



सत्यमेव जयते

Presented to the Legislature

14-12-1976

GOVERNMENT OF MEGHALAYA

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

FOR THE YEAR 1974-75

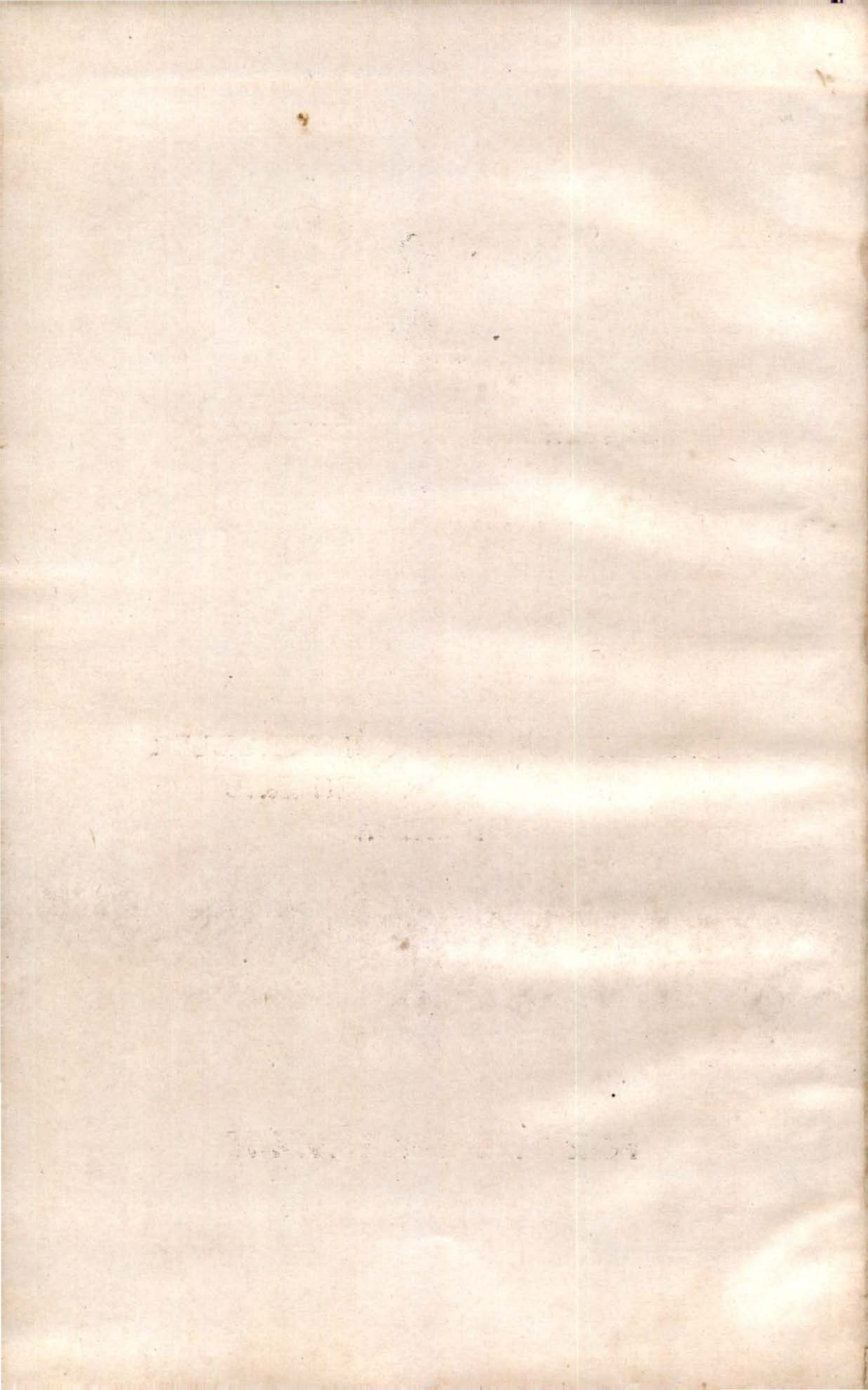


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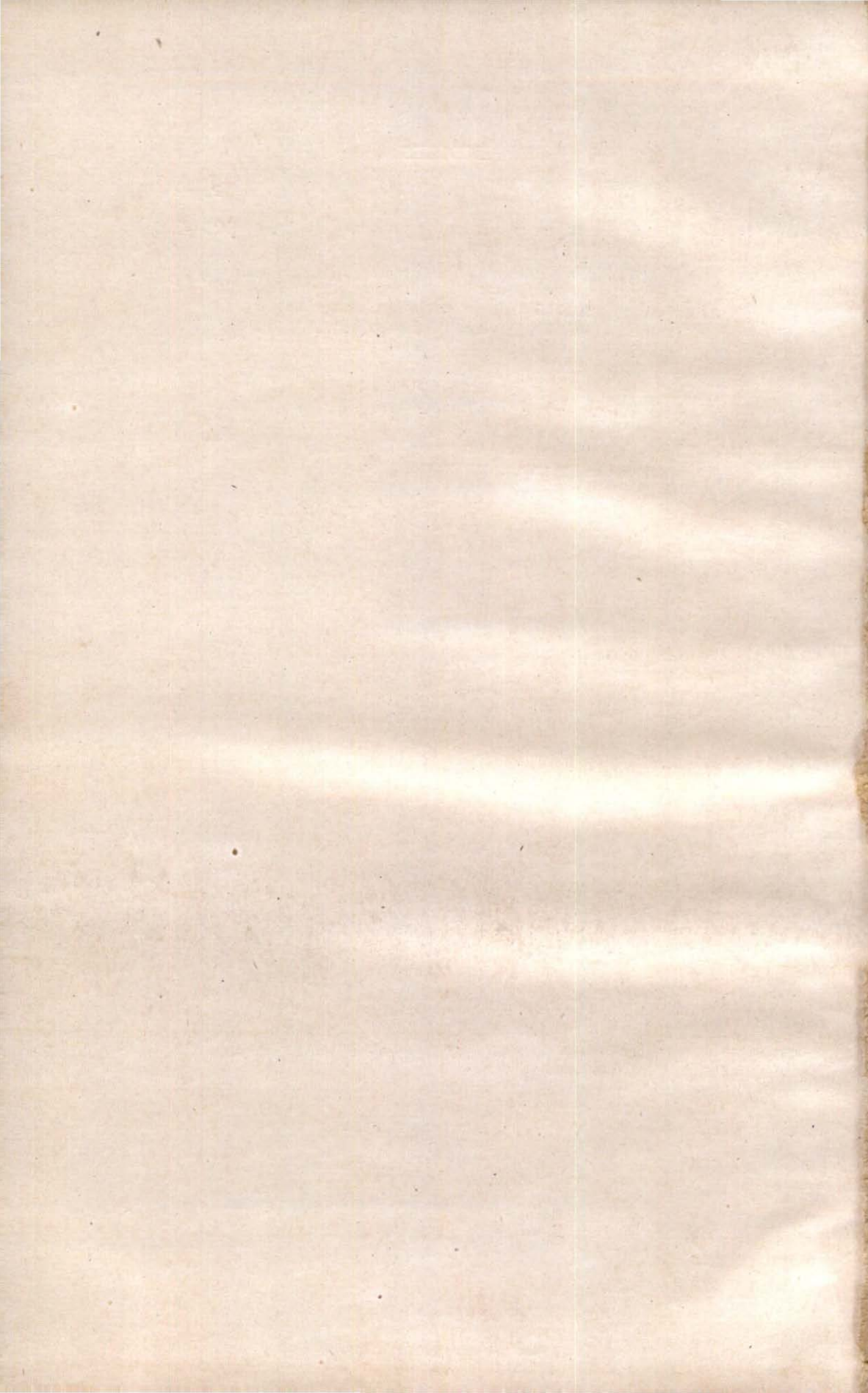
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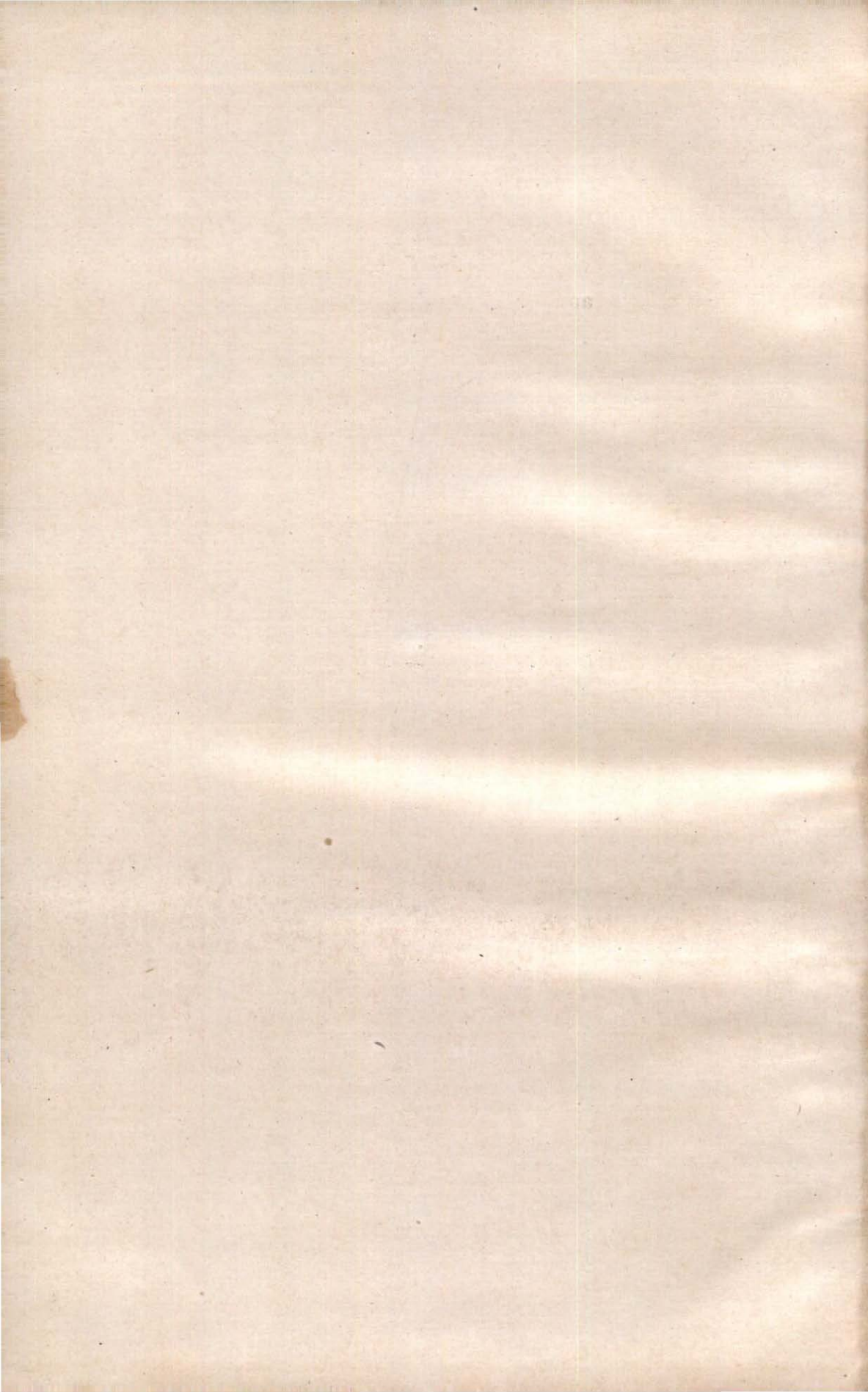


PREFATORY REMARKS

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 1974-75 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 1974-75.

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 1974-75 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 1974-75 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. Summary of transactions

The receipts and expenditure of Government of Meghalaya for 1974-75 and the preceding year as also the surplus/deficit during these years were as follows:—

	1973-74(a)	1974-75
	(in crores of rupees)	
(1) Revenue—		
Revenue receipts	17·28	29·55
Revenue expenditure	19·70	25·17
<u>Revenue surplus (+)/</u>	<u>(—)2·42</u>	<u>(+)4·38</u>
<u>Revenue deficit (—)</u>		
(2) Debt—		
Public Debt		
Internal Debt of the State Government (Net)		
Increase (+)	(+)0·78	(+)3·72
Loans and Advances from the Central Government (Net)		
Increase (+)	(+)4·47	(+)0·52
Total Public Debt (Net)		
Increase (+)	<u>(+)5·25</u>	<u>(+)4·24</u>

(a) For facilitating comparison with corresponding figures for 1974-75, the figures for 1973-74 shown in this column and elsewhere are recast to the extent necessary according to the revised structure of classification adopted from 1974-75; the figures for 1973-74, therefore, differ in some cases from the figures shown for that year in the Report for 1973-74.

	1973-74(a)	1974-75
	(in crores of rupees)	
(3) Loans and Advances by the State Government (Net)		
Increase (—)	(—)0.32	(—)0.75
(4) Inter-State Settlement		
Payments (—)	...	(b)
(5) Contingency Fund (Net)		
Increase (+)	(+)0.09	(+)0.54
(6) Public Account (Net)		
Decrease (—)	(—)1.03	(—)0.83
(7) Capital Expenditure		
Increase (—)	(—)2.89	(—)5.97
(8) Appropriation to the Contingency Fund (Net)		
Increase (—)	(—)0.50	(—)0.25
<u>Net surplus (+)</u>	<u>(—)1.82</u>	<u>(+)1.36</u>
<u>Net deficit (—)</u>		
Opening cash balance	(—)1.37	(—)3.19
Net surplus(+)	(—)1.82	(+)1.36
<u>Net deficit(—)</u>		
Closing cash balance	(—)3.19	(—)1.83(*)

(a) See footnote (a) on page 1.

(b) Rs.3,529 only.

(*) There is a difference (Rs.0.58 crore) between the figure in the accounts (Rs.(—)1.98 crores) and that intimated by the Reserve Bank (Rs.(—) 1.40 crores) regarding "Deposits with the Reserve Bank" included in the cash balance. The difference is under reconciliation (June 1976).

1.2 Revenue surplus/deficit

(a) Revenue receipts

The actuals of revenue receipts for 1974-75 as compared with the budget estimates during the year along with the corresponding figures for the years 1972-73 and 1973-74 are shown below :—

Year	Budget	Actuals	Variation between columns (3) and (2)	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(Amount in crores of rupees)				
1972-73	17.22	17.38	(+)0.16	1
1973-74	20.60	17.28	(-)3.32	16
1974-75	30.74	29.55	(-)1.19	4

No new tax was levied by Government during 1974-75.

(b) Expenditure on revenue account

The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary grants 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)
(Amount in crores of rupees)					
1972-74	18.63	19.96	17.94	(-)2.02	10
1973-74	24.61	25.08	19.70	(-)5.38	21
1974-75	27.62	29.19	25.17	(-)4.02	14

(c) The year 1974-75 ended with a revenue surplus of Rs.4.38 crores against a surplus of Rs.3.12 crores anticipated in the budget.

1.3 Revenue receipts

The revenue receipts during 1974-75 (Rs.29.55 crores) increased by Rs.12.27 crores (71 per cent) over those of 1973-74 (Rs.17.28 crores). The increase is analysed below:—

	1973-74	1974-75	Increase(+) Decrease(-)
(in crores of rupees)			
<i>I. Revenue raised by Government</i>			
(a) Tax Revenue	1.55	1.95	(+) 0.40
(b) Other receipts	1.25	1.98	(+) 0.73
	<hr/> 2.80	<hr/> 3.93	<hr/> (+) 1.13 <hr/>
 <i>II. Receipts from Government of India</i>			
(a) State's share of net proceeds of Union Taxes—			
(i) Taxes on Income other than Corporation Tax	0.93	0.92	(-) 0.01
(ii) Union Excise Duties	1.36	1.29	(-) 0.07
(iii) Estate Duty	0.02	0.02	...
(b) Grants—			
(i) Under Article 275 of the Constitution	2.72	13.61	(+)10.89
(ii) Other grants	9.45	9.78	(+) 0.33
	<hr/> 14.48	<hr/> 25.62	<hr/> (+)11.14 <hr/>
Total	<hr/> 17.28	<hr/> 29.55	<hr/> (+)12.27 <hr/>

In 1974-75, receipts from the Government of India formed 87 per cent of the total revenue receipts of the State; the corresponding percentage during 1973-74 was 84.

1.4 Expenditure on revenue account

The expenditure on revenue account (Rs.25,17.06 lakhs) was more by Rs. 5,47.19 lakhs (28 per cent) compared to that in 1973-74 (Rs. 19,69.87 lakhs). The important variations are analysed below :—

Sector/Head of Account	Expenditure		Increase (+)
	1973-74	1974-75	Decrease (—)

(in lakhs of rupees)

A. GENERAL SERVICES—

(d) Administrative Services	3,58.04	5,83.99	(+)2,25.95
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The increase was mainly under “Public Works” (Rs.1,42.45 lakhs) and “Police” (Rs. 65.34 lakhs), the latter increase due to more expenditure on Special Police and increased activities of the Criminal Investigation Department.

B. SOCIAL AND COMMUNITY SERVICES	6,79.76	7,24.87	(+)45.11
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The increase was mainly under (i) “Medical” (Rs.26.97 lakhs) due to more expenditure on medical relief and (ii) “Relief on account of Natural Calamities” (Rs.6.06 lakhs) due to increased relief works taken up in the border areas owing to scarcity conditions prevailing there.

C. ECONOMIC SERVICES—

(b) Agriculture and Allied Services	4,23.30	6,20.27	(+)1,96.97
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The increase was mainly under (i) “Soil and Water Conservation” (Rs.61.86 lakhs) due to taking up of accelerated programme of jhum control and soil conservation measures, (ii) “Area Development” (Rs.67.02 lakhs) due to taking up of agriculture, education, animal husbandry, water supply, etc., programmes in the specially backward areas of the State and (iii) “Animal Husbandry” (Rs.34.07 lakhs) due to increased expenditure on development of cattle, poultry, piggery, and fodder.

1.6 Loans and advances by the State Government

(a) The actuals of disbursements of loans and advances by the State Government for 1974-75 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary grants along with the corresponding figures for 1972-73 and 1973-74 are shown below :—

Year	Budget	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1972-73	49.11	75.63	67.43	(—) 8.20	11
1973-74	46.79	50.30	38.13	(—)12.17	24
1974-75	95.10	1,05.87	88.90	(—)16.97	16

(b) The budget and actuals of recoveries of loans and advances for 1974-75 along with the corresponding figures for 1972-73 and 1973-74 are given below :—

Year	Budget	Actuals	Variation	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
1972-73	1.30	8.11	(+)6.81	524
1973-74	6.06	8.23 (a)	(+)2.17 (a)	36 (a)
1974-75	16.32	14.19	(+)2.13	13

(a) Please see foot note (a) on page 1.

(c) The loans and advances given by the Government and outstanding at the end of March 1974 and March 1975 are given below :—

	Amount outstanding on	
	31st March 1974	31st March 1975
	(in lakhs of rupees)	
(1) Loans for agriculture	4.28	6.39
(2) Loans for urban development	1.90	1.90
(3) Loans for social security and welfare—		
Rehabilitation schemes	1.61	2.74
Relief measures	1.78	9.83
(4) Loans for Relief from natural calamities	(—) 0.18 (a)*	(—) 0.27 (a)*
(5) Loans to co-operative societies	15.40	16.50
(6) Loans to Autonomous Districts and Regional Councils	21.50	24.50
(7) Loans to Government servants, etc.	0.40 (b) (c)	8.73 (c)
(8) Loans of housing—		
(i) Loans under low income group housing scheme	(—) 0.23 (a)*	(—) 2.07 (c)*
(ii) Loans under middle income group housing scheme	2.87	8.91

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

(b) Increased by Rs.1.21 lakhs following the revised accounting classification.

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

	Amount outstanding on	
	31st March 1974	31st March 1975
	(in lakhs of rupees)	
(9) Loans for education, art and culture	(—) 0.04 (a)	(—) 0.06 (a)
(10) Loans for village and small industries	10.03	12.79
(11) Loans for fisheries	(—) 0.01 (a)	(—) 0.01 (a)
(12) Loans to the Meghalaya State Electricity Board and the Assam State Electricity Board prior to January 1975	78.00	1,18.00
(13) Loans for minor irrigation, soil conservation and area development	(—) 0.20	() 0.20 (a)
Total	1,37.11 (b)	2,11.82

Information about the arrears (as on 31st March 1975) in recovery of principal and interest of loans and advances (detailed accounts of which are maintained by departmental officers) is awaited from Government (June 1976).

(d) *Acceptance of balances of loans*

The balances under loans and advances appearing in the books of account of the Accountant General are communicated to departmental officers for verification and acceptance. In a large number of cases, detailed below, such acceptances of balances have not been received (May 1976). In the absence of such acceptances and verifications it cannot be ensured that all the transactions relating to these loans and advances have been correctly reflected in the accounts.

(a) Please see footnote (a) on page 8.

(b) Please see footnote (b) on page 8.

	1970-71		1971-72	
	Balance of loan outstanding on 31st March 1971	Amount for which acceptances not received	Balance of loan outstanding on 31st March 1972	Amount for which acceptances not received
	(in lakhs of rupees)			
(1) Advances to cultivators	1.02	1.02	0.96	0.96
(2) Loans for urban development	...	...	0.50	0.50
(3) Loans to Autonomous Districts and Regional Councils.	...	...	...	...
(4) Loans to co-operative societies	1.00	1.00	1.44	1.44
(5) Rehabilitation loans	(-)0.11 (*)	...	0.27	0.27
(6) Loans for village and small industries	...	...	5.20	0.75
(7) Loans to the Meghalaya State Electricity Board and the Assam State Electricity Board	23.00	23.00	41.00	41.00
(8) Loans under middle income group housing scheme	...	...	...	...
(9) Loans under low income group housing scheme	...	...	...	...
(10) Loans for relief to migrants from erstwhile East Pakistan	...	...	...	...
(11) Loans to repatriates from Burma	...	...	...	...
(12) Loans to displaced persons	...	...	...	...
Total	24.91	25.02	49.37	44.92

(*) See foot-note (a) at page 8

1972-73		1973-74		1974-75	
Balance of loan outstanding on 31st March 1973	Amount for which acceptances not received	Balance of loan outstanding on 31st March 1974	Amount for which acceptances not received	Balance of loan outstanding on 31st March 1975	Amount for which acceptances not received
3.62	3.62	4.32	4.32	4.15	4.15
1.90	1.90	1.90	1.90	1.90	1.90
20.00	19.00	21.50	21.50	24.05	24.05
11.34	9.00	13.03	13.03	16.39	16.39
0.95	0.95	1.61	1.61	1.58	1.58
7.12	7.12	10.03	10.03	2.54	2.54
63.00	63.00	78.00	78.00	118.00	118.00
...	...	2.87	2.87	8.09	8.09
...	...	...	...	1.88	1.88
...	...	...	...	8.44	8.44
...	...	...	...	0.74	0.74
...	...	1.78	1.78	1.78	1.78
1,07.93	1,04.59	1,35.04	1,35.04	1,89.54	1,89.54

(in lakhs of rupees)

1.7 Sources of funds for capital expenditure and loans and advances

The capital expenditure (Rs.5.97 crores) and the net outgo under "Loans and Advances" by the State Government (Rs.0.75 crore) during 1974-75 were met from following sources:—

Sources	Amount (in crores of rupees)
(a) Debt—	
(i) Market loans and other loans	3.72
(ii) Loans from the Government of India	0.52
(iii) Small Savings, Provident Funds, etc.	0.26
(b) Contingency Fund	0.54
(c) Sinking Funds and Reserve Funds	0.35
(d) Net balances under Deposits, Advances and Remittances.	(—) 0.05
(e) <i>Deduct—</i> Increase in cash balance and investments	(—) 2.75
(f) Revenue surplus	4.38
(g) Transfers to Contingency Fund and Inter-State Settlement	(—) 0.25
Total	6.72

1.8 Debt position

(a) The outstanding debt of the State Government at the end of 1974-75 was Rs.27.17 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		
	1973	1974	1975
	(in crores of rupees)		
Market Loans	1.11	2.21	6.08
Ways and Means Advances from the Reserve Bank of India.	0.70	0.32	...
Loans from the Government of India	14.53	19.00	19.52
Other loans	0.07	0.12	0.29
Small savings, Provident Funds, etc.	0.79	1.02	1.28
Total	17.20	22.67	27.17

Further details of debt outstanding at the end of March 1975 have been given in Statement No.16 of Finance Accounts 1974-75.

(b) The details of debt transactions during 1974-75 are given below :—

	Receipts during the year	Repayments during the year	Netincrease(+)/ decrease(-) during the year
	(in crores of rupees)		
Market loans	3.87	...	(+)3.87
Ways and Means Advances from the Reserve Bank of India	...	0.32	(-)0.32
Loans from Government of India.	0.64	0.12	(+)0.52
Other loans	0.18	0.01	(+)0.17
Small Savings, Provident Funds, etc.	0.36	0.10	(+)0.26
Total	5.05	0.55	(+)4.50

(c) Open market loan

An open market loan of Rs. 3.87 crores was raised by Government during the year bearing interest at 6 per cent per annum and redeemable at par in 1984. The total open market loans outstanding at the end of the year were Rs.6.08 crores.

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

Under an agreement with the Reserve Bank of India, Government has to maintain with the Bank a minimum balance of Rs.5 lakhs on all days. If the balance falls below the agreed minimum, Government can take ordinary ways and means advances from the Bank upto a maximum of Rs. 60 lakhs. In addition, special ways and means advances not exceeding Rs. 6 lakhs are made available against Government of India securities held by the State Government. Both the advances carry interest at one per cent below the Bank Rate in force. If, even after the maximum advance is given, the cash balance is below the prescribed minimum, the Bank allows

overdraft upto a period not exceeding seven continuous days and charges interest at the Bank Rate on these overdrafts. No ways and means advance or overdraft was obtained by Government during the year. Government repaid during the year the previous year's balance of ways and means advances of Rs.0.32 crore. Rupees 0.04 lakh were paid to the Bank as interest on these advances.

The interest paid to the Bank on the ways and means advances and overdrafts during the three years ending 1974-75 is given below :—

Year	Amount (in lakh rupees)
1972-73	0.90
1973-74	0.25
1974-75	0.04

(e) Other obligations

In addition to the above, non-interest bearing obligations such as deposits of local funds, civil deposits and other earmarked funds, etc. (total as on 31st March 1975: Rs.103.09 lakhs), which are merged with general cash balance of Government, constitute the liability of Government.

(f) Amortisation arrangements

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

(i) Sinking Fund

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

(ii) Depreciation fund

A sum equal to $1\frac{1}{2}$ per cent of the total nominal amount of each loan is set apart every year to form a depreciation fund for purchasing securities of the loans for cancellation. During 1974-75 no contribution was made to the fund.

The balances in these funds at the commencement and close of 1974-75 are given below :—

	Balance on 1st April 1974	Addition during the year	Interest on investment	Withdrawal during the year	Balance on 31st March 1975
	(in lakhs of rupees)				
Depreciation Fund	2.25	...	...	...	2.25
Sinking Fund	15.95	33.75	0.60	...	50.30
Total	18.20	33.75	0.60	...	52.55

Out of these funds, Rs.18.95 lakhs were invested in Government of India securities. The balance amount of Rs.33.60 lakhs was merged in the general cash balance of the State.

1.9 Interest charges

The net burden on revenue of interest charges in 1974-75 compared with that in the preceding year was as follows :—

	1973-74	1974-75
	(in lakhs of rupees)	
Interest paid by Government on Public Debt, Small Savings, Provident Funds, etc.	89.80	79.42
<i>Deduct—</i>		
(a) Interest received on loans and advances given by Government	1.71	1.86
(b) Interest realised on investment of cash balance	7.42	26.86
	9.13	28.72
Net amount of interest charges	80.67	50.70
Percentage of gross interest to total revenue receipts	5.20	2.69
Percentage of net interest to total revenue receipts	4.61	1.72

1.10 Cash balance and cash balance investment Account

The cash balance of Government on 31st March 1975 was (—) Rs. 1,82.73 lakhs which comprised cash in treasuries (Rs. 15.43 lakhs), deposits with the Reserve Bank of India * (Rs. (—) 1,98.42 lakhs) and permanent advances with departmental officers (Rs. 0.26 lakh).

The balance with the Reserve Bank of India Rs. (—) 1,98.42 lakhs as shown above, represents the balance after taking into account the inter-Governmental monetary settlements pertaining to transactions of 1974-75 advised to the Reserve Bank of India upto 25th April 1975.

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

	Balance on 1st April 1974	Addition during the year	Withdrawal during the year	Balance on 31st March 1975
(in crores of rupces)				
1. Sinking Fund Investment Account	0.04	0.15	...	0.19
2. Investment Account of other development and welfare funds	0.05	...	...	0.05
3. Cash Balance Investment Account	1.25	33.90	32.67	2.48
Total	1.34	34.05	32.67	2.72

The cash balance of Government after including investments, cash with departmental officers and permanent advances as on 31st March 1975 was Rs. 0.90 crore as against Rs. (—) 1.85 crores as on 31st March 1974.

*Please see footnote at page 2.

1.11 Guarantees given by Government

The guarantees are in the nature of contingent liabilities. The maximum amount guaranteed and the amount guaranteed outstanding on 31st March 1975 are shown below:—

	Maximum amount guaranteed	Amount outstanding on 31st March 1975
	(in lakhs of rupees)	
Guarantee for repayment of loans availed by Co-operative Societies	69.73	66.80

Further details of the guarantees are given in Statement No.5 of Finance Accounts 1974-75.

1.12 Investments

In 1974-75, Government invested Rs.71.02 lakhs in a statutory corporation (Rs.2.00 lakhs), three Government companies (Rs. 49.90 lakhs) and certain co-operative institutions (Rs. 19.12 lakhs). The total investment of Government upto the end of 1974-75 in the share capital of a statutory corporation, Government companies and co-operative institutions was Rs.2,58.07 lakhs as shown below:—

	Number of concerns	Amount invested
	(in lakhs of rupees)	
(I) Statutory Corporation (Meghalaya Warehousing Corporation)	1	8.00
(II) Government Companies (Meghalaya Industrial Development Corporation, Mawmluh-Cherra Cements Limited and Assam and Meghalaya Mineral Development Corporation Limited)	3	1,71.88
(III) Co-operative institutions	496	78.19
Total	500	2,58.07

No dividend/interest was received from these investments during the year. Further details are given in Statement No.13 of Finance Accounts 1974-75.

1.13 Utilisation certificates

During 1974-75 the Government paid Rs.4,48.04 lakhs as grants. The main beneficiaries were non-Governmental educational institutions (Rs. 3,38.13 lakhs) and co-operative institutions (Rs.14.29 lakhs).

The financial rules of Government require that certificates of proper utilisation of grants should be sent by the departmental officers to the Accountant General within a reasonable time. On 1st October 1975, 682 certificates (Rs.6,56.44 lakhs) pertaining to grants paid upto 1973-74 were awaited. Of these, 234 certificates (Rs.2,40.52 lakhs) related to grants paid upto March 1971. Grants paid during 1971-72 to 1973-74, the number of certificates to be received and the number actually received upto 30th September 1975 are given below:—

Year in which grants were paid	Utilisation certificates					
	Due		Received		Awaited	
	No.	Amount	No.	Amount	No.	Amount
1971-72	162	1,46.10	31	39.74	131	1,06.36
1972-73	174	1,88.01	39	66.48	135	1,21.53
1973-74	196	2,10.93	14	22.90	182	1,88.03
Total	532	5,45.04	84	1,29.12	448	4,15.92

(Amount in lakhs of rupees)

The department-wise and the year-wise details of the outstanding utilisation certificates on 1st October 1975 are given in Appendix I (Page 103).

The outstanding utilisation certificates include those for grants of Rs. one lakh and above each paid upto the 31st March 1974 to Khasi, Jowai and Garo Hills District Councils, Shillong Municipal Board, Syiem of Myllem, Farmers' Multipurpose Co-operative Society, Mawryngkneng, Meghalaya State Co-operative Apex Bank Limited, Meghalaya Industrial Development Corporation, Assam Khadi and Village Industries Board, Mendipathar College, Tura, and Assam Hills Co-operative Development Corporation Limited.

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

CHAPTER I

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	33.59	35.81	30.98	(—)4.83
Supplementary	2.22			
Amount transferred to the Contingency Fund under the Meghalaya Appropriation (No.II) Act, 1974	0.25	0.25	...	...
Charged—				
Original	3.24	3.25	1.69	(—)1.56
Supplementary	0.01			
Total	39.31	32.92	(—)6.39	16

The overall saving of Rs.6.39 crores was the result of saving of Rs.7.19 crores in 82 grants (Rs.5.63 crores) and 7 charged appropriations (Rs.1.56 crores) partly offset by excess of Rs.0.80 crore in 15 grants (Rs.0.80 crore) and 2 charged appropriations*.

(b) Further details are given below:—

	Revenue	Capital	Loans and advances	Transfer to the Contingency Fund	Public debt	Total
(in crores of rupees)						
Authorised to be spent (grants and charged appropriations)						
Original	27.62	6.73	1.16	...	1.32	36.83
Supplementary	1.57	0.55	0.11	...	...	2.23

*Rs.36,305 only.

	Revenue	Capital	Loans and advances	Transfer to the Contingency Fund	Public debt	Total
	(in crores of rupees)					
Amount transferred to the Contingency Fund under Meghalaya Appropriation (No. II) Act, 1974	...	...	...	0.25	...	0.25
Total	29.19	7.28	1.27	0.25	1.32	39.31
Actual expenditure (grants and charged appropriations)	25.16	6.17	0.89	0.25	0.45	32.92
Shortfall (—)	(—)4.03	(—)1.11	(—)0.38	...	(—)0.87	(—)6.39

2.2 Excess over grants/charged appropriations

(a) Grants

The excess of Rs.80,12,524 in the following fifteen grants requires regularisation under Article 205 of the Constitution.

Serial number	Number and name of grant	Total grant	Actual expenditure	Excess
		Rs.	Rs.	Rs.
(1)	3.—Council of Ministers	6,56,626	6,92,588	(+)35,962
The excess was due mainly to increase in office expenses.				
(2)	8.—State Excise	3,40,000	3,47,708	(+)7,708
(3)	13.—Secretariat-General Services—I—Civil Departments	31,48,000	35,26,843	(+)3,78,043
(4)	15.—District Administration.	18,79,800	19,36,699	(+)55,899

Serial number	Number and name of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
(5)	16.—Treasury and Accounts Administration.	6,50,000	7,02,633	(+)52,633

The excess in serial numbers (2) to (5) above was due mainly to payment of arrears of pay and allowances to the staff consequent on introduction of revised pay scales on the basis of recommendations of the Assam Pay Commission 1973.

(6)	17.—Police and Fire Protection and Control	2,31,63,060	2,34,69,927	(+)3,06,867
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The excess was due mainly to payment of arrears of pay and allowances to the staff consequent on introduction of revised pay scales on basis of recommendations of the Assam Pay Commission 1973 and increased cost of rations owing to increase in prices during the year.

(7)	20.—Public Works	1,78,19,700	2,24,07,422	(+)45,87,722
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The excess occurred as most of the divisions did not adjust the percentage recovery towards share of the establishment expenses.

(8)	29.—Secretariat-Social and Community Services—I—Civil Departments	3,89,000	4,23,462	(+)34,462
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Reasons for the excess have not been intimated (July 1976).

(9)	35.—Medical	98,42,700	1,00,67,104	(+)2,24,404
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The excess was due to installation of X-ray plant and purchase of surgical instruments not provided for and payment of arrears of pay and allowances to the staff consequent on introduction of revised pay scales on the basis of recommendations of the Assam Pay Commission 1973.

(10)	37.—Public Health, Sanitation and Water Supply—A—Public Health, and Sanitation	43,28,700	54,60,798	(+)11,32,098
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The excess was due to payment of arrears of pay and allowances to the staff consequent on introduction of revised pay scales on the basis of recommendations of the Assam Pay Commission 1973 and higher cost of materials and equipments.

Serial number	Number and name of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
(11)	52.—Relief on account of Natural Calamities	26,65,000	26,71,297	(+)6,297

The excess was due to occurrence of natural calamities and taking up of more relief works than contemplated.

(12)	54 —Secretariat--Economic Services— I—Civil Departments	5,80,200	6,09,133	(+)28,938
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Reasons for the excess have not been intimated (July 1976).

(13)	62.—Area Development	75,00,000	75,41,162	(+)41,162
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The excess was stated to be due mainly to better progress of water supply schemes under Border Areas Programme.

(14)	79. A—Capital Outlay on Education, Art and Culture, Capital Outlay on Medical, etc.	24,80,000	34,87,929	(+)10,07,929
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Reasons for the excess have not been intimated (July 1976).

(15)	101.—Loan for Social Security and Welfare—I—Relief and Rehabilitation Schemes	8,06,900	9,18,300	(+)1,11,400
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Reasons for the excess have not been intimated (July 1976).

(b) **Charged appropriations**

Excess of Rs. 36,305 in the following two charged appropriations also requires regularisation.

Serial number	Number and name of charged appropriation	Total appropriation Rs.	Expenditure Rs.	Excess Rs.
(1)	2.—Governor	6,17,263	6,50,039	(+)32,776

Reasons for the excess have not been intimated (July 1976).

(2)	114.—Inter-State Settlement	...	3,529	(+)3,529
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The expenditure was stated to be due to adjustment during the year of the share of Government of Meghalaya in respect of the discrepancies in Reserve Bank Deposits pertaining to the period prior to 2nd April 1970, but located during the year.

2.3 **Supplementary grants/charged appropriations**

The supplementary provision of Rs. 2.23 crores (6 per cent of the original provision) was obtained under 61 grants (Rs. 2.22 crores) and 3 charged appropriations (Rs. 0.01 crore).

The details of significant cases of unnecessary and excessive supplementary grants/charged appropriations are given below:—

(i) *Unnecessary supplementary grants*

In the following cases the supplementary grants (exceeding Rs. 2 lakhs each) of Rs. 15.75 lakhs remained wholly unutilised as the expenditure did not come even upto the original provision.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(in lakhs of rupees)					
(1)	49.—Social Security and Welfare—C—III—Welfare of Scheduled Castes, Tribes and Other Backward Classes—D.—Social Welfare	56.29	5.48	36.07	25.70

The saving was due mainly to the post-budget decision to meet the expenditure from the provision under Grant No. 31.

(2)	55.—Secretariat—Economic Services—II—Planning Board, etc.	10.96	3.93	3.36	11.53
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Part of the saving was stated to be due to (i) economy measures, posts being kept vacant and non-purchase of a vehicle (Rs. 4.64 lakhs), (ii) an Employment Unit to study employment generation having not been set up (Rs. 0.82 lakh), and (iii) non-taking up of evaluation of Plan schemes (Rs. 0.81 lakh).

Reasons for the balance saving have not been intimated (July 1976).

(3)	79.—Capital Outlay on Public Works	1,00.15	6.34	91.42	15.07
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The saving was stated to be due mainly to non-finalisation or late finalisation of certain schemes.

(ii) *Supplementary grants which proved excessive*

In the following cases the supplementary grant (exceeding Rs. 2 lakhs each) proved excessive by more than Rs. 2 lakhs in each case; against the supplementary provision of Rs. 81.11 lakhs, Rs. 24.77 lakhs were utilised.

(1)	40.—Housing—II—C—Government Residential Buildings (In-charge of P. W. D.)	8.22	8.00	10.10	6.12
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The saving was due mainly to (i) non-finalisation of the scheme for construction of buildings (Rs. 2.74 lakhs) and (ii) late finalisation of the Police Housing scheme (Rs. 3.37 lakhs).

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(in lakhs of ruppees)					
(2)	42—Urban Development—A—General—II—Town and Regional Planning	10.45	6.66	11.72	5.39

The saving was stated to be due mainly to less assistance required by municipalities, corporations and District Councils than anticipated (Rs. 3.90 lakhs).

(3)	61.—Soil and Water Conservation and Housing—C.—Government Residential Buildings	1,15.82	8.36	1,16.27	7.91
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The saving was stated to be due mainly to re-orientation of irrigation schemes in accordance with local needs and non-availability of land (Rs. 5.30 lakhs).

(4)	63.—Animal Husbandry and Housing—C.—Government Residential Buildings	82.58	14.37	87.82	9.13
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The saving (partly set off by excess under certain heads) was due mainly to (i) non-taking up of construction and maintenance of departmental non-residential buildings (Rs. 8.72 lakhs), (ii) non-implementation of the scheme for setting up of a Regional Poultry Breeding Farm (Rs. 3 lakhs) and (iii) non-taking up of construction of residences of officers and labour barracks at Kyrdemkulai (Rs. 1.24 lakhs).

(5)	64.—Dairy Development and Housing—C.—Government Residential Buildings	26.87	11.42	31.70	6.59
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The saving was due mainly to non-availability of desired quantity of raw milk (Rs. 4.16 lakhs) and abandonment of the State Sector Scheme-Rural Dairy Extension Centre, Jowai/Nongstoin (Rs. 2.00 lakhs).

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
			(in lakhs of rupees)		
(6)	72.—Mines and Minerals—B.—Regulation and Development of Mines	14.10	4.65	16.74	2.01

The saving was stated to be due mainly to posts kept vacant and non-implementation of certain investigation projects owing to dearth of suitable personnel.

(7)	75.—Roads and Buildings	2,42.64	17.00	2,47.11	12.53
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Reasons for the saving have not been intimated (July 1976).

(8)	84.—Capital Outlay on Co-operation	19.80	4.50	21.12	3.18
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The saving was due mainly to non-investment in co-operative marketing societies owing to non-fulfilment by the societies of the conditions prescribed by the National Co-operative Development Corporation for assistance for strengthening their share capital base.

(9)	96.—Capital Outlay on Other Transport and Communication Services	...	6.15	2.67	3.48
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The saving was due mainly to non-completion of field works owing to difficult terrain of operations.

2.4 Unutilised provision

- (i) Rupees 7.19 crores remained unutilised in 82 grants (Rs. 5.63 crores) and 7 charged appropriations (Rs. 1.56 crores).
- (ii) In 24 grants and 3 charged appropriations, the savings (more than Rs. 5 lakhs in each case) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix II. (Page 106)

*Revenue/Industries/Animal Husbandry and Veterinary Departments***2.5 Withdrawal of funds in advance of requirement**

It was noticed during test check by Audit that between March 1972 and March 1975, Rs. 16.87 lakhs were drawn which wholly or partly remained unutilised as indicated below:—

(a) Out of Rs. 0.38 lakh drawn in March 1972 by the Deputy Commissioner, Khasi Hills, Rs. 0.18 lakh were spent on ceremonial functions. The balance amount of Rs. 0.20 lakh was refunded into the treasury only in January 1976.

(b) The Deputy Commissioner, Khasi Hills, drew Rs. 0.53 lakh in March 1974 for payment of advances to cultivators. The amount was refunded into the treasury only in January 1976 as most of the applications for advances received were not supported by documents indicating title to the lands proposed to be mortgaged.

(c) The Director of Industries drew in March 1974 Rs. 1.18 lakhs for construction of two sheds and approach roads for the Industrial Estate at Mendipathar (Garo Hills). The contractors to whom the work was allotted only in March 1974 did not start construction; the work was to be completed by June 1974. The work was reallocated to two other contractors during March 1975 and August 1975. Construction of sheds and approach roads, etc., were completed in March 1976 and Rs. 1.18 lakhs already drawn together with the further amount of Rs. 2.40 lakhs were thereafter paid to the contractors in April 1976.

(d) (i) The District Animal Husbandry and Veterinary Officer, Khasi Hills, presented 45 bills amounting to Rs. 14.30 lakhs to the Shillong Treasury in March 1975 for issuing bank drafts in favour of 39 suppliers/contractors who had not completed supplies/construction works. The amounts were shown on 31st March 1975 on the payment side of the cash book as remittance to the State Bank of India, Shillong. The estimated value of the construction works was Rs. 8.20 lakhs. Work orders in respect of these works were issued only on 23rd March 1975 requiring the contractors to complete the works by 31st March 1975. The bank drafts were received from the Bank in May 1975. Rupees 11.90 lakhs were disbursed during May and October 1975 and the balance

amount (Rs. 2.40 lakhs) was disbursed between November 1975 and January 1976.

- (ii) Rupees 0.48 lakh were drawn (Rs. 0.06 lakh in February 1974 and Rs. 0.42 lakh in March 1974) for development of piggery by the District Animal Husbandry and Veterinary Officer, Khasi Hills and deposited with the State Bank of India, Shillong during March and April 1974 as deposits at call. Of this, Rs. 0.06 lakh were paid to a contractor for supply of pigs between March and May 1975 and the balance amount was paid to another contractor for supply of a tractor in July 1975.

CHAPTER III

CIVIL DEPARTMENTS

*Animal Husbandry Department***3.1 Feed mill, Bhoi**

Points noticed in the audit (November 1975) of the Feed Mill, Bhoi, which was engaged in production of cattle feed, poultry feed, etc., for sale, are mentioned in the succeeding paragraphs.

(i) Purchase of fishmeal

In March 1973 tenders were invited for supply of 400 quintals of fishmeal for the annual requirements of 1973-74. Firm 'A' was selected for the purpose in June 1973 at its lowest quoted rate of Rs. 130 per quintal. According to the agreement executed with the firm, orders for the supply were to be placed separately and supplies made immediately thereafter; in case of failure to complete the supply the department could proceed to purchase the undelivered quantity at the risk and cost of the firm. Between July 1973 and January 1974 orders for the supply of 350 quintals of fishmeal were placed with the firm against which it supplied 213 quintals by the end of March 1974.

Tenders for supply of about 1,000 quintals of fishmeal during 1974-75 were received on 27th April 1974. On the 10th May 1974, the purchase board of the department selected firm 'B' as the approved supplier for 1974-75 at its lowest quoted rate of Rs.251.32 per quintal. It also recommended that purchase from firm 'A' could be made at its quoted rate of Rs.260 per quintal at the risk and cost of firm 'B' if that firm defaulted in supplying the ordered quantities in time. The following table indicates the quantities ordered during 1974-75 and the supplies received against those orders.

Period	Quantity ordered		Quantity supplied	
	Firm 'A'	Firm 'B'	Firm 'A'	Firm 'B'
May-October 1974	440	600	398	613
March 1975	500	400	566	411

The following irregularities were noticed in regard to these purchases :—

(a) Though firm 'A' defaulted in supplying the ordered quantity during 1973-74, no action was taken to purchase the quantity short supplied (137 quintals) at the risk and cost of the firm as envisaged in the agreement. The mill had only 174 kilogrammes of fishmeal in stock on the 31st March 1974.

Of the quantity purchased from firm 'A' during 1974-75, 40 quintals of fishmeal were purchased at Rs.260 per quintal on 2nd May 1974, *i.e.*, even before the finalisation of the tender for 1974-75 by the purchase board. This purchase from firm 'A' which had defaulted in the contract for 1973-74 resulted in an extra expenditure of Rs.5,200 on the basis of the rate in force for 1973-74 contract.

(b) Against the approximate tendered requirement of 1,000 quintals for 1974-75 the department purchased 1,988 quintals of which 82 quintals were received in April 1975. The actual consumption during the year was 607 quintals. The closing balance in stock on the 31st March 1975 was 1,301 quintals; this represented accumulation of more than two years' requirements at the level of consumption for 1974-75.

By October 1974, the mill had already procured 1,011 quintals of fishmeal. There was thus no immediate need for further purchase of fishmeal in March 1975. Purchase orders were, however, placed for 900 quintals in March 1975 by the Director of Animal Husbandry and Veterinary even though the Manager of the mill had reported that the stocks with the mill were adequate. Purchase of fishmeal in March 1975 when there was no immediate requirement (consumption between April and October 1975: 230 quintals) for the same resulted in an extra expenditure of Rs.1.15 lakhs compared to the approved rate of firm 'A' (Rs.149 per quintal) for 1975-76 finalised in August 1975.

(ii) Purchase of til oil cake

The approved supplier for the annual requirements of til oil cake for 1972-73 was firm 'A' (referred to at (i) above) at its lowest quoted rate of Rs.76 per quintal. Against the estimated annual requirements of 300 quintals, orders for 80 quintals were placed on the firm during 1972-73 against which 51.25 quintals were supplied.

The annual tender for 1973-74 for supply of about 500 quintals of til oil cake was opened on 30th April 1973 and finalised on 12th June 1973. Firm 'C' at its lowest quoted rate of Rs.118 per quintal was selected as the approved supplier and an order for 100 quintals was placed on the firm in July 1973. No supply was received from firm 'C' and fresh tenders were invited in August 1973. Eight quotations were received against this notice and the purchase board selected (August 1973) firm 'D' as the approved supplier at its lowest quoted rate of Rs.145 per quintal received against this notice; 1,139.50 quintals were purchased from firm 'D' during that year.

The annual tender for 1974-75 (approximate requirement: 1,000 quintals) was finalised by the purchase board on 10th May 1974 and firm 'A' was selected as the approved supplier for the year at its quoted rate of Rs.142 per quintal. The mill purchased 936 quintals of til oil cake from this firm during 1974-75. It also purchased 504.81 quintals from firm 'E' which had tendered the rate of Rs.141 per quintal but had reduced it to Rs.130.40 per quintal on 21st May 1974.

The following points were noticed in these purchases:—

(a) During 1972-73 no action was taken to purchase the quantity short supplied by firm 'A' at its risk and cost as permissible under the agreement with that firm.

(b) During 1973-74, firm 'C' did not supply the ordered quantity of 100 quintals placed on it in July 1973 and did not also indicate any reason for its default. Action taken to enforce the supply or to purchase the annual requirements at the risk and cost of the firm was not on record. This necessitated another invitation of tender and a further selection of approved supplier at Rs.145 per quintal which resulted in extra expenditure of Rs.0.31 lakh for 1,139.50 quintals purchased during 1973-74.

(c) The mill had 804.65 quintals of til oil cake in stock on 1st April 1974. The approximate annual requirements for 1974-75 were 1,000 quintals and the actual consumption in that year was 1,022 quintals. Purchase of 1,440.81 quintals in 1974-75 was thus much in excess of actual requirements and resulted in a stock of 1,223.46 quintals of til oil cake (about a year's requirements at the level of consumption for 1974-75) on 31st March 1975. The approved rate for 1975-76 was Rs.121 per quintal. Excessive purchase in 1974-75 thus resulted in substantial extra expenditure, when compared with the rate for 1975-76.

(iii) Irregularities in maintenance of cash book

A general examination (November 1975) of the cash book maintained by the mill brought out the following defects and deficiencies :—

(a) The cash book was not closed regularly. The cash book for the period from 3rd January to 5th February 1975 was not signed by the Manager.

(b) There was no indication in the cash book regarding physical verification of the cash balance having been done by the Manager after 30th October 1974 till 6th November 1975.

(c) The monthly closing balances were not analysed since inception (1968-69).

(d) A large amount out of sale proceeds was retained in hand and there was considerable delay in depositing the sale proceeds into the treasury. The amount of sale proceeds retained in hand at the close of the months from March 1973 to March 1975 varied from Rs.0.45 lakh to Rs.1.54 lakhs.

Further, a sum of Rs.449.52 out of receipts between 1st May 1973 and 12th March 1974 was not accounted for in the cash book (November 1975).

(iv) Misappropriation

The Manager conducted physical verification of the cash balance on the 7th November 1975. The verification disclosed shortage of Rs.0.81 lakh (balance as per cash book : Rs.0.88 lakh; actual cash : Rs.0.07 lakh).

The Manager informed Audit on 12th November 1975 that the shortage was made good by the Accountant and the Cashier.

(v) Receipt books

The stock register of receipt books was not written up from December 1974. Receipts were issued by the Accountant and/or the Cashier. None of them had furnished any security deposit for handling cash.

(vi) Loss of stock materials

Annual physical verification of stock of processed feed, feed ingredients and feed supplements was not conducted since inception in 1968-69 till July 1975. The book balances were, however, arbitrarily reduced by Rs.0.31 lakh on account of handling and storage losses for which no norms were prescribed (May 1976). Physical verification of stock conducted by the Manager on 25th August 1975 disclosed that 775 quintals of feed ingredients valued at Rs.1.28 lakhs were short ; these represented about 2 per cent of the stock handled.

A check of the stock ledger of feed ingredients disclosed that the issues of maize, til oil cake, mustard oil cake and groundnut cake during 1973-74 to 1974-75 were shown in excess of the actual issues by 4 per cent (Rs.0.25 lakh) on account of probable crushing loss. This practice was followed from the year 1973-74. Prior to that no such probable crushing loss was shown in the stock ledger. No authority for following this practice was available.

(vii) The mill was entrusted with implementation of the applied nutrition programme and a scheme under the half-a-million jobs programme. The applied nutrition programme provided for setting up of a few individual and village poultry units. The funds provided for free supply of birds and feed to such poultry units were drawn by the Block Development Officers and paid in advance to the mill. No regular and systematic accounts of such advances and the supply made against each such advance were maintained. Similarly the scheme under the half-a-million jobs programme for the educated unemployed youths also provided for setting up of some poultry units by the unemployed youths who were to be supplied with birds and feed initially free of cost. Rupees 3.83 lakhs being the cost of feed and birds required for the purpose were drawn by the Director of Animal Husbandry and Veterinary and paid to the mill which kept the same in a call deposit account with a bank. Out of this, Rs.0.88 lakh were deposited into the treasury on account of the cost of feed supplied from time to time but the transactions were not accounted for in the cash book.

Government stated (March 1976) that a thorough enquiry was being conducted to take steps against officers who were responsible for these irregularities and also to correct the system.

3.2 Poultry development

A poultry farm was established at Tura (Garo Hills) in 1952-53. Four more poultry farms were added in 1964-65 (Bhoi and Upper Shillong), 1969-70 (Jowai) and 1970-71 (Mawryngkneng). Five schemes for poultry development were taken up during the Fourth Plan period (1969-74). The objects of the schemes taken up were :—

(i) to improve the local breeds by their progressive substitution by exotic varieties.

(ii) to encourage poultry rearing as a subsidiary occupation for improving the economic condition of the rural people, and

(iii) to increase the egg and meat production for sale to the public.

Details of the schemes taken up and the expenditure thereon during the Fourth Five Year Plan (1969-74) are given below :—

Name of the scheme	Provision (in lakhs of rupees)	Expenditure
1. Expansion of poultry farm and hatchery	24.45	25.27
2. Establishment of poultry farms	5.00	3.07
3. Distribution of poultry units	1.86	1.23
4. Distribution of chick units	1.05	0.30
5. Research and training facilities	2.43	1.60
Total	34.79	31.47

A test check of the accounts and records of the expenditure was undertaken by Audit in July 1975. Points noticed are mentioned in the succeeding paragraphs.

(i) Working results

All the five farms incurred losses during all the years (except the Tura Farm for 3 years from 1969-70 to 1971-72). Yearwise running expenses, revenue realised and losses are given below :—

Year	Running expenses	Revenue realised (in lakhs of rupees)	Loss
1969-70	1.97	1.41	0.56
1970-71	2.91	1.92	0.99
1971-72	2.07	1.71	0.36
1972-73	2.88	1.52	1.36
1973-74	4.81	1.82	2.99
1974-75	6.42	1.75	4.67
Total :	21.06	10.13	10.93

The losses were attributed by Government (June 1976) mainly to dearth of technically qualified staff to supervise the day-to-day working of the farms, maintenance of birds below the level of economic units and fixation of prices of chicks and eggs at a low level to serve the public.

(ii) According to the Joint Director of Animal Husbandry and Veterinary (April 1976), the exotic variety of birds, which were maintained at the farms, were expected to produce 150 to 180 eggs per layer per annum as against the average of 60 to 80 eggs per layer per annum by birds of indigenous variety. Government stated (June 1976) that further studies would be needed to determine norms in this respect. The average production of eggs per layer per annum in the farms was, however, as under :—

Location of the farm and year	Average number of layers maintained	Average number of eggs produced per layer per annum
Bhoi		
1969-70	599	141
1970-71	409	168
1971-72	723	196
1972-73	461	161
1973-74	1,108	355
1974-75	961	246
Upper Shillong		
1969-70	371	96
1970-71	179	94
1971-72	270	97
1972-73	357	93
1973-74	577	10
1974-75	521	56
Tura		
1969-70	341	81
1970-71	236	109
1971-72	453	100
1972-73	362	87
1973-74	445	57
1974-75	782	66

Location of the farm and year	Average number of layers maintained	Average number of eggs produced per layer per annum
Jowai		
1969-70	116	129
1970-71	184	33
1971-72	527	82
1972-73	496	57
1973-74	415	82
1974-75	386	109
Mawryngkneng		
1970-71	Nil	...
1971-72	Nil	...
1972-73	Nil	...
1973-74	550	30
1974-75	368	67

(iii) **Hatching results**

Facility for hatching eggs by mechanical means existed only in the Bhoi Farm. According to the department, expected return through mechanical hatching is 60 to 70 per cent specially in winter ; for Bhoi Farm this can be taken as normal since winter conditions prevail in that area throughout the year. Against the expected return of 60 to 70 per cent chicks through mechanical hatching, achievement of the Bhoi Farm was not upto the expectation, except in 1972-73, as shown below :—

Year	Number of eggs set for hatching	Number of chicks obtained	Percentage of successful hatching
1979-70	41,644	19,222	46
1970-71	36,976	16,218	44
1971-72	56,473	33,175	59
1972-73	17,446	13,127	75
1973-74	49,547	17,654	36
1974-75	25,351	11,880	47

The low percentage was attributed by Government (June 1976) to frequent failure of electricity.

(iv) Mortality rate

According to the department the permissible mortality of chicks due to natural causes is 20 per cent on an average. The actual mortality rates in the farms fluctuated widely over the last six years, between 6.82 and 57.08 per cent, as indicated below:—

Percentage of mortality.—

Year	Bhoi farm	Upper Shillong farm	Tura farm	Jowai farm	Mawryngkneng farm
1969-70	26.55	42.56	8.36	26.00	...
1970-71	23.53	36.84	10.27	14.08	...
1971-72	34.27	16.65	10.90	14.78	...
1972-73	37.79	30.69	8.36	13.95	...
1973-74	6.82	44.73	7.37	27.74	16.73
1974-75	57.08	32.38	6.82	24.93	23.85

Compared to the Tura farm, mortality rate in all other farms was generally high. This was attributed (June 1976) by Government to climatic changes, killing by rats, diseases, etc., and also to higher mortality of young chicks in Bhoi, Jowai and Mawryngkneng farms due to frequent failure of electricity.

(v) Research and training facilities

Two hundred and four farmers were given training at the Bhoi farm in poultry management between 1969-70 and 1974-75.

Government stated (June 1976) that many of the farmers trained have taken up poultry farming as a regular or part-time vocation.

(vi) Other points

Government sanctioned in February 1974 a scheme for establishment of chick rearing farms at Jowai and Tura as a part of advance action for the Fifth Five Year Plan (1974-79) at a cost of Rs.2 lakhs. This included Rs.43,000 for purchase of one incubator (Rs.16,000) and one generator (Rs.27,000) during 1973-74 for the chick rearing farm at Jowai. In anticipation of formal sanction to the purchases from the Director of Animal Husbandry and Veterinary, the District Animal Husbandry and Veterinary Officer, Jowai,

drew Rs.43,000 on 28th March 1974 and paid Rs.16,000 to a supplier on the same date for supply of one incubator. The balance amount of Rs.27,000 was refunded into the treasury in August 1975. The incubator was lying idle as the generator had not been purchased (June 1976). Government stated (June 1976) that the generator was not purchased because of increase in prices.

Border Area Development Department

3.3 Border Area Development Programme

Soon after formation of Meghalaya in April 1970, Government undertook a border area development programme to secure all-round development of border areas, development of new markets for products produced in these areas and for supply of essential commodities to people living therein. This was in addition to other developmental works taken up in these areas. The following table shows the border area development schemes undertaken under the various sectoral heads along with expenditure thereon during 1970-71 to 1974-75.

Name of department/schemes	Budget provision	Expenditure
	(in lakhs of rupees)	
A. AGRICULTURE—		
(a) Horticulture development	4.23	2.42
(b) Supply of power tillers	4.94	5.16
(c) Minor irrigation	3.15	3.60
(d) Land reclamation	0.30	0.30
(e) Intensive agricultural programme	1.10	1.04
(f) Border areas marketing scheme	10.28	10.03
B. ANIMAL HUSBANDRY	9.08	9.02
C. PUBLIC HEALTH ENGINEERING—		
Water supply	9.30	8.49
D. EDUCATION	12.60	10.01
E. SOIL CONSERVATION	4.51	4.03
F. PUBLIC WORKS DEPARTMENT—		
Construction of roads	19.50	16.88
G. CO-OPERATION	5.37	5.37
H. MEDICAL	1.25	1.25
I. SMALL SCALE AND COTTAGE INDUSTRIES—		
Grants	0.80	0.80
J. FISHERIES	1.30	1.30
Total	87.71	79.70

Some points noticed during test check (June 1975) of accounts and records of the schemes in the concerned offices are detailed below:—

(i) Horticulture development

The scheme aimed at purchase and distribution of coconut seedlings, sugarcane setts, grafts, fruit plants like orange, etc., at subsidised rates varying between 50 and 75 per cent of the cost. Seedlings, plants, etc., were purchased by the District Agricultural Officers and distributed to the cultivators or actual users through the Block Development Officers. Out of the seedlings and plants, etc., purchased, a considerable quantity remained undistributed (May 1975) as indicated below:—

Year	Value of seedlings, plants, etc., purchased	Value of seedlings, plants, etc., lying undistributed
	(in lakhs of rupees)	
1970-71	0.06	0.01
1971-72	0.01	0.01
1972-73	2.10	0.23
1973-74	1.09	0.99
1974-75	0.72	0.22
	3.98	1.46

The Director of Agriculture had instructed (July 1974) the District Agricultural Officers that plants and grafts should not be purchased unless requisitions indicating requirements were received from the Block Development Officers. Purchases were, however, made without obtaining requisitions from the Block Development Officers.

The Meghalaya Grant of Subsidy (Cultivators and Agricultural Producers) Rules, 1972, and the relevant instructions issued earlier, do not envisage sale on credit; nevertheless, seedlings, plants and grafts valuing Rs. 0.40 lakh were sold on credit between 1970-71 and 1973-74. No recovery against these credit sales had been made (November 1975).

(ii) Supply of power tillers

The scheme aimed at provision of power tillers to cultivators on hire for increasing food production. From 1974-75, the scheme also covered sale of power tillers to cultivators in border areas at 50 per cent subsidised cost. During 1970-71 to

1973-74, 12 power tillers (cost: Rs. 1.56 lakhs) were purchased. These were neither sold nor let on hire. Despite availability of the above power tillers, 16 more power tillers were purchased during 1974-75 at a cost of Rs. 3.60 lakhs. These new tillers also remained unsold; these were also not used otherwise (April 1976).

(iii) Minor irrigation

The scheme envisaged assistance in the shape of subsidy upto Rs. 300 per acre for providing irrigation facilities through construction of channels, sausage/check dams, gully plugging of streams, etc., by the beneficiaries themselves. From 1974-75, diesel pumps were proposed to be installed departmentally in selected compact areas where gravity flow irrigation was not feasible. Construction of low-head dams and storage dams was to be undertaken in addition to installation of diesel pumps. The following table shows the yearwise amount of subsidy paid and the target of irrigation during the years 1970-71 to 1973-74 :—

Year	Amount disbursed (in lakhs of rupees)	Target of area to be irrigated (in acres)
1970-71	0.30	286
1971-72	0.26	300
1972-73	0.50	372
1973-74	0.35	350
	1.41	1,308

Details of the benefit from the additional irrigation facility, if any, that accrued were not available with the department. During 1974-75, 24 power pumps were purchased at a cost of Rs. 1.49 lakhs; these were not put to any use (November 1975).

(iv) Intensive agricultural programme

The intensive agricultural programme undertaken during 1972-73 covered purchase of paddy, wheat and maize seeds, fertilizers, pesticides, etc., for use in compact areas under expert supervision to demonstrate to the cultivators the benefits therefrom.

Details of the quantity of seeds, pesticides, etc., purchased in the districts for this purpose are given below :—

Nature of article	Quantity (in quintals)	Amount (in lakh rupees)	Month of purchase
Khasi Hills			
Potato seeds	97.13	0.09	March 1973
Paddy seeds	100.00	0.10	March 1973
Pesticides	3.00 130 litres	} 0.10	March 1973
Fruit plants, grafts, etc.	Not available.			0.15	March 1973
Jaintia Hills			
Paddy seeds	40.00	} 0.11	March 1973
Maize seeds	10.00		
Wheat seeds	18.20		
Fertilisers	Not available	0.06	March 1973
Garo Hills			
Paddy seeds	42.57	0.05	March 1973
Wheat seeds	150.00	0.38	September 1973

The department was unable to give information about areas selected for demonstration and the number of demonstrations actually held in selected plots (May 1976).

Pesticides and fruit plants and grafts valuing Rs. 0.10 lakh and 0.15 lakh respectively (purchased in March 1973) were remaining unutilised at the time of audit (June 1975).

(v) Animal Husbandry

A scheme of piggery development was undertaken in all the three districts under the border area development programme. The scheme envisaged supply of piggery units (each consisting of one improved variety boar and two local variety sows) as well as feed and medicines to farmers living in these areas at 75 per cent subsidised rates. The subsidised price was to be paid in cash by the beneficiaries. In 1973-74, the scheme was modified treating the subsidised price as loan repayable by the beneficiary in kind by delivering three piglets against one boar and two sows supplied.

The points noticed were as under :—

(a) In January 1974, the District Animal Husbandry and Veterinary Officer, Garo Hills, invited tenders for supply of 332 units, each consisting of one boar and two sows, and recommended (February 1974) acceptance of the lowest tendered rate of Rs.215 per unit. The purchase board of the Animal Husbandry and Veterinary Department accepted (March 1974) the lowest rate but also recommended purchase being made at higher rates varving between Rs.271 and Rs.290 per unit (for different delivery points) in case the lowest tenderer failed to supply at his quoted rate. After receipt of the supply order (March 1974), the lowest tenderer declined to supply the units on grounds of increase in cost owing to increase in prices of fodder, transport, etc. The District Animal Husbandry and Veterinary Officer thereupon allowed him to withdraw his tender and also placed a fresh order on him at the rates quoted by the second lowest tenderer for different delivery points. The supply (cost: Rs 0.93 lakh) was completed in June 1974. This entailed extra expenditure of Rs.0.22 lakh with reference to the rate of Rs.215 per unit originally tendered by him.

(b) In response to a tender enquiry (February 1974) for supply of 1,148 rolls (each containing 201 running metres) of barbed wire for use as fencing materials, nine offers were received by the District Animal Husbandry and Veterinary Officer, Garo Hills. Even though the total value of the tender (Rupees one lakh at the lowest tendered rate) was more than Rs.0.30 lakh and required approval of the purchase board the said Officer asked (April 1974) the third lowest tenderer to supply the barbed wire at the rate quoted by the second lowest tenderer (value: Rs.1.55 lakhs). This tenderer was also allowed $7\frac{1}{2}$ per cent premium on the ground that he belonged to a scheduled tribe, though this concession was admissible in contracts upto the ceiling limit of Rs.0.50 lakh only. The supply was completed in April 1974.

(c) In March 1971, the Director of Animal Husbandry drew Rs.0.20 lakh for purchasing boars; this amount was, however, not entered in his cash book. Of this, Rs.4,000 were reportedly handed over (January 1974) to the District Animal Husbandry and Veterinary Officer, Jaintia Hills, but receipt of the same was not entered in the cash book of the latter officer. There was no indication of the method of utilisation of the balance amount of Rs.0.16 lakh which had also not been refunded into the treasury by the Director of Animal Husbandry (April 1976).

(d) The District Animal Husbandry and Veterinary Officer, Garo Hills, drew Rs.3.28 lakhs in March 1974 for purchase and distribution of piggery units, medicines, etc. He spent Rs.2.54 lakhs on purchase of piggery units and barbed wire in March/April 1974. The balance of Rs.0.74 lakh was refunded by him into the treasury in August 1974 (Rs.0.53 lakh) and March 1975 (Rs.0.21 lakh).

(e) In March 1975, the Director of Animal Husbandry and Veterinary drew Rs.5 lakhs for expenditure on this scheme. This was, however, neither utilised nor refunded into the treasury (May 1976).

(vi) **Education**

The scheme taken up in 1973-74 provided for financial assistance including free distribution of text books to needy students of the border areas studying in recognised schools and colleges. During 1973-74 and 1974-75, 9,223 students were extended these benefits.

In March 1975, Rs.1.24 lakhs were drawn by the Inspector of Schools, Garo Hills, for disbursement of financial assistance to school students. In the same month Rs.1.24 lakhs were drawn by the Deputy Inspector of Schools, Garo Hills, for the same purpose and against the same sanction. The second drawal of Rs.1.24 lakhs was refunded into the treasury in September 1975.

These observations were referred to the Government in October 1975; final reply is awaited (July 1976).

Education/Appointment/Health Departments

3.4 Irregularities in maintenance of cash book

The financial rules of Government require that transactions occurring in each day in an office should be entered in the cash book and each individual entry in the cash book should be attested by the Drawing Officer. The cash book should be closed and signed by him on each day. The cash balance is also to be physically verified and a certificate showing the results of physical verification is required to be recorded by the Drawing Officer at the end of each month.

A test check in four offices indicated as under :—

(a) In the cash book maintained by the Inspector of Schools, Khasi Hills, there was no record of any transaction of receipts or payments after 14th January 1974 upto the date of audit (17th July 1974) even though the bill register disclosed that Rs.7,04,223.77 were received by him from the treasury from 15th January to 17th July 1974.

(b) The drawal and disbursement of Rs.3,127.56 by the Inspector of Schools, Khasi Hills, on 22nd December 1973 to the teachers were not passed through the cash book.

(c) The Principal, Tura Government College, kept undisbursed cash in a separate account with the State Bank of India, Tura, without any authority for keeping it outside Government account. The balance of the bank account as on 30th June 1974 was Rs.2.03 lakhs.

(d) The entries in the cash book of the Deputy Commissioner, Khasi Hills were not attested by the Drawing Officer and certificate of physical verification was also not recorded in any month between July 1973 and June 1974.

(e) The cash balance (Rs.1,46,151.42) of the Deputy Commissioner, Khasi Hills at the close of July 1974 comprised even amounts drawn but not disbursed since 1969-70; of these, Rs.25,211.74 have since been reportedly (May 1976) disbursed between August 1974 and January 1976 and Rs.1,15,670.45 refunded into the treasury in January 1976. The balance of Rs.5,269.23 was still being retained in hand (May 1976).

(f) The Director of Health Services recorded a disbursement of Rs.7,639.55 in the cash book on 1st February 1973 even though actual disbursement amounted to Rs.6,639.55. The mistake was detected in August 1973 and the amount refunded into the treasury (September 1973).

The matter was referred to Government in December 1975 ; final reply is awaited (July 1976).

*Health Department***3.5 Retention of heavy cash balance**

According to the rules, money should not be drawn from the treasury unless required for immediate disbursement. A test check (May 1975) disclosed that the Civil Surgeon, Tura, retained heavy balance of cash in hand as under:

End of	Amount
	Rs.
October 1974	2,36,637
November 1974	2,56,683
December 1974	1,91,501
January 1975	2,49,163
February 1975	2,88,982
March 1975	9,60,092

Other irregularities noticed in connection with handling of cash are given below.

(a) Analysis of closing cash balances was not done for any of the months between May 1974 and April 1975.

(b) The balance of cash had not been physically verified and the result of verification was not recorded in the cash book for any of the months between May 1974 and April 1975.

(c) Rupees 6,084 drawn from the treasury on 2nd August 1974 were not entered on the receipt side of the cash book. In the absence of physical verification of cash, it could not be verified whether the amount was correspondingly found surplus in the cash chest.

(d) On 3rd and 10th May 1974, total payments of Rs.23,837 and Rs.4,892 were recorded against actual payments of Rs.24,104 and Rs.8,492 respectively on these dates.

The matter was reported to Government in December 1975 ; reply is awaited (July 1976).

*Finance Department***3.6 Misappropriation, losses, etc.**

The cases of misappropriations, losses, etc., of Government money reported to Audit upto March 1975 and on which final action was pending at the end of May 1976 were as follows:—

	Number	Amount (in lakhs of rupees)
Cases reported upto March 1975 but pending finalisation at the end of May 1976	2	0.04
Cases pertaining to Meghalaya transferred from Assam	6	0.23
Cases outstanding at the end of May 1976	8	0.27

The cases were remaining unsettled for the following period:—

	Number	Amount (in lakhs of rupees)
(i) Over five years (oldest since 1957-58)	6	0.23
(ii) Upto three years	2	0.04

The reasons for the cases remaining outstanding were as under:—

	Number	Amount (in lakhs of rupees)
(i) Cases in which departmental proceedings have been started but not finalised	5	0.12
(ii) Cases in the courts of law	2	0.12
(iii) Cases awaiting orders for recovery or write off	1	0.03

Department-wise analysis of the outstanding cases is given in Appendix III (Page 109).

CHAPTER IV

WORKS EXPENDITURE

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

In January 1971, the Superintending Engineer, Tura Circle, entrusted the work "Construction of 160 feet span bridge with built-up girder on open foundation at 4/2 kilometres of Rongramgiri-Simsanggiri-Nangalbibra road" (estimated cost:Rs.2.50 lakhs) to contractor 'A' at 14 per cent above the schedule of rates for 1967-68. While according technical sanction (June 1971), the Chief Engineer decided to construct 3 shallow wells for the foundation of the bridge instead of open foundation as originally proposed. Due to this change in design, contractor 'A' did not start work on the basis of the work order of January 1971 without the rates being settled for well foundation, which item of work had not been provided for either in the schedule of rates for 1967-68 or in the work order.

In February 1972, the Superintending Engineer invited fresh tenders for the construction of the bridge with well foundation without, however, cancelling the work order issued in January 1971. Contractor 'A' did not tender this time. Of the two tenders received (opened on 14th March 1972), the lower was from contractor 'B' who had quoted Rs.2,000 per running metre for well foundation; for all other items the rates quoted by him worked out to 10 per cent above the schedule of rates for 1967-68.

Subsequently (15th March 1972), contractor 'B' indicated that his rate of Rs.2,000 for well foundations was to be treated as for labour only. These two tenders were not considered and, instead, a supplementary agreement for the item of well foundations was executed (July 1972) with contractor 'A' stipulating the rate of Rs. 2,000 per running metre. A footnote in the supplementary agreement indicated that the rate of Rs. 2,000 per running metre was for cost of labour only. The Superintending Engineer, Tura Circle, stated (September 1974) that the tenders received in March 1972 were not considered as contractor 'A' had already incurred certain liability in connection with the construction of the bridge and had served a

pleader's notice for filing a suit for compensation, if he was not given the work. The extent of Government's contractual liability in the event of termination of the contract with contractor 'A' was not stated.

The work was completed in May 1975. Award of work to contractor 'A' resulted in extra expenditure of Rs. 0.06 lakh computed with reference to the the rates of contractor 'B'. It was also noticed in audit that 14 per cent increase was allowed on the labour rate for well foundations also even though the supplementary agreement (July 1972) with contractor 'A' did not provide for such increase. The extra expenditure due to this was Rs. 0.04 lakh.

The notice inviting tenders (February 1972) mentioned Rs.17 per bag and Rs. 112 per quintal as the rates of recovery for departmental supply of cement and steel respectively. The work had been awarded (January 1971) to contractor 'A' with the rates of recovery for departmental supply of cement and steel as Rs. 13 per bag of cement and Rs. 94 per quintal of steel respectively. Had the contract been executed with any of the tenderers who quoted in March 1972, there would have been a saving of Rs.0.12 lakh in respect of 2,029 bags of cement and 221 quintals of steel issued by the division for the work to contractor 'A'.

The rules provide that ordinarily a contract for a work should not be executed or no liability be incurred on a work before a work is technically sanctioned. The work was awarded in this case before it was technically sanctioned and thus entailed extra expenditure of Rs. 0.18 lakh.

The matter was referred to Government in January 1976; final reply is awaited (July 1976).

4.2 Avoidable expenditure

In April 1974, the Executive Engineer, North Jowai Division invited tenders for carriage of materials (cement, bitumen, etc.) during 1974-75. Though the tender was closed on 23rd April 1974 and the lowest rate obtained was 5 paise per quintal per kilometre, the agreement with the lowest tenderer was finalised in August 1974 only. Pending finalisation of the rate for carriage contract for 1974-75, 4,060 quintals of cement were carried over 128 kilometres at 8 paise per quintal per kilometre, which was the rate for 1973-74. The delay resulted in extra expenditure of Rs.0.16 lakh.

The matter was referred to Government in January 1976 ; final reply is awaited (July 1976).

4.3 Extra expenditure

In May 1972, the Chief Engineer invited tenders for supply of stationery and allied articles during 1972-73. The notice inviting tenders stipulated that the rates quoted should be inclusive of all taxes and delivery charges upto the consumer's end. The quotations received did not stipulate that the rates quoted were exclusive of local taxes. Orders (June 1972) for supply of articles at the accepted rates, however, specifically mentioned that the rates were exclusive of taxes. This entailed extra payment to the contractors for sales tax amounting to Rs.0.19 lakh for purchase of stationery articles valuing Rs.3.26 lakhs during 1972-73.

Government stated (February 1976) that the matter was under investigation.

4.4 Undue financial benefit to suppliers

Test check (May 1975) of the accounts of the Mechanical Division, Shillong, disclosed the following:—

- (i) The Additional Chief Engineer placed an order with a Calcutta firm in July 1974 for supply of 10 granulators to the division at Rs.0.57 lakh each. According to the terms of payment, 95 per cent of the value of the granulators was to be paid on receipt of proof of despatch through the State Bank of India and the balance was to be paid on receipt of granulators by the division. The Executive Engineer paid Rs.2.23 lakhs to the State Bank of India in January 1975 against despatch documents. On receipt of the despatch documents, it was found that the supplier had consigned the granulators to himself and had despatched these to Shalimar (West Bengal). On 4th January 1975, the firm informed the Executive Engineer that its representative would collect the despatch documents and re-book the granulators to New Gauhati. The despatch documents were handed over to the representative of the firm by the Executive Engineer on 23rd January 1975. The granulators were received by the division in March/April 1975.

(ii) The Additional Chief Engineer placed on 22nd February 1975 an order on a Shillong firm for supply of 2 water tankers fabricated on T. M. B. chassis, to the division for Rs.4.07 lakhs (exclusive of sales tax). Ninety per cent cost was to be paid against despatch documents and the balance ten per cent against delivery of the water tankers in good condition. On the basis of documents furnished by the firm showing despatch of chassis of water tankers from Delhi on 3rd March 1975, the Additional Chief Engineer authorised (8th March 1975) the Executive Engineer to make payment of Rs.2.04 lakhs for 2 chassis. Accordingly, Rs.2.04 lakhs were paid by the Executive Engineer to the firm in March 1975. The despatch documents furnished by the firm, however, indicated that the water tankers had been consigned not to the Executive Engineer but to the firm. Water tankers were actually received by the division in October 1975 and January 1976 respectively and further payments of Rs.1.08 lakhs and Rs.1.33 lakhs (inclusive of sales tax) were made in November 1975 and January 1976 respectively.

(iii) The Additional Chief Engineer placed orders on a Jamshedpur firm on 12th July 1974 for supply of 16 truck chassis to the division. The supply was to be made through a Shillong firm (agents of the Jamshedpur firm) and payment was to be made after inspection of the chassis by the Motor Vehicle Inspector. Rupees 13.25 lakhs were paid to the Shillong firm in September 1974 on the basis of *pro forma* invoices submitted by it. Eight chassis were delivered in November 1974, 4 in January 1975 and 4 in April 1975. The chassis were not inspected by the Motor Vehicle Inspector after delivery.

The Additional Chief Engineer also placed another order in July 1974 for supply of 3 truck chassis on another firm through its agents at Shillong. The full value of the chassis (Rs.2.78 lakhs) was paid in November 1974 on the basis of a *pro forma* invoice submitted by the agents. The chassis were actually received in February 1975.

The above cases were referred to Government in January 1976; final reply is awaited (July 1976).

4.5 Irregular and excess payments

During audit (September 1975) of the North Jowai Division, the following irregular payments aggregating Rs.0.11 lakh were noticed in respect of the work "Construction of Jongksha-Kharang-Diengting-Nongikrinh-Wahrajar Road" (10th KM to 21st KM).

- (a) The soil classifications for 1,179.65 cubic metres of earthwork in excavation originally recorded (March 1975) in the measurement books were revised without any authority or attestation. This resulted in extra payment of Rs.0.03 lakh.
- (b) Out of a total quantity of 8,336 cubic metres of earthwork in excavation recorded in the measurement books, evidence of 1,747 cubic metres of earthwork was not found during test check of measurements by the Executive Engineer between February 1975 and June 1975, before payment; payment for 7,064 cubic metres of earthwork was, however, made resulting in overpayment of Rs.0.07 lakh.
- (c) In June 1975, Rs.2,422 were paid to a contractor for 303 cubic metres of earthwork in hard rock though, according to the measurement book, the quantity actually executed was only 203 cubic metres. This resulted in overpayment of Rs.0.01 lakh.

Government stated (May 1976) that steps were being taken to effect recovery.

4.6 Extra/unauthorised expenditure

In contravention of specific orders (July 1974) of the Additional Chief Engineer not to go in for local purchase of galvanised iron pipes without his prior approval, the Executive Engineer, Nongstoin Division, purchased (March 1975) 4,080 metres of galvanised iron pipes (15 mm to 40 mm dia) costing Rs.1.25 lakhs. The notice inviting tenders was stated to have been placed on the notice boards of the offices of the Executive Engineer and the Sub-divisional Officers only. The rates obtained and paid ranged between Rs.25 and Rs.38.50 per metre for various sizes from 15 mm to 40 mm against the

Director General of Supplies and Disposals' approved rates of Rs.5.76 to Rs.16.08 per metre and the rates of Rs.12.50 to Rs.26.75 per metre paid by the Executive Engineer, Public Health Engineering (Hills) Division for local purchase of similar materials during the relevant period against a contract executed in March 1974 by the Chief Public Health Engineer. Till January 1976, only 1,252 metres, out of 4,080 metres of pipes purchased, were utilised.

Compared with the approved rates of the Director General of Supplies and Disposals/the rates paid by the Public Health Engineering Department for similar purchases, this purchase resulted in extra expenditure of Rs.0.82 lakh/Rs.0.46 lakh respectively.

Similarly, in March 1975, the Executive Engineer purchased tarpaulins, tents, kodalis, etc., costing Rs.0.96 lakh without any approval or sanction from competent authorities, the powers of the Executive Engineer for such purchases being limited to Rs.4,000 only. Against the rates of Rs.240 and Rs.800 each for tarpaulins and tents respectively paid by other divisions around the time, the Executive Engineer paid the rates of Rs. 615 and Rs.2,500 each respectively. For 30 tarpaulins and 4 tents purchased, there was thus extra expenditure of Rs. 0.18 lakh.

Government stated (May 1976) that the availability of the required diameters of pipes was intimated by the Sub-divisional Officer (Stores) much later to the Executive Engineer; the pipes were thus purchased locally for urgent works in hand as the materials under Director General of Supplies and Disposals rate contract were not readily available.

4.7 Construction of a road

Between October 1974 and March 1975, Government approved 8 works of construction/improvement of roads (Rs. 38.16 lakhs) under Barengapara Roads and Buildings Division on the basis of rough estimates submitted by the Chief Engineer. While according approvals, Government directed that the expenditure on these roads during 1974-75 should be limited to Rs. 10 lakhs and that no work should be started without submission of detailed estimates for it. Nevertheless, the Executive Engineer spent Rs. 15.36 lakhs on these works during 1974-75 without submission of detailed estimates.

While approving (October 1974) construction of a road from the 7th mile of Baghmara-Mahadeo road to Bulhway via Amforgiri for Rs. 9 lakhs, Government directed that the expenditure during 1974-75 should be limited to Rs. one lakh. The division spent Rs. 4.59 lakhs during 1974-75 and total of Rs. 5.40 lakhs upto August 1975 on the work. The detailed estimates for technical sanction were not submitted by the division to the Chief Engineer (May 1976).

The following points were also noticed during test check (September 1975) of accounts relating to the above road.

- (i) The length of the road as per rough estimates was 7 kilometres. It was, however, noticed that jungle clearance for 8.9 kilometres at Rs. 360 per kilometre was paid for.
- (ii) The rough estimate provided Rs. 4.44 lakhs for earthwork in formation. The division paid Rs. 5.04 lakhs for incomplete formation work even though it was allotted at 10 per cent below the schedule of rates. The division had not indicated the balance earthwork still to be done and also not investigated the excess over the estimate (May 1976). It was noticed that at certain points earthwork executed was six to thirteen times the sectional areas shown in the rough estimate.
- (iii) The rough estimate indicated that no road metal was available in the proposed alignment of the road and, therefore, road metal would have to be carried from 1st kilometre of Baghmara-Mahadeo road. Rupees 0.73 lakh had been provided in the estimate for road metal (Rs. 0.25 lakh for collection of 1,400 cubic metres and Rs. 0.48 lakh for carriage). The measurement books for the work indicated that earthwork in hard rock was actually executed. The contractors were paid for excavation of 6,344 cubic metres of hard rock. The rates for excavation of hard rock in the schedule of rates is inclusive of charge for stacking of serviceable material. It was, however, noticed that no collection of serviceable material was recorded in the measurement books. Non-utilisation of excavated hard rock resulted in extra expenditure on carriage as well as collection of hard rock.

- (iv) The rough estimate included Rs. 0.13 lakh for one residential quarter for the Sectional Officer. The work was allotted in January 1975 and completed in October 1975 at a total cost of Rs. 0.37 lakh.

The matter was referred to Government in December 1975 ; reply is awaited (July 1976).

4.8 Non-reconciliation of payments from/remittances into treasuries by the Public Works Divisions

The rules prescribe that the Public Works Divisional Officers should send to the Audit Office, along with their monthly accounts, (i) a schedule of cheques drawn by them duly supported by certificates of issues from the Treasury Officers and (ii) a schedule of remittances into treasuries supported by consolidated treasury receipts issued by the Treasury Officers. These documents are to be furnished to the Audit Office so that reconciliation can be effected (i) between the cheques drawn as shown in the accounts of the division and those shown as paid in the treasury accounts and (ii) between the remittances into treasury shown to have been made in the accounts of the division and those shown to have been credited in the treasury accounts.

Two hundred and fourteen certificates of issues and two hundred and eightyfour consolidated treasury receipts have not been received so far (May 1976) ; the year-wise details are given below :—

Year	Public Works		Public Health Engineering		Total	
	Certificates of issues due	Consolidated treasury receipts due	Certificates of issues due	Consolidated treasury receipts due	Certificates of issues due	Consolidate treasury receipts due
1970-71	...	12	...	...	...	12
1971-72	12	34	...	...	12	34
1972-73	14	37	...	...	14	37
1973-74	39	51	15	15	54	66
1974-75	94	95	40	40	134	135
	159	229	55	55	214	284

In the absence of the prescribed certificates of treasury issues and consolidated treasury receipts, it is not possible to verify whether all the cheques issued by the divisions for payment and all the receipts stated to have been deposited by them in the treasuries have been properly accounted for, and that no misappropriation/fraud has taken place.

Public Health Engineering Department

4.9 Undue financial benefit to contractors

In respect of sixteen works taken up in Rural Water Supply Division, Jowai, the contracted place for supply of materials (cement, mild steel rods, etc.) to the contractors was the departmental godown at Jowai or Shillong. The Executive Engineer, however, paid to the contractors carriage charges from the departmental godowns to the sites of the works amounting to Rs.0.11 lakh between January and August 1975 by insertion of a clause in the agreement unilaterally.

The matter was reported to Government in November 1975 ; final reply is awaited (July 1976).

Public Works Department/Public Health Engineering Department

4.10 Delay in adjustment of inter-divisional transactions

(a) From April 1967, a division rendering services or making supplies to another division is required to forward its claims monthly to the recipient division which has to settle the claims by cash payment through cheques/bank drafts within ten days. When claims remain unsettled for long, there is risk of misappropriation, fraud, etc., remaining undetected. The accounts of the Public Works and Public Health Engineering divisions indicated that a sum of Rs.76.15 lakhs remained outstanding under this suspense head at the end of 1974-75. Of this Rs.69.98 lakhs are still (May 1976) awaiting settlement. The year-wise break-up of the outstanding amount is indicated below:—

Year	Public Works Department		Public Health Engineering Department		Total	
	Number	Amount	Number	Amount (in lakhs of rupees)	Number	Amount
1967-68	6	0.15	...	...	6	0.15
1968-69	46	1.14	...	...	46	1.14
1969-70	89	9.00	...	...	89	9.00
1970-71	67	12.93	5	0.13	72	13.06
1971-72	77	5.79	10	1.02	87	6.81
1972-73	97	12.14	1	0.02	98	12.16
1973-74	58	6.42	...	...	58	6.42
1974-75	45	17.00	...	...	45	17.00
Details wanting	...	4.15	...	0.09	...	4.24
Total	485	68.72	16	1.26	501	69.98

Out of the total amount outstanding, Rs.24.75 lakhs relate to claims receivable from the Public Works and Public Health Engineering divisions of Assam including Rs.13.56 lakhs outstanding against the Jowai Badarpur Road Construction Division (closed from 3rd December 1971).

In March 1972, Government observed that the practice of making payment by cheque after receipt of the materials had not been working satisfactorily and instructed the Executive Engineers and Public Works Disbursing Officers to make pre-payment on the basis of priced vouchers for stores indented and proposed to be transferred. Despite such instruction from Government, the Public Works and Public Health Engineering divisions raised debits under cash settlement suspense account for Rs. 60.11 lakhs during 1st April 1972 to 31st March 1975. Of these, Rs. 35.58 lakhs had not been settled (October 1975). The year-wise break-up of the amount is below:—

Year	Total amount debited during April 1972 to March 1975		Amount outstanding at the end of October 1975	
	Public Works Department	Public Health Engineering Department	Public Works Department	Public Health Engineering Department
	(in lakhs of rupees)			
1972-73	0.05	26.89	0.02	12.14
1973-74	4.01	9.32	...	6.42
1974-75	1.50	18.34	...	17.00
Total	5.56	54.55	0.02	35.56
	60.11		35.58	

Such accumulation of heavy balance under the suspense head is due mainly to (i) non-observance of the prescribed time schedule for settlement of claims and (ii) return of the claims unaccepted instead of settling them in full and redebiting the amount of discrepancy thereafter as per the prescribed procedure.

A few instances noticed in the course of review of the outstanding balances are indicated below :—

- (i) Twentyseven claims for Rs. 5.19 lakhs received between July 1968 and January 1975 in the Tura South Division had not been settled (December 1975) on the grounds of non-completion of verification in the sub-divisional offices, non-receipt of connected vouchers, etc.
- (ii) The Executive Engineer, Tura North Division, took about 80 to 900 days in settling claims for Rs. 6.94 lakhs raised by Mawsynram Division. Details of such claims are indicated below :—

Claims raised on	Amount (in lakhs of rupees)	Date of payment
6th June 1972	0.49	15th November 1973
15th November 1972	3.21	14th July 1975
—do—	0.50	March 1973
6th March 1973	0.31	June 1973
—do—	0.38	October 1974
9th August 1973	2.05	14th July 1975

- (iii) Ten claims for Rs. 1.13 lakhs received from the Building Division, Shillong during November 1972 to June 1973 were returned unaccepted by the Executive Engineer, Shillong South Division, on the ground that a portion of the expenditure pertained to other divisions.

- (b) A scrutiny of the registers of claims received maintained by 4 divisions disclosed, *inter alia*, the following omissions, etc. :—

(i) Shillong South Division

One hundred and fifty-seven claims for Rs. 13.59 lakhs received from other divisions during June 1967 to September 1974 were not settled (May 1976). Of these, 42 claims for Rs. 4.51 lakhs

were returned to the originating divisions on the ground that the claims could not be verified for want of entries in the log books of the vehicles and machinery. Thirty claims for Rs. 2.59 lakhs were sent to the Sub-divisional Officers for verification between February 1968 and September 1975 ; reports on the results of verification and consequent settlement of claims were awaited (June 1976).

(ii) Building Division, Shillong*

Between July 1971 and February 1972, the Executive Engineer received claims for Rs.0.18 lakh from the Public Health Engineering (Hills) Division, Shillong, for internal water supply work done in a hired house. The claims were returned unaccepted on the ground that the work was done without any sanction and the expenditure was unauthorised. Of Rs.0.18 lakh, Rs.1,000 were for carriage of materials and labour charges for fitting the pipelines ; Rs.0.17 lakh represented cost of materials including storage charges of Rs.1,000. In May 1974, the Executive Engineer, Public Health Engineering (Hills) Division, informed the Chief Public Health Engineer that the materials had been dismantled. The dismantled materials remained yet to be accounted for (June 1976).

(iii) Shillong Division**

One hundred and seven claims for Rs.6.30 lakhs received from other divisions during September 1967 and October 1973 were outstanding (May 1976). All these claims were shown to have been sent to Sub-divisional Officers for verification after they were received ; reports about verification were awaited from them.

(iv) Mawsynram Division

Seven claims for Rs.2.97 lakhs received between June 1973 and January 1975 had not been adjusted pending verification by the Sub-divisional Officer, Mawsynram (May 1976).

*Renamed as Shillong Central Division from April 1975.

**Renamed as National Highway Division, Shillong from April 1975.

4.11. Miscellaneous public works advances

Rupees 121.79 lakhs were outstanding under Miscellaneous Public Works Advances (henceforth referred to as MPWA) on 31st March 1975. The division-wise and head-wise details of these outstandings in six of the 13 divisions were as follows:—

Division	Amounts outstanding under		
	Sales on credit	Losses, re-trenchment, errors, etc.	Other items
	(in lakhs of rupees)		
(1)	(2)	(3)	(4)
Shillong	0.06	0.53	3.85
Shillong South	0.12	0.02	12.49
Building	0.06	0.17	17.09
Mechanical	...	...	36.56
Mawsynram	...	...	5.31
Public Health Engineering (Hil's)	...	0.11	0.91
	0.78	0.83	76.21

A scrutiny of the outstanding items in these 6 divisions disclosed, *inter alia*, the following:—

(a) Shillong Division

(i) Value of materials sold on credit (Rs.0.09 lakh) to a Government undertaking (Rs.0.04 lakh), a private party (Rs.0.02 lakh) and Government officers (Rs.0.03 lakh) between July 1949 and March 1967 had not been recovered (May 1976).

(ii) Rupees 0.19 lakh representing value of materials lost/stolen from the site of work and debited to MPWA during March 1955 to July 1973 had not been adjusted (May 1976).

(iii) According to the rules, no charges should be debited to MPWA on the ground of absence or insufficiency of sanction or appropriation except in respect of expenditure incurred on deposit works in excess of deposits received. But expenditure amounting to Rs.0.13 lakh debited to MPWA during July 1957 to May 1970 for want of sanction, etc., was awaiting adjustment (May 1976). Besides, Rs.0.11 lakh paid as compensation for acquisition of a building debited to this head in February 1956 had not been adjusted (May 1976).

(iv) Advance payments for Rs.0.37 lakh to suppliers were debited to this suspense head during March 1967 to January 1975. The amount had not been transferred to final heads of account. According to the rules, such advances should have been initially debited to final heads of account and receipt of materials watched through contractors' ledger, register of works, etc.

(v) Value (Rs. 0.84 lakh) of 1,200 running feet of wire ropes and 150 drill rods issued to contractors from stores of the Dawki Sub-division and the Khliehriat Sub-division respectively was placed under MPWA in March 1972. The amount was still outstanding (May 1976) for want of documents indicating return of the materials or recovery of the value thereof.

(vi) In March 1972, Government had instructed the Executive Engineers to make advance payments for stores proposed to be transferred by one division to another. Rupees 0.59 lakh paid by the division in advance on this account during August 1972 to February 1975 were lying outstanding under MPWA ; Rs. 0.85 lakh, being the value of materials issued to other divisions during August 1972 to January 1975 before receipt of payment, were also outstanding (May 1976).

(vii) Expenditure incurred on acquisition of trucks as well as cost of repairs and running expenses were initially debited to MPWA and subsequently transferred to works, stock, etc., where the trucks might have been used, at a uniform rate on the basis of *pro forma* accounts prepared for this purpose. The register of MPWA indicated outstanding balances against 46 trucks acquired between June 1942 and March 1975. Out of 46 trucks, one was auctioned in December 1961 but the balance of Rs. 0.01 lakh against the truck sold was still outstanding. Of the remaining 45 trucks, only two trucks were in use in the division and two other trucks were lying

in the workshop of Mechanical Division. Four trucks were also lying in the office compound of the National Highway Division. The whereabouts of other trucks were not made available to Audit (May 1976).

(b) Shillong South Division

(i) Advance payments of Rs.10.81 lakhs debited to the suspense head during August 1964 to February 1975 instead of to the final heads of account to which these related were awaiting adjustment (May 1976). Of these, Rs.10.01 lakhs represented debits against certain other divisions and Rs.0.80 lakh were payments made to private firms during the period September 1972 to February 1975.

(ii) Debit balance of Rs. 1.61 lakhs and credit balance of Rs.0.29 lakh were lying outstanding under MPWA against 34 trucks. Of these, one had been transferred to the Shillong North Division, survey report had been prepared for another and fifteen were being used in the division. Information regarding the remaining seventeen trucks was not available (May 1976).

(iii) In September 1972, value (Rs.0.33 lakh) of fuel, spare parts for jeeps, roller, crusher, etc., shown as issued in the stock account of Cherapunji Sub-division for September 1972 was debited to MPWA. The amount had not been adjusted (May 1976).

(c) Building Division

Advance payments of Rs.41.37 lakhs made to private firms during 1974-75 were debited to MPWA instead of to the relevant final heads of account. Rupees 27.33 lakhs were, however, adjusted in 1974-75 and the remaining amount in 1975-76. Besides, Rs.2.55 lakhs paid (1974-75) in advance to other divisions for stores indented from them were also debited to this head and were awaiting adjustment (May 1976).

(d) Mechanical Division

(i) Funds were placed with the Executive Engineer, Mechanical Division, under MPWA for purchase of vehicles including one station wagon for the Superintending Engineer, Shillong Circle, and two trucks for the Superintending Engineer, Tura Circle. Rupees 18.05 lakhs debited to

MPWA for purchase of 29 vehicles during August 1969 to March 1975 were lying outstanding despite transfer of these vehicles to ten public works divisions and to the Superintending Engineers, Shillong and Tura Circles.

(ii) Advance payments for Rs.4.27 lakhs for purchase of road rollers and water tankers made between August 1972 and March 1975 and debited to MPWA instead of to the final head of account had not been adjusted (May 1976).

(c) Mawsynram Division

(i) In November 1966, the Executive Engineer, Shillong Division, raised debit for Rs.2 lakhs against Mawsynram Division as share of advance payment made by the former to the Mawmluh-Cherra Cements Ltd. for supply of cement. The amount was debited to MPWA as receipt of cement against the advance payment could not be traced. The amount had not been adjusted (May 1976).

(ii) During June 1971 to April 1974, Rs.5.18 lakhs were paid to Mawmluh-Cherra Cements Ltd. as advance for supply of 2,260 tonnes of cement. In August 1974, adjustments aggregating Rs.4.88 lakhs for the value of cement (2,260 tonnes) received were carried out. The balance of Rs.0.30 lakh, representing reimbursement of the cost of carriage charges from the factory of Mawmluh-Cherra Cements Ltd. to the division was awaiting adjustment (May 1976).

(iii) In August 1972, value of stock materials (Rs.1.29 lakhs) found short on physical verification conducted immediately after the death of a Section Officer was placed under MPWA. The amount had not been adjusted (May 1976).

(f) Public Health Engineering (Hills) Division

Between October 1969 and November 1973, Rs.0.09 lakh representing expenditure incurred by the Sub-divisional Officer, Public Health Engineering (Hills) Sub-division, without prior approval of the Executive Engineer, was debited to MPWA. The amount had not been adjusted (July 1976).

4.12 Expenditure incurred without or in excess of detailed estimates

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

Rupees 5.67 lakhs were spent by the Public Works Department (three works) and Rs.6.45 lakhs by the Public Health Engineering Department (4 works) upto the end of March 1975 on works of which detailed estimates had not been sanctioned.

The number of works on which expenditure exceeded by more than 5 per cent of the sanctioned estimates during 1974-75 was ten in the Public Works Department and five in the Public Health Engineering Department (in cases where sanctioned estimates were above Rs. one lakh each), the excess being Rs.8.17 lakhs and Rs.4.22 lakhs respectively.

Particulars of the individual works are mentioned in Appendix IV (Page 110).

CHAPTER V

STORES AND STOCK

5.1 Synopsis of important stores accounts

(a) A synoptic picture of stores accounts of the Public Works and Public Health Engineering Departments for 1974-75 is given below :—

Serial number	Department	Stores	Balance on 1st April 1974	Receipts	Issues	Balance on 31st March 1975
(in lakhs of rupees)						
1.	Public Works	Small stores, building materials, painters' stores, etc.	10.64	204.06	167.90	46.80
2.	Public Health Engineering	—do—	(—)20.19(a)	87.81	86.38	(—)18.76(a)

(b) The accounts of non-judicial, judicial and entertainment tax stamps from 1970-71 onwards have not been included as complete monthly returns showing the receipts, issues and the residual balances have not been received from the treasuries (June 1976).

5.2 Stock registers and stock verification

The registers of stock in Public Works divisions are to be closed at the end of September each year and reviewed by the Divisional Officers to ensure that the stock consists of serviceable and necessary articles and that the stores are correctly priced with reference to the prevailing market rates. The stock is also to be verified once a year by a responsible officer not below the rank of a Sub-divisional Officer.

In eight out of thirteen Public Works divisions and in one out of three Public Health Engineering divisions the stock registers for the accountal period ending September 1974 were not closed (June 1976)—three Public Works divisions (North Jowai, Mawsynram and Shillong) had not closed the register for two to four years.

(a) *Minus* balance is due to liabilities on account of stores received not having been cleared.

Once a year, the Sub-divisional Officers are required to verify physically the entire stores and the divisional officers have to verify similarly ten percent of these stores.

Stores held in the following sub-divisions of the Public Works divisions were not verified (June 1976) by either of the officials from the months shown hereunder:—

Serial number	Division	Sub-division holding stores	Month from which the stock was not verified
(1)	(2)	(3)	(4)
1.	Shillong South Division	(i) Umsning-Jagiroad Sub-division	February 1974
		(ii) Cherrapunji Sub-division	February 1974
		(iii) South Shillong (Pynursla) Sub-division	November 1973
2.	Mawsynram Division	Balat-Baglibazar road Sub-division	November 1972
3.	Building Division, Shillong	(i) Busding Sub-division	October 1973
		(ii) Shillong 'B' Sub-division	October 1973
		(iii) Umpling Sub-division	October 1973
4.	Tura North Division	(i) Tura North Sub-division I	September 1973
		(ii) Tura North Sub-division II	September 1973
		(iii) Bajengdoba Sub-division	September 1973
5.	Tura South Division	Simsangiri Sub-division	February 1971
6.	Barengapara Division	(i) Barengapara Sub-division	June 1974
		(ii) Mahendraganj Sub-division	June 1974
		(iii) Rongram Sub-division	June 1974
7.	Nongstoin Division	Nongstoin Sub-division	October 1974

5.3 Tools and plant accounts

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

and of the hire charges. The register is to be closed and balanced each year in September and stocks to be verified once a year by responsible officers.

This is to ensure—

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

Nine Public Works divisions and two Public Health Engineering divisions had not closed (June 1976) the register for the period ending September 1974—one Public Works division (North Jowai) had not closed the register from September 1972 while two Public Works divisions (Building Division, Shillong and Tura North division) had not closed it from September 1973 onwards.

The tools and plant in the following sub-divisions of the Public Works divisions were not verified physically (May 1976) from the months shown against each:—

Serial number	Division	Sub-division holding tools and plant	Month from which tools and plant were not verified
(1)	(2)	(3)	(4)
1.	Shillong South Division	(i) Shillong South 'B' Sub-division	May 1971
		(ii) Umsning-Jagiroad Sub-division	February 1974
		(iii) Cherrapunji Sub-division	January 1973
2.	Building Division, Shillong	(i) Shillong 'B' Sub-division	January 1973
		(ii) Umpling Sub-division	October 1973
3.	Tura North Division	(i) Tura North Sub-division	September 1973
		(ii) Tura North Sub-division II	September 1973
		(iii) Tura North Sub-division III	November 1974
		(iv) Bajengdoba Sub-division	September 1973

Serial number	Division	Sub-division holding tools and plant	Month from which tools and plant were not verified
(1)	(2)	(3)	(4)
4.	Tura South Division	(i) Tura South Sub-division I	February 1971
		(ii) Baghmara Sub-division	February 1971
		(iii) Simsangiri Sub-division	March 1971
5.	Farengapara Division	Mahendraganj Sub-division	May 1974

5.4 Excessive inventory

The rules provide that the value of stores held in stock should not exceed the limit specified by Government. The value of stock held on 31st March 1975 exceeded the limit in the following divisions of the Public Works and Public Health Engineering departments:—

Serial number	Division	Sanctioned reserve limit	Balance on 31st March 1975	Excess over reserve stock limit	Date on which limit was fixed
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1.	Barengapara Division	7.00	11.57	4.57	16th November 1965
2.	Jowai Division	7.60	8.97	1.97	5th June 1965
3.	Building Division, Shillong	7.00	18.12	11.12	9th August 1971
4.	Public Engineering Division, Tura	10.00	10.67	0.67	12th November 1971

Public Works Department

5.5 Purchase of cement

The Executive Engineer, Barengapara Division, paid Rs.3.46 lakhs between January 1974 and May 1975 as 100 per cent advance payment to Messers Mawmluh-Cherra Cements Limited (a Government Company) for supply of 22,600 bags

of cement. The supply was to be completed by September 1975. The records of the division showed that only 17,890 bags of cement were received between March 1974 and February 1976 against the advance payments. Supply of 4,710 bags of cement valuing Rs. 0.60 lakh or refund of the amount was yet to be made by the supplier (May 1976).

Out of 17,890 bags of cement received, 13,650 bags of cement were received through the carriage contractors, between April 1974 and August 1975 ; the division had, however paid against these receipts carriage charges for 15,090 bags. The Executive Engineer stated (March 1976) that the matter was under investigation.

5.6 Shortage of stores

In March 1974, the Executive Engineer, Shillong South Divisions, reported to Government that stores valuing Rs.0.12 lakh were either fictitiously shown as issued by the Section Officer in-charge of stores to departmental vehicles or were missing from the stores in Pynursla Sub-division, this being detected during handing over of the charge of the stores godown by the Section Officer. Further developments are awaited (July 1976).

5.7. Loss in transit on Railways

Claims for loss due to damage to goods in transit on the Railways are required to be preferred within six months from the date of delivery of the consignments. It was noticed during audit (October 1974) of accounts of Tura South Division that claims for Rs. 1.20 lakhs towards 9,356 bags of cement received short or in damaged condition between September 1964 and June 1971 were rejected by the Railways on the ground of non-preferment of claims within the prescribed period.

The case was referred to Government in December 1975 ; reply is awaited (July 1976).

CHAPTER VI

SALES TAX

6.1 Non-levy of interest

Under Section 35 A of the Assam Sales Tax Act, 1947 (as adopted by the Government of Meghalaya), if any registered dealer does not pay into the treasury the full amount of tax due from him under the Act on the basis of the return or his books of accounts within the prescribed date, simple interest at the rate of six per cent per annum from the 1st day of the month following the said date is payable by the dealer upon the amount by which the tax so paid falls short of the amount of tax payable as per his return or books of account. If such amounts of tax and interest are not paid within thirty days from the date from which the interest is due simple interest upto a maximum of twenty four per cent per annum is payable by the registered dealer.

During test check (May 1975) of the receipts of the Superintendents of Taxes, Shillong and Tura, it was noticed that 33 dealers either had not submitted returns or had submitted returns but had not paid the admitted tax pertaining to various periods between 30th September 1968 and 30th September 1974 within the prescribed time. The interest leviable in these cases worked out to Rs. 37,046. No interest was, however, levied by the department.

On this being pointed out in audit (July and August 1975), Government stated (December 1975) that the rule providing for levy of interest under the Assam Sales Tax Act, 1947, was amended by the Government of Assam on 22nd December 1971. As the autonomous State of Meghalaya was created on 2nd April 1970, the rule did not apply to Meghalaya. On attaining full statehood on 21st January 1972, the Meghalaya Taxation Laws (Modifications) Act, 1972 was passed adopting the Assam Sales Tax Act, 1947 and the Rules framed thereunder with amendments made upto 20th January 1972. Since the Act came into effect from 9th January 1973, interest was leviable from that date. It was noticed that out of the total amount of Rs. 37,046, interest amounting to Rs. 10,526 was leviable with effect from 9th January 1973 to 30th September 1974. The question of issuing suitable instructions to the Superintendents of Taxes to levy

interest as may be due under the Act and the Rules thereunder is stated to be under consideration of Government (December 1975). Incidentally, owing to absence of any rule providing for levy of interest during the period 2nd April 1970 to 8th January 1973, Government had forgone revenue of Rs. 26,520 in the shape of interest.

TAXES ON VEHICLES

6.2 Non-levy of Motor vehicle tax on vehicles owned by the District Councils

Under the Assam Motor Vehicles Taxation Rules, 1936 (as adapted by the Government of Meghalaya) motor vehicles are subject to levy of road tax except where any vehicle or class of vehicles has been exempted from such levy by any rule or orders of the State Government. The vehicles owned by the departments of Central Government and by local authorities, excepting those used for commercial purposes, are exempted from tax under the Assam Motor Vehicles Taxation Rules, 1936.

It was noticed in audit (October and November 1975) in two offices of Shillong and Tura that no tax had been levied on motor vehicles owned by Khasi Hills District Council and Garo Hills District Council from December 1959 onwards treating them as local authorities. But District Councils are not local authorities. Thus, in these cases road tax amounting to Rs. 39,108 had not been recovered.

The matter was reported to Government in November 1975; reply is awaited (July 1976).

6.3 Under-assessment of pay load

Taxes on goods vehicles are leviable on the basis of the pay load which is determined by subtracting the unladen weight from the registered laden weight as defined in Section 2 (27) of the Motor Vehicles Act, 1939. According to an executive instruction issued (February 1959) by the Commissioner of Transport, Assam (as adapted by the Government of Meghalaya) maximum safe laden weight (registered laden weight) of transport vehicles other than motor cabs was to be $12\frac{1}{2}$ and 25 per cent above the gross vehicle weight certified by the manufacturers in case of vehicles marketed before 1953 and from 1953 onwards respectively.

Test check (November 1975) revealed that the prescribed additions were not made by the District Transport Officer, Shillong in 10 cases for the purpose of arriving at the registered laden weight. This resulted in under-assessment of tax amounting to Rs.14,277 during the period April 1960 to March 1976 (tax paid in advance).

Similarly, the District Transport Officer, Tura under-assessed pay load of 7 vehicles during the period June 1964 to September 1975. This resulted in short realisation of tax amounting to Rs. 20,667.

The matter was reported to Government (December 1975) ; reply is awaited (July 1976).

6.4 Under-assessment of tax

Under the Assam Motor Vehicles Taxation Act, 1936 (as adapted by the Government of Meghalaya), tax on vehicles authorised to ply partly for the conveyance of passengers and their personal luggage and partly for the conveyance of goods is levied in two parts—(a) for every seat and (b) additional tax for every $\frac{1}{2}$ metric tonne or part thereof of authorised load of goods.

Test check (November 1975) disclosed that the Regional Transport Authority, Shillong had authorised permit holders of contract carriages (bazar buses) to carry load of goods in addition to the number of passengers to be carried in each vehicle. But the District Transport Officer, Shillong did not assess additional tax on the authorised load of goods which these buses were permitted to carry. This resulted in short realisation of tax amounting to Rs. 18,445 in the case of 27 buses during April 1966 to March 1975 calculated at the rate of tax leviable on the minimum load of goods. Further owing to mistake in calculation, there was short realisation of tax of Rs. 7,975 in respect of 19 vehicles for the period April 1966 to October 1974.

The matter was reported to Government in December 1975; reply is awaited (July 1976).

6.5 Loss of revenue due to non-inspection of vehicles

Under the Motor Vehicles Act, 1939 and Rules framed thereunder, each public service vehicle is to be inspected for fitness twice a year and unless a vehicle has been inspected and inspection fee paid at prescribed rates, the vehicle cannot be allowed to run on the road.

During test check, it was noticed (November 1975) that in a large number of cases in Khasi Hills district, inspection of public service vehicles was not done during 1974-75 as prescribed. Consequently, inspection fees to the extent of Rs. 25,000 (approx.) required to be realised from the owners of such vehicles were not realised.

The matter was reported to Government in December 1975; reply is awaited (July 1976).

STATE EXCISE

6.6 Loss of revenue due to closure of a country spirit shop

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

Test check (November 1975) of the office of the Deputy Commissioner, Jaintia Hills revealed that the Raliang country spirit shop in Jaintia Hills District was settled with a lessee at an annual fee of Rs. 30,186 for the years 1974-75 and 1975-76. The lessee took over the shop on 1st April 1974 and surrendered the licence with effect from 9th September 1974 expressing his inability to run it. The shop was subsequently settled with another lessee with effect from 6th December 1974 at an annual fee of Rs. 18,000. Owing to closure of the shop for 3 months (approx.), Government sustained a loss of Rs. 7,294 as vend fee calculated at the rate of Rs. 2,515.50 per month. Further, against Rs. 13,248 due from the old licensee as vend fee for the period 1st April to 8th September 1974, only Rs. 2,515.50 were paid by him. The department stated (April 1976) that the security deposit (Rs. 5,031) of the licensee had been adjusted towards the arrears of vend fee and *bakijai* proceedings initiated for recovery of the balance amount.

FOREST RECEIPTS

6.7 Royalty on stones and road metals

Stones and road metals required for road works are obtained by the contractors from the areas administered by the Forest Department on payment of royalty at prescribed rate. According to the procedure adopted for realisation of royalty from the contractors, the Public Works Department contractors are required to produce formal requests from the Executive Engineers concerned and on the basis of these, the Forest Department issues permits for the requisite quantity on payment of full royalty. The quantity for which the royalty is recovered is mentioned on the permits. The District Councils are also authorised to issue permits for extraction of stones and road metals from forests under their jurisdiction and in such cases, also, the same procedure is to be followed. The District Councils credit 40 per cent of the royalty realised into treasuries as forest revenue of Government.

It was noticed during test check (May 1975) that the Divisional Forest Officer, Garo Hills, called for (December 1974) a report from the Executive Engineers of three public works divisions in Garo Hills District in respect of quantities of stones and road metals used in road works for which no royalty was recovered from the contractors' bills. Only the Executive Engineer, Tura South Public Works Division stated (January 1975) that he did not recover royalty on 20,704 cubic metres of gravel amounting to Rs.65,434 from the contractors on the strength of the clearance certificate issued by the Garo Hills District Council during the years 1971-72 and 1972-73. It was ascertained later on (May 1975) by the Divisional Forest Officer from the District Council that royalty on 760 cubic metres of gravel only was realised by it from the contractors on this account. Reasons for issue of clearance certificates without realising full amount of royalty were not stated by the District Council. Thus, owing to non-recovery of royalty amounting to Rs.63,017 on balance 19,944 cubic metres of gravel, there was loss of Government revenue of Rs.25,203 (40 per cent of Rs.63,017).

Government stated in May 1976 that the matter had been taken up with the District Council.

6.8 Short realisation of royalty

On the basis of tenders received, the Chief Conservator of Forests permitted a firm to extract resin from pine trees around

Shillong on payment of royalty of 15 paise per tappable tree in March 1965. A lease agreement valid for a period of ten years and renewable for a further period of 10 years was to be executed. The number of trees which could be tapped were to be intimated to the firm on completion of enumeration and the firm was to pay the royalty annually prior to 1st September each year which would cover the extraction right from 1st October to 30th September. The number of tappable trees for 1965-66 was enumerated to be 88,638 for a total realisable royalty of Rs.0.13 lakh per year. No lease agreement had been executed upto April 1976. The firm, however, had been extracting resin from 1965-66 on the authority issued in March 1965 but paying royalty on the basis of number of trees actually tapped even though royalty was payable on the basis of the number of tappable trees. Between 1965-66 and 1974-75 the firm extracted resin from 4.90 lakh pine trees and paid in aggregate Rs.0.74 lakh against the realisable royalty of Rs.1.30 lakhs on the basis of enumeration report for 1965-66. The statement of trees stated by the firm to have actually been tapped has neither been checked nor any steps have been taken for the realisation of the royalty short realised.

According to the resin tapping rules, only one channel at a time was to be used except in trees of girth above two metres where more than one channel could be used at a time; the depth of the channel was not to exceed 1.5 centimetres. The Range Officer, Shillong Range, reported (April 1972) to the Divisional Forest Officer, Khasi and Jaintia Hills that the lessee was using depth of 5 to 6 centimetres for heavy tapping endangering the life of the trees. According to an estimate prepared by him (September 1971) this heavy tapping had, between April 1965 and August 1971, damaged 7,167 pine trees. Valuation of the damage has not been done and no step towards recovery for such damage has been taken against the firm (May 1976).

Government stated (May 1976) that royalty was realised on the basis of actual number of trees tapped as there were discrepancies in respect of number of tappable trees, and that the damage to the trees was due to illegal cutting by villagers which had since been considerably checked.

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 Introductory

A test audit of accounts/records of the Registrar of Co-operative Societies, Secretary, Education Department, Director of Public Instruction, Secretary, Health Department and Director of Health Services was conducted in respect of grants and loans given by Co-operation, Education and Health departments. Important points noticed are given in the succeeding paragraphs.

7.2 Co-operation Department

The amounts sanctioned by Government for loans and grants to Co-operative societies in Khasi Hills and Jaintia Hills districts were drawn from the treasury by the Registrar of Co-operative Societies and kept initially in a current account with the Meghalaya Co-operative Apex Bank, Ltd., Shillong (*e.g.*, in Co-operative years 1972-73: Rs.28.10 lakhs; 1973-74: Rs.43.32 lakhs); disbursements of grants/loans being made by the bank on receipt of orders from the Registrar of Co-operative Societies separately. The Registrar of Co-operative Societies had not, however, maintained records showing actual release of grants or loans to the grantee or loanee societies and consequently the amounts of grants or loans remaining undisbursed were not known to him. A reference made to the bank at the instance of Audit (January 1975) disclosed that of the deposits upto June 1974, Rs.13.10 lakhs remained undisbursed at the end of December 1974.

7.3 Education Department

According to the procedure prescribed for sanction of grants, grantees are required to submit (i) a detailed scheme for which the grant is required, (ii) periodical statement of expenditure met out of the grant and (iii) audited statement of accounts. Proposals for construction of buildings are required to be accompanied by estimates countersigned and technically approved by the Public Works Department. The procedure had not been observed in the following cases:—

(a) Union Christian College, Barapani

In March 1974, Government sanctioned a grant of Rs.0.20 lakh to the Union Christian College, Barapani, for construction of

staff quarters. The college submitted an estimate of Rs. 0.32 lakh for construction of the above quarters only in March 1975 and was sanctioned another grant of Rs. 0.25 lakh in the same month. Thus grants totalling Rs. 0.45 lakh were sanctioned against the estimated cost of Rs. 0.32 lakh for the quarters.

It was also noticed that the estimate submitted by the college was not approved/countersigned by the Public Works Department.

(b) *Mendipathar College, Tura*

Of the total non-recurring specific purpose grants of Rs. 2.57 lakhs sanctioned to the Mendipathar College, Tura, during 1973-74, a sum of Rs. 0.30 lakh was intended for construction of a college hostel estimated to cost Rs. 0.31 lakh. The grantee institution was required to bear 25 per cent of the cost of construction; the sanction was thus in excess of the admissible amount by Rs. 0.07 lakh. Government stated (February 1976) that the matter is under investigation. During 1974-75, the College was given another grant of Rs. 0.10 lakh for electrification of the hostel, being 75 per cent of the estimated cost of Rs. 0.13 lakh. The proposal for 1974-75 was not supported by an estimate approved/countersigned by the Public Works Department.

7.4 Health Department

In November 1972, the Christian Dispensary, Nishangram, sought grants for construction of an additional building estimated to cost Rs. 0.90 lakh against which Rs. 0.10 lakh were sanctioned during 1972-73. The plans and estimates submitted with the proposal were not technically scrutinised or countersigned by the Public Works Department as required under the rules. Audited statement of expenditure and report about progress of construction by the grantee were not received nor was utilisation of the earlier grant of Rs. 0.10 lakh verified before further grants of Rs. 0.15 lakh and Rs. 0.17 lakh were sanctioned and paid for the same purpose during 1973-74 and 1974-75 respectively.

7.5 Co-operative Institutions

Important points relating to grants and loans given by Government to co-operative institutions are mentined below:—

(a) Financial assistance

(i) The table below indicates Government investment in the share capital of co-operative institutions at the close of each of the three years ending 1974-75.

Year	Number of institutions	Amount
		(in lakhs of rupees)
1972-73	179	15.55
1973-74	350	23.30
1974-75	368	39.92

(ii) The amounts of loans, grants and subsidies paid to co-operative institutions during the three years ending 1974-75 were as follows:—

Year	Loans				Grants/subsidies
	Opening balance	Disbursed during the year	Repayment during the year	Closing balance	
	(in lakhs of rupees)				
1972-73	1.44	9.96	0.06	11.34	11.20
1973-74	11.34	4.00	...	15.34	12.80
1974-75	15.34	1.00	...	16.34	19.79

Complete records indicating the position of overdue instalments of loans and interest outstanding thereon were not available with the Registrar of Co-operative Societies (May 1976).

Utilisation certificates in respect of grants and subsidies, required to be submitted to Audit within a reasonable time, were not submitted (May 1976) as under:—

Year in which grants/subsidies were paid	Amount	Percentage of outstandings to total grants/subsidies paid
		(in lakhs of rupees)
1972-73	10.18	90
1973-74	12.80	100
1974-75	14.29	72

(b) Dividend

No dividend for 1974-75 has been declared by any co-operative society so far (May 1976).

(c) Delay in completion of audit

In accordance with the provisions of the Assam Co-operative Societies Act, 1949, as adapted by Government of Meghalaya, the accounts of the co-operative institutions are required to be audited by the auditors appointed by the Registrar of Co-operative Societies once every year. The details of arrears of audit in respect of the period ending 1974-75 are awaited from the Registrar of Co-operative Societies (May 1976). Cases were, however, noticed (November 1975) where audit has been in arrears since 1963-64, e.g., of Selsela Agipeng Co-operative Credit Society from 1963-64, of Rongram Primary Marketing Co-operative Society Limited from 1966-67 and Garo Hills Co-operative Cotton Ginning Mills Limited from 1967-68. The arrears in audit were attributed (November 1975) by the Registrar of Co-operative Societies mainly to non-maintenance of complete accounts/records by the societies and dearth of audit staff.

(d) Winding up of societies

During June 1971 to November 1975, registration of 91 societies was cancelled and the affairs of those societies placed in charge of liquidators. Information regarding the extent of financial assistance given by the Government to these societies and Government investment in them is awaited from Government (May 1976).

(e) Review of audited accounts

An examination of the audited accounts of some societies disclosed the following:—

(i) Cash balances of 76 societies amounting to Rs.2.24 lakhs could not be physically verified by departmental auditors owing to, *inter alia*, non-production of the cash by the office-bearers of the concerned societies for verification.

(ii) Closing stock worth Rs.0.27 lakh as per Trading Account of the Pynursla Sub-Area Marketing Co-operative Society Limited for the year 1968-69 was found short on physical verification by the Secretary of the Society.

According to the departmental auditors, a sum of Rs.0.07 lakh only has been recovered so far (May 1976) from the Assistant Secretary of the Society who was in charge of the stores.

(iii) The Assam Hills Co-operative Development Corporation Limited

Against an authorised capital of Rs.7.50 lakhs, Government has invested Rs.18.04 lakhs in the Society's share capital. Grants/subsidies of Rs.17.16 lakhs were also paid to it to the end of 1974-75. The accumulated loss of the Corporation upto 1970-71 was Rs.0.77 lakh; audit of the accounts of the Corporation is in arrears since 1971-72 (May 1976).

(f) Consumer Co-operative Societies

In order to ensure equitable distribution of consumer goods at fair prices, Government organised 51 primary consumers' co-operative societies in the State up to the end of June 1975 with a wholesale consumers' co-operative store at Shillong. Financial results of the working of these societies as per their audited accounts are given below:—

(i) The Shillong Wholesale Consumers' Co-operative Stores Limited.

Of the paid-up share capital of Rs.4.34 lakhs at the end of 1974-75, Rs.4.03 lakhs had been contributed by Government. The Society incurred losses of Rs.0.97 lakh and Rs.0.85 lakh during 1972-73 and 1973-74 as against a profit of Rs.0.21 lakh during 1974-75; the accumulated loss at the end of 1974-75 was Rs.2.91 lakhs.

(ii) Out of 51 primary consumers' co-operative societies, 21 were not functioning in 1974-75; out of the remaining 30 societies, audited accounts of 25 societies (of 1 for 1971-72, of 1 for 1964-65, of 2 for 1966-67, of 1 for 1969-70, of 2 for 1972-73, of 13 for 1973-74 and of 5 for 1974-75) were available (November 1975). Government investment in these societies (up to the period for which the accounts were available) in the shape of share capital, working capital and loans stood at Rs.7.63 lakhs. Nine societies had accumulated losses amounting to Rs.3.89 lakhs. Government had invested Rs.6.47 lakhs in those societies.

(g) Co-operative Marketing Societies (including Sub-area Marketing Societies)

(i) Out of 76 Co-operative Marketing Societies as on 30th June 1975, 41 were not functioning in 1974-75. Audited accounts of 33 societies (of 1 each for 1961-62, 1963-64, 1965-66, 1966-67, 1969-70 and 1970-71, of 2 each for 1968-69 and 1971-72, of 4 for 1972-73, of 11 for 1973-74 and of 8 for 1974-75) were available (November 1975). Government investment in these societies (upto the period for which the audited accounts were available) in the shape of share capital, working capital and loans was Rs.17.62 lakhs. Twenty societies had accumulated losses of Rs.5.27 lakhs. Government had invested Rs.11.60 lakhs in those societies.

(ii) According to the report of the departmental auditors, the Chairman of a sub-area co-operative marketing society, in which Government's financial involvement was Rs.0.72 lakh to the end of 1974-75, fraudulently withdrew Rs.0.31 lakh from the society. Information regarding recovery is awaited (May 1976).

(iii) On 30th June 1975, Rs.1.58 lakhs were due for recovery from the Chairmen/Secretaries/Ex-Chairmen/Ex-Secretaries, etc., of 15 societies on account of non-refund of cash balances lying with them, advances taken but not adjusted and for certain other reasons. Government assistance to these societies towards share capital, loan, grants, etc., amounted to Rs.8.16 lakhs to end of 1974-75.

The matter was reported to Government in December 1975; reply is awaited (July 1976).

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 1975, there were two Statutory Corporations in the State, *viz.* Meghalaya Warehousing Corporation and Meghalaya State Electricity Board. The Meghalaya 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.12 lakhs was contributed by the Government of Meghalaya (Rs.8 lakhs) and the Central Warehousing Corporation (Rs.4 lakhs). The Corporation has not yet (July 1976) prepared its accounts for any of the years since its formation.

Meghalaya State Electricity Board was established on 21st January 1975 under the Electricity (Supply) Act, 1948 read with the North-Eastern Areas (Re-organisation) Act, 1971. The accounts of the Board from 21st January 1975 to 31st March 1975 have not been compiled (July 1976).

*Meghalaya State Electricity Board***8.3. Unauthorised financial aid**

Between December 1972 and May 1974, the Superintending Engineer, Kyrdemkulai Hydro Electric Project and the Executive Engineer, Roads and Buildings Division, Kyrdemkulai Hydro Electric Project, placed 12 orders for supply of 0.41 lakh running metres of galvanised iron pipes (cost: Rs. 10.54 lakhs) of sizes ranging between 12 mm and 80 mm dia with a firm of Gauhati,

without invitation of tenders and approval of the Purchase Committee of the Board, as required for purchases of such magnitude. According to the standard conditions of the Board, advance payment could be made in such cases against proof of despatch of the materials. The Executive Engineer made advance payments aggregating Rs.7.97 lakhs during December 1972 to January 1975 against *pro forma* bills submitted by the firm, on the condition that the materials would be delivered within 15 days from the dates of advance payments. The firm did not deliver the materials within that period; the delay in respect of 11 orders ranged from 1 to 6 months. In respect of the remaining order (December 1973) for 0.07 lakh running metres of pipes against which advance payment of Rs.0.41 lakh had been made in January 1974, information regarding receipt of materials was awaited from the division (July 1976).

8.4. Idle equipment

On the ground of urgency, the Additional Chief Engineer placed order (July 1974) with a Calcutta firm for a portable air compressor (type CP Model 260-BO-2) valued at Rs.0.75 lakh to be supplied within four to six weeks. The compressor was for use in major works of the Kyrdemkulai Hydro Electric Project. In September 1974, 95 per cent advance payment, amounting to Rs.0.73 lakh, was made to the firm. The machine despatched by the firm reached Gauhati in October 1974 in damaged condition with 24 parts (value: Rs.0.04 lakh) missing. A claim for damage was lodged (November 1974) with the Railways and the Life Insurance Corporation of India, with which the consignment was insured, and a fresh order for the missing parts was placed (December 1974) with the supplier. Delivery of the parts ordered afresh was received in October 1975; the claims lodged in November 1974 have not been settled as yet (May 1976).

The newly purchased air compressor was lying unused (May 1976) along with 6 more air compressors under repair in the mechanical workshop.

8.5. Extra expenditure in a tunnel construction

In the notice inviting tenders (November 1970) for construction of a tunnel connecting Kyrdemkulai and Nongmahir Pondages of Kyrdemkulai Hydro Electric Project, the prospective tenderers were asked to quote the rates for all the items involved in the work, including dewatering, wherever necessary.

The firm whose tender was accepted had offered to do dewatering with pumps up to total 10 H.P. capacity on both the faces or one face of the tunnel within the rates quoted by it; for the work of dewatering by pumps beyond total 10 H. P. capacity, the firm stipulated the rate of Rs.2 per H. P. hour. This was accepted and stipulated in the agreement with the firm. Up to April 1976 the firm was paid Rs.10.25 lakhs for dewatering by pumps beyond total 10 H. P. capacity.

In this connection, the following points were noticed:—

- (i) In the original as well as in the revised estimates of the work, the rates adopted for different items (*viz.* earthwork, stone masonry, tunnel boring and tunnel lining) were inclusive of dewatering. The revised estimate (January 1973), however, provided extra dewatering for 50,000 H. P. hours at Rs.2 per H. P. hour. The basis for providing the quantum of extra dewatering in the revised estimate was not available on record. As against this provision, the firm was paid (upto April 1976) for 5.12 lakh H. P. hours of extra dewatering.
- (ii) The working of the pumps installed by the firm for dewatering was not fully supervised by the Project Officers.

3.5 Extra expenditure

On 21st June 1974, a heavy landslide took place at the power channel of Stage II Umiam Power House. The work of slip clearance and construction of a rock toe wall was allotted to the firm doing the construction work of low pressure tunnel and the tunnel linking Kyrdemkulai and Nongmahir Pondages in Kyrdemkulai Hydro-electric Project, by the Superintending Engineer, Kyrdemkulai Hydro-electric Project (by a verbal order on 22nd June 1974 followed by written order on 12th July 1974) without inviting tenders, reportedly due to the emergent nature of the work and non-availability of any other contractor at site with the necessary resources of equipment and labour. The firm was entitled to the actual cost *plus* overhead and profit at 33½ per cent thereon. It was reported (June 1974) by the Additional Chief Engineer to the Board that the work was allotted with this overhead and profit percentage as it was provided in the firm's contract for low pressure tunnel for additional items. The work was to be completed within four weeks from the date of its commencement. Records showed that the work was commenced on 25th

June 1974 and it was due to be completed within 22nd July 1974. The work was actually completed on 11th September 1974. The firm was given *interim* payments of Rs.2.50 lakhs and Rs.1.02 lakhs in July and September 1974 respectively. The firm has not submitted its final claim so far (May 1976).

The delay in completion of the work was attributed (July 1975) by the Executive Engineer, Umiyam Stage II Maintenance Division, mainly to heavy rainfall, bad condition of road leading to the site of work and cartage of sand/stone from a longer distance.

The following further points were noticed :—

- (i) As per the work order issued on the 12th July 1974, the firm was to execute the Board's standard agreement for such works; no such agreement was executed (May 1976).
- (ii) Although the work was allotted without inviting tenders on the ground of emergent nature of the work, it was completed in ten weeks' time instead of four weeks as stipulated in the work order. No penalty was levied on the contractor for the delay in completion of the work and consequent loss owing to non-working of the power house for six weeks (May 1976).
- (iii) In June 1974, the Additional Chief Engineer had roughly estimated the cost of work as Rs.3.50 lakhs. In September 1974, the Superintending Engineer had prepared an estimate of Rs.6.30 lakhs for this work on the basis of actual quantity of materials used, labour employed, equipment used, etc., and the agreed percentage for overhead and profit. This estimate was modified by the Additional Chief Engineer on 18th March 1975 to Rs.5.37 lakhs. It was noticed that the rates adopted in this estimate were considerably higher than the rates for similar items in the firm's contract for low pressure tunnel. The estimate has not been approved by the Board so far (May 1976).

8.7 Loss

(a) Mention was made in paragraph 117 of the Report of the Comptroller and Auditor General of India for the year 1969-70 -Government of Assam about idle outlay on purchase of fuel/lubricating oil by the Executive Engineer of the erstwhile Mechanical Division in May 1963 and that attempt to dispose it of had not been successful.

A test check in October 1975 showed that out of the old stock of 91,852 litres of thuban universal oil and 41,813 litres of alkoid oil, 82,300 litres and 25,625 litres respectively were disposed of by the Chief Engineer in November 1972 at a rate lower than the rate at which the same were procured. This resulted in a loss of Rs.1.04 lakhs. Of the sale proceeds, Rs.0.09 lakh are yet to be realised from the purchaser (May 1976). The balance quantity of 9,552 litres of thuban universal oil and 16,188 litres of alkoid oil valued at Rs.0.43 lakh were not found in stock and the Sub-divisional Officer, Mechanical Sub-division in a report (December 1972) to the Superintending Engineer, Kyrdemkulai Hydro Electric Project attributed this shortage to leakage from barrels.

(b) During March 1972 to December 1972, the Executive Engineer, Tunnel Division, Kyrdemkulai Hydro-Electric Project, spent Rs.0.83 lakh on felling and uprooting 13,505 trees of girths ranging from 50 to 175 centimetres in the link tunnel and intake channel areas. Assessment or valuation of the timber content of the trees felled was not done and the trees were also not taken into stock account; the whereabouts of these trees were not known (May 1976).

8.8 Uneconomic maintenance of a workshop

In December 1967, a workshop was established at Sumer to attend to the repairs of machines and vehicles so that the works/projects taken up by the composite Assam State Electricity Board were not delayed for lack of timely repairs to machines. A test check (October 1975) disclosed that the job cards maintained by the workshop for jobs undertaken did not indicate the estimates for value of work done, element of wages, etc. An assessment made by the Engineer in-charge

of the workshop for the two years 1973-74 and 1974-75 at the instance of Audit showed that the expenses on staff of the workshop exceeded the estimated value of jobs done as shown below :—

Year	Number of works done	Establishment expenses (in lakhs of Rupees)	Estimated value of work done (in lakhs of Rupees)
1973-74	354	4.54	2.37
1974-75	280	4.61	Not available.

Reasons for the uneconomic working of the workshop were called for from the Board in December 1975; reply is awaited (July 1976).

Section C—Government Companies

8.9. On 31st March 1975 there were two Government Companies, *viz.* Meghalaya Industrial Development Corporation Limited and Mawmluh-Cherra Cements Limited (formerly Assam Cements Limited). During 1974-75, Meghalaya Industrial Development Corporation Limited earned a profit of Rs.1.08 lakhs. The accounts of Mawmluh-Cherra Cements Limited for 1973-74 and 1974-75 (year ending 30th June) have not been received (May 1976). The Company sustained a loss of Rs.21.81 lakhs during the year ended 30th June 1973 and the cumulative loss up to 1972-73 was Rs.1,23.28 lakhs.

8.10. Mawmluh-Cherra Cements Limited

Introduction—

The Assam Cements Limited was incorporated on 20th May 1955 and it became a Government Company on 1st January 1964. Its control was passed on to the Government of Meghalaya from 21st January 1972 on the creation of the separate State of Meghalaya from that date. The Company was renamed on 7th May 1974 as Mawmluh-Cherra Cements Limited 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 material necessary for production of cement and manufacture, sell or otherwise deal in cement, limestone, etc.

The accounts of the Company for 1972-73 were certified by the Statutory Auditors in February 1976. The accounts for 1973-74 have not been certified by the Statutory Auditors and the accounts for 1974-75 have not been prepared by the

Company so far (May 1976). The Management attributed (March 1976) the delay in preparation of accounts to dearth of staff.

(ii) **Capital structure**

The paid-up capital of the Company as on 30th June 1973 was Rs.566.96 lakhs against the authorised capital of Rs.700 lakhs. The paid-up capital was contributed as follows:—

	(in lakhs of rupees)
1,00,000—6 per cent cumulative redeemable preference shares of Rs.100 each (held by the Government of Meghalaya)	100.00
45,55,110 equity shares of Rs.10 each (held by the Government of Meghalaya)	455.51
1,92,504 equity shares of Rs.10 each held by private parties (Rs.7,79,550 as call in arrears)	11.45
Total	566.96

Application money of Rs.84,450 for 86,400 equity shares was received (1964) from private parties. Of the balance amount of Rs.7,79,550, which was called in 1964, Rs.4,546 were realised during 1974-75. Rupees 7,75,004 are still to be realised (May 1976). No action has been taken to forfeit the application money as required under the Articles of Association of the Company (May 1976). The Management stated (March 1976) that the application money was not forfeited as the defaulting shareholders were local tribal people from Cherrapunji and further attempts were being made to realise the arrears.

(iii) **Production performance**

The production achieved during the three years up to 1974-75 as against the annual capacity based on a stream efficiency of 330 days per annum is given below:—

	Annual capacity	Actual production			Percentage of shortfall		
		1972-73	1973-74	1974-75	1972-73	1973-74	1974-75
	(in tonnes)	(in tonnes)					
Raw mill	1,90,080	84,980	98,020	1,02,790	55.3	48.4	45.9
Rotary kiln	82,500	54,800	61,500	63,400	33.6	25.5	23.2
Cement mill	82,500	62,000	53,650	73,100	26.2	36.1	13.0

Note: Figures for annual capacity and actual production have been taken from the joint test report of the supplier of machinery and the Company and the production report of the Company respectively.

The shortfall of production from its rated capacity was attributed (June 1975) by the Management to various factors, such as power failure, motor break-down, low capacity of motor, etc.

(iv) **Costing system and cost analysis**

The Company has not introduced the system of standard costing. Cost records for different processes were also not maintained. In June 1974, an agreement was executed with a firm of Chartered Accountants for compilation of cost accounts from 1968-69 onwards. The firm has completed cost records up to 1970-71 (March 1976). On the basis of available information, cost evaluation for 1971-72 and 1972-73 was made by Audit (December 1975). The following table indicates the cost trend for the three years ending 1972-73, up to the stage of manufacture of naked cement:—

Nature of items	Cost per tonne (In Rupees)		
	1970-71	1971-72	1972-73
Limestone	21.76	13.03	30.32
Slurry	35.10	Not available	40.48
Clinker	81.32	85.95	92.86
Naked cement	1,50.61	1,23.29	1,48.94
Retention price per tonne fixed by the Cement Controller of India	1,23.50	1,23.50	1,30.50

It would be seen that the cost of production, excluding other costs of sale (*viz.* freight, selling and distribution expenses, etc.), was more than the retention price fixed by the Cement Controller of India. The retention price was revised to Rs.134.20 per tonne from August 1974, estimating the *ex-works* production cost as Rs.116 per tonne. In August 1974, the Company had represented its case to the Central Government for a special retention price on the ground of high cost of production; decision on it is awaited (May 1976).

(v) **Man-power analysis**

Feasibility-cum-project report adopted in August 1967 envisaged additional staff of 229 (from 526 to 755) on completion of the expansion programme for raising production from 250 tonnes to 930 tonnes per day. The total number of staff on roll was 693 (April 1976). The Management has not, however, conducted any analysis or work-study to determine the manpower requirements of the Company.

(vi) **Working of quarries and mines**

The Company hold lease-hold rights for extraction of limestone and clay in 732.12 acres. It has a mining department of its own with equipment for quarrying. Quarrying of limestone and clay was, however, done mainly through contractors on the basis of tenders. The cost of departmental mining has not been computed for the purpose of comparison with the rates obtained from the contractors. The Management stated (March 1976) that in the absence of a regular Cost Accountant it was not possible to compile the cost of departmental mining. Payment for quarrying limestone by the contractors was not based on actual weightment but on weight derived from the number of shovel loads raised.

In December 1965, an application was submitted for lease-hold right for extraction of coal in 630 acres (estimated to reduce the cost of coal by Rs.1.55 per tonne); the mining rights have not been granted by Government (May 1976). Coal is being purchased through contractors.

The following table shows the utilisation of quarry equipment of the mining department for the period from 1972-73 to 1974-75:—

Nature of equipment	Year	Cost (Rupees in lakhs)	Available working hours	Total hours worked	Percentage of utilisation
Front end loader	1972-73	2.75	1,800	684	38
	1973-74	2.75	1,822	1,822	100
	1974-75	2.75	1,800	953	53

Nature of equipment	Year	Cost (Rupees in lakhs)	Available working hours	Total hours worked	Percentage of utilisation
Shovel Tata P & H	1972-73	6.00	2,000	851	42.5
	1973-74	6.00	20	19	95
	1974-75	6.00	600	593	99
Bulldozer	1972-73	4.50	1,800	260	14.4
	1973-74	4.50	1,800	801	44.5
	1974-75	4.50	1,800	695	38.6
Hippo No. 7	1972-73	2.02	No utilisation for want of spares		
	1973-74	2.02	716	653	91.4
	1974-75	2.02	1,800	1,571	87.3
Hippo No 8	1972-73	2.02	1,800	1,351	75
	1973-74	2.02	1,208	1,208	100
	1974-75	2.02	No utilisation for want of spares		
Air compressor (4 Nos)	1972-73	1.52	7,200	1,580	22
	1973-74	1.52	7,200	3,798	49.8
	1974-75	1.52	7,000	3,637	48

The under-utilisation was attributed (April 1976) by the Management to various factors like break-downs, maintenance and repairs, want of spares, want of work-load, etc.

(vii) **Excess cost in packing plant**

The rated capacity of the packing plant is 50 tonnes per hour. This is sufficient to handle the entire production of 250 tonnes per day in one shift. The packing plant had, however, worked in two shifts of 8 hours each. The extra expenditure in 1972-73 for working in two shifts was Rs. 1.08 lakhs on wages and salaries of staff, consumption of power, etc.

The Management stated (June 1975) that the working in two shifts was necessitated by (a) partial manual handling in packing which considerably reduced the plant capacity and (b) time taken in loading the cement bags in trucks.

(viii) **Transport Department**

The Company had 19 vehicles during 1974-75. Vehicle register, showing date and cost of purchase, cost of repairs, etc. had not been maintained. Norms for consumption of fuel have not been fixed (May 1976). Of the 19 vehicles, 9 vehicles were off the road for repairs during 1974-75 for periods ranging from 6 to 317 days.

(ix) **Other topics of interest**(a) **Extra expenditure**

Packing of cement in second hand serviceable gunny bags is allowed by the Cement Controller of India and the price fixation is based on the proportionate cost of such bags. The ratio prescribed by the Cement Controller of India for use of second hand gunny bags was 27.5 per cent in 1972-73 and 33.5 per cent in 1973-74 and 1974-75. The remaining quantity was to be packed in new gunny bags. On that basis, the total number of second hand serviceable gunny bags that could be used during 1972-73 to 1974-75 was 11.84 lakhs; the Company had, however, used 9.79 lakh second hand serviceable gunny bags during that period, as indicated below:—

Year	Total number of gunny bags used	Number of second hand serviceable gunny bags which could be used	Number of second hand serviceable gunny bags actually used
(1)	(2)	(3)	(4)
		(In lakhs)	
1972-73	12.30	3.38	3.19
1973-74	10.76	3.60	2.71
1974-75	14.51	4.86	3.89

The use of extra 2.05 lakh new gunny bags, when second hand gunny bags could have been used, resulted in extra expenditure of about Rs. 1.69 lakhs. The Management stated (March 1976) that the lesser use of second hand gunny bags was partly due to certain problems of stocking of these bags.

(b) Extra expenditure

In April 1974, the Company placed an order for a bulldozer with Bharat Earth Movers Limited (a Government of India undertaking). The price quoted by the supplier was subject to escalation on account of variation in exchange rates and customs duties.

During October 1974, the supplier informed the Company of increase in price due to overall increase in cost without indicating or analysing the increases under the prescribed conditions for escalation. The Legal Adviser of the Company observed in March 1975 that claim for increase was not legally admissible. This opinion was not, however, accepted by the Company and bill for the supply at the increased rates (Rs. 9.63 lakhs) was paid in June 1975. This resulted in extra expenditure of Rs. 1.52 lakhs over the original price of Rs. 8.11 lakhs.

The Management stated (March 1976) that the payment was made under protest to avoid delay in supply of bulldozer and that the matter had been taken up with the Government of India.

Section 'D'**Departmentally managed Government commercial and quasi-commercial undertakings**

8.11. On 31st March 1975, there were two departmentally managed commercial and *quasi*-commercial undertakings in the State, *viz.*, (i) Meghalaya State Transport Undertaking and (ii) Pinewood Hotel.

Some aspects of the working of the Meghalaya State Transport Undertaking are mentioned in the successive paragraphs.

*Transport Department***8.12 Meghalaya State Transport Undertaking**

The Meghalaya State Transport Undertaking was formed in June 1972 as a departmentally managed commercial concern to provide an adequate, efficient, economical and properly co-ordinated road transport network in Meghalaya.

The Undertaking has a part-time Director of State Transport at the top and the Assistant Commissioner of Transport functions as part-time Chief Executive Officer.

During 1974-75, the Undertaking operated the following routes side by side with private operators:—

- (1) Shillong-Cherra-Shella (91 Km.)
- (2) Shillong-Tura (323 Km.)
- (3) Shillong-Nongstoin (96 Km.)
- (4) Shillong-Mawsynram (60 Km.)
- (5) Shillong-Jowai-Nartiang (93 Km.)
- (6) Tura-Dalu-Baghmara (132 Km.)
- (7) Jowai-Nartiang (28 Km.)

(ii) **Working results**

The undertaking has not compiled its *pro forma* accounts for any of the years since inception. The financial results of working as worked out by Audit on the basis of available records primarily on cash basis and incorporating only depreciation of vehicles and interest on capital for the three years up to 1974-75 are given below:—

Particulars	1972-73 (From June 1972)	1973-74 (In lakhs of Rupees)	1974-75
(1)	(2)	(3)	(4)
(i) Revenue receipts	5.29	9.84	15.58
(ii) Operating expenditure	2.61	11.32	14.69
(iii) Depreciation on vehicles	0.57	1.59	3.74
(iv) Interest on capital cost of vehicles	0.79	0.78	1.62
(v) Passenger tax and sur- charge	0.68	1.28	0.74
(vi) Profit (+) / Loss (—)	(+)0.64	(—)5.13	(—)5.21
(vii) Revenue earned per kilometre (in Rupees)	1.82	1.63	2.31
(viii) Expenditure per kilo- metre (in Rupees).	0.90	1.8	2.18

The increase in expenditure during 1974-75 was stated by the Management to be primarily due to higher cost of oil, lubricants, etc. which went up from 59 paise per km. in 1973-74 to 73 paise per km. in 1974-75. The net revenue (13 paise) earned per km. in 1974-75 after setting off the revenue expenditure per km. was not sufficient to cover the interest on capital and depreciation, etc., which worked out to 90 paise per km.

(iii) Operation of truck services

The undertaking has five trucks (cost: Rs. 2.59 lakhs). Records of services rendered by these trucks were not maintained in sufficient detail (March 1975) to indicate their utilisation correctly. However, the revenue earned by three trucks during 1974-75 indicates that utilisation was poor as detailed below—

Vehicle No.	Revenue earned during 1974-75 (In Rupees)
MLX 1	11,054
MLX 2	193
MLX 4	9,718

The other two trucks were stated to have been off-road during the entire year. Reasons for not commissioning them into service after necessary repairs are awaited from the Department (May 1976).

(iv) Tyres and tubes

History cards showing the distinctive number of the tyres, the dates of purchase, the dates of issue, kilometres run, particulars about retreading, replacement, etc. have not been maintained. Normal coverage of kilometres expected to be done by a tyre (before and after retreading) has not been fixed. A test check showed that during February to May 1974, in 19 cases, tyres needed replacement within 1 month 14 days to 2 months 6 days from the dates of their issue.

During 1974-75, 237 tyres, 168 tubes and 76 flaps (value: Rs. 2.96 lakhs in aggregate) were purchased. However, only 194 tyres, 76 tubes and 13 flaps were accounted for in the stock accounts. The remaining 43 tyres, 19 tubes and 63 flaps (total value: Rs. 0.52 lakh) have not been accounted for (May 1976).

(v) Extra expenditure

In April 1974, the Director of State Transport placed two orders for supply of 17 diesel bus chassis with a firm of Jamshedpur. The price to be paid was that prevailing at the time of delivery at Jamshedpur. The firm informed the Director in July and August 1974 that 5 and 11 chassis respectively were ready for delivery. The Director instructed (July and August 1974) the firm to keep the delivery in abeyance till appointment of a contractor for body-building thereon. A Calcutta firm was allotted the work of body building in October 1974 and it took delivery of the chassis in November 1974 (11), December 1974 (4) and January 1975 (2). Delay in taking delivery of the chassis resulted in extra expenditure of Rs. 2.46 lakhs on account of increase in price of the chassis between July 1974 and November 1974.

It was also noticed in Audit that whereas the orders for the chassis were placed on the firm in April 1974, Rs. 11.49 lakhs has been paid to it in March 1974 on the basis of *pro forma* invoices.

(vi) Unauthorised aid to contractor

On the basis of tenders invited in July 1974, a firm of Calcutta was entrusted with the body building of 17 buses in October 1974. The stipulated delivery of the completed vehicles was at the rate of three buses per month after 60 days from the date of receipt of the chassis. The chassis were received by the firm between 2nd November 1974 and 17th January 1975. Delivery of vehicles was to be completed by July 1975. Full contracted amount of Rs. 6.46 lakhs for body building was paid to the firm in March 1975, without receiving the completed vehicles or any proof of their despatch. Twelve completed buses were delivered in August 1975 and the remaining 5 buses were sent in October 1975. Out of 5 buses delivered in October 1975, 4 buses were returned (November 1975) for alteration of seats ; these were received back in April 1976.

No action has (May 1976) been taken against the firm for the delay in delivery of the vehicles.

CHAPTER IX

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

9.1 Outstanding audit observations

Audit observations on the financial transactions of Government are communicated to the departmental authorities 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 Government to expedite their settlement.

The following table shows the number of audit observations issued upto the end of March 1975 and outstanding at the end of February 1976 as compared with the position indicated in the two preceding reports:—

	As at the end of September 1973	As at the end of Septem- ber 1974	As at the end of February 1976
(1)	(2)	(3)	(4)
Number of observations	8,376	7,902	11,094
Amount involved (in- crores of rupees).	17.61	17.70	22.08

The following departments had comparatively heavy outstanding observations as at the end of February 1976:—

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Relief and Rehabilitation	253	13,54.39
2.	Industries	625	1,93.36
3.	Public Works	4,619	1,72.98
4.	Agriculture	331	91.49
5.	Community Development	1,038	90.67
6.	Education	557	64.87
7.	Revenue	119	51.54
8.	Animal Husbandry and Veterinary	288	29.53
9.	Tourism	486	33.29
10.	Transport	243	20.38
11.	Public Health Engineering	492	15.64

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

Serial number	Nature of observation	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Detailed bills for lump sum drawals not received	1,355	10,38.59
2.	Sanctions for contingent and miscellaneous expenditure not received	1,458	5,51.94
3.	Payees' receipts not received	2,318	2,48.14
4.	Vouchers not received	5,010	1,87.15

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 all particulars of expenditure with supporting documents) which should be sent to the Audit Office not later than the 25th of the month following the month of drawal of the amounts.

In the absence of detailed contingent bills, Audit is unable to find whether the amount has been spent wholly or partly or for the purpose or purposes for which the advances were drawn.

Rupees 10,38.59 lakhs are held under observation as detailed contingent bills have not been received in the Audit Office. The departments with comparatively heavy outstandings are mentioned below:

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Relief and Rehabilitation	159	866.84
2.	Community Development	620	54.94
3.	Revenue	84	44.67
4.	Agriculture	135	24.36

A sizeable portion of the outstandings is also due to non-submission of payees' receipts and vouchers. The departments with comparatively heavy outstandings on this account are:—

(i) Payees' receipts wanting

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Agriculture	170	66.99
2.	Relief and Rehabilitation	34	50.78
3.	Community Development	297	24.70
4.	Animal Husbandary and Veterinary	138	19.80
5.	Industries	312	17.59
6.	Tourism	298	14.31

(ii) Vouchers wanting

Serial number	Department	Number	Amount involved (in lakhs of rupees)
(1)	(2)	(3)	(4)
1.	Public Works	4,520	1,71.54
2.	Public Health Engineering	490	15.61

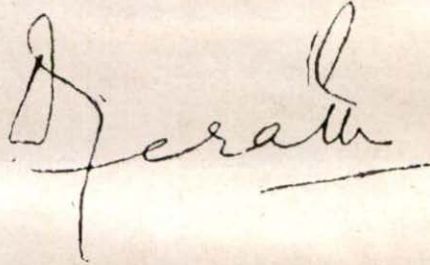
9.2 Outstanding inspection reports

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. Important observations are also reported to the Heads of Departments and Government. Government has prescribed that the first replies to the inspection reports should be sent within five weeks.

At the end of February 1976, 977 inspection reports issued upto March 1975 were not settled fully as shown below with the figures in the two preceding reports:—

	As at the end of September 1973	As at the end of September 1974	As at the end of February 1976
(1)	(2)	(3)	(4)
Number of inspection reports	715	769	977
Number of paragraphs	4,257	4,572	5,480

Of the reports outstanding at the end of February 1976, 818 related to civil departments, 121 to commercial departments and 38 to revenue receipts. These included 91 inspection reports (79 civil, 6 commercial and 6 revenue receipts) for which even first replies had not been received.

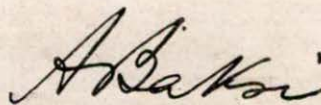


(D. Jerath)
Accountant General,
Assam, Meghalaya, Arunachal Pradesh
and Mizoram

Shillong,
Dated the

30-08-76

Countersigned



(A. Baksi)
Comptroller and Auditor General of India.

New Delhi,
Dated the

02-09-76

APPENDICES

APPENDIX I

(Reference : Paragraph 1.13., page 18)

Utilisation certificates outstanding as on 1st October 1975

Serial number	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
			(in lakhs of rupees)	
(1)	(2)	(3)	(4)	(5)
1.	Education	1966-67	29	40.26
		1967-68	4	8.50
		1968-69	4	8.25
		1969-70	9	14.85
		1970-71	67	97.48
		1971-72	77	92.93
		1972-73	47	78.51
		1973-74	80	1,14.21
		Total	317	4,54.99
2.	Finance (Tribal Areas and Welfare of Backward Classes Department of the composite State of Assam) (*)	1965-66	3	3.20
		1966-67	2	5.17
		1968-69	7	9.69
		1969-70	21	35.27
			Total	33
3.	Co-operation	1970-71	49	6.88
		1971-72	14	4.44
		1972-73	12	10.18
		1973-74	15	16.00
		Total	90	37.50

(*) The grants were sanctioned by the Tribal Areas and Welfare of Backward Classes Department of composite State of Assam. As no such department exists under Meghalaya Government, the items have been shown against the Finance Department.

APPENDIX 1—contd.

(Reference : Paragraph 1·13., page 18)

Utilisation certificates outstanding as on 1st October 1975

Serial number	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
			(in lakhs of rupees)	
4.	Public Works	1970-71	5	1·38
		1971-72	3	0·29
		1972-73	9	5·84
		1973-74	14	17·85
		Total	31	25·36
5.	Tourism	1972-73	2	0·54
		1973-74	8	22·38
		Total	10	22·92
6.	Industries	1970-71	15	1·35
		1971-72	16	3·02
		1972-73	35	7·01
		1973-74	59	8·26
		Total	125	19·64
7.	Forest	1972-73	9	4·61
		1973-74	4	8·47
		Total	13	13·08
8.	Planning and Development	1965-66	2	0·03
		1966-67	1	0·07
		1968-69	2	2·15
		1969-70	4	2·65
		1972-73	3	7·00
Total	12	11·90		
9.	District Council Affairs	1971-72	2	2·05
		1972-73	4	3·66
		Total	6	5·71
10.	Community Development	1971-72	18	3·48
		1972-73	1	0·06
		Total	19	3·54

APPENDIX I—concl'd.

(Reference : Paragraph 1·13., page 18)

Utilisation certificates outstanding as on 1st October 1975

Serial number	Department	Year in which grant was paid	Utilisation certificates outstanding	
			Number	Amount
(in lakhs of rupees)				
11.	Social Welfare	1970-71	1	3·00
		Total	1	3·00
12.	Animal Husbandry and Veterinary	1972-73 1973-74	7 2	1·26 0·86
		Total	9	2·12
13.	Municipal Administration	1972-73	2	2·05
		Total	2	2·05
14.	Medical	1972-73	2	0·75
		Total	2	0·75
15.	Finance	1962-63	2	0·01
		1963-64	2	
		1964-65	1	0·09
		1965-66	2	0·13
		1966-67	2	0·06
		1971-72	1	0·15
		1972-73	1	0·05
		Total	11	0·54
16.	General Administration	1972-73	1	0·01
		Total	1	0·01
Grand Total for all departments			682	656·44

APPENDIX II

(Reference : Paragraph 2.4., pages 27)

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

Serial Number	Name of grant	Original grant/ appropriation	Total grant/ appropriation	Expenditure	Saving	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Supplementary grant/ appropriation				
			(in lakhs of rupees)			
1.	19—Stationery and printing	36.05	36.05	24.51	11.54	32
		...				
2.	26—Pension and Other Retirement Benefits	11.29	11.29	3.48	7.81	69
		...				
3.	28—Miscellaneous, General Services, Prepartition Payments, State Lotteries, Pension for Distinguished Services	5.69	5.69	...	5.69	100
		...				
4.	32—Education, Medical, etc.	32.18	32.18	1.61	30.57	9
		...				
5.	36—Family Planning	18.97	18.97	10.19	8.78	46
		...				
6.	38—Public Health, Sanitation and Water Supply—B—Sewerage and Water Supply and Housing—III—C—Government Residential Buildings.	83.11	83.11	46.24	36.87	44
		...				
7.	39—Housing—I—A—General and—B—Housing Schemes	7.56	7.56	1.93	5.63	74
		...				

APPENDIX II—contd.

Serial number	Number and name of grant	Original grant/ appropriation Supplement- ary grant/ appropriation	Total grant/ appropriation	Expen- diture	Saving	Per- centage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
8. 40	Housing—II—C—Government Residential Buildings (In-charge of P.W.D.)	8.22 ----- 8.00	16.22	10.10	6.12	38
9. 43	Urban Development—A—General—II—Town and Regional Planning	10.45 ----- 6.66	17.11	11.72	5.39	32
10. 44	Labour and Employment— I—A—Labour	35.11 ----- 0.97	36.08	3.37	32.71	91
11. 47	Social Security and Welfare— A—I—Civil Supplies	18.56 ----- ...	18.56	12.30	6.26	34
12. 49	Social Security and Welfare— A—I—Civil—C—III—Welfare of Scheduled Castes, Tribes and other Backward Classes—D—Social Welfare.	56.30 ----- 5.47	61.77	36.07	25.70	42
13. 55	Secretariat—Economic Services—II—Planning Board, etc	10.96 ----- 3.93	14.89	3.36	11.53	77
14. 59	Agriculture/Minor Irrigation/Other Social and Community Services/ Housing—C—Government Residential Buildings	1,83.20 ----- ...	1,83.20	1,54.90	28.30	15
15. 64	Dairy Development and Housing—C—Government Residential Buildings	26.87 ----- 11.42	38.29	31.70	6.59	17
6. 67	Community Development and Housing—C—VIII Government Residential Buildings and VI—Social Security and Welfare	1,38.56 ----- ...	1,38.56	1,13.47	25.09	18

APPENDIX II—concl'd.

Serial Number and name of grant number	Original grant/ appropriation	Total grant/ appropriation	Expenditure	Saving	Percentage
(1)	(2)	(3)	(4)	(5)	(6) (7)
		Supplementary grant/ appropriation			
			(in lakhs of rupees)		
17. 71—Village and Small Industries—II Small Industries.	30.33	30.33	22.24	8.09	27
	...				
18. 76—Roads and Water Transport Services.	81.61	83.01	18.03	64.93	78
	1.40				
19. 79—Capital outlay on Public Works.	1,00.15	1,06.49	91.42	15.07	14
	6.34				
20. 81—Capital outlay on Housing—A—Government Residential Building (In-charge of P.W.D.).	14.88	14.88	5.27	9.61	65
	...				
21. 83—Capital outlay on Social Security and Welfare—E—Other Social Security and Welfare Programmes—I—Civil Supplies Schemes.	7.01	7.01	0.87	6.14	88
	...				
22. 87—Capital outlay on Forest	30.00	32.00	24.02	7.98	25
	2.00				
23. 94—Capital outlay on Roads and Bridges.	3,12.19	3,12.19	2,47.28	64.91	21
	...				
24. 104—Loans for Co-operative Societies.	7.10	7.10	1.10	6.00	85
	...				
25. Appropriation—Interest Payment	1,24.70	1,24.70	79.43	45.27	36
	...				
26. Appropriation—Internal debt of the State Government	1,32.31	1,32.31	32.65	99.66	75
	...				
27. Appropriation—Loans and Advances from the Central Government	20.53	20.53	12.00	8.53	42
				

APPENDIX III

(Reference : paragraph 3.6; Page 47)

Statement showing department-wise break-up of misappropriation cases

Serial number	Department	Cases in which departmental proceedings having been started have not been finalised		Cases in the courts of Law		Cases awaiting orders for recovery or write-off		Total	
		Num-ber (in lakhs of rupees)	Amount (in lakhs of rupees)	Num-ber (in lakhs of rupees)	Amount (in lakhs of rupees)	Num-ber (in lakhs of rupees)	Amount (in lakhs of rupees)	Num-ber (in lakhs of rupees)	Amount (in lakhs of rupees)
1.	Appointment	3	0.07	...	...	...	...	3	0.07
2.	Development	1	0.01	1	0.09	1	0.03	3	0.13
3.	Health and Family Planning.	1	0.04	...	...	...	...	1	0.04
4.	Home (Police)	...	...	1	0.03	...	...	1	0.03

APPENDIX IV

(Reference : Paragraph 4.12, page 64)

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

Serial number	Division	Works	Expenditure to the end of March 1975
			(in lakhs of rupees)
(1)	(2)	(3)	(4)
<i>Public Works Department</i>			
1.	North Jowai	Construction of road from Wah-Myntdu on Jowai-Jarain-Muktapur road to Deemthrough-Sohmynting-Mawdyina road	1.21
2.	—Do—	Providing town road including improvement at Jowai town (Lulong College road)	2.00
3.	—Do—	Providing town road, etc. (Lulong Penelian road)	2.46
<i>Public Health Engineering Department</i>			
4.	Public Health Engineering (Hills) Shillong	Construction of Administrative Complex	0.98
5.	Public Health Engineering, Tura	Nopak Water Supply Scheme	1.50
6.	—Do—	Rajapal Water Supply Scheme	2.00
7.	—Do—	Rongramgiri Water Supply Scheme	1.97

II. Expenditure incurred on works in excess of 5 per cent of sanctioned estimates

Serial number	Works	Sanctioned estimates	Expenditure to the end of March 1975	Excess	Percentage
(1)	(2)	(3)	(4)	(5)	(6)

(in lakhs of rupees)

A. Public Works Department

Mawsynram Division—

1.	Construction of Jakrem-Ranikor road from Rangmaw to Mawkriah, Section III	2.09	3.01	0.92	44
2.	Construction of bridges and culverts in Jakrem-Ranikor road, Section II and III	3.97	4.36	0.39	10
3.	Construction of Primary Health Centre at Mawkyrwat	3.27	3.80	0.53	16
4.	Construction of Mawsynram-Ramsokhham road	3.00	3.18	0.18	6

B. Tura North Division—

5.	Metalling and black-topping of Rongram-Anogiri-Bajengdoba road—Section III	10.00	10.88	9.88	9
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C. Tura South Division—

6.	Construction of Rongrengiri-Simsangiri-Nangalbibra road—Section I	11.31	12.48	1.17	10
7.	Construction of building for new Civil Sub-division at Simsangiri	7.18	7.97	0.79	11

Serial number	Works	Sanctioned estimate	Expenditure to the end of March 1975	Excess	Percentage
(1)	(2)	(3)	(4)	(5)	(6)

(in lakhs of rupees)

D. Barengapara Division

8.	Improvement of Mahadeo Maheshkhola road	5.85	7.15	1.30	22
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E. Nongstoin Division

9.	Construction of Nongstoin-Rambrai road, Section II	15.03	15.79	0.76	5
10.	Construction of remaining length of M.M.R. road including bridges in the existing portion of a road and over river Khri	19.28	20.53	1.23	6

Public Health Engineering Department

F. Public Health Engineering Division, Tura

11.	Mendipathar Water Supply Scheme	5.62	7.12	1.50	26
12.	Maheshkhola Water Supply Scheme	1.97	3.27	1.30	66
13.	Sangsak Water Supply Scheme	3.75	4.28	0.53	14
14.	Raja Sirula Water Supply Scheme	4.87	5.38	0.51	10
15.	Rongjang Water Supply Scheme	5.62	6.00	0.38	7