencies noticed in the maintenance of accounts records by the composite Board in respect of the rural electrification works were mentioned in paragraph 7.3.10 of the Report of the Comptroller and Auditor General of India for the year 1975-76—Government of Assam.

The defects persisted even after bifurcation of the composite Board. The Meghalaya State Electricity Board has not collected (January 1978) the figures of expenditure incurred by the former Assam State Electricity Board on rural electrification upto 20th January 1975.

- (ii) The revenue and expenditure relating to the R.E.C. schemes were not being booked separately. The expenditure incurred under RE-normal, REC-normal and MNP schemes were mixed up, and *pro-rata* adjustments of overhead charges were either not made or, where made, were not made correctly. Debits on account of issue of stores materials to various works were not adjusted in time owing to non-receipt of requisite advice of transfer from the central stores.
- (iii) It was also noticed that register of works was not maintained separately for the R.E.C. works, no assets register had been opened, materials-at-site accounts were not maintained correctly, and separate consumers ledgers for rural electrification schemes were also not maintained.

8.4.10 Working of REC Schemes

(a) Out of 13 schemes sanctioned by R.E.C. (upto March 1977), working of five schemes was subjected to test check (June 1977). The particulars of the schemes are indicated in the table below :—

Name of scheme	Date of sanction	Number of villages covered	Estimated cost	Loan assistance by REC.	Number of instalments of loan released upto 31st March 1977	Amounts released upto 31st March 1977
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In lakhs of rupees)						
REC (SU) I	February 1972	32	25.65	24.46	4	19.31
REC(SU) II	November 1973	31	23.74	22.75	3	17.77
MNP I	March 1975	101	75.12	72.44	2	49.89
MNP II	February 1976	36	43.07	41.97	2	24.55
MNP III	March 1976	38	64.13	63.47	2	34.39

(b) Physical progress of these schemes up to 31st March 1977 is shown below:—

Particulars of connections	REC (SU) I	REC (SU) II	MNP I	MNP II	MNP III
(1)	(2)	(3)	(4)	(5)	(6)
Number of villages electrified					
Target	32	20	27	36*	38*
Actuals	31	12	56	20	21
Length of 11 KV lines (Km.)					
Target	75	124	226	55	75
Actuals	68.38	22.70	102	32.30	41
Length of LT lines (Km.)					
Target	96	25.70	121	13	28
Actuals	68.91	23.75	73	28.85	36
Total capacity of Sub-stations (KVA)					
Target	1200	663	1417	188	438
Actuals	1290	538	965	714	564
Service connections—pumpsets					
Target	33	4	20	5	4
Actuals	Nil	2	10	Nil	Nil
LT/Agro-Industrial					
Target	78	9	8	10	Nil
Actuals	10	1	5	1	Nil
Domestic/commercial					
Target	1316	413	543	150	50
Actuals	372	157	186	21	8
Street lighting					
Target	918	38	14	...	16
Actuals	Nil	Nil	Nil	...	Nil

*Phased programmes of electrification of villages was not available. Total target of the schemes, therefore, are indicated.

Note—Targets under R. E. C. (SU) I, R. E. C. (SU) II, MNP I, MNP II, MNP III, schemes represent figures for first five years, three years, two years, one year and one year respectively up to 31st March 1977.

8.4.11 Several deviations from the estimates approved by REC were noticed, as shown below. These deviations have not been got approved by REC (January 1978).

- (i) A 11 KV line (9.9 Km) from Mawngap to Pendeng Nongbri was drawn and completed in August 1977 at a cost of Rs.1.85 lakhs, although there was no provision for the same in the REC(SU)I scheme. The line is yet to be energised (January 1978).
- (ii) Lewpamtiah, Umsaw and Laitohpliah villages were reported from time to time by the Chief Engineer to REC to have been electrified although the records showed that no transformer were installed against the provision of one 25KVA transformer in each of the villages. The expenditure booked for the work upto January 1978 was Rs.0.57 lakh.
- (iii) Test check showed that in electrification of five villages (Nongthliew, Kurdem, Mawlengthah, Mawbri and Laitkroh) under REC I schemes, materials valued at Rs.0.60 lakh (approximately) were utilised in excess of the standard requirements.
- (iv) Under MNP I scheme, twelve villages were electrified although these were not included in the scheme.

Section C—Government Companies

8.5 On 31st March 1977, there were three Government Companies, *viz.* The Meghalaya Industrial Development Corporation Limited, 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.3.67 lakhs during 1976-77, the Mawmluh-Cherra Cements Limited and the Forest Development Corporation of Meghalaya Limited sustained net loss of Rs.19.41 lakhs and Rs.0.83 lakh during 1973-74 and 1976-77 respectively. The accounts of Mawmluh-Cherra Cements Limited for 1974-75 and 1975-76 (year ending 30th June) have not been received January 1978.

Total investment by the State Government in the share capital of Government Companies at the end of 1976-77 stood at Rs.810.60 lakhs.

The maximum amount guaranteed by the State Government upto 1976-77 in respect of Mawmluh-Cherra Cements Limited was Rs.235 lakhs. The entire guaranteed amount remained outstanding on 31st March 1977.

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

8.6 Mawmluh-Cherra Cements Limited

8.6.1 Introduction

The Assam Cements Limited, which was incorporated on 20th May 1955 and became a Government Company on 1st January 1964, was renamed as Mawmluh-Cherra Cements Limited on 7th May 1974 on transfer of the shares held by the Government of Assam to the Government of Meghalaya. The main object of the Company is to procure raw materials necessary for production of cement and manufacture, sell or otherwise deal in cement, limestone, etc.

The accounts of the Company for 1974-75 are yet to be certified by the Statutory Auditors while the acconts for 1975-76 are yet to be finalised (February 1978). The working of the Company was reviewed in paragraph 8.10 of the Report of the Comptroller and Auditor General of India for the year 1974-75.

8.6.2 Capital structure

(i) The paid-up capital of the Company as on 30th June 1977 was Rs. 641.94 lakhs (against the authorised capital of Rs. 700 lakhs) contributed by the Government of Meghalaya (Rs.630.43 lakhs) and private parties (Rs.11.51 lakhs).

Of the equity share capital, Rs.7,75,054 remained as calls in arrears against 23 shareholders for periods of 8 years and above. No action for forfeiture of the application money (Rs.0.84 lakh), as required under the Articles of Association of the Company, has been taken on the ground that these shareholders were mostly local tribals of Cherra region.

(ii) Borrowings

In addition, the Company obtained funds by borrowings from various sources. The amount outstanding as on 30th June 1977 was Rs.397.68 lakhs as indicated below:—

Source	Amount of loan obtained (In lakhs of rupees)	Rate of interest (per cent)	Amount repaid		Amount outstanding as on 30th June 1977	
			Principal	Interest	Principal	Interest
(In lakhs of rupees)						
State Government	57.86	6	1.18	...	56.68	39.53
Industrial Finance Corporation of India	95.00	7	79.00	52.37	16.00	0.60
	70.00	10.5	...	3.93	70.00	} 4.12
	55.00	12	...	6.92	55.00	
Industrial Development Bank of India	124.14	13	... }	} 9.79	200.00	1.36
	75.86	11	... }			
Total	477.86	...	80.18	73.01	397.68	45.61

The reasons for non-repayment of State Government loan and non-payment of interest accrued thereon, as stated (February 1978) by the Company, were as follows:—

(a) Prior to 1975, no payment on account of interest or repayment of loan could be made due to financial difficulties, and

(b) the State Government had agreed to moratorium for repayment of principal and payment of interest accrued thereon.

In addition, the Company obtained cash credit facility, upto Rs. 25 lakhs, from a nationalised bank against hypothecation of finished/semi-finished stock, raw materials and stores. The amount outstanding on this account was Rs. 18.27 lakhs as on 30th June 1977.

8.6.3 *Financial results*

(a) The financial position of the Company for the three years ending 30th June 1976 is summarised below:—

	1973-74	1974-75*	1975-76*
I. Liabilities			
	(In lakhs rupees)		
(a) Paid-up capital (including advance for shares).	611·94	641·94	641·94
(b) Borrowings from			
(i) State Government	56·68	56·68	56·68
(ii) Others	40·39	36·39	153·39
(iii) Cash credit	...	6·97	24·20
(c) Trade dues and other current liabilities (including provisions)	219·65	280·80	276·39
	928·66	1,022·78	1,152·60
II. Assets			
(d) Gross block	382·75	386·53	407·69
Less :depreciation	166·42	187·25	209·06
Net fixed assets	216·33	199·28	198·63
(e) Capital works-in-progress	282·48	332·98	360·12
(f) Current assets, loans and advances	284·67	321·11	393·82
(g) Miscellaneous expenditure	2·35	3·23	4·12
(h) Accumulated loss	142·83	166·18	195·91
	928·66	1,022·78	1,152·60
Total			
Capital employed	287·39	246·49	324·01
Net worth	466·76	472·53	441·91
<i>Note—</i> (i) Capital employed represents net fixed assets plus working capital.			
(ii) Net worth represents paid-up capital less intangible assets.			

(b) The working results of the Company for the three years ending 30th June 1976 are tabulated below :—

	1973-74	1974-75*	1975-76*
	(In lakhs of rupees)		
(i) Sales (including own consumption)	130·11	236·79	175·69
(ii) Other income	1·70	6·67	4·90
Total	131·81	243·46	180·59
(iii) Manufacturing, trading and selling expenses (including interest and provision for depreciation)	151·22	266·66	204·20
(iv) Loss during the year	19·41	23·20	23·61
(v) Add adjustment relating to the previous years	0·14	0·15	6·12
(vi) Accumulated loss	142·83	166·18	195·91

The Management attributed (February 1978) the losses to:—

- (i) Un-economic size of the plant,
- (ii) non-utilisation of installed capacity,
- (iii) frequent break-down, mainly of raw mill motor,
- (iv) accumulation of huge stock of clinker consequent on poor off-take of cement for some time, and
- (v) power failure, want of coal, etc.

8.6.4 Performance analysis

(a) The details of actual production of cement as compared to the installed capacity and the production planned for the three years ending 30th June 1976 are given below—

	1973-74	1974-75*	1975-76*
	(In tonnes)		
Installed capacity (Cement mill)	118,800	118,800	*118,800
Planned production	84,000	84,000	84,000
Actual production	53,650	73,100	62,720
Percentage of actual production to—			
(i) Planned production	67·9	87·0	74·7
(ii) Installed capacity	45·2	61·5	52·8

*Figures are provisional.

Test check (June 1977) of the records by Audit, relating to the years 1973-74 and 1974-75, showed that the shortfall in production was mainly due to break-down and failure of raw mill motor, power failure, kiln break-down and time taken for repair and maintenance.

(b) Although the rated capacity was fixed at a lower level than the installed capacity, the actual production for the three years ending 30th June 1976 was even lower as shown below:—

Section of the plant	Rated capacity	(In tonnes)		
		Actual production 1973-74	Actual production 1974-75	Actual production during 1975-76
Crusher	1,36,800	80,517	83,876	78,831
Raw mill	1,38,600	98,020	1,02,790	97,470
Kiln	82,500	61,500	63,400	63,800
Cement	84,000	53,650	73,100	62,720

8.6.5 Purchase procedure

The Company has not prescribed any purchase procedure (January 1978). A purchase committee at the head office was constituted in February 1975, consisting of the Director of Finance, Director of Industries (Government of Meghalaya), General Manager (Works), Chief Engineer (Factory) and the Purchase Officer (to function as Secretary of the committee). The Committee, however, did not start functioning (January 1978).

There was a local purchase committee at the factory level. The authority under which this committee was constituted and the powers delegated to it were not made available.

The local purchase committee decided (February 1973)—

- (i) to purchase stores upto a limit of Rs.50,000 per month against regular requirement,
- (ii) to make emergency purchases not covered by the purchase orders for regular requirement, subject to *ex post facto* approval by the Managing Director / Director-in-charge of the Company, and
- (iii) to allow the Works Manager to make local purchase of stores to meet the urgent requirements up to a limit of Rs.1,000 per month, to be regularised by formal approval of the purchase committee.

The records showed that on occasions (February 1973 and May 1973) this local purchase committee approved purchases of stores in excess of the prescribed limit (Rs.50,000 per month). Instead of approving the monthly purchases upto Rs.50,000 every

month, the local purchase committee accorded *ex post facto* approval to the purchases already made at periodical intervals.

In September 1976, the Managing Director reconstituted the local purchase committee and authorised it to approve purchases upto a limit of Rs. 1 lakh and to examine purchases in excess of the limit of Rs. 1 lakh and submit its recommendations to the Managing Director. This was not got approved by the Board of Directors of the Company.

Important items of stores/raw materials purchased by the Company during the three years ending 30th June 1976, were as under :—

Item	1973-74		1974-75		1975-76	
	Quantity	Value	Quantity	Value	Quantity	Value
	(In tonnes)	(In lakhs of rupees)	(In tonnes)	(In lakhs of rupees)	(In tonnes)	(In lakhs of rupees)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Gypsum	15,000	2.19	2,000	5.56	...	...
Grinding media	...	...	42	1.38	176.3	5.70
Coal	25,865	11.29	27,216	14.78	22,258	10.71
Clay	20,618	2.18	17,761	1.83	13,295	7.55
Iron ore	787	0.18	...	...	98	0.02
Lime stone	80,517	4.24	91,836	6.14	73,490	6.38
Gunny (in lakhs)	9.95	16.33	24.29	32.12	13.32	24.64

The following further points were noticed :—

- (i) Purchases were made by inviting quotations from two/three selected firms on each occasion and in certain cases purchases were made even on single tender basis.
- (ii) No system was in vogue for assessing the annual anticipated requirements and to plan purchases accordingly.
- (iii) Maximum/minimum limits of stock had not been fixed.

- (iv) Delay in taking decision on tenders and placing purchase order had resulted in acceptance of price escalation.
- (v) Placing orders with the selling agents, instead of with the manufacturer, had resulted in delay in getting supplies.

Some illustrative cases of defective purchases are given in the succeeding paragraphs.

8.6.6 Purchase of grinding media

In January 1974, the Company invited quotations from three selected firms for purchase of 366 tonnes of grinding media balls and clypebs of various sizes without giving any other specifications. In response, only one firm submitted (January 1974) quotations for the same. Without taking any action thereon, the Company invited quotations again in March 1974 from three selected firms, (including two of the above three firms) for the same materials specifying only the sizes and quantities required. Two quotations received (April 1974) thereagainst quoted rates for grinding media of different specifications. The terms offered by one of the tenderers (the selling agent of a manufacturing firm) included, among others, a condition for payment of one-third of the value of the ordered quantities in advance, price escalations upon increase in cost of materials and placement of orders direct with the manufacturing firm.

The Company, however, placed (July 1974) orders for supply of 25 tonnes of electrohard grinding media balls with the selling agent (instead of with the manufacturing firm) without payment of one-third of the value as advance. The Company, thereafter, did not watch the acceptance of the supply order by the manufacturing firm.

The deviation in placing orders with the selling agent was detected in October 1974 when in reply to a communication from the Company the selling agent pointed out that the orders should have been placed directly with the manufacturing firm. The selling agent also reported two price escalations (one

in July 1974 and the other in October 1974) having taken place by then. The Company accordingly amended (December 1974) the orders by accepting the latest price escalation. The required advance payment was made in December 1974. The amendment resulted in an extra expenditure of Rs.0.15 lakh with reference to the rates quoted by the firm in April 1974.

The Company placed further orders (on 17th December 1974 and 20th January 1975) with the same firm for 44.740 tonnes of grinding media balls and 15 tonnes of clypebs at the increased price of October 1974 at an extra cost of Rs.0.35 lakh without inviting fresh quotations. The supplies against both the orders were completed by July 1975.

8.6.7 Purchase of shovel engine

The Company placed an order (December 1972) on a Calcutta firm (agent of the manufacturer) for supply of a shovel engine at the current market price of Rs.0.91 lakh, to be delivered within four to five months (*i. e.* by April/May 1973) from the date of the order. The price was subsequently (July 1973) revised to Rs.0.95 lakh and the delivery mutually agreed to be completed by December 1973. Neither any agreement was executed for the supply nor was any penalty clause included in the purchase order. The firm, instead of completing the delivery by December 1973, asked (December 1973) for extension of time upto March 1974 and price escalation of 15 per cent of the agreed price on account of increase in the cost of raw materials. The Company refused (December 1973) to accept the proposal of the suppliers. The firm supplied the machine in July 1974 and was paid (August 1974) at the enhanced rate (Rs.1.21 lakhs including all taxes, etc.), which resulted in an extra expenditure of Rs.0.15 lakh. No recorded reasons for acceptance of the last enhancement in rates was available. The authority on which the bill was paid at the increased rate was also not available.

8.6.8 Purchase of audco valves

The Company made an enquiry December (1973) from a firm in Calcutta as to the rates for supply of 53 audco valves of various sizes together with wrench gearunit. The firm accordingly offered (December 1973) rates which were valid for 30 days. No order was, however, placed with the firm within the validity period. In March 1974 the firm

increased its rates which were accepted by the Company and an order was placed telegraphically (March 1974) followed by a confirmatory order (September 1974) for supply of 49 valves of 4", 5", 6" and 8" sizes together with wrenches and gearunits. The price of 6" valve was further increased in July 1974 and that of 8" valves and gearunits was also increased from 31st January 1975. The Company purchased 36 valves, 3 wrenches and 16 gearunits at the increased rates which entailed an extra expenditure of Rs.0.16 lakh.

8.6.9 Purchase of lubricating oil

Although the Company requires considerable quantities of lubricating oil regularly, it did not assess its annual requirement and arrange bulk purchase on competitive basis. Instead, it purchased lubricating oil as and when necessary, mostly from local dealers, at higher rates except on one or two occasions when purchases were made from a Calcutta firm at lower rates.

Test-check (April/May 1977) of the record showed the following in regard to purchase of lubricating oil:—

- (a) On an enquiry made (August 1973) by the Company from a Calcutta firm as to the rates for six specified items of lubricating oil, the firm offered (September 1973) its rates subject to the condition that delivery would be made on receipt of full payment in advance. The Company placed an order (1st November 1973) for a total value of Rs.0.30 lakh, without making any advance payment as per the terms of the firm. The firm, without making any supply, intimated (16th November 1973) the Company about increase in price from 1st November 1973 and requested acceptance of its payment terms. In the meantime, the firm further revised the price twice (March 1974) owing to revision of duty on petroleum products. The Company, thereafter, placed (April 1974) a fresh order for the same quantity at a cost of Rs.0.86 lakh. The supplies were completed during June-July 1974. On account of delay in complying with the terms of payment of the firm, the Company incurred an extra expenditure of Rs.0.56 lakh.

8.6.10 Wharfage and demurrage

It was noticed that generally there was considerable delay in taking delivery of goods from the Railways due to delay in fulfilling various formalities like release of despatch documents from bank, provision of funds, obtaining sales tax clearance certificates and transmitting this to the Company's representative at the nearest railhead at Gauhati for taking delivery of goods. The records showed that during the three years upto 1975-76, Rs.0.03 lakh, Rs.2.96 lakhs and Rs.0.46 lakh respectively were paid to the Railways as demurrage and wharfage charges.

In one case of supply (April 1975) of 1,000 tonnes of gypsum (value: Rs.0.37 lakh) by a Jaipur firm, railway receipts were received by the Company's site office at Cherra on 8th May 1975 and these were sent to the Company's representative at Gauhati on 22nd May 1975. Release of the consignments of gypsum was further delayed for want of funds. The consignments reached Gauhati railway station during the period from 18th May 1975 to 21st July 1975 and were released during the period from 19th June 1975 to 21st July 1975. The Company had to incur Rs.1.04 lakhs as wharfage charge (Rs.0.98 lakh) and demurrage (Rs.0.06 lakh).

8.6.11 Inventory Control

The following table shows the comparative position of the inventory and its distribution at the close of each of the three years up to 1975-76:--

Stock items	1973-74	1974-75*	1975-76*
	(In lakhs of rupees)		
(1)	(2)	(3)	(4)
(a) Raw materials	6.37	6.88	3.52
(b) Stores and spares (including packing materials)	45.63	74.64	87.70
(c) Work-in-progress	18.02	5.70	10.86
(d) Finished goods	0.01	3.37	6.94
(e) Consumption of			
(i) raw materials during the year	7.71	9.77	11.25
(ii) stores and spares during the year	40.86	52.84	41.19
(f) Closing stock in terms of months' consumption			
(i) raw materials	9.9	8.4	3.7
(ii) stores and spares	13.4	17.0	25.6

*Figures are provisional.

The inventory control measures adopted by the Company remained inadequate to the extent mentioned below:—

- (i) Standardisation of items had not been considered and the number of items included in the inventory rose from 5,926 as on 30th June 1975 to 10,088 as on 31st March 1977.
- (ii) No analysis of fast-moving, slow-moving and non-moving items of stores was made.
- (iii) There was no system of assessment of obsolete, surplus or unserviceable stores at periodical intervals.
- (iv) Conscious planning towards obtaining the optimum inventory levels had not been introduced, leading to excessive holding of stores and spares compared to consumption.
- (v) Age-wise analysis of stores was not done.

There was always a difference between the inventory balance and financial ledger balance, which was accounted for under "stores and spares suspense". The balance under the suspense head at the close of each of the three years upto 1975-76 was as follows:—

As at the close of	(In lakhs of rupees)
1973-74	1.73 (Cr)
1974-75	3.96 (Cr)*
1975-76	2.37(Cr)*

*Figures are provisional.

Raw materials and stores and spares included stock of gypsum and grinding media, the stock holdings of which were heavy, *vide* the details below :—

(Quantity in thousand tonnes)

(Value in lakhs of rupees)

(a) Gypsum

	1973-74		1974-75		1975-76	
	Quantity	Value	Quantity	Value	Quantity	Value
Opening stock	4.0	4.92	4.3	5.64	3.2	5.71
Purchase	1.5	2.19	2.0	5.56	...	...
Total	5.5	7.11	6.3	11.20	3.2	3.71
Consumption	1.2	1.47	1.2	2.13*	1.4	2.50*
Closing stock	4.3	5.64	@5.1	@9.07	1.8	3.21
Stock holdings in terms of months' consumption.	4.3	...	51	...	15	...

(b) Grinding media

Opening stock	245.2	4.62	176.3	3.42	140.9	3.36
Purchase	...	...	42.2	1.38	176.3	5.70
Total	245.2	4.62	218.5	4.80	317.2	9.06
Consumption	68.9	1.20	77.6	1.44	147.5	4.16
Closing stock	176.3	3.42	140.9	3.36	169.7	4.90
Stock holding in terms of months' consumption	31.6	...	21.8	...	13.8	...

Mention was made in paragraph 47 (viii) of the Report of the Comptroller and Auditor General of India for the year 1972-73 that, in respect of 30 items, the value of stores lying unutilised (upto April 1972) for more than three years was Rs.4.43 lakhs. No action has been taken by the Company to assess, segregate and dispose of all such items as have become obsolete, surplus or unserviceable. At the instance of Audit, the

*Figures are provisional.

@ Includes shortage of 1.9 thousand tonnes valued at Rs.3.26 lakhs written off and overvaluation of Rs.0.10 lakh adjusted in accounts.

Company prepared (April 1977) a list of 144 items valued at Rs.0.90 lakh which were found obsolete. Scurtiny of the inventory showed (April 1977) that 28 items, valued at Rs.11.64 lakhs, had been lying unutilised for three years or more as on 30th June 1976.

Three items procured in 1974-75 and valued at Rs.0.69 lakh have not been used since procurement.

Stores lying at Gauhati depot were not physically verified nor stock accounts showing the position of receipts, despatch and balance maintained (excepting gypsum). Stock account of gypsum at Gauhati depot was as under:—

	1974-75	(In tonnes)	1975-76
Opening balance	4,243.14		4,801.80
Receipts during the year	2,000.00		...
	<hr/>		<hr/>
	6,243.14		4,801.80
Despatches to factory	1,441.34		1,449.30
	<hr/>		<hr/>
Closing balance	4,801.80		3,352.50

As per a report submitted (25th August 1976) by the Works Manager to the head office, the balance of gypsum at Gauhati as on 30th June 1976 was found (August 1976) to be about 1,500 tonnes on verification by the Assistant Engineer (Civil). The difference of 1,852.50 tonnes was stated to be normal loss and the value thereof (Rs.3.26 lakhs) was written off in the accounts for 1974-75 without conducting any investigation. No norms have also been fixed in this regard (January 1978). Gypsum was being dumped at the Gauhati depot in the open yard and on account of heavy rains huge quantities were washed away.

8.6.12 Surplus plant and machinery

The following items of plant and machinery had been lying surplus at the factory:—

Name of plant and machinery	Number	Remarks
(i) Clay crusher and apron feeder with two motors	1	Imported and installed with the main plant in 1966. These have not been utilised since installation. Information about their value was not available.
(ii) 800 mm. conveyor for Washmill with motor	1	
(iii) Trailer	2	

No action had been taken to utilise/dispose of these equipment (February 1978).

8.6.13 Other points of interest

(a) As per the provisions of the Emergency Risk (Undertakings) Insurance Act, 1971 and Emergency Risk (Goods) Insurance Act, 1971, insurance of the properties and goods of the Company was made compulsory with effect from 10th December 1971. The amounts of premium payable under the provisions of the Acts, during the period from December 1971 to February 1974, were as follows:—

Due in	Under the Emergency Risk (Goods) Insurance Act, 1971	Under the Emergency Risk (Undertakings) Insurance Act, 1971
	Amount (Rupees)	Amount (Rupees)
December 1971	93	30,137
January 1972	185	60,274
February 1973	352	7,403
February 1974		1,250
	630	99,064

The Company paid premium of Rs.0.35 lakh in February 1972 and Rs.0.65 lakh in May 1975. Owing to the delay in depositing the premium, the Company had to pay (May 1975) Rs.0.33 lakh as compounding fee (penalty).

(b) The Company reimbursed (January 1974) to the National Industrial Development Corporation Limited, New Delhi Rs.0.23 lakh, being the expenses incurred by the latter for selection of candidates at the request (June 1973) of the Company for the posts of Managing Director, Controller of Finance and Chief Stores Officer of the Company, as per the details given below:—

	(Rupees)
Fee (being one month's pay of each post)	5,450
Travelling allowance of candidates called for interview	3,787
Expenses for advertisement	13,263
Sitting fees of members of the selection board	850
Total	23,350

The records did not indicate any appointment made on the basis of these selections.

(c) As already mentioned in paragraph 79.5.5 of the Report of the Comptroller and Auditor General of India for the year 1973-74, fabrication and erection of plant and machinery for the expansion programme was started by the contractor in December 1973 (although it was due to be completed in June 1973). The contractor claimed (May 1975) 75 per cent increase (Rs.19.53 lakhs) in the rates originally (March 1972) agreed upon. In a joint meeting (November 1975), claim for an *ad hoc* amount of Rs.6.50 lakhs was accepted, in addition to establishment charges for the contractor's operational staff at Rs.20,000 per month for services required beyond the revised date of completion as fixed (31st December 1976). Although the contractor delayed commencement of the work, the Company did not levy liquidated damage (Rs.0.78 lakh) at 3 per cent of the total value of the work. The work remained to be completed (January 1978).

(b) During the period from 1967-68 to 1970-71, 2,526 tonnes of cement, valued at Rs.4.47 lakhs (approximately), were either caked in the Company's godown or lost in transit. As against this, about 604 tonnes of cement, valued at Rs.1.26 lakhs, were recovered from the parties concerned upto 1972-73, leaving the balance uninvestigated and unadjusted (March 1978).

(e) **Suspension cases**

Two officers of the Company were suspended with effect from April 1971 and July 1972 respectively and Rs.0.33 lakh were paid to them till 30th April 1977 as subsistence allowance. The cases against the officers are yet to be finalised (March 1978).

Section 'D'

Departmentally managed Government commercial and quasi-commercial undertakings

8.7 As on 1st April 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 was converted into a Statutory Corporation, *viz.*, 'Meghalaya State Transport Corporation', with

effect from 1st October 1976 under the Road Transport Corporations Act, 1950. On 31st March 1977, there was only one departmentally managed commercial undertaking, *i. e.*, Pinewood Hotel.

The Meghalaya State Transport Undertaking had not prepared (March 1978) *pro forma* accounts for any of the years since its inception (June 1972).

The *pro forma* accounts of Pinewood Hotel have not been prepared for the calendar years 1976 and 1977 (March 1978).

Tourism Department

Pinewood Hotel

8.8 Grant of interim relief to staff

In August 1973, the Board of Management decided to revise the pay scales of the employees of the undertaking. One of the members of the Board was asked to submit a report on this matter. Pending final revision of pay scales, the Board decided to grant interim relief to the staff with effect from 1st August 1973.

The revised pay scales, based on the report submitted by the member in July 1975, were given effect to from January 1975 as per the decision of the Board taken in August 1975. The interim relief, which should have been discontinued with effect from 1st January 1975, however, continued to be paid to the staff upto March 1977 in addition to the salaries on the revised scales. The overpayments of interim relief allowed for the period from January 1975 to March 1977 amounted to Rs.0.14 lakh.

The matter was reported to the Board/Government in May 1977; replies are awaited (March 1978).

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 1977 and outstanding at the end of February 1978 as compared with the position indicated in the two preceding reports:—

	At the end of February 1976	At the end of February 1977	At the end of February 1978
(1)	(2)	(3)	(4)
Number of observations	11,094	11,492	15,468
Amount involved (in crores of rupees)	22.08	11.59	12.68

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

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Industries	583	2,87.09
2.	Public Works	7,162	2,42.65
3.	Agriculture	794	1,35.39
4.	Education	574	95.02
5.	Famine Relief	125	72.46
6.	Community Development	584	57.04
7.	Home (Police)	600	47.80
8.	Road and Water Transport Services	385	44.14
9.	Animal Husbandry and Veterinary	239	34.17
10.	Social Security and Welfare	24	28.49
11.	Village and Small Scale Industries	298	25.40
12.	Public Health Engineering	1,310	24.99

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

Serial number	Nature of observation	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Payees' receipts not received	3,420	3,82.05
2.	Vouchers not received	8,181	2,53.07
3.	Detailed contingent bills for lumpsum drawals not received	1,528	2,11.47
4.	Sanctions for establishment not received	767	1,01.54
5.	Sanctions for contingent and miscellaneous expenditure not received	712	78.11

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

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Agriculture	633	1,18.44
2.	Industries	364	76.47
3.	Home (Policc)	454	45.65

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

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Public Works	6,897	2,29.04
2.	Public Health Engineering	1,284	24.03

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.

In the absence of detailed contingent bills, it is not practicable for Audit to know whether the whole amount has been spent on the purpose or purposes for which the advances were drawn. At the end of February 1978, Rs.2,11.47 lakhs were held under observation as detailed contingent bills had not been received in the Audit Office. The departments with comparatively heavy outstandings were:—

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Famine Relief	90	61.81
2.	Community Development	345	35.85
3.	Road and Water Transport Services	79	17.61
4.	Agriculture	161	16.95

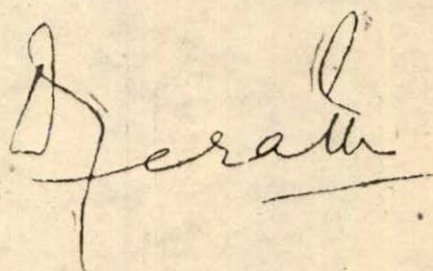
9.2 Outstanding inspection reports

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 1978, 958 reports issued upto March 1977 still contained unsettled paragraphs as shown below with the figures in the two preceding reports:—

	As at the end of February 1976	As at the end of February 1977	As at the end of February 1978
(1)	(2)	(3)	(4)
Number of inspection reports with unsettled paragraphs	977	1,003	958
Number of paragraphs	5,480	5,806	5,687

Of the reports outstanding at the end of February 1978, 896 related to civil departments, 47 to revenue receipts and 15 to commercial departments. These included 86 inspection reports (85 civil and 1 revenue receipts) in respect of which even first replies had not been received.

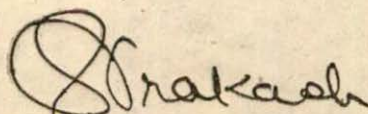


(D. JERATH)

Shillong,
The 01-07-1978

Accountant General,
Assam, Meghalaya, Arunachal Pradesh
and Mizoram

Countersigned



(GIAN PRAKASH)

New Delhi,
The 20-07-1978

Comptroller and Auditor General of India

Handwritten signature or name, possibly "John" or "John D."

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APPENDICES

APPENDIX

APPENDIX I

(Reference : Paragraph 1·12, page 16)

Utilisation certificates outstanding at the end of September 1977

Serial number	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
(in lakhs of rupees)				
1. Education		1970-71	67	97·48
		1971-72	49	63·53
		1972-73	46	75·30
		1973-74	72	1,09·20
		1974-75	113	97·12
		1975-76	75	72·98
		Total	422	5,15·61
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	14	14·25
		1975-76	15	19·29
		Total	115	70·21
3. Industries		1970-71	11	1·27
		1971-72	11	3·00
		1972-73	32	6·98
		1973-74	59	8·26
		1974-75	103	9·65
		1975-76	43	8·60
		Total	259	37·76
4. District Council Affairs		1971-72	1	0·05
		1972-73	3	3·26
		1974-75	7	14·05
		1975-76	8	15·55
		Total	19	32·91

APPENDIX I—contd.

Serial number	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
(in lakhs of rupees)				
5. Forest		1972-73	9	4.61
		1973-74	4	8.47
		1974-75	44	9.23
		1975-76	22	10.29
		Total	79	32.60
6. Public Works		1970-71	5	1.38
		1971-72	3	0.29
		1972-73	8	5.81
		1973-74	12	16.23
		1974-75	1	0.04
	Total	29	23.75	
7. Community Development		1971-72	11	3.71
		1972-73	1	0.06
		1974-75	3	12.96
		1975-76	7	2.08
	Total	22	18.81	
8. Power and Mining		1974-75	1	6.00
		1975-76	2	9.70
	Total	3	15.70	
9. Animal Husbandry and Veterinary		1972-73	6	0.95
		1974-75	7	6.99
		1975-76	2	4.00
	Total	15	11.94	
10. Youth, Social Welfare and Sports		1974-75	23	6.04
		1975-76	14	4.46
	Total	37	10.50	
11. Planning and Development		1972-73	3	7.00

APPENDIX I—concl.

Serial number	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
(in lakhs of rupees)				
12.	Urban Development	1975-76	8	4.38
13.	Land Revenue	1974-75	1	2.00
		1975-76	1	2.00
		Total	2	4.00
14.	Municipal Administration	1972-73	1	2.00
		1974-75	2	1.99
		Total	3	3.99
15.	Tourism	1972-73	2	0.54
		1973-74	1	0.50
		1974-75	1	1.00
		1975-76	2	1.00
		Total	6	3.04
16.	Town and Country Planning	1974-75	4	2.90
17.	Dairy Development	1974-75	1	1.55
18.	Fisheries	1974-75	1	1.00
19.	Scientific	1974-75	1	0.40
20.	General Administration	1975-76	1	0.05
21.	Secretariat-General Services	1975-76	2	0.04
		Grand Total	1,032	7,98.14

APPENDIX II

(Reference : Paragraph 2.4 (ii), page 24)

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

Serial number	Number and name of grant	Total provision	Expenditure	Saving	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1.	18—Jails	19.31	14.14	5.17	27
2.	19—Stationery and Printing	35.81	26.48	9.33	26
3.	20—Public Works (voted)	1,93.89	1,44.05	49.84	26
4.	31—Education	5,18.99	4,44.70	74.29	14
5.	38—Public Health, Sanitation and Water Supply—B—Sewerage and Housing—C—Government Residential Buildings	81.07	57.65	23.42	29
6.	42—Urban Development—A—General—II—Town and Regional Planning	17.30	12.26	5.04	29
7.	44—Labour and Employment— I—A—Labour	21.79	7.65	14.14	65
8.	48—Social Security and Welfare— B—II—Relief and Rehabilitation of Displaced Persons	15.70	10.19	5.51	35
9.	49—Social Security and Welfare— C—III—Welfare of Scheduled Castes, Tribes and other Backward Classes—D—Social Welfare	46.40	39.59	6.81	15

APPENDIX II—concl'd.

Serial number	Number and name of grant	Total provision	Expenditure	Saving	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
10.	56—Co-operation	42.70	34.52	8.18	19
11.	56A—Special and Backward Areas—C—North Eastern Areas	1,03.40	88.19	15.21	15
12.	59—Agriculture/Minor Irrigation/Other Social and Community Services/Housing—C—Government Residential Buildings	2,53.18	1,96.94	56.24	22
13.	71—Village and Small Industries—II—Small Industries	74.53	26.48	48.10	64
14.	75—Roads and Bridges	2,28.39	1,98.25	30.14	13
15.	76—Road and Water Transport Services	93.59	36.53	57.06	61
16.	79—Capital Outlay on Public Works	34.43	19.23	15.20	44
17.	84A—Capital outlay on Special and Backward Areas—C—North Eastern Areas	66.81	41.37	25.44	38
18.	113—Loans to Government Servants	43.50	24.58	18.92	43
19.	114—Inter—State Settlement	66.60	43.19	23.41	35
20.	<i>Internal debt of the State Government</i>	96.78	47.66	49.12	51

APPENDIX III

(Reference : Paragraph 4.5, page 53)

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

I. Expenditure incurred on works without sanctioned estimates—

Serial number	Division	Work	Expenditure to the end of March 1977 (in lakhs of rupees)
(1)	(2)	(3)	(4)

Public Works Department

1.	Tura North Division	Improvement of Tura-Mankachar Road-36th to 45th K. M. under N. E. C.-Section II	2.30
2.	Tura East Division	Annual repair to un-metalled D. R. Road for 1976-77 under Rongjeng Sub-division	0.99

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

Serial number	Work	Sanctioned estimate	Expenditure to the end of March 1977	Excess	Percentage
(1)	(2)	(3)	(4)	(5)	(6)

(in lakhs of rupees)

A. Public Works Department

Barengapara Division—

1.	Construction of Ampati Purakhasia Road-Section I	12.00	12.91	0.91	8
2.	Construction of Sibbari Market Road	3.06	3.31	0.25	8

APPENDIX III—contd.

Serial number	Works	Sanctioned estimate	Expenditure to the end of March 1977	Excess	Percentage
(1)	(2)	(3)	(4)	(5)	(6)

(in lakhs of rupees)

Barengagara Division—

3.	Improvement of Geometric on Baghmara Mahadeo Road-Section II	3.06	3.28	0.22	7
4.	Construction of timber bridge near Ampati Rest House	1.95	2.15	0.20	10

Mawsynram Division—

5.	Construction of bridge and culverts on M. W. R. Road-Section IV	7.57	8.97	1.40	18
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Nongstoin Division—

6.	Metalling and surfacing of Mairang-Markasa Road (portion from Kynshi to Markasa)	9.00	11.45	2.45	27
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North Jowai Division—

7.	Construction of Sutnga Sumer Road	13.29	14.02	0.73	5
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Shillong South Division—

8.	Construction of Mawkelak Khadarshunong Road-Section I	8.54	11.85	3.31	39
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APPENDIX III—concl'd.

Serial number	Work	Sanctioned estimate	Expenditure to the end of March 1977	Excess	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
<i>Shillong West Division —</i>					
9.	Construction of Mawknenj Wangsphy Road—Section II	4.95	5.36	0.41	8
10.	Construction of Public Health Centre at Pomlum	4.19	5.08	0.89	21
<i>Tura East Division —</i>					
11.	A/R to unmetalled roads under Dainadubi Sub-division for 1976-77	3.63	4.56	0.93	26
12.	Construction of Sub-divisional officer's Office building with staff quarters at Dainadubi	3.20	4.50	1.30	41
<i>Tura South Division —</i>					
13.	A/R to unmetalled road from 12th mile of Tura Dalu road	1.88	2.75	0.87	46
				Total	13.87
<i>B. Public Health Engineering Department Hills Division (P. H. E.) Shillong—</i>					
14.	Mawthougsokhlong Water Supply Scheme	1.02	1.24	0.22	22
<i>Rural Water Supply Division (P. H. E.) Jowai—</i>					
15.	Construction of Office building (Non-Plan)	2.97	3.16	0.19	6
16.	Construction of Office building (Plan)	1.00	1.41	0.14	41
				Total	0.82

APPENDIX IV

(Reference : Paragraph 8.2, page 69)

Summarised financial results of the Meghalaya State Electricity Board for 1974-75 and 1975-76

	1974-75 (21st January 1975 to 31st March 1975)	1975-76
1. Period of accounts	(21st January 1975 to 31st March 1975)	
		(In lakh of rupees)
2. Total capital invested	38,46.36	42,75.99
3. Surplus (+)/Deficit(—)	(—)5.42	(+) 89.64 (A)
4. Total interest charged in Profit and Loss account	...	21.48
5. Interest of long-term loans	...	21.48
6. Total return on capital invested	...	111.12
7. Percentage of total re- turn on capital invested	...	2.59
8. Capital employed	23,96.49	24,74.31
9. Total return on capital employed	...	110.43
10. Percentage of total return on capital employed	...	4.49

Note—1. Capital invested represents loans, stocks, etc., obtained by the Board.

2. Capital employed represents net fixed assets plus working capital.

(A) This represents contribution to general reserve in term of Section 67 (viii) of The Electricity (Supply) Act, 1948.

APPENDIX

(Reference : Paragraph

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

Serial number	Name of the Company	Name of the department	Date of incorporation	period of accounts	Total capital invested
(1)	(2)	(3)	(4)	(5)	(6)
1.	Meghalaya Industrial Development Corporation Limited	Industries	6th April 1971	1976-77	...
2.	The Forest Development Corporation of Meghalaya Limited	Forest	30th January 1975	1976-77	10.36
3.	Mawmluh-Cherraj Ce-ments Limited	Industries	20th May 1955	1973-74	7,08.62

(1) Capital invested represents paid-up capital *plus*

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

V

8.5, Page 84)

Government Companies*are in lakhs of rupees)*

Profit (+)/ Loss (-)	Total interest charged to the profit and loss account	Interest on long term loan	Total return on capital invested	Perce- ntage 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)
(+)3.67	...	...	3.67	...	154.05	3.67	2.38
(-)0.83	...	...	(-)0.83	...	7.12	(-)0.83	...
(-)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 aggregates of opening and closing balances of (1) surplus. In respect of others capital employed represents net fixed assets *plus* working capital.

