



**Report of the  
Comptroller and Auditor General of  
India**

**For the year ended 31 March 2003**

**Garo Hills Autonomous District Council  
Tura, Meghalaya**

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## PREFACE

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

2. The cases mentioned in this Report are those which came to notice in the course of test-check of the accounts of the Council for the year 2002-03.

3. This Report contains three sections, of which, one section deals with the constitution of the Council, the rules for the management of the District Fund and maintenance of accounts by the District Council. The remaining two sections deal with the Council's financial position and irregularities noticed in audit relating to the year 2002-03.



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# OVERVIEW

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## OVERVIEW

The significant audit findings are summarized in the following paragraphs:

There was diversion of grants of Rs.1.30 crore awarded by the Eleventh Finance Commission for upgradation of the standard of administration and misrepresentation of facts about utilisation of grants of Rs.0.38 crore.

**(Paragraph 3.1)**

Rupees 7.81 lakh being the lease money of *hats* for the year 2002-03 remained unrealised.

**(Paragraph 3.2)**

Expenditure on establishment and contingencies during 2002-03 constituted 73 *per cent* (Rs.7.50 crore) of the total revenue expenditure of the year indicating that the Council had not accorded adequate priority to the developmental activities.

**(Paragraph 3.3)**



## **SECTION - I**

### **1.1 Introduction**

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

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

### **1.2 Rules for management of the District Fund**

The Sixth Schedule provides for the constitution of a District Fund for each Autonomous District to which shall be credited all moneys received by the Council in the course of administration of the Districts in accordance with the provisions of the Constitution. In terms of the provisions of paragraph 7(2) of the Schedule, rules are to be framed by the Governor for the management of the District Fund and for the

procedure to be followed in respect of the payment of the moneys into the said Fund, the withdrawal of money therefrom, the custody of moneys therein and any other matter connected with or ancillary to these matters. These rules have not been finalised so far (January 2007). Meanwhile, the affairs of the District Council are being regulated in accordance with the Garo Hills District Fund Rules, 1952.

### **1.3 Maintenance of Accounts**

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

The Annual Accounts for the year 2002-03, due for submission by 30 June 2003, were submitted in June 2005 after a delay of two years. No reasons were ascribed by the Council for this delay.

Results of the test check of the Annual Accounts of the Council for the year 2002-03 are given in the succeeding paragraphs.



## SECTION - II

### 2.1 Receipts and expenditure

As per the Annual Accounts, the receipts and expenditure of the Council for the year 2002-03 and resultant revenue deficit were as follows:

**Table 2.1**

*(Rupees in lakh)*

Receipts		Disbursements	
PART - I DISTRICT FUND			
1) Revenue Receipts		1) Revenue Expenditures	
i) Taxes on Income & Expenditure	75.47	i) District Council	50.99
ii) Land revenue	101.41	ii) Executive Members	19.51
iii) Taxes on Vehicle	45.23	iii) Administration of Justice	3.55
iv) Interest Receipt	7.24	iv) Land Revenue	147.41
v) Public Work	10.85	v) Secretariat General Services	210.59
vi) Public Health & Sanitation	5.38	vi) Stationery & Printing	20.54
vii) Other General Economic Service	11.75	vii) Public Works	225.16
viii) Forest	26.79	viii) Pension & other retirement benefits	36.46
ix) Mines & Minerals	303.10	ix) Relief on account of Natural Calamities	1.10
x) Roads & Transport Services	2.42	x) Other General Economic Services	37.65
xi) Grants-in-aid from State Government <sup>(a)</sup>	417.35	xi) Forest	130.09
xii) Other heads of accounts	0.42	xii) Roads & Bridges	0.30
		xiii) Roads and Transport Services	146.50
		xiv) Other heads of accounts	0.80
Total Revenue receipts	1007.41	Total Revenue expenditure	1030.65
Less: Adjustment of overstated motor vehicles tax in the previous year	31.55	---	---
Total	975.86	Total	1030.65
Revenue Deficit	54.79	Revenue Surplus	---
2. Capital	---	2. Capital	---
3. Debt	---	3. Debt	---
i) Loans received from Government	---	i) Repayment of loans received from Government	---
ii) Loans received from other sources	---	ii) Repayment of loans received from other source	---
4. Loans & Advances	---	4. Loans & Advances	---
Recovery of Loans and Advances	2.65	Disbursement of Loans & Advances	5.50
Total Part - I District Fund	978.51	Total Part - I District Fund	1036.15

<sup>(a)</sup> Includes Government grant (Rs. 140 lakh) transferred and booked under Public Works.

(Rupees in lakh)

Receipts		Disbursements	
PART - II DEPOSIT FUND			
Deposit Receipts	0.30	Deposit Payments	---
Total of Part II Deposit Fund	0.30	Total of Part II Deposit Fund	---
Total Receipts (I + II)	978.54	Total Disbursement (I + II)	1036.15
Opening Balance	96.49	Closing Balance <sup>(b)</sup>	38.88
GRAND TOTAL	1075.03	GRAND TOTAL	1075.03

Source : Annual Accounts of the Council.

## 2.2 Variation between Budget Provisions and Actuals

Budget provisions and actuals of revenue receipts (excluding grants-in-aid from the State Government) and expenditure during 2002-03 were as under:

Table 2.2

	Budget provision	Actuals	Shortfall (Percentage)
	(Rupees in crore)		
Receipts	7.98	7.30	0.68 (9)
Expenditure	19.71	10.31	9.40 (48)

Source : Detailed Estimate of Revenue and Expenditure and Statements 5 and 6 of Annual Accounts.

The details above show a difference of 48 per cent in actual expenditure vis-a-vis budget estimates during 2002-03. Significant cases of shortfall in receipts and expenditure under different heads of accounts are given in Appendix I. The shortfall ranged between 20 and 84 per cent in respect of receipts and 41 and 61 per cent in respect of expenditure. This indicated that the budget provisions were not realistic.

<sup>(b)</sup> Cash : Rs. 8.25 lakh; Personal Ledger Account: Rs. 30.63 lakh.

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**2.3 Comparative position of Receipts and Expenditure between current and previous year**

Significant cases of increase/decrease in receipts and expenditure between current and previous year are indicated in *Appendix II*. The variations ranged between 22 and 334 *per cent* in respect of receipts and 25 and 322 *per cent* in respect of expenditure, reasons for which had not been furnished (July 2007).

**2.4 Comments on Accounts**

**2.4.1** Opening and closing balances of Rs.96.50 lakh and Rs.38.88 lakh shown under the head “G-Cash Remittances – Remittances into Treasury (Personal Ledger (PL) Accounts)” in Statement 7 of the Annual Accounts – 2002-03 included cash balance of Rs.0.30 lakh and Rs.8.25 lakh respectively. Since this head relates to PL Accounts, inclusion of cash balance under the same is not justified.

**2.4.2** According to the drawal register of the Council, disbursement during 2002-03 was Rs.11.68 crore. Against this, Rs.10.36 crore was accounted for as expenditure in Statements 1 & 6 of the Annual Accounts for the year 2002-03, resulting in understatement of expenditure by Rs.1.32 crore.

**2.4.3** The Cash Book showed cash balance of Rs.16.54 lakh as on 31 March 2003 against the actual cash balance of Rs.8.25 lakh as shown in Statement I of the Annual Accounts. Further, payment of advance pay to the tune of Rs.8.29 lakh was not accounted for in the accounts during the year. Thus, the closing balance of the Cash Book did not match with that shown in the accounts and the Loans and Advances as shown in the accounts were understated to the extent of Rs.8.29 lakh.

**2.4.4** Revenue Receipt Register maintained by the Council showed revenue realisation of Rs.723.34 lakh during 2002-03. Against this, Rs.722.83 lakh was accounted for in Statement 5 of the Annual Accounts for the year 2002-03, resulting in understatement of revenue by Rs.0.51 lakh.



## 2.5 Personal Ledger Account

The District Council Authorities maintained two Personal Ledger Accounts (PLA) with the Tura Treasury, one for its own revenue (1<sup>st</sup> PLA) and the other for grants-in-aid received from the State Government (2<sup>nd</sup> PLA).

Scrutiny of Treasury Pass Books and the Annual Accounts for the year 2002-03 revealed discrepancies in receipts and expenditure, which resulted in overstatement/understatement of receipts and expenditure in the Annual Accounts. The details are as under:

**Table 2.3**

**(Rupees in crore)**

Particulars	As per Treasury Pass Books	As per Annual Accounts- 2002-03	Understatements(-)/ Overstatement (+)
Receipts	10.03	10.07	(+) 0.04
Disbursements	10.69	10.31	(-) 0.38

Source: *Treasury Pass Books and Annual Accounts-2002-03.*

Reasons for the discrepancies had not been furnished (July 2007).

## SECTION - III

### 3.1 Diversion of Grants and misrepresentation of facts

Under the award of the Eleventh Finance Commission, the State Government sanctioned (March 2001) grants-in-aid of Rs.2.05 crore to the Council for upgradation of the standard of administration with the condition to utilise the amount within one year of the sanction.

Test-check (January-February 2006) of records of the Council revealed that the Council diverted (July and August 2002) Rs.1.30 crore towards payment of salaries of officers and staff. However, this amount was recouped after seven months in April 2003. Reasons for such unauthorised diversion of scheme funds thereby adversely affecting the implementation of the scheme were not on record.

It was further noticed that as against the stipulated date (February 2002) for utilising the grant for the specified purpose, the Council utilised Rs.1.67 crore on construction (between July 2005 and January 2006) of bazaar sheds, sanitary latrine, *etc.* in 441 places and the balance Rs.0.38 crore remained unutilised in the Personal Ledger Account of the Council till the date of audit (February 2006). But certificates in support of utilisation of the entire grant of Rs.2.05 crore were furnished to the State Government by the Council between July 2004 and August 2005. This indicated that the utilisation certificates did not represent the actual state of affairs. Reasons for such misrepresentation of facts were not on record.

The matter was reported to the Council in June 2006 and February 2007; reply had not been received (July 2007).

### 3.2 Non-realisation of Revenue

Test check (January-February 2006) of Demand and Collection Register maintained by the Revenue Branch of the Council revealed that lease money of Rs.7.81 lakh in respect of 25 *hats*<sup>(a)</sup> for the year 2002-03 required to be realised under Regulation 3 of the Garo Hills Autonomous District Council Regulation No. 1 of 1971 had not been realised till the date of audit (February 2006). The reasons for non-realisation of the Council's revenue as well as action taken for realisation of the same were not on record.

The matter was reported to the Council in June 2006 and February 2007; reply had not been received (July 2007).

### 3.3 Huge Non-Plan Recurring Expenditure

Scrutiny (January-February 2006) of records revealed that out of the total revenue expenditure of Rs.10.31 crore during 2002-03, the Council incurred expenditure of Rs.7.50 crore on establishment (Pay and allowances, travelling allowances, pension, *etc.*: Rs.5.73 crore) and contingencies (Petrol, oil, lubricant, repair and maintenance, *etc.*: Rs.1.77 crore) which constituted 73 *per cent* of the total revenue expenditure during the year leaving only 27 *per cent* for developmental activities, indicating that the developmental activities in the Council did not get adequate priority. Reasons for such huge non-plan recurring expenditure ignoring the developmental activities were not on record.

The matter was reported to the Council in June 2006 and February 2007; reply had not been received (July 2007).

<sup>(a)</sup> Small village market.

### 3.4 Extra Expenditure on excess staff

Test-check (January-February 2006) of records revealed that against the four posts of staff taken into consideration in the detailed estimates of revenue and expenditure for the year 2002-03, the Council entertained eight men in position leading to extra expenditure of at least Rs.2.12 lakh per annum, as detailed below:

**Table 3.1**

**(Rupees in lakh)**

Branch	Category of staff	Number of posts as per Detailed Estimate	Men-in-position	Excess staff	Excess expenditure (at minimum of the pay scale)
Judicial	Upper Division Assistant	...	1	1	0.62
	Lower Division Assistant	...	1	1	0.42
Civil Works	Cleaner	1	2	1	0.42
Printing Press	Compositor Grade – I	3	4	1	0.66
<b>Total</b>		<b>4</b>	<b>8</b>	<b>4</b>	<b>2.12</b>

*Source: Detailed Estimate of Revenue and Expenditure for the year 2002-03 and staff position as furnished by the concerned branch.*

The matter was reported to the Council in June 2006 and February 2007; reply had not been received (July 2007).



### **3.5 Outstanding Inspection Reports**

Audit observations on financial irregularities and defects in the maintenance of accounts noticed during local audit and not settled on the spot are communicated to the heads of the offices and to the next higher authorities through the Inspection Reports (IRs). Eight IRs relating to the Council issued between May 1994 and March 2003 containing 115 paragraphs are yet to be settled.



**(Rajib Sharma)**

Shillong

The 30 NOV 2007

Principal Accountant General (Audit)  
Meghalaya and Arunachal Pradesh

Countersigned



New Delhi

The 11 DEC 2007

**(Vijayendra N. Kaul)**

Comptroller and Auditor General of India

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# APPENDICES

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VALUATION

**APPENDIX – I**  
**Variations between budget and actuals**  
**(Reference: Paragraph 2.2; Page 4)**

Sl. No.	Major Head of Account	Budget Provision	Actuals as per Annual Accounts	Variation Shortfall (Percentage)
		(Rupees in lakh)		
RECEIPTS				
1.	Land Revenue	126.93	101.41	25.52 (20)
2.	Stamps & Registration	0.70	0.11	0.59 (84)
3.	Mines and Minerals	500.00	303.10	196.90 (39)
EXPENDITURE				
1.	Land Revenue	250.29	147.41	102.88 (41)
2.	Forest	247.82	130.09	117.73 (48)
3.	Administration of Justice	6.63	3.55	3.08 (46)
4.	Public Works (Civil Works Branch)	581.00	225.16	355.84 (61)

*Source: Detailed Estimate of Revenue and Expenditure and Statements 5 and 6 of Annual Accounts.*



## APPENDIX - II

Comparative position of receipts and expenditure between  
current and previous year

(20 per cent or more)

(Reference: Paragraph 2.3; Page 5)

Sl. No.	Heads of Account	Actuals		Increase(+) Decrease (-) and percentage of variations in brackets
		2001-02	2002-03	
		(Rupees in lakh)		
REVENUE HEADS				
1.	Taxes on Income and expenditure	107.57	75.48	(-) 32.09 (30)
2.	Other General Economic Services	27.70	11.75	(-) 15.95 (58)
3.	Taxes on Vehicles	31.55	45.23	(+) 13.68 (43)
4.	Roads and Transport Services	0.75	2.42	(+) 1.97 (263)
5.	Interest Receipts	13.70	7.24	(-) 6.46 (47)
6.	Public Works	34.72	150.85	(+) 116.13 (334)
7.	Public Health and Sanitation	3.48	5.38	(+) 1.90 (55)
8.	Forest	34.46	26.79	(-) 7.67 (22)
9.	Mines and Minerals	457.50	303.10	(-) 154.40 (34)
EXPENDITURE HEADS				
1.	District Council	40.74	50.99	(+) 10.25 (25)
2.	Executive Members	14.54	19.51	(+) 4.97 (34)
3.	Public Works	113.23	225.17	(+) 111.94 (99)
4.	Pension and other Retirement Benefits	52.25	36.46	(-) 15.79 (30)
5.	Other General Economic Services	52.33	37.65	(-) 14.68 (28)
6.	Roads and Bridges	119.67	0.30	(-) 119.37 (100)
7.	Roads and Transport Services	34.72	146.50	(+) 111.78 (322)

Source: Statements 5 and 6 of Annual Accounts.