CHAPTER – VIII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

8 General

This chapter deals with the results of audit of Government companies and departmentally managed commercial undertakings. Paragraph 8.1 gives a general view of Government companies and departmentally managed commercial undertakings and Paragraphs 8.2 to 8.5 deal with miscellaneous topics of interest.

8.1 Overview of Government companies and Departmentally managed commercial undertakings

Introduction

8.1.1 As on 31 March 2002 there were five Government companies (all working) and two departmentally managed commercial undertakings *viz.*, State Trading Scheme under Food and Civil Supplies Department and Mizoram State Transport under Transport Department as against same number of Government companies and departmentally managed commercial undertakings as on 31 March 2001 under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The accounts of departmentally managed Government commercial undertakings are audited solely by the CAG under Section 13 of CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Working Government companies

8.1.2. Total investment in Government companies in the form of equity and loans as on 31 March 2001 and 31 March 2002 was as under:-

Table 8.1

(Rupees in crore)

Year	No. of companies	Investment			Total
		Equity	Share application money	Long Term Loans*	
2000-2001	5	34.91	3.37	3.23	41.51
2001-2002	5	34.88	7.32	19.70	61.90

8.1.3 The summarised statement of Government investment in the working Government companies in the form of equity and loans is detailed in **Appendix - XXVIII**.

8.1.4 As on 31 March 2002, total investment in Government companies comprised 68.17 *per cent* equity capital and 31.83 *per cent* loan as compared to 92.22 *per cent* and 7.78 *per cent* respectively as on 31 March 2001.

8.1.5 Due to significant increase of long-term loans (Rs.16.42 crore) in Industrial Development and Financing Sector the debt equity ratio increased from 0.08:1 in 2000-01 to 0.47:1 in 2001-02.

Budgetary outgo, grants, subsidies, guarantees, waiver of dues and conversion of loans in to equity

8.1.6 The details of budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loan in to equity by State Government to working Government companies are given in **Appendices – XXVIII** and **XXIX**.

8.1.7 The budgetary outgo from State Government to the working Government companies for the three years upto 2001-02 in the form of equity capital and grant/subsidy is given below:

Table 8.2

(Rupees in crore)

	1999-2000		2000-2001		2001-2002	
	Companies		Companies		Companies	
	No.	Amount	No.	Amount	No.	Amount
Equity capital	4	1.99	5	3.03	5	3.92
Grants/subsidy	1	0.04	-	-	2	0.48
Total:	**4**$^{\psi}$	**2.03**	**5**$^{\psi}$	**3.03**	**5**$^{\psi}$	**4.40**

8.1.8 During the year 2001-2002, the Government had guaranteed the loans aggregating Rs.3 crore obtained by one Government company *viz.*, Zoram

* *Long term loans mentioned in para 8.1.2 are excluding interest accrued and due on such loans.*

ψ *These are the actual number of companies which have received budgetary support in the form of equity, loans, grants and subsidy from the State Government during respective years*

Industrial Development Corporation Limited. At the end of the year guarantees amounting to Rs.10.33 crore were outstanding. Information regarding the repayment of overdue loans and interest of Rs.10.38 crore there against (Zoram Industrial Development Corporation Limited: Rs.10.05 crore and Mizoram Food and Allied Industries Corporation Limited: Rs.0.33 crore) was awaited. No guarantee commission was payable to the Government by the Government companies. There were no conversions of Government loans into equity, moratorium on loan repayment, and waiver of interest.

Finalisation of accounts by the working Government companies

8.1.9 The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year.

8.1.10 However, as could be noticed from **Appendix – XXX,** out of five working Government companies, only one company *viz.,* Zoram Industrial Development Corporation Limited finalised its accounts for 2001-02 within the stipulated period. During the period from October 2001 to September 2002, two working Government companies finalised two accounts relating to previous years.

8.1.11 The accounts of four Government companies were in arrears for periods ranging from four to eight years as on 30 September 2002 as detailed below:

Table 8.3

Sl. No.	No. of companies	Period for which accounts are in arrear	Number of years for which accounts are in arrear	Reference to Sl. No. of Appendix-XXIX
1.	3	1998-99	4	2, 3 and 4
2.	1	1994-95	8	5

8.1.12 The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the Public Sector Undertakings (PSUs) within prescribed period. Though the concerned administrative departments and officials of the Government were appraised quarterly by the Audit regarding arrears in finalisation of accounts, no effective measures had been taken by the Government and as a result, net worth of these Government companies could not be assessed in audit.

Financial position and working results of working Government companies

8.1.13 The summarised financial results of working Government companies as per latest finalised accounts are given in **Appendix - XXX**.

8.1.14 According to latest finalised accounts (upto September 2002) four Government companies had incurred an aggregate loss of Rs.2.48 crore and one company earned profit of Rs.2.31 lakh.

Return on capital employed

8.1.15 As per the latest finalised accounts (upto September 2002), the capital employed[ψ] worked out to Rs.49.28 crore in five Government companies and return[ψ] thereon amounted to (-) Rs.1.68 crore as compared to (-) Rs.1.73 crore in the previous year (accounts finalised upto September 2001). The details of capital employed and total return on capital employed are given in **Appendix – XXX**.

Results of audit by Comptroller and Auditor General of India

8.1.16 During the period from October 2001 to September 2002, the accounts of four working Government companies were selected for review by audit. The net impact of the important audit observations as a result of review of the companies was as follows:

ψ *Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in the case of Zoram Industrial Development Corporation Limited where it represents a mean of the aggregate of opening and closing balances of paid-up capital, free reserves and borrowings (including refinance).*

ψ *For calculating total return on capital employed, interest on borrowed fund is added to net profit/subtracted from the loss as disclosed in the profit and loss account.*

Table 8.4

Details		No. of accounts	Rupees in lakh
i)	Increase in loss	2	986.30
ii)	Non-disclosure of material facts	1	15.34

8.1.17 Some of the major errors and omissions noticed in the course of review of annual accounts of two companies are mentioned below:

Mizoram Food and Allied Industries Corporation Limited (1997-98)

8.1.18 Abandoned plant and machinery valuing Rs.15.34 lakh of Ginger oil and oleoresin plant, Sairang (Rs.12.30 lakh) and Food Processing Plant, Khawzawl (Rs.3.04 lakh) was decided (28 June 1996) for disposal. The material facts have not been disclosed in the accounts, nor suitable provision made towards depletion in value of discarded assets.

Zoram Industrial Development Corporation Limited (2001-02)

8.1.19 Provision for bad and doubtful debts amounting to Rs.9.84 crore was not provided in the accounts as per Reserve Bank of India guidelines. As a result, accumulated loss has been understated with consequent overstatement of loans by Rs.9.84 crore each.

Recommendations for improvement in performance or closure of Government companies

8.1.20 Even after completion of five years of their existence, the turnover of four working Government companies has been less than Rs.5 crore in each of the preceding five years of latest finalised accounts. Similarly, four Government companies (Sl.No.1 to 4 of **Appendix-XXX**) had been incurring losses for five consecutive years (as per latest finalised accounts). In view of poor turnover and continuous losses, the Government may either have to improve the performance of above Government companies or consider their closure.

Departmentally managed Government commercial and quasi-commercial undertakings

8.1.21 As on 31 March 2002, there were two departmentally managed commercial undertakings *viz.*, State Trading Scheme under Food and Civil Supplies Department and Mizoram State Transport under Transport Department.

8.1.22 The *proforma* accounts of State Trading Scheme under Food and Civil Supplies Department had been finalised upto 1998-99. Submission of *proforma* accounts for the years 1999-2000 to 2001-2002 was in arrears (September 2002). Delay in finalisation of *proforma* accounts was last brought to the notice of Finance Department and the Secretary, Food and Civil Supplies Department in July 2002.

8.1.23 The accumulated loss of State Trading Scheme as on 31 March 1999 (after provision of interest on Government capital amounting to Rs.53.01 crore) was Rs.44.75 crore. The working results of State Trading Scheme for the three years upto 1998-99 are summarised below:

Table 8.5

(Rupees in crore)

Particulars	1996-97	1997-98	1998-99
A. Income			
i) Sale of foodstuffs	60.45	84.02	86.27
ii) Transport subsidy	9.64	18.89	12.88
iii) Other income	0.08	-	-
iv) Increase (+)/Decrease (-) in stock (closing stock less opening stock)	(+) 0.94	(-) 6.31	(+) 19.35
Total 'A'	**71.11**	**96.60**	**118.50**
B. Expenditure			
i) Purchase of foodstuffs	61.39	73.26	100.63
ii) Transportation charges	9.14	18.89	12.88
iii) Employees cost	0.80	-	0.75
Total 'B'	**71.33**	**92.15**	**114.26**
1. Trading Profit (+)/ Loss (-)(A+B)	(-) 0.22	(+) 4.45	(+) 4.24
2. Interest on Government capital	3.61	4.38	3.34
3. Net profit (+)/loss (-)	(-) 3.83	(+) 0.07	(+)0.90

8.1.24 The Scheme was to run on 'no profit no loss basis' so that maximum benefit could be given to the general public recovering from them only cost price of food stuff and incidental charges as far as possible. During 1996-97, the Scheme incurred trading losses amounting to Rs.0.22 crore due to shortfall in absorption of employees cost. During 1997-98 and 1998-99, there was trading profit of Rs.4.45 crore and Rs.4.24 crore respectively mainly due to increase in ex-godown price by the Department consequent on increase of central issue price of PDS items by the Central Government coupled with higher quantity of stock sold.

8.1.25 Audit of *proforma* accounts of the scheme for 1998-99 revealed the following points:

8.1.26 As per Annual Accounts (1998-99), an amount of Rs.3.07 crore was receivable from Administrative Officers (AOs)/Block Development Officers (BDOs) towards shortages in supply, sale proceeds and foodstuff. As per Control Ledger in the Directorate, the amount receivable from AOs/BDOs was worked out as Rs.2.93 crore exhibiting discrepancy of Rs.0.14 crore attributable to non-posting of all the cases therein. But the said discrepancy (Rs.0.14 crore) remained unreconciled.

8.1.27 Audit analysis of status of available cases revealed that realisables from 23 AOs/BDOs totalling Rs.1.60 crore have become doubtful of recovery:-

Table 8.6

(Rupees in lakh)

	Status of cases	No. of cases	Amount
(i)	Expired	5	36.75
(ii)	Exonerated/Dropped by Government	8	45.75
(iii)	Retired/resigned from service	3	16.55
(iv)	Terminated from service	3	22.31
(v)	Under Police investigation	3	22.76
(vi)	Not to be recovered as per order of Hon'ble High Court	1	15.85
	Total :	**23**	**159.97**

8.1.28 The position has not been reviewed for obtaining write off sanction from Government.

8.1.29 Detailed position of receivables from Departmental staff, *etc.*, (Rs.20.87 crore) were not available from Control Ledger maintained in the Directorate. Test check of records revealed that recovery amounting to Rs.28.58 lakh in respect of following 10 cases was doubtful:

Table 8.7

(Rupees in lakh)

Sl. No.	Status of cases	No. of cases	Amount
(i)	Expired	7	13.78
(ii)	Removal/discharged	2	12.12
(iii)	Retired	1	2.68
	Total	**10**	**28.58**

8.1.30 The write-off proposal in respect of these cases after review of position has not been submitted to Government.

8.1.31 Accumulated loss (Rs.44.75 crore) had been understated by Rs.0.78 crore due to non-provision of salaries and wages of store keepers, scale men, muster roll, *etc.,* in the accounts pertaining to the previous year.

8.1.32 Default in submission of monthly return indicating details of stock, sales, *etc.,* in prescribed format to the Directorate by the centre persists.

8.1.33 The working results and operational performance of Mizoram State Transport for the three years ended 31 March 2002 are given in **Appendix – XXXI**. It may be seen from the Appendix that during the three years upto 2002, the State Transport Services had incurred operating losses amounting to Rs.4.34 crore, Rs.5.73 crore and Rs.5.12 crore respectively and net losses amounted to Rs.8.69 crore, Rs.11.01 crore and Rs. 8.69 crore respectively. The reasons for incurring heavy losses were attributable to poor utilisation of buses (47 to 51 *per cent*), low load factor (Occupancy) of 42.78 to 63 *per cent*, poor operation of buses per day (55.90 to 61.90 kilometers), incorporation of unapportioned salaries/wages and expenses of other functional units of transport Directorate as expenses of MST, and high incidence of salaries and allowances and other operating expenses. The losses per kilometer operated during the three years upto 2001-2002 were Rs.24.19 Rs.33.97 and Rs.32.63 respectively.

Power and Electricity Department

8.1.34 The Department has not prepared *proforma* accounts pending constitution of State Electricity Board.

8.1.35 The operational performances of the Department for the last three years upto 2001-2002 are given in **Appendix – XXXII**.

8.1.36 The total expenditure on power sold during three years upto 2001-2002 was Rs.51.74 crore, Rs.76.82 crore and Rs.76.61 crore as against the revenue of Rs.9.68 crore, Rs20.33 crore and Rs.23.12 crore respectively. The losses incurred during three years upto 2001-2002 were Rs.42.06 crore, Rs.56.49 crore and Rs.53.49 crore respectively.

8.1.37 The percentage of transmission and distribution (T&D) losses varied from 43.98 to 58.83 *per cent* as against 15.5 *per cent* (norm) fixed by the Central Electricity Authority. During the three years upto 2001-2002, the excess T&D loss over norm was 248.77 million units and the loss therefor was Rs.40.70 crore worked out at average revenue per unit.

8.1.38 There was a short billing of Rs.30.62 lakh against Public Health Engineer Department due to totalling mistake in the bill for November 2000.

Response to Inspection Reports, Draft Paras and Reviews

8.1.39 Observations made during audit and not settled on the spot are communicated to the heads of the companies and concerned departments of State Government through Inspection Reports. The heads of companies/ offices are required to furnish replies to the Inspection Reports through respective heads of departments within a period of six weeks. Inspection Reports issued upto March 2002 pertaining to eight Government companies/departmentally managed commercial undertakings disclosed that 381 paragraphs relating to 68 Inspection Reports remained outstanding at the end of June 2002. Of these, six Inspection Reports containing 19 paragraphs had not been replied for more than six years. Department-wise break-up of Inspection Reports and Audit observations outstanding as on 30 June 2002 is given in **Appendix - XXXIII**.

8.1.40 Similarly, draft paragraphs and reviews on the working of the Government companies and departmentally managed commercial undertakings are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that the replies to one draft paragraph forwarded to the Power and Electricity department during June 2002 was not received.

8.1.41 It is recommended that Government should ensure that (a) procedure exists for action against the officials who failed to send replies to Inspection Reports/draft paragraphs/reviews as per time schedules, (b) action is taken to recover loss/outstanding advances/overpayment in a time bound schedule, and (c) the system of responding to the audit observations is revamped.

Position of discussion of Commercial Chapter of Audit Reports by the Committee on Public Undertakings (COPU)/Public Accounts Committee(PAC)

8.1.42 The reviews/paragraphs of Commercial Chapter of Audit Reports pending discussion as on 31 August 2002 by COPU/PAC are shown below:

Table 8.8

Period of Audit Reports	Total number of Reviews/ Paragraphs that appeared in Audit Report		Number of Reviews/Paragraphs pending discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1992-93	-	5	-	1
1993-94	-	4	-	1
1995-96	1	4	-	2
1996-97	-	4	-	2
1997-98	1	3	-	1
1998-99	-	3	-	3
1999-2000	1	6	1	6
2001-2002	-	2	-	2

SECTION - B – PARAGRAPHS

INDUSTRIES DEPARTMENT

ZORAM INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

8.2 Misuse of loan funds resulting in non-recovery

Non follow-up of disbursement procedure and lack of post-disbursement monitoring of loan led to misuse of Rs.7.05 lakh.

8.2.1 As per prescribed procedure, loans sanctioned to small road transport operators (SRTOs) along with their share of contribution were to be paid direct to the authorised dealer of vehicle/chassis manufacturer. The vehicle so procured was to be pledged with the company and registered in the joint names of the company and SRTO so long as the loan and interest remain outstanding.

8.2.2 Against a project cost of Rs.5.99 lakh, loan of Rs.4.49 lakh sanctioned (April 1997) in favour of one SRTO (Mrs. C. Zosangi) of Aizawl was paid on 01 June 1998 to an Aizawl based authorised dealer of TATA chassis. The contribution of Rs.1.50 lakh due from the concerned SRTO was, however, not received. The SRTO requested (05 June 1998) the company to issue a fresh cheque in favour of a Guwahati dealer, as the particular chassis was not available with the Aizawl based dealer. The company issued (08 June 1998) a fresh cheque of (Rs.4.49 lakh) in favour of the SRTO instead of the dealer. Belatedly, the company ascertained (October 2000) that the SRTO did not purchase the chassis. Thus, due to erroneous procedure followed by the Management, disbursed loan of Rs.4.49 lakh could be misused by the loanee. In May 2001, the company issued notice to take over possession of the vehicle under Section 29 of SFC Act which was, however, misleading in view of the fact that the vehicle was not at all procured by the SRTO.

8.2.3 On this being pointed out (December 2001 and April 2002) the Government stated (June2002) that an amount of Rs.1.20 lakh was realised from the loanee. Report on recovery of the balance amount (Rs.3.29 lakh) is still awaited (September 2002).

8.2.4 Against a project cost of Rs.6.51 lakh, a loan of Rs.4.88 lakh sanctioned (September 1996) to one SRTO (Mr. C. Dengchhuana) of Hualgohmun was to be disbursed in two instalments for purchase of chassis. The first instalment of Rs.3.76 lakh was paid (May 1998) to an Aizawl dealer of TATA chassis without receipt of promoter (SRTO)'s contribution (Rs.1.63 lakh). Since the particular model of chassis was not available with the Aizawl based dealer, the Managing Director, at the request (25 January 1999) of the SRTO, allowed (03 February 1999) issue of a demand draft (Rs.3.52 lakh) in favour of a Silchar based dealer withdrawing the amount of Rs.3.76 lakh from the Aizawl dealer. One Assistant Manager of the company assigned with the job forwarded (17 February 1999) the draft to Silchar dealer for Rs.3.52 lakh but the balance amount of Rs.0.24 lakh (Rs.3.76 lakh - Rs.3.52 lakh) had not been accounted for in the Cash Book of the Company. Further, the Silchar firm did not receive the draft till 19 May 1999. The matter was, however, not investigated further by the company till the date of audit, nor was any report thereof received.

8.2.5 On this being pointed out (Deceber 2001 and April 2002), the Government in reply stated (June 2002) that action was being taken to realise the amounts.

FOOD AND CIVIL SUPPLIES DEPARTMENT

8.3 Misappropriation of stock and sale proceeds

Lack of adequate check and control over the functioning of the distribution centre resulted in misappropriation of stock and sale proceeds of Rs.16 lakh.

8.3.1 Under the provisions of Manual on the Directorate of Supply and Transport (Supply wing), the District Food and Civil Supply Officers (DCSOs) are responsible for exercising regular checks and control over the functioning of distribution centres of foodstuff. Test-check (December 2000) of the monthly accounts and stock returns (July 2000) of Zawngling Centre under DCSO, Saiha disclosed shortage of 959.56 quintal of rice (constituting 81.24 *per cent* of the total quantity in stock) valued at Rs.11.28 lakh besides irregular retention of sale proceeds of Rs.4.72 lakh by the concerned store keeper. This could be attributed to the absence of adequate check and control by the concerned DCSO over the functioning of the centre.

8.3.2 On this being pointed out in Audit (December 2000), DCSO, Saiha in reply stated (July 2001 and June 2002) that out of Rs.16 lakh, a total amount of Rs.11.06 lakh had been recovered from the responsible store keeper and deposited into Treasury under 25 challans between September 2000 and May 2002 and that the recovery of balance amount was under vigorous pursuance. The Government endorsed (June 2002) the replies of DCSO who, however, failed to submit all the supporting documents (stock and sale accounts of the centre and cash receipts of the recoveries) inspite of persistent correspondence (June, August, September and October 2002). However, from the statements of Cash Accounts for June 2001 to February 2002 made available to Audit (October 2002) it was noticed that the amounts shown as remitted into Saiha Treasury during this period under 11 challans in reality, related to monthly sale proceeds (Rs.6.05 lakh) and headload charges (Rs.2.24 lakh) for the respective months only. The matter was, neither investigated nor was any action initiated against the delinquent store keeper as per clause 5.5 (v) of the manual. This clause provided for recovery of any losses in the stock, after they passed the initial stage of storage.

8.3.3 Thus, lack of adequate checks and control by DCSO over the functioning of the distribution centre, resulted in misappropriation of food stuff and sale proceeds amounting to Rs.16 lakh.

POWER AND ELECTRICITY DEPARTMENT

8.4 Misappropriation

Default in accounting of sale proceeds of solar lanterns resulted in misappropriation of Rs.6.86 lakh besides gross financial irregularity for keeping Rs.6.77 lakh out of Government account.

8.4.1 Rule 3 of General Financial Rules provides that the Government receipts should immediately be accounted for in the cash book and deposited into Treasury. Further, Rule 13(11) of the Central Government Account (R&P) Rule 1983 stipulates that all monetary transactions should be brought in to cash book as they occur and attested by the Head of the office as token of check.

8.4.2 Test check (September 2000) of records of the Project Director (PD) of Integrated Rural Electrification Programme (IREP) Division, Aizawl revealed that the sale proceeds of Rs.28.21 lakh (March 1997 - March 2000 : Rs.26.87 lakh; April - July 2000: Rs.1.34 lakh) against sale of 1556 solar lanterns under 'Non-conventional Energy Planning Programme', were not accounted for in the Project Cash Book. The PD stated in reply (August 2001) that a sum of Rs.21.44 lakh was duly remitted in to treasury between March 1997 and March 2000, and balance Rs.6.77 lakh was deposited with the State Bank of India (SBI), Aizawl between February 1999 and March 2000, but failed to produce all requisite details in support of his statements.

8.4.3 On this being pointed out (October 2001), the Department in reply (April – May 2002) furnished xerox copies of 70 challans involving Rs.21.39 lakh (not Rs.21.44 lakh as wrongly shown in total) pertaining to the period from March 1997 to March 2000 and confirmed that barring 3 challans (May 1997 : 2 and March 1998 : 1) amounting to Rs.1.16 lakh, no other remittances were passed on through the Cash Book through oversight.

8.4.4 However, further cross check (May - June 2002) of Treasury records at Aizawl disclosed non-accounting of remittances of Rs.5.47 lakh against 16 challans out of 70 challans as linked up by the Department. As regards keeping of Rs.6.77 lakh out of Government account, the Department pleaded (April 2002) for opening of account in SBI being the nearest Bank to IREP office in terms of Ministry of Non-conventional Energy Source (MNES)'s instructions (June 1996) which is, however, relevant only for transfer of funds to Bank Account by the implementing agencies receiving funds from the MNES.

8.4.5 Thus, default in accounting of the receipts is fraught with the danger of misappropriation of Rs.6.86 lakh besides gross financial irregularity of keeping Rs.6.77 lakh out of Government account. Further, no investigation against the officials responsible/no action was initiated to ensure crediting of the same into Government account by the Department till date.

8.5 Idle investment

Imprudent purchase of materials resulted in blocking of Rs.2.60 crore besides loss of interest of Rs.0.63 crore.

8.5.1 The Chief Engineer (Power and Electricity), Mizoram placed (October 1999) a supply order on an Aizawl based firm for purchase of 447 Km of ACSR panther conductor at Rs.58,083.97 per Km for maintenance of transmission lines under Chhimtuipui and Khawzawl Electrical Divisions. Material worth Rs.2.60 crore was procured in March 2000 (Chhimtuipui Electrical Division/367 Kms: Rs.2.13 crore; Khawzawl Electrical Division/79.86 Km: Rs.46.38 lakh) against the above order. However, the entire stock remained unutilised (March 2002) for no recorded reasons. This resulted in locking up Rs.2.60 crore, resulting in loss of interest of Rs.0.63 crore till March 2002. It was also observed that materials worth Rs.2.13 crore was not reflected in the accounts for the month of March 2000 of Chhimtuipui Electrical Division which was exposed to risk of loss.

8.5.2 The matter was reported to the Department/Government in September 2001; their replies have not been received (October 2002).

(N. R. Rayalu)

Shillong — Principal Accountant General (Audit)

The — Meghalaya, Arunachal Pradesh and Mizoram

Countersigned

New Delhi — (**Vijayendra N. Kaul)**

The — Comptroller and Auditor General of India